

**AVIA SOLUTIONS GROUP AB**

Consolidated Interim Financial Information,  
For the Three-Month Period Ended 31 March 2018  
(Unaudited)

Beginning of the financial period	1 January 2018
End of reporting period	31 March 2018
Name of the company	<b>Avia Solutions Group AB</b> (hereinafter “the Company”)
Legal form	Public company (joint-stock company)
Date of registration	31 August 2010
Code of enterprise	302541648
Name of Register of Legal Entities	State Enterprise Centre of Registers
Registered office	Smolensko St. 10, LT-03201 Vilnius, Lithuania
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Internet address	<a href="http://www.aviasg.com">www.aviasg.com</a>
Main activities of consolidated Group	Aircraft and Helicopter Maintenance, Repair and Overhaul, Aircraft Ground Handling and Fuelling, Crew Training and Staffing, Private Jet Charter, Flight and Tour Operations

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	January – March	
		2018	2017
<b>Revenue</b>	3	<b>91 862</b>	<b>81 062</b>
Other income	3	214	74
Cost of services and goods	3, 4	(66 443)	(62 171)
Employee related expenses	3	(16 710)	(13 346)
Other operating expenses	3, 5	(4 697)	(4 258)
Depreciation and amortisation	3, 10	(1 508)	(1 179)
Impairment-related expenses	3	(232)	(207)
Other gain/(loss) - net	3	(594)	(21)
<b>Operating profit (loss)</b>		<b>1 892</b>	<b>(46)</b>
Finance income	6	9	127
Finance cost	6	(412)	(696)
<b>Finance costs – net</b>		<b>(403)</b>	<b>(569)</b>
<b>Profit (loss) before income tax</b>		<b>1 489</b>	<b>(615)</b>
Income tax	7	(417)	10
<b>Profit (loss) for the period</b>		<b>1 072</b>	<b>(605)</b>
<b>Profit (loss) attributable to:</b>			
Equity holders of the parent		1 478	(372)
Non-controlling interests		(406)	(233)
		<b>1 072</b>	<b>(605)</b>
<b>Other comprehensive income</b>			
Net gain on cash flow hedges		-	7
Income tax		-	(1)
		-	<b>6</b>
Exchange differences on translation of foreign operations		(72)	(74)
<b>Other comprehensive income (loss) for the period</b>		<b>(72)</b>	<b>(68)</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the parent		1 359	(437)
Non-controlling interests		(359)	(236)
		<b>1 000</b>	<b>(673)</b>
<b>Basic and diluted earnings per share</b>	9	<b>0.190</b>	<b>(0.048)</b>

**CONSOLIDATED BALANCE SHEET**

	Notes	31 March 2018	31 December 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	32 462	31 984
Intangible assets	10	6 311	6 270
Deferred income tax assets	7	6 952	6 805
Non-current trade and other receivables	11, 16	8 147	7 318
		<b>53 872</b>	<b>52 377</b>
<b>Current assets</b>			
Inventories	13	26 670	29 778
Trade and other receivables	11, 16	68 603	57 238
Amount due from customers for contract work		3 342	3 886
Prepaid income tax		568	487
Cash and cash equivalents	12	10 361	8 636
		<b>109 544</b>	<b>100 025</b>
<b>Total assets</b>	<b>3</b>	<b>163 416</b>	<b>152 402</b>
<b>EQUITY</b>			
<b>Equity attributable to the Group's equity shareholders</b>			
Share capital	8	2 256	2 256
Share premium		33 133	33 133
Legal reserve		225	225
Merger reserve		(457)	(457)
Cumulative translations differences		(336)	(217)
Retained earnings		28 158	26 680
<b>Equity attributable to equity holders of the parent</b>		<b>62 979</b>	<b>61 620</b>
Non-controlling interests		659	1 018
<b>Total equity</b>		<b>63 638</b>	<b>62 638</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		6 697	7 544
Government grants		1 206	1 270
Security deposits received		310	446
Trade and other payables	14, 16	207	331
Deferred income tax liabilities	7	329	350
		<b>8 749</b>	<b>9 941</b>
<b>Current liabilities</b>			
Trade and other payables	14	43 757	38 874
Borrowings		29 137	24 530
Advances received		16 062	14 863
Security deposits received		180	186
Current income tax liabilities		1 893	1 370
		<b>91 029</b>	<b>79 823</b>
<b>Total liabilities</b>		<b>99 778</b>	<b>89 764</b>
<b>Total equity and liabilities</b>		<b>163 416</b>	<b>152 402</b>

