

**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**  
**UNAUDITED**

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**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

<b>CONTENTS</b>	<b>Pages</b>
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME	3
CONSOLIDATED INTERIM BALANCE SHEET	4
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY	5 – 6
CONSOLIDATED INTERIM STATEMENT OF CASH FLOW	7
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION	8 – 19
CONFIRMATION OF RESPONSIBLE PERSONS	20

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**AVIAAM LEASING AB**  
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**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

**CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

	Note	3 months ended 31 March			
		2014		2013	
		USD	LTL	USD	LTL
<b>Revenue</b>	3	8,274	20,858	6,578	17,210
Interest income on loans		351	886	45	118
Depreciation and amortisation		(1,195)	(3,013)	(2,095)	(5,481)
Impairment of receivables and prepayments		(120)	(302)	-	-
Costs of services rendered		(664)	(1,674)	-	-
Aircraft maintenance and servicing expenses		(2,467)	(6,220)	(1,075)	(2,814)
Employee-related expenses	4	(230)	(580)	(140)	(367)
Other operating expenses	5	(452)	(1,140)	(293)	(766)
Other gain (losses) net		11	28	(358)	(938)
<b>Operating profit</b>		<b>3,508</b>	<b>8,843</b>	<b>2,662</b>	<b>6,962</b>
Finance income	6	23	57	453	1,185
Finance costs	6	(850)	(2,142)	(1,489)	(3,896)
<b>Finance costs – net</b>		<b>(827)</b>	<b>(2,085)</b>	<b>(1,036)</b>	<b>(2,711)</b>
<b>Profit (loss) before income tax</b>		<b>2,681</b>	<b>6,758</b>	<b>1,626</b>	<b>4,251</b>
Income tax	7	(382)	(963)	(214)	(561)
<b>Profit (loss) for the period</b>		<b>2,299</b>	<b>5,795</b>	<b>1,412</b>	<b>3,690</b>
<b>Other comprehensive income</b>					
Currency translation differences on translation to presentation currency		-	292	-	2,217
<b>Total other comprehensive income</b>		<b>-</b>	<b>292</b>	<b>-</b>	<b>2,217</b>
<b>Total comprehensive income</b>		<b>2,299</b>	<b>6,087</b>	<b>1,412</b>	<b>5,907</b>
Basic and diluted earnings per share (USD/LTL)	8	0.05	0.13	0.05	0.13

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**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

**CONSOLIDATED INTERIM BALANCE SHEET**

	Note	31 March 2014		31 December 2013	
		USD	LTL	USD	LTL
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	61,540	154,707	42,838	107,516
Intangible assets		2	4	2	5
Trade and other receivables	11	10,202	25,646	10,118	25,395
Deferred income tax assets		873	2,195	875	2,195
		<b>72,617</b>	<b>182,552</b>	<b>53,833</b>	<b>135,111</b>
<b>Current assets</b>					
Inventories	10	2,339	5,881	1,997	5,013
Trade and other receivables	11	30,614	76,959	29,274	73,471
Prepaid income tax		864	2,171	553	1,388
Cash and cash equivalents	12	23,200	58,323	43,953	110,314
		<b>57,017</b>	<b>143,334</b>	<b>75,777</b>	<b>190,186</b>
<b>Total assets</b>		<b>129,634</b>	<b>325,886</b>	<b>129,610</b>	<b>325,297</b>
<b>EQUITY</b>					
<b>Equity attributable to the Group's equity shareholders</b>					
Share capital	13	16,804	43,306	16,804	43,306
Share premium		27,972	72,088	27,972	72,088
Legal reserve		1,131	2,947	1,131	2,947
Revaluation reserve		3,431	8,612	3,431	8,612
Cumulative translation reserve		-	(8,152)	-	(8,444)
Retained earnings		27,123	73,420	24,824	67,625
<b>Total equity</b>		<b>76,461</b>	<b>192,221</b>	<b>74,162</b>	<b>186,134</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	14	26,128	65,682	27,821	69,826
Security deposits received	16	3,202	8,049	4,464	11,203
		<b>29,330</b>	<b>73,731</b>	<b>32,285</b>	<b>81,029</b>
<b>Current liabilities</b>					
Borrowings	14	5,647	14,195	4,297	10,785
Trade and other payables	15	4,171	10,482	6,468	16,231
Security deposits received	16	5,124	12,882	3,875	9,727
Advances received	15	4,270	10,734	4,270	10,717
Current income tax liabilities		4,631	11,641	4,253	10,674
		<b>23,843</b>	<b>59,934</b>	<b>23,163</b>	<b>58,134</b>
<b>Total liabilities</b>		<b>53,173</b>	<b>133,665</b>	<b>55,448</b>	<b>139,163</b>
<b>Total equity and liabilities</b>		<b>129,634</b>	<b>325,886</b>	<b>129,610</b>	<b>325,297</b>

