

SEPARATE AND CONSOLIDATED ANNUAL REPORT

Approved by the Board as at 25 April 2013

I. GENERAL INFORMATION

Reporting period

Year ended 31 December 2012

Issuer and its contact details

Name of the Issuer

Avia Solutions Group AB

(hereinafter – ‘Avia Solutions Group AB’ or ‘the Company’)

Legal form

Public company (joint-stock company)

Date of registration

31 August 2010

Name of Register of Legal Entities

State Enterprise Centre of Registers

Code of enterprise

302541648

Registered office

Smolensko St 10, LT-03201 Vilnius, Lithuania

Telephone number

+370 5 252 5500

Fax number

+370 5 252 5501

Internet address

www.aviasg.com

Main activities

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

The Group operates are in three business segments:

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

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 33, 35 of the Group’s and the Company’s Financial Statements for the year ended 31 December 2012.

Aircraft Maintenance, Repair and Overhaul (MRO)

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

Base maintenance

FL Technics occupies 2 aircraft maintenance hangars together with administrative, warehouse and backshop facilities in Vilnius International Airport – 13,742 sq. meters in total. The hangars are comprised of total 5 airframe maintenance bays. Utilizing these hangars and the nearby premises *FL Technics* provides base maintenance services, including: aircraft base maintenance checks, structure inspection and structure repairs, routine maintenance, technical defect rectification, interior refurbishment, minor / major modifications (avionics, airframe), engine replacement, landing gear replacement and non-destructive testing. *FL Technics Jets* provides base maintenance services for Hawker 700-900XP family.

Line maintenance

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

As at 31 December 2012 *FL Technics* and *Storm Aviation* collectively operated twenty five line stations (at 31 December 2011 – twenty line stations).

Continuing airworthiness management (engineering) services

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

Spare parts and consumable sales

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

Technical training and consulting services

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

Other MRO services

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

Aircraft parts marketplace

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

Aircraft Ground Handling and Fuelling

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

Baltic Ground Services is a regional group of ground handling companies, which provide full range of aircraft ground handling and fuelling services. As 31 December 2012, Baltic Ground Services activities were concentrated in Vilnius International Airport (conducted through Baltic Ground Services LT), in Warsaw International Airport, Krakow International Airport and Katowice International Airport, Warsaw Frederic Chopin in the Republic of Poland (conducted through Baltic Ground Services PL) and in Lamezia Terme Airport in Italy (conducted through Baltic Ground Services IT).

Pilot and Crew Training

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

Certified as TRTO (Type Rating Training Organization) and FTO (Flight Training Organization) Baltic Aviation Academy is capable to offer courses for pilots and cabin crew at every stage of their careers and is one of the leading aviation training organizations in Eastern Europe. Baltic Aviation Academy training headquarters are located in Vilnius, Lithuania. *Baltic Aviation Academy* occupies 1,329.49 sq. m. training centre. It is an integrated learning complex with modern auditoriums, rest areas, dining rooms and specialized training facilities equipped with Boeing 737-300/-400/-500 and Airbus 319-320-321 Full Flight Simulators (FFS), Real Fire Fighting and Smoke Trainer. In addition to the above Boeing 737-CL/NG, 747, 757, 767, 777; Airbus 319-320-321, 330, 340; ATR 42, 72; Bombardier CRJ-100/200, 700/900, Dash 8Q-400, Embraer 135/145, 170/190; Mi 8; SAAB 2000, 340 FFS, *Baltic Aviation Academy* leases numerous other aircraft type simulators in UK, Spain, France, USA, Sweden, Germany and Russia. The contracted third party simulators allow *Baltic Aviation Academy* to offer its clients a complete package of Type Rating Training services by combining theoretical training in Vilnius training headquarters and practical FFS training in other locations.

