

AVIA SOLUTIONS GROUP AB

Consolidated Interim Financial Information
For the Six-Month Period Ended 30 June 2013
(Unaudited)

Beginning of the financial period	1 January 2013
End of reporting period	30 June 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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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note	April – June		January – June	
	2013	2012	2013	2012
Continuing operations				
Revenue	3	138 110	141 057	260 788
Cost of sales	4	(119 389)	(118 875)	(226 025)
Gross profit		18 721	22 182	34 763
General and administrative expenses	4	(11 791)	(8 854)	(21 348)
Other income	7	309	85	497
Other gains / (losses) – net	5	(669)	9	(1 285)
Operating profit		6 570	13 422	12 627
Finance income		3	471	10
Finance costs		(1 629)	(1 436)	(2 088)
Finance costs – net		(1 626)	(965)	(2 078)
Profit before income tax		4 944	12 457	10 549
Income tax expense	6	(728)	(2 627)	(1 245)
Profit for the period from continuing operations		4 216	9 830	9 304
Discontinued operations				
Profit (loss) for the period from discontinued operations	12	(604)	(2 218)	14 204
Profit for the period		3 612	7 612	23 508
Profit (loss) attributable to:				
Equity holders of the parent				
Profit for the period from continuing operations		4 215	9 837	9 310
Profit (loss) for the period from discontinued operations		(604)	(2 124)	14 436
Profit for the period attributable to equity holders of the parent		3 611	7 713	23 746
Non-controlling interests				
Profit (loss) for the period from continuing operations		1	(7)	(6)
(Loss) for the period from discontinued operations		-	(94)	(232)
Profit (loss) for the period attributable to non-controlling interests of the parent		1	(101)	(238)
		3 612	7 612	23 508
				11 431

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Note	April – June		January – June	
	2013	2012	2013	2012
Other comprehensive income				
Continuing operations				
Net gain on cash flow hedges	133	-	220	-
Income tax	(20)	-	(33)	-
	113	-	187	-
Exchange differences on translation of foreign operations	284	22	498	(226)
Other comprehensive income (loss) for the period from continuing operations	397	22	685	(226)
Discontinued operations				
Exchange differences on translation of foreign operations from discontinued operations	-	12	44	(323)
Other comprehensive income (loss) for the period	397	34	729	(549)
Total comprehensive income for the period attributable to:				
Equity holders of the parent				
Total comprehensive income for the period from continuing operations	4 616	9 852	9 992	15 426
Total comprehensive income (loss) for the period from discontinued operations	(604)	(2 112)	14 478	(4 314)
Total comprehensive income for the period attributable to equity holders of the parent	4 012	7 740	24 470	11 112
Non-controlling interests				
Total comprehensive income (loss) for the period from continuing operations	(3)	-	(3)	(27)
Total comprehensive income (loss) for the period from discontinued operations	-	(94)	(230)	(203)
Total comprehensive income (loss) for the period attributable to non-controlling interests of the parent	(3)	(94)	(233)	(230)
	4 009	7 646	24 237	10 882
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the period				
Basic earnings per share				
From continuing operations	8	0.717	1.669	1.581
From discontinued operations	8	(0.103)	(0.360)	2.452
From profit for the period	8	0.614	1.309	4.033
				1.978

CONSOLIDATED BALANCE SHEET

Non-current assets	Notes	30 June 2013	31 December 2012
ASSETS			
Non-current assets			
Property, plant and equipment	9	69 157	64 920
Intangible assets	9	6 903	6 904
Deferred income tax assets		8 285	7 631
Trade and other receivables	10, 13	7 077	3 690
		91 422	83 145
Current assets			
Inventories		87 125	75 592
Trade and other receivables	10, 13	102 686	93 623
Amount due from customers for contract work		16 235	8 076
Prepaid income tax		1 002	809
Cash and cash equivalents	11	10 214	8 913
		217 262	187 013
Assets of disposal group classified as held for sale	12	-	29 137
Total assets		308 684	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
Legal reserve		247	256
Merger reserve		(1 567)	(2 868)
Fair value reserve		(170)	(357)
Cumulative translations differences		67	(397)
Retained earnings		76 714	53 040
		139 954	114 337
Non-controlling interests		(28)	(742)
Total equity		139 926	113 595
LIABILITIES			
Non-current liabilities			
Borrowings		27 269	25 785
Trade and other payables		1 611	1 686
Deferred income tax liabilities	6	346	388
Derivative financial instruments		200	420
		29 426	28 279
Current liabilities			
Borrowings		50 663	47 956
Trade and other payables		77 721	68 383
Advances received		6 620	6 944
Current income tax liabilities		4 006	2 070
Security deposits received		322	279
		139 332	125 632
Total liabilities		168 758	153 911
Liabilities of disposal group classified as held for sale	12	-	31 789
Total equity and liabilities		308 684	299 295

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CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013
(All tabular amounts are in LTL '000 unless otherwise stated)



CONSOLIDATED 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	Total		
Balance at 1 January 2012	5 893	58 770	-	(2 746)	263	-	624	33 531	96 335	18	96 353
Comprehensive income											
Currency translation difference from continuing operations	-	-	-	-	-	-	(218)	-	(218)	(8)	(226)
Currency translation difference from discontinued operations	-	-	-	-	-	-	(323)	-	(323)	-	(323)
Profit (loss) for the period from continuing operations	-	-	-	-	-	-	-	15 644	15 644	(19)	15 625
(Loss) for the period from discontinued operations	-	-	-	-	-	-	-	(3 991)	(3 991)	(203)	(4 194)
Total comprehensive income	-	-	-	-	-	-	(541)	11 653	11 112	(230)	10 882
Decrease of non-controlling interests pursuant to the disposal of subsidiary (Note 12) - total transactions with owners	-	-	-	-	-	-	-	-	-	(385)	(385)
Balance at 30 June 2012	5 893	58 770	-	(2 746)	263	-	83	45 184	107 447	(597)	106 850

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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

