

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2013
UNAUDITED

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

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CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	Note	October – December				January – December			
		2013		2012		2013		2012	
		USD	LTL	USD	LTL	USD	LTL	USD	LTL
Revenue	3	151,098	392,465	19,260	51,412	177,532	461,796	60,242	161,853
Interest income on loans		151	390	21	62	325	847	72	200
Depreciation and amortisation		(2,478)	(6,299)	(1,621)	(4,303)	(9,292)	(24,170)	(7,594)	(20,403)
Costs of aircraft sold		(126,805)	(329,840)	(8,752)	(23,408)	(127,074)	(330,545)	(21,399)	(57,492)
Revaluation of aircraft		(4,563)	(11,869)	(1,779)	(4,780)	(4,563)	(11,869)	(1,779)	(4,780)
Costs of services		(15)	(23)	-	-	(760)	(1,977)	-	-
Aircraft maintenance expenses		(2,680)	(6,891)	(504)	(1,333)	(6,436)	(16,742)	(3,083)	(8,284)
Employee-related expenses	4	(232)	(594)	(169)	(451)	(739)	(1,923)	(598)	(1,607)
Other operating expenses	5	(893)	(2,301)	(349)	(932)	(1,938)	(5,042)	(1,022)	(2,745)
Other gain (losses) net		8,363	21,756	3,095	8,312	8,348	21,714	2,218	5,951
Operating profit		21,946	56,794	9,202	24,579	35,403	92,089	27,057	72,693
Finance income	6	722	1,852	(119)	(332)	1,988	5,172	1,157	3,107
Finance costs	6	(2,575)	(6,632)	(912)	(2,414)	(5,753)	(14,967)	(5,138)	(13,802)
Finance costs – net		(1,853)	(4,780)	(1,031)	(2,746)	(3,765)	(9,795)	(3,981)	(10,695)
Profit (loss) before income tax		20,093	52,014	8,171	21,833	31,638	82,294	23,076	61,998
Income tax	7	(3,014)	(7,802)	(1,237)	(3,305)	(4,746)	(12,344)	(3,473)	(9,330)
Profit (loss) for the period		17,079	44,212	6,934	18,528	26,892	69,950	19,603	52,668
Other comprehensive income									
Gain (loss) on revaluation of aircraft		(9,790)	(25,741)	7,557	19,694	(9,790)	(25,741)	7,557	19,694
Deferred income tax on revaluation of aircraft		1,468	3,684	(1,133)	(2,953)	1,468	3,684	(1,133)	(2,953)
Currency translation differences on translation to presentation currency		-	(3,359)	-	(1,193)	-	(7,710)	-	(1,137)
Total other comprehensive income		(8,322)	(25,416)	6,424	15,548	(8,322)	(29,767)	6,424	15,604
Total comprehensive income		8,757	18,796	13,358	34,076	18,570	40,183	26,027	68,272
Basic and diluted earnings per share (USD/LTL)	8	0.39	1.02	0.24	0.63	0.62	0.16	0.67	1.79

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CONSOLIDATED INTERIM BALANCE SHEETS

	Note	31 December 2013		31 December 2012	
		USD	LTL	USD	LTL
ASSETS					
Non-current assets					
Property, plant and equipment	9	42,769	107,341	64,113	167,078
Prepayments for property, plant and equipment		-	-	550	1,433
Intangible assets		2	5	1	1
Investments in associates and jointly controlled entities		-	-	20	52
Trade and other receivables	11	10,118	25,395	2,305	6,008
		52,889	132,741	66,989	174,572
Current assets					
Inventory	10	2,547	6,393	2,541	6,623
Trade and other receivables	11	30,357	76,190	14,334	37,355
Prepaid income tax		553	1,388	15	37
Cash and cash equivalents	12	43,953	110,314	8,081	21,060
		77,410	194,285	24,971	65,075
Total assets		130,299	327,026	91,960	239,647
EQUITY					
Equity attributable to the Group's equity shareholders					
Share capital	13	16,804	43,306	12,232	29,448
Share premium		27,972	72,088	-	-
Legal reserve		1,131	2,947	1,131	2,947
Revaluation reserve		3,873	9,722	12,195	31,779
Cumulative translation reserve		-	(8,362)	-	(652)
Retained earnings		23,934	65,310	(2,958)	(4,640)
Total equity		73,714	185,011	22,600	58,882
LIABILITIES					
Non-current liabilities					
Borrowings	14	27,821	69,826	34,840	90,795
Security deposits received	16	4,464	11,203	11,520	30,020
Deferred income tax liabilities		2,739	6,875	1,467	3,823
		35,024	87,904	47,827	124,638
Current liabilities					
Borrowings	14	4,297	10,785	16,005	41,708
Trade and other payables	15	6,468	16,229	3,932	10,246
Security deposits received	16	3,875	9,727	-	-
Advances received		4,270	10,717	-	-
Current income tax liabilities		2,651	6,653	1,596	4,173
		21,561	54,111	21,533	56,127
Total liabilities		56,585	142,015	69,360	180,765
Total equity and liabilities		130,299	327,026	91,960	239,647

