

SEPARATE AND CONSOLIDATED ANNUAL REPORT

Approved by the Board as at 15 April 2014

I. GENERAL INFORMATION

Reporting period

Year ended 31 December 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

Persons responsible for the accuracy of the provided information:

Name	Position	Telephone number	E-mail
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Aurimas Sanikovas	CFO of Avia Solutions Group AB	+370 5 252 5500	Aurimas.Sanikovas@aviasg.com
Irina Travkina	Deputy CFO of Avia Solutions Group AB	+370 5 252 5500	Irina.Travkina@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 four business segments:

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

The *Charter Operations* segment is no longer disclosed. 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 discontinued operations is provided in Notes 32, 33 of the Group’s and the Company’s Financial Statements for the year ended 31 December 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 management; engineering services; spare parts and consumable sales; technical training; consulting; engine maintenance management; aircraft parts marketplace services, business jet maintenance and repair services and other related aircraft maintenance services. In December 2013 the Group acquired a new subsidiary Helisota UAB (*Helisota*) due to increase the presence in the MRO business segment in the new Helicopter MRO sub-segment.

Base maintenance

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

Line maintenance

Line maintenance is defined as maintenance that is carried out before each flight to ensure that the aircraft is fit for the intended flight and includes: daily service and weekly checks, unscheduled checks, troubleshooting, defect rectification and minor component replacement. As at 31 December 2013 *FL Technics* and *Storm Aviation* collectively operated nineteen line stations (at 31 December 2012 – twenty five 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 programs.

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 programs and consulting services. The training programs, 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.

Engine and Components management services

FL Technics provides comprehensive engine and component management services aimed at saving its customers' time and money. Scrap replacement materials are provided during a shop visit. *FL Technics* also offers a number of alternative options to deal with the engine, landing gear, APU and other components' problems, including exchange, sale, purchase and lease of an engine or its components.

Other MRO services

Other MRO services are mainly comprised of non-destructive testing (eddy current, magnetic particle, dye penetrate and ultrasonic) of airframes and components services provided by *FL Technics*, and of aircraft parts marketplace services provided by *Locatory.com*. *Locatory.com* develops and maintains its own trading platform catered specifically to the aircraft spare parts aftermarket while offering proactive customer support and enhancing the industry with effective supply chain management solutions.

Business jet MRO

FL Technics Jets is a global provider of tailor-made maintenance, repair and overhaul services for business aviation. The Company provides base maintenance services for Hawker 700-900XP and Bombardier CL-600-2B19 families.

Helicopter MRO (new business sub-segment)

On 16 December 2013, the Group acquired 100% of the share capital of *Helisota UAB (Helisota)* and 100% of the share capital of its subsidiary *Kauno aviacijos gamykla UAB (KAG)* from third parties. As a result of the acquisition, the Group is expected to increase its presence in the MRO segment, in the new Helicopter MRO sub-segment. *Helisota* is an international provider of integrated maintenance, repair and overhaul (MRO) services for rotorcraft aviation. The company is an EASA Part 145 and Part 147 organization as well as an authorized Mil Helicopters and Robinson R44 service center. Based on certified services and products *Helisota* supports various government and private rotorcraft operators from 25 countries worldwide.

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 31 December 2013, *Baltic Ground Services* activities were concentrated in Vilnius International Airport and Palanga International Airport (conducted through *Baltic Ground Services LT*), in Warsaw Chopin Airport, Krakow International Airport and Katowice International Airport in the Republic of Poland (conducted through *Baltic Ground Services PL*) and in Lamezia Terme Airport in Italy (conducted through *Baltic Ground Services IT*). Chopin

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)*.

AviationCV.com is a global provider of aviation specialist resourcing solutions for airlines, MRO providers and other industry players. The company has its own vast database of flight crew members, aircraft engineers and other aviation specialists aimed at meeting short and long term HR needs of the global aviation industry.

Certified as ATO (Approved Training Organization), *Baltic Aviation Academy* offers Ab Initio and Type Rating pilot training, Cabin Crew, Ground Handling, instructor and supporting aviation course training solutions. Headquartered in Vilnius (Lithuania) the academy is providing the custom tailored training solutions wrapped in the personal care and seeks to establish itself as a leading aviation training center in Central Europe. *Baltic Aviation Academy* occupies 1,330 sq. m. training center equipped with FNPT II (Flight Navigation procedure trainer); aircraft fleet of Cessna 172, Tecnam P2002JF and Tecnam 2006T; 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 mentioned simulators, 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; SAAB 2000, 340 FFS, and other numerous aircraft type simulators *Baltic Aviation Academy* leases from UK, Spain, France, USA, Sweden, Germany and Russia.

Business Charter Operations (new business segment)

New subsidiary, Verslo skrydžiai UAB (*KlasJet*), was established on 9 October 2013. Currently it has started preparations for business charter activity.

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 on 31 December 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; e-mail: info@aviasg.com; 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	Smolensko str. 10, LT-03201 Vilnius, Lithuania tel. +370 5 2525500, fax. +370 5 2525501, info@aviationcv.com , 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, info@balticaa.com , 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, info@bgs.aero , 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, info@bgs.aero , 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, info@bgs.aero , www.bgs.aero	100.00
Baltic Ground Services s.r.l.	Code R.E.A. RM-1287462, Company Registration Number c/o Chamber of Commerce: CCIAA T 76480595	Casella postale 140,88040, Lamezia Terme (CZ),Italy, tel . +39 0968 418540, fax : +39 0968 418540, info@bgs.aero , 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, info@bgs.aero , www.bgs.aero	100.00
FL Technics AB	22 December 2005, code 300517602, Register of Legal Persons of the Republic of Lithuania	Rodūnios road 18, LT-02188 Vilnius, Lithuania tel. +370 5 252 5015, fax. +370 5 252 5646, info@fltechnics.com , www.fltechnics.com	100.00
FL Technics Jets UAB	11 June 2007, code 300869952, Register of Legal Persons of the Republic of Lithuania	Naugarduko g. 100, LT-03160 Vilnius, Lithuania tel. +370 5 252 5662, fax. +370 5 252 5646, info@fltjets.com , www.fltjets.com	100.00

