

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014
UNAUDITED

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

CONTENTS	Pages
CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME	3
CONSOLIDATED INTERIM BALANCE SHEETS	4
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY	5 – 6
CONSOLIDATED STATEMENTS OF CASH FLOW	7
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION	8 – 20
CONFIRMATION OF RESPONSIBLE PERSONS	21

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	October - December				January - December			
		2014		2013		2014		2013	
		USD	LTL	USD	LTL	USD	LTL	USD	LTL
Revenue	3	4,748	18,600	150,004	389,621	120,724	313,956	176,198	458,326
Interest income on loans		593	1,659	151	390	2,773	7,210	325	847
Depreciation and amortisation		(1,200)	(3,312)	(2,478)	(6,299)	(4,764)	(12,389)	(9,292)	(24,170)
Costs of aircraft sold		(32)	(4,725)	(125,855)	(327,370)	(86,136)	(224,006)	(126,124)	(328,075)
Costs of services rendered		(25)	(349)	(1,515)	(3,925)	(5,303)	(13,791)	(2,260)	(5,879)
Revaluation of aircraft		(1,390)	(3,616)	(4,042)	(10,286)	(1,390)	(3,616)	(4,042)	(10,286)
Aircraft maintenance and servicing expenses		(1,281)	(3,673)	(2,681)	(7,121)	(7,623)	(19,825)	(6,437)	(16,972)
Employee-related expenses	4	(193)	(535)	(232)	(594)	(800)	(2,081)	(739)	(1,923)
Impairment of receivables and prepayments		(27)	(91)	-	-	(368)	(958)	(1,158)	(3,013)
Other operating expenses	5	(553)	(1,502)	(1,938)	(5,042)	(1,710)	(4,448)	(1,938)	(5,042)
Gain on sale of subsidiaries		-	-	-	-	5,251	13,657	-	-
Gain on sale of property, plant and equipment (net)		-	-	7,885	20,510	4,377	11,384	7,885	20,510
Other gain (losses) net		479	1,404	1,717	4,466	3,349	8,710	1,942	5,050
Operating profit		1,119	3,860	21,016	54,350	28,380	73,803	34,360	89,373
Finance income	6	-	-	-	-	286	745	630	1,640
Finance costs	6	(568)	(1,602)	(1,804)	(4,649)	(3,144)	(8,177)	(4,346)	(11,304)
Finance costs – net		(568)	(1,602)	(1,804)	(4,649)	(2,858)	(7,432)	(3,716)	(9,664)
Profit (loss) before income tax		552	2,258	19,212	49,701	25,523	66,371	30,644	79,709
Income tax	7	(543)	(1,560)	(1,130)	(2,902)	(3,282)	(8,534)	(2,862)	(7,444)
Profit (loss) for the period		9	698	18,082	46,799	22,241	57,837	27,782	72,265
Other comprehensive income									
<i>Items that will not be reclassified to profit or loss:</i>									
Gain (loss) on revaluation of aircraft		242	687	(10,310)	(27,047)	242	687	(10,310)	(27,047)
Deferred income tax on revaluation of aircraft		(36)	(102)	1,546	3,880	(36)	(102)	1,546	3,880
Currency translation differences on translation to presentation currency		-	10,233	-	(3,441)	-	29,754	-	(7,792)
Total other comprehensive income		206	10,818	(8,764)	(26,608)	206	30,339	(8,764)	(30,959)
Total comprehensive income		215	11,516	9,318	20,191	22,447	88,176	19,018	41,306
Basic and diluted earnings per share (USD/LTL)	8	0.00	0.02	0.50	1.29	0.51	1.34	0.76	1.99

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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CONSOLIDATED INTERIM BALANCE SHEET