**AVIA SOLUTIONS GROUP AB**

 CONSOLIDATED INTERIM FINANCIAL INFORMATION  
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2018

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


**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Equity attributable to equity holders of the Group							Total	Non- controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings			
<b>Balance at 31 December 2016</b>	<b>2 256</b>	<b>33 133</b>	<b>(457)</b>	<b>192</b>	<b>(16)</b>	<b>(89)</b>	<b>24 705</b>	<b>59 724</b>	<b>(464)</b>	<b>59 260</b>
Adjustment on initial application of IFRS 9 (net of tax) *	-	-	-	-	-	-	(3 924)	(3 924)	(1)	(3 925)
<b>Adjusted balance at 1 January 2017 *</b>	<b>2 256</b>	<b>33 133</b>	<b>(457)</b>	<b>192</b>	<b>(16)</b>	<b>(89)</b>	<b>20 781</b>	<b>55 800</b>	<b>(465)</b>	<b>55 335</b>
<b>Comprehensive income</b>										
Net gain on cash flow hedge	-	-	-	-	6	-	-	6	-	6
Currency translation difference	-	-	-	-	-	(71)	-	(71)	(3)	(74)
Profit (loss) for the period	-	-	-	-	-	-	(372)	(372)	(233)	(605)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>(71)</b>	<b>(372)</b>	<b>(437)</b>	<b>(236)</b>	<b>(673)</b>
<b>Adjusted balance at 31 March 2017</b>	<b>2 256</b>	<b>33 133</b>	<b>(457)</b>	<b>192</b>	<b>(10)</b>	<b>(160)</b>	<b>20 409</b>	<b>55 363</b>	<b>(701)</b>	<b>54 662</b>
<b>Balance at 1 January 2018</b>	<b>2 256</b>	<b>33 133</b>	<b>(457)</b>	<b>225</b>	<b>-</b>	<b>(217)</b>	<b>26 680</b>	<b>61 620</b>	<b>1 018</b>	<b>62 638</b>
<b>Comprehensive income</b>										
Currency translation difference	-	-	-	-	-	(119)	-	(119)	47	(72)
Profit (loss) for the period	-	-	-	-	-	-	1 478	1 478	(406)	1 072
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(119)</b>	<b>1 478</b>	<b>1 359</b>	<b>(359)</b>	<b>1 000</b>
<b>Balance at 31 March 2018</b>	<b>2 256</b>	<b>33 133</b>	<b>(457)</b>	<b>225</b>	<b>-</b>	<b>(336)</b>	<b>28 158</b>	<b>62 979</b>	<b>659</b>	<b>63 638</b>

\* The Group have early adopted IFRS 9 Financial Instruments with a date of initial application of 1 January 2017 that resulted in adjustment on the Group's retained earnings as at 1 January 2017. Detail information and impact of changes are disclosed in Note 34 of Avia Solutions Group AB audited consolidated financial statements for the year ended 31 December 2017.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Notes	January – March	
		2018	2017
<b>Operating activities</b>			
Profit for the period		1 072	(605)
Income tax	7	417	(10)
<i>Adjustments for:</i>			
Depreciation and amortisation	3, 10	1 508	1 179
Impairment-related expenses	3	232	207
Accruals of buildings lease payments, PBH contracts		49	234
Interest expenses	6	243	232
Fair value profit on derivative financial instruments		-	(6)
Discounting effect on financial assets	6	3	3
(Profit) / loss of PPE disposals		5	(9)
Amortisation of government grants		(64)	(65)
Interest income		(2)	(9)
Currency translations differences		160	(155)
<i>Changes in working capital:</i>			
- Inventories		2 644	(751)
- Trade and other receivables		(10 540)	(7 274)
- Short-term bank deposits		-	61
- Trade and other payables, advances received		5 175	6 966
- Security deposits received		6	-
<b>Cash generated from (used in) operations</b>		<b>908</b>	<b>(2)</b>
Interest paid		(223)	(238)
Income tax paid		(130)	(180)
<b>Net cash generated from (used in) operating activities</b>		<b>555</b>	<b>(420)</b>
<b>Investing activities</b>			
Purchase of PPE and intangible assets		(2 401)	(935)
Proceeds from PPE and intangible assets		556	117
Loans granted		(278)	(17)
Repayments of loans granted		5	32
Deposits placed		(364)	(168)
Repayments of deposits placed		-	383
<b>Net cash generated from (used in) investing activities</b>		<b>(2 482)</b>	<b>(588)</b>
<b>Financing activities</b>			
Bank borrowings received		1 263	2 619
Repayments of bank borrowings		(1 775)	(2 328)
Borrowings from related parties received		-	1 902
Other borrowings received		-	474
Repayments of lease liabilities		(445)	(636)
<b>Net cash generated from (used in) financing activities</b>		<b>(957)</b>	<b>2 031</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(2 884)</b>	<b>1 023</b>
At beginning of period	12	(11 516)	(15 094)
Increase (decrease) in cash and cash equivalents		(2 884)	1 023
<b>At end of period</b>	12	<b>(14 400)</b>	<b>(14 071)</b>