Name of the company	Date of registration, code, name of Register of Legal Entities	Contact details	Effective holding of the Company (%)
FL Technics Line OOO	03 August 2011, code 7746600289, State Register of Legal Entities of Russian Federation	Vnukovo International Airport, 2nd Reysovaya Street 2, Building 5, Moscow, Russia tel. +7 915 270 4220, fax. +370 5 252 5646, line@fltechnics.com, www.fltechnicsline.com	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. +370 682 30366, fax. +370 5 252 5646 www.fltechnicsulyanovsk.ru,	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 5 252 5500, 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, info@locatory.com, www.locatory.com	95.00
Helisota UAB	7 May 1997, code 134953768, Register of Legal Persons of the Republic of Lithuania	Europos Ave. 5, LT-46329 Kaunas, Lithuania tel. +370 3 742 1637, fax. +370 3 742 0420, helisota@helisota.com, www.helisota.com	100.00
Kauno aviacijos gamykla UAB	16 July 1993, code 133745440, Register of Legal Persons of the Republic of Lithuania	Europos Ave. 21, LT-46329 Kaunas, Lithuania tel. + 370 3 742 0395, fax. +370 3 742 0994 kag@kaunas.omnitel.net	100.00
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 6 650 2751, fax. +390 6 65027 5333, www.smallplanet.aero	35.5
Verslo skrydžiai UAB	9 October 2013, code 303163347, Register of Legal Persons of the Republic of Lithuania	Smolensko str. 10, LT-03201 Vilnius, Lithuania tel. +370 5 252 5581, fax. +370 5 252 5529 info@klasjet.aero, www.klasjet.aero	100.00
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	Unit 259 Capability Green Luton LU1 3LU, Great Britain, tel. +44 (0) 1582 390640 sales@stormaviation.com, 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 Statements for the year ended 31 December 2013.

As at 31 December 2013 the Company 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.

II. FINANCIAL AND OPERATIONAL INFORMATION

In 2013 *Avia Solutions Group AB* and its subsidiaries (hereinafter – the Group) earned net profit from continuing operations of LTL 15.3 million (in 2012: LTL 26.1 million). Comparing with 2012 the consolidated revenue from continuing operations has increased up to LTL 554 million, or by 3.4 % as compared with LTL 536 million in 2012. Results were generated primarily as a result of strategic decisions made.

Key events during 2013 are summarized below:

Date	Operating Segment	Event
February 2013	Aircraft Maintenance, Repair and Overhaul (MRO)	<i>FL Technics</i> became an exclusive sales and marketing representative of the global aviation components supplier <i>Seal Dynamics</i> in Russia, the CIS and twelve CEE states
April 2013	Aircraft Maintenance, Repair and Overhaul (MRO)	<i>FL Technics Jets</i> became an exclusive distributor of aviation oils and liquids for Russian aircraft in Eastern Europe
May 2013	Aircraft Ground Handling and Fuelling	<i>Baltic Ground Services UAB</i> completed certification of a new glycerin-based Type I de-icing fluid Defrosol ADF
August 2013	Aircraft Maintenance, Repair and Overhaul (MRO)	<i>FL Technics</i> received ISO 9001:2008 certificate. The project was funded by European Regional Development Fund (ERDF) under European Growth Programme's second priority 'Increasing business productivity and improving the business environment' measure 'Process LT'.
November 2013	Aircraft Maintenance, Repair and Overhaul (MRO)	<i>FL Technics Jets</i> became the first Tronair authorized service center in Eastern Europe, Russia and the CIS
December 2013	Aircraft Maintenance, Repair and Overhaul (MRO)	<i>FL Technics AB</i> has signed an agreement with Lithuanian Business Support Agency regarding LTL 10 million (EUR 2.9 million) European Union Structural Funds grant. The EU Structural Funds grant will finance part of equipment cost for the new <i>FL Technics</i> hangar facility in Kaunas, Lithuania,

The major events to the Group's structure during 2013 were as follows:

Date	Operating Segment	Event
March 2013	Unallocated	Mr Vytautas Kaikaris was resigned from the Management Board of <i>Avia Solutions Group AB</i>
March 2013	Charter operations	95,5% stakes in <i>Small Planet Airlines UAB</i> (Lithuania) and <i>Small Planet Airlines Sp. z o. o.</i> (Poland) were sold
April 2013	Unallocated	Mr Daumantas Lapinskas was elected to the Management Board of <i>Avia Solutions Group AB</i>
October 2013	Business charter (new business segment)	New subsidiary <i>Verslo skrydžiai UAB</i> was established
December 2013	Aircraft Maintenance, Repair and Overhaul (MRO)	<i>Avia Solutions Group AB</i> completed the acquisition of 100% of the share capital in <i>Helisota UAB</i> and its subsidiary <i>Kauno aviacijos gamykla UAB</i>
December 2013	Unallocated	Issue of additional 165,000 ordinary shares
December 2013	Unallocated	Mr Zilvinas Lapinskas and Mr Anatolij Legenzov were elected to the Management Board of <i>Avia Solutions Group AB</i> . Mr Jonas Butautis and Mr Saulius Batavicius were re-called from the Management Board of <i>Avia Solutions Group AB</i> as a result of their resignation from the managers of the subsidiaries

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

Key figures of the Group

Financial figures	2013	2012	Change
Revenue from continuing operations (LTL thousand)	554 056	535 860	+3.4%
Operating profit from continuing operations (LTL thousand)	20 717	31 626	-34.5%
Operating profit margin (%)	3.7	5.9	-2.2pp
Profit before income tax from continuing operations (LTL thousand)	16 846	29 536	-43.0%
Net profit for the period from continuing operations (LTL thousand)	15 290	26 054	-41.3%
Net profit for the period from discontinued operations (LTL thousand)	16 162	(6 978)	+231.6%
Net profit for the period (LTL thousand)	31 452	19 076	+64.8%
Net profit for the period from continuing operations margin (%)	2.8	4.9	-2.1pp
Earnings per share from continuing operations (LTL)	2.583	4.427	-41.7%
Earnings per share from discontinued operations (LTL)	2.780	(1.121)	+250.0%
Earnings per share (LTL)	5.364	3.306	+62.3%
Weighted number of shares (thousand)	5 896	5 893	+0.1%