		31 December 2014		31 December 2013	
	Note	USD	LTL	USD	LTL
ASSETS					
Non-current assets					
Property, plant and equipment	9	38,337	108,828	42,838	107,516
Intangible assets		1	3	2	5
Investments in associates, jointly controlled and other entities		885	2,513	-	-
Loans granted	11	10,717	30,424	9,958	24,993
Trade and other receivables	12	-	-	160	402
Deferred income tax assets		-	-	875	2,195
		49,940	141,768	53,833	135,111
Current assets					
Inventory	10	1,037	2,943	1,997	5,013
Loans granted	11	23,549	66,848	9,432	23,671
Trade and other receivables	12	6,751	19,165	19,842	49,800
Prepaid income tax		969	2,749	553	1,388
Cash and cash equivalents	13	36,587	103,859	43,953	110,314
		68,893	195,564	75,777	190,186
Total assets		118,833	337,332	129,610	325,297
EQUITY					
Equity attributable to the Group's equity shareholders					
Share capital	14	16,804	43,306	16,804	43,306
Share premium		27,972	72,088	27,972	72,088
Legal reserve		1,133	2,953	1,131	2,947
Revaluation reserve		3,637	9,129	3,431	8,612
Revaluation of financial assets available for sale		(971)	(2,756)	-	-
Cumulative translation reserve		-	21,310	-	(8,444)
Retained earnings		43,523	115,411	24,824	67,625
Total equity		92,098	261,441	74,162	186,134
LIABILITIES					
Non-current liabilities					
Borrowings	15	10,782	30,608	27,821	69,826
Security deposits received	17	3,332	9,459	4,464	11,203
Deferred income tax liabilities		1,499	4,255	-	-
		15,613	44,322	32,285	81,029
Current liabilities					
Borrowings	15	2,768	7,859	4,297	10,785
Trade and other payables	16	2,488	7,064	6,468	16,231
Security deposits received	17	40	114	3,875	9,727
Advances received	16	70	198	4,270	10,717
Current income tax liabilities		5,756	16,334	4,253	10,674
		11,122	31,569	23,163	58,134
Total liabilities		26,735	75,891	55,448	139,163
Total equity and liabilities		118,833	337,332	129,610	325,297

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

USD	Note	Share capital	Share premium	Legal reserve	Revaluation reserve	Revaluation of financial assets available for sale	Retained earnings	Total equity
Balance at 1 January 2013		12,232	-	1,131	12,195	-	(2,958)	22,600
Comprehensive income								
Revaluation of aircraft		-	-	-	(10,310)	-	-	(10,310)
Deferred income tax on revaluation of aircraft		-	-	-	1,546	-	-	1,546
Other comprehensive income (loss)		-	-	-	(8,764)	-	-	(8,764)
Profit for the year		-	-	-	-	-	27,782	27,782
Total comprehensive income		-	-	-	(8,764)	-	27,782	19,018
Transactions with owners								
Increase of share capital of the Company		4,572	29,463	-	-	-	-	34,035
Cost of capital increase		-	(1,491)	-	-	-	-	(1,491)
Total transactions with owners		4,572	27,972	-	-	-	-	32,544
Balance at 31 December 2013/ 1 January 2014		16,804	27,972	1,131	3,431	-	24,824	74,162
Comprehensive income								
Net gains/(losses) transferred to equity		-	-	-	-	(971)	-	(971)
Revaluation of aircraft		-	-	-	242	-	-	242
Deferred income tax on revaluation of aircraft		-	-	-	(36)	-	-	(36)
Other comprehensive income (loss)		-	-	-	206	(971)	-	(765)
Profit for the period		-	-	-	-	-	22,241	22,241
Total comprehensive income		-	-	-	206	(971)	22,241	21,476
Transactions with owners								
Royalties		-	-	-	-	-	(64)	(64)
Transfer to reserves		-	-	2	-	-	-	2
Dividends		-	-	-	-	-	(3,478)	(3,478)
Total transactions with owners		-	-	2	-	-	(3,542)	(3,540)
Balance at 31 December 2014		16,804	27,972	1,133	3,637	(971)	43,523	92,098