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

The Company's vision and mission

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

As on 31 December 2012, the Group consisted of the parent company, Avia Solutions Group AB, (registered on 31 August 2010, code 302541648, name of the Register of Legal Entities: State Enterprise Center of Registers; address: Smolensko St 10, LT-03201 Vilnius tel.: +370 5 252 5500; fax. +370 5 252 5501; internet address: www.aviasg.com) and its effective subsidiaries:

Name of the company	Date of registration, code, name of Register of Legal Entities	Contact details	Effective holding of the Company (%)
AviationCV.com UAB	13 April 2011, code 302615625, Register of Legal Persons of the Republic of Lithuania	Dariaus ir Girėno str. 21, Vilnius, Lithuania tel. +370 5 2525500, fax. +370 5 2525501, www.aviationcv.com	100.00
Baltic Aviation Academy UAB	22 November 2006, code 300618099, Register of Legal Persons of the Republic of Lithuania	Dariaus ir Girėno str. 21, Vilnius, Lithuania tel. +370 5 2525536, fax. +370 5 2525537, www.balticaa.com	100.00
Baltic Ground Services UAB	11 August 2005, code 300136658, Register of Legal Persons of the Republic of Lithuania	Rodūnios road 6, LT- 02187 Vilnius, Lithuania tel. +370 5 252 55 92, fax. +370 5 252 50 07, www.bgs.aero	100.00
Baltic Ground Services PL Sp. z.o.o.	15 April 2010, code 0000353957, Register of Entrepreneurs of the National Court Register held by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register	17 Stycznia 45 B, 02-146 Warsaw, Poland, tel. +48 22 256 99 00, fax. +48 22 256 99 01, www.bgs.aero	100.00
Baltic Ground Services UA TOV	29 August 2011, code 37856865, State Register of Legal Entities and Individual Entrepreneurs of Ukraine	Kniazhnyj Zaton str. 2/30, 02095, Kiev, Ukraine tel. +370 5 252 55 92, fax. +370 5 252 50 07	100.00
Baltic Ground Services s.r.l.	Code R.E.A. RM-1287462, Company Registration Number c/o Chamber of Commerce: CCIAA T 76480595	Via Della Scafa 158, Fiumicino, Rome - 00054, Italy, Tel . +390683517845 Fax : +3906650275333, www.bgs.aero	100.00
Ground Handling CIS UAB	04 July 2011, code 302644356, Register of Legal Persons of the Republic of Lithuania	Rodūnios road 6, LT- 02187 Vilnius, Lithuania tel. +370 5 252 55 92, fax. +370 5 252 50 07	100.00
FL Technics AB	22 December 2005, code 300517602, Register of Legal Persons of the Republic of Lithuania	Rodūnios road 2, LT-02189 Vilnius, Lithuania tel. +370 5 252 5015, fax. +370 5 252 5646, www.fltechnics.com	100.00
FL Technics Jets UAB	11 June 2007, code 300869952, Register of Legal Persons of the Republic of Lithuania	Smolensko str. 10, LT-03201 Vilnius, Lithuania tel. +370 5 252 5015, fax. +370 5 252 5646, www.fljets.com	100.00
FL Technics Line OOO	03 August 2011, code 7746600289, State Register of Legal Entities of Russian Federation	Hachaturana str. 12, 127562, Moscow Tel. +370 5 252 5015, fax. +370 5 252 5646	93.00
FL Technics Ulyanovsk OOO	22 July 2011, code 7329004322, State Register of Legal Entities of Russian Federation	Sovietskaya str. 6, 433400, Cherdakly, Cherdaklinsky District, Ulyanovsk Region, Russian Federation Tel. +370 5 252 5015, fax. +370 5 252 5646	99.00
FLT Trading House UAB	26 May 2010, code 302514409, Register of Legal Persons of the Republic of Lithuania	Žirmūnų str. 139, Vilnius, Lithuania Tel. 370 5 2525500, fax. +370 5 2525501	100.00
Locatory.com UAB	7 December 2010, code 302572273, Register of Legal Persons of the Republic of Lithuania	Smolensko str. 10, LT-03201 Vilnius, Lithuania tel. +370 5 252 5500, fax. +370 5 252 5501, www.locatory.com	95.00
Small Planet Airlines UAB	14 March 2007, code 300659612, Register of Legal Persons of the Republic of Lithuania	Smolensko str. 10, LT- 03201 Vilnius, Lithuania tel. +370 5 252 5660, fax. +370 5 252 5661, www.smallplanet.aero	95.5
Small Planet Airlines Sp. z.o.o.	25 November, code 0000342451, Register of Entrepreneurs of the National Court Register held by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register	17 Stycznia 45 B, 02-146, Warsaw, Poland tel. +48 22 427 9090, +48 22 427 9093, www.smallplanet.aero	95.5
Small Planet Airlines S.r.l.	17 February 2010, code PD-390928, Padova Chamber of Commerce	Padova (PD) Galleria dei Borromeo 3 cap 35137, Italy tel. +390 66502751, fax. +390 6650275333, www.smallplanet.aero	35.5
Storm Aviation (Cyprus) Ltd.	30 September 2011, code HE290461, Ministry of Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver Nicosia	Rafail Santi 58, Nefeli Court 11, 1st floor, Flat/Office 104-105, 6052, Larnaca, Cyprus www.fltechnicsline.com	100.00
Storm Aviation Limited	30 September 2011, code 05229468, The Registrar of Companies for England	The Clock House, 140 London Road, Guildford, Surrey GU1 1UW www.fltechnicsline.com	100.00