**AVIAAM LEASING AB**  
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**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

USD	Note	Share capital	Share premium	Legal reserve	Revaluation reserve	Retained earnings	Total equity
<b>Balance at 1 January 2013</b>		<b>12,232</b>	<b>-</b>	<b>1,131</b>	<b>12,195</b>	<b>(2,958)</b>	<b>22,600</b>
<b>Comprehensive income</b>							
Revaluation of aircraft		-	-	-	(10,310)	-	(10,310)
Deferred income tax on revaluation of aircraft		-	-	-	1,546	-	1,546
<b>Other comprehensive income (loss)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,764)</b>	<b>-</b>	<b>(8,764)</b>
Profit for the year		-	-	-	-	27,782	27,782
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,764)</b>	<b>27,782</b>	<b>19,018</b>
<b>Transactions with owners</b>							
Increase of share capital of the Company		4,572	29,463	-	-	-	34,035
Cost of capital increase		-	(1,491)	-	-	-	(1,491)
Transfer to reserves		-	-	-	-	-	-
Dividends		-	-	-	-	-	-
<b>Total transactions with owners</b>		<b>4,572</b>	<b>27,972</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,544</b>
<b>Balance at 31 December 2013 / 1 January 2014</b>		<b>16,804</b>	<b>27,972</b>	<b>1,131</b>	<b>3,431</b>	<b>24,824</b>	<b>74,162</b>
<b>Comprehensive income</b>							
Revaluation of aircraft		-	-	-	-	-	-
Deferred income tax on revaluation of aircraft		-	-	-	-	-	-
<b>Other comprehensive income (loss)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit for the period		-	-	-	-	2,299	2,299
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,299</b>	<b>2,299</b>
<b>Transactions with owners</b>							
Increase of share capital of the Company		-	-	-	-	-	-
Cost of capital increase		-	-	-	-	-	-
Transfer to reserves		-	-	-	-	-	-
Dividends		-	-	-	-	-	-
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2014</b>		<b>16,804</b>	<b>27,972</b>	<b>1,131</b>	<b>3,431</b>	<b>27,123</b>	<b>76,461</b>

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**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

