

SEPARATE AND CONSOLIDATED ANNUAL REPORT

Approved by the Board as at 19 April 2011

I. GENERAL INFORMATION

Reporting period Year ended 31 December 2010

Issuer and its contact details

Name of the Issuer	Avia Solutions Group AB (hereinafter – ‘Avia Solutions Group AB’ or ‘the Company’)
Legal form	Public company (joint-stock company)
Date of registration	31 August 2010
Name of Register of Legal Entities	State Enterprise Centre of Registers
Code of enterprise	302541648
Registered office	Smolensko St 10, LT-03201 Vilnius, Lithuania
Telephone number	+370 5 252 5500
Fax number	+370 5 252 5501
Internet address	www.aviasg.com

Main activities

Avia Solutions Group AB is a holding company together with its subsidiaries (hereinafter collectively – the ‘Group’) engaged in delivering our clients integrated solutions in aviation related services.

The Group operates are into four business segments:

- Aircraft Maintenance, Repair and Overhaul (MRO);
- Aircraft Ground Handling and Fuelling;
- Charter Operations;
- Pilot and Crew Training.

Aircraft Maintenance, Repair and Overhaul (MRO)

Activities in our MRO business segment are conducted by FL Technics UAB (“FL Technics”) and include: aircraft base and line maintenance, component maintenance, engineering services, spare parts and consumable sales, technical training, consulting, engine maintenance management and other related aircraft maintenance services. In 2010 the Group decided to enter business jet maintenance market and initiated certification of FL Technics Jets UAB for Hawker 700-900XP family was completed on 15 April 2011.

Base maintenance

FL Technics occupies 2 aircraft maintenance hangars together with administrative, warehouse and backshop facilities in Vilnius International Airport – 13,742 sq. meters in total. The hangars are comprised of total 5 airframe maintenance bays. Utilizing these hangars and the nearby premises FL Technics provides base maintenance services, including: aircraft base maintenance checks, structure inspection and structure repairs, routine maintenance, technical defect rectification, interior refurbishment, minor / major modifications (avionics, airframe), engine replacement, landing gear replacement and non-destructive testing.

Line maintenance

Line maintenance is defined as maintenance that is carried out before each flight to ensure that the aircraft is fit for the intended flight and includes: daily service and weekly checks, unscheduled checks, troubleshooting, defect rectification and minor component replacement.

As at 31 December 2010 FL Technics operated nine line stations – three in Kazakhstan, two in Tajikistan, with the remaining four located in UK, Italy, Russia and Vilnius.

Continuing airworthiness management (engineering) services

FL Technics provides comprehensive engineering management services to the aircraft operators, airlines and leasing companies. Basic engineering services provided by FL Technics include: aircraft airworthiness review and renewal, engine condition monitoring, aircraft weighting, flight data read-out, monitoring and analysis and ageing aircraft programmes.

Spare parts and consumable sales

FL Technics provides comprehensive spare parts management services including: planning / provisioning, purchasing, inventory control, asset management, warehousing and distribution of spare parts and consumables. One of the core competences of FL Technics is spare parts logistics based on experience and enhanced with good geographical location of Lithuania.

Technical training and consulting services

FL Technics provides technical training for aviation specialists involved in the maintenance and repair of aircraft, as well as other specialized training programmes and consulting services. The training programmes, which are drawn up in accordance with the requirements of EASA, cover four main areas: basic maintenance training, aircraft type training, specialized aviation training and other consulting services.

Other MRO services

Other services are mainly comprised of component repair and overhaul services. FL Technics is also approved to perform non-destructive testing (eddy current, magnetic particle, dye penetrate and ultrasonic) of airframes and components.

Charter operations

Charter operations segment comprises activities conducted through a group of companies jointly referred to as Small Planet Airlines, namely: Small Planet Airlines UAB ("Small Planet Airlines LT"), Small Planet Airlines Sp. z.o.o. ("Small Planet Airlines PL"), Small Planet Airlines AS ("Small Planet Airlines EE") and Small Planet Airlines S.r.l. ("Small Planet Airlines IT").

Small Planet Airlines is a regional group of charter airlines offering a full range of charter and leisure travel services, including but not limited to:

- Full charter programmes for tour operators;
- Aircraft wet-lease programmes;
- Ad-hoc flights.

As at 31 December 2010 Small Planet Airlines had a fleet of 7 aircraft. All aircraft are leased under operating lease agreements which expire between 2010–2015. One Boeing 757-200 aircraft leased by Small Planet Airlines LT under operating lease contract is subleased to an airline in Kazakhstan for the lease term which expires in the year 2015.

Aircraft Ground Handling and Fuelling

Aircraft ground handling and fuelling services are conducted by two Subsidiaries of the Company, namely: Baltic Ground Services UAB ("Baltic Ground Services LT") and Baltic Ground Services PL Sp. z.o.o. ("Baltic Ground Services PL"). Baltic Ground Services LT and Baltic Ground Services PL are jointly referred to as "Baltic Ground Services".

Baltic Ground Services is a regional group of ground handling companies, which provide full range of aircraft ground handling and fuelling services. As 31 December 2010, Baltic Ground Services activities were concentrated in Vilnius International Airport and conducted through Baltic Ground Services LT. The Polish Subsidiary – Baltic Ground Services PL – was established in April 2010 and was granted the Airport Ground Handling Agent Certificate in August 2010. As at 31 December 2010, Baltic Ground Services PL was in a preparation stage to start ground handling activities in Warsaw International Airport and fuelling activities in Krakow International Airport in the Republic of Poland. The first ground handling client in Warsaw International Airport was served in March 2011.

