

SEPARATE AND CONSOLIDATED ANNUAL REPORT

Approved by the Board as at 14 April 2015

**I. GENERAL INFORMATION**

**Reporting period**

**Year ended 31 December 2014**

**Issuer and its contact details**

**Name of the Issuer**

**Avia Solutions Group AB**  
(hereinafter – ‘Avia Solutions Group AB’ or ‘the Company’)

Legal form

Public company (joint-stock company)

Date of registration

31 August 2010

Name of Register of Legal Entities

State Enterprise Centre of Registers

Code of enterprise

302541648

Registered office

Smolensko St 10, LT-03201 Vilnius, Lithuania

Telephone number

+370 5 252 5500

Fax number

+370 5 252 5501

E-mail

[info@aviasg.com](mailto:info@aviasg.com)

Internet address

[www.aviasg.com](http://www.aviasg.com)

Persons responsible for the accuracy of the provided information:

Name	Position	Telephone number	E-mail
Linas Dovydenas	CEO of Avia Solutions Group AB	+370 5 252 5500	Linas.Dovydenas@aviasg.com
Aurimas Sanikovas	CFO of Avia Solutions Group AB	+370 5 252 5500	Aurimas.Sanikovas@aviasg.com
Irina Travkina	Deputy CFO of Avia Solutions Group AB	+370 5 252 5500	Irina.Travkina@aviasg.com

**Main activities**

*Avia Solutions Group AB* is a holding company together with its subsidiaries (hereinafter collectively – the ‘Group’) engaged in delivering our clients integrated aviation related services.

For management purposes, the Group is organized into business units based on the services provided, and has six reportable operating segments:

- Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO);
- Aircraft Ground Handling and Fuelling;
- Crew Training and Staffing;
- Business Charter Operations;
- Unallocated segment;
- Airport Infrastructure Management (new, classified as discontinued).

The *Airport Infrastructure Management* segment is reclassified to assets held for sale in the financial statements for the year ended 31 December 2014. Information about discontinued operations is provided in Note 34 of the Group’s and the Company’s Financial Statements for the year ended 31 December 2014.

***Aircraft Maintenance, Repair and Overhaul (MRO)***

Activities in our MRO business segment are conducted by FL Technics AB (*FL Technics*), FL Technics Jets UAB (*FL Technics Jets*), FL Technics Line OOO (*FL Technics Line*), Locatory.com AB (*Locatory.com*), Helisota UAB (*Helisota*), Storm Aviation Limited (*Storm Aviation*), Storm Aviation (Cyprus) Limited (*Storm Aviation Cyprus*) and include: aircraft base and line maintenance; component management; engineering services; spare parts and consumable sales; technical training; consulting; engine maintenance management; aircraft parts marketplace services, business jet maintenance and repair services and other related aircraft maintenance services. In December 2013 the Group acquired a new subsidiary Helisota UAB (*Helisota*) and increased the presence in the new Helicopter MRO sub-segment.

#### *Base maintenance*

FL Technics occupies 3 aircraft maintenance hangars together with administrative, warehouse and back shop facilities in Vilnius International Airport, Kaunas International Airport and newly rented one in Soekarno-Hatta International Airport, Jakarta– 31,200 sq. meters in total. The hangars are comprised of total 8 airframe maintenance bays with 3 more to come in Jakarta. Utilizing these hangars and the nearby premises FL Technics provides base maintenance services, including: aircraft base maintenance checks, structure inspection and structure repairs, routine maintenance, technical defect rectification, interior refurbishment, minor / major modifications (avionics, airframe), engine replacement, landing gear replacement and non-destructive testing.

#### *Line maintenance*

Line maintenance is defined as maintenance that is carried out before each flight to ensure that the aircraft is fit for the intended flight and includes: daily service and weekly checks, unscheduled checks, troubleshooting, defect rectification and minor component replacement. As at 31 December 2014 FL Technics and Storm Aviation collectively operated twenty one line stations (at 31 December 2013 – nineteen line stations).

#### *Continuing airworthiness management (engineering) services*

FL Technics provides comprehensive engineering management services to the aircraft operators, airlines and leasing companies. Basic engineering services provided by FL Technics include: aircraft airworthiness review and renewal, engine condition monitoring, aircraft weighting, flight data read-out, monitoring and analysis and ageing aircraft programs.

#### *Spare parts and consumable sales*

Spare parts and consumable sales are carried by the Group through FL Technics and FL Technics Line. The Group provides comprehensive spare parts management services including: planning / provisioning, purchasing, inventory control, asset management, warehousing and distribution of spare parts and consumables. One of the core competences of the Group is expanded own stock of spare parts and components in a number of locations, such as London, Vilnius, Warsaw, Moscow, Kuala Lumpur. Stock and in-house capabilities are listed in databases such as ILS, Parts Base and Locatory.com. The Group has offered online access to a warehouse and possibility of e-purchases to clients.

FL Technics provides cost saving programmes for airlines, including engine material management and component repair management, which includes landing gear overhaul. In addition to ad hoc and pool agreements, the power-by-the-hour (PBH) and Consumable Support products have been introduced for existing and new customers.

#### *Technical training and consulting services*

FL Technics provides technical training for aviation specialists involved in the maintenance and repair of aircraft, as well as other specialized training programs and consulting services. The training programs, which are drawn up in accordance with the requirements of EASA, cover four main areas: basic maintenance training, aircraft type training, specialized aviation training and other consulting services. FL Technics has developed specialized online training program specifically for aircraft technical professionals worldwide: [www.147training.com](http://www.147training.com).

Specialized aviation training includes auditors training (theory and practice), wheels and brakes training, avionics components maintenance training, implementing rules – PART-M and PART-145 training, human factors training, fuel tank safety training, quality systems training, aviation legislation training, aircraft structure repair training, engineering and planning procedures training, material management and logistics training, escape slides and life preservers maintenance training and engine borescope inspection (CFM56-3) training.

#### *Engine and Components management services*

FL Technics provides comprehensive engine and component management services aimed at saving its customers' time and money. Scrap replacement materials are provided during a shop visit. FL Technics also offers a number of alternative options to deal with the engine, landing gear, APU and other components' problems, including exchange, sale, purchase and lease of an engine or its components.

#### *Other MRO services*

Other MRO services are mainly comprised of non-destructive testing (eddy current, magnetic particle, dye penetrate and ultrasonic) of airframes and components services provided by FL Technics, and of aircraft parts marketplace services provided by Locatory.com.

Locatory.com develops and maintains its own trading platform catered specifically to the aircraft spare parts aftermarket while offering proactive customer support and enhancing the industry with effective supply chain management solutions.

#### *Business jet MRO*

Business jet MRO operations are carried by the Group through FL Technics Jets. The subsidiary is a global provider of tailor-made maintenance, repair and overhaul services for business aviation. Certified as an EASA Part-145 organization, FL Technics Jets serves business aircraft registered in the Russian Federation, Aruba, Bermuda and Cayman Islands. This company is the first service centre in the region authorized to provide warranty support for Tronair's ground support equipment (GSE). FL Technics Jets provides base maintenance services for Hawker Beechcraft BAe 125 (Hawker Beechcraft 700 / 750 / 800 / 800XP / 850 XP / 900XP), Bombardier CL-600-2B19 (Bombardier CRJ100 / 200 / 440 and Bombardier Challenger 850) aircraft type families.

#### *Helicopter MRO*

On 16 December 2013, the Group acquired 100% of the share capital of Helisota UAB (*Helisota*) and 100% of the share capital of its subsidiary Kauno aviacijos gamykla UAB (*KAG*) from third parties. As a result of the acquisition, the Group has increased its presence in the new Helicopter MRO sub-segment.

*Helisota* is an international provider of integrated maintenance, repair and overhaul (MRO) services for rotorcraft aviation. The company is an EASA Part 145 and Part 147 organization as well as an authorized Mil Helicopters and Robinson R44 service center. *Helisota* is also approved by Interstate Aviation Committee (MAK) as Overhaul and Repair station, Ministry of Transport of the Russian Federation and Federal State Unitary Enterprise State Civil Aviation Scientific Research Institute as the company which meets the requirements for providing delivery of aviation technical property.

Based on certificates and years of experience *Helisota* is able to offer a list of services for various government and private rotorcraft operators from 40 countries worldwide: helicopters MRO, component MRO, spare parts supply, helicopters sales, upgrades and modernisation.

#### *Aircraft Ground Handling and Fuelling*

During 2014 aircraft ground handling and fuelling services were conducted by three Subsidiaries of the Company, namely: Baltic Ground Services UAB (*Baltic Ground Services LT*), Baltic Ground Services Sp. z.o.o. (*Baltic Ground Services PL*) and Baltic Ground Services s.r.l. (*Baltic Ground Services IT*). At the end of 2014 the Group initiated the liquidation procedure of the *Baltic Ground Services IT*.

Baltic Ground Services LT and Baltic Ground Services PL are jointly referred to as *Baltic Ground Services*. *Baltic Ground Services* is a regional group of ground handling companies, which provide full range of aircraft ground handling and fuelling services. As at 31 December 2014, *Baltic Ground Services* activities were concentrated in Vilnius International Airport and Palanga International Airport (conducted through Baltic Ground Services LT), in Warsaw Chopin Airport, Krakow International Airport and Katowice International Airport in the Republic of Poland (conducted through Baltic Ground Services PL).

#### *Crew Training and Staffing*

Crew training and staffing operations are carried through Baltic Aviation Academy UAB (*Baltic Aviation Academy*) and AviationCV.com UAB (*AviationCV.com*).

Certified as the Approved Training Organization (ATO), *Baltic Aviation Academy* offers Ab Initio and Type Rating pilot training, Cabin Crew, Ground Handling, Flight Dispatch, Instructor and supporting aviation training course solutions. Headquartered in Vilnius, Lithuania, the academy is providing the custom tailored training solutions wrapped in the personal care and seeks to establish itself as a leading aviation training center in Central Europe.

*Baltic Aviation Academy* occupies 1,330 m<sup>2</sup>. Its training center is an integrated learning complex with modern auditoriums, rest areas, dining rooms and specialized training facilities equipped with FNPT II (Flight Navigation Procedures Trainer); aircraft fleet of 1 Cessna 172S, 9 Tecnam P2002JF and 1 Tecnam 2006T; Boeing 737-300/400/500 and Airbus 320 Full Flight Simulators (FFS), Real Fire Fighting and Smoke Trainer.

*AviationCV.com* is a global provider of aviation specialist resourcing solutions for airlines, MRO providers and other industry players. The company runs a job search portal ([www.aviationcv.com](http://www.aviationcv.com)) for flight crew members, aircraft engineers and other aviation specialists aimed at meeting short and long term human resource needs of the global aviation industry.

#### *Business Charter Operations*

The Group is involved in business charter operations related activities conducted through its newly established subsidiary, Verslo skrydžiai UAB (operating under the registered brand name *KlasJet*). *KlasJet* is a business charter carrier, specializing in private and corporate charter flights as well as comprehensive aircraft management solutions.

