

AVIA SOLUTIONS GROUP AB

Consolidated Interim Financial Information
For the Three-Month Period Ended 31 March 2013
(Unaudited)

Beginning of the financial period	1 January 2013
End of reporting period	31 March 2013
Name of the company	Avia Solutions Group, AB (hereinafter “the Company”)
Legal form	public company (joint-stock company)
Date of registration	31 August 2010
Code of enterprise	302541648
Name of Register of Legal Entities	State Enterprise Centre of Registers
Registered office	Smolensko Str. 10, LT-03201 Vilnius, Lithuania
Telephone number	+370 5 252 5500
Fax number	+370 5 252 5501
Internet address	www.AviaSG.com
Main activities of consolidated Group	Aircraft Maintenance, Repair and Overhaul, Aircraft Ground Handling and Fuelling, Pilot and Crew Training.

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AVIA SOLUTIONS GROUP AB
CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

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



CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	January – March	
		2013	2012
Continuing operations			
Revenue		122 678	106 133
Cost of sales	4	(106 636)	(91 950)
Gross profit		16 042	14 183
General and administrative expenses	4	(9 557)	(7 786)
Other income		188	85
Other gains / (losses) – net	5	(616)	528
Operating profit		6 057	7 010
Finance income		7	262
Finance costs		(459)	(501)
Finance costs – net		(452)	(239)
Profit before income tax		5 605	6 771
Income tax expense	6	(517)	(976)
Profit for the period from continuing operations		5 088	5 795
Discontinued operations			
(Loss) for the period from discontinued operations		14 808	(1 976)
Profit for the period		19 896	3 819
Profit (loss) attributable to:			
Equity holders of the parent			
Profit for the period from continuing operations		5 095	5 807
Profit (loss) for the period from discontinued operations		15 040	(1 867)
Profit (loss) for the period attributable to equity holders of the parent		20 135	3 940
Non-controlling interests			
(Loss) for the period from continuing operations		(7)	(12)
(Loss) for the period from discontinued operations		(232)	(109)
(Loss) for the period attributable to non-controlling interests		(239)	(121)
		19 896	3 819

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

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		January – March	
	Note	2013	2012
Other comprehensive income			
Continuing operations			
Net gain (loss) on cash flow hedges		87	-
Deferred income tax		(13)	-
		74	-
Exchange differences on translation of foreign operations		214	(248)
Other comprehensive income (loss) for the period from continuing operations		288	(248)
Discontinued operations			
Exchange differences on translation of foreign operations from discontinued operations		44	(335)
Other comprehensive income (loss) for the period		332	(583)
Total comprehensive income for the period attributable to:			
Equity holders of the parent			
Total comprehensive income (loss) for the period from continuing operations		5 376	5 574
Total comprehensive income (loss) for the period from discontinued operations		15 082	(2 202)
Total comprehensive income (loss) for the period attributable to equity holders of the parent		20 458	3 372
Non-controlling interests			
Total comprehensive income (loss) for the period from continuing operations		-	(27)
Total comprehensive income (loss) for the period from discontinued operations		(230)	(109)
Total comprehensive income (loss) for the period attributable to non-controlling interests		(230)	(136)
		20 228	3 236
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year			
Basic earnings per share			
From continuing operations	8	0.865	0.985
From discontinued operations	8	2.552	(0.317)
From profit (loss) for the year	8	3.417	0.668

