

**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2013**  
**UNAUDITED**

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**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2013**

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

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**AVIAAM LEASING AB**  
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**CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**

	Note	July – September				January – September			
		2013		2012		2013		2012	
		USD	LTL	USD	LTL	USD	LTL	USD	LTL
<b>Revenue</b>	3	10,952	28,602	12,308	34,147	26,434	69,331	40,982	110,441
Interest income on loans		77	201	24	65	174	457	51	138
Depreciation and amortisation		(2,461)	(6,420)	(862)	(2,501)	(6,814)	(17,871)	(5,973)	(16,100)
Costs of aircraft sold		(5)	(11)	(2,028)	(5,830)	(269)	(705)	(12,647)	(34,084)
Costs of services		(745)	(1,954)	-	-	(745)	(1,954)	-	-
Aircraft maintenance expenses		(1,428)	(3,726)	(1,280)	(3,494)	(3,756)	(9,851)	(2,579)	(6,951)
Employee-related expenses	4	(176)	(457)	(140)	(387)	(507)	(1,329)	(429)	(1,156)
Other operating expenses	5	(408)	(1,066)	(163)	(456)	(1,045)	(2,741)	(673)	(1,813)
Other gain (losses) net		(204)	(538)	(1,789)	(4,787)	(15)	(42)	(877)	(2,361)
<b>Operating profit</b>		<b>5,602</b>	<b>14,631</b>	<b>6,070</b>	<b>16,757</b>	<b>13,457</b>	<b>35,295</b>	<b>17,855</b>	<b>48,114</b>
Finance income	6	837	2,192	290	817	1,266	3,320	1,276	3,439
Finance costs	6	(128)	(311)	(1,318)	(3,650)	(3,178)	(8,335)	(4,226)	(11,388)
<b>Finance costs – net</b>		<b>709</b>	<b>1,881</b>	<b>(1,028)</b>	<b>(2,833)</b>	<b>(1,912)</b>	<b>(5,015)</b>	<b>(2,950)</b>	<b>(7,949)</b>
<b>Profit (loss) before income tax</b>		<b>6,311</b>	<b>16,512</b>	<b>5,042</b>	<b>13,924</b>	<b>11,545</b>	<b>30,280</b>	<b>14,905</b>	<b>40,165</b>
Income tax	7	(947)	(2,477)	(757)	(2,089)	(1,732)	(4,542)	(2,236)	(6,025)
<b>Profit (loss) for the period</b>		<b>5,364</b>	<b>14,035</b>	<b>4,285</b>	<b>11,835</b>	<b>9,813</b>	<b>25,738</b>	<b>12,669</b>	<b>34,140</b>
<b>Other comprehensive income</b>									
Currency translation differences on translation to presentation currency		-	(5,719)	-	(634)	-	(4,351)	-	56
<b>Total other comprehensive income</b>		<b>-</b>	<b>(5,719)</b>	<b>-</b>	<b>(634)</b>	<b>-</b>	<b>(4,351)</b>	<b>-</b>	<b>56</b>
<b>Total comprehensive income</b>		<b>5,364</b>	<b>8,316</b>	<b>4,285</b>	<b>11,201</b>	<b>9,813</b>	<b>21,387</b>	<b>12,669</b>	<b>34,196</b>
Basic and diluted earnings per share (USD/LTL)	8	0.12	0.19	0.15	0.38	0.23	0.49	0.43	1.16

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**CONSOLIDATED INTERIM BALANCE SHEETS**