The company's fleet of business jets is based in Vilnius, Lithuania. *KlasJet* is positioned to provide ad-hoc and VIP flight services to customers and partners across Russian Federation, Eastern Europe and the CIS regions at any time. *KlasJet* was established on 9 October 2013, and has started business charter operations in summer 2014. The carrier's fleet is supported by the Group which holds EASA Part-145, EASA Part-147, EASA Part-21 and EASA Part-M certificates. This allows the carrier to control MRO, cabin refurbishment and modernization processes whilst ensuring European quality and comfort.

#### *Airport Infrastructure Management*

The Group is engaged in airport infrastructure development and management activities through its subsidiary – Avia Solutions Group – Airports Management OOO. The company's portfolio includes the development of the Moscow's fourth airport – Ramenskoye International through Ramport Aero OAO. The decision to attract additional equity partners and, therefore, the expected dilution have resulted that assets and liabilities, related to Avia Solutions Group – Airports Management OOO companies, to be presented as held for sale in the consolidated balance sheet as at 31 December 2014 (Please see Note 34 *Non-current assets held for sale and discontinued operations* of Group's Financial Statements for the year ended 31 December 2014 for more details).

*The Company's vision and mission*

The Company's vision is to be the best partner in aviation related services in the region. By employing professionalism of our employees, taking responsibility and being flexible in finding the best way to improve any situation we enable customers to focus on their core activities. The Group's mission is to create value for shareholders and customers by providing professional and high-quality aviation related services.

As on 31 December 2014, the Group consisted of the parent company, *Avia Solutions Group AB*, (registered on 31 August 2010, code 302541648, name of the Register of Legal Entities: State Enterprise Center of Registers; address: Smolensko St 10, LT-03201 Vilnius tel.: +370 5 252 5500; fax. +370 5 252 5501; e-mail: [info@aviasg.com](mailto:info@aviasg.com); internet address: [www.aviasg.com](http://www.aviasg.com)) and its effective subsidiaries and associate:

Name of the company	Date of registration, code, name of Register of Legal Entities	Contact details	Effective holding of the Company (%)
Avia Solutions Group - Airports Management OOO	14 March 2014, code 1147746272190, State Register of Legal Entities of Russian Federation	1st Tverskaya-Yamskaja str., 23, Building 1, 125047, Moscow, Russia, tel. +7 495 232 0139, fax. +7 495 232 01 39, <a href="http://www.ramport.aero">www.ramport.aero</a>	100.00
Avia Solutions Group B.V.	21 March 2014, code 60335653, Trade Register of the Chamber of Commerce of Netherlands	Strawinskylaan 1245, Tower B, 1077, Amsterdam, the Netherlands	30.00
AviationCV.com UAB	13 April 2011, code 302615625, Register of Legal Persons of the Republic of Lithuania	Smolensko str. 10, LT-03201 Vilnius, Lithuania tel. +370 5 2525500, fax. +370 5 2525501, <a href="mailto:info@aviationcv.com">info@aviationcv.com</a> , <a href="http://www.aviationcv.com">www.aviationcv.com</a>	100.00
Baltic Aviation Academy UAB	22 November 2006, code 300618099, Register of Legal Persons of the Republic of Lithuania	Dariaus ir Girėno str. 21, Vilnius, Lithuania tel. +370 5 2525536, fax. +370 5 2525537, <a href="mailto:info@balticaa.com">info@balticaa.com</a> , <a href="http://www.balticaa.com">www.balticaa.com</a>	100.00
Baltic Ground Services UAB	11 August 2005, code 300136658, Register of Legal Persons of the Republic of Lithuania	Rodūnios road 6, LT- 02187 Vilnius, Lithuania tel. +370 5 252 55 92, fax. +370 5 252 50 07, <a href="mailto:info@bgs.aero">info@bgs.aero</a> , <a href="http://www.bgs.aero">www.bgs.aero</a>	100.00
Baltic Ground Services PL Sp. z.o.o.	15 April 2010, code 0000353957, Register of Entrepreneurs of the National Court Register held by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register	17 Stycznia 45 B, 02-146 Warsaw, Poland, tel. +48 22 256 99 00, fax. +48 22 256 99 01, <a href="mailto:info@bgs.aero">info@bgs.aero</a> , <a href="http://www.bgs.aero">www.bgs.aero</a>	100.00*
Baltic Ground Services UA TOV	29 August 2011, code 37856865, State Register of Legal Entities and Individual Entrepreneurs of Ukraine	Kniazhnyj Zaton str. 2/30, 02095, Kiev, Ukraine, tel. +370 5 252 55 92, fax. +370 5 252 50 07, <a href="mailto:info@bgs.aero">info@bgs.aero</a> , <a href="http://www.bgs.aero">www.bgs.aero</a>	100.00**
Baltic Ground Services s.r.l.	5 December 2010, Code R.E.A. RM-1287462, Company Registration Number c/o Chamber of Commerce: CCIAA T 76480595	Casella postale 140,88040, Lamezia Terme (CZ),Italy, tel. +39 0968 418540, fax : +39 0968 418540, <a href="mailto:info@bgs.aero">info@bgs.aero</a> , <a href="http://www.bgs.aero">www.bgs.aero</a>	100.00*
Laserpas UAB (before Ground Handling CIS UAB)	4 July 2011, code 302644356, Register of Legal Persons of the Republic of Lithuania	Rodūnios road 6, LT- 02187 Vilnius, Lithuania tel. +370 5 252 55 92, fax. +370 5 252 50 07, <a href="mailto:info@bgs.aero">info@bgs.aero</a> , <a href="http://www.bgs.aero">www.bgs.aero</a>	100.00*
FL Technics AB	22 December 2005, code 300517602, Register of Legal Persons of the Republic of Lithuania	Rodūnios road 18, LT-02188 Vilnius, Lithuania tel. +370 5 252 5015, fax. +370 5 252 5646, <a href="mailto:info@fltechnics.com">info@fltechnics.com</a> , <a href="http://www.fltechnics.com">www.fltechnics.com</a>	100.00
FL Technics Jets UAB	11 June 2007, code 300869952, Register of Legal Persons of the Republic of Lithuania	Naugarduko g. 100, LT-03160 Vilnius, Lithuania tel. +370 5 252 5662, fax. +370 5 252 5646, <a href="mailto:info@fltjets.com">info@fltjets.com</a> , <a href="http://www.fltjets.com">www.fltjets.com</a>	100.00
FL Technics Line OOO	3 August 2011, code 7746600289, State Register of Legal Entities of Russian Federation	Vnukovo International Airport, 2nd Reysovaya Street 2, Building 5, Moscow, Russia tel. +7 915 270 4220, fax. +370 5 252 5646, <a href="mailto:line@fltechnics.com">line@fltechnics.com</a> , <a href="http://www.fltechnicsline.com">www.fltechnicsline.com</a>	93.00***
FL Technics Ulyanovsk OOO	22 July 2011, code 7329004322, State Register of Legal Entities of Russian Federation	Sovetskaya str. 6, 433400, Cherdakly, Cherdaklinsky District, Ulyanovsk Region, Russian Federation tel. +370 682 30366, fax. +370 5 252 5646 <a href="http://www.fltechnicsulyanovsk.ru">www.fltechnicsulyanovsk.ru</a>	99.00****
FLT Trading House UAB	26 May 2010, code 302514409, Register of Legal Persons of the Republic of Lithuania	Žirmūnų str. 139, Vilnius, Lithuania tel. 370 5 252 5500, fax. +370 5 2525501	100.00
Globus Distribution OAO	30 September 2014, code 1147746830659, State Register of Legal Entities of Russian Federation	Tverskaya-Yamskaja Str., 23, building 1, 4th entrance, 4th floor 125047, Moscow, Russia tel. +7 916 148 5014, fax. +7 495 956 1006 <a href="mailto:info@globusdistribution.com">info@globusdistribution.com</a> , <a href="http://www.globusdistribution.com">www.globusdistribution.com</a>	99.983*****
Helisota UAB	7 May 1997, code 134953768, Register of Legal Persons of the Republic of Lithuania	Europos Ave. 5, LT-46329 Kaunas, Lithuania tel. +370 3 742 1637, fax. +370 3 742 0420, <a href="http://helisota@helisota.com">helisota@helisota.com</a> , <a href="http://www.helisota.com">www.helisota.com</a>	100.00
Kauno aviacijos gamykla UAB	16 July 1993, code 133745440, Register of Legal Persons of the Republic of Lithuania	Europos Ave. 21, LT-46329 Kaunas, Lithuania tel. + 370 3 742 0395, fax. +370 3 742 0994 <a href="mailto:kag@kaunas.omnitel.net">kag@kaunas.omnitel.net</a>	100.00*****

Name of the company	Date of registration, code, name of Register of Legal Entities	Contact details	Effective holding of the Company (%)
Locatory.com UAB	7 December 2010, code 302572273, Register of Legal Persons of the Republic of Lithuania	Smolensko str. 10, LT-03201 Vilnius, Lithuania tel. +370 5 252 5500, fax. +370 5 252 5501, info@locatory.com, www.locatory.com	95.00
RAMPORT AERO OAO	30 July 2014, code 5040132193, State Register of Legal Entities of Russian Federation	1st Tverskaya-Yamskaja Str., 23, building 1, 3 <sup>rd</sup> entrance, 8th floor, 125047, Moscow, Russia tel. +7 495 232 0139, fax +7 495 232 0139 info@ramport.aero, www.ramport.aero	75.00****
Storm Aviation (Cyprus) Ltd.	30 September 2011, code HE290461, Ministry of Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver Nicosia	Rafail Santi 58, Nefeli Court 11, 1st floor, Flat/Office 104-105, 6052, Larnaca, Cyprus www.fltechnicsline.com	100.00*****
Storm Aviation Limited	30 September 2011, code 05229468, The Registrar of Companies for England	Unit 259 Capability Green Luton LU1 3LU, Great Britain, tel. +44 (0) 1582 390640 sales@stormaviation.com, www.fltechnicsline.com	100.00***
Verslo skrydžiai UAB	9 October 2013, code 303163347, Register of Legal Persons of the Republic of Lithuania	Smolensko str. 10, LT-03201 Vilnius, Lithuania tel. +370 5 252 5581, fax. +370 5 252 5529 info@klasjet.aero, www.klasjet.aero	100.00

\* - Shareholding through Baltic Ground Services UAB

\*\* - Shareholding through Laserpas UAB

\*\*\* - Shareholding through FL Technics AB

\*\*\*\* - Shareholding through FLT Trading House UAB

\*\*\*\*\* - Shareholding through Avia Solutions Group – Airports Management OOO

\*\*\*\*\* - Shareholding through Helisota UAB

\*\*\*\*\* - Shareholding through Storm Aviation Limited

Information about date of acquiring/establishment and activity of Group's subsidiaries is provided in Note 1 of the Group's Financial Statements for the year ended 31 December 2014.