Information about date of acquiring/establishment and activity of Group's subsidiaries is provided in Note 1 of the Group's Financial Statements for the year ended 31 December 2012.

As at 31 December 2012 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 2012 Avia Solutions Group AB and its subsidiaries (hereinafter – the Group) earned net profit from continuing operations of LTL 26.1 million (in 2011: LTL 22.0 million). Comparing with 2011 the consolidated revenue from continuing operations has increased up to LTL 536 million, or by 84 % as compared with LTL 291 million in 2011. Results were generated primarily as a result of strategic decisions made and operational plans implemented. These measures were taken in order to increase the Group's profitability in the upcoming periods. The Group focused on obtaining additional licenses and further business development.

Key events during 2012 are summarized below:

Date	Operating Segment	Event
January 2012	Aircraft Maintenance, Repair and Overhaul (MRO)	<i>FL Technics Jets UAB</i> became Hawker Beechcraft Authorized Service Centre
February 2012	Aircraft Maintenance, Repair and Overhaul (MRO)	<i>FL Technics Jets UAB</i> was certified for Hawker aircraft by the Russian Aviation Authorities
February 2012	Aircraft Ground Handling and Fuelling	<i>Baltic Ground Services Sp. z o.o.</i> starts into-plane fuelling services at Warsaw Frederic Chopin airport
March 2012	Aircraft Ground Handling and Fuelling	<i>Baltic Ground Services Sp. z o.o.</i> has signed into-plane fuelling services agreements with Deutsche Lufthansa AG, Czech Airlines j.s.c. and easyJet Airline
April 2012	Aircraft Maintenance, Repair and Overhaul (MRO)	<i>FL Technics AB</i> received EASA Part 21 Design Organization Approval
June 2012	Aircraft Maintenance, Repair and Overhaul (MRO)	<i>FL Technics AB</i> acquires Boeing 737-600 aircraft for part-out
July 2012	Aircraft Ground Handling and Fuelling	<i>Baltic Ground Services Sp. z o.o.</i> launches catering services in Poland
August 2012	Aircraft Maintenance, Repair and Overhaul (MRO)	<i>FL Technics Ulyanovsk OOO</i> signed agreement with Government of Ulyanovsk District
September 2012	Aircraft Ground Handling and Fuelling	<i>Baltic Ground Services IT s.r.l.</i> is now entitled to provide ground handling services in Italy

The major events to the Group's structure during 2012 were as follows:

Date	Operating Segment	Event
January 2012	Charter operations	50% stake of share capital in <i>Small Planet Airlines s.r.l.</i> was sold.
July 2012	Aircraft Maintenance, Repair and Overhaul (MRO)	7% stake of share capital in <i>FL Technics Line OOO</i> was sold.
December 2012	Pilot and crew training	The remaining 9% stake of share capital in <i>AviationCV.com UAB</i> was acquired.

