AVIAAM LEASING AB

CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

UNAUDITED

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

CONTENTS Pages

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME 3

CONSOLIDATED INTERIM BALANCE SHEETS 4

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY ..... 5 – 6

CONSOLIDATED STATEMENTS OF CASH FLOW 7

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION ..... 8 – 20

MANAGEMENT CONFIRMATION OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION 21

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

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

		3 months ended 31 March			
			2013		2012
	Note	USD	LTL	USD	LTL
Revenue	3	6,578	17,210	12,399	32,661
Interest income on loans		45	118	39	102
Depreciation and amortisation		(2,095)	(5,481)	(1,629)	(4,291)
Costs of aircraft sold		-	-	(3,079)	(8,111)
Aircraft maintenance expenses		(1,075)	(2,814)	(740)	(1,949)
Employee-related expenses	4	(140)	(367)	(140)	(368)
Other operating expenses	5	(293)	(766)	(140)	(369)
Other gain (losses) net		(358)	(938)	-	-
Operating profit		**2,662**	**6,962**	**6,710**	**17,675**
Finance income	6	453	1,185	619	1,632
Finance costs	6	(1,489)	(3,896)	(1,473)	(3,880)
Finance costs – net		**(1,036)**	**(2,711)**	**(854)**	**(2,248)**
Profit (loss) before income tax		**1,626**	**4,251**	**5,856**	**15,427**
Income tax	7	(214)	(561)	(881)	(2,322)
Profit (loss) for the year		**1,412**	**3,690**	**4,975**	**13,105**
Other comprehensive income					
Currency translation differences on translation to presentation currency		-	2,217	-	335
Total other comprehensive income		**-**	**2,217**	**-**	**335**
Total comprehensive income		**1,412**	**5,907**	**4,975**	**13,440**
Basic and diluted earnings per share (USD/LTL)	8	0.05	0.13	0.17	0.45

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

CONSOLIDATED INTERIM BALANCE SHEETS

		31 March 2013		31 December 2012	
	Note	USD	LTL	USD	LTL
ASSETS					
Non-current assets					
Property, plant and equipment	9	67,102	181,068	64,113	167,078
Prepayments for property, plant and equipment	10	-	-	550	1,433
Intangible assets		1	1	1	1
Investments in associates and jointly controlled entities		-	-	20	52
Trade and other receivables	12	3,077	8,302	2,305	6,008
		70,180	**189,371**	**66,989**	**174,572**
Current assets					
Inventory	11	1,247	3,366	2,541	6,623
Trade and other receivables	12	13,080	35,294	14,334	37,355
Prepaid income tax		-	-	15	37
Cash and cash equivalents	13	6,410	17,298	8,081	21,060
		20,737	**55,958**	**24,971**	**65,075**
Total assets		**90,917**	**245,329**	**91,960**	**239,647**
EQUITY					
Equity attributable to the Group's equity shareholders					
Share capital	14	12,232	29,448	12,232	29,448
Legal reserve		1,131	2,947	1,131	2,947
Revaluation reserve		12,195	31,779	12,195	31,779
Cumulative translation reserve		-	1,565	-	(652)
Retained earnings		(1,547)	(950)	(2,958)	(4,640)
Total equity		**24,011**	**64,789**	**22,600**	**58,882**
LIABILITIES					
Non-current liabilities					
Borrowings	15	35,808	96,625	34,840	90,795
Security deposits received	17	11,505	31,045	11,520	30,020
Deferred income tax liabilities		1,592	4,297	1,467	3,823
		48,905	**131,967**	**47,827**	**124,638**
Current liabilities					
Borrowings	15	14,780	39,882	16,005	41,708
Trade and other payables	16	1,498	4,043	3,932	10,246
Current income tax liabilities		1,723	4,648	1,596	4,173
		18,001	**48,573**	**21,533**	**56,127**
Total liabilities		**66,906**	**180,540**	**69,360**	**180,765**
Total equity and liabilities		**90,917**	**245,329**	**91,960**	**239,647**