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1 Accounting policies

The consolidated interim financial information for the three-month period ended 31 March 2018 (hereinafter *The Consolidated Financial Information*) is prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34 „Interim financial reporting“. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for the year ended 31 December 2017.

The Group have early adopted IFRS 9 Financial Instruments with a date of initial application of 1 January 2017, which resulted in adjustments to the amounts recognised in the financial statements. Detail information and impact of changes is disclosed in Note 34 of Avia Solutions Group AB audited consolidated financial statements for the year ended 31 December 2017 (available on <https://www.aviasg.com/en/investor-relations/reports-codes.html>). The Group has initially adopted IFRS 15 Revenue from Contracts with Customers and other new standards that are effective from 1 January 2018, but they do not have a material effect on the Group's financial statements.

The presentation currency is euro. The consolidated financial information is presented in thousands of euro, unless indicated otherwise. The consolidated financial information is prepared under the historical cost convention.

The consolidated interim financial information for the three-month period ended 31 March 2018 is not audited. Financial Statements for the year ended 31 December 2017 were audited by the external auditor *PricewaterhouseCoopers UAB*.

### 2 Investments in subsidiaries and associates

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

The Group's companies	Country of establishment	Operating segment	Share of equity, %			Date of acquiring/establishment and activity
			31-03-2018	31-12-2017	31-03-2017	
Avia Solutions Group (CY) LTD	Republic of Cyprus	Unallocated	100	-	-	The subsidiary was established on 28 February 2018 (Note 15). The subsidiary does not conduct active operations.
AviationCV.com UAB	Republic of Lithuania	Crew Training and Staffing	100	100	100	The subsidiary was established in spring of 2011. The company provides aviation personnel solutions.
BAA Training UAB	Republic of Lithuania	Crew Training and Staffing	100	100	100	The Group company was established on 22 November 2006. The company provides aircraft crew training services.
BAA Simulators UAB	Republic of Lithuania	Crew Training and Staffing	100	100	-	The subsidiary was established on 24 October 2017. The company will provide lease of full flight simulators.
BAA Simulators 2 UAB	Republic of Lithuania	Crew Training and Staffing	100	-	-	The subsidiary was established on 8 January 2018 (Note 15). The company will provide lease of full flight simulators.
BAA Training Vietnam LLC	Socialist Republic of Vietnam	Crew Training and Staffing	100	-	-	The subsidiary was established on 02 February 2018 (Note 15). The company will provide lease of full flight simulators.



**2 Investments in subsidiaries and associates (continued)**

The Group's companies	Country of establishment	Operating segment	Share of equity, %			Date of acquiring/establishment and activity
			31-03-2018	31-12-2017	31-03-2017	
FLT Trading House UAB	Republic of Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 19 November 2010. The subsidiary does not conduct active operations. On 19 January 2018, the liquidator for subsidiary has been approved (Note 15).
Helisota UAB	Republic of Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 16 December 2013. The company provides maintenance, repair and overhaul services for helicopters.
Kauno aviacijos gamykla UAB	Republic of Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 16 December 2013. It is a direct subsidiary of Helisota UAB. The subsidiary does not conduct any significant active operations.
Jet Maintenance Solutions UAB	Republic of Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 1 December 2010. The company provides maintenance services for business aircraft.
KIDY Tour UAB	Republic of Lithuania	Private Jet Charter, Flight and Tour Operations	100	100	100	The subsidiary was established on 3 December 2015. The company provides tour operator services.
KIDY Tour OÜ	Republic of Estonia	Private Jet Charter, Flight and Tour Operations	100	100	100	The subsidiary was acquired on 16 September 2016. The company provides tour operator services.
KIDY Tour OOO	Russian Federation	Private Jet Charter, Flight and Tour Operations	100	100	100	The subsidiary was established on 6 March 2017. The company is providing tour operator services.
KIDY Tour SIA	Republic of Latvia	Private Jet Charter, Flight and Tour Operations	100	100	-	The subsidiary was established on 9 October 2017. The company is providing tour operator services.
KlasJet UAB	Republic of Lithuania	Private Jet Charter, Flight and Tour Operations	100	100	100	The subsidiary was established on 9 October 2013. The subsidiary has started business charter activity in summer 2014. From April 2017 it is a direct subsidiary of Jet Maintenance Solutions UAB.
Laserpas UAB	Republic of Lithuania	Private Jet Charter, Flight and Tour Operations	50	50	90	The subsidiary was established in summer of 2011. The subsidiary started unmanned aerial flight operations. On 8 August 2017 the Company sold 50 per cent shareholding in the subsidiary to third party while retaining the control (Note 15).
Locatory.com UAB	Republic of Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	95	95	95	The subsidiary was established on 7 December 2010. Starting summer 2012, the company is acting as an aircraft parts locator and offers innovative IT solution for MRO business segment.
Baltic Ground Services UAB	Republic of Lithuania	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was acquired on 31 October 2008. The company provides aircraft ground handling and fuelling services in Lithuania.