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


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital	Share premium	Treasury shares	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2013	5 893	58 770	-	(2 868)	256	(357)	(397)	53 040	114 337	(742)	113 595
Comprehensive income											
Net gain on cash flow hedge	-	-	-	-	-	187	-	-	187	-	187
Currency translation difference from continuing operations	-	-	-	-	-	-	495	-	495	3	498
Currency translation difference from discontinued operations	-	-	-	-	-	-	42	-	42	2	44
Profit (loss) for the period from continuing operations	-	-	-	-	-	-	-	9 310	9 310	(6)	9 304
Profit (loss) for the period from discontinued operations	-	-	-	-	-	-	-	14 436	14 436	(232)	14 204
Total comprehensive income	-	-	-	-	-	187	537	23 746	24 470	(233)	24 237
Transactions with owners											
Disposal of subsidiaries / Purchase of treasury shares (Note 12)	-	-	(1 169)	1 301	(96)	-	(73)	-	(37)	947	910
Disposal of treasury shares (Note 12)	-	-	1 169	-	-	-	-	15	1 184	-	1 184
Transfer to legal reserve	-	-	-	-	87	-	(87)	-	-	-	-
Total transactions with owners	-	-	-	1 301	(9)	-	(73)	(72)	1 147	(947)	2 094
Balance at 30 June 2013	5 893	58 770	-	(1 567)	247	(170)	67	76 714	139 954	(28)	139 595

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



CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	January – June	
		2013	2012
Operating activities			
Profit for the period		23 508	11 431
Income tax		1 245	3 603
<i>Adjustments for:</i>			
Depreciation and amortisation	4, 9	6 839	5 484
Interest expenses		905	866
Currency translations differences		816	(759)
Impairment of accounts receivable, inventories	4	97	(270)
Fair value loss on derivative financial instruments		(187)	-
Interest income		(303)	(211)
Accruals of c-check costs, hangar lease payments		(322)	(914)
Gain on disposal of subsidiaries in Group's financial statements (discontinued operations)	12	(19 955)	-
<i>Changes in working capital:</i>			
- Inventories		(11 533)	(46 877)
- Trade and other receivables		(7 644)	(28 860)
- Trade and other payables, advances received		11 195	19 127
Cash generated from (used in) operations		4 661	(37 380)
Interest received		415	172
Interest paid		(891)	(1 036)
Income tax paid		(128)	(248)
Net cash generated from (used in) operating activities from continuing operations		4 057	(38 492)
Net cash generated from (used in) operating activities from discontinued operations		-	10 508
Net cash generated from (used in) operating activities		4 057	(27 984)
Investing activities			
Purchase of PPE and intangible assets	9	(7 204)	(11 065)
Proceeds from PPE and intangible assets	9	809	10 835
Loans granted		(29)	(5 849)
Repayments of loans granted		2 951	13 373
Deposits placed		(87)	(733)
Repayments of deposits placed		217	334
Proceeds from sale of subsidiaries		(21)	-
Proceeds from sale of interest in subsidiary with loss of control		-	1 274
-Net cash (from) used in investing activities from continuing operations		(3 364)	8 169
Net cash used in investing activities from discontinued operations		-	(2 373)
Net cash (from) used in investing activities		(3 364)	5 796
Financing activities			
Proceeds on disposal of treasury shares		1 184	-
Bank borrowings received		2 803	29 349
Repayments of bank borrowings		(1 543)	(5 063)
Borrowings from related parties received		5	-
Repayments of borrowings from related parties		-	(1)
Repayments of lease liabilities		(1 841)	(1 908)
Net cash generated from financing activities		608	22 377
Increase in cash and cash equivalents		1 301	189
At beginning of period	11	8 913	14 821
Increase (decrease) in cash and cash equivalents		1 301	189
At end of period	11	10 214	15 010

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Accounting policies

The consolidated interim financial information for the six-month period ended 30 June 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 six-month period ended 30 June 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
			30-06-2013	31-12-2012	30-06-2012	
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 Sp.z.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
			30-06-2013	31-12-2012	30-06-2012	
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 (discontinued 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 (discontinued 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 (discontinued operations)	35.5	85.5	85.5	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.

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 six-month period ended 30 June 2013:

	Aircraft maintenance, repair and overhaul (MRO)	Aircraft ground handling and fuelling	Pilot and crew training	Unallocated	Inter-segment eliminations	Total continuing operations
Six-month period ended 30 June 2013						
Revenue						
Sales to external customers	150 814	94 845	14 516	613	-	260 788
Inter-segment sales	3 660	36 767	30	2 812	(43 269)	-
Total revenue	154 474	131 612	14 546	3 425	(43 269)	260 788
Cost of sales	(126 169)	(127 469)	(10 616)	(736)	38 965	(226 025)
Segment gross profit	28 305	4 143	3 930	2 689	(4 304)	34 763
 As at 30 June 2013						
Segment assets	219 172	58 483	14 999	16 030		308 684

The following table presents sales to external customers, costs of sales and gross profit information according to the Group's business segments for the six-month period ended 30 June 2012:

	Charter operations	Aircraft maintenance, repair and overhaul (MRO)	Aircraft ground handling and fuelling	Pilot and crew training	Unallocated	Inter-segment eliminations	Total continuing operations
Six-month period ended 30 June 2012							
Revenue							
Sales to external customers	-	139 133	92 368	15 512	177	-	247 190
Inter-segment sales	-	1 116	31 530	134	2 150	(34 930)	-
Total revenue	-	140 249	123 898	15 646	2 327	(34 930)	247 190
Cost of sales	-	(112 461)	(119 778)	(10 240)	(650)	32 304	(210 825)
Segment gross profit	-	27 788	4 120	5 406	1 677	(2 626)	36 365
 As at 30 June 2012							
Segment assets	46 755	182 406	56 259	13 201	9 272		307 892

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.