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

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

USD	Note	Share capital	Legal reserve	Revaluation reserve	Retained earnings	Total equity
Balance at 1 January 2012		**12,232**	**-**	**5,771**	**(19,457)**	**(1,454)**
Comprehensive income						
Revaluation of aircraft		-	-	7,557	-	7,557
Deferred income tax on revaluation of aircraft		-	-	(1,133)	-	(1,133)
Other comprehensive income (loss)		**-**	**-**	**6,424**	**-**	**6,424**
Profit for the year		-	-	-	19,603	19,603
Total comprehensive income		**-**	**-**	**6,424**	**19,603**	**26,027**
Transactions with owners						
Transfer to reserves		-	1,131	-	(1,131)	-
Dividends		-	-	-	(1,972)	(1,972)
Total transactions with owners		**-**	**1,131**	**-**	**(3,103)**	**(1,972)**
Balance at 31 December 2012/ 1 January 2013		**12,232**	**1,131**	**12,195**	**(2,958)**	**22,600**
Comprehensive income						
Profit for the period		-	-	-	1,412	1,412
Total comprehensive income		**-**	**-**	**-**	**1,412**	**1,412**
Transactions with owners						
Transfer to reserves		-	-	-	-	-
Dividends		-	-	-	-	-
Total transactions with owners		**-**	**-**	**-**	**-**	**-**
Balance at 31 March 2013		**12,232**	**1,131**	**12,195**	**(1,547)**	**24,011**

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

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

LTL	Note	Share capital	Legal reserve	Revaluation reserve	Cum. trans	Retained earnings	Total equity
Balance at 1 January 2012		**29,448**	**-**	**15,405**	**485**	**(49,220)**	**(3,882)**
Comprehensive income							
Revaluation of aircraft		-	-	19,694	-	-	19,694
Deferred income tax on revaluation of aircraft		-	-	(2,953)	-	-	(2,953)
Currency translation differences		-	-	-	(1,137)	-	(1,137)
Other comprehensive income (loss)		**-**	**-**	**16,741**	**(1,137)**	**-**	**15,604**
Profit for the year		-	-	-	-	52,668	52,668
Total comprehensive income		**-**	**-**	**16,741**	**(1,137)**	**52,668**	**68,272**
Transactions with owners							
Transfer to reserves		-	2,947	-	-	(2,947)	-
Dividends		-	-	-	-	(5,140)	(5,140)
Currency translation differences		-	-	(367)	-	(1)	(368)
Total transactions with owners		**-**	**2,947**	**(367)**	**-**	**(8,088)**	**(5,508)**
Balance at 31 December 2012/ 1 January 2013		**29,448**	**2,947**	**31,779**	**(652)**	**(4,640)**	**58,882**
Comprehensive income							
Currency translation differences		**-**	**-**	**-**	2,217	**-**	**2,217**
Other comprehensive income (loss)		**-**	**-**	**-**	**2,217**	**-**	**2,217**
Profit for the period						3,690	3,690
Total comprehensive income					**2,217**	**3,690**	**5,907**
Transactions with owners							
Transfer to reserves		-	-	-	**-**	**-**	-
Dividends		-	-	-	-	-	-
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 March 2013		**29,448**	**2,947**	**31,779**	**1,565**	**(950)**	**64,789**