	Note	30 September 2013		31 December 2012	
		USD	LTL	USD	LTL
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	66,258	169,541	64,113	167,078
Prepayments for property, plant and equipment		-	-	550	1,433
Intangible assets		2	6	1	1
Investments in associates and jointly controlled entities		-	-	20	52
Trade and other receivables	11	3,557	9,100	2,305	6,008
		<b>69,817</b>	<b>178,647</b>	<b>66,989</b>	<b>174,572</b>
<b>Current assets</b>					
Inventory	10	9,896	25,324	2,541	6,623
Trade and other receivables	11	15,516	39,701	14,334	37,355
Prepayments for inventory		27,104	69,355	-	-
Prepaid income tax		131	336	15	37
Cash and cash equivalents	12	46,202	118,222	8,081	21,060
		<b>98,849</b>	<b>252,938</b>	<b>24,971</b>	<b>65,075</b>
<b>Total assets</b>		<b>168,666</b>	<b>431,585</b>	<b>91,960</b>	<b>239,647</b>
<b>EQUITY</b>					
<b>Equity attributable to the Group's equity shareholders</b>					
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		12,195	31,779	12,195	31,779
Cumulative translation reserve		-	(5,003)	-	(652)
Retained earnings		6,855	21,098	(2,958)	(4,640)
<b>Total equity</b>		<b>64,957</b>	<b>166,215</b>	<b>22,600</b>	<b>58,882</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	14	32,157	82,282	34,840	90,795
Security deposits received	16	11,811	30,223	11,520	30,020
Deferred income tax liabilities		3,223	8,246	1,467	3,823
		<b>47,191</b>	<b>120,751</b>	<b>47,827</b>	<b>124,638</b>
<b>Current liabilities</b>					
Borrowings	14	11,449	29,296	16,005	41,708
Trade and other payables	15	6,054	15,491	3,932	10,246
Advances received		37,960	97,132	-	-
Current income tax liabilities		1,055	2,700	1,596	4,173
		<b>56,518</b>	<b>144,619</b>	<b>21,533</b>	<b>56,127</b>
<b>Total liabilities</b>		<b>103,709</b>	<b>265,370</b>	<b>69,360</b>	<b>180,765</b>
<b>Total equity and liabilities</b>		<b>168,666</b>	<b>431,585</b>	<b>91,960</b>	<b>239,647</b>

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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
<b>Balance at 1 January 2012</b>		<b>12,232</b>	<b>-</b>	<b>-</b>	<b>5,771</b>	<b>(19,457)</b>	<b>(1,454)</b>
<b>Comprehensive income</b>							
Revaluation of aircraft		-	-	-	7,557	-	7,557
Deferred income tax on revaluation of aircraft		-	-	-	(1,133)	-	(1,133)
<b>Other comprehensive income (loss)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6,424</b>	<b>-</b>	<b>6,424</b>
Profit for the year		-	-	-	-	19,603	19,603
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6,424</b>	<b>19,603</b>	<b>26,027</b>
<b>Transactions with owners</b>							
Transfer to reserves		-	-	1,131	-	(1,131)	-
Dividends		-	-	-	-	(1,972)	(1,972)
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>1,131</b>	<b>-</b>	<b>(3,103)</b>	<b>(1,972)</b>
<b>Balance at 31 December 2012/ 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>							
Profit for the period		-	-	-	-	9,813	9,813
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,813</b>	<b>9,813</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 30 September 2013</b>		<b>16,804</b>	<b>27,972</b>	<b>1,131</b>	<b>12,195</b>	<b>6,855</b>	<b>64,957</b>

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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
<b>Balance at 1 January 2012</b>		<b>29,448</b>	-	-	15,405	485	(49,220)	(3,882)
<b>Comprehensive income</b>								
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)
<b>Other comprehensive income (loss)</b>		-	-	-	<b>16,741</b>	<b>(1,137)</b>	-	<b>15,604</b>
Profit for the year		-	-	-	-	-	52,668	52,668
<b>Total comprehensive income</b>		-	-	-	<b>16,741</b>	<b>(1,137)</b>	<b>52,668</b>	<b>68,272</b>
<b>Transactions with owners</b>								
Transfer to reserves		-	-	2,947	-	-	(2,947)	-
Dividends		-	-	-	-	-	(5,140)	(5,140)
Currency translation differences		-	-	-	(367)	-	(1)	(368)
<b>Total transactions with owners</b>		-	-	<b>2,947</b>	<b>(367)</b>	-	<b>(8,088)</b>	<b>(5,508)</b>
<b>Balance at 31 December 2012/ 1 January 2013</b>		<b>29,448</b>	-	<b>2,947</b>	<b>31,779</b>	<b>(652)</b>	<b>(4,640)</b>	<b>58,882</b>
<b>Comprehensive income</b>								
Currency translation differences		-	-	-	-	(4,351)	-	(4,351)
<b>Other comprehensive income (loss)</b>		-	-	-	-	<b>(4,351)</b>	-	<b>(4,351)</b>
Profit for the period		-	-	-	-	-	25,738	25,738
<b>Total comprehensive income</b>		-	-	-	-	<b>(4,351)</b>	<b>25,738</b>	<b>21,387</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		-	-	-	-	-	-	-
<b>Total transactions with owners</b>		<b>13,858</b>	<b>72,088</b>	-	-	-	-	<b>85,946</b>
<b>Balance at 30 September 2013</b>		<b>43,306</b>	<b>72,088</b>	<b>2,947</b>	<b>31,779</b>	<b>(5,003)</b>	<b>21,098</b>	<b>166,215</b>