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CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

USD	Note	Share capital	Share premium	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							
Revaluation of aircraft		-	-	-	(9,790)	-	(9,790)
Deferred income tax on revaluation of aircraft		-	-	-	1,468	-	1,468
Other comprehensive income (loss)		-	-	-	(8,322)	-	(8,322)
Profit for the period		-	-	-	-	26,892	26,892
Total comprehensive income		-	-	-	(8,322)	26,892	18,570
Transactions with owners							
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		-	-	-	-	-	-
Total transactions with owners		4,572	27,972	-	-	-	32,544
Balance at 31 December 2013		16,804	27,972	1,131	3,873	23,934	73,714

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CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

LTL	Note	Share capital	Share premium	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								
Revaluation of aircraft		-	-	-	(25,741)	-	-	(25,741)
Deferred income tax on revaluation of aircraft		-	-	-	3,684	-	-	3,684
Currency translation differences		-	-	-	-	(7,710)	-	(7,710)
Other comprehensive income (loss)		-	-	-	(22,057)	(7,710)	-	(29,767)
Profit for the period		-	-	-	-	-	69,950	73,266
Total comprehensive income		-	-	-	(22,057)	(7,710)	69,950	40,183
Transactions with owners								
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		-	-	-	-	-	-	-
Total transactions with owners		13,858	72,088	-	-	-	-	85,946
Balance at 31 December 2013		43,306	72,088	2,947	9,722	(8,362)	65,310	185,011

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CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

	Note	12 months ended 31 December			
		2013		2012	
		USD	LTL	USD	LTL
Operating activities					
Profit (loss) before income tax		31,638	82,294	23,076	61,977
<i>Adjustments for:</i>					
Depreciation and amortisation		9,292	24,170	7,594	20,403
Discounting effect		714	1,858	177	477
Finance costs – net		4,424	11,508	3,703	9,950
Change in fair value of fixed assets		4,563	11,869	1,779	4,780
Profit / Loss from sale of fixed assets		(7,815)	(20,329)	(989)	(2,657)
<i>Changes in working capital:</i>					
Trade and other receivables		(12,598)	(32,767)	(8,191)	(21,987)
Trade and other payables		6,470	16,829	(2,564)	(6,890)
Security deposits and advances received		4,310	11,211	(5,500)	(14,777)
Inventory		97	251	2,243	6,025
Cash generated from operations		41,095	106,894	21,328	57,301
Interest paid		(3,574)	(9,296)	(3,671)	(9,863)
Income tax paid		(1,171)	(3,046)	(145)	(388)
<u>Net cash generated from operating activities</u>		36,350	94,552	17,512	47,050
Investing activities					
Purchase of property, plant and equipment and intangible assets		(4,954)	(12,886)	(9,087)	(24,415)
Prepayments for property plant and equipment		-	-	-	-
Sale of property, plant and equipment and intangible assets		11,791	30,670	1,150	3,090
Loans granted		(56,807)	(147,766)	(1,887)	(5,069)
Loans repaid		40,706	105,885	581	1,561
Interest received		55	144	21	56
<u>Net cash used in investing activities</u>		(9,209)	(23,953)	(9,222)	(24,777)
Financing activities					
Proceeds from issuance of ordinary shares		32,702	85,064	-	-
Dividends paid		(2,007)	(5,221)	-	-
Repayment of borrowings		(19,268)	(50,119)	(12,019)	(32,293)
Lease (finance lease) payments		(2,696)	(7,013)	(1,835)	(4,930)
<u>Net cash generated from (used in) financing activities</u>		8,731	22,711	(13,854)	(37,223)
Increase in cash and cash equivalents		35,872	93,310	(5,564)	(14,950)
Movement in cash and cash equivalents					
At the beginning of year		8,081	21,060	13,646	36,426
Increase in cash and cash equivalents		35,872	93,310	(5,565)	(14,950)
Foreign translation differences		-	(4,056)	-	(416)
At the end of the period	12	43,953	110,314	8,081	21,060

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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 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
Linas Dovydėnas	441,717	1.02
Aurimas Sanikovas	294,478	0.68
Gediminas Žiemelis	162,962	0.38
Tadas Goberis	147,239	0.34
ING Otworthy Fundusz Emerytalny (Open pension fund)	5,000,000	11.54
Other shareholders	9,280,717	21.43
Total	43,305,593	100.00

The shareholders' 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.