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

LTL	Note	Share capital	Share premium	Legal reserve	Revaluation reserve	Revaluation of financial assets available for sale	Cum. trans.	Retained earnings	Total equity
Balance at 1 January 2013		29,448	-	2,947	31,779	-	(652)	(4,640)	58,882
Comprehensive income									
Revaluation of aircraft		-	-	-	(27,047)	-	-	-	(27,047)
Deferred income tax on revaluation of aircraft		-	-	-	3,880	-	-	-	3,880
Currency translation differences		-	-	-	-	-	(7,792)	-	(7,792)
Other comprehensive income (loss)		-	-	-	(23,167)	-	(7,792)	-	(30,959)
Profit for the year		-	-	-	-	-	-	72,265	72,265
Total comprehensive income		-	-	-	(23,167)	-	(7,792)	72,265	41,306
Transactions with owners									
Increase of share capital of the Company		13,858	75,930	-	-	-	-	-	89,788
Cost of capital increase		-	(3,842)	-	-	-	-	-	(3,842)
Total transactions with owners		13,858	72,088	-	-	-	-	-	85,946
Balance at 31 December 2013/ 1 January 2014		43,306	72,088	2,947	8,612	-	(8,444)	67,625	186,134
Comprehensive income									
Net gains/(losses) transferred to equity		-	-	-	-	(2,756)	-	-	(2,756)
Revaluation of aircraft		-	-	-	687	-	-	-	687
Deferred income tax on revaluation of aircraft		-	-	-	(102)	-	-	-	(102)
Currency translation differences		-	-	-	(68)	-	29,754	-	29,686
Other comprehensive income (loss)		-	-	-	517	(2,756)	29,754	-	27,515
Profit for the period		-	-	-	-	-	-	57,837	57,837
Total comprehensive income		-	-	-	517	(2,756)	29,754	57,837	85,352
Transactions with owners									
Royalties		-	-	-	-	-	-	(179)	(179)
Transfer to reserves		-	-	6	-	-	-	-	6
Dividends		-	-	-	-	-	-	(9,872)	(9,872)
Total transactions with owners		-	-	6	-	-	-	(10,051)	(10,045)
Balance at 31 December 2014		43,306	72,088	2,953	9,129	(2,756)	21,310	115,411	261,441

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Note	12 months ended 31 December			
		2014	2013		
		USD	LTL	USD	LTL
Operating activities					
Profit (loss) before income tax		25,523	66,371	30,644	79,709
<i>Adjustments for:</i>					
Depreciation and amortisation		4,764	12,389	9,292	24,170
Impairment of accounts receivables and prepayments		368	958	1,158	3,013
Discounting effect		127	329	714	1,858
Finance costs – net		(737)	(1,915)	4,008	10,426
Change in fair value of fixed assets		1,390	3,616	4,043	10,516
Gain on sale of subsidiaries		(5,251)	(13,657)	-	-
Profit / Loss from sale of fixed assets		(4,377)	(11,384)	(7,885)	(20,510)
<i>Changes in working capital:</i>					
Trade and other receivables		500	1,301	(12,672)	(32,961)
Trade and other payables		(4,664)	(12,129)	6,470	16,829
Security deposits and advances received		280	728	4,310	11,211
Inventory		199	518	912	2,369
Cash generated from operations		18,122	47,125	40,994	106,630
Interest paid		(1,507)	(3,920)	(3,177)	(8,264)
Income tax paid		(1,088)	(2,828)	(1,203)	(3,129)
Net cash generated from operating activities		15,527	40,377	36,614	95,237
Investing activities					
Purchase of property, plant and equipment and intangible assets		(27,736)	(72,130)	(4,954)	(12,886)
Sale of property, plant and equipment and intangible assets		21,900	56,953	11,527	29,985
Investments in other entities		(1,852)	(4,817)	-	-
Loans granted		(56,592)	(147,174)	(56,807)	(147,766)
Loans repaid		43,394	112,852	40,706	105,885
Interest received		1,806	4,696	55	144
Net cash used in investing activities		(19,080)	(49,620)	(9,473)	(24,638)
Financing activities					
Proceeds from issuance of ordinary shares		-	-	32,702	85,064
Dividends paid		(1,212)	(3,152)	(2,007)	(5,221)
Repayment of borrowings		-	-	(19,268)	(50,119)
Lease (finance lease) payments		(2,601)	(6,765)	(2,696)	(7,013)
Net cash generated from (used in) financing activities		(3,813)	(9,917)	8,731	22,711
Increase (decrease) in cash and cash equivalents		(7,366)	(19,160)	35,872	93,310
Movement in cash and cash equivalents					
At the beginning of year		43,953	110,314	8,081	21,060
Increase (decrease) in cash and cash equivalents		(7,366)	(19,160)	35,872	93,310
Foreign translation differences		-	12,705	-	(4,056)
At the end of the period	13	36,587	103,859	43,953	110,314

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

AviaAM Leasing AB (referred to as *the Company*) is a public limited liability company incorporated at State Enterprise Centre of the Republic of Lithuania as at 6 April 2009 (Company code – 302330793). The Company is domiciled in Vilnius, the capital of Lithuania. The address of its registered office is at Smolensko g. 10, LT-03201 Vilnius, Lithuania.