CONSOLIDATED BALANCE SHEETS

Non-current assets	Notes	31 March 2013	31 December 2012
ASSETS			
Non-current assets			
Property, plant and equipment	9	66 251	64 920
Intangible assets	9	6 952	6 904
Deferred income tax assets		8 175	7 631
Trade and other receivables	10, 13	3 674	3 690
		85 052	83 145
Current assets			
Inventories		72 789	75 592
Trade and other receivables	10, 13	109 327	93 623
Amount due from customers for contract work		9 569	8 076
Prepaid income tax		874	809
Short-term bank deposit		19	-
Cash and cash equivalents	11	9 754	8 913
		202 332	187 013
Assets of disposal group classified as held for sale	12	-	29 137
Total assets		287 384	299 295
EQUITY			
Equity attributable to the Group's equity shareholders			
Share capital	7	5 893	5 893
Share premium	7	58 770	58 770
Treasury shares	12	(1 169)	-
Legal reserve		160	256
Merger reserve		(1 567)	(2 868)
Fair value reserve		(283)	(357)
Cumulative translations differences		(221)	(397)
Retained earnings		73 175	53 040
		134 758	114 337
Non-controlling interests		(25)	(742)
Total equity		134 733	113 595
LIABILITIES			
Non-current liabilities			
Borrowings		25 348	25 785
Trade and other payables		1 602	1 686
Deferred income tax liabilities	6	369	388
Derivative financial instruments		333	420
		27 652	28 279
Current liabilities			
Borrowings		49 189	47 956
Trade and other payables		66 741	68 383
Advances received		6 100	6 944
Current income tax liabilities		2 694	2 070
Security deposits received		275	279
		124 999	125 632
Total liabilities		152 651	153 911
Liabilities of disposal group classified as held for sale	12	-	31 789
Total equity and liabilities		287 384	299 295

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



CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Group								Non- control- ling interests	Total equity
	Share capital	Share premium	Treasury shares	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings		
Balance at 1 January 2012	5 893	58 770	-	(2 746)	263	-	624	33 531	18	96 353
Comprehensive income						-				
Currency translation difference	-	-	-	-	-	-	(568)	-	(15)	(583)
Profit (loss) for the period	-	-	-	-	-	-	-	3 938	(119)	3 819
Total comprehensive income	-	-	-	-	-	-	(568)	3 938	(134)	3 236
Decrease of non-controlling interests pursuant to the disposal of subsidiary (Note 12) - total transactions with owners	-	-	-	-	-	-	-	-	(385)	(385)
Balance at 31 March 2012	5 893	58 770	-	(2 746)	263	-	56	37 469	(501)	99 204
Balance at 1 January 2013	5 893	58 770	-	(2 868)	256	(357)	(397)	53 040	(742)	113 595
Comprehensive income										
Net gain on cash flow hedge	-	-	-	-	-	74	-	-	-	74
Currency translation difference from continuing operations	-	-	-	-	-	-	207	-	7	214
Currency translation difference from discontinued operations	-	-	-	-	-	-	42	-	2	44
Profit (loss) for the period from continuing operations	-	-	-	-	-	-	-	5 095	(7)	5 088
(Loss) for the period from discontinued operations	-	-	-	-	-	-	-	15 040	(232)	14 808
Total comprehensive income	-	-	-	-	-	74	249	20 135	(230)	20 228
Transactions with owners										
Disposal of interest in subsidiary with loss of control (Note 12)	-	-	(1 169)	1 301	(96)	-	(73)	-	947	910
Total transactions with owners	-	-	(1 169)	1 301	(96)	-	(73)	-	947	910
Balance at 31 March 2013	5 893	58 770	(1 169)	(1 567)	160	(283)	(221)	73 175	(25)	134 733

STATEMENTS OF CASH FLOWS

		January – March	
	Notes	2013	2012
Operating activities			
Profit (loss) for the period		20 134	3 819
Income tax		517	976
<i>Adjustments for:</i>			
Depreciation and amortisation	9	3 295	2 687
Impairment of accounts receivable, inventories	4	395	2
Interest expenses	6	421	456
Accruals of c-check costs, hangar lease payments		(83)	(106)
Interest income		(93)	(127)
Currency translations differences		334	(830)
<i>Changes in working capital:</i>			
- Inventories		2 803	(12 308)
- Trade and other receivables	10	(12 179)	(35 644)
- Trade and other payables, advances received		(3 959)	(25 972)
- Security deposits received		-	126
Cash generated from (used in) operations		5 269	(14 977)
Interest received		182	172
Interest paid		(515)	(520)
Income tax paid		(105)	124
Net cash generated from (used in) operating activities from continuing operations		11 147	(15 201)
Net cash generated from (used in) operating activities from discontinued operations		(6 656)	3 286
Net cash generated from (used in) operating activities		4 491	(11 915)
Investing activities			
Purchase of PPE and intangible assets	9	(2 054)	(3 953)
Proceeds from PPE and intangible assets	9	233	(1 399)
Loans granted		(10)	(4 143)
Repayments of loans granted		2 932	(12 274)
Deposits placed		(13)	-
Repayments of deposits placed		217	-
-Net cash used in investing activities from continuing operations		1 305	5 577
Net cash used in investing activities from discontinued operations		(3 691)	(1 108)
Net cash used in investing activities		(2 386)	4 469
Financing activities			
Bank borrowings received		341	10 703
Repayments of bank borrowings		(892)	(4 075)
Borrowings from related parties received	13	2	-
Repayments of borrowings from related parties	13	-	(1)
Repayments of lease liabilities		(715)	(1 221)
Net cash generated from financing activities from continuing operations		(1 264)	5 406
Net cash generated from financing activities from discontinued operations		-	498
Net cash generated from financing activities		(1 264)	5 904
Increase in cash and cash equivalents		841	(1 542)
At beginning of period	11	8 913	14 821
Increase (decrease) in cash and cash equivalents		841	(1 542)
At end of period	11	9 754	13 279