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**CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW**

	Note	9 months ended 30 September			
		2013		2012	
		USD	LTL	USD	LTL
<b>Operating activities</b>					
Profit (loss) before income tax		11,545	30,280	14,905	40,165
<i>Adjustments for:</i>					
Depreciation and amortisation		6,814	17,871	5,973	16,100
Discounting effect		282	739	66	178
Finance costs – net		3,549	9,307	2,415	6,508
Profit / Loss from sale of fixed assets		549	1,440	(876)	(2,361)
<i>Changes in working capital:</i>					
Trade and other receivables		(2,545)	(6,672)	(8,573)	(23,103)
Trade and other payables		(2,203)	(5,777)	(2,310)	(6,225)
Security deposits and advances received		38,320	100,506	(3,605)	(9,715)
Prepayments		(27,104)	(71,089)	-	-
Inventory		(3,608)	(9,462)	3,152	8,494
<b>Cash generated from operations</b>		<b>25,599</b>	<b>67,143</b>	<b>11,147</b>	<b>30,041</b>
Interest paid		(2,329)	(6,109)	(2,622)	(7,066)
Income tax paid		(658)	(1,727)	(97)	(261)
<b><u>Net cash generated from operating activities</u></b>		<b>22,612</b>	<b>59,307</b>	<b>8,428</b>	<b>22,714</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment and intangible assets		(4,561)	(11,964)	(3,453)	(9,305)
Prepayments for property plant and equipment		-	-	-	-
Sale of property, plant and equipment and intangible assets		91	237	-	-
Loans granted		(1,741)	(4,567)	(752)	(2,027)
Loans repaid		1,502	3,939	98	264
<b><u>Net cash used in investing activities</u></b>		<b>(4,709)</b>	<b>(12,355)</b>	<b>(4,107)</b>	<b>(11,068)</b>
<b>Financing activities</b>					
Proceeds from issuance of ordinary shares		32,702	85,770	-	-
Dividends paid		(2,007)	(5,264)	-	-
Repayment of borrowings		(8,429)	(22,106)	(5,033)	(13,563)
Lease (finance lease) payments		(2,048)	(5,370)	(4,393)	(11,839)
<b><u>Net cash generated from (used in) financing activities</u></b>		<b>20,218</b>	<b>53,030</b>	<b>(9,426)</b>	<b>(25,402)</b>
<b>Increase in cash and cash equivalents</b>		<b>38,121</b>	<b>99,982</b>	<b>(5,105)</b>	<b>(13,756)</b>
<b>Movement in cash and cash equivalents</b>					
At the beginning of the period		8,081	21,060	13,646	36,426
Increase in cash and cash equivalents		38,121	99,982	(5,105)	(13,756)
Foreign translation differences		-	(2,820)	-	211
<b>At the end of the period</b>	12	<b>46,202</b>	<b>118,222</b>	<b>8,541</b>	<b>22,881</b>

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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 30 September 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
<b>Total</b>	<b>43,305,593</b>	<b>100.00</b>

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
<b>Total</b>	<b>29,447,803</b>	<b>100.00</b>

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 30 September 2013 the Group owned 20 aircraft: 4 Boeing 737-300, 7 Boeing 737-500, 1 Boeing 757-200 and 8 Bombardier CRJ200 aircraft. 17 aircraft were leased out under operating lease contracts and 3 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.