The shareholders' structure of the Company as at 31 December 2014 was as follows:

	Number of shares	%
ZIA Valda Cyprus Leasing Limited	12,994,905	30.01
Mesotania Holdings Limited	10,899,858	25.17
ING Otworthy Fundusz Emerytalny (Open pension fund)	5,000,000	11.55
Harberin Enterprises Limited	2,160,949	4.99
Vretola Holdings Limited	1,922,768	4.44
Linas Dovydenas	441,717	1.02
Aurimas Sanikovas	294,478	0.68
Tadas Goberis	147,239	0.34
Other shareholders	9,443,679	21.81
Total	43,305,593	100.00

The Company and its subsidiaries (together, *the Group*) are engaged in the business of aircraft leasing, trading and management. The principal activity of the Group is operating leasing, management and trading of mid-life narrow body and regional jet aircraft. As of 31 December 2014 the Group owned 13 aircraft: 1 Boeing 737-300, 3 Boeing 737-500 and 9 Bombardier CRJ200 aircraft. All aircraft were leased out under operating lease contracts.

The subsidiaries, which are included in the Group's consolidated financial statements are indicated below:

The Group's companies	Country of establishment	Share of equity, %		Date of acquiring (establishment) / activity / address of establishment
		As at 31 December 2014	As at 31 December 2013	
AviaAM B01 UAB	Lithuania	100	100	Date of acquiring: 4 January 2010 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B02 UAB	Lithuania	100	100	Date of acquiring: 4 January 2010 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B03 UAB	Lithuania	-	100	Date of acquiring: 22 January 2010 / Date of sale: 30 April 2014 / Aircraft leasing / Saltoniškių g. 29, Vilnius
AviaAM B04 UAB	Lithuania	100	100	Date of establishment: 22 February 2007 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B05 UAB	Lithuania	100	100	Date of establishment: 28 June 2011 / Aircraft leasing / Smolensko g. 10, Vilnius

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

1 General information (continued)

The Group's companies	Country of establishment	Share of equity, %		Date of acquiring (establishment) / activity / address of establishment
		As at 31 December 2014	As at 31 December 2013	
AviaAM B06 UAB	Lithuania	100	100	Date of establishment: 15 July 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B07 UAB	Lithuania	100	100	Date of establishment: 30 September 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
AAL Capital Aircraft Holdings Ltd	Cyprus	100	100	Date of establishment: 29 September 2011 / Aircraft leasing / Dimitriou Karatasou 15, Anastasio Building, 6th floor, Flat/office 601, Strovolos, 2024, Nicosia, Cyprus
AviaAM Leasing Bermuda Ltd	Bermuda	100*	100*	Date of establishment: 16 September 2011 / Aircraft leasing / Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
AviaAM B08 Ltd	Bermuda	100*	100*	Date of establishment: 26 April 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM11, Bermuda
AviaAM B09 Ltd	Bermuda	100*	100*	Date of establishment: 27 June 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
Ice Aircraft Management Ltd	Bermuda	100*	100*	Date of establishment: 23 October 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
Boulevard Two Aircraft Ltd	Ireland	100*	100*	Date of acquiring: 20 December 2013 / Aircraft leasing / 70 Sir John Rogerson's Quay, Dublin 2, Ireland

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

2 Accounting policies

The consolidated interim financial information for the twelve month period ended 31 December 2014 (hereinafter, *the Consolidated Interim Financial Information*) is prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34 "Interim financial reporting". In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2013.

The financial statements have been prepared on a going concern basis and under the historical cost convention.

The consolidated financial statements are presented in US Dollars (USD) and Lithuanian Litas (LTL) and all values are rounded to the nearest thousand (USD'000 and LTL '000) except when otherwise indicated.

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

2 Accounting policies (continued)

The Consolidated Interim Financial Information for the twelve month period ended 31 December 2014 is not audited. Financial Statements for the year ended 31 December 2013 were audited by external auditor PricewaterhouseCoopers UAB.