Financial ratios	31 December 2013	31 December 2012
Return on equity (ROE)* (%)	21	17
Gearing ratio** (%)	37	36
Equity to total assets ratio*** (%)	40	38
Liquidity ratio	1.48	1.16
Number of full-time employees at the end of the period of the whole Group	1 342	1 095
Number of full-time employees at the end of the period (from the continuing operations only)	1 342	951

* - *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*

Operating figures	2013	2012	Change
Number of SOLD man-hours in base maintenance	247 722	307 900	-19.5%
Number of SOLD man-hours in engineering	60 091	50 076	+20.0%
Number of SOLD man-hours in maintenance training	8 406	6 155	+36.6%
Number of line stations at the end of the period	19	25	-6
Number of aircrafts served	9 541	9 969	-4.3%
Number of passengers served	1 493 981	1 480 225	+0.9%
Volume of fuel sold (tonnes)	62 236	61 150	+1.8%
TRTO - Number of sold theoretical training hours	8 203	6 587	+24.5%
TRTO - Number of sold practical training (FFS) hours	12 294	12 712	-3.3%

Revenue related to continuing operations

The total consolidated Group's revenue from continuing operations for the year 2013 was LTL 554 million, an increase by 3.4 per cent over the total revenue of LTL 536 million for the year 2012. During 2013 revenue from *Aircraft maintenance* and *Pilot and crew training business segment's* continued to grow while revenue from *Ground handling and fuelling segment* went down.

A significant growth as compared with 2012 was in *Aircraft maintenance segment* where revenues to external customers increased by LTL 30 million and amounted to LTL 319 million in 2013 as compared to LTL 289 million in 2012, which is higher than 10% increase. The growth was driven primarily by increase in engine management services, expansion of spare parts and consumable services, technical training and consulting services and new services' offering such as components management. In addition to that revenue from business jet maintenance and repair increased to LTL 14.4 million in 2013 as compared to LTL 7.8 million in 2012, which is higher than 84% increase.

Ground handling and fuelling segment revenues to external customers have decreased by LTL 12 million (decrease of 5.5%) and amounted to LTL 206 million in 2013 as compared to LTL 218 million in 2012. The decrease was caused by fallen aircraft fuel contracts in Poland.

Pilot and crew training business segment's revenues to external customers have slightly increased by LTL 0.3 million (increase of 1.2%). In 2013 subsidiaries offering training services generated LTL 28 million revenues.

Operating expenses related to continuing operations

In year 2013 the most significant nominal change in operating expenses was due to the higher amounts sold. The most significant element in expenses is aircraft fuel expenses which totaled to LTL 166 million (decrease of LTL 11 million compared to LTL 177 million in 2012).

Spare parts and consumables expenses in 2013 have not increased significantly and were totaling to LTL 120 million in comparison to LTL 118 million (increased by 1.7%).

Most significant changes in year 2013 were in rent of aircraft and equipment and aircraft maintenance expenses. Over the year rent of aircraft and equipment expenses grew by LTL 1 million and equaled to LTL 2.6 million in total at 31 December 2013 (increase of 41%). Aircraft maintenance expenses in 2013 changed by LTL 5 million or by 50% and reached LTL 16 million mainly due to increase by LTL 5.8 million in new subcontracting of engine management and engineering services.

Cost of services resold increased by 87% and amounted to LTL 54 million in 2013 primarily as a result of additional engines released expenses and additional PBH-related expenses related to establishment and rapid growth of new MRO business sub-segment *Component management*.

In 2013 the Group recognised allowance for impairment of non-current and other current assets, loans granted, trade and other receivables in the total amount of LTL 12.8 million mainly due to insolvency of MRO business segment' clients from CIS countries, and of the Group's associate operated in charter activity and due to represent net realisable value of inventories. Details about impairment-related expenses are provided in Note 3.1 of the Group's Financial Statements for the year ended 31 December 2013.

The Group considerably expanded range of subsidiaries operating in three out of four segments. Therefore, employee related expenses in 2013 increased by 5.4%, consultation expenses – by 106% and equaled to LTL 6.8 million in 2013 compared to LTL 3.3 million in 2012, transportation and related expenses – by 55%.

Net financial costs increased by 186% primarily as a result of increase in interest expenses on borrowing, late payments and discounting charge for financial services as at 31 December 2013.

Balance sheet and cash flow

During 2013 total assets of the Group increased by LTL 77 million or 26% per cent primarily as a result of an increase in property, plant and equipment, inventories and of the acquisition of new subsidiaries.

During 2013 total liabilities increased by LTL 71 million up to LTL 224 million. A meaningful impact to a change had an increase in bank borrowings and the acquisition of new subsidiaries.

In 2013 net cash flow generating from operating activities increased by LTL 39 million up to LTL 18 million as compared to 2012.

In 2013 the Group spent LTL 29 million in purchase of PPE and intangible assets primarily for acquisition of equipment for expansion of aircraft maintenance and pilot training capabilities.

In 2013 net cash flow generated from financing activities was LTL 15 million. The majority of it was bank borrowings and borrowings from related parties amounting to LTL 35 million.

Information about related party transactions

Information about related party transactions is provided in Note 34 of the Group's Financial Statements for the year ended 31 December 2013.

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

The Company and its subsidiaries are providing to each other business consulting and management services, aircraft maintenance, providing of spare parts, crew training and aircraft ground handling, fuelling services. In year 2013 amount of sales of consulting and management services from the Company to its related parties was LTL 6 279 thousand (2012: LTL 4 916 thousand). In year 2013 amount of sales of aircraft maintenance services from the Group to related parties of *AviaAM Leasing AB Group* was LTL 13 582 thousand (2012: LTL 1 973 thousand). In year 2013 amount of purchases of premises lease services from related party *VA Reals AB* was LTL 5 644 thousand (in 2012: LTL 5 263 thousand).

Investments related to continuing operations

The Group has been expanding its assets investing in Property, plant and equipment as well as Intangible assets for the total amount of LTL 43 million.

During 2013 capital investments amounted to LTL 43 million (LTL 32 million during 2012). The majority of capital investments (80 per cent or LTL 34 million) went to expansion of the development of aircraft maintenance, repair and overhaul business segment, mainly to construction of new 8000 sq.m hangar at Kaunas International Airport. The remaining part was invested into aircraft ground handling equipment and into aircraft fleet of pilot and crew training center.