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

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

		3 months ended 31 March			
			2013		2012
	Note	USD	LTL	USD	LTL
Operating activities					
Profit (loss) before income tax		1,626	4,251	5,856	15,427
Adjustments for:					
Depreciation and amortisation		2,095	5,481	1,629	4,291
Discounting effect		(15)	(38)	177	467
Finance costs – net		825	2,149	866	2,281
Profit / Loss from sale of fixed assets		358	938	-	-
Changes in working capital:					
Trade and other receivables		627	1,644	(9,098)	(23,965)
Trade and other payables		(953)	(2,498)	(1,577)	(4,154)
Security deposits and advances received		-	-	(89)	(235)
Inventory		-	-	3,583	9,438
Cash generated from operations		**4,563**	**11,927**	**1,347**	**3,550**
Interest paid		(836)	(2,188)	(942)	(2,481)
Net cash generated from (used in) operating activities		**3,727**	**9,739**	**405**	**1,069**
Investing activities					
Purchase of property, plant and equipment and intangible assets		-		(3,187)	(8,396)
Loans granted		(29)	(77)	-	-
Loans repaid		132	356	53	140
Net cash used in investing activities		**103**	**279**	**(3,134)**	**(8,256)**
Financing activities					
Dividends paid		(2,007)	(5,251)	-	-
Repayment of borrowings		(2,699)	(7,062)	(1,766)	(4,652)
Lease (finance lease) payments		(795)	(2,079)	(1,797)	(4,735)
Net cash generated from (used in) financing activities		**(5,501)**	**(14,392)**	**(3,563)**	**(9,387)**
Increase in cash and cash equivalents		**(1,671)**	**(4,374)**	**(6,292)**	**(16,574)**
Movement in cash and cash equivalents					
At the beginning of the period		8,081	21,060	13,646	36,426
Increase in cash and cash equivalents		(1,671)	(4,374)	(6,292)	(16,574)
Foreign translation differences		-	612	-	1,208
At the end of the period	13	**6,410**	**17,298**	**7,354**	**21,060**

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 2013 was as follows:

	Number of shares	%
ZIA Valda Cyprus Leasing Ltd.	17,078,622	58.00
Mesotania Holdings Ltd.	10,899,858	37.01
Linas Dovydėnas	441,717	1.50
Gediminas Žiemelis	323,926	1.10
Aurimas Sanikovas	294,478	1.00
Virginija Svilainytė	161,963	0.55
Tadas Goberis	147,239	0.50
ŽIA Valda AB	60,000	0.20
Indeco: Investment and Development UAB	40,000	0.14
Total	**29,447,803**	**100.00**

The shareholder's structure of the Company as at 31 December 2012 was as follows:

	Number of shares	%
ZIA Valda Cyprus Leasing Ltd.	17,608,682	59.80
Mesotania Holdings Ltd.	11,739,121	39.86
ŽIA Valda AB	60,000	0.20
Indeco: Investment and Development UAB	40,000	0.14
Total	**29,447,803**	**100.00**

In March 2013 shareholders ZIA Valda Cyprus Ltd. and Mesotania Holdings Ltd. sold respectively 530,060 and 839,263 shares in the Company, which were acquired by Linas Dovydėnas, Gediminas Žiemelis, Aurimas Sanikovas, Virginija Svilainytė and Tadas Goberis.

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 2013 the Group owned 19 aircraft: 4 Boeing 737-300, 6 Boeing 737-500, 1 Boeing 757-200 and 8 Bombardier CRJ200 aircraft. 17 aircraft were leased out under operating lease contracts, and 2 aircraft were under preparation for lease.

The parent of the Group is ZIA Valda Cyprus Leasing Ltd. and the ultimate parent of the Group is ŽIA Valda AB (referred to as *the Ultimate Parent*). The ultimate controlling party of the Group is Mr. Gediminas Žiemelis.

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

1 General information (continued)

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, % As at 31 March 2013	Share of equity, % As at 31 December 2012	Date of acquiring (establishment) / activity / address of establishment
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 / 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
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

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

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

2 Accounting policies

The consolidated interim financial information for the three month period ended 31 March 2013 (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 2012.

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.

The Consolidated Interim Financial Information for the three month period ended 31 March 2013 is not audited. Financial Statements for the year ended 31 December 2012 were audited by external auditor PricewaterhouseCoopers UAB.

