

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015
UNAUDITED

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

(All tabular amounts are in USD '000 and EUR '000 unless otherwise stated)

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	April-June				January-June			
		2015		2014		2015		2014	
		USD	EUR	USD	EUR	USD	EUR	USD	EUR
Revenue	3	13,752	12,392	66,027	48,157	21,559	19,304	74,301	54,198
Interest income on loans		413	374	401	292	855	765	752	549
Depreciation and amortisation		(1,062)	(961)	(1,159)	(845)	(2,013)	(1,803)	(2,354)	(1,717)
Costs of aircraft sold		(2,189)	(1,960)	(52,010)	(37,938)	(2,189)	(1,960)	(52,010)	(37,938)
Costs of services rendered		(3,828)	(3,447)	(4,204)	(3,066)	(5,725)	(5,126)	(4,868)	(3,551)
Aircraft maintenance and servicing expenses		(871)	(787)	(3,132)	(2,283)	(1,657)	(1,483)	(5,599)	(4,085)
Employee-related expenses	4	(206)	(186)	(211)	(154)	(371)	(332)	(441)	(322)
Impairment of receivables and prepayments		(450)	(403)	(221)	(161)	(450)	(403)	(341)	(248)
Other operating expenses	5	(333)	(302)	(381)	(277)	(679)	(608)	(833)	(607)
Gain on sale of property, plant and equipment (net)		-	-	4,377	3,193	-	-	4,377	3,193
Gain on sale of subsidiaries		-	-	5,251	3,831	-	-	5,251	3,831
Other gain (losses) net		23	20	2,727	1,989	34	30	2,738	1,997
Operating profit		5,249	4,740	17,465	12,738	9,364	8,384	20,973	15,300
Finance income	6	238	215	83	61	238	215	106	77
Finance costs	6	(219)	(214)	(763)	(558)	(1,994)	(1,785)	(1,613)	(1,178)
Finance costs – net		19	1	(680)	(497)	(1,756)	(1,570)	(1,507)	(1,101)
Profit (loss) before income tax		5,268	4,741	16,785	12,241	7,608	6,814	19,466	14,199
Income tax	7	(834)	(748)	(1,517)	(1,106)	(1,009)	(903)	(1,899)	(1,385)
Profit (loss) for the period		4,434	3,993	15,268	11,135	6,599	5,911	17,567	12,814
Other comprehensive income									
Currency translation differences on translation to presentation currency		-	(2,319)	-	479	-	7,063	-	563
Total other comprehensive income		-	(2,319)	-	479	-	7,063	-	563
Total comprehensive income		4,434	1,674	15,268	11,614	6,599	12,974	17,567	13,377
Basic and diluted earnings per share (USD/EUR)	8	0.10	0.09	0.35	0.26	0.15	0.14	0.41	0.30

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CONSOLIDATED INTERIM BALANCE SHEET

	Note	30 June 2015		31 December 2014	
		USD	EUR	USD	EUR
ASSETS					
Non-current assets					
Property, plant and equipment	9	37,686	33,850	39,167	32,201
Intangible assets		1	1	1	1
Available-for-sale financial assets		881	791	881	724
Loans granted	11	10,641	9,558	10,717	8,811
		49,209	44,200	50,766	41,737
Current assets					
Inventory	10	827	743	1,037	853
Loans granted	11	20,608	18,510	23,549	19,361
Trade and other receivables	12	6,494	5,833	6,764	5,561
Cash and cash equivalents	13	40,989	36,816	36,574	30,069
		68,918	61,902	67,924	55,844
Total assets		118,127	106,102	118,690	97,581
EQUITY					
Equity attributable to the Group's equity shareholders					
Share capital	14	16,804	12,559	16,804	12,542
Share premium		27,972	20,878	27,972	20,878
Legal reserve		1,740	1,254	1,740	1,254
Revaluation reserve		4,343	3,570	4,343	3,570
Revaluation of financial assets available for sale		(825)	(678)	(825)	(678)
Cumulative translation reserve		-	12,583	-	5,520
Retained earnings		45,243	35,412	43,020	33,416
Total equity		95,277	85,578	93,054	76,502
LIABILITIES					
Non-current liabilities					
Borrowings	15	9,311	8,363	10,782	8,865
Security deposits received	17	3,457	3,105	3,332	2,740
Deferred income tax liabilities		1,250	1,123	1,353	1,112
		14,018	12,591	15,467	12,717
Current liabilities					
Borrowings	15	2,882	2,588	2,768	2,276
Trade and other payables	16	2,208	1,983	2,488	2,046
Security deposits received	17	40	36	40	33
Advances received	16	-	-	70	57
Current income tax liabilities		3,702	3,326	4,803	3,950
		8,832	7,933	10,169	8,362
Total liabilities		22,850	20,524	25,636	21,079
Total equity and liabilities		118,127	106,102	118,690	97,581

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

USD	Note	Share capital	Share premium	Legal reserve	Revaluation reserve	Revaluation reserve (deficit) of financial assets	Retained earnings	Total equity
Balance at 1 January 2014		16,804	27,972	1,131	3,431	-	24,824	74,162
Comprehensive income								
Revaluation of financial assets available for sale		-	-	-	-	(971)	-	(971)
Deferred income tax on revaluation of financial assets available for sale		-	-	-	-	146	-	146
Revaluation of aircraft		-	-	-	1,072	-	-	1,072
Deferred income tax on revaluation of aircraft		-	-	-	(160)	-	-	(160)
Other comprehensive income (loss)		-	-	-	912	(825)	-	87
Profit for the year		-	-	-	-	-	22,284	22,284
Total comprehensive income		-	-	-	912	(825)	22,284	22,371
Transactions with owners								
Transfer to reserves		-	-	609	-	-	(609)	-
Dividends		-	-	-	-	-	(3,479)	(3,479)
Total transactions with owners		-	-	609	-	-	(4,088)	(3,479)
Balance at 31 December 2014/ 1 January 2015		16,804	27,972	1,740	4,343	(825)	43,020	93,054
Comprehensive income								
Other comprehensive income (loss)		-	-	-	-	-	-	-
Profit for the period		-	-	-	-	-	6,599	6,599
Total comprehensive income		-	-	-	-	-	6,599	6,599
Transactions with owners								
Dividends		-	-	-	-	-	(4,376)	(4,376)
Total transactions with owners		-	-	-	-	-	(4,376)	(4,376)
Balance at 30 June 2015		16,804	27,972	1,740	4,343	(825)	45,243	95,277

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

EUR	Note	Share capital	Share premium	Legal reserve	Revaluation reserve	Revaluation reserve (deficit) of financial assets	Cum. trans.	Retained earnings	Total equity
Balance at 1 January 2014		12,542	20,878	854	2,494	-	(2,446)	19,586	53,908
Comprehensive income									
Revaluation of financial assets available for sale		-	-	-	-	(798)	-	-	(798)
Deferred income tax on revaluation of financial assets available for sale		-	-	-	-	120	-	-	120
Revaluation of aircraft		-	-	-	881	-	-	-	881
Deferred income tax on revaluation of aircraft		-	-	-	(132)	-	-	-	(132)
Currency translation differences		-	-	-	-	-	7,966	-	7,966
Other comprehensive income (loss)		-	-	-	749	(678)	7,966	-	8,037
Profit for the year		-	-	-	-	-	-	16,782	16,782
Total comprehensive income		-	-	-	749	(678)	7,966	16,782	24,819
Transactions with owners									
Transfer to reserves		-	-	400	-	-	-	(400)	-
Dividends		-	-	-	-	-	-	(2,552)	(2,552)
Currency translation differences		-	-	-	327	-	-	-	327
Total transactions with owners		-	-	400	327	-	-	(2,952)	(2,225)
Balance at 31 December 2014/ 1 January 2015		12,542	20,878	1,254	3,570	(678)	5,520	33,416	76,502
Comprehensive income									
Currency translation differences		-	-	-	-	-	7,063	-	7,063
Other comprehensive income (loss)		-	-	-	-	-	7,063	-	7,063
Profit for the period		-	-	-	-	-	-	5,911	5,911
Total comprehensive income		-	-	-	-	-	7,063	5,911	12,974
Transactions with owners									
Dividends		-	-	-	-	-	-	(3,898)	(3,898)
Share capital conversion result		17	-	-	-	-	-	(17)	-
Total transactions with owners		17	-	-	-	-	-	(3,915)	(3,898)
Balance at 30 June 2015		12,559	20,878	1,254	3,570	(678)	12,583	35,412	85,578