LTL	Note	Share capital	Share premium	Legal reserve	Revaluation reserve	Cum. trans.	Retained earnings	Total equity
<b>Balance at 1 January 2013</b>		<b>29,448</b>	<b>-</b>	<b>2,947</b>	<b>31,779</b>	<b>(652)</b>	<b>(4,640)</b>	<b>58,882</b>
<b>Comprehensive income</b>								
Revaluation of aircraft		-	-	-	(27,047)	-	-	(27,047)
Deferred income tax on revaluation of aircraft		-	-	-	3,880	-	-	3,880
Currency translation differences		-	-	-	-	(7,792)	-	(7,792)
<b>Other comprehensive income (loss)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,167)</b>	<b>(7,792)</b>	<b>-</b>	<b>(30,959)</b>
Profit for the year		-	-	-	-	-	72,265	72,265
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,167)</b>	<b>(7,792)</b>	<b>72,265</b>	<b>41,306</b>
<b>Transactions with owners</b>								
Increase of share capital of the Company		13,858	75,930	-	-	-	-	89,788
Cost of capital increase		-	(3,842)	-	-	-	-	(3,842)
Transfer to reserves		-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-
Currency translation differences		-	-	-	-	-	-	-
<b>Total transactions with owners</b>		<b>13,858</b>	<b>72,088</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,946</b>
<b>Balance at 31 December 2013 / 1 January 2014</b>		<b>43,306</b>	<b>72,088</b>	<b>2,947</b>	<b>8,612</b>	<b>(8,444)</b>	<b>67,625</b>	<b>186,134</b>
<b>Comprehensive income</b>								
Revaluation of aircraft		-	-	-	-	-	-	-
Deferred income tax on revaluation of aircraft		-	-	-	-	-	-	-
Currency translation differences		-	-	-	-	292	-	292
<b>Other comprehensive income (loss)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292</b>	<b>-</b>	<b>292</b>
Profit for the period		-	-	-	-	-	5,795	5,795
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292</b>	<b>5,795</b>	<b>6,087</b>
<b>Transactions with owners</b>								
Increase of share capital of the Company		-	-	-	-	-	-	-
Cost of capital increase		-	-	-	-	-	-	-
Transfer to reserves		-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2014</b>		<b>43,306</b>	<b>72,088</b>	<b>2,947</b>	<b>8,612</b>	<b>(8,152)</b>	<b>73,420</b>	<b>192,221</b>

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**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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**CONSOLIDATED INTERIM STATEMENT OF CASH FLOW**

	Note	3 months ended 31 March			
		2014		2013	
		USD	LTL	USD	LTL
<b>Operating activities</b>					
Profit (loss) before income tax		2,681	6,758	1,626	4,251
<i>Adjustments for:</i>					
Depreciation and amortisation		1,195	3,013	2,095	5,481
Impairment of accounts receivables and prepayments		120	302	-	-
Discounting effect		77	194	(15)	(38)
Finance costs – net		594	1,496	825	2,149
Change in fair value of fixed assets		-	-	-	-
Profit / Loss from sale of fixed assets		-	-	358	938
<i>Changes in working capital:</i>					
Trade and other receivables		(3,080)	(7,764)	627	1,644
Trade and other payables		(3,365)	(8,482)	(953)	(2,498)
Security deposits and advances received		210	529	-	-
Inventory		(343)	(864)	-	-
<b>Cash generated from operations</b>		<b>(1,911)</b>	<b>(4,818)</b>	<b>4,563</b>	<b>11,927</b>
Interest paid		(551)	(1,388)	(836)	(2,188)
Income tax paid		(61)	(154)	-	-
<b>Net cash generated from (used in) operating activities</b>		<b>(2,523)</b>	<b>(6,360)</b>	<b>3,727</b>	<b>9,739</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment and intangible assets		(18,053)	(45,508)	-	-
Loans granted		(331)	(835)	(29)	(77)
Loans repaid		813	2,049	132	356
Interest received		90	227	-	-
<b>Net cash generated from (used in) investing activities</b>		<b>(17,481)</b>	<b>(44,067)</b>	<b>103</b>	<b>279</b>
<b>Financing activities</b>					
Dividends paid		-	-	(2,007)	(5,251)
Repayment of borrowings		(108)	(273)	(2,699)	(7,062)
Lease (finance lease) payments		(641)	(1,616)	(795)	(2,079)
<b>Net cash used in financing activities</b>		<b>(749)</b>	<b>(1,889)</b>	<b>(5,501)</b>	<b>(14,392)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(20,753)</b>	<b>(52,316)</b>	<b>(1,671)</b>	<b>(4,374)</b>
<b>Movement in cash and cash equivalents</b>					
At the beginning of year		43,953	110,314	8,081	21,060
Increase in cash and cash equivalents		(20,753)	(52,316)	(1,671)	(4,374)
Foreign translation differences		-	325	-	612
<b>At the end of the period</b>	12	<b>23,200</b>	<b>58,323</b>	<b>6,410</b>	<b>17,298</b>

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**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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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 6 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 31 March 2014 and as at 31 December 2013 was as follows:

	Number of shares	%
ZIA Valda Cyprus Leasing Limited	17,078,622	39.44
Mesotania Holdings Limited	10,899,858	25.17
ING Otworthy Fundusz Emerytalny (Open pension fund)	5,000,000	11.54
Linas Dovydenas	441,717	1.02
Aurimas Sanikovas	294,478	0.68
Gediminas Žiemelis	162,962	0.38
Tadas Goberis	147,239	0.34
Other shareholders	9,280,717	21.43
<b>Total</b>	<b>43,305,593</b>	<b>100.00</b>

The Company and its subsidiaries (together, *the Group*) are engaged in the business of aircraft leasing 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 31 March 2014 the Group owned 17 aircraft: 2 Boeing 737-300, 7 Boeing 737-500 and 8 Bombardier CRJ200 aircraft. 15 aircraft were leased out under operating lease contracts and 2 aircraft were under preparation for lease.

The subsidiaries, 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 31 March 2014	As at 31 December 2013	
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 B03 UAB	Lithuania	100	100	Date of acquiring: 22 January 2010 / Aircraft leasing / Saltoniškių g. 29, 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



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**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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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 31 March 2014	As at 31 December 2013	
AviaAM B06 UAB	Lithuania	100	100	Date of establishment: 15 July 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
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 2013 / 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 December 2013 / Aircraft leasing / 70 Sir John Rogerson's Quay, Dublin 2, Ireland

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

**2 Accounting policies**

The consolidated interim financial information for the three month period ended 31 March 2014 (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 2013.

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 Lithuanian Litas (LTL) and all values are rounded to the nearest thousand (USD'000 and LTL'000) except when otherwise indicated.

**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

**2 Accounting policies (continued)**

The Consolidated Interim Financial Information for the three month period ended 31 March 2014 is not audited. Financial Statements for the year ended 31 December 2013 were audited by external auditor PricewaterhouseCoopers UAB.

**3 Revenue**

	<b>3 months ended 31 March</b>			
	<b>2014</b>		<b>2013</b>	
	<b>USD</b>	<b>LTL</b>	<b>USD</b>	<b>LTL</b>
Lease revenue	5,090	12,832	5,041	13,187
Supplemental maintenance rent	1,466	3,695	1,454	3,803
Commission income	1,500	3,781	-	-
Other income	218	550	83	220
	<b>8,274</b>	<b>20,858</b>	<b>6,578</b>	<b>17,210</b>

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 10 per cent of total sales revenue of that segment in any of the years):

	<b>3 months ended 31 March</b>			
	<b>2014</b>		<b>2013</b>	
	<b>USD</b>	<b>LTL</b>	<b>USD</b>	<b>LTL</b>
<b>Lease, sale and aircraft transaction management customers</b>				
Customer B	2,919	7,358	2,544	6,656
Customer J	1,500	3,781	-	-
Customer A	990	2,496	2,494	6,522
Customer D	894	2,254	894	2,339
Other customers	1,753	4,419	563	1,473
	<b>8,056</b>	<b>20,308</b>	<b>6,495</b>	<b>16,990</b>

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**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

**3 Revenue (continued)**

Country	3 months ended 31 March			
	2014		2013	
	USD	LTL	USD	LTL
Russia	3,668	9,245	2,544	6,655
Hong Kong	1,500	3,781	-	-
Kazakhstan	990	2,496	2,493	6,522
Tajikistan	894	2,254	894	2,339
Italy	884	2,229	188	491
Belarus	120	303	-	-
Lithuania	-	-	376	983
	<b>8,056</b>	<b>20,308</b>	<b>6,495</b>	<b>16,990</b>

**4 Employee related expenses**

	3 months ended 31 March			
	2014		2013	
	USD	LTL	USD	LTL
Salaries	166	419	107	280
Social insurance expenses	64	161	33	87
	<b>230</b>	<b>580</b>	<b>140</b>	<b>367</b>

**5 Other operating expenses**

	3 months ended 31 March			
	2014		2013	
	USD	LTL	USD	LTL
Legal and translation expenses	142	358	52	137
Representation expenses	68	171	8	22
Management services	61	154	52	137
Marketing expenses	52	131	38	100
Travelling expenses	44	111	39	103
Audit and accounting expenses	8	20	5	13
Insurance expenses	7	18	23	60
Expenses related to listing of shares	26	66	-	-
Other administrative expenses	44	111	76	194
	<b>452</b>	<b>1,140</b>	<b>293</b>	<b>766</b>