3 Revenue

	3 months ended 31 March			
		2013		2012
	USD	LTL	USD	LTL
Lease revenue	5,041	13,187	4,699	12,377
Supplemental maintenance rent	1,454	3,803	1,983	5,223
Sales of aircraft	-	-	5,500	14,488
Other income	83	220	217	573
	6,578	**17,210**	**12,399**	**32,661**

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 and trading. 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):

	3 months ended 31 March			
		2013		2012
Lease and sale customers	USD	LTL	USD	LTL
Customer A	2,494	6,522	8,693	22,899
Customer B	2,544	6,656	1,524	4,015
Customer C	563	1,473	887	2,338
Customer D	894	2,339	894	2,355
Other customers	-		184	481
	6,495	**16,990**	**12,182**	**32,088**

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

3 Revenue (continued)

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

	3 months ended 31 March			
		2013		2012
Country	**USD**	**LTL**	**USD**	**LTL**
Russia	2,544	6,655	1,707	4,496
Kazakhstan	2,493	6,522	8,694	22,899
Lithuania	376	983	754	1,988
Tajikistan	894	2,339	894	2,355
Estonia	-	-	133	350
Italy	188	491	-	-
	6,495	**16,990**	**12,182**	**32,088**

4 Employee related expenses

	3 months ended 31 March			
		2013		2012
	USD	**LTL**	**USD**	**LTL**
Salaries	107	280	107	281
Social insurance expenses	33	87	33	87
	140	**367**	**140**	**368**

5 Other operating expenses

	3 months ended 31 March			
		2013		2012
	USD	**LTL**	**USD**	**LTL**
Management services	52	137	26	69
Legal and translation expenses	52	137	35	93
Insurance expenses	23	60	10	26
Marketing expenses	38	100	12	33
Travelling expenses	39	103	13	35
Representation expenses	8	22	13	34
Audit and accounting expenses	5	13	13	34
Other administrative expenses	76	194	18	45
	293	**766**	**140**	**369**

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

6 Finance costs – net

	3 months ended 31 March			
		2013		2012
	USD	LTL	USD	LTL
Interest income on cash and cash equivalents	-	-		
Discounting of security deposits received	160	417	245	645
Unwinding of discount of non-current receivables and loans from related parties	17	45	35	92
Foreign exchange gain on financing activities	276	723	339	895
Finance income	**453**	**1,185**	**619**	**1,632**
Interest expenses	(836)	(2,188)	(942)	(2,481)
Foreign exchange loss on financing activities	(492)	(1,286)	(378)	(995)
Unwinding of discount of security deposits received	(160)	(418)	(147)	(388)
Other finance costs	(1)	(4)	(6)	(16)
Finance costs	**(1,489)**	**(3,896)**	**(1,473)**	**(3,880)**
Finance costs – net	**(1,036)**	**(2,711)**	**(854)**	**(2,248)**

7 Income tax

	3 months ended 31 March			
		2013		2012
	USD	LTL	USD	LTL
Current tax	89	233	441	1,161
Deferred tax	125	328	440	1,161
Total income tax expenses/(benefit)	**214**	**561**	**881**	**2,322**

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.

	3 months ended 31 March			
		2013		2012
	USD	LTL	USD	LTL
Net profit (loss) attributable to shareholders	1,412	3,690	4,975	13,105
Weighted average number of ordinary shares issued	29,448		29,448	
Basic earnings (loss) per share (USD/LTL)	**0.05**	**0.13**	**0.17**	**0.45**