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CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Note	6 months ended 30 June			
		USD	2015 EUR	USD	2014 EUR
Operating activities					
Profit (loss) before income tax		7,608	6,814	19,466	14,199
<i>Adjustments for:</i>					
Depreciation and amortisation		2,013	1,803	2,354	1,717
Impairment of accounts receivables and prepayments		450	403	341	248
Discounting effect		109	98	107	78
Finance costs – net		(228)	(204)	476	347
Gain on sale of subsidiaries		-	-	(5,251)	(3,831)
Profit/Loss from sale of fixed assets		-	-	(4,377)	(3,193)
<i>Changes in working capital:</i>					
Trade and other receivables		230	205	(12,274)	(8,953)
Trade and other payables		693	621	12,139	8,855
Security deposits and advances received		(54)	(49)	4,195	3,064
Inventory		209	187	(2,973)	(2,169)
Cash generated from operations		11,030	9,878	14,203	10,362
Interest paid		(462)	(413)	(780)	(569)
Income tax paid		(1,709)	(1,530)	(589)	(430)
<u>Net cash generated from operating activities</u>		8,859	7,935	12,834	9,363
Investing activities					
Purchase of property, plant and equipment and intangible assets		(1,497)	(1,340)	(19,964)	(14,563)
Prepayments for property plant and equipment		-	-	(4,740)	(3,457)
Sale of property plant and equipment and intangible assets		-	-	21,900	15,975
Investment in other companies		-	-	(1,464)	(1,068)
Loans granted		(23,929)	(21,426)	(3,920)	(2,859)
Loans repaid		23,857	21,362	5,157	3,762
Interest received		66	59	74	54
<u>Net cash used in investing activities</u>		(1,503)	(1,345)	(2,957)	(2,156)
Financing activities					
Dividends paid		(1,583)	(1,418)	(1,212)	(888)
Lease (finance lease) payments		(1,358)	(1,216)	(1,284)	(937)
<u>Net cash generated from (used in) financing activities</u>		(2,941)	(2,634)	(2,496)	(1,825)
Increase (decrease) in cash and cash equivalents		4,415	3,956	7,381	5,382
Movement in cash and cash equivalents					
At the beginning of year		36,574	30,069	43,953	31,949
Increase (decrease) in cash and cash equivalents		4,415	3,956	7,381	5,383
Foreign translation differences			2,791		322
At the end of the period	13	40,989	36,816	51,334	37,654

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

AviaAM Leasing AB (referred to as *the Company*) is a public limited liability company incorporated at State Enterprise Centre of the Republic of Lithuania as at 17 April 2009 (Company code – 302330793). The Company is domiciled in Vilnius, the capital of Lithuania. The address of its registered office is at Smolensko g. 10, LT-03201 Vilnius, Lithuania.

The shareholders' structure of the Company as at 30 June 2015 and 31 December 2014 was as follows:

	Number of shares	%
ALH Aircraft Leasing Holdings Ltd	12,994,905	30.01
Mesotania Holdings Limited	10,899,858	25.17
ING Otworthy Fundusz Emerytalny (Open pension fund)	5,000,000	11.55
Aurimas Sanikovas	294,478	0.68
Tadas Goberis	147,239	0.34
Other shareholders	13,969,113	32.25
Total	43,305,593	100.00

The Company and its subsidiaries (together, *the Group*) are engaged in the business of aircraft leasing, trading and management. The principal activity of the Group is operating leasing, management and trading of mid-life narrow body and regional jet aircraft. As of 30 June 2015 the Group owned 13 aircraft: 1 Boeing 737-300, 3 Boeing 737-500 and 9 Bombardier CRJ200 aircraft. All aircraft were leased out under operating lease contracts.

In addition, the Company effectively holds a 50% stake in a joint venture Regional Charter Capital Ltd. - which owns one Bombardier CRJ200 aircraft in a business jet configuration. The principal activity of the joint-venture is management of the subject aircraft.

The subsidiaries and joint ventures, which are included in the Group's consolidated financial statements are indicated below:

The Group's companies	Country of establishment	Share of equity, %		Date of acquiring (establishment) / activity / address of establishment
		As at 30 June 2015	As at 31 December 2014	
AviaAM B01 UAB	Lithuania	100	100	Date of acquiring: 4 January 2010 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B02 UAB	Lithuania	100	100	Date of acquiring: 4 January 2010 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B04 UAB	Lithuania	100	100	Date of establishment: 22 February 2007 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B05 UAB	Lithuania	100	100	Date of establishment: 28 June 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B06 UAB	Lithuania	100	100	Date of establishment: 15 July 2011 / Aircraft leasing / Smolensko g. 10, Vilnius

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1 General information (continued)

The Group's companies	Country of establishment	Share of equity, %		Date of acquiring (establishment) / activity / address of establishment
		As at 30 June 2015	As at 31 December 2014	
AviaAM B07 UAB	Lithuania	100	100	Date of establishment: 30 September 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
AAL Capital Aircraft Holdings Ltd	Cyprus	100	100	Date of establishment: 29 September 2011 / Aircraft leasing / Dimitriou Karatasou 15, Anastasio Building, 6th floor, Flat/office 601, Strovolos, 2024, Nicosia, Cyprus
AviaAM Leasing Bermuda Ltd	Bermuda	100*	100*	Date of establishment: 16 September 2011 / Aircraft leasing / Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
AviaAM B08 Ltd	Bermuda	100*	100*	Date of establishment: 26 April 2014 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM11, Bermuda
AviaAM B09 Ltd	Bermuda	100*	100*	Date of establishment: 27 June 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
Ice Aircraft Management Ltd	Bermuda	100*	100*	Date of establishment: 23 October 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
Boulevard Two Aircraft Ltd	Ireland	100*	100*	Date of acquiring: 20 March 2013 / Aircraft leasing / 70 Sir John Rogerson's Quay, Dublin 2, Ireland
Regional Charter Capital Ltd	Bermuda	50**	50**	Date of establishment: 31 October 2012 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda

* Shareholding through AAL Capital Aircraft Holdings Ltd. which owns 100 per cent of the company.

** Shareholding through AviaAM Leasing Bermuda Ltd. which owns 50 per cent of the company.

2 Accounting policies

The consolidated interim financial information for the six month period ended 30 June 2015 (hereinafter, *the Consolidated Interim Financial Information*) is prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34 "Interim financial reporting". In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2014.

The financial statements have been prepared on a going concern basis and under the historical cost convention.

The consolidated financial statements are presented in US Dollars (USD) and Euro (EUR) and all values are rounded to the nearest thousand (USD'000 and EUR'000) except when otherwise indicated.

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2 Accounting policies (continued)

The Consolidated Interim Financial Information for the six month period ended 30 June 2015 is not audited. Financial Statements for the year ended 31 December 2014 were audited by external auditor PricewaterhouseCoopers UAB.

3 Revenue

	6 months ended 30 June			
	2015		2014	
	USD	EUR	USD	EUR
Sales of aircraft	2,300	2,059	54,500	39,754
Lease revenue	6,944	6,217	10,013	7,305
Commission income	9,388	8,407	7,575	5,525
Supplemental maintenance rent	2,927	2,621	2,213	1,614
	21,559	19,304	74,301	54,198

The chief operating decision maker of the Group has been identified as the General Manager, which is responsible for allocating resources and assessing performance of the Group. The General Manager has determined that the activities of the Company form a single operating segment – aircraft leasing, trading and aircraft transaction management. The internal reporting provided to the General Manager has been prepared using the accounting policies and presentation consistent with those used in preparation of the financial statements. The General Manager monitors net profit and operating profit as a measure of profit.

The segment's sales to external customers are derived from the following single customers (the customers whose sales revenue exceed 5 per cent of total sales revenue of that segment in any of the years):

	6 months ended 30 June			
	2015		2014	
	USD	EUR	USD	EUR
Lease, sale and aircraft transaction management customers				
Customer P	9,375	8,394	-	-
Customer B	5,865	5,252	5,925	4,322
Customer Q	2,300	2,059	-	-
Customer I	2,212	1,980	-	-
Customer F	-	-	36,000	26,260
Customer L	-	-	18,500	13,495
Customer M	-	-	4,575	3,337
Other customers	1,807	1,619	9,301	6,784
	21,559	19,304	74,301	54,198

The segment's aircraft lease, sale and aircraft transaction management revenue according to geographical location (based on the residence of customers):

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3 Revenue (continued)

Country	6 months ended 30 June			
	2015		2014	
	USD	EUR	USD	EUR
Ireland	9,375	8,394	-	-
Russia	8,322	7,451	7,393	5,392
Kazakhstan	2,600	2,328	2,020	1,474
Belarus	737	660	321	234
Lithuania	511	458	415	303
Bermuda	14	13	54,500	39,755
Tajikistan	-	-	1,192	869
Iceland	-	-	4,575	3,337
Hong Kong	-	-	3,000	2,188
Italy	-	-	885	646
	21,559	19,304	74,301	54,198

4 Employee related expenses

	6 months ended 30 June			
	2015		2014	
	USD	EUR	USD	EUR
Salaries	240	215	316	230
Social insurance expenses	131	117	125	92
	371	332	441	322

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5 Other operating expenses

	6 months ended 30 June			
	2015		2014	
	USD	EUR	USD	EUR
Legal and translation expenses	208	186	285	208
Management services	85	76	133	97
Insurance expenses	50	44	7	5
Transportation expenses	49	44	-	-
Travelling expenses	43	38	82	60
Audit and accounting expenses	42	38	30	22
Marketing expenses	30	27	87	63
Representation expenses	27	24	77	56
Expenses related to listing of shares	23	21	28	21
Office expenses	22	20	20	15
Training expenses	20	18	16	12
Fuel costs	19	17	21	16
IT costs	11	9	-	-
Bank fees	10	9	20	15
Other administrative expenses	40	37	27	17
	679	608	833	607

6 Finance costs – net

	6 months ended 30 June			
	2015		2014	
	USD	EUR	USD	EUR
Interest income on cash and cash equivalents	-	-	5	4
Unwinding of discount of non-current receivables and loans	-	-	18	13
Discounting of security deposits received	-	-	62	45
Other finance income	2	1	21	15
Foreign exchange gain on financing activities	236	214	-	-
Finance income	238	215	106	77
Interest expenses	(504)	(451)	(984)	(718)
Foreign exchange loss on financing activities	(1,358)	(1,217)	(459)	(335)
Unwinding of discount of security deposits received	(68)	(60)	(157)	(115)
Other finance costs	(64)	(57)	(13)	(10)
Finance costs	(1,994)	(1,785)	(1,613)	(1,178)
Finance costs – net	(1,756)	(1,570)	(1,507)	(1,101)

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7 Income tax

The tax expenses for the period comprise current and deferred tax.