Pilot and Crew Training

Pilot and crew training operations are carried through Baltic Aviation Academy UAB ("Baltic Aviation Academy") that is one of the leading aviation training organizations in Eastern Europe. Certified as TRTO (Type Rating Training Organization) and FTO (Flight Training Organization) Baltic Aviation Academy is capable to offer courses for pilots and cabin crew at every stage of their careers. Baltic Aviation Academy training headquarters are located in Vilnius, Lithuania. Baltic Aviation Academy occupies 1,329.49 sq. m. training centre. It is an integrated learning complex with modern auditoriums, rest areas, dining rooms and specialized training facilities equipped with Boeing 737-300/-400/-500 Full Flight Simulator (FFS) and Real Fire Fighting and Smoke Trainer.

In addition to the above Boeing 737-300/-400/-500 FFS, Baltic Aviation Academy leases numerous other aircraft type simulators in UK, Spain, France, USA, Sweden, Germany and Russia. The contracted third party simulators allow Baltic Aviation Academy to offer its clients a complete package of Type Rating Training services by combining theoretical training in Vilnius training headquarters and practical FFS training in other locations.

The Company's vision is to be the best partner in aviation related services in the region. By employing professionalism of our employees, taking responsibility and being flexible in finding the best way to improve any situation we enable customers to focus on their core activities. The Group's mission is to create value for shareholders and customers by providing professional and high-quality aviation related services.

As on 31 December 2010, the Group consisted of the parent company, Avia Solutions Group AB, (registered on 31 August 2010, code 302541648, name of the Register of Legal Entities: State Enterprise Center of Registers; address: Smolensko St 10, LT-03201 Vilnius tel.: +370 5 252 5500; fax. +370 5 252 5501; internet address: www.aviasg.com) and its effective subsidiaries:

Name of the company	Date of registration, code, name of Register of Legal Entities	Contact details	Effective holding of the Company (%)
FL Technics AB	22 December 2005, code 300517602, Register of Legal Persons of the Republic of Lithuania	Rodūnios road 2, LT-02189 Vilnius, Lithuania tel. +370 5 252 5015, fax. +370 5 252 5646, www.fltechnics.com	100.00
FL Technics Jets UAB	11 June 2007, code 300869952, Register of Legal Persons of the Republic of Lithuania	Smolensko st. 10, LT-03201 Vilnius, Lithuania tel. +370 5 252 5015, fax. +370 5 252 5646, www.fljets.com	100.00
Baltic Ground Services UAB	11 August 2005, code 300136658, Register of Legal Persons of the Republic of Lithuania	Rodūnios road 6, LT- 02187 Vilnius, Lithuania tel. +370 5 252 55 92, fax. +370 5 252 50 07, www.bgs.aero	100.00
Baltic Ground Services PL Sp. z.o.o.	15 April 2010, code 0000353957, Register of Entrepreneurs of the National Court Register held by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register	17 Stycznia 45 B, 02-146 Warsaw, Poland, tel. +48 22 256 99 00, fax. +48 22 256 99 01, www.bgs.aero	100.00
Baltic Ground Services s.r.l.	Code R.E.A. RM-1287462, Company Registration Number c/o Chamber of Commerce: CCIAA T 76480595	Via Della Scafa 158, Fiumicino, Rome - 00054, Italy, Tel. +390683517845 Fax : +3906650275333, www.bgs.aero	100.00
Baltic Aviation Academy UAB	22 November 2006, code 300618099, Register of Legal Persons of the Republic of Lithuania	Dariaus ir Girėno str. 21, Vilnius, Lithuania tel. +370 5 2525536, fax. +370 5 2525537, www.balticaa.com	100.00
Small Planet Airlines UAB	14 March 2007, code 300659612, Register of Legal Persons of the Republic of Lithuania	Smolensko str. 10, LT- 03201 Vilnius, Lithuania tel. +370 5 252 5660, fax. +370 5 252 5661, www.smallplanet.aero	95.5
Small Planet Airlines AS	5 December 2008, code 11557208, Commercial Register of Estonia	Lennujaama 2, Tallinn 11101, Estonia tel. +372 605 8974, fax. +372 605 8970, www.smallplanet.aero	95.5
Small Planet Airlines Sp. z.o.o.	25 November, code 0000342451, Register of Entrepreneurs of the National Court Register held by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register	17 Stycznia 45 B, 02-146, Warsaw, Poland tel. +48 22 427 9090, +48 22 427 9093, www.smallplanet.aero	95.5
Small Planet Airlines S.r.l.	17 February 2010, code PD-390928, Padova Chamber of Commerce	Padova (PD) Galleria dei Borromeo 3 cap 35137, Italy tel. +390 66502751, fax. +390 6650275333, www.smallplanet.aero	95.5
FLT Trading House UAB	26 May 2010, code 302514409, Register of Legal Persons of the Republic of Lithuania	Žirmūnų g. 139, Vilnius, Lithuania	100.00
Locatory.com UAB	7 December 2010, code 302572273, Register of Legal Persons of the Republic of Lithuania	Smolensko st. 10, LT-03201 Vilnius, Lithuania tel. +370 5 252 5500 fax. +370 5 252 5501, www.locatory.com	100.00

As at 31 December 2010 the Company had no branches.

Data about securities traded on regulated market

On 3 March 2011 shares of the Company were introduced to trading at Warsaw Stock Exchange (code: AVIASG):

Type of shares	Number of shares	Nominal value in LTL	Total nominal value in LTL	ISIN
Ordinary registered shares	5,893,333	1	5,893,333	LT0000128381

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

II. FINANCIAL AND OPERATIONAL INFORMATION

In 2010 Avia Solutions Group AB and its subsidiaries (hereinafter – the Group) achieved a considerably good result in the recovering market that was significantly affected by overall regional downturn. Despite the fact that demand has started recovering only in second half of 2010, revenue of the Group increased by 30% in 2010 as compared to the full year of 2009 up to LTL 304 million and net profit amounted to LTL 17.8 million being more than 3 times larger as compared to 2009.