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	2012	2011	Change
Revenue from continuing operations (LTL thousand)	535 860	291 342	84%
Operating profit from continuing operations (LTL thousand)	31 626	27 333	16%
Operating profit margin (%)	5.9	9.4	-3.5pp
Profit before income tax from continuing operations (LTL thousand)	29 536	25 774	15%
Net profit for the period from continuing operations (LTL thousand)	26 054	22 040	18%
Net profit for the period from discontinued operations (LTL thousand)	(6 978)	(13 318)	48%
Net profit for the period (LTL thousand)	19 076	8 722	119%
Net profit for the period from continuing operations margin (%)	4.9	7.6	-2.7pp
Earnings per share from continuing operations (LTL)	4.427	3.878	14%
Earnings per share from discontinued operations (LTL)	(1.121)	(2.172)	-48%
Earnings per share (LTL)	3.306	1.705	94%
Weighted number of shares (thousand)	5 893	5 700	-

Financial ratios	31 December 2012	31 December 2011
Return on equity (ROE)* (%)	17	9
Gearing ratio** (%)	36	27
Equity to total assets ratio*** (%)	38	40
Liquidity ratio	1.37	1.49
Number of full-time employees at the end of the period of the whole Group	1 095	1 027
Number of full-time employees at the end of the period (from the continuing operations only)	951	856

* - *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	2012	2011	Change, %
Number of SOLD man-hours in base maintenance	307 900	333 369	-7.6
Number of SOLD man-hours in engineering	50 076	51 164	-2.1
Number of SOLD man-hours in maintenance training	6 155	10 629	-42.1
Number of line stations at the end of the period	25	20	25.0
Number of aircrafts served	9 969	8 220	21.5
Number of passengers served	1 480 225	1 091 420	35.6
Volume of fuel sold (tonnes)	61 150	31 349	95.1
TRTO - Number of sold theoretical training hours	6 587	7 836	-15.9
TRTO - Number of sold practical training (FFS) hours	12 712	11 933	6.5

Revenue related to continuing operations

The total consolidated Group's revenue from continuing operations for the year 2012 was LTL 536 million, an increase by 84 per cent over the total revenue of LTL 291 million for the year 2011.

The most significant growth as compared with 2011 was in *Aircraft maintenance segment* where revenues to external customers increased by LTL 127 million and amounted to LTL 289 million in 2012 as compared to LTL 162 million in 2011, which is higher than 78% increase. The growth was driven primarily by rapid increase in engine management services, expansion of spare parts and consumable services and new services' offering such as components management.

A significant change in revenues from continuing operations over the 2012 faced *Ground handling and fuelling segment* (increase of 108%). Total sales to external customers increased by LTL 114 million and were equal LTL 218 million in 2012 as compared to LTL 105 million in 2011. The growth was driven by appearance of new ground handling and aircraft fuelling contracts with airlines in Vilnius, Warsaw, Krakow and Katowice International Airports.

Pilot and crew training business segment's revenues to external customers have increased by LTL 4 million (increase of 17%). In 2012 subsidiaries offering training services generated LTL 28 million revenues while in 2011 total sales excluding inter-group sales had reached LTL 24 million. The main reason that caused revenues to increase by LTL 4 million was successful development and utilisation of contracted simulators.

Operating expenses related to continuing operations

2012 was sequentially the third year when the highest nominal change in operating expenses was due to the changes in cost of aircraft fuel and higher amounts sold. Over the year aircraft fuel expenses grew by LTL 94 million and reached LTL 177 million in total at 31 December 2012 (increase of 113%).

Expenses relating to spare parts and other consumables in 2012 also changed significantly. Although spending over the period changed by LTL 69 million or by 142% and reached LTL 118 million, it was mainly influenced by rapid growth of sales of aircraft spare parts, line maintenance and engine management services. During 2012 sales have been increased by 152% in aircraft spare parts sub-segment (up to LTL 119 million), by 161 % in line maintenance sub-segment (up to LTL 47 million) and by 140 % in engine management sub-segment at the end of 2012 (up to LTL 48 million).

Aircraft servicing and handling expenses at 31 December 2012 was totalling to LTL 9 million, which has increasing by LTL 6 million in comparison to prior year. In 2012 the Group's subsidiaries offering aircraft ground handling services for new clients at the Vilnius, Warsaw, Krakow and Katowice International Airports. Consequently sales and expenses for these kinds of services in the Group also increased.

Cost of services resold increased by 61 % primarily as a result of additional engines re-leased and increase in sub-contracting work that has been resold to clients.

The Group considerably expanded range of subsidiaries operating in three out of four segments. Therefore, employee related expenses in 2012 increased by 65%, consultation expenses – by 69%, business travel expenses – by 72%, marketing and sales expenses – by 53%.