On 28 June 2013 the Company completed an Initial Public Offering (the "IPO") in Warsaw Stock Exchange by issuing 13,857,790 new shares and selling 160,964 existing shares owned by Mr. Gediminas Žiemelis.

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 December 2013 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:

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The Group's companies	Country of establishment	Share of equity, %		Date of acquiring (establishment) / activity / address of establishment
		As at 31 December 2013	As at 31 December 2012	
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
AviaAM B08 Ltd.	Bermuda	100*	-	Date of establishment: 26 April 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM11, Bermuda
AviaAM B09 Ltd.	Bermuda	100*	-	Date of establishment: 27 June 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
Ice Aircraft Management Ltd.	Bermuda	100*	-	Date of establishment: 23 October 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
Boulevard Two Aircraft Ltd.	Ireland	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.

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2 Accounting policies

Basis of preparation

The consolidated interim financial information for the twelve month period ended 31 December 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.

Critical accounting estimates - Fair value

Aircraft are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made at the end of each annual reporting period. The market value of the aircraft is obtained from reports prepared by external valuers holding a recognised and appropriate professional qualification in valuation of similar category assets. The fair value measurement of aircraft is performed at each annual reporting date.

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

3 Revenue

	12 months ended 31 December			
	USD	LTL	USD	LTL
Lease revenue	22,324	58,069	21,360	57,387
Supplemental maintenance rent	6,635	17,258	9,985	26,828
Sales of aircraft	139,931	363,990	28,897	77,638
Commission income	7,233	18,815	-	-
Other income	1,409	3,664	-	-
	177,532	461,796	60,242	161,853

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):

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3 Revenue (continued)

	12 months ended 31 December			
	2013		2012	
	USD	LTL	USD	LTL
Lease, sale and aircraft transaction management customers				
Customer F	145,733	379,082	-	-
Customer B	11,527	29,985	9,243	24,833
Customer A	11,287	29,359	35,136	94,400
Customer D	3,576	9,302	3,576	9,608
Customer C	3,551	9,237	5,612	15,078
Other customers	449	1,167	6,675	17,934
	176,123	458,132	60,242	161,853

Country	12 months ended 31 December			
	2013		2012	
	USD	LTL	USD	LTL
Russia	11,775	30,628	9,605	25,806
Kazakhstan	11,287	29,359	35,136	94,400
Tajikistan	3,576	9,302	3,576	9,608
Lithuania	2,328	6,056	4,504	12,102
Italy	1,424	3,704	988	2,654
Ireland	21,733	56,533	-	-
Bermuda	124,000	322,550	2,500	6,717
British Virgin Islands	-	-	3,800	10,209
Estonia	-	-	133	357
	176,123	458,132	60,242	161,853

4 Employee related expenses

	12 months ended 31 December			
	2013		2012	
	USD	LTL	USD	LTL
Salaries	530	1,378	436	1171
Social insurance expenses	209	545	162	436
	739	1,923	598	1,607

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5 Other operating expenses

	12 months ended 31 December			
	2013		2012	
	USD	LTL	USD	LTL
Legal and translation expenses	538	1,399	188	506
Insurance expenses	360	935	250	673
Management services	222	579	102	275
Marketing expenses	186	483	149	402
Travelling expenses	158	410	86	230
Representation expenses	96	251	56	152
Audit and accounting expenses	53	137	46	125
Other administrative expenses	325	848	145	382
	1,938	5,042	1,022	2,745

6 Finance costs – net

	12 months ended 31 December			
	2013		2012	
	USD	LTL	USD	LTL
Interest income on cash and cash equivalents	34	89	5	13
Discounting of security deposits received	275	715	546	1,467
Unwinding of discount of non-current receivables and loans from related parties	153	398	328	881
Other finance income	168	438	-	-
Foreign exchange gain on financing activities	1,358	3,532	278	746
Finance income	1,988	5,172	1,157	3,107
Interest expenses	(3,574)	(9,296)	(3,671)	(9,863)
Foreign exchange loss on financing activities	(1,508)	(3,922)	(411)	(1,104)
Unwinding of discount of security deposits received	(617)	(1,606)	(1,052)	(2,823)
Other finance costs	(54)	(143)	(4)	(12)
Finance costs	(5,753)	(14,967)	(5,138)	(13,802)
Finance costs – net	(3,765)	(9,795)	(3,981)	(10,695)

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 (2012: 15% rate).