3 Revenue

	12 months ended 31 December			
	2014		2013	
	USD	LTL	USD	LTL
Sales of aircraft	91,150	237,045	139,931	363,990
Lease revenue	16,174	42,063	22,345	58,122
Commission income	7,575	19,700	7,233	18,815
Supplemental maintenance rent	5,825	15,148	6,689	17,399
	120,724	313,956	176,198	458,326

The chief operating decision maker of the Group has been identified as the General Manager, which is responsible for allocating resources and assessing performance of the Group. The General Manager has determined that the activities of the Company form a single operating segment – aircraft leasing, trading and aircraft transaction management. The internal reporting provided to the General Manager has been prepared using the accounting policies and presentation consistent with those used in preparation of the financial statements. The General Manager monitors net profit and operating profit as a measure of profit.

The segment’s sales to external customers are derived from the following single customers (the customers whose sales revenue exceed 5 per cent of total sales revenue of that segment in any of the years):

	12 months ended 31 December			
	2014		2013	
Lease, sale and aircraft transaction management customers	USD	LTL	USD	LTL
Customer F	72,500	188,544	145,733	379,082
Customer L	18,500	48,111	-	-
Customer B	11,998	31,201	11,527	29,985
Customer A	1,240	3,225	11,287	29,359
Customer D	1,192	3,100	3,576	9,302
Customer C	145	377	3,551	9,237
Other customers	15,149	39,398	524	1,361
	120,724	313,956	176,198	458,326

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

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

3 Revenue (continued)

Country	12 months ended 31 December			
	2014		2013	
	USD	LTL	USD	LTL
Bermuda	91,000	236,654	124,000	322,550
Russia	15,861	41,249	11,850	30,822
Iceland	4,575	11,898	21,733	56,533
Hong Kong	3,000	7,802	-	-
Belarus	2,233	5,807	-	-
Kazakhstan	1,240	3,225	11,287	29,359
Tajikistan	1,192	3,100	3,576	9,302
Lithuania	858	2,232	2,328	6,056
Italy	765	1,989	1,424	3,704
	120,724	313,956	176,198	458,326

4 Employee related expenses

	12 months ended 31 December			
	2014		2013	
	USD	LTL	USD	LTL
Salaries	589	1,533	530	1,378
Social insurance expenses	211	548	209	545
	800	2,081	739	1,923

5 Other operating expenses

	12 months ended 31 December			
	2014		2013	
	USD	LTL	USD	LTL
Legal and translation expenses	677	1,761	538	1,399
Management services	284	740	222	579
Travelling expenses	180	469	158	410
Marketing expenses	105	273	186	483
Representation expenses	98	254	96	251
Audit and accounting expenses	78	202	53	137
Insurance expenses	76	198	360	935
Bank fees	38	99	27	70
Expenses related to listing of shares	32	82	51	133
Office expenses	30	79	10	25
Other administrative expenses	112	291	237	620
	1,710	4,448	1,938	5,042

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

6 Finance costs – net

	12 months ended 31 December			
	2014		2013	
	USD	LTL	USD	LTL
Interest income on cash and cash equivalents	7	18	34	89
Discounting of security deposits received	136	355	275	715
Unwinding of discount of non-current receivables and loans from related parties	-	-	153	398
Other finance income	143	372	168	438
Finance income	286	745	630	1,640
Interest expenses	(1,631)	(4,241)	(3,177)	(8,263)
Foreign exchange loss on financing activities	(1,316)	(3,423)	(100)	(261)
Unwinding of discount of security deposits received	(140)	(363)	(1,015)	(2,639)
Other finance costs	(57)	(150)	(54)	(141)
Finance costs	(3,144)	(8,177)	(4,346)	(11,304)
Finance costs – net	(2,858)	(7,432)	(3,716)	(9,664)

7 Income tax

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

Income tax is calculated at 15 per cent of the annual profit for the year.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority. Deferred income tax asset and liability are calculated at 15% rate (2013: 15% rate).

	12 months ended 31 December			
	2014		2013	
	USD	LTL	USD	LTL
Current tax	2,759	7,174	3,658	9,252
Deferred tax	523	1,360	(796)	(2,078)
Total income tax expenses	3,282	8,534	2,862	7,444

8 Earnings per share

Earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares issued during the year.