Income tax is calculated at 15 per cent of the annual profit for the year.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority. Deferred income tax asset and liability are calculated at 15% rate (2014: 15% rate).

	6 months ended 30 June			
	2015		2014	
	USD	EUR	USD	EUR
Current tax	1,009	903	1,899	1,385
Deferred tax	-	-	-	-
Total income tax expenses	1,009	903	1,899	1,385

8 Earnings per share

Earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares issued during the year.

	April – June				January – June			
	2015		2014		2015		2014	
	USD	EUR	USD	EUR	USD	EUR	USD	EUR
Net profit attributable to shareholders	4,434	3,993	15,268	11,135	6,599	5,911	17,567	12,814
Weighted average number of ordinary shares issued	43,306		43,306		43,306		43,306	
Basic earnings per share (USD/EUR)	0.10	0.09	0.35	0.26	0.15	0.14	0.41	0.30

The Group has no dilutive potential ordinary shares, therefore, the diluted earnings per share are the same as basic earnings per share.

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(All tabular amounts are in USD '000 and EUR '000 unless otherwise stated)

9 Property, plant and equipment

USD	Aircraft and engines	Aircraft and engines under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2014	39,402	3,226	210	42,383
Additions	29,834	750	-	30,584
Disposals	(29,145)	-	(6)	(29,151)
Reclassifications	242	830	-	1,072
Depreciation charge	(1,390)	-	-	(1,390)
Revaluation surplus	3,226	(3,226)	-	-
Revaluation loss	(4,764)	-	(22)	(4,786)
Closing net book amount as at 31 December 2014	37,405	1,580	182	39,167
At 31 December 2014				
Cost or valuation	37,405	1,580	224	39,209
Accumulated depreciation	-	-	(42)	(42)
Net book amount	37,405	1,580	182	39,167
Opening net book amount as at 1 January 2015	37,405	1,580	182	39,167
Additions	554	-	-	554
Disposals	-	-	(15)	(15)
Revaluation surplus	-	-	-	-
Impairment loss	-	-	-	-
Reclassifications	-	-	-	-
Depreciation charge	(2,013)	-	(7)	(2,020)
Closing net book amount as at 30 June 2015	35,946	1,580	160	37,686
At 30 June 2015				
Cost or valuation	35,946	1,580	209	37,735
Accumulated depreciation	-	-	(49)	(49)
Net book amount	35,946	1,580	160	37,686

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9 Property, plant and equipment (continued)

EUR	Aircraft and engines	Aircraft and engines under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2014	28,641	2,345	153	31,139
Additions	22,471	565	-	23,036
Disposals	(21,952)	-	(5)	(21,957)
Reclassifications	182	625	-	807
Depreciation charge	(1,047)	-	-	(1,047)
Revaluation surplus	2,430	(2,430)	-	-
Revaluation loss	(3,588)	-	(17)	(3,605)
Exchange differences	3,616	194	18	3,828
Closing net book amount as at 31 December 2014	30,753	1,299	149	32,201
At 31 December 2014				
Cost or valuation	30,753	1,299	184	32,236
Accumulated depreciation	-	-	(35)	(35)
Net book amount	30,753	1,299	149	32,201
Opening net book amount as at 1 January 2015	30,753	1,299	149	32,201
Additions	496	-	-	496
Disposals	-	-	(13)	(13)
Revaluation surplus	-	-	-	-
Impairment loss	-	-	-	-
Reclassifications	-	-	-	-
Depreciation charge	(1,803)	-	(6)	(1,810)
Exchange differences	2,841	120	14	2,976
Closing net book amount as at 30 June 2015	32,287	1,419	144	33,850
At 30 June 2015				
Cost or valuation	32,287	1,419	188	33,894
Accumulated depreciation	-	-	(44)	(44)
Net book amount	32,287	1,419	144	33,850

10 Inventories

	30 June 2015		31 December 2014	
	USD	EUR	USD	EUR
Aircraft components	827	743	1,037	853
	827	743	1,037	853

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11 Loans granted

	30 June 2015		31 December 2014	
	USD	EUR	USD	EUR
Non-current loans				
Loans granted to related parties	4,778	4,291	4,869	4,003
Loans granted to third parties	5,863	5,267	5,848	4,808
	10,641	9,558	10,717	8,811
Current loans				
Loans granted to related parties	13,204	11,860	15,553	12,788
Bonds acquired from related parties	2,192	1,969	2,138	1,757
Loans granted to third parties	5,212	4,681	5,858	4,816
	20,608	18,510	23,549	19,361
Total loans granted	31,249	28,068	34,266	28,172

12 Trade and other receivables

	30 June 2015		31 December 2014	
	USD	EUR	USD	EUR
Trade receivables from third parties	6,214	5,581	6,930	5,698
Less: provision for impairment of trade receivables	(1,524)	(1,369)	(1,524)	(1,253)
Trade receivables from third parties – net	4,690	4,212	5,406	4,445
Receivables from related parties	2,182	1,960	1,573	1,294
Less: provision for impairment of trade receivables from related parties	(1,048)	(941)	(1,048)	(862)
Receivables from related parties - net	1,134	1,019	525	432
Other receivables	29	26	171	141
Less: provision for impairment of other receivables	(29)	(26)	(29)	(24)
Other receivables - net	-	-	142	117
VAT receivables	443	398	368	302
Prepayments	227	204	323	265
	6,494	5,833	6,764	5,561
Non-current portion:	-	-	-	-
Current portion:	6,494	5,833	6,764	5,561

13 Cash and cash equivalents

Cash and cash equivalents are dominated in following currencies:

	30 June 2015		31 December 2014	
	USD	EUR	USD	EUR
USD	40,156	36,067	35,250	28,981
EUR	821	738	1,150	945
LTL	-	-	160	131
PLN	12	11	14	12
Total cash and cash equivalents	40,989	36,816	36,574	30,069

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14 Share capital

After euro adoption in 1 January 2015 and according to the Republic of Lithuania Law on redenomination to the euro of the capital and of the nominal value of securities of Public Limited Liability Companies and Private Limited Liability Companies and amendment of the Articles of Association of these Companies, the nominal value of the Company's shares were automatically converted from LTL 1 per share to EUR 0.29 per share in the Central Securities Depository of Lithuania. On 30 June 2015 the share capital of the Company amounts to EUR 12,588,622 (USD 16,804 thousand) and consists of 43,305,593 ordinary registered shares with a nominal value of EUR 0.29 each. All shares were fully paid up.

As at 31 December 2014 the share capital of the Company amounted to LTL 43,305,593 (USD 16,804 thousand) and consisted of 43,305,593 ordinary registered shares with a nominal value of LTL 1.00 each.

Since 28 June 2013 the ordinary registered shares of the Company (ISIN code LT10000128555) are listed on the Main List of Warsaw Stock Exchange (symbol: AAL).

15 Borrowings

	30 June 2015		31 December 2014	
	USD	EUR	USD	EUR
Non-current				
Bank borrowings	-	-	-	-
Finance lease liabilities	9,311	8,363	10,782	8,865
	9,311	8,363	10,782	8,865
Current				
Bank borrowings	-	-	-	-
Finance lease liabilities	2,882	2,588	2,768	2,276
	2,882	2,588	2,768	2,276
Total borrowings	12,193	10,951	13,550	11,141

The weighted average interest rates at the balance sheet date were as follows:

	30 June 2015	31 December 2014
Bank borrowings	-	-
Finance lease liabilities	7.73%	7.67%

16 Trade and other payables and advances received

	30 June 2015		31 December 2014	
	USD	EUR	USD	EUR
Trade and other payables – financial liabilities				
Trade payables to related parties	294	264	1,375	1,131
Trade payables to related parties	1,146	1,029	410	337
Salaries and social security payable, including vacation accrual	183	164	86	70
Accruals	559	502	587	483
Other short term liabilities	-	-	4	3
Other short term liabilities to related parties	26	24	26	22
Dividends payable	-	-	-	-
	2,208	1,983	2,488	2,046

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16 Trade and other payables and advances received (continued)

	30 June 2015		31 December 2014	
	USD	EUR	USD	EUR
Advance payments received – non-financial liabilities				
Advance payments from customers	-	-	70	57
Advance payments from customers related to acquisition of aircraft	-	-	-	-
	-	-	70	57

17 Security deposits received

	30 June 2015		31 December 2014	
	USD	EUR	USD	EUR
Security deposits repayable after one year at nominal value	4,040	3,629	4,040	3,322
Less: discounting effect	(583)	(524)	(708)	(582)
Security deposits repayable after one year	3,457	3,105	3,332	2,740
Security deposits repayable within one year	40	36	40	33
Less: discounting effect	-	-	-	-
Security deposits repayable within one year	40	36	40	33
Security deposits	3,497	3,141	3,372	2,773

Average rates used for security deposits discounting are as follows: 2015: 7.42%; 2014: 7.42%.