**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

**6 Finance costs – net**

	<b>3 months ended 31 March</b>			
	<b>2014</b>		<b>2013</b>	
	<b>USD</b>	<b>LTL</b>	<b>USD</b>	<b>LTL</b>
Interest income on cash and cash equivalents	3	8	-	-
Discounting of security deposits received	18	45	160	417
Unwinding of discount of non-current receivables and loans from related parties	-	-	17	45
Other finance income	2	4	-	-
Foreign exchange gain on financing activities	-	-	276	723
<b>Finance income</b>	<b>23</b>	<b>57</b>	<b>453</b>	<b>1,185</b>
Interest expenses	(551)	(1,389)	(836)	(2,188)
Foreign exchange loss on financing activities	(205)	(517)	(492)	(1,286)
Unwinding of discount of security deposits received	(93)	(234)	(160)	(418)
Other finance costs	(1)	(2)	(1)	(4)
<b>Finance costs</b>	<b>(850)</b>	<b>(2,142)</b>	<b>(1,489)</b>	<b>(3,896)</b>
<b>Finance costs – net</b>	<b>(827)</b>	<b>(2,085)</b>	<b>(1,036)</b>	<b>(2,711)</b>

**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 (2013: 15% rate).

**8 Earnings (loss) per share**

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

	<b>3 months ended 31 March</b>			
	<b>2014</b>		<b>2013</b>	
	<b>USD</b>	<b>LTL</b>	<b>USD</b>	<b>LTL</b>
Net profit (loss) attributable to shareholders	2,299	5,795	1,412	3,690
Weighted average number of ordinary shares issued	43,306		29,448	
<b>Basic earnings (loss) per share (USD/LTL)</b>	<b>0.05</b>	<b>0.13</b>	<b>0.05</b>	<b>0.13</b>

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

**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

(All tabular amounts are in USD'000 and LTL'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
<b>Opening net book amount as at 1 January 2013</b>	<b>60,027</b>	<b>4,077</b>	<b>9</b>	<b>64,113</b>
Additions	9,146	400	212	9,758
Disposals	(7,011)	-	-	(7,011)
Reclassifications	751	(1,118)	-	(367)
Depreciation charge	(9,292)	-	(11)	(9,303)
Revaluation surplus	584	951	-	1,535
Revaluation loss	(14,803)	(1,084)	-	(15,887)
<b>Closing net book amount as at 31 December 2013</b>	<b>39,402</b>	<b>3,226</b>	<b>210</b>	<b>42,838</b>
<b>At 31 December 2013</b>				
Cost or valuation	39,402	3,226	230	42,858
Accumulated depreciation	-	-	(20)	(20)
<b>Net book amount</b>	<b>39,402</b>	<b>3,226</b>	<b>210</b>	<b>42,838</b>
<b>Opening net book amount as at 1 January 2014</b>	<b>39,402</b>	<b>3,226</b>	<b>210</b>	<b>42,838</b>
Additions	19,887	-	17	19,904
Disposals	-	-	-	-
Reclassifications	852	(852)	-	-
Depreciation charge	(1,195)	-	(7)	(1,202)
<b>Closing net book amount as at 31 March 2014</b>	<b>58,946</b>	<b>2,374</b>	<b>220</b>	<b>61,540</b>
<b>At 31 March 2014</b>				
Cost or valuation	58,946	2,374	246	61,566
Accumulated depreciation	-	-	(26)	(26)
<b>Net book amount</b>	<b>58,946</b>	<b>2,374</b>	<b>220</b>	<b>61,540</b>
<b>LTL</b>	<b>Aircraft and engines</b>	<b>Aircraft and engines under preparation for use</b>	<b>Other tangible fixed assets</b>	<b>Total</b>
<b>Opening net book amount as at 1 January 2013</b>	<b>156,429</b>	<b>10,626</b>	<b>24</b>	<b>167,078</b>
Additions	23,791	1,040	551	25,382
Disposals	(18,237)	-	-	(18,237)
Reclassifications	1,954	(2,908)	-	(954)
Depreciation charge	(24,170)	-	(29)	(24,199)
Revaluation surplus	1,519	2,474	-	3,993
Revaluation loss	(38,506)	(2,820)	-	(41,326)
Exchange differences	(3,888)	(315)	(19)	(4,222)
<b>Closing net book amount as at 31 December 2013</b>	<b>98,892</b>	<b>8,097</b>	<b>527</b>	<b>107,516</b>