As at 31 December 2014 the Company had one representative Office (the branch) in the Russian Federation, 1st Tverskaya-Yamskaja Str., 23, building 1, 4th entrance, 4th floor, Moscow and no branches.

#### *Agreements with intermediaries of public trading in securities*

Securities' accounting services are performed by Orion Securities UAB FMĮ (code 122033915), A. Tumėno St. 4, B corps, 7 floor, LT-01109 Vilnius.

## II. FINANCIAL AND OPERATIONAL INFORMATION

In 2014 *Avia Solutions Group AB* and its subsidiaries (hereinafter – the Group) generated net loss from continuing operations of LTL 5.1 million (in 2013 earned profit of LTL 15.3 million). The consolidated net result from continuing operations has decreased by LTL 20.4 million primarily due to implementation of new aircraft maintenance facility in Kaunas (Lithuania), decrease in spare parts', engineering' and base maintenance' sub-segments profitability, and recognition allowance for impairment of trade receivables and inventories.

Comparing with 2013 the consolidated revenue from continuing operations has increased up to LTL 636.5 million, or by 15% as compared with LTL 554.1 million in 2013.

Key events during 2014 are summarized below:

Date	Operating Segment	Event
January 2014	Unallocated	<i>Avia Solutions Group</i> has signed an investment agreement with TVK Rossiya, part of Russia's largest state-owned holding company Rostec, for the development and management of the fourth Moscow airport hub on the basis of existing Ramenskoe aerodrome.
January 2014	Aircraft Maintenance, Repair and Overhaul (MRO)	<i>FL Technics Jets UAB</i> adds Bombardier CRJ100/200 aircraft type to its EASA Part-145 certificate

The major events to the Group's structure during 2014 were as follows:

Date	Operating Segment	Event
February 2014	Unallocated	Admission and introduction of 165 000 shares of <i>Avia Solutions Group AB</i> to trading on parallel market of WSE
April 2014	Unallocated	The Management Board of <i>Avia Solutions Group AB</i> re-elected for the new term
May 2014	Unallocated	Mr. Hubert Bojdo resigned from the Supervisory Council of <i>Avia Solutions Group AB</i>
June 2014	Unallocated	<i>Avia Solutions Group</i> has completed the sale of 49 percent of shares of its subsidiary – <i>Baltic Aviation Academy</i> to an unrelated third party
September 2014	Unallocated	<i>Avia Solutions Group</i> completed a buy-back of 49 percent shareholding in <i>Baltic Aviation Academy</i>
October 2014	Unallocated	On 7 October 2014 the Bank of Lithuania approved the prospectus on admission of new ordinary registered shares of <i>Avia Solutions Group</i> to trading on the regulated market (Warsaw Stock Exchange).
December 2014	Unallocated	On 10 December 2014, the amended Articles of Association of <i>Avia Solutions Group</i> were registered with the Register of Legal Persons after the increase of the authorised capital of the Company up to LTL 7,777,777
December 2014	Unallocated	Admission and introduction of 1,719,444 shares of <i>Avia Solutions Group AB</i> to trading on parallel market of WSE

The consolidated financial statements of the Group have been prepared according to International Financial Reporting Standards as adopted by the European Union.

### Key figures of the Group

Financial ratios	31 December 2014	31 December 2013
Return on equity (ROE)* (%)	-7.3	20.7
Gearing ratio** (%)	29.2	36.9
Equity to total assets ratio*** (%)	39.7	40.3
Liquidity ratio	1.4	1.5
Number of full-time employees at the end of the period of the whole Group	1 544	1 342
Number of full-time employees at the end of the period (from the continuing operations only)	1 534	1 342

\* - *Return on equity (ROE)* = Net profit for the period / Total equity

\*\* - *Gearing ratio* = Net debt / (Net debt + Total equity), *Net debt* = Borrowings – Cash and cash equivalents

\*\*\* - *Equity ratio* = Total equity / Total assets

Financial figures	2014	2013	Change
Revenue from continuing operations (LTL thousand)	636 529	554 056	14.9%
Operating profit from continuing operations (LTL thousand)	55	20 717	-
Operating profit margin (%)	0.0	3.7	-3.7
Profit (loss) before income tax from continuing operations (LTL thousand)	(5 244)	16 846	-
Net profit (loss) for the period from continuing operations (LTL thousand)	(5 111)	15 290	-
Net profit (loss) for the period from discontinued operations (LTL thousand)	(10 015)	16 162	-
Net profit (loss) for the period (LTL thousand)	(15 126)	31 452	-
Net profit (loss) for the period from continuing operations margin (%)	-0.8	2.8	-3.6
Earnings per share from continuing operations (LTL)	(0.809)	2.583	-
Earnings per share from discontinued operations (LTL)	(2.403)	2.780	-
Earnings per share (LTL)	(3.212)	5.364	-
Weighted number of shares (thousand)	6 158	5 896	4.4%

Operating figures	2014	2013	Change
Number of SOLD man-hours in base maintenance	360 921	247 722	+45.7%
Number of SOLD man-hours in engineering	59 701	60 091	-0.6%
Number of SOLD man-hours in maintenance training	12 844	8 406	+52.8%
Number of line stations at the end of the period	21	19	+2
Number of aircrafts served	12 708	9 541	+33.2%
Number of passengers served	1 900 173	1 493 981	+27.2%
Volume of fuel sold (tonnes)	83 174	62 236	+33.6%
TRTO - Number of sold theoretical training hours	7 644	8 203	-6.8%
TRTO - Number of sold practical training (FFS) hours	12 953	12 294	+5.4%

#### Revenue related to continuing operations

The total consolidated Group's revenue from continuing operations for the year 2014 was LTL 636.5 million, an increase by 14.9 per cent over the total revenue of LTL 554.1 million for the year 2013.

In 2014 revenue growth was noticed in all business segments as compared with 2013. In *aircraft maintenance segment* revenue to external customers increased by LTL 47.3 million and amounted to LTL 366.2 million in 2014 as compared to LTL 318.9 million in 2013, which is a 14.8% increase. The growth was driven primarily by increase in base maintenance services, technical training and consulting services and engineering services. In addition, revenue from business jet maintenance and repair increased to LTL 20.0 million in 2014 as compared to LTL 14.4 million in 2013, which is almost a 38.9% increase.

*Ground handling and fuelling segment* revenue to external customers have increased by LTL 26.4 million (increase of 12.8%) and amounted to LTL 232.8 million in 2014 as compared to LTL 206.4 million in 2013. The increase was caused by increased revenue from aircraft fuel and aircraft ground services sales. Increased revenue was primarily driven by new contracts signed and higher number of flights served.

*Crew training and staffing business segment's* revenue to external customers has increased by LTL 2.6 million (increase of 9.3%). In 2014 subsidiaries offering training services generated revenue in amount of LTL 30.5 million.

In 2014 *Klasjet* (representing business charter operations segment) started operations and generated revenue in amount of LTL 5.9 million.

#### Operating expenses related to continuing operations

In year 2014 the most significant nominal change in operating expenses was due to the higher amounts sold. The most significant element in expenses is aircraft fuel expenses which totalled to LTL 192.3 million (increase of LTL 26.3 million compared to LTL 166.0 million in 2013).

Spare parts and consumables expenses in 2014 have remained stable totalling to LTL 119.6 million in comparison to LTL 120.0 million.

Most significant changes in year 2014 were in aircraft maintenance expenses. Over the year aircraft maintenance expenses increased by LTL 39.5 million and reached LTL 55.9 million mainly due to implementation new aircraft maintenance hangar in Kaunas International Airport, new sub-contracting of aircraft maintenance, engine management and engineering services as well as an acquisition of new rotorcraft MRO sub-segment.

Transportation and related expenses increased by 80.0% and amounted to LTL 12.6 million in 2014 (compared to LTL 7.0 million in 2013) mainly due to increased number of PBH contracts.

In 2014 the Group recognised allowance for impairment of non-current and other current assets, inventories, trade and other receivables in the total amount of LTL 4.5 million mainly due to insolvency of MRO business segment' clients from CIS countries and due to represent net realisable value of inventories. Details about impairment-related expenses are provided in Note 3.1 of the Group's Financial Statements for the year ended 31 December 2014.

The Group considerably expanded the number of employees, therefore, employee related expenses in 2014 increased by 26.0% and equalled to LTL 108.5 million in 2014 compared to LTL 86.1 million in 2013.

Net financial costs increased by 61.4% primarily as a result of increase in interest expenses on borrowing as at 31 December 2014.

#### ***Balance sheet and cash flow***

During 2014 total assets of the Group increased by LTL 148.9 million or 39.6% comparing to LTL 376.0 million as at 31 December 2013 primarily as a result of issue of new ordinary shares and involvement in new project – airport infrastructure development and management through its subsidiary – *Avia Solutions Group – Airports Management OOO*.

During 2014 total liabilities increased by LTL 7.5 million up to LTL 231.9 million primarily due to increase in trade payables.

In 2014 net cash flow used in operating activities from continuing operations increased by LTL 21.1 million up to LTL 3.2 million as compared to 2013.

In 2014 the Group used in investing activities from continuing operations LTL 21.5 million for purchase of PPE and intangible assets primarily for acquisition of equipment for expansion of aircraft maintenance and pilot training capabilities.

In 2014 net cash flow generated from financing activities from continuing operations was LTL 5.8 million. The majority of it was generated from contribution to share capital and share premium in cash amounting to LTL 51.6 million, and used in repayments of bank borrowings and borrowings received from related parties.

#### ***Information about related party transactions***

Information about related party transactions is provided in Note 35 of the Group's Financial Statements for the year ended 31 December 2014.

Related parties include the following:

- Entities having significant influence over the Company and the Group;
- Associates of the Group;
- Subsidiaries of the Company;
- Key management personnel of the Company and the Group;
- Other related parties.

Following the International Financial Reporting Standards as adopted by the EU, the parties related to the Company and the Group are the Company's subsidiaries and associates, entities having significant influence over the Company, key management personnel of the Group and other related parties. Entities having significant influence over the Company and the Group are ZIA Valda Cyprus Ltd and ZIA Valda AB (the sole shareholder of ZIA Valda Cyprus Ltd). Transactions with these companies are presented separately. Related parties also include subsidiaries of ZIA Valda AB group. They are presented as other related parties. Transactions with related parties are carried out based on the arm's length principle.

The Company and its subsidiaries are providing to each other business consulting and management services, aircraft maintenance, providing of spare parts, aircraft ground handling and fuelling services. In year 2014 amount of sales of consulting and management services from the Company to its related parties was LTL 6 355 thousand (2013: LTL 6 279 thousand). In year 2014 amount of sales of aircraft maintenance services from the Group to related parties of *AviaAM Leasing AB Group* was LTL 13 061 thousand (2013: LTL 13 582 thousand). In year 2014 amount of purchases of premises lease services from related party VA Reals AB was LTL 5 626 thousand (in 2013: LTL 5 644 thousand).