4 Expense by nature

The total amount of expense (cost of sales and general and administrative expenses) by nature as follows:

	April – June		January – June	
	2013	2012	2013	2012
Aircraft fuel expenses	42 420	46 381	77 088	72 311
Spare parts and consumables expenses	24 055	23 090	49 859	49 535
Employee related expenses	21 325	19 344	41 926	37 056
Cost of services resold	20 000	15 422	31 024	22 315
Training and related expenses	4 893	3 401	8 101	8 627
Depreciation and amortisation	3 543	2 798	6 839	5 484
Aircraft maintenance expenses	2 937	2 665	7 070	4 784
Rent and maintenance of premises	2 652	2 707	5 759	5 881
Consultation expenses	1 870	644	2 443	1 132
Business travel expenses	1 433	1 891	2 987	3 223
Marketing and sales expenses	998	887	1 541	1 497
Transportation and related expenses	971	2 308	2 538	3 795
Rent of aircraft and equipment	947	1 464	1 408	1 708
Aircraft servicing and handling expenses	574	1 648	2 337	4 410
Communications expenses	442	436	867	762
IT expenses	431	161	640	352
Insurance expenses	400	309	848	619
Office administrative expenses	338	266	548	538
VAT in business use expenses	288	326	559	511
Bank services	180	136	347	273
Employee lease expenses	117	258	567	338
Impairment-related expenses	(298)	(272)	97	(270)
Other expenses	664	1 459	1 980	2 584
Total of cost of sales, general and administrative expenses	131 180	127 729	247 373	227 465

5 Other gains / (losses) – net

Gain on sales of non-current assets and inventories	(19)	(188)	40	(109)
Net foreign exchange gain/(loss) on operating activities	(650)	197	(1 325)	646
	(669)	9	(1 285)	537

6 Income tax and deferred income tax

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

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.

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 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).

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 LTL 58 770 thousand.

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

On 30 June 2013 the share capital of the Company amounts to LTL 5 893 333 and consists of 5 893 333 ordinary registered shares with a nominal value of one litas each (on 30 June 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.

For calculation of the weighted average number of ordinary shares in issue treasury shares were deducted from the number of ordinary shares for the period of holding of treasury shares.

	April – June		January – June	
	2013	2012	2013	2012
Weighted average number of ordinary shares (thousand)	5 881	5 893	5 887	5 893
Basic earnings per share				
From continuing operations	0.717	1.669	1.581	2.655
From discontinued operations	(0.103)	(0.360)	2.452	(0.677)
From profit for the period	0.614	1.309	4.033	1.978

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 (continuing operations)	12 820	245
Additions (discontinued operations)	94	214
Disposals	(4 760)	-
Disposals of subsidiaries (Note 12)	(57)	(1 032)
Write-offs	(6)	-
Depreciation charge (continuing operations, Note 4)	(4 521)	(963)
Depreciation charge (discontinued operations)	(347)	(104)
Cumulative currency differences	274	266
Closing net book amount as at 30 June 2012	56 112	8 670
Opening net book amount as at 1 January 2013	64 920	6 904
Additions	11 822	680
Disposals	(1 067)	-
Write-offs	(2)	-
Depreciation charge	(6 164)	(675)
Cumulative currency differences	(352)	(5)
Closing net book amount as at 30 June 2013	69 157	6 903

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	30 June 2013	31 December 2012
10 Trade and other receivables		
Trade receivables	70 474	66 901
Less: provision for impairment of trade receivables	-	(3 932)
Trade receivables – net	70 474	62 969
Prepayments	11 447	11 576
Loans granted	9 936	4 007
VAT receivables	5 142	8 760
Receivables from related parties – net (Note 13)	3 932	1 837
Deferred charges	3 191	2 191
Other receivables	2 285	1 187
Loans granted to related parties (Note 13)	1 644	2 930
Security deposit – net	1 586	1 780
Other receivables from related parties (Note 13)	90	72
Deferred charges to related parties	35	-
Prepayments from related parties	2	4
	109 763	97 313
Less non-current portion :	(7 077)	(3 690)
Current portion :	102 686	93 623

The Group's loans granted to third parties as at 30 June 2013 has increased as compared with opening balance sheet amount primarily due to re-classification of loan provided to disposed subsidiary *Small Planet Airlines UAB*, which was treated before as Group's inter-company loan.

	30 June 2013	31 December 2012	30 June 2012
11 Cash and cash equivalents			
Cash and cash equivalents	10 214	8 913	15 010
Bank overdraft	-	-	-
	10 214	8 913	15 010

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 (Note 9)	57
Intangible assets (Note 9)	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

12 Business combination and disposals (continued)

The Company's investments in associate *Small Planet Airlines S.r.l.* at 30 June 2013 amounted to LTL 2 476 thousand (at 31 December 2012: LTL 1 872 thousand). The Group's investments in its associates at 30 June 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.

12 Business combination and disposals (continued)

Treasury shares were sold on 21 May 2013. Sales proceeds from the disposal of treasury shares of the Company amounted to LTL 1 184 thousand. After the treasury stock sale, the Company's retained earnings were increased by LTL 15 thousand.

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

	April – June		January – June	
	2013	2012	2013	2012
Discontinued operations				
Revenue	-	58 767	19 998	93 928
Cost of sales	-	(57 976)	(22 549)	(92 460)
Gross profit (loss)	-	791	(2 551)	1 468
(Loss) before income tax from operating activities	(604)	(2 407)	(5 746)	(6 006)
Income tax expense	-	189	(5)	508
(Loss) from operating activities, net of tax	(604)	(2 218)	(5 751)	(5 498)
Gain on sale of discontinued operations	-	-	19 955	1 304
Net profit (loss) for the period from discontinued operations	(604)	(2 218)	14 204	(4 194)

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.