Net financial costs increased by 50% primarily as a result of significant increase in foreign exchange loss on financing activities as at 31 December 2012.

Balance sheet and cash flow

During 2012 total assets of the Group increased by LTL 56 million or 23% per cent primarily as a result of an increase in inventories by LTL 40 million. A significant contribution to an increase had a positive change in property, plant and equipment, that increased also by LTL 12 million.

During 2012 total liabilities increased by LTL 7 million up to LTL 154 million. A meaningful impact to a change had an increase in bank borrowings by LTL 21 million and a decrease of deposits received by LTL 17 million.

In 2012 net cash flow used in operating activities was lower by LTL 16 million as compared to 2011. The Group continues its proactive investing policy thus the majority of money was used to finance inventories and trade receivables.

In 2012 the Group spent LTL 23 million in purchase of PPE and intangible assets primarily for acquisition of equipment for expansion of maintenance, ground handling and fuelling capabilities.

In 2012 net cash flow generated from financing activities was LTL 19 million. The majority of it was bank borrowings amounting to LTL 29 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 2012.

Following the International Financial Reporting Standards as adopted by EU, the parties related to the Company and the Group are the Company's subsidiaries, the Company's associates, the Company's shareholders and top management of the Company and the Group.

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 32 million. All details concerning the assets of the Group are presented in the Separate and Consolidated Financial Statements for the year ended 31 December 2012 (Notes 5, 15, 16).

Research and development activities

There were no major research and development projects undertaken during 2012, except the on-going development and improvement of the Group's services and development of spare parts trade platform (www.locatory.com), development of web-platform for training planning, track relevant training information (www.balticaa.com/en/my-baa/) and research on chemical composition of aircraft deicing/anti-icing fluid.

Environmental protection

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

Risk management

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

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

The Group's and the Company's activities expose it to the following financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk.

The Group's Policy for Treasury Management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the Group.

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

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 2012.

Significant post balance sheet events

The Company sold its 95,5% stakes in Small Planet Airlines UAB (Lithuania) and Small Planet Airlines Sp. z o. o. (Poland) to the management of these companies Mr. Vytautas Kaikaris (65,5%) and Mr. Andrius Staniulis (30%). Before the transaction Mr. Vytautas Kaikaris already owned 4,5% stake in both companies. Vytautas Kaikaris resigned from the Management Board of Avia Solutions Group AB with effective date of 25 March 2013.

On the 8 April 2013 the Company issued guarantee to a bank on behalf of a subsidiary in the amount of EUR 5.32 million to secure the bank loan for financing the cost related to the aviation hangar construction.

Plans and forecasts

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

III. INFORMATION ABOUT SHARE CAPITAL AND SHAREHOLDERS

Share capital

The authorised capital of the Company as at 31 December 2012 was LTL 5,893,333 and is divided into 5,893,333 ordinary shares with a par value of LTL 1 each. All shares carry equal voting rights.

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

Shareholders

Shareholders, holding more than 5 per cent of the share capital and votes, as on 31 December 2012:

No.	Name of the shareholder (name of the enterprise, type and registered office address, code in the Register of Enterprises) / Role in the Company's Management	Number of ordinary registered shares owned by the shareholder	Share of the share capital (%)	Share of votes given by the shares owned by the right of ownership (%)
1.	ZIA Valda Cyprus Ltd.	1 939 275	32.906	32.906
2.	Indeco: Investment and Development UAB	1 292 850	21.938	21.938
3.	Harberin Enterprises Limited	609 051	10.330	10.330
4.	ING Otworthy Fundusz Emerytalny	390 000	6.618	6.618
5.	Hubert Bojdo / Member of the Supervisory Board	100 000	1.697	1.697
6.	Vytautas Kaikaris / Member of the Management Board*	55 250	0.938	0.938
7.	Jonas Butautis / Member of the Management Board	44 200	0.750	0.750
8.	Aurimas Sanikovas / Member of the Management Board	11 050	0.188	0.188
9.	Other	368 324	6.250	6.250
10.	Other free float	1 083 333	18.380	18.380
Total		5 893 333	100.00	100.00

* - Vytautas Kaikaris resigned from the Management Board of Avia Solutions Group AB with effective date of 25 March 2013.