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**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, %		Date of acquiring (establishment) / activity / address of establishment
		As at 30 September 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*	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

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

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**2 Accounting policies**

The consolidated interim financial information for the nine month period ended 30 September 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 nine month period ended 30 September 2013 is not audited. Financial Statements for the year ended 31 December 2012 were audited by external auditor PricewaterhouseCoopers UAB.

**3 Revenue**

	<b>9 months ended 30 September</b>			
	<b>USD</b>	<b>LTL</b>	<b>USD</b>	<b>LTL</b>
Lease revenue	16,823	44,125	16,016	43,162
Supplemental maintenance rent	5,062	13,276	7,758	20,906
Sales of aircraft	1,431	3,754	16,895	45,531
Commission income	2,878	7,550	-	-
Other income	240	626	313	842
	<b>26,434</b>	<b>69,331</b>	<b>40,982</b>	<b>110,441</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):

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**3 Revenue (continued)**

	9 months ended 30 September			
	2013		2012	
Lease, sale and aircraft transaction management customers	USD	LTL	USD	LTL
Customer A	8,869	23,260	23,047	62,110
Customer B	8,484	22,252	6,680	18,001
Customer C	3,081	8,080	4,126	11,118
Customer F	2,878	7,550	-	-
Customer D	2,682	7,034	2,682	7,228
Customer E	-	-	3,800	10,241
Other customers	200	529	334	901
	<b>26,194</b>	<b>68,705</b>	<b>40,669</b>	<b>109,599</b>

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

Country	9 months ended 30 September			
	2013		2012	
	USD	LTL	USD	LTL
Kazakhstan	8,869	23,260	23,047	62,110
Russia	8,483	22,253	7,014	18,902
Ireland	2,878	7,550	-	-
Lithuania	2,162	5,670	3,993	10,760
Italy	1,120	2,938	-	-
Estonia	-	-	133	358
British Virgin Islands	-	-	3,800	10,241
	<b>26,194</b>	<b>68,705</b>	<b>40,669</b>	<b>109,599</b>

**4 Employee related expenses**

	9 months ended 30 September			
	2013		2012	
	USD	LTL	USD	LTL
Salaries	380	998	327	881
Social insurance expenses	127	331	102	275
	<b>507</b>	<b>1,329</b>	<b>429</b>	<b>1,156</b>

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**5 Other operating expenses**

	<b>9 months ended 30 September</b>			
	<b>2013</b>		<b>2012</b>	
	<b>USD</b>	<b>LTL</b>	<b>USD</b>	<b>LTL</b>
Management services	166	435	75	203
Legal and translation expenses	294	771	131	352
Insurance expenses	63	164	13	34
Marketing expenses	132	346	113	306
Travelling expenses	110	288	52	139
Representation expenses	72	189	43	116
Audit and accounting expenses	24	62	17	47
Other administrative expenses	184	486	229	616
	<b>1,045</b>	<b>2,741</b>	<b>673</b>	<b>1,813</b>

**6 Finance costs – net**

	<b>9 months ended 30 September</b>			
	<b>2013</b>		<b>2012</b>	
	<b>USD</b>	<b>LTL</b>	<b>USD</b>	<b>LTL</b>
Interest income on cash and cash equivalents	34	89	4	9
Discounting of security deposits received	160	419	604	1,629
Unwinding of discount of non-current receivables and loans from related parties	129	339	96	259
Other finance income	176	462	-	-
Foreign exchange gain on financing activities	767	2,011	572	1,542
<b>Finance income</b>	<b>1,266</b>	<b>3,320</b>	<b>1,276</b>	<b>3,439</b>
Interest expenses	(2,329)	(6,109)	(2,622)	(7,066)
Foreign exchange loss on financing activities	(144)	(378)	(824)	(2,219)
Unwinding of discount of security deposits received	(569)	(1,492)	(780)	(2,103)
Other finance costs	(136)	(356)	-	-
<b>Finance costs</b>	<b>(3,178)</b>	<b>(8,335)</b>	<b>(4,226)</b>	<b>(11,388)</b>
<b>Finance costs – net</b>	<b>(1,912)</b>	<b>(5,015)</b>	<b>(2,950)</b>	<b>(7,949)</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 (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.