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 – June	
	2013	2012
Sales of assets to:		
Entities having significant influence	2	-
Other related parties	8	-
	10	-
Sales of services to:		
Entities having significant influence	1	-
Other related parties	5 298	3 219
	5 299	3 219
Total sales of assets and services	5 309	3 219

AVIA SOLUTIONS GROUP AB
 CONSOLIDATED INTERIM FINANCIAL INFORMATION
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013
(All tabular amounts are in LTL '000 unless otherwise stated)



13 Related party transactions (continued)

	January – June	
	2013	2013
Purchases of assets from:		
Other related parties	330	78
	<hr/>	<hr/>
	330	78
Purchases of services from:		
Entities having significant influence	55	42
Other related parties	2 844	2 575
	<hr/>	<hr/>
	2 899	2 617
Total purchases of assets and services	3 229	2 695
 Trade receivables from related parties		
Trade receivables from other related parties (Note 10)	3 932	1 837
Other trade receivables from related parties (Note 10)	90	72
Prepayments from related parties (Note 10)	2	3
Prepayments from entities having significant influence (Note 10)	-	1
	<hr/>	<hr/>
	4 024	1 913
 Payables and advances received from related parties		
Advances received from related parties	40	-
Amounts payable to entities having significant influence	14	7
Amounts payable to other related parties	819	1 028
	<hr/>	<hr/>
	873	1 035

CONSOLIDATED INTERIM REPORT

I. GENERAL INFORMATION

Reporting period **Six-month period ended 30 June 2013**

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
E-mail	info@aviasg.com
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 aviation related services.

The Group operates in three business segments:

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

Charter operations business segment qualifies to be treated as disposed at the balance sheet date. It was reclassified to assets held for sale in the financial statements for the year ended 31 December 2012 and was disposed on 26 March 2013. Information about disposals is provided in Notes 12 of the Group’s Financial Information for the six-month period ended 30 June 2013.

Aircraft Maintenance, Repair and Overhaul (MRO)

Activities in our MRO business segment are conducted by FL Technics AB (*FL Technics*), FL Technics Jets UAB (*FL Technics Jets*), FL Technics Line OOO (*FL Technics Line*), Locatory.com AB (*Locatory.com*), Storm Aviation Limited (*Storm Aviation*) and include: aircraft base and line maintenance; component maintenance; engineering services; spare parts and consumable sales; technical training; consulting; engine maintenance management; aircraft parts marketplace services and other related aircraft maintenance services.

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. *FL Technics Jets* provides base maintenance services for Hawker 700-900XP family.

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 30 June 2013 *FL Technics* and *Storm Aviation* collectively operated eighteen line stations (on 30 June 2012 – twenty four line stations).

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.

Aircraft parts marketplace

Locatory.com provides a platform for the aviation industry to search, buy and sell aviation inventory. The platform serves as a vast repository of aviation inventory, spare parts, components and repair services.

Aircraft Ground Handling and Fuelling

Aircraft ground handling and fuelling services are conducted by three Subsidiaries of the Company, namely: Baltic Ground Services UAB (*Baltic Ground Services LT*), Baltic Ground Services Sp. z.o.o. (*Baltic Ground Services PL*) and Baltic Ground Services s.r.l. (*Baltic Ground Services IT*). Baltic Ground Services LT, Baltic Ground Services PL and Baltic Ground Services IT 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 30 June 2013, Baltic Ground Services activities were concentrated in Vilnius International Airport (conducted through Baltic Ground Services LT), in Warsaw International Airport, Krakow International Airport and Katowice International Airport, Warsaw Frederic Chopin in the Republic of Poland (conducted through Baltic Ground Services PL) and in Lamezia Terme Airport in Italy (conducted through Baltic Ground Services IT).

Pilot and Crew Training

Pilot and crew training operations are carried through Baltic Aviation Academy UAB (*Baltic Aviation Academy*) and AviationCV.com UAB (*AviationCV.com*).

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 and is one of the leading aviation training organizations in Eastern Europe. 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 and Airbus 319-320-321 Full Flight Simulators (FFS), Real Fire Fighting and Smoke Trainer. In addition to the above Boeing 737-CL/NG, 747, 757, 767, 777; Airbus 319-320-321, 330, 340; ATR 42, 72; Bombardier CRJ-100/200, 700/900, Dash 8Q-400, Embraer 135/145, 170/190; Mi 8; SAAB 2000, 340 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.

AviationCV.com is a global provider of aviation staffing solutions. The company has a vast database of flight crew members to meet your short and long term aviation personnel needs as well as the experience and connections within the aviation industry to present the most exciting job opportunities for pilots, crew members and aircraft technicians.

The Company's vision and mission

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 at 30 June 2013, 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 (%)
AviationCV.com UAB	13 April 2011, code 302615625, Register of Legal Persons of the Republic of Lithuania	Dariaus ir Girėno str. 21, Vilnius, Lithuania tel. +370 5 2525500, fax. +370 5 2525501, www.aviationcv.com	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
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 UA TOV	29 August 2011, code 37856865, State Register of Legal Entities and Individual Entrepreneurs of Ukraine	Kniazhnyj Zaton str. 2/30, 02095, Kiev, Ukraine tel. +370 5 252 55 92, fax. +370 5 252 50 07	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
Ground Handling CIS UAB	04 July 2011, code 302644356, 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	100.00
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 str. 10, LT-03201 Vilnius, Lithuania tel. +370 5 252 5015, fax. +370 5 252 5646, www.fljets.com	100.00
FL Technics Line OOO	03 August 2011, code 7746600289, State Register of Legal Entities of Russian Federation	Hachaturana str. 12, 127562, Mockow Tel. +370 5 252 5015, fax. +370 5 252 5646	93.00
FL Technics Ulyanovsk OOO	22 July 2011, code 7329004322, State Register of Legal Entities of Russian Federation	Sovietskaya str. 6, 433400, Cherdakly, Cherdaklinsky District, Ulyanovsk Region, Russian Federation Tel. +370 5 252 5015, fax. +370 5 252 5646	99.00
FLT Trading House UAB	26 May 2010, code 302514409, Register of Legal Persons of the Republic of Lithuania	Žirmūnų str. 139, Vilnius, Lithuania Tel. 370 5 2525500, fax. +370 5 2525501	100.00
Locatory.com UAB	7 December 2010, code 302572273, Register of Legal Persons of the Republic of Lithuania	Smolensko str. 10, LT-03201 Vilnius, Lithuania tel. +370 5 252 5500, fax. +370 5 252 5501, www.locatory.com	95.00
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	35.5
Storm Aviation (Cyprus) Ltd.	30 September 2011, code HE290461, Ministry of Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver Nicosia	Rafail Santi 58, Nefeli Court 11, 1st floor, Flat/Office 104-105, 6052, Larnaca, Cyprus www.fltechnicsline.com	100.00
Storm Aviation Limited	30 September 2011, code 05229468, The Registrar of Companies for England	The Clock House, 140 London Road, Guildford, Surrey GU1 1UW www.fltechnicsline.com	100.00

Information about date of acquiring/establishment and activity of Group's subsidiaries is provided in Note 1 of the Group's Financial Information for the six-month period ended 30 June 2013.