The result was driven by revenue growth in all sectors with largest revenue growth from external customers in aircraft ground handling and fuelling segment that increased by 432%. The largest gross profitability growth in absolute terms was in aircraft maintenance, repair and overhaul segment that increased by LTL 11 million or 72%. Results were generated primarily as a result of strategic decisions made, operational plans implemented and cost control measures taken.

The Group also focused on obtaining additional licenses and further business development. Key events during 2010 are summarized below:

Date	Operating Segment	Event
May 2010	Charter Operations	Small Planet Airlines Sp. z.o.o. obtains the Air Operator Certificate (AOC)
May 2010	Charter Operations	Small Planet Airlines Sp. z.o.o. obtains the Operating Licence and starts its operation as a certified air carrier in the Republic of Poland
May 2010	Training	Baltic Aviation Academy UAB is granted the authorisation by Lithuanian CAA to use ERJ 145 and CRJ 600 Full Flight Simulators (FFSs) located in France and Germany respectively for its training services
May 2010	Training	Baltic Aviation Academy UAB further expands its TRTO capability list: Embraer 135 & 145 Type Rating Training is added to Type Rating Training capability list
June 2010	Aircraft Ground Handling and Fuelling	Baltic Ground Services UAB obtains the Licence to Engage in Wholesale of Bulk Petroleum Products
June 2010	Aircraft Maintenance, Repair and Overhaul (MRO)	FL Technics AB expands its PART-145 maintenance capabilities with Boeing 737 -600/700/800/900 base maintenance services
July 2010	Training	Baltic Aviation Academy UAB further expands its TRTO capability list: Airbus A320 and Bombardier CRJ 100 are added to Type Rating Training capability list
August 2010	Aircraft Maintenance, Repair and Overhaul (MRO)	FL Technics AB expands its maintenance training capabilities with ATR 42 - 200/300 and ATR 72 -100/200 theoretical training services
August 2010	Training	Baltic Aviation Academy UAB obtains the approval of Kyrgyz Civil Aviation Authorities for its TRTO services
August 2010	Aircraft Maintenance, Repair and Overhaul (MRO)	FL Technics AB purchases second Boeing 737-300 fuselage for part-out
August 2010	Aircraft Ground Handling and Fuelling	Baltic Ground Services PL Sp. z.o.o. obtains Airport Handling Agent Certificate in the Republic of Poland
December 2010	Aircraft Maintenance, Repair and Overhaul (MRO)	Airbus A318/A319/A320/A321 are added to PART M capability list

The major events to the Group's structure during 2010 were as follows:

Date	Operating Segment	Event
February 2010	Charter Operations	Small Planet Airlines S.r.l. is established in Padova (Italy)
April 2010	Aircraft Ground Handling and Fuelling	Baltic Ground Services PL Sp. z.o.o. is established in Warsaw (Poland)
September 2010	All segments	Pre-IPO Reorganisation takes place
November 2010	Aircraft Maintenance, Repair and Overhaul (MRO)	FLT Trading House UAB is acquired
December 2010	Aircraft Maintenance, Repair and Overhaul (MRO)	FL Technics Jets UAB is acquired
December 2010	Aircraft Maintenance, Repair and Overhaul (MRO)	Locatory.com UAB is established in Vilnius, Lithuania
December 2010	Aircraft Ground Handling and Fuelling	Baltic Ground Services IT S.r.l is established in Rome, Italy

The consolidated financial statements of the Group have been prepared according to International Financial Reporting Standards as adopted by the European Union.

Key figures of the Group

Financial figures	2010	2009	Change
Revenue (LTL thousand)	304 263	233 358	30%
Operating profit (LTL thousand)	23 845	8 145	193%
<i>Operating profit margin (%)</i>	7.8%	3.5%	
Profit before income tax (LTL thousand)	20 670	6 335	226%
Profit for the period (LTL thousand)	17 791	4 650	283%
<i>Profit for the period margin (%)</i>	5.8%	2.0%	
Earnings per share (LTL)	4.03	1.01	
Number of shares (thousand)	4 420	-	

Financial ratios	31 December 2010	31 December 2009
Return on equity (ROE) (%)	71%	66%
Gearing ratio (%)	50%	72%
Equity to total assets ratio (%)	22%	10%
Liquidity ratio	1.17	0.85
Number of full-time employees at the end of the period	678	567

Operating figures	2010	2009	Change
Number of SOLD man-hours in base maintenance	168 225	274 123	(38.6)
Number of SOLD man-hours in engineering	34 986	19 066	83.5
Number of SOLD man-hours in maintenance training	5 198	1 194	335.4
Number of line stations at the end of the period	9	6	50.0
Number of aircraft at the end of the period	6	5	20.0
Number of flights	1 552	1 477	5.1
Number of passengers carried (in thousands)	397 129	440 683	(9.9)
ASKs (in million)	1 184	1 269	(6.7)
RPKs (in million)	986	1 017	(3.0)
Number of block hours	10 591	10 851	(2.4)
Number of aircraft served	3 776	3 307	14.2
Number of passengers served	458 429	266 558	72.0
Volume of fuel sold (tonnes)	31 603	24 055	31.4
TRTO - Number of sold theoretical training hours	2 717	808	236.3
TRTO - Number of sold practical training (FFS) hours	6 722	2 398	180.3
Number of SOLD man-hours in base maintenance	168 225	274 123	(38.6)

Revenue

The total consolidated Group's revenue for the year 2010 was LTL 304 million, an increase by 30 per cent over the total revenue of LTL 233 million for the year 2009.

Most significant growth as compared with 2009 was in ground handling and fuelling segment where revenues to external customers increased by LTL 47 million and amounted to LTL 58 million in 2010 as compared to LTL 11 million in 2009. The growth was driven primarily by Jet A-1 fuel sales to airlines in Vilnius International Airport. This activity was started in 2009 and 2010 it reach expected operating volumes in 2010.