The number of shareholders on the shareholders registration day (23 April 2012) for the Annual General Meeting of Shareholders, which was held on 30 April 2012, was 2.

As at 31 December 2012 the Group had no agreements which would expire, go into effect or alter if controlling bodies of the Company will change.

Treasury stocks

The Company has had no treasury stocks.

Till the balance sheet date the Company has never acquired any shares from the management 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 5,893,333. One ordinary registered share of Avia Solutions Group AB gives one vote in the General Meeting of Shareholders.

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

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

Information about trading in the Company's securities

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

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

Dividends

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

IV. PERSONNEL

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

The Group's companies	31 December 2012	31 December 2011	Change
Avia Solutions Group AB	28	17	11
AviationCV.com UAB	5	2	3
Baltic Aviation Academy UAB	57	49	8
Baltic Ground Services UAB	194	162	32
Baltic Ground Services Sp.z.o.o	95	149	(54)
Baltic Ground Services s.r.l.	-	-	-
Ground Handling CIS UAB	-	-	-
Baltic Ground Services UA TOV	-	-	-
FL Technics AB	450	387	63
FL Technics Jets UAB	31	8	23
FL Technics Line OOO	6	-	6
FL Technics Ulyanovsk OOO	-	-	-
FLT Trading House UAB	-	-	-
Locatory.com UAB	17	7	10
Storm Aviation Ltd.	68	75	(7)
Small Planet Airlines UAB*	112	114	(2)
Small Planet Airlines AS (Estonia)*	-	-	-
Small Planet Airlines Sp.z.o.o (Poland)*	32	13	19
Small Planet Airlines s.r.l. (Italy)*	-	44	(44)
Number of all full-time employees at the end of the period	1 095	1 027	68
Number of full-time employees without Charter operations segment at the end of the period	951	856	95

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

During the year 2012 the average number of employees *without Charter operations segment* was 833 (987 for full Group), while the total number of Group's staff has increased by 95 (which amounts to 11% increase). The most significant change of 20 per cent has occurred in *Aircraft Maintenance, Repair and Overhaul (MRO)* business segment, where total number of full-time employees has increased by 95, due to further expansion of offered services and substantial growth of sales.

The breakdown of the number of employees (including part-time employees) and average salaries by categories in 2012:

Employee category	31 December 2012	Average monthly salary, LTL
Management	90	8 038
Certified specialists	341	5 642
Specialists without particular certificate	184	4 248
Administrative personnel	264	3 683
Operative staff	280	2 280
Number of employees (including part-time employees) at the end of the period and weighted average monthly salary	1 159	4 348

The breakdown of the number of employees (including part-time employees) by education level in 2012:

Education level	31 December 2012
High	775
Professional	205
Secondary	166
Basic	13
Number of employees (including part-time employees) at the end of the period	1 159

V. MANAGING BODIES OF THE ISSUER

According to the Articles of Association of AB “Avia Solutions Group”, the managing bodies of the Company are General Meeting of Shareholders, the Supervisory Council, the Board and the Head of the Company (the General 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

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

The Supervisory Council activities

According to the Articles of Association the Supervisory Council should be comprised of five members.

During 2012 five meetings of the Supervisory Council were held. The Supervisory Council approved the Company’s separate and consolidated annual report for the year 2011 and activity report for the year 2012, the Company’s results for the nine month period of 2012, confirmed Supervisory Board members and the audit company.

Members of the Supervisory Council

On 23 August 2010, the founder of AB "Avia Solutions Group" elected a Supervisory Board (for four-year term) consisting of the following nominees: Hubert Bojdo, Dawid Sukacz, Michail Ireneusz Bobrowski, Vladas Bagavičius and Džiuginta Balčiūnė. On 25 August 2010, the Supervisory Council elected Mr. Vladas Bagavičius as a Chairman of the Supervisory Council.