On 8 August 2014 the Company concluded the development and management service agreement with the service provider, related to the Key Management of the Group. According to this service agreement the Company is entitled to pay the success fee to the service provider, if appointed targets, directly related to the development of the Moscow's fourth airport – Ramenskoye International, would have been achieved. The Management of the Group believes that it would be highly unlikely that appointed targets mentioned in the service agreement could be met.

### *Investments related to continuing operations*

The Group has been expanding its assets investing in Property, plant and equipment as well as Intangible assets for the total amount of LTL 16.4 million (only from continuing operations).

During 2014 total capital investments amounted to LTL 53.3 million (LTL 42.6 million during 2013). Large investments were made to discontinued operations, i.e. airport infrastructure management business segment. The majority of capital investments from continuing operations (LTL 11 million) went to expansion of the development of aircraft maintenance, repair and overhaul business segment. The remaining part was invested into aircraft ground handling equipment and into aircraft fleet of crew training and staffing center.

Investments ('000 LTL)	2014	2013	Change
Aircraft maintenance, repair and overhaul business segment	11 264	34 030	-66.9%
Crew training and staffing business segment	2 678	2 898	-7.6%
Aircraft ground handling and fuelling business segment	1 940	5 236	-62.9%
Unallocated business segment	428	477	-10.3%
Business charter operations business segment	52	-	-
Airport infrastructure management segment*	36 966*	-	-
<b>Total investments</b>	<b>53 328</b>	<b>42 641</b>	<b>+25.1%</b>
Less discontinued operations	(36 966)	-	-
<b>Total investments from continuing operations</b>	<b>16 362</b>	<b>42 641</b>	<b>-61.6%</b>

\* As at the balance date the segment assets are disclosed as held for sale.

All details concerning the assets of the Group are presented in the Separate and Consolidated Financial Statements for the year ended 31 December 2014 (Notes 5, 15, 16).

### *Research and development activities*

There were no major research and development projects undertaken during 2014, except the on-going development and improvement of the Group's services and

- Development of spare parts trade platform ([www.locatory.com](http://www.locatory.com));
- Development of web-platform for training planning, track relevant training information ([www.balticaa.com/en/my-baa/](http://www.balticaa.com/en/my-baa/));
- Web-based aviation training management software MOMook dedicated for ATO, Type Rating Training Centers, Ab Initio Training Centers, and airlines with training centers;
- Specialized training program designed by FL Technics Training specifically for aircraft technical professionals worldwide ([www.147training.com](http://www.147training.com)).

### *Environmental protection*

In its activities, the Group uses innovative means and the modern technological processes that meet all ecological standards and help reduce the negative impact on the environment.

### *Risk management*

The main risk factors associated with the activities of the Group are as follows:

- Strategic risk;
- Demand for aviation services;
- Changes in the legal regulation of the Group's activities;
- Competition with other market players;
- Currencies' exchange rates fluctuation;
- General economic situation in the Republic of Lithuania;
- Changes in the Lithuanian legislation;
- Safety, Health and Environmental (SHE) risks;
- Political risks.

*Strategic risk* arises from adverse or erroneous business decisions, improper decisions implementation or lack of response to any political or regulatory developments. In 2014 the Group is not exposed to strategic risk.

*Demand for aviation services risk* is a risk of getting lower profit than planned due to negative changes in aviation services market. In 2014 the Group is not exposed to demand for aviation services risk.

*Changes in the legal regulation of the Group's activities risk* is a risk of an increase in the loss and (or) loss of goodwill and a decrease of trust which can be due to external factors (such as law violations, regulatory non-compliance, failure to comply with contractual obligations with third parties) or internal factors (such as violations of ethical standards, failure to comply with internal regulations internal fraud, etc.). Legal department manages legal compliances risks – lawyers are involved in agreement review process.

*Competition with other market players risk* arises when price pressure and other competitive challenges may cause the profitability of the Group's activities to deviate from the projected levels. Companies' management is constantly monitoring the market and relevant decisions to increase competitiveness are being made.

An economic downturn could have a significant detrimental effect on the achievement of the targets. This effect could be aggravated by *volatility in currencies*. The sensitivities to variations in several key currencies are given in Note 3.1. The Group will proceed with its profit protection plans, including further control on operating working capital.

The Group has strict safety policies which mitigate *Safety, Health and Environmental (SHE) risks*.

Due to geographical diversification of sales, the current macroeconomic and political events in some countries beyond EU, applied sanctions by a number of EU governments during the 2014 pro-Russian unrest in Ukraine, the Group is exposed to *political risks* that could have a negative impact on the Group's sales and profitability, and the value of its assets. In the markets with increased political risk, the Group is monitoring even more closely the operations of its companies and adjusting its business activities to the given level of risk. Despite these efforts, the Management finds the political risks increased, in part due to the current political turmoil in Ukraine and in some other countries.

The Group's and the Company's activities expose it to the following financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk.

The Group's Policy for Treasury Management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance of the Group.

The Company's financial risk management is carried out by the CFO and the Management Board.

Information about the Company's the Group's financial risk management is provided in Note 3 of the Group's Financial Statements for the year ended 31 December 2014.

### ***Plans and forecasts***

In 2015 the Group will strive for revenue increase in all business lines with the focus on lean operations and profitability. The Group will also work on integration of acquired helicopter maintenance business and implementation of IT solutions for overall business effectiveness. It is expected to continue sustainable growth and geographical expansion.

### ***Significant post balance sheet events***

1 January 2015 is the day of introduction of EUR in the Republic of Lithuania, therefore as at this day the functional currency of the Company changes accordingly. The exchange rate of LTL 3.45280 for 1 EUR which was irrevocably set by the Council of Europe is applied while converting LTL to EUR.

### III. INFORMATION ABOUT SHARE CAPITAL AND SHAREHOLDERS

#### Share capital

The authorised capital of the Company as at 31 December 2014 was LTL 7,777,777 and is divided into 7,777,777 ordinary shares with a par value of LTL 1 each. All shares carry equal voting rights. All shares are fully paid up.

On 3 March 2011 shares of the Company were introduced to trading at Warsaw Stock Exchange (code: AVIASG).

During the disposal of *Small Planet Airlines UAB* and *Small Planet Airlines Sp.z.o.o* to Mr Vytautas Kaikaris the Company has acquired 0.375% shares (or 22 119 ordinary shares) of the Company. These shares of the Company owned by Mr Vytautas Kaikaris were considered to be treasury shares and directly deducted from shareholders' equity in the Company's and Group's balance sheet at their purchase cost of LTL 1 169 thousand. These treasury shares were sold on 21 May 2013. Sales proceeds from the disposal of treasury shares of the Company amounted to LTL 1 184 thousand. After the treasury stock sale, the Company's retained earnings were increased by LTL 15 thousand (Details of this transaction are disclosed in Note 33 of the Group's Financial Statements for the year ended 31 December 2014).

On 10 December 2014 the Company issued additional 1 719 444 ordinary shares with a par value LTL 1 each for issue price of PLN (LTL 29.00) (Note 23, 24). Following the increase of the capital, share premium amounts to 114,401,875 litas.

#### Shareholders

On 31 December 2014 the Company had seventeen shareholders whose shares were accounted in Lithuanian securities depository system. The shares of remaining shareholders were accounted in Polish securities depository system. Due to prevailing private information protection laws in Poland, Polish National Depository for Securities is not able to provide the Company with information about number of Company's shareholders whose shares are accounted in Polish securities depository system.

Shareholders, holding more than 5 per cent of the share capital and votes, as on 31 December 2014:

No.	Name of the shareholder	Company code and address	Number of ordinary registered shares owned by the shareholder	Share of the share capital (%)	Share of votes given by the shares owned by the right of ownership (%)
1.	ZIA Valda Cyprus Ltd.	Company code: HE 270489 Address: 1 Avlonos Street, Maria House, 5th floor, 1075 Nicosia, Cyprus	2 290 045	29.44	29.44
2.	Vaidas Barakauskas	-	832 666	10.71	10.71
	VGE Investments Limited	Company code: HE 264242 Address: 15 Dimokritou Street, Panaretos El, Limasol, Cyprus	785 216	10.10	10.10
3.	Mesotania Holdings Limited	Company code: HE 280922 Address: 1 Avlonos Street, Maria House, 5th floor, Nicosia, Cyprus	699 115	8.99	8.99
5.	Harberin Enterprises Limited	Company code: HE 268672 Address: 7 Florinis, Greg Tower, 6th floor, Cyprus	605 227	7.78	7.78
6.	ING Otworthy Fundusz Emerytalny	Company code: NIP 526-22-41-523 Address: ul. Topiel 12; 00-342 Warsaw, Poland	390 000	5.01	5.01
7.	Other shareholders	-	2 175 508	32.98	27.97
<b>Total</b>			<b>7 777 777</b>	<b>100.00</b>	<b>100.00</b>

Shareholders, holding more than 5 per cent of the share capital and votes, as on 13 April 2015:

No.	Name of the shareholder	Company code and address	Number of ordinary registered shares owned by the shareholder	Share of the share capital (%)	Share of votes given by the shares owned by the right of ownership (%)
1.	ZIA Valda Cyprus Ltd.	Company code: HE 270489 Address: 1 Avlonos Street, Maria House, 5th floor, 1075 Nicosia, Cyprus	2 290 045	29.44	29.44
2.	Vaidas Barakauskas	-	832 666	10.71	10.71
3.	VGE Investments Limited	Company code: HE 264242 Address: 15 Dimokritou Street, Panaretos El, Limasol, Cyprus	785 216	10.10	10.10
4.	Mesotania Holdings Ltd.	Company code: HE 280922 Address: 1 Avlonos Street, Maria House, 5th floor, Nicosia, Cyprus	699 115	8.99	8.99
5.	Herberin Enterprises Limited	Company code: HE 268672 Address: 7 Florinis, Greg Tower, 6th floor, Cyprus	605 227	7.78	7.78
6.	ING Otworthy Fundusz Emerytalny (Open pension fund)	Company code: NIP 526-22-41-523 Address: ul. Topiel 12; 00-342 Warsaw, Poland	390 000	5.01	5.01
7.	Other shareholders	-	2 000 278	25.72	27.97
<b>Total</b>			<b>7 777 777</b>	<b>100.00</b>	<b>100.00</b>

The number of shares owned by the Management of the Company, members of the Management Board and Supervisory Council as on 31 December 2014 and as on 13 April 2015 is listed in the table below:

Name	Role in the Company's Management	Number of shares	%
Mr Vaidas Barakauskas	Member of the Supervisory Board	832 666	10.71
Mr Anatolij Legenzov	Member of the Management Board, CEO of Helisota UAB	73 255	0.94
Mr Aurimas Sanikovas	Member of the Management Board, CFO of Avia Solutions Group AB	60 775	0.78
Mr Žilvinas Lapinskas	Member of the Management Board, CEO of FL Technics AB	32 960	0.42
Mr Daumantas Lapinskas	Member of the Management Board, Deputy CEO of Avia Solutions Group AB	8 240	0.11

The number of shareholders on the shareholders registration day for the Annual General Meeting of Shareholders, which was held on 30 April 2014, was 4. The number of shareholders on the shareholders registration day for the Extraordinary General Meeting of Shareholders, which was held on 24 September 2014, was 4.