Aircraft maintenance segment revenues increase up to LTL 77 million in 2010 as compared with LTL 62 million in 2009 was driven primarily by significant increase in demand for maintenance services in second half of 2010.

Training service segment revenues increased by LTL 8 million by reaching good utilisation simulator located in Vilnius and successful start of utilisation of contracted simulators. Charter segment revenues increased by LTL 1 million as compared to 2009 up to LTL 157 million.

Operating expenses

The most significant increase by LTL 41 million in cost of aircraft fuel was resulted by increase in into-plane fuelling revenues.

Expansion of charter capacity resulted an aircraft and equipment rent expenses to increase by LTL 11 million.

As a result of strict cost control employee related expenses decreased by LTL 1 million despite the fact that number of employees increased from 567 as at 31 December 2009 to 678 as at 31 December 2010.

Rent of premises decreased by LTL 7 million as a result of extended hangar lease contract and release of accruals that has been established to compensate for lower lease rate in the beginning of the lease. By extending the lease term the Group negotiated lower lease rates fixed rates over the lease term and accrual established became unnecessary.

Cost of services resold increased by LTL 6 million primarily as a result of additional engines re-leased and increase in subcontracting work that has been resold to clients.

Despite economic situation in the region the Group managed to decrease the cost of impairment of receivables by LTL 1 million by closer monitoring of financial standing of the clients and tightened credit procedures.

Net financial costs increased by LTL 1.4 million primarily as a result of increase of total borrowing from LTL 24 million as at 31 December 2009 to LTL 35 million as at 31 December 2011.

From 1 January 2010 the profit tax rate in Lithuania was decreased from 20 to 15 per cent.

Balance sheet and cash flow

During 2010 total assets of the Group increased by LTL 43 million or 61% per cent primarily as a result of an increase in current trade and other receivables by LTL 33 million. Increase in trade and other receivables was resulted by increase in receivables by LTL 18 million due to increase in overall revenues and especially in revenues of MRO segment that are received in aviation low season in 65 days on average. In addition prepayments increase by LTL 4 million due to prepayments on jet-fuel and deferred charged increased by LTL 5 million primarily due to engine maintenance performed and insurance coverage expenses that expire in September 2011.

Total liabilities in 2010 increase by LTL 25 million primarily as a result of security deposits received in the amount of LTL 9 million and increase in trade and other payables by LTL 7 million as a result of expansion of operations. In addition borrowing liabilities increase by LTL 11 million primarily due to necessity to finance fuelling operations and acquisition of spare parts pool, acquisition of equipment for expansion of maintenance and fuelling capabilities and placing a deposit for aircraft lease.

Cash flow from operating activities in 2010 was lower by LTL 3 million as compared to 2009. Despite net result of LTL 17.8 million majority of it was used to finance trade and other receivables as mentioned above.

In 2010 the Group spent LTL 7 million in purchase of PPE and intangible assets primarily for acquisition of equipment for expansion of maintenance and fuelling capabilities and new licence in Poland for charter operations.

In 2010 financing activities generated LTL 10 million majority of which was bank borrowings amounting to LTL 8 million and the proceeds from issue of share capital in the amount of LTL 4 million.

Information about related party transactions

Information about related party transactions is provided in Note 32 of the Group's Financial Statements for the year ended 31 December 2010.

Following the International Financial Reporting Standards as adopted by EU, the parties related to the Company are the Company's subsidiaries, companies that are controlled by ŽIA Valda AB and top management of the Company.

Research and development activities

There were no major research and development projects undertaken during 2010, except the ongoing development and improvement of the Company's services and development of spare parts trade platform locatory.com and certification of Small Planet Airline S.r.l. for the receipt of Air Operators Certificate.

Environmental protection

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

Risk management

The main risk factors associated with the activities of the Company are as follows:

- Demand for aviation services;
- Changes in the legal regulation of the Group's activities;
- Competition with other market players;
- Currencies' exchange rates fluctuation.

The Group's and the Company's activities expose it to the following financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk. The Group's Policy for Treasury Management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the Group. The Company's financial risk management is carried out by the CFO and the Management Board. Information about the Company's financial risk management is provided in Note 3 of the Group's Financial Statements for the year ended 31 December 2010.

Significant post balance sheet events

In January 2011 FL Technics receives maintenance organisation approval for Airbus 320 family in line and base maintenance.

On 18 January 2011 Baltic Ground Services signed agreement for the increase of overdraft facility with a bank up to EUR 750 thousand and extension of LTL 1 700 thousand credit facility.

On 18 February 2011 the Company issued additional 1,473,333 ordinary shares with a par value LTL 1 each for issue price of PLN 52. Following the increase of the share capital total number of shares amounts to 5,893,333 with par value LTL 1 each. On 3 March 2011 shares of the Company were introduced to trading at Warsaw Stock Exchange.

In March and April 2011 the Company granted loans to subsidiaries in total amount of LTL 25 625 thousand.

In March 2011 Baltic Ground Services started providing ground services at Warsaw Frederic Chopin airport.

On 18 March the Group has signed Airbus 320 lease agreement. Indemnity under the lease agreement for lease payment to the lessor in the amount of USD 12 million is provided by Small Planet Airlines UAB.

On 13 April 2011 the Company established a subsidiary AviationCV.com UAB. The company is intended to be engaged in offering flight crew lease and consulting services for corporate clients, as well as maintaining an online database for aviation jobseekers AviationCV.com.

On 15 April 2011 FL Technics Jets UAB received maintenance organisation approval for Hawker Beechcraft BAE 125-700/800/750/800XP/850XP/900XP in base and line maintenance services.

Plans and forecasts

In 2011 the Group will strive to increase revenues in all services provided by the Group with the focus on expansion of maintenance facilities, establishing ground handling and fuelling operations in Poland, increasing spare part trading volumes and starting engine management service at full scale. The group will continue aggressive growth and geographical expansion that has been pursued so far.