As at 30 June 2013 the Group had no branches.

Agreements with intermediaries of public trading in securities

Since 31 August 2010 the Company and Orion Securities UAB FMĮ (code 122033915), A. Tumėno St. 4, B corps, 7 floor, LT-01109 Vilnius, have an agreement on accounting of the Company's securities and services related to the accounting of securities.

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

II. FINANCIAL AND OPERATIONAL INFORMATION

During the six-month period ended 30 June 2013 Avia Solutions Group AB and its subsidiaries (hereinafter – the Group) earned net profit from continuing operations of LTL 9.3 million (during the six-month period ended 30 June 2012: LTL 15.6 million). Comparing with the same period in 2012 the consolidated revenue from continuing operations has increased up to LTL 261 million, or by 6 % as compared with LTL 247 million in 2012.

Key events during the six-month period ended 30 June 2013 are summarized below:

Date	Operating Segment	Event
March 2013	-	Mr. Vytautas Kaikaris has resigned from the Management Board of <i>Avia Solutions Group AB</i> with effective date of 25 March 2013.
April 2013	-	Mr. Daumantas Lapinskas was elected to the Management Board of <i>Avia Solutions Group AB</i> .
May 2013	Aircraft Ground Handling and Fuelling	<i>Baltic Ground Services UAB</i> <i>l.</i> completed certification of a new glycerine-based Type I de-icing fluid Defrosol ADF.

The major event to the Group's structure during the six-month period ended 30 June 2013 was as follows:

Date	Operating Segment	Event
March 2013	Charter operations	95.5% stake of share capital in <i>Small Planet Airlines UAB</i> and <i>Small Planet Airlines Sp.z.o.o.</i> was sold.

Key figures of the Group

Financial figures	January – June		Change
	2013	2012	
Revenue from continuing operations (LTL thousand)	260 788	247 190	6%
Gross profit from continuing operations (LTL thousand)	34 763	36 365	-4%
<i>Gross profit margin (%)</i>	13.3	14.7	-1.4pp
Operating profit from continuing operations (LTL thousand)	12 627	20 432	-38%
<i>Operating profit margin (%)</i>	4.8	8.3	-3.5pp
Profit before income tax from continuing operations (LTL thousand)	10 549	19 228	-45%
Net profit for the period from continuing operations (LTL thousand)	9 304	15 625	-40%
Net profit for the period from discontinued operations (LTL thousand)	14 204	(4 194)	-439%
Net profit for the period (LTL thousand)	23 508	11 431	106%
<i>Net profit for the period from continuing operations margin (%)</i>	3.6	6.3	-2.7pp
Earnings per share from continuing operations (LTL)	1.581	2.655	-40%
Earnings per share from discontinued operations (LTL)	2.452	(0.677)	-462%
Earnings per share (LTL)	4.033	1.978	104%
Weighted number of shares (thousand)	5 887	5 893	

Financial ratios	30 June 2013	31 December 2012	30 June 2012
Return on equity (ROE)* (%)	17	17	11
Gearing ratio** (%)	33	36	35
Equity to total assets ratio*** (%)	45	38	35
Liquidity ratio	1.56	1.37	1.35
Number of full-time employees at the end of the period of the whole Group	1 022	1 095	1 060
Number of full-time employees at the end of the period (from the continuing operations only)	1 022	951	908

* - *Return on equity (ROE)* = *Net profit for the period / Total equity*

** - *Gearing ratio* = *Net debt / (Net debt + Total equity)*, *Net debt* = *Borrowings – Cash and cash equivalents*

*** - *Equity ratio* = *Total equity / Total assets*

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

Operating figures	January – June		Change, %
	2013	2012	
Number of SOLD man-hours in base maintenance	140 014	163 942	(14.6)
Number of SOLD man-hours in engineering	29 878	33 680	(11.3)
Number of SOLD man-hours in maintenance training	2 423	3 439	(29.5)
Number of line stations at the end of the period	18	24	(6)
Number of aircraft served	19 494	25 346	(23.1)
Number of passengers served	4 193	5 411	(22.5)
Volume of fuel sold (tonnes)	6 440	12 019	(46.4)
TRTO - Number of sold theoretical training hours	4 193	5 411	(22.5)
TRTO - Number of sold practical training (FFS) hours	6 440	12 019	(46.4)

Information about related party transactions

Information about related party transactions is provided in Note 13 of the Group's Financial Information for the six-month period ended 30 June 2013.

Following the International Financial Reporting Standards as adopted by EU, the parties related to the Company and the Group are the Company's subsidiaries, the Company's associates, the Company's shareholders and top management of the Company and the Group. Transactions with related parties are carried out based on the arm's length principle.

The Company and its subsidiaries are providing to each other aircraft maintenance, ground handling, fuelling, crew training, business management services and other services. The Company has extended loans to its subsidiaries *Baltic Aviation Academy UAB*, *Baltic Ground Services UAB*, *FL Technics AB*, *FL Technics Fets UAB* and *Locatory.com UAB*. The Company's subsidiaries have no interest in the share capital of *Avia Solutions Group AB*.

During the year there were no transactions with subsidiaries or other related parties under harmful conditions for the Group.

Investments related to continuing operations

During the six-month period ended 30 June 2013 the Group has been expanding its assets investing in Property, plant and equipment as well as Intangible assets for the total amount of LTL 12.5 million. All details concerning the assets of the Group are presented in Note 9 of the Group's Financial Information for the six-month period ended 30 June 2013.

Research and development activities

There were no major research and development projects undertaken during first half year of 2013, except the on-going development and improvement of the Group's services and development of spare parts trade platform (www.locatory.com), development of web-platform for training planning, track relevant training information (www.balticaa.com/en/my-baa/) and research on chemical composition of aircraft deicing/anti-icing fluid.