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

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

9 Property, plant and equipment

USD	Aircraft	Aircraft under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2012	**47,926**	**-**	**5**	**47,931**
Additions	19,889	2,950	7	**22,846**
Disposals	(3,848)	-	-	**(3,848)**
Reclassifications	(1,000)	-	-	**(1,000)**
Depreciation charge	(7,591)	-	(3)	**(7,594)**
Revaluation surplus	8,828	1,563	-	10,391
Revaluation loss	(4,177)	(436)	-	(4,613)
Closing net book amount as at 31 December 2012	**60,027**	**4,077**	**9**	**64,113**
At 31 December 2012				
Cost or valuation	60,027	4,077	17	**64,121**
Accumulated depreciation	-	-	(8)	**(8)**
Net book amount	**60,027**	**4,077**	**9**	**64,113**
Opening net book amount as at 1 January 2013	**60,027**	**4,077**	**9**	**64,113**
Additions	4,425	5	6	**4,436**
Disposals	(617)	-	-	**(617)**
Reclassifications	1,266	-	-	**1,266**
Depreciation charge	(2,095)	-	(1)	**(2,096)**
Closing net book amount as at 31 March 2013	**63,006**	**4,082**	**14**	**67,102**
At 31 March 2013				
Cost or valuation	63,006	4,082	23	**67,111**
Accumulated depreciation	-	-	(9)	**(9)**
Net book amount	**63,006**	**4,082**	**14**	**67,102**

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

9 Property, plant and equipment (continued)

LTL	Aircraft	Aircraft under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2012	**127,935**	**-**	**15**	**127,950**
Additions	53,436	7,926	18	**61,980**
Disposals	(10,330)	-	-	**(10,330)**
Reclassifications	(2,688)	-	-	**(2,688)**
Depreciation charge	(20,395)	-	(8)	**(20,403)**
Revaluation surplus	22,998	4,200	-	**27,918**
Revaluation loss	(11,113)	(1,171)	-	**(12,284)**
Exchange differences	(4,015)	(329)	(1)	**(4,345)**
Closing net book amount as at 31 December 2012	**156,428**	**10,626**	**24**	**167,078**
At 31 December 2012				
Cost or valuation	156,429	10,626	45	**167,100**
Accumulated depreciation	-	-	(21)	**(21)**
Net book amount	**156,429**	**10,626**	**24**	**167,078**
Opening net book amount as at 1 January 2013	**156,429**	**10,626**	**24**	**167,078**
Additions	11,578	13	16	**11,607**
Disposals	(1,615)	-	-	**(1,615)**
Reclassifications	3,313	-	-	**3,313**
Depreciation charge	(5,481)	-	(3)	**(5,484)**
Exchange differences	5,790	377	2	**6,169**
Closing net book amount as at 31 March 2013	**170,014**	**11,016**	**39**	**181,068**
At 31 March 2013				
Cost or valuation	170,014	11,016	62	**181,092**
Accumulated depreciation	-	-	(24)	**(24)**
Net book amount	**170,014**	**11,016**	**39**	**181,068**

Aircraft were pledged to the banks as collateral for borrowings. Carrying amounts of pledged aircraft as at 31 March 2013 and 31 December 2012:

	31 March 2013		31 December 2012	
	USD	**LTL**	**USD**	**LTL**
Aircraft	18,998	51,264	21,944	58,578
	18,998	**51,264**	**21,944**	**58,578**

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

10 Prepayments for property, plant and equipment

	31 March 2013		31 December 2012	
	USD	**LTL**	**USD**	**LTL**
Prepayments for aircraft	-	-	550	1,433
	-	**-**	**550**	**1,433**

11 Inventories

	31 March 2013		31 December 2012	
	USD	**LTL**	**USD**	**LTL**
Aircraft components	1,247	3,366	2,541	6,623
	1,247	**3,366**	**2,541**	**6,623**