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

8 Earnings per share (continued)

	October - December				January – December			
	USD	2014 LTL	USD	2013 LTL	USD	2014 LTL	USD	2013 LTL
Net profit attributable to shareholders	9	698	18,082	46,799	22,241	57,837	27,782	72,265
Weighted average number of ordinary shares issued	43,306		36,377		43,306		36,377	
Basic earnings per share (USD/LTL)	0.00	0.02	0.50	1.29	0.51	1.34	0.76	1.99

The Group has no dilutive potential ordinary shares, therefore, the diluted earnings per share are the same as basic earnings per share.

9 Property, plant and equipment

USD	Aircraft and engines	Aircraft and engines under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2013	60,027	4,077	9	64,113
Additions	9,146	400	212	9,758
Disposals	(7,011)	-	-	(7,011)
Reclassifications	751	(1,118)	-	(367)
Depreciation charge	(9,292)	-	(11)	(9,303)
Revaluation surplus	584	951	-	1,535
Revaluation loss	(14,803)	(1,084)	-	(15,887)
Closing net book amount as at 31 December 2013	39,402	3,226	210	42,838
At 31 December 2013				
Cost or valuation	39,402	3,226	230	42,858
Accumulated depreciation	-	-	(20)	(20)
Net book amount	39,402	3,226	210	42,838
Opening net book amount as at 1 January 2014	39,402	3,226	210	42,838
Additions	29,834	750	-	30,584
Disposals	(29,145)	-	(6)	(29,151)
Revaluation surplus	242	-	-	242
Impairment loss	(1,390)	-	-	(1,390)
Reclassifications	3,226	(3,226)	-	-
Depreciation charge	(4,764)	-	(22)	(4,786)
Closing net book amount as at 31 December 2014	37,405	750	182	38,337
At 31 December 2014				
Cost or valuation	37,405	750	224	38,379
Accumulated depreciation	-	-	(42)	(42)
Net book amount	37,405	750	182	38,337

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

9 Property, plant and equipment (continued)

LTL			Other tangible fixed assets	Total
	Aircraft and engines	Aircraft and engines under preparation for use		
Opening net book amount as at 1 January 2013	156,429	10,626	24	167,079
Additions	23,791	1,040	551	25,382
Disposals	(18,237)	-	-	(18,237)
Reclassifications	1,954	(2,908)	-	(954)
Depreciation charge	(24,170)	-	(29)	(24,199)
Revaluation surplus	1,519	2,474	-	3,993
Revaluation loss	(38,506)	(2,820)	-	(41,326)
Exchange differences	(3,888)	(315)	(19)	(4,222)
Closing net book amount as at 31 December 2013	98,892	8,097	527	107,516
At 31 December 2013				
Cost or valuation	98,892	8,097	577	107,566
Accumulated depreciation	-	-	(50)	(50)
Net book amount	98,892	8,097	527	107,516
Opening net book amount as at 1 January 2014	98,892	8,097	527	107,516
Additions	77,586	1,950	-	79,537
Disposals	(75,794)	-	(16)	(75,810)
Revaluation surplus	629	-	-	629
Impairment loss	(3,616)	-	-	(3,616)
Reclassifications	8,390	(8,390)	-	-
Depreciation charge	(12,389)	-	(57)	(12,446)
Exchange differences	(12,484)	(471)	(63)	(13,019)
Closing net book amount as at 31 December 2014	106,182	2,129	518	108,828
At 31 December 2014				
Cost or valuation	106,182	2,129	637	108,947
Accumulated depreciation	-	-	(119)	(119)
Net book amount	106,182	2,129	518	108,828

Aircraft were pledged to the banks as collateral for borrowings. Carrying amounts of pledged aircraft as at 31 December 2014 and 31 December 2013:

	31 December 2014		31 December 2013	
	USD	LTL	USD	LTL
Aircraft	-	-	8,797	22,079
	-	-	8,797	22,079

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

10 Inventories

	31 December 2014		31 December 2013	
	USD	LTL	USD	LTL
Aircraft components	1,037	2,943	1,997	5,013
	1,037	2,943	1,997	5,013

11 Loans granted

	31 December 2014		31 December 2013	
	USD	LTL	USD	LTL
Non-current loans				
Loans granted to related parties	4,869	13,822	3,583	8,993
Loans granted to third parties	5,848	16,602	6,375	16,000
	10,717	30,424	9,958	24,993
Current loans				
Loans granted to related parties	17,691	50,218	8,112	20,359
Loans granted to third parties	5,858	16,630	1,320	3,312
	23,549	66,848	9,432	23,671
Total loans granted	34,266	97,272	19,390	48,664