	July - September				January – September			
	2013		2012		2013		2012	
	USD	LTL	USD	LTL	USD	LTL	USD	LTL
Net profit (loss) attributable to shareholders	5,364	8,316	4,285	11,201	9,813	21,387	12,669	34,196
Weighted average number of ordinary shares issued	43,306		29,448		43,306		29,448	
Basic earnings (loss) per share (USD/LTL)	<b>0.12</b>	<b>0.19</b>	<b>0.15</b>	<b>0.38</b>	<b>0.23</b>	<b>0.49</b>	<b>0.43</b>	<b>1.16</b>

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		Other	Total
	Aircraft	under preparation for use	tangible fixed assets	
<b>Opening net book amount as at 1 January 2012</b>	<b>47,926</b>	-	5	<b>47,931</b>
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)
<b>Closing net book amount as at 31 December 2012</b>	<b>60,027</b>	<b>4,077</b>	9	<b>64,113</b>
<b>At 31 December 2012</b>				
Cost or valuation	60,027	4,077	17	64,121
Accumulated depreciation	-	-	(8)	(8)
<b>Net book amount</b>	<b>60,027</b>	<b>4,077</b>	9	<b>64,113</b>
<b>Opening net book amount as at 1 January 2013</b>	<b>60,027</b>	<b>4,077</b>	9	<b>64,113</b>
Additions	4,795	3,700	88	8,583
Disposals	(620)	(264)	-	(884)
Reclassifications	3,715	(2,448)	-	1,267
Depreciation charge	(6,814)	-	(7)	(6,821)
<b>Closing net book amount as at 30 September 2013</b>	<b>61,103</b>	<b>5,065</b>	90	<b>66,258</b>

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

USD	Aircraft	Aircraft under preparation for use	Other tangible fixed assets	Total
<b>At 30 September 2013</b>				
Cost or valuation	61,103	5,501	105	66,709
Accumulated depreciation	-	(436)	(15)	(451)
<b>Net book amount</b>	<b>61,103</b>	<b>5,065</b>	<b>90</b>	<b>66,258</b>
<b>LTL</b>				
	Aircraft	Aircraft under preparation for use	Other tangible fixed assets	Total
<b>Opening net book amount as at 1 January 2012</b>				
	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)
<b>Closing net book amount as at 31 December 2012</b>	<b>156,428</b>	<b>10,626</b>	<b>24</b>	<b>167,078</b>
<b>At 31 December 2012</b>				
Cost or valuation	156,429	10,626	45	167,100
Accumulated depreciation	-	-	(21)	(21)
<b>Net book amount</b>	<b>156,429</b>	<b>10,626</b>	<b>24</b>	<b>167,078</b>
<b>Opening net book amount as at 1 January 2013</b>				
	156,429	10,626	24	167,078
Additions	12,577	9,704	230	22,511
Disposals	(1,625)	(692)	-	(2,317)
Reclassifications	9,743	(6,422)	-	3,321
Depreciation charge	(17,871)	-	(17)	(17,888)
Exchange differences	(2,903)	(256)	(6)	(3,165)
<b>Closing net book amount as at 30 September 2013</b>	<b>156,350</b>	<b>12,960</b>	<b>231</b>	<b>169,541</b>
<b>At 30 September 2013</b>				
Cost or valuation	156,350	12,960	269	169,579
Accumulated depreciation	-	-	(38)	(38)
<b>Net book amount</b>	<b>156,350</b>	<b>12,960</b>	<b>231</b>	<b>169,541</b>

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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 30 September 2013 and 31 December 2012:

	30 September 2013		31 December 2012	
	USD	LTL	USD	LTL
Aircraft	17,824	45,608	21,944	58,578
	<b>17,824</b>	<b>45,608</b>	<b>21,944</b>	<b>58,578</b>

**10 Inventories**

	30 September 2013		31 December 2012	
	USD	LTL	USD	LTL
Aircraft	8,400	21,495	-	-
Aircraft components	1,496	3,829	2,541	6,623
	<b>9,896</b>	<b>25,324</b>	<b>2,541</b>	<b>6,623</b>