12 Trade and other receivables

	31 March 2013		31 December 2012	
	USD	**LTL**	**USD**	**LTL**
Trade receivables from third parties	12,193	32,900	10,083	26,277
Less: provision for impairment of trade receivables	-	-	-	-
Trade receivables from third parties – net	**12,193**	**32,900**	**10,083**	**26,277**
Receivables from related parties	1,421	3,834	3,294	8,374
Less: provision for impairment of trade receivables from related parties	(1,045)	(2,820)	(1,048)	(2,522)
Receivables from related parties - net	**376**	**1,014**	**2,246**	**5,852**
Loans granted to related parties (weighted average interest rate 5,61%)	**2,959**	**7,985**	**3,034**	**7,907**
Other receivables	28	75	183	479
Less: provision for impairment of other receivables	(28)	(75)	(29)	(76)
Other receivables - net	**-**	**-**	**154**	**403**
Prepayments	**47**	**126**	**94**	**246**
VAT receivables	**582**	**1,571**	**1,028**	**2,678**
	16,157	**43,596**	**16,639**	**43,363**
Non-current portion :	(3,077)	(8,302)	(2,305)	(6,008)
Current portion :	**13,080**	**35,294**	**14,334**	**37,355**

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

13 Cash and cash equivalents

Cash and cash equivalents are dominated in following currencies:

	31 March 2013		31 December 2012	
	USD	**LTL**	**USD**	**LTL**
USD	5,234	14,125	6,687	17,427
EUR	1,027	2,771	1,183	3,083
LTL	149	402	211	550
Total cash and cash equivalents	**6,410**	**17,298**	**8,081**	**21,060**

14 Share capital

Share capital

As at 31 March 2013 and 31 December 2012 the share capital of the Company and the Group amounted to LTL 29,447,807 (USD 12,232 thousand) and consists of 29,447,807 ordinary registered shares with a nominal value of LTL 1 each.

Dividends

In 2012 declared dividends were paid on 31 January 2013.

15 Borrowings

	31 March 2013		31 December 2012	
	USD	**LTL**	**USD**	**LTL**
Non-current				
Bank borrowings	20,331	54,861	21,427	55,838
Finance lease liabilities	15,477	41,764	13,413	34,957
	35,808	**96,625**	**34,840**	**90,795**
Current				
Bank borrowings	12,204	32,931	13,807	35,980
Finance lease liabilities	2,576	6,951	2,198	5,728
	14,780	**39,882**	**16,005**	**41,708**
Total borrowings	**50,588**	**136,507**	**50,845**	**132,503**

Bank borrowings mature in 2013 - 2015. Borrowings are secured by the aircraft and guarantees provided by related parties.

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

15 Borrowings (continued)

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

	31 March 2013	31 December 2012
Bank borrowings	6,17%	5,67%
Finance lease liabilities	7,82	8,08%

According to loan agreements with one bank signed in 2012, the Group should maintain certain Debt / EBITDA ratio and the Company should maintain certain Capital ratio (Equity / Assets).

16 Trade and other payables and advances received

	31 March 2013		31 December 2012	
	USD	**LTL**	**USD**	**LTL**
Trade and other payables – financial liabilities				
Trade payables	29	79	198	515
Trade payables to related parties	1,349	3,639	1,033	2,661
Salaries and social security payable, including vacation accrual	100	270	103	270
Accruals	20	55	26	98
Dividends payable	-	-	1,972	5,140
	1,498	**4,043**	**3,332**	**8,684**
Trade and other payables – non-financial liabilities				
Other payables	-	-	**600**	**1,562**
	-	**-**	**600**	**1,562**
Total trade and other payables	**1,498**	**4,043**	**3,932**	**10,246**

17 Security deposits received

	31 March 2013		31 December 2012	
	USD	**LTL**	**USD**	**LTL**
Security deposits at nominal value	13,150	35,484	13,150	34,269
Less: discounting effect	(1,645)	(4,439)	(1,630)	(4,249)
Security deposits	**11,505**	**31,045**	**11,520**	**30,020**

Average rates used for security deposits discounting are as follows: 2013: 8%; 2012: 7.50%.

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

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

18 Commitments and contingencies

Capital commitments

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

	31 March 2013		31 December 2012	
	USD	**LTL**	**USD**	**LTL**
Aircraft	-	-	3,188	8,307
	-	**-**	**3,188**	**8,307**

As at 31 December 2012 commitments of the Group related to the acquisition of aircraft.