12 Trade and other receivables

	31 December 2014		31 December 2013	
	USD	LTL	USD	LTL
Trade receivables from third parties	6,917	19,637	13,916	34,925
Less: provision for impairment of trade receivables	(1,524)	(4,325)	(1,158)	(2,906)
Trade receivables from third parties – net	5,393	15,312	12,758	32,019
Receivables from related parties	1,573	4,465	1,048	2,630
Less: provision for impairment of trade receivables from related parties	(1,048)	(2,975)	(1,048)	(2,630)
Receivables from related parties - net	525	1,490	-	-
Other receivables	171	485	190	474
Less: provision for impairment of other receivables	(29)	(82)	(29)	(70)
Other receivables - net	142	403	161	404
Prepayments	323	916	6,336	15,902
VAT receivables	368	1,044	747	1,877
	6,751	19,165	20,002	50,202
Non-current portion :	-	-	(160)	(402)
Current portion :	6,751	19,165	19,842	49,800

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

13 Cash and cash equivalents

Cash and cash equivalents are dominated in following currencies:

	31 December 2014		31 December 2013	
	USD	LTL	USD	LTL
USD	35,250	100,066	42,221	105,967
EUR	1,150	3,263	131	329
LTL	173	490	1,601	4,018
PLN	14	40	-	-
Total cash and cash equivalents	36,587	103,859	43,953	110,314

14 Share capital

As at 31 December 2014 and as at 31 December 2013 the share capital of the Company amounted to LTL 43,305,593 (USD 16,804 thousand) and consisted of 43,305,593 ordinary registered shares with a nominal value of LTL 1 each. All shares were fully paid up.

Since 28 June 2013 the ordinary registered shares of the Company (ISIN code LT10000128555) are listed on the Main List of Warsaw Stock Exchange (symbol: AAL).

15 Borrowings

	31 December 2014		31 December 2013	
	USD	LTL	USD	LTL
Non-current				
Bank borrowings	-	-	14,270	35,816
Finance lease liabilities	10,782	30,608	13,551	34,010
	10,782	30,608	27,821	69,826
Current				
Bank borrowings	-	-	1,696	4,257
Finance lease liabilities	2,768	7,859	2,601	6,528
	2,768	7,859	4,297	10,785
Total borrowings	13,550	38,467	32,118	80,611

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

	31 December 2014	31 December 2013
Bank borrowings	-	6.96%
Finance lease liabilities	7.67%	7.76%

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

16 Trade and other payables and advances received

	31 December 2014		31 December 2013	
	USD	LTL	USD	LTL
Trade and other payables – financial liabilities				
Trade payables	1,375	3,904	1,273	3,191
Trade payables to related parties	436	1,238	1,561	3,919
Salaries and social security payable, including vacation accrual	86	243	169	424
Accruals	587	1,667	3,465	8,697
Other short term liabilities	4	12	-	-
	2,488	7,064	6,468	16,231
Advance payments received – non-financial liabilities				
Advance payments from customers	70	198	-	-
Advance payments from customers related to acquisition of aircraft	-	-	4,270	10,717
	70	198	4,270	10,717

17 Security deposits received

	31 December 2014		31 December 2013	
	USD	LTL	USD	LTL
Security deposits repayable after one year at nominal value	4,040	11,468	5,380	13,503
Less: discounting effect	(708)	(2,009)	(916)	(2,300)
Security deposits repayable after one year	3,332	9,459	4,464	11,203
Security deposits repayable within one year	40	114	4,000	10,039
Less: discounting effect	-	-	(125)	(312)
Security deposits repayable within one year	40	114	3,875	9,727
Security deposits	3,372	9,573	8,339	20,930

Average rates used for security deposits discounting are as follows: 2014: 7.40%; 2013: 7.50%.

Security deposits serve as a security by a lessee for the performance of its obligations under the aircraft lease agreements and upon termination of lease lessor is obliged return it to lessee. All of the Group's security deposits are denominated in USD. Security deposits are not interest-bearing.