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Accounting policies

The consolidated interim financial information for the three-month period ended 31 March 2013 (hereinafter *The Consolidated 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 presentation currency is litas. The consolidated financial information is presented in thousands of litas, unless indicated otherwise. The consolidated financial information is prepared under the historical cost convention.

The consolidated interim financial information for the three-month period ended 31 March 2013 is not audited. Financial Statements for the year ended 31 December 2012 were audited by the external auditor *PricewaterhouseCoopers UAB*.

2 Investments in subsidiaries and associates

The consolidated group (hereinafter *the Group*) consists of the Company, its subsidiaries and associates. The subsidiaries and associates are listed below.

The Group's companies	Country of establishment	Operating segment	Share of equity, %			Date of acquiring/establishment and activity
			31-03-2013	31-12-2012	31-03-2012	
AviationCV.com UAB	Lithuania	Pilot and Crew Training	100	100	91	The subsidiary was established in spring of 2011. The company provides aviation personnel solutions.
Baltic Aviation Academy UAB	Lithuania	Pilot and Crew Training	100	100	100	The Group company was established on 22 November 2006. The company provides aircraft crew training services.
Baltic Ground Services UAB	Lithuania	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was acquired on 31 October 2008. The company provides aircraft ground handling and fueling services in Lithuania.
Baltic Ground Services Spz.o.o.	Poland	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was established in spring of 2010. It is a direct subsidiary of Baltic Ground Services UAB. The company provides aircraft ground handling and fueling services in Poland.
Baltic Ground Services s.r.l.	Italy	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was established in winter of 2010. It is a direct subsidiary of Baltic Ground Services UAB. The company provides aircraft ground handling services in Italy.
Baltic Ground Services UA TOV	Ukraine	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was established in summer of 2011. It is a direct subsidiary of Ground Handling CIS UAB. The subsidiary does not conduct active operations.
Ground Handling CIS UAB	Lithuania	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was established in summer of 2011. It is a direct subsidiary of Baltic Ground Services UAB. The subsidiary does not conduct active operations.
FL Technics AB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	100	100	100	The subsidiary was established on 22 December 2005. In summer of 2007 the company started aircraft maintenance, repair and overhaul (MRO) services.
FL Technics Jets UAB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	100	100	100	The subsidiary was acquired on 1 December 2010. The company provides maintenance services for business aircraft.