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.

Significant post balance sheet events

The Group had no significant post balance sheet events.

Plans and forecasts

In the second half year of 2013 the Group will strive to increase revenues in all services provided by the Group with the focus on expansion of maintenance facilities, developing ground handling and fuelling operations in Poland, increasing spare part trading volumes and development of engine management service. The group will continue sustainable growth and geographical expansion.

III. INFORMATION ABOUT SHARE CAPITAL AND SHAREHOLDERS

Share capital

The authorised capital of the Company as at 30 June 2013 was LTL 5,893,333 and is divided into 5,893,333 ordinary shares with a par value of LTL 1 each. All shares carry equal voting rights.

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

Shareholders

Currently the structure of shareholders, holding more than 5 per cent of the share capital and votes, is as follows:

No.	Name of the shareholder (name of the enterprise, type and registered office address, code in the Register of Enterprises) / Role in the Company's Management	Number of ordinary registered shares owned by the shareholder	Share of the share capital (%)	Share of votes given by the shares owned by the right of ownership (%)
1.	ZIA Valda Cyprus Ltd.	1 939 275	32.906	32.906
2.	Indeco: Investment and Development UAB	1 289 850	21.887	21.887
3.	Harberin Enterprises Limited	609 051	10.335	10.335
4.	ING Otwarty Fundusz Emerytalny	390 000	6.618	6.618
5.	Hubert Bojdo / Member of the Supervisory Board	100 000	1.697	1.697
7.	Jonas Butautis / Member of the Management Board	22 100	0.375	0.375
8.	Aurimas Sanikovas / Member of the Management Board	11 050	0.188	0.188
9.	Other	368 324	6.250	6.250
10.	Other free float	1 532 007	25.996	25.996
Total		5 893 333	100.00	100.00

As at 30 June 2013 the Group had no agreements which would expire, go into effect or alter if controlling bodies of the Company will change.

Treasury stocks

As at 30 June 2013 the Company and its subsidiaries have had no treasury stocks.

In March 2013 during the disposal of subsidiaries to Mr. Vytautas Kaikaris the Company has acquired 0.375% shares (or 22 119 ordinary shares) of *Avia Solutions Group AB*. Treasury shares were sold on 21 May 2013. Information about acquiring and disposal of treasury shares is provided in Note 12 of the Group's Financial Information for the six-month period ended 30 June 2013.

Shareholders' rights

None of the shareholders of the Company have any special controlling rights. Rights of all shareholders are equal.

The number of *Avia Solutions Group AB* shares that provide voting rights during the General Meeting of Shareholders amounts to 5 893 333. One ordinary registered share of *Avia Solutions Group AB* gives one vote in the General Meeting of Shareholders.

The Company is not aware of any agreements between the shareholders that could limit transfer of securities and/or their ability to exercise their voting rights.

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

Information about trading in the Company's securities

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

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

Dividends

The Company has not paid out to the shareholders any dividends.

IV. PERSONNEL

The breakdown of the number of full-time employees by the Group's companies:

The Group's companies	30 June 2013	31 December 2012	30 June 2012
Avia Solutions Group AB	33	28	23
AviationCV.com UAB	9	5	5
Baltic Aviation Academy UAB	59	57	54
Baltic Ground Services UAB	213	194	192
Baltic Ground Services Sp.z.o.o	106	95	134
Baltic Ground Services s.r.l.	2	-	-
Ground Handling CIS UAB	-	-	-
Baltic Ground Services UA TOV	-	-	-
FL Technics AB	482	450	417
FL Technics Jets UAB	37	31	2
FL Technics Line OOO	7	6	-
FL Technics Ulyanovsk OOO	-	-	-
FLT Trading House UAB	-	-	-
Locatory.com UAB	22	17	10
Storm Aviation Ltd.	52	68	71
<i>Small Planet Airlines UAB*</i>	-	112	131
<i>Small Planet Airlines Sp.z.o.o (Poland)*</i>	-	32	20
Number of all full-time employees at the end of the period	1 022	1 095	1 060
Number of full-time employees without Charter operations segment at the end of the period	1 022	951	908

* The companies are disclosed on the balance sheet date as discontinued operations.

On 30 June 2013 the the number of full-time employees was 1 022 (on 31 December 2012: 908), while the total number of Group's staff has increased by 114 employees (which amounts to 12.5% increase). The most significant change of 20% has occurred *Aircraft Maintenance, Repair and Overhaul (MRO)* business segment, where total number of full-time employees has increased by 100 employees.

V. MANAGING BODIES OF THE ISSUER

According to the Articles of Association of *Avia Solutions Group AB*, the managing bodies of the Company are General Meeting of Shareholders, the Supervisory Council, the Board and the Head of the Company (the General Director). 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 Director), whereas the General Director 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 Director 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 Director, submitting proposals to revoke decisions of the General Meeting, Management Board or General Director, 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. The members of the Committees as well as their Chairmen are appointed by the Supervisory Council, based on the recommendations of (i) the Nomination and Remuneration Committee (in case of the Audit Committee) and (ii) the elected members of the Nomination and Remuneration Committee (in case of the Nomination and Remuneration Committee). The Committees consist of a number of members established by the Supervisory Council, but in any event not less than 3 members of who has to be the members of the Supervisory Council. The members of the Committees may receive remuneration for work in the Committees which shall be established by the Supervisory Council. The Supervisory Council has the right to withdraw the entire Committees *in corpore* or their individual members and to appoint a new Committees or individual members of the Committees.

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 Director, 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 Director 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

Avia Solutions Group AB 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.

During the six-month period ended 30 June 2013 one meeting of the Supervisory Council was held. The Supervisory Council approved the proposed nominee of Mr Daumantas Lapinskas to the Management Board of the Company.

Members of the Supervisory Council

On 23 August 2010, the founder of *Avia Solutions Group AB* 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. On 25 August 2010, the Supervisory Council elected Mr. Vladas Bagavičius as a Chairman of the Supervisory Council.