Security deposits serve as a security by a lessee for the performance of its obligations under the aircraft lease agreements and upon termination of lease lessor is obliged return it to lessee. All of the Group's security deposits are denominated in USD. Security deposits are not interest-bearing.

18 Related party transactions

Related parties of the Group include entities having significant influence over the Group, key management personnel of the Group and other related parties. Entities having significant influence over the Company and the Group are ALH Aircraft Leasing Holdings Ltd., being the major shareholder of the Company, and ZIA Valda AB (the shareholder of ALH Aircraft Leasing Holdings Ltd). Transactions with these companies are presented separately. Related parties also include other shareholders of the Company, associates and jointly controlled entities of the Group and subsidiaries of ZIA Valda AB group. They are presented as other related parties. The following transactions were carried out with related parties:

	6 months ended 30 June			
	2015		2014	
	USD	EUR	USD	EUR
Sales of services to:				
Entities having significant influence	111	99	-	-
Other related parties	602	539	393	287
	713	638	393	287

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18 Related party transactions (continued)

	6 months ended 30 June			
	2015		2014	
	USD	EUR	USD	EUR
Purchases of assets from:				
Other related parties	-	-	816	598
Entities having significant influence	-	-	-	-
	-	-	816	598
Purchases of services from:				
Entities having significant influence	2	1	-	-
Other related parties	1,235	1,106	2,358	1,720
	1,237	1,107	2,358	1,720
Total purchases of assets and services	1,237	1,107	3,174	2,318

Period-end balances arising from sales/purchase of assets/services:

Trade and other receivables from related parties

	30 June 2015		31 December 2014	
	USD	EUR	USD	EUR
Other related parties	2,182	1,960	1,573	1,293
Trade and other receivables at nominal value	2,182	1,960	1,573	1,293
Less: provision for impairment of receivables from other related parties	(1,048)	(941)	(1,048)	(861)
	1,134	1,019	525	432

Individually impaired receivable relates to the customer that is in bankruptcy proceedings.

Payables to and prepayments from related parties

	30 June 2015		31 December 2014	
	USD	EUR	USD	EUR
Other related parties	1,172	1,053	436	359
Total payables to and prepayments from related parties	1,172	1,053	436	359

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18 Related party transactions (continued)

Loans granted to related parties

	30 June 2015		31 December 2014	
	USD	EUR	USD	EUR
Beginning of the year	22,560	18,548	11,695	8,501
Loans advanced during the year as monetary transactions	23,930	21,426	27,784	20,926
Loans advanced during the year as non-monetary transactions	-	-	10,090	7,600
Loan repayments received as monetary transactions	(22,914)	(20,518)	(14,947)	(11,258)
Loan repayments received as non-monetary transactions	(2,337)	(2,093)	(12,302)	(9,266)
Interest charged	482	432	945	712
Interest received as monetary transactions	(10)	(9)	(546)	(411)
Interest received as non-monetary transactions	(186)	(167)	-	-
Exchange rate differences	(1,351)	501	(159)	1,744
End of the period	20,174	18,120	22,560	18,548

19 Events after the balance sheet date

On 7 August 2015 the Company established a new 100% subsidiary in Lithuania – DG21 UAB.

**AVIAAM LEASING AB
CONSOLIDATED MANAGEMENT REPORT
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(All tabular amounts are in USD'000 and LTL'000 unless otherwise stated)

CONSOLIDATED MANAGEMENT REPORT

I. GENERAL INFORMATION

Reporting period Six month period ended 30 June 2015

Company and its contact details

Name of the Company	AviaAM Leasing AB (hereinafter – “AviaAM Leasing” or “the Company”)
Legal form	Public company (joint-stock company)
Date of registration	17 April 2009
Name of Register of Legal Entities	State Enterprise Centre of Registers
Code of enterprise	302330793
Registered office	Smolensko St 10, LT-03201 Vilnius, Lithuania
Telephone number	+370 5 252 55 25
Fax number	+370 5 252 55 24
E-mail	info@aviaam.com
Web address	www.aviaam.com

Main activities

AviaAM Leasing AB is a holding company together with its subsidiaries (referred to as “the Group”) established to acquire, lease and trade commercial aircraft. The Group’s primary focus is on the market for used aircraft, primarily on aircraft ten years of age or older. The Group is principally engaged in purchasing commercial aircraft which the Group, in turn, lease to airlines around the world to generate attractive returns on equity. The Group leases its aircraft to airlines pursuant to net operating (“dry”) leases that require the lessee to pay for maintenance, insurance, taxes and all other aircraft operating expenses during the lease term.

In addition to aircraft operating lease activities, the Group is actively engaged in aircraft trading business through acquiring, refurbishing and subsequent sale of aviation assets. Through long-standing relationships and extensive market knowledge, the Group acquires aircraft from airline operators, other lessors, trading entities, financial institutions and directly from the manufacturers. These acquisitions are made with the intent of subsequent sale of the aircraft either in “as-is” condition or after performing certain technical modifications in order to meet the client’s requirements.

While Group’s primary business is to own, lease and trade aircraft, the Group also provides consulting, fleet management and remarketing services to third parties for a fee. These services are similar to those the Group performs for its fleet, including leasing, re-leasing, lease management and sales services. Thanks to Group’s extensive market intelligence gathered from its daily contacts with other market participants, the Group is well positioned to advise its clients on the best terms and conditions available in the market, and to provide assistance and know-how to its clients in the field of structuring and maintaining their aircraft portfolios.

The Group structure

As at 30 June 2015 the Group consisted of the Company and the following subsidiaries:

Name of the company	Date of registration, code, name of Register of Legal Entities	Contact details	Effective holding of the Company (%)
AviaAM B01 UAB	Date of acquiring: 4 January 2010 Company code: 125808161 Register of Legal Persons	Smolensko str. 10, LT-03201 Vilnius, LITHUANIA	100.00

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Name of the company	Date of registration, code, name of Register of Legal Entities	Contact details	Effective holding of the Company (%)
AviaAM B02 UAB	Date of acquiring: 4 January 2010 Company code: 300618156 Register of Legal Persons	Smolensko str. 10, LT-03201 Vilnius, LITHUANIA	100.00
AviaAM B04 UAB	Date of establishment: 22 February 2007 Company code: 300651619 Register of Legal Persons	Smolensko str. 10, LT-03201 Vilnius, LITHUANIA	100.00
AviaAM B05 UAB	Date of establishment: 28 June 2011 Company code: 302642412 Register of Legal Persons	Smolensko str. 10, LT-03201 Vilnius, LITHUANIA	100.00
AviaAM B06 UAB	Date of establishment: 15 July 2011 Company code: 302647509 Register of Legal Persons	Smolensko str. 10, LT-03201 Vilnius, LITHUANIA	100.00
AviaAM B07 UAB	Date of establishment: 30 September 2011 Company code: 302671887 Register of Legal Persons	Smolensko str. 10, LT-03201 Vilnius, LITHUANIA,	100.00
AAL Capital Aircraft Holdings Ltd.	Date of establishment: 29 September 2011 Company code: HE294651 Cyprus Registrar of Companies	Demetriou Karatasou 15, Anastasio Building, Strovolos, 2024 Nicosia, CYPRUS	100.00
AviaAM Leasing Bermuda Ltd.	Date of establishment: 16 September 2011 Company code: 45778 Registrar of Companies of Bermuda	Clarendon House, 2 Church Street, Hamilton HM 11, BERMUDA	100.00*
AviaAM B08 Ltd.	Date of establishment: 26 April 2013 Company code: 47627 Registrar of Companies of Bermuda	Crawford House, 50 Cedar Avenue, Hamilton HM11, BERMUDA	100.00*
AviaAM B09 Ltd.	Date of establishment: 27 June 2013 Company code: 47868 Registrar of Companies of Bermuda	Crawford House, 50 Cedar Avenue, Hamilton HM 11, BERMUDA	100.00*
Ice Aircraft Management Ltd.	Date of establishment: 23 October 2013 Company code: 48281 Registrar of Companies of Bermuda	Crawford House, 50 Cedar Avenue, Hamilton HM 11, BERMUDA	100.00*
Boulevard Two Aircraft Ltd.	Date of acquiring: 20 December 2013 Company code: 522844 Irish Companies Registration Office	70 Sir John Rogerson's Quay, Dublin 2, IRELAND	100.00*
Regional Charter Capital Ltd	Date of establishment: 31 October 2012 Company code: 47039 Registrar of Companies of Bermuda	Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda	50.00**

* Shareholding through AAL Capital Aircraft Holdings Ltd which owns 100 per cent of the company.