2 Investments in subsidiaries and associates (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, %			Date of acquiring/establishment and activity
			31-03-2013	31-12-2012	31-03-2012	
FL Technics Line OOO	Russia	Aircraft maintenance, repair and overhaul (MRO)	93	93	100	The subsidiary was established in summer of 2011. It is a direct subsidiary of FL Technics AB. The company provides aircraft line station services and sells spare parts in Russia and the CIS.
FL Technics Ulyanovsk OOO	Russia	Aircraft maintenance, repair and overhaul (MRO)	99	99	99	The subsidiary was established in summer of 2011. It is a direct subsidiary of FLT Trading House UAB. Currently it has started preparations for aircraft maintenance activity in Ulyanovsk, Russia.
FLT Trading House UAB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	100	100	100	The subsidiary was acquired on 19 November 2010. The subsidiary does not conduct active operations.
Locatory.com UAB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	95	95	95	The subsidiary was established on 7 December 2010. Starting summer 2011, the company provides on-line platform for the aviation industry to search, buy and sell aviation inventory.
Small Planet Airlines UAB	Lithuania	Charter operations	-	95.5	95.5	The subsidiary was established on 14 March 2007. In autumn of 2008 the company started charter operations in Lithuania. On 26 March 2013 the subsidiary was sold. All information regarding the disposals of subsidiaries is disclosed in Note 12.
Small Planet Airlines Sp.z.o.o.	Poland	Charter operations	-	95.5	95.5	The subsidiary was established on 25 November 2009. In spring of 2010 the company started charter operations in Poland. On 26 March 2013 the subsidiary was sold. All information regarding the disposals of subsidiaries is disclosed in Note 12.
Small Planet Airlines s.r.l.	Italy	Charter operations	35.5	85.5	35.5	The subsidiary was established on 17 February 2010. In summer of 2011 the company started charter operations in Italy. On 3 January 2012 the company sold 50 per cent shareholding in the subsidiary. All information regarding the disposals of subsidiaries is disclosed in Note 12.
Storm Aviation Ltd.	The United Kingdom	Aircraft maintenance, repair and overhaul (MRO)	100	100	100	The subsidiary was acquired on 30 September 2011. It is a direct subsidiary of FL Technics AB. The company provides aircraft line station services.
Storm Aviation (Cyprus) Ltd.	Republic of Cyprus	Aircraft maintenance, repair and overhaul (MRO)	100	100	100	The subsidiary was acquired on 30 September 2011. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Cyprus.

3 Segment information

For management purposes, the Group is organized into business units based on the services provided, and has four reportable operating segments: aircraft maintenance, repair and overhaul (MRO); aircraft ground handling and fuelling; pilot and crew training and unallocated segment. The unallocated sales include sales of management services, which cannot be attributed to the other segments. The management assesses the performance of the Group based on measure of Gross Profit.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment cost of sales and segment gross profit include transfers between business segments. Those transfers are eliminated in consolidation.

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

3 Segment information (continued)

The following table present sales to external customers, costs of sales and gross profit information according to the Group's business segments for the three-month period ended 31 March 2013:

	Aircraft maintenance, repair and overhaul (MRO)	Aircraft ground handling and fuelling	Pilot and crew training	Unallo- cated	Inter- segment elimina- tions	Total continuing operations
Three-month period ended 31 March 2013						
Revenue						
Sales to external customers	73 014	43 748	5 534	382	-	122 678
Inter-segment sales	1 296	16 823	12	1 432	(19 563)	-
Total revenue	74 310	60 571	5 546	1 814	(19 563)	122 678
Cost of sales	(60 048)	(58 720)	(4 608)	(352)	17 092	(106 636)
Segment gross profit	14 262	1 851	938	1 462	(2 471)	16 042
As at 31 March 2013						
Segment assets	195 072	61 157	14 391	16 764	-	287 384

The following table presents sales to external customers, costs of sales and gross profit information according to the Group's business segments for the three-month period ended 31 March 2012:

	Charter operations	Aircraft maintenance, repair and overhaul (MRO)	Aircraft ground handling and fuelling	Pilot and crew training	Unallo- cated	Inter- segment elimina- tions	Total continuing operations
Three-month period ended 31 March 2012							
Revenue							
Sales to external customers	-	62 655	34 884	8 490	104	-	106 133
Inter-segment sales	-	142	6 408	107	1 048	(7 705)	-
Total revenue	-	62 797	41 292	8 597	1 152	(7 705)	106 133
Cost of sales	-	(51 514)	(40 266)	(6 070)	(338)	6 238	(91 950)
Segment gross profit	-	11 283	1 026	2 527	814	(1 467)	14 183
As at 31 March 2012							
Segment assets	40 889	152 477	45 512	14 614	16 866	-	270 358

Three reportable Group's business segments were influenced by seasonal movements on both summer and winter periods. The highest growth comes in summer-season (June-September) from aircraft ground handling and fuelling segment, and in the winter-season (October-April) increase of sales is recorded in aircraft maintenance, repair and overhaul (MRO) and crew training segment. The Management motivates these seasonal movements to have a material effect on Group's consolidated revenue.