Currently the Supervisory Council is comprised of four members elected for the tenure of four years: Mr. Dawid Sukasz and Mr. Michail Ireneusz Bobrowski have resigned, Mr. Dariusz Formela has elected.

The table below indicates the elected members of the Supervisory Council at the reporting date:

Name	Position within the Company	In the position	
		Since	Until
Supervisory Council			
Vladas Bagavičius	Chairman of the Supervisory Council	23 August 2010	23 August 2014
Džiuginta Balčiūnė	Member of the Supervisory Council	23 August 2010	23 August 2014
Hubert Bojdo	Member of the Supervisory Council	23 August 2010	23 August 2014
Dariusz Marek Formela	Member of the Supervisory Council	29 April 2011	23 August 2014
Irtautė Ščerbavičienė	Member of the Supervisory Council	30 April 2012	23 August 2014

Currently Mr. Dariusz Formela is the independent member of the Supervisory Council.

Information about all members of the Supervisory Council is presented below:

Vladas Bagavičius. Vladas Bagavičius is experienced in legal and management issues. He started his career 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.

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 is a member of the Supervisory Board in Agrowill AB since 2010. 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.LL.P.) in Humboldt University, Law faculty, in Berlin, Germany.

Hubert Bojdo. Hubert Bojdo started his career 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).

Dariusz Formela. Dariusz Formela' work experience and competence directly connected to collegial organs: from 2000 he acted as the member of the Supervisory Board in Makton SA, the member of the Supervisory Board in PGE in Lodz, the Vice-Chairman of the Supervisory Board of Unipetrol, the Chairman of the Supervisory Board in Płock Industry and Technology Park SA, the Chairman of the Supervisory Board Kedzierzyn Kozle Orlen Transport Ltd., the Chairman of the Supervisory Board Orlen Laboratorium z.o.o., the Chairman of the Supervisory Board Administration ORLEN z.o.o., the Chairman of the Supervisory Board ORLEN Prevention z.o.o., the Chairman of the Supervisory Board ORLEN Protection Co. o.o., the Vice-Chairman of the Supervisory Board ORLEN Accounting Ltd., the Vice-Chairman of the Supervisory Board ORLEN Upstream z.o.o., the Member of the Supervisory Board Spolana a.s. and Kaučuk a.s. Since 2009 Dariusz Formela is acting as the Member of the management board of PKM DUDA SA, a representative of Shareholding Banks. Dariusz Formela graduated from University of Gdańsk, Faculty of Law and Administration in 1998 and obtained a Master's degree in the University of Bradford in 2006. He undertook postgraduate studies: Powers of members of supervisory boards in state-owned companies (state exam), Study for Investment Advisors and Securities Analysts (Business Development Institute), Postgraduate Studies Enterprise Value Management (School of Economics); Postgraduate Management Studies XX edition of the School of Economics (Department of Finance).

Irtautė Ščerbavičienė. Irtautė Ščerbavičienė has a considerable financial experience. She gained her professional experience in SEB Leasing in Vilnius (in 2003), at the investment banking firm Gild Bankers, in Baltic States (in 2006), at the Behrens Corporate Finance (former Icebank Group) (in 2012). From 2009 she acted as Board in Coffee Holding Co. and Smulkus urmas UAB. Irtautė Ščerbavičienė has a special knowledge in M&A, strategic & financial advisory, budgeting and corporate restructuring projects. Irtautė Ščerbavičienė graduated from Stockholm School of Economics, in Riga, Latvia, Faculty of Economics in 2003.

The Audit Committee activities

During the six-month period ended 30 June 2013 no meetings of the Audit Committee were held.

According to the Regulations of the Audit Committee the main functions of this committee are as follows:

- to observe the integrity of financial information provided by the Company with particular attention to the relevance and consistency of methods used by the Company and the Group;
- to ensure the effectiveness of internal control functions;
- make recommendations to the Supervisory Council with regard to the selection of external audit firm, its appointment, reappointment and dismissal, and with the terms and conditions of agreement with the audit firm. The Committee shall examine situations in which the audit firm or an auditor has a basis to resign, and provide recommendations on actions required in such case;
- to monitor the independence and objectivity of the external audit firm, to check whether the audit firm takes into account the requirements in relation to the audit partner rotation, inspect the amount of remuneration paid by the Company to the audit firm and other matters, etc.

Members of the Audit Committee

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

Currently the Audit Committee consists of two members: Mr. Dariusz Formela has been elected, Mr. Michail Ireneusz Bobrowski and Mr. Vladas Bagavičius have resigned.

The table below indicates the elected members of the Audit Committee at the reporting date:

Name	Position within the Company	In the position until*
Audit Committee		
Džiuginta Balčiūnė	Member of the Audit Committee	23 August 2014
Dariusz Formela	Member of the Audit Committee	23 August 2014
Not elected	Member of the Audit Committee	23 August 2014

* - but, in any case, not longer than Annual Shareholders' Meeting to be held in April 2014.

Information about all members of the Audit Committee is presented in paragraphs above.

The Nomination and Remuneration Committee activities

During the six-month period ended 30 June 2013 no meetings of the Nomination and Remuneration Committee were held.

The Regulations of the Nomination and Remuneration Committee foresees that the Committee shall provide the assistance to the Supervisory Council in all matters relating to the appointment of candidates to the Management Board members, directors or senior management positions. Specifically, the Committee shall:

- select and recommend candidates to the Supervisory Council to vacant positions in the management bodies. The Committee shall assess the balance of skills, knowledge and experience in management bodies, establish the list of roles and capabilities required for each office, and assess the time required for carrying out the obligations;
- discuss the nominations proposed by the Company's shareholders and management to the Board members or senior management;
- recommend candidates to the Supervisory Council to other committees established by the Supervisory Council;
- regularly assesses the structure, size, composition and performance of management bodies, provide guidance on how to achieve the necessary changes;
- regularly evaluate knowledge, skills and experience of individual directors and shall notify the Supervisory Council;
- provide assistance to the Supervisory Council in all matters relating to the establishment of remuneration of the members of management bodies and senior management, etc.