**11 Trade and other receivables**

	30 September 2013		31 December 2012	
	USD	LTL	USD	LTL
Trade receivables from third parties	14,684	37,572	10,083	26,277
Less: provision for impairment of trade receivables	-	-	-	-
<b>Trade receivables from third parties – net</b>	<b>14,684</b>	<b>37,572</b>	<b>10,083</b>	<b>26,277</b>
Receivables from related parties	1,048	2,682	3,294	8,374
Less: provision for impairment of trade receivables from related parties	(1,048)	(2,682)	(1,048)	(2,522)
<b>Receivables from related parties - net</b>	<b>-</b>	<b>-</b>	<b>2,246</b>	<b>5,852</b>
<b>Loans granted to related parties</b>	<b>3,399</b>	<b>8,697</b>	<b>3,034</b>	<b>7,907</b>
<b>Loans granted to third parties</b>	<b>24</b>	<b>62</b>	<b>-</b>	<b>-</b>
Other receivables	187	478	183	479
Less: provision for impairment of other receivables	(28)	(72)	(29)	(76)
<b>Other receivables - net</b>	<b>159</b>	<b>406</b>	<b>154</b>	<b>403</b>
<b>Prepayments</b>	<b>65</b>	<b>166</b>	<b>94</b>	<b>246</b>
<b>VAT receivables</b>	<b>742</b>	<b>1,898</b>	<b>1,028</b>	<b>2,678</b>
	<b>19,073</b>	<b>48,801</b>	<b>16,639</b>	<b>43,363</b>
Non-current portion :	(3,557)	(9,100)	(2,305)	(6,008)
<b>Current portion :</b>	<b>15,516</b>	<b>39,701</b>	<b>14,334</b>	<b>37,355</b>

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**12 Cash and cash equivalents**

Cash and cash equivalents are dominated in following currencies:

	30 September 2013		31 December 2012	
	USD	LTL	USD	LTL
USD	45,995	117,693	6,687	17,427
EUR	103	263	1,183	3,083
LTL	104	266	211	550
PLN	-	-	-	-
<b>Total cash and cash equivalents</b>	<b>46,202</b>	<b>118,222</b>	<b>8,081</b>	<b>21,060</b>

**13 Share capital**

**Share capital**

As at 30 September 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**

	30 September 2013		31 December 2012	
	USD	LTL	USD	LTL
<b>Non-current</b>				
Bank borrowings	17,941	45,907	21,427	55,838
Finance lease liabilities	14,216	36,375	13,413	34,957
	<b>32,157</b>	<b>82,282</b>	<b>34,840</b>	<b>90,795</b>
<b>Current</b>				
Bank borrowings	8,864	22,682	13,807	35,980
Finance lease liabilities	2,585	6,614	2,198	5,728
	<b>11,449</b>	<b>29,296</b>	<b>16,005</b>	<b>41,708</b>
<b>Total borrowings</b>	<b>43,606</b>	<b>111,578</b>	<b>50,845</b>	<b>132,503</b>

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



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**14 Borrowings (continued)**

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

	30 September 2013	31 December 2012
Bank borrowings	6,29%	5,67%
Finance lease liabilities	7,78%	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).

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

	30 September 2013		31 December 2012	
	USD	LTL	USD	LTL
<b>Trade and other payables – financial liabilities</b>				
Trade payables	5,186	13,269	198	515
Trade payables to related parties	721	1,846	1,033	2,661
Salaries and social security payable, including vacation accrual	127	325	103	270
Accruals	20	51	26	98
Dividends payable	-	-	1,972	5,140
	<b>6,054</b>	<b>15,491</b>	<b>3,332</b>	<b>8,684</b>
<b>Trade and other payables – non-financial liabilities</b>				
Other payables	-	-	600	1,562
	<b>-</b>	<b>-</b>	<b>600</b>	<b>1,562</b>
<b>Total trade and other payables</b>	<b>6,054</b>	<b>15,491</b>	<b>3,932</b>	<b>10,246</b>
<b>Advance payments received – non-financial liabilities</b>				
Advance payments from customers related to acquisition of aircraft	37,950	97,106	-	-
Other advances received	10	26	-	-
	<b>37,960</b>	<b>97,132</b>	<b>-</b>	<b>-</b>