As at 31 December 2014 the Group had no agreements which would expire, go into effect or alter if controlling bodies of the Company will change.

#### Treasury stocks

During the disposal of Small Planet Airlines UAB and Small Planet Airlines Sp.z.o.o to Mr Vytautas Kaikaris the Company has acquired 0.375% shares (or 22 119 ordinary shares) of the Company. These shares of the Company owned by Mr Vytautas Kaikaris were considered to be treasury shares and directly deducted from shareholders' equity in the Company's and Group's balance sheet at their purchase cost of LTL 1 169 thousand.

Treasury shares were sold on 21 May 2013. Sales proceeds from the disposal of treasury shares of the Company amounted to LTL 1 184 thousand. After the treasury stock sale, the Company's retained earnings were increased by LTL 15 thousand.

On 31 December 2014 neither the Company nor its subsidiaries hold any treasury stock.

### Acquisition of treasury stocks

Under applicable Lithuanian laws a qualified  $\frac{3}{4}$  majority of votes of shareholders is required to adopt a resolution on the acquisition of its own shares. The Company is not entitled to exercise property and non-property rights conferred by such shares.

The Company may acquire its own shares under the following conditions: a) the acquisition of its own shares shall occur within a period of eighteen months after the resolution of the General Shareholders' Meeting specifying the terms, conditions and purpose for the acquisition of its own shares is adopted; (b) the total nominal value of the shares to be acquired shall not exceed one-tenth of the share capital of the Company; (c) after the acquisition of its own shares, the Company's equity shall not fall below the sum of the paid share capital, mandatory reserve and the reserve for acquisition of own shares; (d) price for the treasury shares shall be paid from a special reserve for acquisition of its own shares which has to be formed by the Company prior to acquisition; (e) acquired shares shall be fully paid; (f) acquisition of its own shares by the Company shall ensure equal possibilities for all shareholders to sell their shares to the Company.

Shares that were acquired infringing the above listed requirements (a)-(d) must be sold within twelve months from the acquisition of these shares. If the shares are not sold during this period, then the corresponding portion of the share capital of the Company must be annulled.

Shall the Company undertake no actions to annul the preference shares which were acquired infringing the above listed requirements, the share capital shall be reduced accordingly by the court decision. The right to apply to the court shall be vested in the manager of the Company, the Management Board, the shareholder and the creditor. The General Manager of the Company shall be responsible for compliance with the requirements set for the acquisition of the treasury shares of the Company.

### Shareholders' rights

None of the shareholders of the Company have any special controlling rights. Rights of all shareholders are equal. The number of *Avia Solutions Group AB* shares that provide voting rights during the General Meeting of Shareholders amounts to 7,777,777. One ordinary registered share of *Avia Solutions Group AB* gives one vote in the General Meeting of Shareholders. The Company and its' subsidiaries do not own any shares of the Company.

The Company is not aware of any agreements between the shareholders that could limit transfer of securities and/or their ability to exercise their voting rights.

Type of shares	Number of shares	Nominal value in LTL	Total nominal value in LTL	ISIN
Ordinary registered shares	7,777,777	1	7,777,777	LT0000128381

### Information about trading in the Company's securities

On 3 March 2011 shares of the Company were introduced to trading at Warsaw Stock Exchange (code: AVIASG).

Securities of the Company's subsidiaries are not traded publicly.

### Dividends

The Company has not paid out to the shareholders any dividends.

#### IV. PERSONNEL

During the year 2014 the average number of employees *without discontinued operations*, i.e. *Airport Infrastructure Management* segment was 1 528, while the total number of Group's staff has increased by 202 (which amounts to 15% increase). The most significant positive change of 10 per cent has occurred in following companies: *Avia Solutions Group AB*, *FL Technics AB*, *FL Technics Jets UAB*, *Locatory.com UAB* and *Verslo skrydžiai UAB* due to further expansion of offered services and growth of sales. The most significant negative change of 10 per cent has occurred in *FL Technics Line OOO* due to decreased number of clients.

The breakdown of the number of full-time employees by the Group's companies:

The Group's companies	31 December 2014	31 December 2013	Change
Avia Solutions Group AB	54	42	12
AviationCV.com UAB	16	15	1
Baltic Aviation Academy UAB	59	61	-2
Baltic Ground Services UAB	225	223	2
Baltic Ground Services Sp.z.o.o	90	92	-2
Baltic Ground Services s.r.l.	-	-	-
Ground Handling CIS UAB	-	-	-
Baltic Ground Services UA TOV	-	-	-
FL Technics AB	762	612	150
FL Technics Jets UAB	72	51	21
FL Technics Line OOO	5	7	-2
FL Technics Ulyanovsk OOO	-	-	-
FLT Trading House UAB	-	-	-
Locatory.com UAB	28	23	5
Storm Aviation Ltd.	45	49	-4
Storm Aviation (Cyprus) Ltd.	2	4	-2
Verslo skydžiai UAB	8	-	8
Helisota UAB	163	158	5
Kauno aviacijos gamykla UAB	5	5	0
Avia Solutions Group - Airports Management OOO*	1	-	1
RAMPORT AERO OAO*	8	-	8
Globus Distribution OAO*	1	-	1
<b>Number of all full-time employees at the end of the period</b>	<b>1 544</b>	<b>1 342</b>	<b>202</b>
<b>Number of full-time employees without airport infrastructure management segment at the end of the period (only from continuing operations)</b>	<b>1 534</b>	<b>1 342</b>	<b>192</b>

\* The companies are disclosed as discontinued operations as at 31 December 2014

The breakdown of the Group's number of full-time employees and average salaries by categories in 2014 from continuing operations:

Employee category	31 December 2014	Average monthly salary, LTL*
Management (first and second level managers)	260	6 998
Specialists (qualified and/or certified, if the Company requires)	909	4 488
Other operative staff	365	2 538
<b>Number of full-time employees at the end of the period from continuing operations only and weighted average monthly salary (excluding social insurance expenses)</b>	<b>1 534</b>	<b>4 449</b>

The breakdown of the Group's number of part-time employees and average salaries by categories in 2014 from continuing operations:

Employee category	31 December 2014	Average monthly salary, LTL*
Management (first and second level managers)	11	2 872
Specialists (qualified and/or certified, if the Company requires)	75	1 292
Other operative staff	24	1 373
<b>Number of part-time employees at the end of the period from continuing operations only and weighted average monthly salary (excluding social insurance expenses)</b>	<b>110</b>	<b>1 468</b>

The breakdown of the Group's number of employees (including part-time employees) by education level in 2014:

Education level	31 December 2014
University third cycle studies (doctoral, postgraduate and residency studies)	5
University second cycle studies (master and specialized professional studies)	319
First cycle studies (bachelor studies, including non-university studies)	747
Secondary professional education	236
Secondary education	306
Primary education	31
<b>Number of employees (including part-time employees) at the end of the period</b>	<b>1 644</b>

The breakdown of the Company's number of full-time employees and average salaries by categories in 2014:

Employee category	31 December 2014	Average monthly salary, LTL
Management (first and second level managers)	12	11 034
Specialists (qualified and/or certified, if the Company requires)	23	3 071
Other operative staff	19	3 287
<b>Number of full-time employees at the end of the period and weighted average monthly salary (excluding social insurance expenses)</b>	<b>54</b>	<b>4 916</b>

The breakdown of the Company's number of part-time employees and average salaries by categories in 2014:

Employee category	31 December 2014	Average monthly salary, LTL
Management (first and second level managers)	2	5 356
Specialists (qualified and/or certified, if the Company requires)	6	2 977
Other operative staff	3	853
<b>Number of part-time employees at the end of the period and weighted average monthly salary (excluding social insurance expenses)</b>	<b>11</b>	<b>2 830</b>

The breakdown of the Company's number of employees (including part-time employees) by education level in 2014:

Education level	31 December 2014
University third cycle studies (doctoral, postgraduate and residency studies)	-
University second cycle studies (master and specialized professional studies)	20
First cycle studies (bachelor studies, including non-university studies)	39
Secondary professional education	1
Secondary education	5
Primary education	-
<b>Number of employees (including part-time employees) at the end of the period</b>	<b>65</b>

## V. MANAGING BODIES OF THE ISSUER

According to the Articles of Association of *Avia Solutions Group AB*, the managing bodies of the Company are General Meeting of Shareholders, the Supervisory Council, the Board and the Head of the Company (the General Director).

The Supervisory Board is responsible for the supervision of activities of the Company and its management bodies. Board is responsible for the strategic management of the Company (including the appointment and removal of the General Director), whereas the General Director manages day-to-day operations of the Company and has the exclusive right to represent the Company in relations with third parties.

The decisions of the General Meeting made regarding the matters of competence of the General Meeting, are binding upon the Shareholders, the Supervisory Council, the Board, General Director and other officials of the Company. The Shareholders of the Company have the right to participate in the General Meeting.

The Supervisory Council is a collegial supervisory body, which is responsible for supervising the activities of the Company and its management bodies, the appointment and removal of the members of the Management Board, submitting its comments and proposals to the General Meeting on the Company's operating strategy, set of annual financial statements, draft of profit/loss appropriation, the annual report of the Company, the activities of the Management Board and the General Director, submitting proposals to revoke decisions of the General Meeting, Management Board or General Director, etc. The Supervisory Council consists of three members for a term of four years. Members of the Supervisory Council institutes two committees: Nomination and Remuneration Committee and Audit Committee. Two members of the Supervisory Council comprise Nomination and Remuneration Committee and two members of the Supervisory Council comprise the Audit Committee.

The Nomination and Remuneration Committee is a collegial body, which is established to assist the Supervisory Council in all matters relating to the appointment of candidates to the Company's Board members, company directors or senior management positions.

The Audit Committee is a collegial body, which is established to observe the integrity of financial information, review internal controls and risk management systems, ensure the effectiveness of internal control functions, make recommendations to the Supervisory Council in relation to the selection of the audit firm, etc. The members of the Committees as well as their Chairmen are appointed by the Supervisory Council, based on the recommendations of (i) the Nomination and Remuneration Committee (in case of the Audit Committee) and (ii) the elected members of the Nomination and Remuneration Committee (in case of the Nomination and Remuneration Committee). The Committees consist of a number of members established by the Supervisory Council, but in any event not less than 2 members of who has to be the members of the Supervisory Council. The members of the Committees may receive remuneration for work in the Committees which shall be established by the Supervisory Council. The Supervisory Council has the right to withdraw the entire Committees *in corpore* or their individual members and to appoint a new Committees or individual members of the Committees.