Members of the Nomination and Remuneration Committee

On 1 September, 2010 the Supervisory Council elected Mr. Hubert Bojdo, Mr. Dawid Sukacz and Mrs. Džiuginta Balčiūnė as members of the Nomination and Remuneration Committee.

Currently the Nomination and Remuneration Committee consists of three members: Mr. Vladas Bagavičius has elected, Mr. Dawid Sukacz has resigned.

The table below indicates the elected members of the Nomination and Remuneration Committee at the reporting date:

Name	Position within the Company	In the position
		Until
Nomination and Remuneration Committee		
Hubert Bojdo	Member of the Nomination and Remuneration	23 August 2014
Džiuginta Balčiūnė	Member of the Nomination and Remuneration	23 August 2014
Vladas Bagavičius	Member of the Nomination and Remuneration	23 August 2014

* - but, in any case, not longer than Annual Shareholders' Meeting to be held in April 2014.

Information about all members of the Nomination and Remuneration Committee is presented in paragraphs above.

The Board Activities

During the six-month period ended 30 June 2013 fourteen meetings of the Board were held. During all Board meetings there was quorum prescribed by legal acts. The Board adopted a decision to invest into the legal entities. The Board has revised and approved major Asset Sale and Purchase Agreement for FL Technics spare parts removed from the Aircraft Boeing and Airbus as well as major purchases of aircraft for dismantling for spare parts. During the meetings the set of annual financial statements of the Group for 2012 was approved.

Members of the Board

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.

Currently the Management Board consists of five members: on 22 March 2013 Mr. Vytautas Kaikaris has resigned and on 25 April 2013 Mr. Daumantas Lapinskas has been elected.

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

The table below indicates the elected members of the Board at the reporting date:

Name	Position within the Company	In the position	
		Since	Until
Management Board			
Gediminas Žiemelis	Chairman of the Management Board	25 August 2010	25 August 2014
Saulius Batavičius	Member of the Management Board	25 August 2010	25 August 2014
Aurimas Sanikovas	Member of the Management Board	25 August 2010	25 August 2014
Jonas Butautis	Member of the Management Board	25 August 2010	25 August 2014
Daumantas Lapinskas	Member of the Management Board	25 April 2013	25 August 2014

Information about all members of the Board is presented below:

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 FMI (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 also acted as a member of the Management Board of AviaAM Leasing AB (since 2012). 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 32.906% shareholding in the Company and the sole shareholder of ZIA Valda Cyprus Ltd. is ŽIA Valda AB, 80% 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 Televolna 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 career 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 IAS 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 (2008–2010), 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. Aurimas Sanikovas also acted as a member of the Management Board of AviaAM Leasing AB (since 2012). 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 *Avia Solutions Group AB* that accounts to almost 0,19 per cent of the share capital.

Jonas Butautis. Jonas Butautis started his career 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 22 100 shares of *Avia Solutions Group AB* that accounts to about 0,375 per cent of the share capital.

Daumantas Lapinskas. Daumantas Lapinskas started his career in Tauro Bank, Vilnius in 1995–1997 and as an Analyst at CA-IB Investmentbank AG (Bank Austria), in representative office for Baltic States in 1999–2000. In the period of 2000–2007 Daumantas Lapinskas worked for European Bank for Reconstruction and Development (EBRD) in London and was employed in the following positions throughout the period: Analyst, Associate banker, Principal banker. In 2007–2009 Daumantas Lapinskas acted in Georgian Financial Company as Partner and Co-founder. In the period of 2009–2010 Daumantas Lapinskas acted as an Adviser to the Minister of Economy in Lithuania, in 2010–2012 he acted as a Deputy Minister of Economy in Lithuania. Since 2013 he is Deputy CEO at Avia Solutios Group AB. In 2009–2012 Daumantas Lapinskas also acted as a chairman of the Board of Investicijų Verslo Garantijos UAB (INVEGA). Daumantas Lapinskas obtained a bachelor degree in economics at the Faculty of Economics, Vilnius University, Lithuania in 1997. Since 1997 he has been studying for his master's degree in international economics and finance at the Brandeis University, USA.

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 Director. All the employees of the Company are directly subordinated and report to the General Director.

Name	Position within the Company	In the position	
		Since	Until
Key Executives			
Linas Dovydėnas	General Manager	25 August 2010	Indefinite
Aurimas Sanikovas	Chief Financial Officer	30 September 2010	Indefinite
Gediminas Žiemelis	Director of Development	30 September 2010	Indefinite

Linas Dovydėnas. Linas Dovydėnas started his career 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 Dovydėnas 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. Linas Dovydėnas also acted as a member of the Management Board of AviaAM Leasing AB (since 2012). He leads the management team in planning, development and implementation strategies to meet agreed organizational plans within agreed budgets and timescales. In 1997 Linas Dovydėnas 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.

All the Company's 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.

There are no material agreements to which the Company is a party and which would come into effect, be amended or terminated in case of change in the Company's control.

VI. INFORMATION ABOUT COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company essentially follows a recommendatory Corporate Governance Code for the WSE Listed Companies (hereinafter 'the Governance Code') prepared and announced on 30 June 2011. The Code of Best Practice for WSE Listed Companies can be found on the website dedicated to the corporate governance at the Warsaw Stock Exchange: www.corp-gov.gpw.pl and on the corporate website: www.aviasg.com in the "Investor Relations" section dedicated to the Company's shareholders under "Reports, codes" in the "WSE Best Practice" tab.

AVIA SOLUTIONS GROUP AB
CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013
(All tabular amounts are in LTL '000 unless otherwise stated)



MANAGEMENT CONFIRMATION OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 Director 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, *Avia Solutions Group AB* Consolidated Financial Statements for the six-month period ended 30 June 2013 as set out on above are 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 of undertakings, and Consolidated Interim Report for the six-month period ended 30 June 2013 includes a fair review of the development and performance of the business and the position of the Group of undertakings in relation to the description of the main risks and contingencies faced thereby.

General Manager

A blue ink signature of Linas Dovydėnas, General Manager.

Linas Dovydėnas

Chief Financial Officer

A blue ink signature of Aurimas Sanikovas, Chief Financial Officer.

Aurimas Sanikovas

14 August, 2013