Investments ('000 LTL)	2013	2012	Change
Aircraft maintenance, repair and overhaul business segment	34 030	22 168	53.5%
Aircraft ground handling and fuelling business segment	5 236	7 896	-31.9%
Pilot and crew training business segment	2 898	1 617	79.6%
Unallocated business segment	477	516	-7,6%
	42 641	32 197	+32.9%

All details concerning the assets of the Group are presented in the Separate and Consolidated Financial Statements for the year ended 31 December 2013 (Notes 5, 15, 16).

Research and development activities

There were no major research and development projects undertaken during 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/);
- Web-based aviation training management software *MOMook* dedicated for ATO, Type Rating Training Centers, Ab Initio Training Centers, and airlines with training centers.

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 Group are as follows:

- Strategic risk;
- Demand for aviation services;
- Changes in the legal regulation of the Group's activities;
- Competition with other market players;
- Currencies' exchange rates fluctuation;
- General economic situation in the Republic of Lithuania;
- Changes in the Lithuanian legislation;
- Safety, Health and Environmental (SHE) risks

Strategic risk arises from adverse or erroneous business decisions, improper decisions implementation or lack of response to any political or regulatory developments. In 2013 the Group is not exposed to strategic risk.

Demand for aviation services risk is a risk of getting lower profit than planned due to negative changes in aviation services market. In 2013 the Group is not exposed to demand for aviation services risk.

Changes in the legal regulation of the Group's activities risk is a risk of an increase in the loss and (or) loss of goodwill and a decrease of trust which can be due to external factors (such as law violations, regulatory non-compliance, failure to comply with contractual obligations with third parties) or internal factors (such as violations of ethical standards, failure to comply with internal regulations internal fraud, etc.). Legal department manages legal compliances risks – lawyers are involved in the agreements processes.

Competition with other market players risk arises when price pressure and other competitive challenges may cause the profitability of the Group's activities to deviate from the projected levels. Companies' management is constantly monitoring the market and relevant decisions to increase competitiveness are being made.

An economic downturn could have a significant detrimental effect on the achievement of the targets. This effect could be aggravated by *volatility in currencies*. The sensitivities to variations in several key currencies are given in Note 3.1. The Group will proceed with its profit protection plans, including further control on operating working capital.

The Group has strict safety policies which mitigate *Safety, Health and Environmental (SHE)* risks.

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 minimize potential adverse effects of the financial performance of the Group.

The Company's financial risk management is carried out by the CFO and the Management Board.

Information about the Company's the Group's financial risk management is provided in Note 3 of the Group's Financial Statements for the year ended 31 December 2013.

Significant post balance sheet events

The Company has signed an investment agreement with TVK Rossiya, part of Russia's largest state-owned holding company Rostec, for the development and management of the fourth Moscow airport hub on the basis of existing Ramenskoe aerodrome. Under the agreement, the parties will establish a special purpose company, where the Company is required to invest 1 billion RUB (approx. 76 million LTL) into the company's share capital, receiving up to 75% of the company's shares whereas TVK Rossiya, shareholder of the remaining shares, will contribute real estate that is necessary for airport development.

The Company sold its 35,5% stakes in Small Planet Airlines s.r.l. (Italy) to the third parties.

On the 3 January 2014 the Company issued a guarantee to a bank on behalf of a subsidiary in the amount of EUR 0.9 million to secure the bank loan.

In February 2014 the Company signed the agreement for sale 49% stakes in Baltic Aviation Academy UAB to third party. On 15 April 2014 the first stage of sale transaction was completed: the Company sold its 23.09% stakes in Baltic Aviation Academy UAB to the third party. The whole sale transaction will be completed until 31 May 2014.

Plans and forecasts

In 2014 the Group will strive for revenue increase in all business lines with the focus on lean operations and profitability. The Group will also work on integration of newly acquired helicopter maintenance business and implementation of IT solutions for overall business effectiveness. It is expected to continue sustainable growth and geographical expansion.

III. INFORMATION ABOUT SHARE CAPITAL AND SHAREHOLDERS

Share capital

The authorised capital of the Company as at 31 December 2013 was LTL 6,058,333 and is divided into 6,058,333 ordinary shares with a par value of LTL 1 each. All shares carry equal voting rights. All shares are fully paid up.

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

During the disposal of *Small Planet Airlines UAB* and *Small Planet Airlines Sp.z.o.o* 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. These 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 this transaction are disclosed in Note 32 of the Group's Financial Statements for the year ended 31 December 2013).

Details of revenue, cost of sales and income tax expenses of disposal group (charter operations business segment) classified as discontinued operations are disclosed in Note 33.

On 16 December 2013 the Company issued additional 165,000 ordinary shares with a par value LTL 1 each for issue price of PLN 43.60 (LTL 35.96) (Notes 22, 32). Following the increase of the capital, share premium amounts to 64,537,999 litas.

Shareholders

Shareholders, holding more than 5 per cent of the share capital and votes, as on 31 December 2013:

No.	Name of the shareholder	Company code and address	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.	Company code: HE 284966 Address: 1 Avlonos Street, Maria House, 5th floor, 1075 Nicosia, Cyprus	1 939 275	32.01	32.01
2.	Indeco: Investment and Development UAB	Company code: 300134995 Address: Žirmūnų g. 139, Vilniaus m., Vilniaus m. sav., LT-09120	1 289 850	21.29	21.29
3.	Harberin Enterprises Limited	Company code: HE 268672 Address: 1 Avlonos Street, Maria House, 5th floor, 1075 Nicosia, Cyprus	607 051	10.02	10.02
4.	ING Otworthy Fundusz Emerytalny (Open pension fund)	Company code: NIP 526-22-41-523 Address: ul. Topiel 12; 00-342 Warsaw, Poland	390 000	6.44	6.44
5.	Other shareholders	-	1 832 157	30.24	30.24
Total			6 058 333	100.00	100.00

Shareholders, holding more than 5 per cent of the share capital and votes, as on 28 March 2014:

No.	Name of the shareholder	Company code and address	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.	Company code: HE 284966 Address: 1 Avlonos Street, Maria House, 5th floor, 1075 Nicosia, Cyprus	1 939 275	32.01	32.01
2.	Vaidas Barakauskas	-	832 666	13.74	13.74
3.	Harberin Enterprises Limited	Company code: HE 268672 Address: 1 Avlonos Street, Maria House, 5th floor, 1075 Nicosia, Cyprus	606 551	10.01	10.01
4.	Indeco: Investment and Development UAB	Company code: 300134995 Address: Žirmūnų g. 139, Vilniaus m., Vilniaus m. sav., LT-09120	457 184	7.55	7.55
5.	ING Otworthy Fundusz Emerytalny (Open pension fund)	Company code: NIP 526-22-41-523 Address: ul. Topiel 12; 00-342 Warsaw, Poland	390 000	6.44	6.44
6.	Other shareholders	-	1 832 657	30.25	30.25
Total			6 058 333	100.00	100.00

The number of shares owned by the Management of the Company, members of the Management Board and Supervisory Council as on 31 December 2013 is listed in the table below:

Name	Role in the Company's Management	Number of shares	%
Mr Hubert Bojdo	Member of the Supervisory Board	100 000	1.65%
Mr Aurimas Sanikovas	Member of the Management Board, CFO of Avia Solutions Group AB	22 125	0.37%

The number of shares owned by the Management of the Company, members of the Management Board and Supervisory Council as on 28 March 2014 is listed in the table below:

Name	Role in the Company's Management	Number of shares	%
Mr Vaidas Barakauskas	Member of the Supervisory Board	832 666	13.74%
Mr Hubert Bojdo	Member of the Supervisory Board	100 000	1.65%
Mr Anatolij Legenzov	Member of the Management Board, CEO of Helisota UAB	73 255	1.21%
Mr Aurimas Sanikovas	Member of the Management Board, CFO of Avia Solutions Group AB	22 125	0.37%

The number of shareholders on the shareholders registration day for the Annual General Meeting of Shareholders, which was held on 30 April 2013, was 3. The number of shareholders on the shareholders registration day (2 December 2013) for the Extraordinary General Meeting of Shareholders, which was held on 5 December 2013, was 3.

As at 31 December 2013 the Group had no agreements which would expire, go into effect or alter if controlling bodies of the Company will change.

Treasury stocks

During the disposal of Small Planet Airlines UAB and Small Planet Airlines Sp.z.o.o 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.

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.

On 31 December 2013 neither the Company nor its subsidiaries do not hold any treasury stock.

Acquisition of treasury stocks

Under applicable Lithuanian laws a qualified $\frac{3}{4}$ majority of votes of shareholders is required to adopt a resolution on the acquisition of its own shares. The Company is not entitled to exercise property and non-property rights conferred by such shares.

The Company may acquire its own shares under the following conditions: a) the acquisition of its own shares shall occur within a period of eighteen months after the resolution of the General Shareholders' Meeting specifying the terms, conditions and purpose for the acquisition of its own shares is adopted; (b) the total nominal value of the shares to be acquired shall not exceed one-tenth of the share capital of the Company; (c) after the acquisition of its own shares, the Company's equity shall not fall below the sum of the paid share capital, mandatory reserve and the reserve for acquisition of own shares; (d) price for the treasury shares shall be paid from a special reserve for acquisition of its own shares which has to be formed by the Company prior to acquisition; (e) acquired shares shall be fully paid; (f) acquisition of its own shares by the Company shall ensure equal possibilities for all shareholders to sell their shares to the Company.

Shares that were acquired infringing the above listed requirements (a)-(d) must be sold within twelve months from the acquisition of these shares. If the shares are not sold during this period, then the corresponding portion of the share capital of the Company must be annulled.

Shall the Company undertake no actions to annul the preference shares which were acquired infringing the above listed requirements, the share capital shall be reduced accordingly by the court decision. The right to apply to the court shall be vested in the manager of the Company, the Management Board, the shareholder and the creditor. The General Manager of the Company shall be responsible for compliance with the requirements set for the acquisition of the treasury shares of the Company.

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 6,058,333. One ordinary registered share of *Avia Solutions Group AB* gives one vote in the General Meeting of Shareholders. The Company and its' subsidiaries do not own any shares of the Company.

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	6,058,333	1	6,058,333	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	31 December 2013	31 December 2012	Change
*Avia Solutions Group AB	42	28	14
AviationCV.com UAB	15	5	10
Baltic Aviation Academy UAB	61	57	4
Baltic Ground Services UAB	223	194	9
Baltic Ground Services Sp.z.o.o	92	95	(3)
Baltic Ground Services s.r.l.	-	-	-
Ground Handling CIS UAB	-	-	-
Baltic Ground Services UA TOV	-	-	-
FL Technics AB	612	450	162
FL Technics Jets UAB	51	31	20
FL Technics Line OOO	7	6	1
FL Technics Ulyanovsk OOO	-	-	-
FLT Trading House UAB	-	-	-
Locatory.com UAB	23	17	5
Storm Aviation Ltd.	53	68	(15)
Verslo skydžiai UAB	-	-	-
Helisota UAB**	158	-	158
Kauno aviacijos gamykla UAB**	5	-	5
Small Planet Airlines UAB*	-	112	(112)
Small Planet Airlines Sp.z.o.o (Poland)*	-	32	(32)
Number of all full-time employees at the end of the period	1 342	1 095	247
Number of full-time employees without Charter operations segment at the end of the period	1 342	951	391

* The companies are disclosed as discontinued operations as at 31 December 2012 and were sold as at 31 March 2013.

** On 16 December 2013 the Group acquired Helisota UAB with its subsidiary Kauno aviacijos gamykla UAB where 163 full-time employees are employed as at 31 December 2013.

During the year 2013 the average number of employees *without Charter operations segment* was 1 308, while the total number of Group's staff has increased by 247 (which amounts to 23% increase). The most significant positive change of 10 per cent has occurred in following companies: *Avia Solutions Group AB, AviationCV.com UAB, FL Technics AB, FL Technics Jets UAB, FL Technics Line OOO and Locatory.com UAB* due to further expansion of offered services and substantial growth of sales. The most significant negative change of 10 per cent has occurred in *Storm Aviation Ltd.* due to decreased number of line stations.