Members serving on the Board of the Company are acting jointly as a governing body of the Company. The Board approves the operating strategy, the annual report of the Company, the management structure of the Company and the positions of the employees, the positions to which employees are recruited by holding competitions, regulations of branches and representative offices of the Company, etc. The Board consists of five members. The members of the Board are elected for a term of four years. The Chairman of the Board is elected by the Board from its members for four years. The members of the Board are elected by the Supervisory Council in accordance with the procedure established by the Law on Companies of the Republic of Lithuania.

The Board elects and recalls the General Director, sets his/her remuneration and other conditions of the employment agreement, approves his/her office regulations, induces and applies penalties to him/her. The General Director is the Head of the Company. The Head of the Company is a one-man management body of the Company and, within his scope of authority, organizes the day-to-day operation of the Company.

### Procedure for amending the Company's Articles of Association

*Avia Solutions Group AB* Articles of Association provides that present Articles of Association of the Company may be amended in the manner prescribed by the Lithuanian Company Law.

### The Supervisory Council activities

According to the Articles of Association the Supervisory Council should be comprised of three members.

During 2014 four meetings of the Supervisory Council were held. The Supervisory Council analysed the consolidated annual report of the Company for the year ended 31 December 2013, audited annual financial statements of the Company and of the Group for the year ended 31 December 2013, the draft decision on distribution of profit (loss) of the Company for the year ended 31 December 2013, discussed the Company's first quarter, 6 months period results for the year 2014.

The Supervisory Council elected the Chairmen of the Supervisory Council of the Company; elected the Chairmen of the Audit Committee of the Supervisory Council; elected the Chairmen of the Nomination and Remuneration Committee of the Supervisory Council; approved the revised Work Regulations of the Supervisory Council; approved Regulations of the Audit Committee of the Supervisory Council; approved Regulations of the Nomination and Remuneration Committee of the Supervisory Council.

### Members of the Supervisory Council

According to the decision of the Extraordinary General Meeting of Shareholders on 24 September 2014 the number of the members of the Supervisory Council was decreased to 3.

Currently the Supervisory Council is comprised of three members elected for the tenure of four years: in 2014 Hubert Bojdo resigned, Vidas Bagavičius was dismissed from Supervisory Council (following the decision to reduce the number of the Supervisory Council members).

The table below indicates the elected members of the Supervisory Council at the balance sheet date:

Name	Position within the Company	In the position	
		Since	Until*
Supervisory Council			
Mr Vaidas Barakauskas	Chairman of the Supervisory Council	24 September 2014	24 September 2018
Mrs Džiuginta Balčiūnė	Member of the Supervisory Council	30 April 2014	30 April 2018
Mr Dariusz Marek Formela	Member of the Supervisory Council (the independent member)	30 April 2014	30 April 2018

\* - but, in any case, not longer than Annual Shareholders' Meeting to be held in April 2018.

Information about all members of the Supervisory Council is presented below:

**Mr Vaidas Barakauskas.** Mr Vaidas Barakauskas has a considerable management experience: from 1992 till 2008 he acted as the president in Fima UAB, until this day he is a Board Member in this Company. Mr Vaidas Barakauskas is a director in Ilzenbergo dvaras UAB as well as in Indeco: Investment and Development UAB. From 2010 Mr Vaidas Barakauskas is an indirect and from 2014 is a direct shareholder of *Avia Solutions Group AB*. From 2012 he holds a position of president of Lithuanian Modern Pentathlon Federation. Mr Vaidas Barakauskas graduated from Vilnius University, Faculty of Mathematics, where he obtained bachelor degree in Mathematics, and in 2002 he obtained an executive MBA at the Baltic Management Institute. Mr Vaidas Barakauskas owns 832,666 shares in the *Avia Solutions Group AB* (10.71% of all the shares).

**Mrs Džiuginta Balčiūnė.** Mrs Džiuginta Balčiūnė has a considerable legal experience. She gained her professional experience at the law firm Broda-Warnke-Schartner in Berlin (in 2003), in the Chamber of Industry and Commerce in Berlin (in 2005), at the law firm N. Motiejuniene, M. Pukas and Partners (Rödl & Partner UAB) in Vilnius, Lithuania (in 2006) and in the Political Unit of Representation of the European Commission in Berlin (in 2006). Mrs Džiuginta Balčiūnė worked as an associate lawyer at the law firm Bernotas and Dominas GLIMSTEDT in Vilnius (2006–2008) and as an associate lawyer at the law firm RAIDLA LEJINS & NORCOUS in Vilnius (2009-10) and since 2010 she acted as an independent attorney-at-law Džiuginta Balčiūnė. Mrs Džiuginta Balčiūnė acted as a member of the Supervisory Board in Agrowill AB. Mrs Džiuginta Balčiūnė has a special knowledge in mergers and acquisitions, real estate law, bankruptcy and restructuring. Džiuginta Balčiūnė graduated from the Vilnius University, Faculty of Law in 2004 and obtained a Master of German and European Law and Legal Practice (M.L.L.P.) in Humboldt University, Law faculty, in Berlin, Germany. Mrs Džiuginta Balčiūnė does not participate in the capital of any companies of the Group.

**Mr Dariusz Formela.** Mr Dariusz Formela's work experience and competence directly connected to collegial organs: from 2000 he acted as the member of the Supervisory Board in Makton SA, the member of the Supervisory Board in PGE in Lodz, the Vice-Chairman of the Supervisory Board of Unipetrol, the Chairman of the Supervisory Board in Plock Industry and Technology Park SA, the Chairman of the Supervisory Board Kedzierzyn Kozle Orlen Transport Ltd., the Chairman of the Supervisory Board Orlen Laboratorium Sp.z.o.o., the Chairman of the Supervisory Board Administration ORLEN Sp.z.o.o., the Chairman of the Supervisory Board ORLEN Prevention Sp.z.o.o., the Chairman of the Supervisory Board ORLEN Protection Co. Sp.z.o.o., the Vice-Chairman of the Supervisory Board ORLEN Accounting Ltd., the Vice-Chairman of the Supervisory Board ORLEN Upstream Sp.z.o.o., the Member of the Supervisory Board Spolana a.s. and Kaučuk a.s. Since 2012 Mr Dariusz Formela is acting as the Chairman of the management board of PKM DUDA S.A., a representative of Shareholding Banks, as member of the Supervisory Board of LW Bogdanka S.A. Since 2013 Mr Dariusz Formela is acting as the member of the Supervisory Board Agora S.A. Mr Dariusz Formela graduated from University of Gdansk, Faculty of Law and Administration in 1998 and obtained a Master's degree in the University of Bradford in 2006. He undertook postgraduate studies: Powers of members of supervisory boards in state-owned companies (state exam), Study for Investment Advisors and Securities Analysts (Business Development Institute), Postgraduate Studies Enterprise Value Management (School of Economics); Postgraduate Management Studies XX edition of the School of Economics (Department of Finance). Mr Dariusz Formela does not participate in the capital of any companies of the Group.

### The Audit Committee activities

During 2014 no meetings of the Audit Committee were held.

According to the Regulations of the Audit Committee the main functions of this committee are as follows:

- to observe the integrity of financial information provided by the Company with particular attention to the relevance and consistency of methods used by the Company and the Group;
- at least once a year to review internal controls and risk management systems to ensure that the main risks (including the risk associated with compliance with the existing laws and regulations) are properly established, managed and information of them is disclosed;
- to ensure the effectiveness of internal control functions;
- to make recommendations to the Supervisory Council with regard to the selection of external audit firm, its appointment, reappointment and dismissal, and with the terms and conditions of agreement with the audit firm. The Committee shall examine situations in which the audit firm or an auditor has a basis to resign, and provide recommendations on actions required in such case;
- to monitor the independence and objectivity of the external audit firm, to check whether the audit firm takes into account the requirements in relation to the audit partner rotation, inspect the amount of remuneration paid by the Company to the audit firm and other matters, etc.

### Members of the Audit Committee

According to the Supervisory Council meeting held on 24 September 2014 the number of the members of the Audit Committee was reduced to 2.

The table below indicates the elected members of the Audit Committee at the balance sheet date:

Name	Position within the Company	In the position	
		Since	Until*
Audit Committee			
Mrs Džiuginta Balčiūnė	Member of the Audit Committee	24 September 2014	24 September 2018
Mr Dariusz Formela	Chairman of the Audit Committee (the independent member)	24 September 2014	24 September 2018

\* - but, in any case, not longer than Annual Shareholders' Meeting to be held in April 2018.

Information about members of the Audit Committee is presented in paragraphs above.

### The Nomination and Remuneration Committee activities

During 2014 no meetings of the Nomination and Remuneration Committee were held.

The Regulations of the Nomination and Remuneration Committee foresees that the Committee shall provide the assistance to the Supervisory Council in all matters relating to the appointment of candidates to the Management Board members, directors or senior management positions. Specifically, the Committee shall:

- select and recommend candidates to the Supervisory Council to vacant positions in the management bodies. The Committee shall assess the balance of skills, knowledge and experience in management bodies, establish the list of roles and capabilities required for each office, and assess the time required for carrying out the obligations;
- discuss the nominations proposed by the Company's shareholders and management to the Board members or senior management;
- recommend candidates to the Supervisory Council to other committees established by the Supervisory Council; regularly assesses the structure, size, composition and performance of management bodies, provide guidance on how to achieve the necessary changes;
- regularly evaluate knowledge, skills and experience of individual directors and shall notify the Supervisory Council;
- provide assistance to the Supervisory Council in all matters relating to the establishment of remuneration of the members of management bodies and senior management, etc.

### Members of the Nomination and Remuneration Committee

According to the Supervisory Council meeting held on 24 September 2014 the number of the members of the Nomination and Remuneration Committee was reduced to 2.

The table below indicates the elected members of the Nomination and Remuneration Committee at the balance sheet date:

Name	Position within the Company	In the position	
		Since	Until*
Nomination and Remuneration Committee			
Mr Vaidas Barakauskas	Chairman of the Nomination and Remuneration Committee	24 September 2014	24 September 2018
Mrs Džiuginta Balčiūnė	Member of the Nomination and Remuneration	24 September 2014	24 September 2018

\* - but, in any case, not longer than Annual Shareholders' Meeting to be held in April 2014.

Information about Mrs Džiuginta Balčiūnė and Mr Vaidas Barakauskas is presented in paragraphs above.