	January – March	
	2013	2012
4 Expenses by nature		
Aircraft fuel expenses	34 668	25 928
Spare parts and consumables expenses	25 804	26 445
Employee related expenses	20 601	17 711
Cost of services resold	11 025	6 893
Training and related expenses	3 208	5 226
Rent and maintenance of premises	3 107	3 174
Depreciation and amortisation (Note 9)	3 295	2 687
Aircraft maintenance expenses	4 133	2 119
Aircraft servicing and handling expenses	1 763	2 762
Transportation and related expenses	1 567	1 487
Business travel expenses	1 554	1 333
Legal and other consultation expenses	573	488
Marketing and sales expenses	543	610
Rent and maintenance of training simulators	583	509
Rent of aircraft and equipment	461	244
Communications expenses	426	326
Insurance expenses	449	309
Employee lease expenses	450	79
Impairment-related expenses	395	2
Office administrative expenses	210	272
VAT in business use expenses	271	185
IT expenses	209	192
Bank services	167	137
Audit expenses	8	20
Other expenses	723	598
Total of cost of sales, general and administrative expenses	116 193	99 736
5 Other gains / (losses) – net		
Gain on sales of non-current assets and inventories	59	79
Net foreign exchange gain/(loss) on operating activities	(675)	449
	(616)	528

6 Income tax and deferred income tax

The tax expenses for the period comprise current and deferred tax.

Domestic income tax is calculated at 15 per cent of the annual profit for the year, in Poland income tax – 19 per cent, in the United Kingdom – 20 per cent, in Russian Federation – 20 per cent, in Ukraine – 19 per cent, in Italy – 27.5 per cent.

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 related to the entities operating in Lithuania are calculated at 15% rate (2012: 15% rate), in Poland - at 19% rate (2012: 19% rate), in the United Kingdom – at 20% rate (2012: 20% rate), in Russian Federation – at 20% rate (2012: 20% rate), Ukraine – at 19% rate (2012: 19% rate), in Italy – at 27.5% rate (2012: 27.5% rate).

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

7 Share capital

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 (25.0 % of the total ordinary share capital issued). Following the increase of the capital, share premium amounts to thousand 58,770 litas.

On 3 March 2011 shares of the Company were introduced to trading at Warsaw Stock Exchange.

On 31 March 2013 the share capital of the Company amounts to 5,893,333 litas and consists of 5,893,333 ordinary registered shares with a nominal value of one litas each (on 31 March 2012 – 5,893,333 ordinary registered shares). All shares are fully paid up.

8 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to the parent entity's ordinary equity holders by the weighted average number of ordinary shares in issue during the period. The Group has no dilutive potential ordinary shares and therefore diluted earnings per share are the same as basic earnings per share.

	January – March	
	2013	2012
Weighted average number of ordinary shares (thousand)	5 893	5 893
Basic earnings per share		
From continuing operations	0.865	0.985
From discontinued operations	2.552	(0.317)
From profit (loss) for the period	3.417	0.668

9 Property, plant and equipment, intangible assets

	Property, plant and equipment	Intangible assets
Opening net book amount as at 1 January 2012	52 615	10 044
Additions	6 783	355
Disposals	(1 510)	-
Disposals of subsidiaries (Note 12)	(57)	(1 032)
Depreciation charge (continuing operations, Note 4)	(2 375)	(312)
Depreciation charge (discontinued operations)	(93)	(88)
Cumulative currency differences	401	71
Closing net book amount as at 31 March 2012	55 764	9 038
At 31 March 2012		
Cost	79 039	11 221
Accumulated amortisation	(23 275)	(2 183)
Net book amount	55 764	9 038
Opening net book amount as at 1 January 2013	64 920	6 904
Additions	5 590	300
Disposals	(989)	-
Depreciation charge (Note 4)	(3 046)	(249)
Cumulative currency differences	(224)	(3)
Closing net book amount as at 31 March 2013	66 251	6 952
At 31 March 2013		
Cost	100 354	10 293
Accumulated amortisation	(34 103)	(3 341)
Net book amount	66 251	6 952