III. INFORMATION ABOUT SHARE CAPITAL AND SHAREHOLDERS

The authorised capital of the Company as at 31 December 2010 was LTL 4,420,000 and is divided into 4,420,000 ordinary shares with a par value of LTL 1 each. All shares carry equal voting rights.

As at 31 December 2010 there were 6 shareholders in the Company. Shareholders and share capital of the Company as at 31 December 2010 were as follows:

No.	Shareholder	Role in the Company's Management	Number of shares	Percentage owned
1.	ZIA Valda Cyprus Ltd.		1,939,275	43.875%
2.	Harberin Enterprises Limited		1,077,375	24.375%
3.	Indeco: Investment and Development UAB		1,292,850	29.250%
4.	Vytautas Kaikaris	Member of the Management Board	55,250	1.250%
5.	Jonas Butautis	Member of the Management Board	44,200	1.000%
6.	Aurimas Sanikovas	Member of the Management Board	11,050	0.250%
	Total		4,420,000	100.00%

On 18 February 2011 the Company issued additional 1,473,333 ordinary shares with a par value LTL 1 each for issue price of PLN

52. Following the increase of the share capital total number of shares amounts to 5,893,333 with par value LTL 1 each. On 3 March 2011 shares of the Company were introduced to trading at Warsaw Stock Exchange.

IV. PERSONNEL

Number of the Group's employees at the end of the year:

	2010	2009
Number of employees	678	567

The breakdown of the number of employees by company:

Company	31 December 2010	31 December 2009	Change
FL Technics AB	316	274	42
Baltic Ground Services UAB	133	120	13
Small Planet Airlines UAB	115	105	10
Baltic Aviation Academy UAB	42	34	8
Small Planet Airlines AS	28	33	-5
Small Planet Airlines Sp.z.o.o	21	0	21
Avia Solutions Group AB	8	0	8
Baltic Ground Services Sp.z.o.o	7	0	7
Small Planet Airlines s.r.l.	3	1	2
FL Technics Jets UAB	2		2
Baltic Ground Services s.r.l.	1		1
Locatory.com UAB	1		1
FLT Trading House UAB	1	0	1
Total	678	567	111

V. MANAGING BODIES OF THE ISSUER

According to the Articles of Association of AB "Avia Solutions Group", the managing bodies of the Company are General Meeting of Shareholders, the Supervisory Council, the Board and the Head of the Company (the General Manager). The Supervisory Board is responsible for the supervision of activities of the Company and its management bodies. Board is responsible for the strategic management of the Company (including the appointment and removal of the General Manager), whereas the General Manager manages day-to-day operations of the Company and has the exclusive right to represent the Company in relations with third parties.

The decisions of the General Meeting made regarding the matters of competence of the General Meeting, are binding upon the Shareholders, the Supervisory Council, the Board, General Manager and other officials of the Company. The Shareholders of the Company have the right to participate in the General Meeting.

The Supervisory Council is a collegial supervisory body, which is responsible for supervising the activities of the Company and its management bodies, the appointment and removal of the members of the Management Board, submitting its comments and proposals to the General Meeting on the Company's operating strategy, set of annual financial statements, draft of profit/loss appropriation, the annual report of the Company, the activities of the Management Board and the General Manager, submitting proposals to revoke decisions of the General Meeting, Management Board or General Manager, etc. The Supervisory Council consists of five members for a term of four years. Members of the Supervisory Council institutes two committees: Nomination and Remuneration Committee and Audit Committee. Three members of the Supervisory Council comprise Nomination and Remuneration Committee and three members of the Supervisory Council comprise the Audit Committee (currently – 2 members). The Nomination and Remuneration Committee is a collegial body, which is established to assist the Supervisory Council in all matters relating to the appointment of candidates to the Company's Board members, company directors or senior management positions.

The Audit Committee is a collegial body, which is established to observe the integrity of financial information, review internal controls and risk management systems, ensure the effectiveness of internal control functions, make recommendations to the Supervisory Council in relation to the selection of the audit firm, etc.

Members serving on the Board of the Company are acting jointly as a governing body of the Company. The Board approves the operating strategy, the annual report of the Company, the management structure of the Company and the positions of the employees, the positions to which employees are recruited by holding competitions, regulations of branches and representative

offices of the Company, etc. The Board consists of five members. The members of the Board are elected for a term of four years. The Chairman of the Board is elected by the Board from its members for four years. The members of the Board are elected by the Supervisory Council in accordance with the procedure established by the Law on Companies of the Republic of Lithuania.

The Board elects and recalls the General Manager, sets his/her remuneration and other conditions of the employment agreement, approves his/her office regulations, induces and applies penalties to him/her. The General Manager is the Head of the Company. The Head of the Company is a one-man management body of the Company and, within his scope of authority, organizes the day-to-day operation of the Company.

Procedure for amending the Company's Articles of Association

AB "Avia Solutions Group" Articles of Association provides that present Articles of Association of the Company may be amended in the manner prescribed by the Lithuanian Company Law.

The Supervisory Council activities

According to the Articles of Association the Supervisory Council should be comprised of five members. On 23 August 2010, the founder of AB "Avia Solutions Group" elected a Supervisory Board (for four-year term) consisting of the following nominees: Hubert Bojdo, Dawid Sukacz, Michail Ireneusz Bobrowski, Vladas Bagavičius and Džiuginta Balčiūnė. Currently the Supervisory Council is comprised of four members elected for the tenure of four years (Mr. Dawid Sukacz has resigned). The vacant position in the Supervisory Board is left deliberately with an intention that the major Institutional Investors would elect their independent member to the Supervisory Council.

On 25 August 2010, the Supervisory Council elected Mr. Vladas Bagavičius as a Chairman of the Supervisory Council.