### The Board Activities

During 2014 thirty seven meetings of the Board were held. During all Board meetings there was quorum prescribed by legal acts. The Board adopted a decision to sign surety ship agreement, approved the establishment of the new subsidiary, sale of the associate company and sale / buy-back of a subsidiary, approved to issue loans to Group companies, approved significant contracts and a purchase of related party bonds, discussed and agreed all related matters to agreement for research work in Saransk, reviewed and approved subsidiaries' 5 year strategic plans and a purchase of a new associate. During the meetings the set of annual financial statements of the Group for 2013 was approved. It was also approved to sell 100% of authorized share capital owned by the Company at the subsidiary *Avia Solutions Group – Airports Management OOO*.

### Members of the Board

Currently the Management Board consists of five members. During 2013 Mr Saulius Batavičius, Mr Jonas Butautis and Mr Vytautas Kaikaris have resigned, Mr Daumantas Lapinskas, Mr Žilvinas Lapinskas and Mr Anatolij Legenzov have been elected. The Supervisory Council of Avia Solutions Group AB on 25 April 2014 unanimously decided to re-elect the members of the Management Board of the Company.

The table below indicates the elected members of the Board at the balance sheet date:

Name	Position within the Company	In the position	
		Since	Until*
Management Board			
Mr Gediminas Žiemelis	Chairman of the Management Board	25 April 2014	25 April 2018
Mr Aurimas Sanikovas	Member of the Management Board	25 April 2014	25 April 2018
Mr Daumantas Lapinskas	Member of the Management Board	25 April 2014	25 April 2018
Mr Žilvinas Lapinskas	Member of the Management Board	25 April 2014	25 April 2018
Mr Anatolij Legenzov	Member of the Management Board	25 April 2014	25 April 2018

\* - but, in any case, not longer than Annual Shareholders' Meeting to be held in April 2018.

Information about all members of the Board is presented below:

**Mr Gediminas Žiemelis.** Mr Gediminas Žiemelis has a unique management and advisory experience. He started his career in 1999 as the assistant manager of the Vindication and Fraud Division in Lithuania Savings bank, AB (currently, Swedbank, AB), the Department of Problematic Assets and Vindication (1999–2001). He acted as the General Manager of Žvilgsnis iš arčiau UAB (2001–2005) (currently named Creditinfo UAB), which was engaged mainly in debt recovery and credit risk management, the General Manager of ŽIA VALDA AB (2002–2006) and the General Manager of brokerage firm Finhill UAB FMJ (in 2007). Mr Gediminas Žiemelis is a member of the Management Board in ŽIA VALDA AB and since 2007 he acts as the Manager of the Development Department. Since 2005 Mr Gediminas Žiemelis also acts as the Manager in East Mining Group UAB and since 2006 until 2014 he acted as the General Manager of Eastern Agro Holdings UAB. Since 2009 till 2010 Mr Gediminas Žiemelis also acted as a consultant in Avia Solutions Group Holdings AB. Moreover, Mr Gediminas Žiemelis is a member of the Supervisory Board in Agrowill AB since 2010. Mr Gediminas Žiemelis also acted as a chairman of the Management Board of AviaAM Leasing AB (2012-2014). Mr Gediminas Žiemelis obtained a bachelor's degree at the Faculty of Business Management in the Vilnius Gediminas Technical University, Lithuania in 1999 and a master's degree at the Faculty of Law in the Mykolas Romeris University, Lithuania in 2006. He has also finished the Program for Leadership Development (PLD) in the Harvard Business School, Boston, MA, U.S.: Accelerating the Careers of High-Potential Leaders. Mr Gediminas Žiemelis is also one of the initiators of establishment of the Association of Aviation Companies ([www.aia.lt](http://www.aia.lt)) (in 2009). Mr Gediminas Žiemelis was selected twice among the top 40 most talented young industry leaders by Aviation Week & Space Technology. Mr Gediminas Žiemelis does not participate in the capital of any other legal entities.

**Mr Aurimas Sanikovas.** Mr Aurimas Sanikovas started his career as an audit associate in PricewaterhouseCoopers, Lithuania in 2001. In 2007 his last position held at the company was that of a manager. He performed supervision and execution of audit engagements performed in accordance with the IAS and US GAAS. Mr Aurimas Sanikovas has principal expertise in telecommunications, IT, manufacturing, construction, consumer products and energy sectors. From 2007 till 2010 he acted as the Chief Financial Officer of Avia Solutions Group Holdings AB. Mr Aurimas Sanikovas also acted as a member of the Management Board of Avia Asset Management AB (2008–2010), a member of the Management Board of FL Technics (2008–2010) and a member of the Management Board of Small Planet Airlines Sp.z.o.o. and Small Planet Airlines AS (2009–2010). He has also acted as the Interim General Manager of Avia Funds Management UAB (2010–2011). Moreover, since 2010 Mr Aurimas Sanikovas is a member of the Supervisory Board of Agrowill Group AB. Mr Aurimas Sanikovas also acted as a member of the Management Board of AviaAM Leasing AB (since 2012). His main responsibilities at the Group include control of operations of subsidiaries, leading budgeting, reporting, treasury and risk management functions, finance function staffing, fund raising, deal structuring, tax planning and managing resolution of finance related issues. Mr Aurimas Sanikovas obtained his bachelor's and master's degrees in economics at the Faculty of Economics, Vilnius University, Lithuania with an exchange term in the University of Copenhagen. Since 2006 Mr Aurimas Sanikovas is a fellow of the Association of Chartered Certified Accountants (ACCA). Mr Aurimas Sanikovas owns 294,478 shares in the AviaAM Leasing AB (0.68% of all the Shares). Apart from holding 60,775 shares of *Avia Solutions Group AB* (0.78 per cent of all shares) and 294,478 shares in AviaAM Leasing AB (0.68 per cent of all shares) Mr Aurimas Sanikovas does not participate in the capital of any other legal entities.

**Mr Daumantas Lapinskas.** Mr Daumantas Lapinskas has more than 16 years of experience in sectors as diverse as public service (in 2009–2010 was an advisor to the Minister of Economy, Lithuania, served as the Vice Minister of Economy in the 15<sup>th</sup> Government of Lithuania), banking (more than seven years at the European Bank for Reconstruction and Development, executing monitoring debt, equity and working capital financing projects for the Companies in CEE and CIS), trading and private business. Mr Daumantas Lapinskas held board positions in the following companies: Invest Lietuva (2010–2012), Enterprise Lithuania (2010–2012), JSC Investicijų Verslo Garantijos (INVEGA) (Chairman of the Board). Mr Daumantas Lapinskas graduated from Vilnius University where he obtained bachelor degree in Economics (specialization in Finance), and in 1999 he obtained a master's in International Economics and Finance at the Brandeis University, USA (Edmund S. Muskie Scholarship in Economics). Since 2013 Mr Daumantas Lapinskas is a Deputy CEO at *Avia Solutions Group AB*. Apart from holding 8,240 shares of *Avia Solutions Group AB* (0.11 per cent of all shares), 1,640 shares of *Kauno Energija AB* (0.00 per cent of all shares) and 9,500 shares of *TEO AB* (0.00 per cent of all shares), Mr Daumantas Lapinskas does not have interest in the share capital of any other legal entities.

**Mr Žilvinas Lapinskas.** Mr Žilvinas Lapinskas has a deep international business expertise. He started his career as sales manager in Rubikon Prodimpeksas, since 1999 worked in City Service – OMX listed company, where he held CCO and Head of Facilities Management Department positions prior to becoming CEO in 2004. Mr Žilvinas Lapinskas took LEAN 6 Sigma Implementation courses as well as Facilities Management course at Dalkia Facility Management, Stocholm, Sweden. Mr Žilvinas Lapinskas holds a bachelor degree in Business management. Since November 2013 Mr Žilvinas Lapinskas is CEO at FL Technics AB. Mr Žilvinas Lapinskas is a direct shareholder of the Company and has 32,960 shares of *Avia Solutions Group AB* that accounts to almost 0.42 per cent of the share capital. Mr Žilvinas Lapinskas does not participate in the capital of any other legal entities

**Mr Anatolij Legenzov.** Mr Anatolij Legenzov started his career in 1996 in Oxford Health Plans, LLC as an IT Support Analyst. He worked for this company for 2 years and since 1998 started his career in Helisota UAB. Prior to becoming General Director in 2013 Mr Anatolij Legenzov held International Sales Representative, Director International Sales, and Director for Commerce positions. Since 2011 he is a member of Helisota UAB Board. Mr Anatolij Legenzov studied in Kaunas University of Technology, obtained bachelor degree in Computer Science from University of Bridgeport and master degree in Computer Science from Columbia University. In 2001 he obtained an executive MBA at the Vytautas Magnus University. Mr Anatolij Legenzov is a direct shareholder of the Company and has 73,255 shares of *Avia Solutions Group AB* that accounts to almost 0.94 per cent of the share capital. Mr Anatolij Legenzov does not participate in the capital of any other legal entities.

#### Members of the Company's Administration

Company's Administration consists of three key executives: the Chief Financial Officer, the Director of Development and the General Director. All the employees of the Company are directly subordinated and report to the General Director.

Name	Position within the Company	In the position	
		Since	Until
Key Executives			
Mr Linas Dovydėnas	General Manager	25 August 2010	Indefinite
Mr Aurimas Sanikovas	Chief Financial Officer	30 September 2010	Indefinite
Mr Gediminas Žiemelis	Director of Development	30 September 2010	Indefinite

**Mr Linas Dovydenas.** Mr Linas Dovydenas started his career in 1995 in Sanitex UAB, Lithuania. He worked for this company for 7 years and his last two positions held at the company were Key Account Manager and Regional Manager Horeca. From 2002 to 2007 he acted for Philip Morris Baltic States. He held the following positions at the company: Supervisor Key Accounts Baltic States, Manager National Sales Estonia, Manager Customer Development Lithuania and Manager National Sales Lithuania. Mr Linas Dovydenas joined the Group in 2008. He held a position of the Chairman of the Supervisory Board of Small Planet Airlines AS and was a member of the Management Board in FL Technics. Mr Linas Dovydenas also acted as a member of the Management Board of AviaAM Leasing AB (since 2012). He leads the management team in planning, development and implementation strategies to meet agreed organizational plans within agreed budgets and timescales. In 1997 Mr Linas Dovydenas obtained a bachelor's degree in Business and Business Administration at the Faculty of Economics, Vilnius University, and in 2006 he obtained an executive MBA at the Baltic Management Institute. Mr Linas Dovydenas owns 441,717 shares in AviaAM Leasing AB (1.02% of all the shares). Mr Linas Dovydenas does not participate in the capital of any other legal entities.

Information about Mr Gediminas Žiemelis and Mr Aurimas Sanikovas is presented in paragraphs above.

Information about remuneration of key management of the Company and the Group personnel is provided in Note 36 of the Company's and the Group's Financial Statements for the year ended 31 December 2014. Members of Supervisory and Management Boards do not receive salary except if they are employed by the Group.