	31 March 2013	31 December 2012
10 Trade and other receivables		
Trade receivables	75 898	66 901
Less: provision for impairment of trade receivables	(379)	(3 932)
Trade receivables – net	75 519	62 969
Security deposit with lessor	1 538	1 780
Discounting of security deposit	13	-
Security deposit – net	1 551	1 780
Loans granted	9 946	4 007
Prepayments	8 783	11 576
VAT receivables	5 302	8 760
Receivables from related parties (Note 13)	4 627	1 837
Deferred charges	2 974	2 191
Loans to related parties	2 244	2 930
Other receivables	2 004	1 187
Other receivables from related parties (Note 13)	50	72
Prepayments from related parties (Note 13)	1	4
	113 001	97 313
Less non-current portion :	(3 674)	(3 690)
Current portion :	109 327	93 623

The Group's loans granted to third parties as at 31 March 2013 has increased as compared with opening balance sheet amount primarily due to reclassification of loan provided to disposed subsidiary *Small Planet Airlines UAB*, which was treated before as Group's inter-company loan.

	31 March 2013	31 December 2012	31 March 2012
11 Cash and cash equivalents			
Cash and cash equivalents	9 754	8 913	15 432
Bank overdraft	-	-	(2 153)
	9 754	8 913	13 279

12 Business combination and disposals

On 3 January 2012, the Group sold 50 % of the share capital of *Small Planet Airlines s.r.l. (Italy)* to third parties. Sales proceeds from the disposal of a 50 per cent shareholding in *Small Planet Airlines S.r.l.* amounted to EUR 763 thousand. *Small Planet Airlines s.r.l.* became the associate of the Group in which the Company holds interest of 35.50 per cent. Details of sale price and assets and liabilities arising from the disposal are as follows:

	Small Planet Airlines s.r.l. - disposal's carrying amount
Cash and cash equivalents	2 670
Property, plant and equipment	57
Intangible assets	1 032
Deferred income tax assets	962
Receivables	6 231
Payables	(7 896)
Borrowings	(389)
Net assets disposed	2 667
Proceeds from sale of interest in subsidiary with loss of control	2 637
Less: cost of investment in subsidiary (50 per cent of net assets disposed)	(1 333)
Gain on disposal in Group's financial statements (discontinued operations):	1 304

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

12 Business combination and disposals (continued)

The Company's investments in associate *Small Planet Airlines S.r.l.* at 31 March 2013 amounted to LTL 1 872 thousand. The Group's investments in its associates at 31 March 2013 amounted to LTL 0 thousand through post-acquisition changes in the Group's share of net assets of the associate.

Disposal in 2013

On 29 March 2013, the Group sold 95.5 % of the share capital of *Small Planet Airlines UAB (Lithuania)* and *Small Planet Airlines Sp.z.o.o. (Poland)* to the management of these companies Mr. Vytautas Kaikaris (65.5%) and Mr. Andrius Staniulis (30%). Before the transaction Mr. Vytautas Kaikaris already owned 4.5% stake in both companies. Details of sale price and assets and liabilities arising from the disposal in Group's financial statements are as follows:

	<i>Small Planet Airlines UAB - disposal's carrying amount</i>	<i>Small Planet Airlines Sp.z.o.o. - disposal's carrying amount</i>	Inter-company transactions of disposal group	Total disposal's carrying amount
Property, plant and equipment	156	93	-	249
Intangible assets	34	1 125	-	1 159
Deferred income tax assets	-	918	-	918
Inventories	560	3	-	563
Receivables	14 243	8 274	(2 112)	20 405
Loans granted	3 003	-	(2 428)	575
Security deposits placed	3 660	4 862	-	8 522
Cash and cash equivalents	561	98	-	659
Deferred income tax liabilities	(58)	(590)	-	(648)
Financial guarantees	(86)	-	86	-
Payables	(22 533)	(13 637)	2 112	(34 058)
Borrowings	(9 052)	(2 419)	2 428	(9 043)
Security deposits received	(1 941)	(8 403)	-	(10 344)
Net assets disposed	(11 453)	(9 676)	86	(21 043)
NCI based on proportionate share of net assets (4.5%)	515	435	(3)	947
Group's net assets attributed to equity holders of the parent	(10 938)	(9 241)	83	(20 096)
Proceeds from sale of interest in subsidiaries	512	512	-	1 024
Group's net assets attributed to equity holders of the parent	10 938	9 241	(83)	20 096
Cost of investments in subsidiaries on stand-alone financial statements of the Company	(2 256)	(42)	-	(2 298)
Decrease of merger reserve, legal reserve and currency translation differences, recognised directly in equity	1 206	(73)	-	1 133
Total gain on disposal in Group's financial statements (discontinued operations):	10 400	9 638	-	19 955
Sale price:				1 024
Deferred consideration (treated as interest free loan for two years)				500
Share-exchange consideration				524