**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

**9 Property, plant and equipment (continued)**

LTL	Aircraft and engines	Aircraft and engines under preparation for use	Other tangible fixed assets	Total
<b>At 31 December 2013</b>				
Cost or valuation	98,892	8,097	577	107,566
Accumulated depreciation	-	-	(50)	(50)
<b>Net book amount</b>	<b>98,892</b>	<b>8,097</b>	<b>527</b>	<b>107,516</b>
<b>Opening net book amount as at 1 January 2014</b>				
Additions	50,131	-	43	50,174
Disposals				
Reclassifications	2,148	(2,148)	-	-
Depreciation charge	(3,013)	-	(18)	(3,031)
Exchange differences	27	20	1	48
<b>Closing net book amount as at 31 March 2014</b>	<b>148,185</b>	<b>5,969</b>	<b>553</b>	<b>154,707</b>
<b>At 31 March 2014</b>				
Cost or valuation	148,185	5,969	621	154,775
Accumulated depreciation	-	-	(68)	(68)
<b>Net book amount</b>	<b>148,185</b>	<b>5,969</b>	<b>553</b>	<b>154,707</b>

Aircraft were pledged to the banks as collateral for borrowings. Carrying amounts of pledged aircraft as at 31 March 2014 and 31 December 2013:

	31 March 2014		31 December 2013	
	USD	LTL	USD	LTL
Aircraft	8,591	21,597	8,797	22,079
	<b>8,591</b>	<b>21,597</b>	<b>8,797</b>	<b>22,079</b>

**10 Inventories**

	31 March 2014		31 December 2013	
	USD	LTL	USD	LTL
Aircraft components	2,339	5,881	1,997	5,013
	<b>2,339</b>	<b>5,881</b>	<b>1,997</b>	<b>5,013</b>

**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

**11 Trade and other receivables**

	31 March 2014		31 December 2013	
	USD	LTL	USD	LTL
Trade receivables from third parties	16,264	40,885	13,916	34,925
Less: provision for impairment of trade receivables	(1,278)	(3,213)	(1,158)	(2,906)
<b>Trade receivables from third parties – net</b>	<b>14,986</b>	<b>37,672</b>	<b>12,758</b>	<b>32,019</b>
Receivables from related parties	1,049	2,632	1,048	2,630
Less: provision for impairment of trade receivables from related parties	(1,048)	(2,630)	(1,048)	(2,630)
<b>Receivables from related parties - net</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>-</b>
Loans granted to related parties	11,310	28,432	11,695	29,352
Loans granted to third parties	7,860	19,759	7,695	19,312
Other receivables	189	475	190	474
Less: provision for impairment of other receivables	(29)	(73)	(29)	(70)
<b>Other receivables - net</b>	<b>160</b>	<b>402</b>	<b>161</b>	<b>404</b>
Prepayments	5,991	15,061	6,336	15,902
Tax receivables	508	1,277	747	1,877
	<b>40,816</b>	<b>102,605</b>	<b>39,392</b>	<b>98,866</b>
Non-current portion :	(10,202)	(25,646)	(10,118)	(25,395)
<b>Current portion :</b>	<b>30,614</b>	<b>76,959</b>	<b>29,274</b>	<b>73,471</b>

**12 Cash and cash equivalents**

Cash and cash equivalents are dominated in following currencies:

	31 March 2014		31 December 2013	
	USD	LTL	USD	LTL
USD	22,338	56,158	42,221	105,967
EUR	145	363	131	329
LTL	717	1,802	1,601	4,018
	<b>23,200</b>	<b>58,323</b>	<b>43,953</b>	<b>110,314</b>

**13 Share capital**

As at 31 March 2014 and as at 31 December 2013 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 each. All shares were fully paid up.