** Shareholding through AviaAM Leasing Bermuda Ltd. which owns 50 per cent of the company.

As at 30 June 2015 the Company had no branches or representative offices.

Agreements with intermediaries of public trading in securities

Since 1 August 2011 the Company and Orion Securities UAB FMI (code 122033915), A. Tumėno str. 4, LT-01109 Vilnius, have an agreement on accounting of the Company's securities and services related to the accounting of securities.

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Data about securities traded on regulated market

The following securities of the Company are included into the Main List of Warsaw Stock Exchange (symbol: AAL):

Type of shares	Number of shares	Nominal value in EUR	Total nominal value in EUR	ISIN
Ordinary registered shares	43,305,593	0.29	12,558,622	LT0000128555

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

II. FINANCIAL AND OPERATIONAL INFORMATION

In the six month period ended 30 June 2015 the Group earned net profit of USD 6.6 million (EUR 5.9 million). Comparing with the same period in 2014 the net profit has decreased by USD 11.0 million (EUR 6.9 million) or 62%. The decrease in net income is primarily attributable to lower number of aircraft trading transactions. The revenues from sales of aircraft decreased by USD 52.7 million (EUR 34.9 million) for the six month period ended 30 June 2015 as compared to the same period in 2014.

Key events during the six month period ended 30 June 2015 are summarized below:

Date	Category	Event
April 2015	Dividends	The Annual General Meeting of Shareholders of the Company adopted the decision to pay out annual dividends in the amount of EUR 0.09 per share.
June 2015	Articles of Association	New Articles of Association of the Company were registered within the Registry of Legal Persons.
June 2015	Aircraft sale	The Group completed the sale of one Boeing 737-300 aircraft.

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 figures

	6 months ended 30 June			
	USD	2015 EUR	USD	2014 EUR
Revenue	21,559	19,304	74,301	54,198
Operating profit	9,364	8,384	20,973	15,299
<i>Operating profit margin (%)</i>	43.4%	43.4%	28.2%	28.2%
Profit before income tax	7,608	6,814	19,466	14,199
Net profit for the period	6,599	5,911	17,567	12,814
<i>Net profit margin (%)</i>	30.6%	30.6%	23.6%	23.6%
Earnings per share	0.15	0.14	0.41	0.30
Number of shares (in thousand)		43,306		43,306

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Financial ratios

	30 June 2015	31 December 2014
Return on equity (ROE)* (%)	6.9%	23.9%
Gearing ratio** (%)	N/A	N/A
Equity ratio*** (%)	80.7%	78.4%
Liquidity ratio****	7.8	6.7
Number of full-time employees at the end of the period of the Group	15	15

* - *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*

**** - *Liquidity ratio = Current assets / Current liabilities*

Revenue

	6 months ended 30 June			
	USD	2015 EUR	USD	2014 EUR
Lease revenue	6,944	6,217	10,013	7,305
Supplemental maintenance rent	2,927	2,621	2,213	1,614
Sales of aircraft	2,300	2,059	54,500	39,754
Commission income	9,388	8,407	7,575	5,525
	21,559	19,304	74,301	54,198

The revenue from aircraft leases (i.e. lease revenue and supplemental rent) accounted for 46% of total revenue in six month period ended 30 June 2015, as for the same period in 2014 the revenue from aircraft leases accounted for 16%.

The lease revenue decreased by 31%, while supplemental maintenance rent increased by 32% in the six month period ended 30 June 2015 as compared to the same period in 2014. The decrease in lease revenue is mainly attributable to decrease in aircraft on lease (12 aircraft were on lease as of 30 June 2015) following the sale of one of the Company's subsidiaries on 30 April 2014 which owned 5 aircraft at the date of sale (17 aircraft were on lease as of the date of the aforementioned sale).

The Group earned USD 2.3 million (EUR 2.1 million) in revenue from sales of aircraft in the six month period ended 30 June 2015. The commission income, attributable to execution of aircraft transaction management and brokerage services, amounted to USD 9.4 million (EUR 8.4 million) for the period under review.

Interest income on loans, gain on sale of subsidiaries, gain on sale of PPE and other gain (losses) - net

	6 months ended 30 June			
	USD	2015 LTL	USD	2014 EUR
Interest income on loans	855	765	752	549
Gain on sale of subsidiaries	-	-	5,251	3,831
Gain on sale of property, plant and equipment (net)	-	-	4,377	3,193
Other gain (losses) - net	34	30	2,738	1,997
	889	795	13,118	9,570

During the six month period ended 30 June 2015 the Group earned interest income on loans in the amount of USD 855 thousand (EUR 765 thousand) as compared to USD 752 thousand (EUR 549 thousand) during the same period in 2014.

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Other gain (losses) – net amounted to USD 34 thousand (EUR 30 thousand) for the six months ended 30 June 2015.

Operating expenses

	6 months ended 30 June			
	USD	2015 EUR	USD	2014 EUR
Depreciation and amortization	2,013	1,803	2,354	1,717
Costs of aircraft sold	2,189	1,960	52,010	37,939
Costs of services rendered	5,725	5,126	4,868	3,551
Aircraft maintenance and servicing expenses	1,657	1,483	5,599	4,084
Impairment of receivables and prepayments	450	403	341	248
Employee-related expenses	371	332	441	322
Other operating expenses	679	608	833	607
	13,084	11,715	66,446	48,468

Depreciation and amortization expense decreased by 14.5% in the six month period ended 30 June 2015 to the amount of USD 2.0 million (EUR 1.8 million) as compared to USD 2.4 million (LTL 1.7 million) for the same period in 2014.

The costs of aircraft sold amounted to USD 2.2 million (EUR 2.0 million) for the six month period ended 30 June 2015 and consisted of costs directly associated with the sale of one aircraft (Boeing 737-300). In the same period of 2014 costs of aircraft sold amounted to USD 52.0 million (EUR 37.9 million) and consisted of costs directly associated with the sale of two aircraft (one Boeing 767-300 and one Boeing 737-800).

Cost of services rendered represent costs incurred in relation to aircraft leases and commission income earned from aircraft transaction management and brokerage services. These costs increased from USD 4.9 million (EUR 3.6 million) in 2014 to USD 5.7 million (EUR 5.1 million) in 2015.

Aircraft maintenance and servicing expenses recognized in the statement of comprehensive income represent costs incurred for the maintenance of aircraft off lease, costs related to aircraft preparation for lease and costs expensed in relation to aircraft technical evaluation and inspections prior to purchase. These costs recorded in the six month period ended 30 June 2015 amounted to USD 1.7 million (EUR 1.5 million) in comparison to USD 5.6 million (EUR 4.1 million) in the same period in 2014.

Impairment of receivables and prepayments amounted to USD 450 thousand (EUR 403 thousand) in the six month period ended 30 June 2015 and consisted of one receivable amount written-off.

Employee related expenses consist of salaries and social insurance expenses. For the six month period ended 30 June 2015 these expenses amounted to USD 371 thousand (EUR 332 thousand) as compared to USD 441 thousand (EUR 322 thousand) in the same period of 2014. As all salaries are paid in Euros the decrease in the employee related expenses expressed in US Dollar equivalent was mainly due to the appreciation of US Dollar exchange rate.

Other operating expenses accounted for 5.2% and 1.3% of all operating expenses in the six month period ended 30 June 2015 and in the same period in 2014 respectively. The major contributor of the decrease of these expenses by 18.5% was a decrease of legal and translation expenses by USD 77 thousand (EUR 22 thousand).

Earnings

Operating profit of the Group for the six month period ended 30 June 2015 was equal to USD 9.4 million (EUR 8.4 million) as compared to the operating profit of USD 21.0 million (EUR 15.3 million) during the same period in 2014.

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Net finance costs of the Group amounted to USD 1.8 million (EUR 1.6 million) in the six month period ended 30 June 2014 as compared to USD 1.5 million (EUR 1.1 million) for the six months ended 30 June 2014.

As a result, profit before income tax of the Group for the six months ended 30 June 2015 was equal to USD 7.6 million (EUR 6.8 million) as compared to USD 19.5 million (EUR 14.2 million) for the six month period ended 30 June 2014.

Income tax totaled for USD 1.0 million (EUR 0.9 million) and USD 1.9 million (EUR 1.4 million) in the six months of 2015 and 2014 respectively.

As a result, the Group earned a net profit of USD 6.6 million (EUR 5.9 million) for the six month period ended 30 June 2015.

Balance sheet and cash flow

During the six month period ended 30 June 2015 total assets of the Group decreased very slightly by 0.5% compared to 31 December 2014 and amounted to USD 118.1 million (EUR 106.1 million). The major change was a decrease in short-term loans granted by USD 3.0 million (EUR 0.9 million) which in turn was outweighed by the increase of cash and cash equivalents by USD 4.4 million (EUR 6.7 million).

During the six month period ended 30 June 2015 total liabilities decreased by USD 2.8 million (EUR 0.6 million) or 10.9% to USD 22.9 million (EUR 20.5 million) as compared to USD 25.6 million (EUR 21.1 million) as at 31 December 2014. A meaningful impact to this change was a decrease in borrowings by USD 2.6 million (EUR 1.1 million).