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

The table below indicates the elected members of the Supervisory Council at the 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	29 April 2011	23 August 2014
Irtautė Ščerbavičienė	Member of the Supervisory Council	30 April 2012	23 August 2014

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

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

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

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

Hubert Bojdo. Hubert Bojdo started his career in 1996 as a Stock Exchange Broker at the Brokerage House of Polish Investment Bank SA (1996 – 1997). He continued in Arthur Andersen Sp. z o.o (1997–2002) as a Manager in the Tax Department and Deloitte Doradztwo Podatkowe Sp. z o.o. (2002–2006) as a Director in charge of the International Taxation Group. In 2006 he became one of the founders of HB & Partners Tax Advisory and until 2009 acted as the Managing Partner. Since 2008 he is acting as a Vice President for Rubicon Partners NFI SA and since 2009 as a Vice President of Rubicon Partners Dom Maklerski SA. In addition, he is acting as a member of the Supervisory Council of Mirbud SA, IQ Partners SA and Voxel SA. Hubert Bojdo is a former member of the Supervisory Councils of IB System SA, Magna Polonia NFI SA and HPF TFI SA. In 1997 he obtained a Master's degree at the Faculty of Banking and Finance in the Warsaw School of Economics and in 1999 he undertook studies for PhD candidates at the Foreign Trade Faculty in the Warsaw School of Economics. Hubert Bojdo is also a licensed stock exchange broker (since 1995) and a licensed tax advisor (since 2003).

Dariusz Formela. Dariusz Formela' work experience and competence directly connected to collegial organs: from 2000 he acted as the member of the Supervisory Board in Makton SA, the member of the Supervisory Board in PGE in Lodz, the Vice-Chairman of the Supervisory Board of Unipetrol, the Chairman of the Supervisory Board in 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 Dariusz Formela is acting as the Member of the management board of PKM DUDA SA, a representative of Shareholding Banks. Dariusz Formela graduated from University of 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).

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

The Audit Committee activities

During 2012 no meetings of the Audit Committee were held.

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

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

Members of the Audit Committee

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

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

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

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

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

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

The Nomination and Remuneration Committee activities

During 2012 no meetings of the Nomination and Remuneration Committee were held.

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

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

Members of the Nomination and Remuneration Committee

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

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

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

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

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

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

The Board Activities

During 2012 fifty two 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 revised and approved major Asset Sale and Purchase Agreement for FL Technics spare parts removed from the Aircraft Boeing as well as major purchases of aircrafts for dismantling for spare parts. During the meetings the set of annual financial statements of the Group for 2011 was approved. Sale processes were regulated regarding the determination of maximum salary for the respective positions within the Company.

Members of the Board

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

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

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

Name	Position within the Company	In the position	
		Since	Until
Management Board			
Gediminas Žiemelis	Chairman of the Management Board	25 August 2010	25 August 2014
Saulius Batavičius	Member of the Management Board	25 August 2010	25 August 2014
Aurimas Sanikovas	Member of the Management Board	25 August 2010	25 August 2014
Jonas Butautis	Member of the Management Board	25 August 2010	25 August 2014
Vytautas Kaikaris	Member of the Management Board	25 August 2010	25 August 2014*

* - Vytautas Kaikaris resigned from the Management Board of Avia Solutions Group AB with effective date of 25 March 2013.

Information about all members of the Board is presented below:

Gediminas Žiemelis. Gediminas Žiemelis has a unique management and advisory experience. In 2008, under the request of the Prime Minister of the Republic of Lithuania he gave practical proposals on anti-crisis actions to be taken. He started his career in 1999 as the assistant manager of the Vindication and Fraud Division in Lietuvos taupomasis bankas, AB (currently, Swedbank, AB), the Department of Problematic Assets and Vindication (1999–2001). He acted as the General Manager of Žvilgsnis iš arčiau UAB (2001–2005) (currently named Creditinfo UAB), which was engaged mainly in debt recovery and credit risk management, the General Manager of ŽIA VALDA AB (2002–2006) and the General Manager of brokerage firm Finhill UAB FMĮ (in 2007). Gediminas Žiemelis is a shareholder and a member of the Management Board in ŽIA VALDA AB and since 2007 he acts as the Manager of the Development Department. Since 2005 Gediminas Žiemelis also acts as the Manager in East Mining Group UAB, since 2006 – as the General Manager of Eastern Agro Holdings UAB. Since 2009 till 2010 Gediminas Žiemelis also acted as a consultant in Avia Solutions Group Holdings AB. Moreover, Gediminas Žiemelis is a member of the Supervisory Board in Agrowill AB since 2010. Gediminas Žiemelis also acted as a member of the Management Board of AviaAM Leasing AB (since 2012). Gediminas Žiemelis obtained a bachelor's degree at the Faculty of Business Management in the Vilnius Gediminas Technical University, Lithuania in 1999 and a master's degree at the Faculty of Law in the Mykolas Romeris University, Lithuania in 2006. He has also finished the