Information about total amounts calculated for Management groups of the Company and the Group during 2014 and 2013:

Position ('000 LTL)	2014	2013	Change
<i>Remuneration of key management of the Company</i>			
Members of Supervisory Board	-	-	-
Members of Management Board	13	-	-
Company's Administration (General Manager, Chief Financier)	413	415	-0.5%
<i>Remuneration of key management of the Group</i>			
Members of Supervisory Board	24	-	-
Members of Management Board	15	-	-
Administration of Group's Companies (General Managers, Chief Financiers)	4 265	3 085	+38%

Average monthly salary of the Group's General Managers and Chief Financiers:

Position (LTL)	2014	2013	Change
Company's Administration (General Manager, Chief Financier)	17 207	17 289	-0.5%
Administration of Group's Companies (General Managers, Chief Financiers)	13 163	14 287	-7.9%

There were no annual compensation (tantiemes) paid to the Company's Management, to the Company's Board members or Company's Supervisory board member during 2014.

In 2014 there were no guarantees or sponsorship granted to the members of the Supervisory or Management Boards or Management by the Company as well as none of subsidiaries paid salaries or other pay-outs to the members of the Boards or the employees of the Company for being members of their managing bodies, except the loan taken by Mr Linas Dovydenas from *Avia Solutions Group AB*, which constituted 20,077 Lt and the loan granted to Mr Aurimas Sanikovas from *Avia Solutions Group AB*, which constituted 937,950 Lt as at 31 December 2014. According to this loan agreement the employee has the right to put back the shares to the Company in a period from 31 March 2014 to 31 December 2018, if the Group achieves appointed EBT targets or if the Company's share price declines 10 or more percent compared to their acquisition price.

As at 28 November 2014 the Company signed two put option agreements with the employees, related to the Key Management of the Group, which give them a right to put back the newly issued shares of the Company in a period from 1 January 2015 to 31 December 2018 under similar conditions as those presented above. The Management of the Group has evaluated that the above mentioned option agreements made with the members of the Key Management of the Group do not have a material impact on these financial statements.

During the year there were no transactions with subsidiaries or other related parties under harmful conditions for the Group.

All the Company's employment agreements with the employees, including management, of the Company are concluded following requirements of the Labour Code of the Republic of Lithuania. Employees are employed and laid off following requirements of the Labour Code.

There are no material agreements to which the Company is a party and which would come into effect, be amended or terminated in case of change in the Company's control.

*Auditors*

Auditors from PricewaterhouseCoopers UAB audited the balance sheet of the Company and together with its consolidated subsidiaries for the years ended 31 December 2008, 2009, 2010, 2011, 2012, 2013 and 2014 and the related statement of comprehensive income, statement of changes in equity and statement of cash flows and a summary of significant accounting policies and other explanatory notes for the years then ended.

On 30 April 2014, the shareholders of the Company during the Annual General Meeting of Shareholders elected UAB PricewaterhouseCoopers as the Company's audit enterprise for the period of the next two years to perform the audit of the annual separate and consolidated financial statements of the Avia Solutions Group AB for the years 2014 and 2015, and to make the assessment of the consolidated annual report of the Company for the years 2014 and 2015. Shareholders authorized the Company's General Manager to conclude the agreement for audit services, establishing the payment for services as agreed between the parties but in any case not more than 350 000 (three hundred and fifty thousand) Litass (VAT excluded) for the audit services.

## VI. OTHER INFORMATION

### Information about compliance with Corporate Governance Code

The Company essentially follows a recommendatory Corporate Governance Code for the WSE Listed Companies (hereinafter 'the Governance Code') prepared and announced on 30 June 2011. This announced version of Corporate Governance Statement of *Avia Solutions Group AB* is available on the corporate website: [www.aviasg.com](http://www.aviasg.com) in the "Investor Relations" section dedicated to the Company's shareholders under "Reports, codes" in the "WSE Best Practice" tab: <http://www.aviasg.com/en/investor-relations/reports-codes/wse-best-practice.html>.

The WSE has a corporate governance code, which is the Code of Best Practice for WSE Listed Companies, the most recent version being the Appendix to Resolution No.19/1307/2012 of the Exchange Supervisory Board dated 21 November 2012 (the "WSE Corporate Governance Code") which can be found on the website dedicated to the corporate governance at the Warsaw Stock Exchange: [www.corp-gov.gpw.pl](http://www.corp-gov.gpw.pl).

The Company acknowledges the importance of good corporate governance and intends to seek the compliance with the WSE Corporate Governance Code to the extent possible. Especially, the Company intends to be as transparent as it is legally and practically possible using multilingual Company's website. Moreover, some members of the Supervisory Council are independent. However, due to, inter alia, differences between Polish and Lithuanian Corporate Law the Company does not comply with the following rules of the WSE Corporate Governance Code:

- **Rule II.3 and Rule III.9**, according to which the Supervisory Council should approve a significant transaction/agreement with a related entity at the request of the Management Board. In accordance with Lithuanian law, the Supervisory Council is not entitled to approve any decisions of the Management Board;
- **Rule III.8**, according to which annex I to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) council should apply to the tasks and the operation of the committees of the Supervisory Council. As at the date of this Annual Report, the Supervisory Council has not formed any committee, however due to the limited number of the Supervisory Council members the entire Supervisory Council acts as the particular committee and it aims to apply the rules indicated in the Commission Recommendation mentioned above;
- **Rule IV 10**, according to which the Company should enable its shareholders to participate in a general meeting using electronic communication means through real-life broadcast of General Meetings and real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting. The Company does not enable participation in the general meeting by using electronic communication means through real-life broadcast and real-time bilateral communication. However, the Company does not exclude that such means will be adopted in the future.

Furthermore, the Company does not comply with the following recommendations:

- **Recommendation I.1**, regarding on-line broadcasting of general meeting. The Company does not enable on-line broadcasts of general meetings over the Internet, record general meetings, and publish the recordings on the company website. However, the Company intends to expand its website in line with development of its corporate events in order to meet the expectations of the investors and shareholders.
- **Recommendation I.5**, regarding remuneration policy. Currently, the Company does not have a remuneration policy adopted. The Company does not exclude that the remuneration policy will be adopted by the General Meeting in the future.
- **Recommendation I.9**, regarding balanced proportion of men and women in the Management Board and Supervisory Council. Currently, there is only one woman in governing bodies of the Company, Džiuginta Balčiūnė, a member of the Supervisory Council. The Company supports this recommendation. However the members of the Supervisory Board are appointed by the General Meeting of Shareholders and therefore the compliance with this recommendation depends on the shareholders' future decisions.
- **Recommendation I.12**, according to which the Company should enable its shareholders to exercise the voting right during a general meeting either in person or through a proxy, outside the venue of the general meeting, using electronic communication means. Currently, the Company does not envisage possibility to enable its shareholders to exercise the voting right during a general meeting outside the venue of the general meeting, using electronic communication means. However, the Company does not exclude that relevant solutions will be introduced in the future.

### Publicly announced information

During the year ended 31 December 2014 the Company publicly announced through Warsaw Stock Exchange Information system and on own webpage the following information:

Publication Date	Title	Category of announcement
6 January 2014	Avia Solutions Group AB signs an investment agreement with TVK Rossiya, part of Rostec	Investor news
7 January 2014	FL Technics Jets UAB adds Bombardier CRJ100/200 aircraft type to its EASA Part-145 certificate	Investor news
27 January 2014	Notification about disposal of a stake of shares, acquisition of a stake of shares and transaction concluded by the manager of the company (Mr. Vaidas Barakauskas)	Notification on material event
12 February 2014	Admission and introduction of 165 000 shares of Avia Solutions Group AB to trading on parallel market of WSE	Notification on material event
14 February 2014	Consolidated Interim Financial Information for the Year Ended 31 December 2013	Interim information
9 April 2014	Notice on Annual General Meeting of Shareholders 2014	Notification on material event
15 April 2014	Proposed draft decisions for the Annual General Meeting of Shareholders of AB Avia Solutions Group to be convened on 30 April 2014	Notification on material event
15 April 2014	Independent Auditor's Report, Separate and Consolidated Financial Statements, Consolidated Annual Report for the Year Ended 31 December 2013	Notification on material event
25 April 2014	The Management Board of Avia Solutions Group AB re-elected for the new term	Notification on material event
30 April 2014	Decisions adopted by the Annual General Meeting of Shareholders of AB Avia Solutions Group held on 30 April 2014	Notification on material event
15 May 2014	Consolidated Financial Information for the three-month period ended 31 March 2014 (Unaudited)	Interim information
16 May 2014	Mr. Hubert Bojdo resigns from the Supervisory Council of Avia Solutions Group AB	Notification on material event
26 May 2014	Notification about Avia Solutions Group AB share transactions	Notification on material event
13 June 2014	Notification about Avia Solutions Group AB share transactions	Notification on material event
25 June 2014	Avia Solutions Group has completed the sale of a 49 percent shareholding of Baltic Aviation Academy UAB	Notification on material event
27 June 2014	Notification about Avia Solutions Group AB share transactions	Notification on material event
14 August 2014	Consolidated Financial Information for the six-month period ended 30 June 2014 (Unaudited)	Interim information
2 September 2014	Notice on extraordinary general meeting of shareholders	Notification on material event
4 September 2014	Avia Solutions Group AB has completed a buy-back of 49 percent shareholding in Baltic Aviation Academy UAB	Notification on material event
24 September 2014	Notice on the decisions adopted by the Extraordinary General Meeting of Shareholders of AB Avia Solutions Group	Notification on material event
7 October 2014	Notice on the approved prospectus of admission of shares of Avia Solutions Group, AB to regulated market	Notification on material event

Publication Date	Title	Category of announcement
1 December 2014	Consolidated Financial Information for the nine-month period ended 30 September 2014 (Unaudited)	Interim information
2 December 2014	Notification on the transactions in issuer's securities concluded by the person closely associated with the manager of the issuer (AB "AviaAM Leasing")	Notification on material event
10 December 2014	Notice on registration of the new articles of association	Notification on material event
15 December 2014	Notice on acquisition of a stake of shares of the company	Notification on material event
30 December 2014	Notice on introduction of the new shares to trading on the stock exchange	Notification on material event
30 December 2014	Notice on changes in the nominal value of the shares	Notification on material event
31 December 2014	Avia Solutions Group AB financial reporting in 2015	Investor news
31 December 2014	Notice on transactions in issuer's securities	Notification on material event

Contents of above mentioned announcements can be obtained on Company's webpage:

<http://www.aviasg.com/en/investor-relations/major-events.html>

## CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, We, Linas Dovydenas, General Director of *Avia Solutions Group AB*, and, Aurimas Sanikovas, Chief Financial Officer of *Avia Solutions Group AB*, hereby confirm that, to the best of our knowledge, Consolidated Annual Report of *Avia Solutions Group AB* for the year 2014 includes a fair review of the development and performance of the business and the position of the Company and the Group of undertakings in relation to the description of the main risks and contingencies faced thereby.

General Director  
Linas Dovydenas



Chief Financial Officer  
Aurimas Sanikovas