The breakdown of the number of full-time employees and average salaries by categories in 2013:

Employee category	31 December 2013	Average monthly salary, LTL*
Management (first and second level managers)	242	6 198
Specialists (qualified and/or certified, if the Company requires)	643	4 274
Other operative staff	294	2 412
Number of employees (including part-time employees) at the end of the period and weighted average monthly salary	1 179	4 205

*average salary calculated for all companies except Helisota UAB and Kauno aviacijos gamykla UAB which were acquired on 16 December 2013. Full-time employees in these companies distributed in the following categories: management – 11 employees, specialists – 33 employees, other operative staff – 119 employees

The breakdown of the number of part-time employees and average salaries by categories in 2013:

Employee category	31 December 2013	Average monthly salary, LTL*
Management (first and second level managers)	10	1 662
Specialists (qualified and/or certified, if the Company requires)	17	2 916
Other operative staff	24	1 797
Number of employees (including part-time employees) at the end of the period and weighted average monthly salary	51	2 143

**average salary calculated for all companies except Helisota UAB and Kauno aviacijos gamykla UAB which were acquired on December 2013. Part-time employees in these companies distributed in the following categories: management – 2 employees, specialists – 5 employees, other operative staff – 10 employees*

The breakdown of the number of employees (including part-time employees) by education level in 2013:

Education level	31 December 2013
University third cycle studies (doctoral, postgraduate and residency studies)	4
University second cycle studies (master and specialized professional studies)	275
First cycle studies (bachelor studies, including non-university studies)	601
Secondary professional education	226
Secondary education	288
Primary education	16
Number of employees (including part-time employees) at the end of the period	1 410

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 2013 seven meetings of the Supervisory Council were held. The Supervisory Council discussed the Company's financial report for the first quarter of 2013, for the five months and six months periods of 2013, discussed monthly results for July – period, elected the member and chairmen of the Audit Committee, elected the chairmen of the Nomination and Remuneration Committee, appointed Mr Daumantas Lapinskas, Mr Anatolij Legenzov and Mr Žilvinas Lapinskas as the members of the Management Board, recalled Mr Jonas Butautis and Mr Saulius Batavičius from 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 five members elected for the tenure of four years: Mrs Irtautė Ščerbavičienė had resigned, Mr Vaidas Barakauskas has been elected.

The table below indicates the elected members of the Supervisory Council at the balance sheet 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 (the independent member)	29 April 2011	23 August 2014
Vaidas Barakauskas	Member of the Supervisory Council	5 December 2013	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 Supervisory Council is presented below:

Mr Vladas Bagavičius. Mr 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 Mr Vladas Bagavičius acts as a member of the Management Board in *Agrowill Group AB*. Mr Vladas Bagavičius graduated from the Vilnius University, Faculty of Law in 1997.

Mrs Džiuginta Balčiūnė. Mrs 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). Mrs 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 acted as an independent attorney-at-law Džiuginta Balčiūnė. Mrs Džiuginta Balčiūnė acted as a member of the Supervisory Board in *Agrowill AB*. Mrs 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.

Mr Hubert Bojdo. Mr 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. Mr 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. Mr Hubert Bojdo is also a licensed stock exchange broker (since 1995) and a licensed tax advisor (since 2003). Mr Hubert Bojdo owns 100,000 shares in the *Avia Solutions Group AB* (1.65% of all the shares).

Mr Dariusz Formela. Mr 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 Plock 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 Mr Dariusz Formela is acting as the Member of the management board of PKM DUDA SA, a representative of Shareholding Banks.

Mr Dariusz Formela graduated from University of Gdansk, 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).

Mr Vaidas Barakauskas. Mr Vaidas Barakauskas has a considerable management experience: from 1992 till 2008 he acted as the president in Fima UAB, until this day he is a Board Member in this Company. Mr Vaidas Barakauskas is a director in Ilzenbergo dvaras UAB as well as in Indeco: Investment and Development UAB. From 2010 Mr Vaidas Barakauskas is an indirect shareholder of *Avia Solutions Group AB*. From 2012 he holds a position of president of Lithuanian Modern Pentathlon Federation. Mr Vaidas Barakauskas graduated from Vilnius University, Faculty of Mathematics, where he obtained bachelor degree in Mathematics, and in 2002 he obtained an executive MBA at the Baltic Management Institute. Mr Vaidas Barakauskas owns 832,666 shares in the *Avia Solutions Group AB* (13.78% of all the shares).

The Audit Committee activities

During 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;
- to 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 three members: Mr Dariusz Formela and Mrs Irtautė Ščerbavičienė have 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 balance sheet date:

Name	Position within the Company	In the position	
		Since	Until*
Audit Committee			
Džiuginta Balčiūnė	Member of the Audit Committee	1 September 2010	23 August 2014
Dariusz Formela	Member of the Audit Committee (the independent member)	1 July 2011	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 members of the Audit Committee is presented in paragraphs above.

The Nomination and Remuneration Committee activities

During 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 been elected, Mr Dawid Sukacz has resigned.

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

Name	Position within the Company	In the position	
		Since	Until*
Nomination and Remuneration Committee			
Mr Hubert Bojdo	Chairmen of the Nomination and Remuneration Committee	1 September 2010	23 August 2014
Mrs Džiuginta Balčiūnė	Member of the Nomination and Remuneration Committee	1 September 2010	23 August 2014
Mr Vladas Bagavičius	Member of the Nomination and Remuneration Committee	1 July 2011	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 2013 thirty three 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. Board of governors approved subsidiary's FL Technics AB investment project to hangar construction in Kaunas airport, approved the pledge of the assets of the subsidiaries FL Technics AB and Baltic Ground Services UAB and the Surety ship Agreement, approved the new subsidiary acquisition and the establishment of the new subsidiary, determined the conditions of the issue of the Company's new shares. The Board also discussed and agreed all related matters to investment project in Russia. 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: Mr Gediminas Žiemelis, Mr Aurimas Sanikovas, Mr Jonas Butautis, Mr Saulius Batavičius and Mr Vytautas Kaikaris.

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

Currently the Management Board consists of five members: Mr Saulius Batavičius, Mr Jonas Butautis and Mr Vytautas Kaikaris have resigned, Mr Daumantas Lapinskas, Mr Žilvinas Lapinskas and Mr Anatolij Legenzov have been elected.