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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.

	October - December				January - December			
	2013		2012		2013		2012	
	USD	LTL	USD	LTL	USD	LTL	USD	LTL
Net profit (loss) attributable to shareholders	17,079	44,212	6,934	18,528	26,892	69,950	19,603	52,668
Weighted average number of ordinary shares issued	43,306		29,448		43,306		29,448	
Basic earnings (loss) per share (USD/LTL)	0.39	1.02	0.24	0.63	0.62	0.16	0.67	1.79

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

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
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	9,146	400	212	9,758
Disposals	(7,081)	(264)	-	(7,345)
Reclassifications	1,093	(1,195)	-	(102)
Depreciation charge	(9,292)	-	(11)	(9,303)
Revaluation surplus	1,162	373	-	1,535
Revaluation loss	(15,167)	(720)	-	(15,887)
Closing net book amount as at 31 December 2013	39,888	2,671	210	42,769

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9 Property, plant and equipment (continued)

USD	Aircraft	Aircraft under preparation for use	Other tangible fixed assets	Total
At 31 December 2013				
Cost or valuation	39,888	2,671	230	42,789
Accumulated depreciation	-	-	(20)	(20)
Net book amount	39,888	2,671	210	42,769
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	54,036	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	-	27,198
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	23,791	1,040	551	25,382
Disposals	(18,419)	(687)	-	(19,106)
Reclassifications	2,843	(3,108)	-	(265)
Depreciation charge	(24,170)	-	(29)	(24,199)
Revaluation surplus	3,023	970	-	3,993
Revaluation loss	(39,452)	(1,873)	-	(41,325)
Exchange differences	(3,935)	(264)	(19)	(4,217)
Closing net book amount as at 31 December 2013	100,110	6,704	527	107,341
At 31 December 2013				
Cost or valuation	100,110	6,704	577	107,391
Accumulated depreciation	-	-	(50)	(50)
Net book amount	100,110	6,704	527	107,341

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9 Property, plant and equipment (continued)

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

	31 December 2013		31 December 2012	
	USD	LTL	USD	LTL
Aircraft	8,797	22,079	21,944	58,578
	8,797	22,079	21,944	58,578

10 Inventories

	31 December 2013		31 December 2012	
	USD	LTL	USD	LTL
Aircraft	667	1,674	-	-
Aircraft components	1,880	4,719	2,541	6,623
	2,547	6,393	2,541	6,623

11 Trade and other receivables

	31 December 2013		31 December 2012	
	USD	LTL	USD	LTL
Trade receivables from third parties	13,840	34,738	10,083	26,277
Less: provision for impairment of trade receivables	-	-	-	-
Trade receivables from third parties – net	13,840	34,738	10,083	26,277
Receivables from related parties	1,048	2,630	3,294	8,374
Less: provision for impairment of trade receivables from related parties	(1,048)	(2,630)	(1,048)	(2,522)
Receivables from related parties - net	0	0	2,246	5,852
Loans granted to related parties	11,695	29,352	3,034	7,907
Loans granted to third parties	7,695	19,312	-	-
Other receivables	190	474	183	479
Less: provision for impairment of other receivables	(29)	(70)	(29)	(76)
Other receivables - net	161	404	154	403
Prepayments	6,336	15,902	94	246
Tax receivables	748	1,877	1,028	2,678
	40,475	101,585	16,639	43,363
Non-current portion :	(10,118)	(25,395)	(2,305)	(6,008)
Current portion :	30,357	76,190	14,334	37,355

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12 Cash and cash equivalents

Cash and cash equivalents are dominated in following currencies:

	31 December 2013		31 December 2012	
	USD	LTL	USD	LTL
USD	42,221	105,967	6,687	17,427
EUR	131	329	1,183	3,083
LTL	1,601	4,018	211	550
Total cash and cash equivalents	43,953	110,314	8,081	21,060

13 Share capital

Share capital

As at 31 December 2013 the share capital of the Company and the Group amounted to LTL 43,305,593 (USD 29,448 thousand) and consisted of 43,305,593 ordinary registered shares with a nominal value of LTL 1 each.

Dividends

In 2012 declared dividends were paid on 31 January 2013.