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).

**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

**14 Borrowings**

	31 March 2014		31 December 2013	
	USD	LTL	USD	LTL
<b>Non-current</b>				
Bank borrowings	13,250	33,310	14,270	35,816
Finance lease liabilities	12,877	32,372	13,551	34,010
	<b>26,128</b>	<b>65,682</b>	<b>27,821</b>	<b>69,826</b>
<b>Current</b>				
Bank borrowings	3,013	7,574	1,696	4,257
Finance lease liabilities	2,634	6,621	2,601	6,528
	<b>5,647</b>	<b>14,195</b>	<b>4,297</b>	<b>10,785</b>
<b>Total borrowings</b>	<b>31,774</b>	<b>79,877</b>	<b>32,118</b>	<b>80,611</b>

Bank borrowings mature in 2015. Borrowings are secured by the aircraft.

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

	31 March 2014	31 December 2013
Bank borrowings	6,96%	6,96%
Finance lease liabilities	7,68%	7,76%

**15 Trade and other payables and advances received**

	31 March 2014		31 December 2013	
	USD	LTL	USD	LTL
<b>Trade and other payables – financial liabilities</b>				
Trade payables	2,459	6,180	1,273	3,191
Trade payables to related parties	708	1,779	1,561	3,919
Salaries and social security payable, including vacation accrual	190	477	169	424
Accruals	814	2,046	3,465	8,697
	<b>4,171</b>	<b>10,482</b>	<b>6,468</b>	<b>16,231</b>
<b>Advance payments received – non-financial liabilities</b>				
Advance payments from customers related to acquisition of aircraft	4,270	10,734	4,270	10,717
	<b>4,270</b>	<b>10,734</b>	<b>4,270</b>	<b>10,717</b>



**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

**16 Security deposits received**

	31 March 2014		31 December 2013	
	USD	LTL	USD	LTL
Security deposits repayable after one year at nominal value	4,080	10,256	5,380	13,503
Less: discounting effect	(878)	(2,207)	(916)	(2,300)
<b>Security deposits repayable after one year</b>	<b>3,202</b>	<b>8,049</b>	<b>4,464</b>	<b>11,203</b>
Security deposits repayable within one year	5,210	13,097	4,000	10,039
Less: discounting effect	(86)	(215)	(125)	(312)
<b>Security deposits repayable within one year</b>	<b>5,124</b>	<b>12,882</b>	<b>3,875</b>	<b>9,727</b>
<b>Security deposits</b>	<b>8,326</b>	<b>20,931</b>	<b>8,339</b>	<b>20,930</b>

Average rates used for security deposits discounting are as follows: 2014: 8%; 2013: 8%.

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.

**17 Commitments and contingencies**

*Capital commitments*

Capital expenditure contracted for at the balance sheet date is as follows:

	31 March 2014		31 December 2013	
	USD	LTL	USD	LTL
Aircraft	15,800	15,800	15,800	39,655
	<b>15,800</b>	<b>15,800</b>	<b>15,800</b>	<b>39,655</b>

As at 31 March 2014 non cancellable commitments of the Group related to acquisition of aircraft.

**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 ZIA Valda Cyprus Leasing Ltd and ZIA Valda AB (the sole shareholder of ZIA Valda Cyprus Leasing 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:

**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

**18 Related party transactions (continued)**

**Transactions with related parties**

	<b>3 months ended 31 March</b>			
	<b>2014</b>		<b>2013</b>	
	<b>USD</b>	<b>LTL</b>	<b>USD</b>	<b>LTL</b>
<b>Sales of goods and services to:</b>				
Other related parties	185	464	666	1,742
	<b>185</b>	<b>464</b>	<b>666</b>	<b>1,742</b>
<b>Purchases of assets from:</b>				
Other related parties	-	-	801	2,100
	<b>-</b>	<b>-</b>	<b>801</b>	<b>2,100</b>
<b>Purchases of services from:</b>				
Other related parties	619	1,555	306	804
	<b>619</b>	<b>1,555</b>	<b>306</b>	<b>804</b>
<b>Total purchases of assets and services</b>	<b>619</b>	<b>1,555</b>	<b>1,107</b>	<b>2,904</b>