18 Commitments and contingencies

Capital expenditure contracted for at the balance sheet date is as follows:

	31 December 2014		31 December 2013	
	USD	LTL	USD	LTL
Aircraft	-	-	15,800	39,655
	-	-	15,800	39,655

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

19 Business combination and disposals

On 30 April 2014 the Company sold 100 per cent of shares of one of its subsidiaries – AviaAM B03 UAB, company code 300887740, registered address at Saltoniškių str. 29, Vilnius, Lithuania – to unrelated party. The aforementioned subsidiary owned five aircraft as at the date of sale – four Boeing 737-500 and one Boeing 737-300.

Details of sale price and assets and liabilities arising from the disposal in Group's financial statements are as follows:

	<i>AviaAM B03 UAB - disposal's carrying amount</i>	
	USD	LTL
Property, plant and equipment	8,522	21,228
Receivables	7,093	17,668
Inventories	761	1,895
Cash and cash equivalents	293	731
Deferred income tax assets	1,960	4,882
Payables	(2,920)	(7,273)
Security deposits received	(4,302)	(10,715)
Borrowings	(16,568)	(41,263)
Total identifiable net assets	(5,161)	(12,847)
Proceeds from sale of interest in subsidiaries	90	224
Other items:		
Exchange differences on translation of foreign operations	-	155
Gain on disposal, directly recognized in Group's profit or loss	5,251	13,226

20 Related party transactions

Related parties of the Group include entities having significant influence over the Group, key management personnel of the Group and other related parties. Entities having significant influence over the Company and the Group are ZIA Valda Cyprus Leasing Ltd and ZIA Valda AB (the sole shareholder of ZIA Valda Cyprus Leasing Ltd). Transactions with these companies are presented separately. Related parties also include other shareholders of the Company, associates and jointly controlled entities of the Group and subsidiaries of ZIA Valda AB group. They are presented as other related parties. The following transactions were carried out with related parties:

Transactions with related parties:

	12 months ended 31 December			
	2014		2013	
	USD	LTL	USD	LTL
Sales of services to:				
Entities having significant influence	194	504	-	-
Other related parties	1,384	3,598	347	903
	1,578	4,102	347	903

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

20 Related party transactions (continued)

Purchases of assets from:

Other related parties	1,372	3,568	801	2,100
	1,372	3,568	801	2,100

Purchases of services from:

Entities having significant influence	9	22	-	-
Other related parties	2,338	6,081	2,466	6,415
	2,347	6,103	2,466	6,415

Total purchases of assets and services	3,719	9,671	3,267	8,515
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Period-end balances arising from sales/purchase of assets/services:

Trade and other receivables from related parties

	31 December 2014		31 December 2013	
	USD	LTL	USD	LTL
Other related parties	1,573	4,465	1,048	2,630
Trade and other receivables at nominal value	1,573	4,465	1,048	2,630
Less: provision for impairment of receivables from other related parties	(1,048)	(2,975)	(1,048)	(2,630)
	525	1,490	-	-

Individually impaired receivable relates to the customer that is in bankruptcy proceedings.

Payables to and prepayments from related parties

	31 December 2014		31 December 2013	
	USD	LTL	USD	LTL
Other related parties	436	1,238	1,561	3,919
Total payables to and prepayments from related parties	436	1,238	1,561	3,919

Loans granted to related parties

	31 December 2014		31 December 2013	
	USD	LTL	USD	LTL
Beginning of the year	11,695	29,352	3,034	7,907
Loans advanced during the year as monetary transactions	27,784	72,254	40,827	106,199
Loans advanced during the year as non-monetary transactions	10,090	26,241	-	-
Loan repayments received as monetary transactions	(14,947)	(38,872)	(32,360)	(84,175)
Loan repayments received as non-monetary transactions	(12,302)	(31,992)	(22)	(57)
Interest charged	945	2,458	325	845
Interest received	(546)	(1,420)	(85)	(221)
Exchange rate differences	(159)	6,019	(24)	(1,146)
End of the period	22,560	64,040	11,695	29,352

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

21 Events after the balance sheet date

No significant events after the balance sheet date.

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014

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

MANAGEMENT CONFIRMATION OF THE CONSOLIDATE INTERIM FINANCIAL INFORMATION

I, Justinas Gilys, Acting General Manager of *AviaAM Leasing AB*, hereby confirm that, to the best of my knowledge, the unaudited Consolidated Interim Financial Information for the twelve month period ended 31 December 2014 of *AviaAM Leasing AB*, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of the Group.

Acting General Manager
Justinas Gilys



13 February 2015