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

Name	Position within the Company	In the position	
		Since	Until*
Management Board			
Mr Gediminas Žiemelis	Chairman of the Management Board	25 August 2010	25 August 2014
Mr Aurimas Sanikovas	Member of the Management Board	25 August 2010	25 August 2014
Mr Daumantas Lapinskas	Member of the Management Board	9 April 2013	25 August 2014
Mr Žilvinas Lapinskas	Member of the Management Board	16 December 2013	25 August 2014
Mr Anatolij Legenzov	Member of the Management Board	16 December 2013	25 August 2014

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

Information about all members of the Board is presented below:

Mr Gediminas Žiemelis. Mr Gediminas Žiemelis has a unique management and advisory experience. In 2008, under the request of the Prime Minister of the Republic of Lithuania he gave practical proposals on anti-crisis actions to be taken. He started his career in 1999 as the assistant manager of the Vindication and Fraud Division in Lietuvos taupomasis bankas, AB (currently, Swedbank, AB), the Department of Problematic Assets and Vindication (1999–2001). He acted as the General Manager of Žvilgsnis iš arčiau UAB (2001–2005) (currently named Creditinfo UAB), which was engaged mainly in debt recovery and credit risk management, the General Manager of ŽIA VALDA AB (2002–2006) and the General Manager of brokerage firm Finhill UAB FMĮ (in 2007). Mr 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 Mr 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 Mr Gediminas Žiemelis also acted as a consultant in Avia Solutions Group Holdings AB. Moreover, Mr Gediminas Žiemelis is a member of the Supervisory Board in Agrowill AB since 2010. Mr Gediminas Žiemelis also acted as a member of the Management Board of AviaAM Leasing AB (since 2012). Mr 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. Mr Gediminas Žiemelis is also one of the initiators of establishment of the Association of Aviation Companies (www.aia.lt) (in 2009). Mr Gediminas Žiemelis owns 162,962 shares in the AviaAM Leasing AB (0.38% of all the shares).

Mr Aurimas Sanikovas. Mr 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. Mr 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. Mr 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. and Small Planet Airlines AS (2009–2010). He has also acted as the General Manager of Avia Funds Management UAB (2010–2011). Moreover, since 2010 Mr Aurimas Sanikovas is a member of the Supervisory Board of Agrowill Group AB. Mr 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. Mr 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 Mr Aurimas Sanikovas is a fellow of the Association of Chartered Certified Accountants (FCCA). Mr Aurimas Sanikovas owns 294,478 shares in the AviaAM Leasing AB (0.68% of all the Shares). Mr Aurimas Sanikovas is a direct shareholder of the Company and has 22,125 shares of *Avia Solutions Group AB* that accounts to almost 0,37 per cent of the share capital. Mr Aurimas Sanikovas does not participate in the capital of any other legal entities.

Mr Daumantas Lapinskas. Mr Daumantas Lapinskas has more than 16 years of experience in sectors as diverse as public service (in 2009–2010 was an advisor to the Minister of Economy, Lithuania, served as the Vice Minister of Economy in the 15th Government of Lithuania), banking (more than seven years at the European Bank for Reconstruction and Development, executing monitoring debt, equity and working capital financing projects for the Companies in CEE and CIS), trading and private business. Mr Daumantas Lapinskas held board positions in the following companies: Invest Lietuva (2010–2012), Enterprise Lithuania (2010–2012), JSC Investicijų Verslo Garantijos (INVEGA) (Chairman of the Board). Mr Daumantas Lapinskas graduated from Vilnius University where he obtained bachelor degree in Economics (specialization in Finance), and in 1999 he obtained a master's in International Economics and Finance at the Brandeis University, USA (Edmund S. Muskie Scholarship in Economics). Since 2013 Mr Daumantas Lapinskas is a Deputy CEO at *Avia Solutions Group AB*. Mr Daumantas Lapinskas does not have interest in the share capital of any legal entities.

Mr Žilvinas Lapinskas. Mr Žilvinas Lapinskas has a deep international business expertise. He started his career as sales manager in Rubikon Prodimpeksas, since 1999 works in City Service – OMX listed company, where he held CCO and Head of Facilities Management Department positions prior to becoming CEO in 2004. Mr Žilvinas Lapinskas took LEAN 6 Sigma Implementation courses as well as Facilities Management course at Dalkia Facility Management, Stockholm, Sweden. Mr Žilvinas Lapinskas holds a bachelor degree in Business management. Since November 2013 Mr Žilvinas Lapinskas is CEO at FL Technics AB.

Mr Anatolij Legenzov. Mr Anatolij Legenzov started his career in 1996 in Oxford Health Plans, LLC as an IT Support Analyst. He worked for this company for 2 years and since 1998 started his career in Helisota UAB. Prior to becoming General Director in 2013 Mr Anatolij Legenzov held International Sales Representative, Director International Sales, and Director for Commerce positions. Since 2011 he is a member of Helisota UAB Board. Mr Anatolij Legenzov studied in Kaunas University of Technology, obtained bachelor degree in Computer Science from University of Bridgeport and master degree in Computer Science from Columbia University. In 2001 he obtained an executive MBA at the Vytautas Magnus University. Mr Anatolij Legenzov is a direct shareholder of the Company and has 73,255 shares of *Avia Solutions Group AB* that accounts to almost 1,21 per cent of the share capital. Mr Anatolij Legenzov does not participate in the capital of any other legal entities.

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			
Mr Linas Dovydenas	General Manager	25 August 2010	Indefinite
Mr Aurimas Sanikovas	Chief Financial Officer	30 September 2010	Indefinite
Mr Gediminas Žiemelis	Director of Development	30 September 2010	Indefinite

Mr Linas Dovydenas. Mr Linas Dovydenas 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. Mr Linas Dovydenas joined the Group in 2008. He held a position of the Chairman of the Supervisory Board of Small Planet Airlines AS and was a member of the Management Board in FL Technics. Mr Linas Dovydenas 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 Mr Linas Dovydenas obtained a bachelor's degree in Business and Business Administration at the Faculty of Economics, Vilnius University, and in 2006 he obtained an executive MBA at the Baltic Management Institute. Mr Linas Dovydenas owns 441,717 shares in AviaAM Leasing AB (1.02% of all the shares). Mr Linas Dovydenas does not participate in the capital of any other legal entities.

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

Information about remuneration of key management of the Company and the Group personnel is provided in Note 35 of the Company's and the Group's Financial Statements for the year ended 31 December 2013. Members of Supervisory and Management Boards do not receive salary except if they are employed by the Group.