In the six month period ended 30 June 2015 net cash flow generated from operating activities was equal to USD 8.9 million (EUR 7.9 million) as compared to USD 12.8 million (EUR 9.4 million) in the same period of 2014. Net cash used in investing activities totaled USD 1.5 million (EUR 1.4 million) during the six months ended 30 June 2015. Furthermore, in the six month period ended 30 June 2015 net cash flow used in financing activities amounted to USD 2.9 million (EUR 2.6 million).

As a result, cash and cash equivalents increased by USD 4.4 million (EUR 4.0 million) during six months ended 30 June 2015 and stood at USD 41.0 million (EUR 36.8 million).

Information about related party transactions

Related parties of the Group include entities having significant influence over the Group, key management personnel of the Group and other related parties. Entities having significant influence over the Group are ALH Aircraft Leasing Holdings Ltd., being the major shareholder of the Company, and ZIA Valda AB (the shareholder of ALH Aircraft Leasing Holdings Ltd). Other related parties include other shareholders of the Company, associates and jointly controlled entities of the Group and subsidiaries of ZIA Valda AB group.

Detailed information about related party transactions is provided in Note 18 of the Group's Consolidated Condensed Interim Financial Information for the six month period ended 30 June 2015.

Investments related to continuing operations

The Group has not made any significant investments related to continuing operations in the six month period ended 30 June 2015.

Research and development activities

There were no major research and development projects undertaken during the six month period ended 30 June 2015.

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Environmental protection

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

Risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk), credit risk, liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Risk management is carried out by the General Manager. The General Manager identifies and evaluates financial risks in close co-operation with the Chief Financier. The General Manager provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

The Group operates internationally and is exposed to foreign exchange risk arising from the Group's exposure to different currencies other than its functional currency (primarily to EUR). Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Group's functional currency.

Foreign exchange risk is controlled by entering into most contracts in the functional currency (USD) and monitoring exposures to other currencies.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and loans granted.

Credit risks are controlled by the application of credit terms and monitoring procedures. Group procedures are in force to ensure that services are sold only to customers with an appropriate credit history and do not exceed acceptable credit exposure limit. Cash transactions are limited to high credit quality financial institutions.

Risk of credit concentration is determined by the Group in relation to industry in which Group debtors operate. Concentration of credit risk of the Group arises from loans granted and receivables from related parties, trade receivables. Only material credit risk concentration is with debtors operating in aviation business.

Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Liquidity risk is managed by the General Manager, who is required to maintain a minimum required liquidity position.

In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

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Significant events after the balance sheet date

On 7 August 2015 the Company established a new 100% subsidiary in Lithuania – DG21 UAB.

Plans and forecasts

The Group intends to further follow a disciplined approach to future aircraft acquisitions, seeking to create a portfolio of aircraft in the niche markets for used, midlife to end-of-life (generally, ten years of age or older) narrowbody jet and regional aircraft and to further expand its activities in the fields of aircraft trading and management. To execute this strategy, the Group will focus on the following:

- Generating higher yields: the management of the Company believes the aforementioned target assets typically have higher lease rates relative to their purchase price (i.e. as the lease rate factor) than newer aircraft, thus allowing the Company and the Group to generate attractive, cash-on-cash yields;
- Identifying transactions that are not widely marketed: through the management's relationships with aircraft lessors, financial investors and brokers, the Group expects to have access to transactions that are not widely marketed;
- Strategically acquiring attractive assets during market weakness: while the Group intends to be active in the aircraft leasing market throughout market cycles, the Group will seek to take advantage of the cyclical nature in the aviation industry by opportunistically acquiring selected aircraft during market downturns;
- Providing for flexible resales and part-out: the Group expects to employ a flexible divestment strategy to allow to sell assets when the market cycle makes asset sales most advantageous;
- Focusing on high growth markets: the Group has established a significant presence in the Eastern European and CIS markets; however due to the nature of the aircraft operating leasing business the Group is seeking for expansion of the geography of operations into other markets such as Western Europe, Middle East and Southeast Asia.
- Expanding the scope of services provided by the Group: in addition to aircraft leasing and trading business lines, the Group intends to further expand its aircraft transaction management, consulting and asset management activities leveraging the successful track record of the executed transactions and experience and know-how of the management.

Acquisitions of aircraft either for leasing or trading activities will be pursued through the co-operation with aircraft operators, manufacturers, financial institutions, private investors and third party lessors.

Auditors

On 30 April 2014 the shareholders of the Company during the Ordinary General Meeting of Shareholders elected PricewaterhouseCoopers UAB as the Company's audit enterprise for the period of the year to perform the audit of the annual stand-alone and consolidated financial statements of the Company for the years 2014 and 2015 and to make the assessment of the stand-alone and consolidated annual report of the Company for the years 2014 and 2015.

PricewaterhouseCoopers UAB has been auditing the financial statements of the Company and the Group since 2008.

III. INFORMATION ABOUT SHARE CAPITAL AND SHAREHOLDERS

Share capital

As at 30 June 2015 the share capital of the Company amounted to EUR 12,558,622 and consisted of 43,305,593 ordinary registered shares with a nominal value of EUR 0.29 each.

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Ordinary registered shares of the Company (ISIN code LT0000128555) are listed on the Main List of Warsaw Stock Exchange (symbol: AAL).

Treasury shares

Neither the Company nor its subsidiaries have ever acquired any treasury shares. As of 30 June 2015 the Company did not hold any treasury stock.

Shareholders

Shareholders, holding more than 5% of the share capital and votes, as of 30 June 2015:

Name	Company code and address	Number of shares owned and votes given	Share of the share capital and votes, %
ALH Aircraft Leasing Holdings Ltd	Company code: HE 284966 Address: Avlonos 1, Maria House, CY1075 Nicosia, Cyprus	12,994,905	30.01
Mesotania Holdings Limited	Company code: HE 280922 Address: Avlonos 1, Maria House, CY1075 Nicosia, Cyprus	10,899,858	25.17
ING Otworthy Fundusz Emerytalny (Open pension fund)	Company code: NIP 526-22-41-523 Address: ul. Topiel 12; 00-342 Warsaw, Poland	5,000,000	11.55
Other shareholders	-	14,410,830	33.27
Total		43,305,593	100.00

Shares owned by the Management of the Company

The number of shares owned by the Management of the Company, members of the Management Board and Supervisory council is listed in the table below:

Name	Role in the Company's Management	Number of shares	%
Aurimas Sanikovas	Member of the Management Board	294,478	0.68
Tadas Goberis	Chairman of the Management Board	147,239	0.34
Total		441,717	1.02

Shareholders' rights

None of the shareholders of the Company have any special controlling rights. Rights of all shareholders are equal. One ordinary registered share of the Company gives one vote in the General Meeting of Shareholders.

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

Dividends

On 30 April 2015 The Annual General Meeting of Shareholders of the Company adopted the decision to pay out annual dividends in the amount of EUR 0.09 per share. The dividends in the total amount of USD 4,376 thousand (EUR 3,898 thousand) were paid out in May 2015.

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IV. PERSONNEL

The Group categorizes its employees into two groups:

- Management (General Manager, Operating Managers and Chief Financier);
- Specialists.

The Group does not employ unqualified employees due to the specific nature of the business. All employees of the Group possess higher university education degrees.

The breakdown of the number of employees of the Group divided into categories as of 30 June 2015 and as of 30 June 2014 is provided in the table below.

	As of 30 June	
	2015	2014
Management	4	5
Specialists	11	9
	15	14

The table below presents the Group's data on the employee related expenses by categories for the six month periods ended 30 June 2015 and 30 June 2014 respectively.

	6 months ended 30 June			
	2015		2014	
	USD	EUR	USD	EUR
Management	196	175	250	183
Specialists	175	157	191	139
	371	332	441	322

Average monthly salary (including social security expenses) in the six month period ended 30 June 2015 amounted to USD 8.2 thousand (EUR 7.3 thousand) per employee in the management category and USD 2.7 thousand (EUR 2.4 thousand) per employee in the specialists category.

All of the Group's employees are employed in Lithuania.

There are no trade unions or workers council registered in the Company or its subsidiaries. There are no collective bargaining agreements concluded in the Group companies.

V. CORPORATE GOVERNANCE

The Company has a three-tier management system. The management bodies of the Company are as follows: the Supervisory Council, the Management Board and the General Manager.

Apart from generally applicable laws, the rules of conduct of the Supervisory Council and the Management Board are regulated by the Company's Articles of Association and also by the Regulations of the Supervisory Council and the Management Board, respectively. The proceedings of the management bodies are also subject to the corporate governance principles set out by the Warsaw Stock Exchange.

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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 of Shareholders on the Company's operating strategy, sets of financial statements, drafts of profit/loss appropriation, the reports of the Company, the activities of the Management Board and the General Manager, submitting proposals to revoke decisions of the Management Board or the General Manager, etc.

The Management Board is a collegial management body, which is responsible for the strategic management of the Company, the appointment and removal of the Manager of the Company (the General Manager), calling the General Meetings, adoption of other corporate decisions which are economically feasible for the Company, etc.

The General Manager is responsible for the day-to-day management of the Company and enjoys the exclusive right of representing the Company vis-à-vis third parties.