**16 Security deposits received**

	30 September 2013		31 December 2012	
	USD	LTL	USD	LTL
Security deposits at nominal value	13,160	33,675	13,150	34,269
Less: discounting effect	(1,349)	(3,452)	(1,630)	(4,249)
<b>Security deposits</b>	<b>11,811</b>	<b>30,223</b>	<b>11,520</b>	<b>30,020</b>

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:

	30 September 2013		31 December 2012	
	USD	LTL	USD	LTL
Aircraft	83,750	214,300	3,188	8,307
	<b>83,750</b>	<b>214,300</b>	<b>11,520</b>	<b>30,020</b>

As at 30 September 2013 non cancellable commitments of the Group related to acquisition of aircraft.

**18 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:**

	9 months ended 30 September			
	USD	LTL	USD	LTL
<b>Sales of services to:</b>				
Other related parties	164	430	6,209	16,511
<b>Purchases of assets from:</b>				
Other related parties	801	2,101	900	2,345
<b>Purchases of services from:</b>				
Other related parties	1,168	3,063	330	878
<b>Total purchases of assets and services</b>	<b>1,969</b>	<b>5,164</b>	<b>1,230</b>	<b>3,223</b>

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**18 Related party transactions (continued)**

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

**Trade and other receivables from related parties**

	30 September 2013		31 December 2012	
	USD	LTL	USD	LTL
Other related parties	1,048	2,682	3,294	8,374
Trade and other receivables at nominal value	1,048	2,682	3,294	8,374
Less: provision for impairment of receivables from other related parties	(1,048)	(2,682)	(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 six months ended 30 September 2013 and trade receivables as at 30 September 2013 do not include receivables from Small Planet Airlines UAB and Small Planet Airlines Sp. z o.o., as the companies were sold to their management and as at 30 September 2013 were not related parties to the Company and the Group.

**Payables to and prepayments from related parties**

	30 September 2013		31 December 2012	
	USD	LTL	USD	LTL
Ultimate parent	-	-	4	10
Parent	-	-	1,179	3,072
Other related parties	721	1,846	1,822	4,719
Total payables to and prepayments from related parties	721	1,846	3,005	7,801

Payables as at 30 September 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**

	30 September 2013		31 December 2012	
	USD	LTL	USD	LTL
<b>Beginning of the period</b>	<b>3,034</b>	<b>7,907</b>	<b>435</b>	<b>1,162</b>
Loans advanced during the period as monetary transactions	766	2,009	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	(445)	(1,204)	(581)	(1,561)
Interest charged	110	289	66	178
Interest received	(66)	(173)	(18)	(48)
Exchange rate differences	-	(131)	(3)	(248)
<b>End of the period</b>	<b>3,399</b>	<b>8,697</b>	<b>3,034</b>	<b>7,907</b>

As at 30 September 2013 the weighted average effective interest rate of loans granted to related parties was 4.2 per cent. The repayments are scheduled in 2013-2014.

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**18 Related party transactions (continued)**

**Guarantees from related parties**

As at 30 September 2013 Dangiruva AB had guarantees granted in the amount of USD 10,705 (LTL 27,392) to the banks on behalf of the Group for the credits granted to the Group which expire in 2014 - 2015.

**19 Events after the balance sheet date**

On 9th October 2013 the Group entered into the purchase agreement in respect to one Boeing 737-800 aircraft. The Group entered into the subsequent sale agreement in respect to this aircraft in the same month.

On 14th October 2013 the Group entered into the sale agreement in respect to one Boeing 737-800 aircraft, the purchase agreement of which was entered in September 2013.

On 21st October 2013 the Group entered into the agreement with the Italian operator to extend the lease of one Boeing 737-300 aircraft for another 12 months. The original lease was scheduled to expire on 31st October 2013.

On 24th October 2013 lease of one Boeing 737-300 aircraft expired and the aircraft was redelivered to the possession of the Group. In the same month the Group entered into the Letter of Intent with the major Belorussian airline regarding the lease of the subject aircraft, which is scheduled to commence in December 2013.

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**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 nine month period ended 30 September 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



15 November 2013