Program for Leadership Development (PLD) in the Harvard Business School, Boston, MA, U.S.: Accelerating the Careers of High-Potential Leaders. Gediminas Žiemelis is also one of the initiators of establishment of the Association of Aviation Companies (www.aia.lt) (in 2009). Mr Gediminas Žiemelis is an indirect shareholder of the Company and has an indirect control through ZIA Valda Cyprus Ltd., has 32.906% shareholding in the Company and the sole shareholder of ZIA Valda Cyprus Ltd. is ŽIA Valda AB, 80% shareholding in which is owned by Mr Gediminas Žiemelis.

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

Aurimas Sanikovas. Aurimas Sanikovas started his career as an audit associate in PricewaterhouseCoopers, Lithuania in 2001. In 2007 his last position held at the company was that of a manager. He performed supervision and execution of audit engagement performed in accordance with the IAS and US GAAS. Aurimas Sanikovas has principal expertise in telecommunications, IT, manufacturing, construction, consumer products and energy sectors. From 2007 till 2010 he acted as the Chief Financial Officer of Avia Solutions Group Holdings AB. Aurimas Sanikovas also acted as a member of the Management Board of Avia Asset Management AB (2008–2009), a member of the Management Board of FL Technics (2008–2010) and a member of the Management Board of Small Planet Airlines Sp.z.o.o. (2009–2010). Since 2009 until present Aurimas Sanikovas acts as a member of the Management Board of Small Planet Airlines AS. He has also acted as the General Manager of Avia Funds Management UAB (currently – UAB “AviaAM Leasing”). Moreover, since 2010 Aurimas Sanikovas is a member of the Supervisory Board of Agrowill Group AB. Aurimas Sanikovas also acted as a member of the Management Board of AviaAM Leasing AB (since 2012). His main responsibilities at the Group include control of operations of subsidiaries, leading budgeting, reporting, treasury and risk management functions, finance function staffing, fund raising, deal structuring, tax planning and managing resolution of finance related issues. Aurimas Sanikovas obtained his bachelor’s and master’s degrees in economics at the Faculty of Economics, Vilnius University, Lithuania with an exchange term in the University of Copenhagen. Since 2006 Aurimas Sanikovas is a member of the Association of Chartered Certified Accountants (ACCA). Mr Aurimas Sanikovas is a direct shareholder of the Company and has 11,050 shares of AB “Avia Solutions Group” that accounts to almost 0,19 per cent of the share capital.

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

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

Members of the Company’s Administration

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

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

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

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

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 2012.

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 2012.

In 2012, there were no loans, guarantees or sponsorship granted to the members of the Board or Management by the Company as well as none of subsidiaries paid salaries or other pay-outs to the members of the Board or the employees of the Company for being members of their managing bodies, except the loan taken by Mr Linas Dovydenas from *Avia Solutions Group AB*, which constituted 49,070 Lt, by Mr Vytautas Kaikaris from *Avia Solutions Group AB*, which constituted 598,525 Lt, by Mr Saulius Batavičius from *Baltic Ground Services UAB*, which constituted 40,052 Lt and by Mr Jonas Butautis from *FL Technics AB*, which constituted 162,835 Lt as at 31 December 2012.

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 and 2012 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 2012, 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 2012, and to make the assessment of the consolidated annual report of the Company for the year 2012. 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) Lit (VAT excluded) for the audit of the Company's annual consolidated financial statements for the year 2012 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. The Code of Best Practice for WSE Listed Companies can be found on the website dedicated to the corporate governance at the Warsaw Stock Exchange: www.corp-gov.gpw.pl and on the corporate website: www.aviasg.com in the "Investor Relations" section dedicated to the Company's shareholders under "Reports, codes" in the "WSE Best Practice" tab.

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, We, Linas 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 2012 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 2012 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