The Supervisory Council

According to the Articles of Association of the Company, the Supervisory Council is comprised of three members. Members of the Supervisory Council are appointed for a common term of four years of office, ending on the day of the respective Annual General Meeting of Shareholders.

The members of the Supervisory Council are elected by the General Meeting of Shareholders. The General Meeting of Shareholders may also remove the entire Supervisory Council or its individual members before the expiry of their term of office.

The Supervisory Council has the Chairman, elected by the Supervisory Council from among its members.

The business address for all members of the Supervisory Council is AviaAM Leasing AB, Smolensko str. 10, LT-03201 Vilnius, Lithuania.

Members of the Supervisory Council

Name	Position within the Company	In the position	
		Since	Until
Antanas Petrošius	Chairman of the Supervisory Council	1 April 2013	Until the Annual
Tomas Mokrikas	Member of the Supervisory Council	1 April 2013	General Meeting, to
Jacek Tucharz	Member of the Supervisory Council	31 December 2013	be held in 2017

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

Antanas Petrošius. Antanas Petrošius possesses profound professional experience and expertise, gained in the international banking, finance advisory, derivative and investment segments over the past 13 years. Antanas Petrošius started his carrier in 2001 when he joined Credit Suisse, a Switzerland-based multinational financial services company, where he spent 10 years and had been promoted to various top executive positions, including: the CEO of Credit Suisse Kazakhstan; Co-Head of Investment Banking Russia/CIS. In 2011 Antanas Petrošius joined UBS, the largest Swiss global financial services company, as the Deputy CEO for Russia&CIS and Head of Investment Banking Russia & CIS. He obtained a bachelor's degree in Public Finance at Vilnius University, and a master's degree in International Economics and Finance at GSIEF, Brandeis University. Antanas Petrošius does not participate in the capital of any companies of the Group.

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Tomas Mokrikas. Tomas Mokrikas holds comprehensive executive experience in investment, retail, food, pharmacy, real estate, beauty, household, and many other business segments. Tomas Mokrikas started his professional career in 1994 as the General Director at Travonas UAB, the first Lithuanian reseller of Avon products. In 1999 he became the Sales Director at Avon Cosmetics, the official representative of Avon Products Inc. in Lithuania. In 2004 Tomas Mokrikas joined the pharmacy business, while holding various executive positions in Lithuanian and Polish retail pharmacy chains. During the 2006–2008 period he gained executive experience in investment, retail and food industries, while being a member of the Board at EVA Grupė UAB, the chairman of the board at Aibė Baltic UAB, the deputy general manager at Vilniaus Pergalė AB and other. In 2008 Tomas Mokrikas was appointed as the Director of an investment company TB Investicija UAB. Until March 2011 he was also holding the managerial positions in real estate companies Stirnų projektas UAB and Latako projektas UAB. Since 2010 Tomas Mokrikas is a Chairman of the Supervisory Council of a Polish confectionery maker ZPC MIESZKO S.A. At the moment Tomas Mokrikas also serves as the Director of NG Investicija UAB and Solingas UAB, as well as a Chairman of the Supervisory Council at POSTI and member of Supervisory Council at CENOS Sp.z.o.o. He graduated from Vilnius University in Economics in 1995. Tomas Mokrikas does not participate in the capital of any companies of the Group.

Jacek Tucharz. Jacek Tucharz holds over 20 years of experience in various business areas, including asset management, real estate, investment, finance and energy industries. With a Bachelor's degree in International Trade and a Master's degree in Marketing Policy, gained at Warsaw School of Economics, Jacek Tucharz started his executive career in 1993 as an Inspector and Securities Broker at a brokerage company Powszechny Bank Kredytowy S.A. Since 1996 till 1999 Jacek Tucharz was working as the Investment Director at XI Narodowy Fundusz Inwestycyjny S.A. Later on, he was holding various top management positions in such asset management companies as Trinity Management sp. z o.o., and PZU NFI Management sp. z o.o. In 2007-2010 Jacek Tucharz was the Chairman of the Board at Auto – Centrum Puławska sp. z o.o. Jacek Tucharz is also a Vice President at Energosynergia Technologie sp. z o.o. Jacek Tucharz does not participate in the capital of any companies of the Group.

Committees

The Supervisory Council has a right to form committees from among the members of Supervisory Council.

There is an Audit Committee established in the Company comprising of two members of the Supervisory Council – Mr. Antanas Petrošius and Mr. Jacek Tucharz. Mr. Antanas Petrošius is the chairman of the Audit Committee.

The main functions of the Audit 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;
- 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 an external audit firm, its appointment, reappointment and dismissal, and with the terms and conditions of agreement with the audit firm;
- 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;
- to check the effectiveness of the external audit process and the administration's response to the recommendations made by the external auditors.

The Management Board

According to the Articles of Association of the Company, the Management Board is comprised of five members elected for the tenure of four years.

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The Management Board is elected by the Supervisory Council in accordance with the procedure stated in the Lithuanian Company Law. The Supervisory Council has a right to revoke the Management Board in corpore or separate members of it before the expiry of their term of office.

The member of the Management Board may resign from office upon 14 (fourteen) days written notice to the Chairman of the Management Board until expiry of the term (in case the Chairman resigns such a notice shall be provided to the Company). No separate decision of the Management Board is required for resignation come into effect.

The Management Board implements its functions during the term it was elected, or until new Management Board is elected and starts its work, but not longer than the Annual General Meeting of Shareholders during the final year of its term of office.

Number of terms a member may serve on the Management Board is not limited.

The Management Board has the Chairman, elected by the Management Board from among its members.

The business address for all members of the Management Board is AviaAM Leasing AB, Smolensko str. 10, LT-03201 Vilnius, Lithuania.

Members of the Management Board

Name	Position within the Company	In the position	
		Since	Until
Tadas Goberis	Chairman of the Management Board	19 December 2014	Until the
Justinas Gilys	Member of the Management Board	29 May 2012	Annual General
Aurimas Sanikovas	Member of the Management Board	29 May 2012	Meeting,
Paulius Docka	Member of the Management Board	19 December 2014	to be held in
Tomas Šidlauskas	Member of the Management Board	19 December 2014	2016

Information about the members of the Management Board is presented below:

Tadas Goberis. Tadas Goberis has obtained an exceptional level of experience in the sales and organization management, accumulated during his 15 years of professional activity in IT industry. He started his career as a Sales Manager in 1999 at Baltic Amadeus UAB, the first IT company in Lithuania, providing programming and IT services. In 2001 Tadas Goberis joined Sonex kompiuteriai UAB as a Project Manager, where he supervised and lead large IT projects. Four years later he was appointed as the Director of Tetraneta UAB, a daughter company of Sonex Group, which has provided IT outsourcing services in the market. In 2006 Tadas Goberis joined Hewlett-Packard UAB, the Lithuanian branch of one of the world's leading IT technology vendor, Hewlett-Packard. Over the following two and a half years, Tadas Goberis proved to be true and dedicated sales professional and was subsequently appointed to the position of Sales Director in Lithuania. In 2013, Tadas Goberis was promoted to the position of the Sales Director in the Baltic States thus taking the lead of the entire sales team and organization for the region's three countries. The diverse experience Tadas Goberis has accumulated throughout his successful professional career has lead him to the current position of the General Manager of AviaAM Leasing AB. Tadas Goberis owns 147,239 shares in the Company (0.34% of all the Shares).

Justinas Gilys. Justinas Gilys has over 10 years of experience in finance specializing in the fields of insurance and aviation. He started his professional carrier as client manager in 2001 in Aon Lietuva UAB (currently named Aon Baltic UAB), the largest insurance broker in Lithuania. In 2003 Justinas Gilys joined Lithuanian Airlines AB where he started his career in the aviation sector as a risk manager. In 2006 he took the position of a Head of Management Accounting. Justinas Gilys joined the business of aircraft leasing in 2007 when he took a position of Chief Financial Officer in Avia Asset Management AB (currently named AviaAM B04 UAB). Eventually he rose to the ranks of Managing Director in 2009 and since 2011 occupies the position of Executive Director in AviaAM Leasing AB. Since 2011 Justinas Gilys also takes the Management Board membership role at AviaAM Leasing AB.

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Justinas Gilys obtained his bachelor's degree in economics at Vilnius University and finished the MSc studies in economic analysis and planning in the same university. Justinas Gilys does not participate in the capital of any companies of the Group.

Aurimas Sanikovas. Aurimas Sanikovas started his career as an audit associate in PricewaterhouseCoopers Lithuania in 2001. In 2007 his last position held at the company was of a manager. He performed supervision and execution of audit engagement performed in accordance with the ISA and US GAAP. From 2007 he acts as the Chief Financial Officer of Avia Solutions Group AB and its predecessors. Currently he also occupies board membership roles in Avia Solutions Group AB from 2010 and AviaAM Leasing AB from 2011 and has supervisory membership role in Agrowill Group AB from 2010. Aurimas Sanikovas also acted as a member of the Management Board of Avia Asset Management AB (currently named AviaAM B04 UAB) (2008–2009), a member of the Management Board of FL Technics AB (2008–2010), a member of the Management Board of Small Planet Airlines Sp. z.o.o. (Poland) (2009–2010), a member of the Supervisory Council of Small Planet Airlines AS (Estonia) (2009–2011 and the Interim Director General of Avia Funds Management UAB (currently named AviaAM Leasing AB) (2010–2011). Aurimas Sanikovas obtained his bachelor's and master's degrees in economics at the Faculty of Economics, Vilnius University, Lithuania with an exchange session in the University of Copenhagen. Since 2006 Aurimas Sanikovas is a member of the Association of Chartered Certified Accountants (ACCA). Aurimas Sanikovas owns 294,478 shares in the Company (0.68% of all the shares).