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

**Trade receivables from related parties**

	<b>31 March 2014</b>		<b>31 December 2013</b>	
	<b>USD</b>	<b>LTL</b>	<b>USD</b>	<b>LTL</b>
	Other related parties	1,049	2,632	1,048
<b>Trade and other receivables at nominal value</b>	<b>1,049</b>	<b>2,632</b>	<b>1,048</b>	<b>2,630</b>
Less: provision for impairment of receivables from other related parties	(1,048)	(2,630)	(1,048)	(2,630)
	<b>1</b>	<b>2</b>	<b>-</b>	<b>-</b>

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

**Payables to and prepayments from related parties**

	<b>31 March 2014</b>		<b>31 December 2013</b>	
	<b>USD</b>	<b>LTL</b>	<b>USD</b>	<b>LTL</b>
	Other related parties	708	1,779	1,561
	<b>708</b>	<b>1,779</b>	<b>1,561</b>	<b>3,919</b>

**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

**18 Related party transactions (continued)**

**Loans granted to related parties**

	31 March 2014		31 December 2013	
	USD	LTL	USD	LTL
<b>Beginning of the period</b>	<b>11,695</b>	<b>29,352</b>	<b>3,034</b>	<b>7,907</b>
Loans advanced during the period as monetary transactions	331	861	40,827	106,199
Loans advanced during the period by transferring trade receivables to loans	(1)	(3)	-	-
Loan repayments received as monetary transactions	(818)	(2,128)	(32,360)	(84,175)
Loan repayments received as non-monetary transactions	-	-	(22)	(57)
Interest charged	180	469	325	845
Interest received	(83)	(216)	(85)	(221)
Exchange rate differences	6	97	(24)	(1,146)
<b>End of the period</b>	<b>11,310</b>	<b>28,432</b>	<b>11,695</b>	<b>29,352</b>

**19 Events after the balance sheet date**

In April 2014 the Group entered into the lease agreement in respect to one Boeing 737-300 aircraft. The aircraft is scheduled to be delivered to the customer by the end of May 2014.

In April 2014 the Group entered into the letter of intent in respect to purchase of two Boeing 737-800 aircraft.

In April 2014 the Group completed the arrangement of purchase and sale transaction in respect of one Boeing 737-800 aircraft pursuant to the brokerage agreement with one of the leading international aircraft lessors.

On 30 April 2014 the Company sold 100 percent of shares of one of its subsidiaries – AviaAM B03 UAB, company code 300887740, registered address at Saltoniškių str. 29, Vilnius, Lithuania – to unrelated party. The aforementioned subsidiary owned 5 aircraft as at the date of sale – four Boeing 737-500 and one Boeing 737-300. The book value of the aforementioned aircraft amounted to USD 8.5 million (LTL 21.3 million) as at 31 March 2014. The sale of the subsidiary was consistent with the Group's strategy of timely divestiture of aviation assets and continuous re-fleeting. Based on the information available as at the date of sale it is expected that the transaction will result a total gain of approx. USD 7 million in the consolidated financial statements of the Company for the respective period.

On 30 April 2014 the Annual General Meeting of Shareholders of the Company adopted the decision to pay out annual dividends in the amount of LTL 0.20 per share. The dividends shall be paid out on 28 May 2014.

In May 2014 the Group completed the purchase and subsequent sale of one Boeing 767-300 aircraft.

In May 2014 the Group entered into the letter of intent in respect to purchase of one Boeing 737-800 aircraft.

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**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014**

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

**MANAGEMENT CONFIRMATION OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION**

I, Tadas Goberis, General Manager of *AviaAM Leasing AB*, hereby confirm that, to the best of my knowledge, the unaudited Consolidated Interim Financial Information for the three month period ended 31 March 2014 of *AviaAM Leasing AB*, 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.

General Manager  
Tadas Goberis



15 May 2014