19 Related party transactions

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions.

Related parties included as follows:

- Ultimate parent– ŽIA Valda AB;
- Parent – ŽIA Valda Cyprus Leasing Ltd.;
- Other related parties – other shareholders of the Company, subsidiaries and other related parties of ŽIA Valda AB, associates and jointly controlled entities of the Group; key management of the Group and entities controlled or jointly controlled by key management personnel or their close relatives.

All major transactions and outstanding balances with other related parties relate to associate group of companies of ŽIA Valda AB.

Transactions with related parties:

	3 months ended 31 March			
		2013		**2012**
	USD	**LTL**	**USD**	**LTL**
Sales of services to:				
Other related parties	666	1,742	1,009	2,632
Purchases of assets from:				
Other related parties	577	1,507	-	-
Purchases of services from:				
Other related parties	306	804	288	746
Total purchases of assets and services	**883**	**2,311**	**288**	**746**

19 Related party transactions (continued)

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

Trade and other receivables from related parties

	31 March 2013		31 December 2012	
	USD	**LTL**	**USD**	**LTL**
Other related parties	1,424	3,536	3,294	8,374
Trade and other receivables at nominal value	1,424	3,536	3,294	8,374
Less: provision for impairment of receivables from other related parties	(1,048)	(2,522)	(1,048)	(2,522)
	376	**1,014**	**2,246**	**5,852**

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

Trade receivables do not include receivables from Small Planet Airlines UAB and Small Planet Airlines Sp. zo.o., as the companies were sold to their management and as at 31 March, 2013 were not related parties.

Payables to and prepayments from related parties

	31 March 2013		31 December 2012	
	USD	**LTL**	**USD**	**LTL**
Ultimate parent	-	-	4	10
Parent	-	-	1,179	3,072
Other related parties	1,349	3,639	1,822	4,719
Total payables to and prepayments from related parties	**1,349**	**3,639**	**3,005**	**7,801**

Payables as at 31 March 2013 consist of payables for services and assets purchased. As at 31 December 2012, payables consist of dividends payable for the amount of USD 1,972 (LTL 5,140) thousand to shareholders. Dividends were paid on 31 January 2013.

Loans granted to other related parties

	31 March 2013		31 December 2012	
	USD	**LTL**	**USD**	**LTL**
Beginning of the period	**3,034**	**7,907**	**435**	**1,162**
Loans advanced during the period as monetary transactions	29	77	1,887	5,070
Loans advanced during the period by transferring trade receivables to loans	-	-	1,248	3,354
Loan repayments received as monetary transactions	(132)	(356)	(581)	(1,561)
Interest charged	40	109	66	178
Interest received	(9)	(24)	(18)	(48)
Exchange rate differences	(3)	272	(3)	(248)
End of the period	**2,959**	**7,985**	**3,034**	**7,907**

As at 31 March 2013, all loans granted to related parties are denominated in USD and weighted average effective interest rate of these loans is 4.2 per cent. The repayments are scheduled in 2013-2014.

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

19 Related party transactions (continued)

Guarantees from related parties

As at 31 March 2013 Dangiruva AB had guarantees granted in the amount of USD 15,288 (LTL 41,253) to the bank on behalf of the Group for the credits granted to the Group which expire in 2014 - 2015.

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

MANAGEMENT CONFIRMATION OF THE CONSOLIDATE INTERIM FINANCIAL INFORMATION

We, Tadas Goberis, General Manager of *AviaAM Leasing AB*, and Laima Gruzdienė, Chief Financier of *AviaAM Leasing AB*, hereby confirm that, to the best of our knowledge, the unaudited Consolidated Interim Financial Information for the three month period ended 31 March 2013 of *AviaAM Leasing AB* is prepared in accordance with International Financial Reporting Standards as adopted by the European Union and 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

Chief Financier
Laima Gruzdienė

23 May 2013