Paulius Docka. Paulius Docka has graduated Vilnius University faculty of Law in 2000 and University of Leicester Faculty of Law in 2005. Paulius Docka started his career as senior official in Ministry of Justice of Republic of Lithuania and has been nominated as national expert to the Council of Europe (Strasbourg). Mr. Docka participated in internships at Ministry of Foreign Affairs of Denmark and DG Enterprise, European Commission. In 2001 Paulius joined at Ernst & Young affiliated law firm and has been practicing as attorney at law till 2005. In 2005 Paulius Docka started his own legal practice and establishes a law firm, which is a predecessor of VARUL, currently one of the largest pan Baltic law firms. In 2014 Mr. Docka retired as a partner of VARUL and since 2014 is Of Counsel. Paulius Docka main practice areas are dispute resolution, corporate governance, audit regulation and aviation. Paulius Docka has been twice (in 2013 and 2014) recognized as highly recommended lawyer by London based Chambers & Partners. Paulius Docka is a member of Chartered Institute of Arbitrators (London), member of ICC Institute of World Business Law (Paris) and member of Russian Arbitration Association (Moscow). Paulius Docka does not participate in the capital of any companies of the Group.

Tomas Šidlauskas. Tomas Šidlauskas started his professional career as a Junior Consultant at Ernest & Young Baltics (2011-2012). The focus of his activities was advisory services for transportation and energy infrastructure related projects. From 2012 to 2013 Tomas worked at Invest Lithuania and acted as a Project Manager of "Create for Lithuania" program. While working there, he mainly dealt with implementation of major institutional projects related to foreign investment, boosting entrepreneurship and innovation in Lithuania, using EU's support and financial engineering. In 2013 he joined the Company as a Senior Project Manager with a focus on aircraft leasing business development and sales. In 2014 Tomas Šidlauskas became a Vice President for Sales and joined the Management Board of the Company. Tomas Šidlauskas obtained bachelor's degree in Economics and Business with East European studies at University College London (UCL) and Corporate Economics and Politics at Moscow State Institute of International Relations (MGIMO). In addition to that, he gained master's degree in Energy Trading and Finance at Cass Business School, London (CASS). Tomas Šidlauskas does not participate in the capital of any companies of the Group.

General Manager

The General Manager of the Company is Tadas Goberis. All employees of the Company are directly subordinated and report to the General Manager.

The General Manager is responsible for day-to-day management of the Company and is entitled to make decisions regarding the Company's business individually, except for decisions requiring consent of the Management Board. The Management Board establishes the salary of the General Manager, incentives and other conditions of his/her employment and imposes penalties.

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Information about the General Manager is presented in Members of the Management Board paragraph above.

Members of the Company's administration

Company's administration consists of three key executives: the General Manager, Executive Director and Chief Financier.

Name	Position within the Company	In the position	
		Since	Until
Tadas Goberis	General Manager	16 April 2013	Indefinite
Justinas Gilys	Executive Director	21 March 2011	Indefinite
Laima Gruzdienė	Chief Financier	20 May 2009	Indefinite

Information about the members of the Company's administration is presented below.

Laima Gruzdienė. Laima Gruzdienė has over 20 years of experience in financial accounting. She started her professional carrier in 1990 as an accountant in Plasta AB, one of the largest manufacturers of plastic products in the Baltic States. In 1994 Laima Gruzdienė joined Fauga UAB, the joint Lithuanian-Norwegian production, trading and services companies group, as a Chief Financier. Laima Gruzdienė started her successful career in aviation sector as a Chief Financier in 2007 by joining Avia Asset Management UAB (currently named AviaAM B04 UAB). Since 2009 she also occupies the same position at AviaAM Leasing AB. Laima Gruzdienė obtained her bachelor's and master's degrees in economics at Vilnius University. Laima Gruzdienė does not participate in the capital of any companies of the Group.

Information about Tadas Goberis and Justinas Gilys is presented in Members of the Management Board section above.

Remuneration and benefits

During the six month period ended 30 June 2015 the amount of remuneration (including social security expenses) paid for the members of management bodies (i.e. members of the Supervisory Council and Management Board) and for the members of Company's administration amounted to USD 156 thousand (EUR 140 thousand).

The information on the amount of remuneration (including social security expenses) paid by the Group to the members of the Management Board, Supervisory Council and Company's administration is provided in the table below.

	6 months ended 30 June 2015	
	USD	EUR
All members of the Management Board	131	117
Per member of the Management Board	26	23
All members of the Supervisory Council	6	6
Per member of the Supervisory Council	2	2
All members of the Company's administration (General Manager, Executive Director and Chief Accountant)	133	119
Per member of the Company's administration	44	40

The Company has not set aside or accrued any amounts to provide pension, retirement or similar benefits to any member of the Supervisory Council, Management Board or Company's administration.

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Important agreements

Neither the Company nor its subsidiaries have entered into any material contracts which would come into validity, change, or expire after the change in the control of the Company or its subsidiaries.

Neither the Company nor its subsidiaries have entered into any agreements with the members of the management bodies or employees regarding compensation in case members or employees resign, are fired without reasonable cause or their employment ceases due to change in control of the Company or its subsidiaries.

Harmful transactions

During the reporting period there have been no any transactions performed on behalf of the Company or its subsidiaries which were harmful (not complying with the goals of the Group, usual market practices, conflicting with the interests of shareholders etc.), had or could have in the future any negative influence for the activities or financial results of the Group.

According to the knowledge of the Company, during the reporting period there have been no any transactions made by the management, controlling shareholders or any other parties related to the Company which resulted in the private - corporate conflicts of interest.

VI. OTHER INFORMATION

Information about compliance with Corporate Governance Code

The Company complies with the Lithuanian corporate regime established by the Lithuanian law and the Articles of Association of the Company. Since 28 June 2013 the Shares of the Company are listed on the main market of the Warsaw Stock Exchange (the "WSE").

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.

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, all 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;

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– 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.5, according to which the Company should have a remuneration policy and rules of defining the policy. The Company has not adopted such policy, since the Company's group is developing and the number of employees and members of management do not justify implementation of a complex set of rules;

– Recommendation I.9, according to which a balanced proportion of women and men in management and supervisory functions should be ensured. As of 31 December 2013, there were no women in management bodies of the Company. However, the Company does not exclude that this recommendation will be implemented in the future;

– 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 six month period ended 30 June 2014 the Company publicly announced and broadcasted through Warsaw Stock Exchange Information system and on own webpage the following information:

Title	Category of announcement	Publication date
Consolidated Condensed Interim Financial Information for the Twelve Month Period Ended 31 December 2014 (Unaudited)	Interim information	13 February 2015
AviaAM Leasing AB – The Management Board Convoques Shareholders' Meeting and Proposes a Dividend of EUR 0.09 per Share	Notification on material event	13 March 2015
Notice on Annual General Meeting of Shareholders of AviaAM Leasing AB	Notification on material event	13 March 2015
AviaAM Leasing AB – The Supervisory Council Proposes to Amend the Draft of the Articles of Association of the company and to Amend the Draft Decisions Accordingly	Notification on material event	20 March 2015
Notice on the decisions adopted by the Annual General Meeting of Shareholders of AviaAM Leasing AB	Notification on material event	3 April 2015
Notice on the Extraordinary General Meeting of Shareholders of AviaAM Leasing AB	Notification on material event	3 April 2015
Notice on the Procedure for the Payment of Dividends	Investor news	13 April 2015
Notice on the Decisions adopted by the Extraordinary general Meeting of Shareholders of AviaAM Leasing AB	Notification on material event	27 April 2015

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Title	Category of announcement	Publication date
Consolidated Condensed Interim Financial Information for the Three Month Period Ended 31 March 2015 (Unaudited)	Interim information	8 May 2015
Notice on registration of the new Articles of Association of AviaAM Leasing AB	Notification on material event	17 June 2015
AviaAM Leasing sells one Boeing 737-300 to a new customer - Sunkar Air	Investor news	22 June 2015

Contents of above mentioned announcements can be obtained on Company's webpage <http://www.aviaam.com/en/investor-relations/major-events>

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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 Lithuanian Securities Commission, we, Tadas Goberis, General Manager and Justinas Gilys, Executive Director of *AviaAM Leasing AB*, hereby confirm that, to the best of our knowledge, the unaudited *AviaAM Leasing AB* Consolidated Condensed Interim Financial Information for the six month period ended 30 June 2015, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of the Group, and Consolidated Management Report for the six month period ended 30 June 2015 includes a fair review of the development and performance of the business and the position of the Group in relation to the description of the main risks and contingencies faced thereby.

Tadas Goberis
General Manager



Justinas Gilys
Executive Director



14 August 2015