During 2010 two meetings of the Supervisory Council were held. The Supervisory Council elected the Chairman of the Supervisory Council, adopted work regulations of the Supervisory Council and elected members of the Board, established the Nomination and Remuneration Committee and the Audit Committee, elected members of each committee and adopted the work regulations of the Nomination and Remuneration Committee and the Audit Committee.

Members of the Supervisory Council

Vladas Bagavičius. Vladas Bagavičius is experienced in legal and management issues. He started his carrier in 1996 as a lawyer in the Central Securities Depository of Lithuania and from 2000 acted as the Head of the Law and Administration Division in the Depository. In 2004, he created his own law firm and acted as an independent attorney-at-law Vladas Bagavičius. In 2007 he cooperated with one of the major law firms in Lithuania Sutkienė, Pilkauskas & Partners (presently, law firm TARK GRUNTE SUTKIENE). Since 2008 Vladas Bagavičius acts as a member of the Management Board in Agrowill Group AB. Vladas Bagavičius graduated from the Vilnius University, Faculty of Law in 1997.

Michal Ireneusz Bobrowski. Michal Ireneusz Bobrowski started his carrier in 2000 as a Corporate Advisor – Finance & Treasury Junior Manager in Accenture (a global management consulting, technology services and outsourcing company in Ruggaland, Ireland) (2000–2002). Afterwards, he acted as the Financial Controller at Reinhold Polska & Sweden (2002–2004) and as Associate Director at Quinlan Private Golub U.K and Poland (2004–2006). Since 2006 until now he also acts as the Regional Director Europe and Russia in C&L AEROSPACE LTD – US & Australian aviation company. Michal Ireneusz Bobrowski obtained an M.A. in Management and Marketing at the Warsaw School of Economics in 2001 and M.A. in Finance Management at the Oxford University in 2002. In 2009 he obtained an MBA degree in the University of Minnesota. Michal Ireneusz Bobrowski is an experienced manager, managing people across Europe and the USA, he has been negotiating and dealing with different countries (Australia, China, USA) and markets chiefly in airline business deals at the value of USD 50 million, involving selling aircraft, supplying spares, financial solutions, reorganisation, M&A projects.

Džiuginta Balčiūnė. Džiuginta Balčiūnė has a considerable legal experience. She gained her professional experience at the law firm Broda-Warnke-Schartner in Berlin (in 2003), in the Chamber of Industry and Commerce in Berlin (in 2005), at the law firm N. Motiejuniene, M. Pukas and Partners (Rödl & Partner UAB) in Vilnius, Lithuania (in 2006) and in the Political Unit of Representation of the European Commission in Berlin (in 2006). Džiuginta Balčiūnė worked as an associate lawyer at the law firm Bernotas and Dominas GLIMSTEDT in Vilnius (2006–2008) and as an associate lawyer at the law firm RAIDLA LEJINS & NORCOUS in Vilnius (2009–10) and since 2010 she works as a lawyer at the law firm of Džiuginta Balčiūnė. Džiuginta Balčiūnė has a special knowledge in mergers and acquisitions, real estate law, bankruptcy and restructuring. Džiuginta Balčiūnė graduated from the Vilnius University, Faculty of Law in 2004 and obtained a Master of German and European Law and Legal Practice (M.L.L.P.) in Humboldt University, Law faculty, in Berlin, Germany.

Hubert Bojdo. Hubert Bojdo started his carrier in 1996 as a Stock Exchange Broker at the Brokerage House of Polish Investment Bank SA (1996 – 1997). He continued in Arthur Andersen Sp. z o.o (1997–2002) as a Manager in the Tax Department and Deloitte Doradztwo Podatkowe Sp. z o.o. (2002–2006) as a Director in charge of the International Taxation Group. In 2006 he became one of the founders of HB & Partners Tax Advisory and until 2009 acted as the Managing Partner. Since 2008 he is acting as a Vice President for Rubicon Partners NFI SA and since 2009 as a Vice President of Rubicon Partners Dom Maklerski SA. In addition, he is

acting as a member of the Supervisory Council of Mirbud SA, IQ Partners SA and Voxel SA. Hubert Bojdo is a former member of the Supervisory Councils of IB System SA, Magna Polonia NFI SA and HPF TFI SA. In 1997 he obtained a Master's degree at the Faculty of Banking and Finance in the Warsaw School of Economics and in 1999 he undertook studies for PhD candidates at the Foreign Trade Faculty in the Warsaw School of Economics. Hubert Bojdo is also a licensed stock exchange broker (since 1995) and a licensed tax advisor (since 2003).

The Audit Committee activities

During the first meeting of the Audit Committee that was held on 3 September, 2010 the Audit Committee discussed and resolved to recommend the General Meeting of AB "Avia Solutions Group" to select "PricewaterhouseCoopers" UAB as the audit firm for carrying out of the audit and financial statements.

Members of the Audit Committee

On 1 September, 2010 the Supervisory Council elected Mr. Hubert Bojdo, Mr. Dawid Sukasz and Mrs. Džiuginta Balčiūnė as members of the Audit Committee. Currently the Audit Committee consists of two members, Mr. Dawid Sukasz has resigned.

Information about Mr. Hubert Bojdo and Mrs. Džiuginta Balčiūnė is presented in paragraphs above.

The Nomination and Remuneration Committee activities

During 2010 no meetings of the Nomination and Remuneration Committee were held.

Members of the Nomination and Remuneration Committee

On 1 September, 2010 the Supervisory Council elected Mr. Michal Ireneusz Bobrowski, Mr. Vladas Bagavičius and Mrs. Džiuginta Balčiūnė as members of the Nomination and Remuneration Committee.

Information about Mr. Michal Ireneusz Bobrowski, Mr. Vladas Bagavičius and Mrs. Džiuginta Balčiūnė is presented in paragraphs above.

The Board Activities

On 25 August 2010, the Supervisory Council elected a Board (for four-year term) consisting of the following nominees: Gediminas Žiemelis, Aurimas Sanikovas, Jonas Butautis, Saulius Batavičius and Vytautas Kaikaris.