Information about total amounts calculated for Management groups of the Company and the Group during 2013 and 2012:

Position ('000 LTL)	2013	2012	Change
<i>Remuneration of key management of the Company</i>			
Members of Supervisory Board	-	-	-
Members of Management Board	-	-	-
Company's Administration (General Manager, Chief Financier)	415	415	-
<i>Remuneration of key management of the Group</i>			
Administration of Group's Companies (General Managers, Chief Financiers)	3 085	2 770	23%

Average monthly salary of the Group's General Managers and Chief Financiers:

Position (LTL)	2013	2012	Change
Company's Administration (General Manager, Chief Financier)	17 289	17 289	-
Administration of Group's Companies (General Managers, Chief Financiers)	14 287	12 825	+11.4%

There were no annual compensation (tantiemes) paid to the Company's Management, to the Company's Board members or Company's Supervisory board member during 2013.

In 2013 there were no guarantees or sponsorship granted to the members of the Supervisory or Management Boards or Management by the Company as well as none of subsidiaries paid salaries or other pay-outs to the members of the Boards or the employees of the Company for being members of their managing bodies, except the loan taken by Mr Linas Dovydenas from Avia Solutions Group AB, which constituted 20,077 Lt and new loan granted to Mr Aurimas Sanikovas from Avia Solutions Group AB, which constituted 937,950 Lt as at 31 December 2013. The loan to Mr. Aurimas Sanikovas was granted for purchasing shares of Avia Solutions Group AB. Shares are pledged to the Company under this agreement. According to this loan agreement Mr. Aurimas Sanikovas (the borrower) has the right to require the Company to redeem the shares in a period from 31 March 2014 to 31 December 2018 if the Group achieves appointed EBT targets. The Group's Management does not expect this loan to have any material effect on the Group's financial statements. Information about this loan is provided in Note 34 of the Group's Financial Statements for the year ended 31 December 2013.

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

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.

Auditors

Auditors from PricewaterhouseCoopers UAB audited the balance sheet of the Company and together with its consolidated subsidiaries for the years ended 31 December 2008, 2009, 2010, 2011, 2012 and 2013 and the related statement of comprehensive income, statement of changes in equity and statement of cash flows and a summary of significant accounting policies and other explanatory notes for the years then ended.

On 30 April 2013, the shareholders of the Company during the Annual General Meeting of Shareholders elected UAB PricewaterhouseCoopers as the Company's audit enterprise for the period of the next year to perform the audit of the annual consolidated financial statements of the Company for the year 2013, and to make the assessment of the consolidated annual report of the Company for the year 2013. Shareholders authorized the Company's General Manager to conclude the agreement for audit services, establishing the payment for services as agreed between the parties but in any case not more than 350 000 (three hundred and fifty thousand) Litas (VAT excluded) for the audit of the Company's annual consolidated financial statements for the year 2013 and assessment of the Company's consolidated annual reports.

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. This announced version of Corporate Governance Statement of *Avia Solutions Group AB* is available 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: <http://www.aviasg.com/en/investor-relations/reports-codes/wse-best-practice.html>.

The WSE has a corporate governance code, which is the Code of Best Practice for WSE Listed Companies, the most recent version being the Appendix to Resolution No.19/1307/2012 of the Exchange Supervisory Board dated 21 November 2012 (the "WSE Corporate Governance Code") which can be found on the website dedicated to the corporate governance at the Warsaw Stock Exchange: www.corp-gov.gpw.pl.

The Company acknowledges the importance of good corporate governance and intends to seek the compliance with the WSE Corporate Governance Code to the extent possible. Especially, the Company intends to be as transparent as it is legally and practically possible using multilingual Company's website. Moreover, some members of the Supervisory Council are independent. However, due to, inter alia, differences between Polish and Lithuanian Corporate Law the Company does not comply with the following rules of the WSE Corporate Governance Code:

- **Rule II.3 and Rule III.9**, according to which the Supervisory Council should approve a significant transaction/agreement with a related entity at the request of the Management Board. In accordance with Lithuanian law, the Supervisory Council is not entitled to approve any decisions of the Management Board;
- **Rule III.8**, according to which annex I to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) council should apply to the tasks and the operation of the committees of the Supervisory Council. As at the date of this Annual Report, the Supervisory Council has not formed any committee, however due to the limited number of the Supervisory Council members the entire Supervisory Council acts as the particular committee and it aims to apply the rules indicated in the Commission Recommendation mentioned above;
- **Rule IV 10**, according to which the Company should enable its shareholders to participate in a general meeting using electronic communication means through real-life broadcast of General Meetings and real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting. The Company does not enable participation in the general meeting by using electronic communication means through real-life broadcast and real-time bilateral communication. However, the Company does not exclude that such means will be adopted in the future.

Furthermore, the Company does not comply with the following recommendations:

- **Recommendation I.1**, regarding on-line broadcasting of general meeting. The Company does not enable on-line broadcasts of general meetings over the Internet, record general meetings, and publish the recordings on the company website. However, the Company intends to expand its website in line with development of its corporate events in order to meet the expectations of the investors and shareholders.
- **Recommendation I.5**, regarding remuneration policy. Currently, the Company does not have a remuneration policy adopted. The Company does not exclude that the remuneration policy will be adopted by the General Meeting in the future.
- **Recommendation I.9**, regarding balanced proportion of men and women in the Management Board and Supervisory Council. Currently, there is only one woman in governing bodies of the Company, Dziuginta Balciune, a member of the Supervisory Council. The Company supports this recommendation. However the members of the Supervisory Board are appointed by the General Meeting of Shareholders and therefore the compliance with this recommendation depends on the shareholders' future decisions.
- **Recommendation I.12**, according to which the Company should enable its shareholders to exercise the voting right during a general meeting either in person or through a proxy, outside the venue of the general meeting, using electronic communication means. Currently, the Company does not envisage possibility to enable its shareholders to exercise the voting right during a general meeting outside the venue of the general meeting, using electronic communication means. However, the Company does not exclude that relevant solutions will be introduced in the future.

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, We, Linas Dovydenas, 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* Separate and Consolidated Financial Statements for the year ended 31 December 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 Company and the Group of undertakings, and Consolidated Annual Report for the year 2013 includes a fair review of the development and performance of the business and the position of the Company and the Group of undertakings in relation to the description of the main risks and contingencies faced thereby.

General Director
Linas Dovydenas



Chief Financial Officer
Aurimas Sanikovas