During the disposal of subsidiaries to Mr. Vytautas Kaikaris the Company has acquired 0.375% shares (or 22 119 ordinary shares) of the Company. These shares of the Company owned by Mr. Vytautas Kaikaris were considered to be treasury shares and directly deducted from shareholders' equity in the Company's and Group's balance sheet at their purchase cost of LTL 1 169 thousand.

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

12 Business combination and disposals (continued)

Details of revenue, cost of sales and income tax expenses of disposal group (charter operations business segment) classified as discontinued operations are as follows:

	January – March	
	2013	2012
Discontinued operations		
Revenue	19 998	35 161
Cost of sales	(22 549)	(34 484)
Gross profit (loss)	(2 551)	677
Gain on sale of discontinued operations	19 955	1 304
(Loss) before income tax from operating activities	(5 142)	(3 599)
Income tax expense	(5)	319
(Loss) from operating activities, net of tax	(5 147)	(3 280)
Net profit (loss) for the period from discontinued operations	14 408	(1 976)

Charter operations business segment qualifies to be treated as disposed at the balance sheet date. The disposal group has operations with all business segments of the Group: it purchases aircraft maintenance, ground handling, fuelling, crew training and business management services at market prices. The value of charter operations purchased by the disposal group during the first quarter of 2013 was LTL 8.65 million (2012: LTL 6.1 million). As the arrangement for purchase from the Group's companies will continue in the future, the results of aircraft maintenance, ground handling, fuelling and crew training operations include the amount of LTL 8.60 million that will become external revenue in first quarter of 2013 (2012: LTL 6.0 million). The remaining LTL 0.05 million (2012: LTL 0.1 million) is the business management revenue that will no longer accrue to the Group following the disposal.

13 Related party transactions

Related parties of the Company and the Group include entities having significant influence over the Company, key management personnel of the Group and other related parties. Entities having significant influence over the Company and the Group are ZIA Valda Cyprus Ltd and ZIA Valda AB (the sole shareholder of ZIA Valda Cyprus Ltd). Transactions with these companies are presented separately. Related parties also include subsidiaries of ZIA Valda AB group. They are presented as other related parties. Related parties of the Company also include subsidiaries of the Group.

The following transactions were carried out with related parties:

	January – March	
	2013	2012
Sales of services to:		
Other related parties	3 043	500
	3 043	500
Total sales of assets and services	3 043	500
Purchases of assets from:		
Other related parties	330	1
	330	1
Purchases of services from:		
Entities having significant influence	29	22
Other related parties	1 495	1 348
	1 524	1 370
Total purchases of assets and services	1 854	1 371

13 Related party transactions (continued)

	31 March 2013	31 December 2012
Trade receivables from related parties		
Trade receivables from other related parties (Note 10)	4 627	1 837
Other trade receivables from related parties (Note 10)	50	72
Prepayments from related parties (Note 10)	1	4
	4 678	1 913
Payables and advances received from related parties		
Amounts payable to entities having significant influence	15	7
Amounts payable to other related parties	1 625	1 028
	1 640	1 035

MANAGEMENT CONFIRMATION OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

Following Article 21 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 Dovydenas, General Manager of *Avia Solutions Group AB*, and Aurimas Sanikovas, Chief Financial Officer of *Avia Solutions Group AB*, hereby confirm that, to the best of our knowledge, the not audited Consolidated Interim Financial Information for the three-month period ended 31 March 2013 of *Avia Solutions Group 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



Linas Dovydenas

Chief Financial Officer



Aurimas Sanikovas

15 May, 2013