On 25 August 2010, the Board elected Mr. Gediminas Žiemelis as Chairman of the Board.

During 2010 sixteen meetings of the Board were held. During all Board meetings in 2010 there was quorum prescribed by legal acts. The Board elected the Chairman of the Board, adopted work regulations of the Board, elected the General Manager, adopted a decision to invest into the legal entities, approved the contract with audit company, the acquisition of a call option, acquisition of the entire issued share capital of another company, the policy and procedures for managing and disclosure of inside information, documentation related to the establishment of subsidiary company, the supplement of the Prospectus, rules regarding the use of trade secret information and the list of trade secrets, the dress code policy of the Company, approved other agreements related to activities of the Company, decided to establish a public limited liability company Locatory.com, suspended the offering of the shares of the Company and later determined the maximum price of newly issued shares of the Company.

Members of the Board as of 25 August 2010

Gediminas Žiemelis. Gediminas Žiemelis has a unique management and advisory experience. In 2008, under the request of the Prime Minister of the Republic of Lithuania he gave practical proposals on anti-crisis actions to be taken. He started his career in 1999 as the assistant manager of the Vindication and Fraud Division in Lietuvos taupomasis bankas, AB (currently, Swedbank, AB), the Department of Problematic Assets and Vindication (1999–2001). He acted as the General Manager of Žvilgsnis iš arčiau UAB (2001–2005) (currently named Creditinfo UAB), which was engaged mainly in debt recovery and credit risk management, the General Manager of ŽIA VALDA AB (2002–2006) and the General Manager of brokerage firm Finhill UAB FMĮ (in 2007). Gediminas Žiemelis is a shareholder and a member of the Management Board in ŽIA VALDA AB and since 2007 he acts as the Manager of the Development Department. Since 2005 Gediminas Žiemelis also acts as the Manager in East Mining Group UAB, since 2006 – as the General Manager of Eastern Agro Holdings UAB. Since 2009 till 2010 Gediminas Žiemelis also acted as a consultant in Avia Solutions Group Holdings AB. Moreover, Gediminas Žiemelis is a member of the Supervisory Board in Agrowill AB since 2010. Gediminas Žiemelis obtained a bachelor's degree at the Faculty of Business Management in the Vilnius Gediminas Technical University, Lithuania in 1999 and a master's degree at the Faculty of Law in the Mykolas Romeris University, Lithuania in 2006. He has also finished the Program for Leadership Development (PLD) in the Harvard Business School, Boston, MA, U.S.: Accelerating the Careers of High-Potential Leaders. Gediminas Žiemelis is also one of the initiators of establishment of the Association of Aviation Companies (www.aia.lt) (in 2009). Mr Gediminas Žiemelis is an indirect shareholder of the Company and has an indirect control through ZIA Valda Cyprus Ltd., has 43.88% shareholding in the Company and the sole shareholder of ZIA Valda Cyprus

Ltd. is ŽIA Valda AB, 84.42% shareholding in which is owned by Mr Gediminas Žiemelis.

Saulius Batavičius. Saulius Batavičius started his carrier as an accountant in 1998 in Šiaulių stumbras AB (1998–2000). He further acted as a production planning team leader in Baltik vairas AB, Lithuanian branch of Panther International (Germany) (2000–2002), as the General Service and Finance Manager in Šiaulių tauro televizoriai UAB (2002–2004), as the Executive Manager in Tevelolna OOO, Kaliningrad (2004–2005), as the Manager in Banga Electronics UAB (2005–2006) and since 2006 he is acting as the director of a subsidiary company UAB “Baltic ground services”. Saulius Batavičius obtained a bachelor’s degree in business administration at the Šiauliai University, Lithuania in 1999. In 2001 Saulius Batavičius obtained a master’s degree in business management at the Klaipėda University, Lithuania, and in 2005 he finished Master studies in International Business Management for managers at the Baltic Management Institute.

Aurimas Sanikovas. Aurimas Sanikovas started his carrier as an audit associate in PricewaterhouseCoopers, Lithuania in 2001. In 2007 his last position held at the company was that of a manager. He performed supervision and execution of audit engagement performed in accordance with the ISA and US GAAS. Aurimas Sanikovas has principal expertise in telecommunications, IT, manufacturing, construction, consumer products and energy sectors. From 2007 till 2010 he acted as the Chief Financial Officer of Avia Solutions Group Holdings AB. Aurimas Sanikovas also acted as a member of the Management Board of Avia Asset Management AB (2008–2009), a member of the Management Board of FL Technics (2008–2010) and a member of the Management Board of Small Planet Airlines Sp.z.o.o. (2009–2010). Since 2009 until present Aurimas Sanikovas acts as a member of the Management Board of Small Planet Airlines AS. He has also acted as the General Manager of Avia Funds Management UAB (currently – UAB “AviaAM Leasing”). Moreover, since 2010 Aurimas Sanikovas is a member of the Supervisory Board of Agrowill Group AB. His main responsibilities at the Group include control of operations of subsidiaries, leading budgeting, reporting, treasury and risk management functions, finance function staffing, fund raising, deal structuring, tax planning and managing resolution of finance related issues. Aurimas Sanikovas obtained his bachelor’s and master’s degrees in economics at the Faculty of Economics, Vilnius University, Lithuania with an exchange term in the University of Copenhagen. Since 2006 Aurimas Sanikovas is a member of the Association of Chartered Certified Accountants (ACCA). Mr Aurimas Sanikovas is a direct shareholder of the Company and has 11,050 shares of AB “Avia Solutions Group” that accounts to almost 0,19 per cent of the share capital.