14 Borrowings

	31 December 2013		31 December 2012	
	USD	LTL	USD	LTL
Non-current				
Bank borrowings	14,270	35,816	21,427	55,838
Finance lease liabilities	13,551	34,010	13,413	34,957
	27,821	69,826	34,840	90,795
Current				
Bank borrowings	1,696	4,257	13,807	35,980
Finance lease liabilities	2,601	6,528	2,198	5,728
	4,297	10,785	16,005	41,708
Total borrowings	32,118	80,611	50,845	132,503

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

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14 Borrowings (continued)

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

	31 December 2013	31 December 2012
Bank borrowings	6,96%	5,67%
Finance lease liabilities	7,76%	8,08%

15 Trade and other payables and advances received

	31 December 2013		31 December 2012	
	USD	LTL	USD	LTL
Trade and other payables – financial liabilities				
Trade payables	1,273	3,191	198	515
Trade payables to related parties	1,561	3,919	1,033	2,661
Salaries and social security payable, including vacation accrual	169	424	103	270
Accruals	3,465	8,695	26	98
Dividends payable	-	-	1,972	5,140
	6,468	16,229	3,332	8,684
Trade and other payables – non-financial liabilities				
Other payables	-	-	600	1,562
	-	-	600	1,562
Total trade and other payables	6,468	16,229	3,932	10,246
Advance payments received – non-financial liabilities				
Advance payments from customers related to acquisition of aircraft	4,270	10,717	-	-
	4,270	10,717	-	-

16 Security deposits received

	31 December 2013		31 December 2012	
	USD	LTL	USD	LTL
Security deposits repayable after one year at nominal value	5,380	13,503	13,150	34,269
Less: discounting effect	(916)	(2,300)	(1,630)	(4,249)
Security deposits repayable after one year	4,464	11,203	11,520	30,020
Security deposits repayable within one year	3,875	9,727	-	-
Security deposits	8,339	20,930	-	-

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

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16 Security deposits received (continued)

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 December 2013		31 December 2012	
	USD	LTL	USD	LTL
Aircraft	15,800	39,655	3,188	8,307
	15,800	39,655	11,520	30,020

As at 31 December 2013 non cancellable commitments of the Group related to acquisition of aircraft.

18 Related party transactions

Related parties of the Company and the Group include entities having significant influence over the Company and 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:

Transactions with related parties:

	12 months ended 31 December			
	2013		2012	
	USD	LTL	USD	LTL
Sales of goods and services to:				
Other related parties	347	903	7,529	20,229
Purchases of assets from:				
Other related parties	801	2,100	900	2,345
Purchases of services from:				
Other related parties	2,466	6,415	1,135	3,050
Total purchases of assets and services	3,267	8,515	2,035	5,395

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18 Related party transactions (continued)

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

Trade receivables from related parties

	31 December 2013		31 December 2012	
	USD	LTL	USD	LTL
Other related parties	1,048	2,630	3,294	8,374
Trade and other receivables at nominal value	1,048	2,630	3,294	8,374
Less: provision for impairment of receivables from other related parties	(1,048)	(2,630)	(1,048)	(2,522)
	-	-	2,246	5,852

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

Sales of services for the twelve months ended 31 December 2013 and trade receivables as at 31 December 2013 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 December 2013 were not related parties to the Company and the Group.

Payables to and prepayments from related parties

	31 December 2013		31 December 2012	
	USD	LTL	USD	LTL
Entities having significant influence	-	-	1,183	3,082
Other related parties	1,561	3,919	1,822	4,719
Total payables to and prepayments from related parties	1,561	3,919	3,005	7,801

Payables as at 31 December 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 thousand (LTL 5,140 thousand) to shareholders. Dividends were paid on 31 January 2013.

Loans granted to related parties

	31 December 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	40,827	106,199	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	(32,360)	(84,175)	(581)	(1,561)
Loan repayments received as non-monetary transactions	(22)	(57)	-	-
Interest charged	325	845	66	178
Interest received	(85)	(221)	(18)	(48)
Exchange rate differences	(24)	(1,146)	(3)	(248)
End of the period	11,695	29,352	3,034	7,907

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19 Events after the balance sheet date

In January 2014 the Group acquired one Boeing 737-700 aircraft with lease attached pursuant to the commercial arrangement regarding the purchase of the subject aircraft which was entered in September 2013. The attached lease is scheduled to expire in February 2014.

In January 2014 the Group entered into the Letter of Intent in respect to purchase of one Boeing 737-800 aircraft.

In January 2014 the Group leased one Boeing 737-300 aircraft pursuant to the lease agreement entered in December 2013.

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MANAGEMENT CONFIRMATION OF THE CONSOLIDATE INTERIM FINANCIAL INFORMATION

We, Justinas Gilys, Acting 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 twelve month period ended 31 December 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.

Acting General Manager
Justinas Gilys



Chief Financier
Laima Gruzdienė



14 February 2014