Jonas Butautis. Jonas Butautis started his carrier in 1998 as an executive partner in Cesim Group (Finland). He acted for this group until 2004 and performed start up and successful development of Cesim Central & Eastern Europe in the areas of consulting and management development, established long-term relationships with key clients in selected target industries: telecommunications, energy, railways, oil, post, banking and performed daily management of the company. In 2001–2003 Jonas Butautis acted as a consultant for the new EU members in the OECD (Organization for Economic Co-operation and Development). He formulated conclusions and suggested future action steps for the Governments to reduce business development obstacles in their respective services industries. Jonas Butautis also acted as a manager for Australia and Asia regions for BTS Group UAB (2003–2008) and as a consultant, Deputy Manager of the Corporate Governance and Control at ŽIA VALDA AB (2008–2009). Since 2009 he also acts as the General Manager of FL Technics. Jonas Butautis obtained a Master of Business Administration in the Vytautas Magnus University (in 2000). In 1999 he undertook International Economics and Marketing Studies in SDA Bocconi, Italy. Mr Jonas Butautis is a direct shareholder of the Company and has 44 200 shares of AB “Avia Solutions Group” that accounts to about 0,75 per cent of the share capital.

Vytautas Kaikaris. Vytautas Kaikaris started his carrier as an auditor in KPMG Baltics in 1999–2000 and as a consultant at PricewaterhouseCoopers in 2000–2003. In the period of 2003–2008 Vytautas Kaikaris worked for Bitė Group and was employed in BITĖ Lietuva in the following positions throughout the period: marketing director, marketing segment manager, executive assistant, CRM project manager. Afterwards Vytautas Kaikaris acted as the Chief Executive Officer at flyLAL – Lithuanian Airlines AB (2008–2009). Since 2009 he is the Chief Executive Officer of Small Planet Airlines UAB. Vytautas Kaikaris also acts as a member of the Management Board of Small Planet Airlines AS, Small Planet Airlines S.r.l. and Small Planet Airlines Sp. z.o.o. Vytautas Kaikaris obtained a bachelor degree in international business in 1999 in the Concordia International University Estonia, Tallinn, Estonia. Since 2006 he has been studying for his master’s degree in business administration at the International School of Management (ISM), Vilnius, Lithuania. He also finished numerous additional courses. In addition, Vytautas Kaikaris is a shareholder of subsidiaries, he owns 4.5 per cent of shares in Small Planet Airlines UAB, Small Planet Airlines AS, Small Planet Airlines Sp. z.o.o. and Small Planet Airlines S.r.l. Also he is a direct shareholder of the Company and owns 55 250 shares of AB “Avia Solutions Group” that accounts to about 0,94 per cent of share capital.

Members of the Company's Administration

Company’s Administration consists of three key executives: the Chief Financial Officer, the Director of Development and the General Manager. All the employees of the Company are directly subordinated and report to the General Manager.

Linas Dovydenas. Linas Dovydenas started his carrier in 1995 in Sanitex UAB, Lithuania. He worked for this company for 7 years and his last two positions held at the company were Key Account Manager and Regional Manager Horeca. From 2002 to 2007 he acted for Philip Morris Baltic States. He held the following positions at the company: Supervisor Key Accounts Baltic States, Manager National Sales Estonia, Manager Customer Development Lithuania and Manager National Sales Lithuania. Linas Dovydenas joined the Group in 2008. He held a position of the Chairman of the Supervisory Board of Small Planet Airlines AS and was a member of the Management Board in FL Technics. He leads the management team in planning, development and implementation strategies to meet agreed organizational plans within agreed budgets and timescales. In 1997 Linas Dovydenas

obtained a bachelor's degree in Business and Business Administration at the Faculty of Economics, Vilnius University, and in 2006 he obtained an executive MBA at the Baltic Management Institute.

Information about Gediminas Žiemelis and Aurimas Sanikovas is presented in paragraphs above.

In 2009, there were no loans, guarantees or sponsorship granted to the members of the Board or Management by the Company as well as none of subsidiaries paid salaries or other payouts to the members of the Board or the employees of the Company for being members of their managing bodies, except the loan taken by Mr Linas Dovydėnas from AB "Avia Solutions Group", which constituted 73,070.00 Lt. plus interest of 1,008.72 Lt. as of 31 December 2010.

All AB "Avia Solutions Group" employment agreements with the employees, including management, of the Company are concluded following requirements of the Labour Code of the Republic of Lithuania. Employees are employed and laid off following requirements of the Labour Code.

Information about the remunerations and other payments by the Group to the members of the Board members and management during 2010:

In LTL thousands (unless otherwise stated)	2010	2009
Remuneration	2 604	2 936
Social insurance expenses	888	949
Bonuses	264	84
Total cost of remuneration for the board members and management	3,756	3 969
The number of key management at the end of year (headcount):	26	18

There were no annual compensation (tantiemes) paid to the management board member or supervisory board member during 2010.

Auditors

Auditors from PricewaterhouseCoopers UAB audited the balance sheet of the Company and together with its consolidated subsidiaries for the years ended 31 December 2008, 2009 and 2010, and the related statement of comprehensive income, statement of changes in equity and statement of cash flows and a summary of significant accounting policies and other explanatory notes for the years then ended. PricewaterhouseCoopers UAB also reviewed financial statements for the 9 month period ended 30 September 2010. Total expense for the year 2010 for audit and review procedures in the Group amounted to LTL 182 thousand (2009: LTL 120 thousand).

VI. INFORMATION ABOUT COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is planning to prepare the disclosure of compliance with the principles and recommendation set by the Governance Code of Warsaw Stock Exchange on or before 30 June 2011.

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, We, Linas Dovydėnas, General Manager of Avia Solutions Group AB, hereby confirm that, to the best of our knowledge, Avia Solutions Group AB Consolidated Annual Report for the year 2010 includes a fair review of the development and performance of the business and the position of the Company and the Group of undertakings in relation to the description of the main risks and contingencies faced thereby.

General Director
Linas Dovydėnas