**2 Investments in subsidiaries and associates (continued)**

The Group's companies	Country of establishment	Operating segment	Share of equity, %			Date of acquiring/establishment and activity
			31-03-2018	31-12-2017	31-03-2017	
Baltic Ground Services Sp.z.o.o.	Republic of Poland	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was established in spring of 2010. It is a direct subsidiary of Baltic Ground Services UAB. The company provides aircraft ground handling and fuelling services in Poland.
Baltic Ground Services UA TOV	Ukraine	Aircraft Ground Handling and Fuelling	50	50	50	The subsidiary was established in summer of 2011. On 29 September 2015, 50% of share capital was sold to a third party. The subsidiary provides fuelling services in Ukraine. The Group has a control over an investee.
Baltic Ground Services RU OOO	Russian Federation	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was established on 23 March 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company provides aircraft ground handling, fuelling and transportation services in Russia.
Baltic Ground Services EE OÜ	Republic of Estonia	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was established on 31 July 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company provides fuelling services in Estonia.
Baltic Ground Services LV SIA	Republic of Latvia	Aircraft Ground Handling and Fuelling	51	51	51	The subsidiary was acquired on 1 October 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company provides fuelling services in Latvia.
Baltic Ground Services CZ s.r.o.	Czech Republic	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was established on 18 December 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company is providing fuelling services in Czech Republic.
BGS Trans UA LLC	Ukraine	Aircraft Ground Handling and Fuelling	100	100	-	The subsidiary was established on 3 July 2017. It is a direct subsidiary of Baltic Ground Services UAB. The subsidiary does not conduct active operations.
Baltic Ground Services DE GmbH	Federal Republic of Germany	Aircraft Ground Handling and Fuelling	100	-	-	The subsidiary was established on 11 January 2018 (Note 15). The company is providing fuel logistic services.
FL Technics UAB	Republic of Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was established on 22 December 2005. In summer of 2007 the company started aircraft maintenance, repair and overhaul (MRO) services.
Avia Technics Dirgantara PT.	Republic of Indonesia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	49	49	25	An investee of FL Technics UAB was established on 5 August 2014. The company provides line and base maintenance services in Jakarta. The Group has a control over an investee. On 7 December 2017 the Company additionally acquired 24 per cent shareholding in the subsidiary from third party (Note 15).

**2 Investments in subsidiaries and associates (continued)**

The Group's companies	Country of establishment	Operating segment	Share of equity, %			Date of acquiring/establishment and activity
			31-03-2018	31-12-2017	31-03-2017	
FL Technics Asia Co. Ltd.	Kingdom of Thailand	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	99.997	99.997	99.997	The subsidiary was established on 4 January 2016. It is a direct subsidiary of FL Technics UAB. The subsidiary is planning to provide aircraft maintenance services in Thailand.
FL Technics Line OOO	Russian Federation	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	93	93	93	The subsidiary was established in summer of 2011. It is a direct subsidiary of FL Technics UAB.
Storm Aviation Ltd.	The United Kingdom	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 31 December 2011. It is a direct subsidiary of FL Technics UAB. The company provides aircraft line station services.
Storm Aviation (Cyprus) Ltd.	Republic of Cyprus	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 31 December 2011. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Cyprus.
Storm Aviation (Nigeria) Ltd.	Federal Republic of Nigeria	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was established on 26 August 2016. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Nigeria.
Storm Aviation (Germany) GmbH	Federal Republic of Germany	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was established on 29 March 2017 (Note 15). It is a direct subsidiary of Storm Aviation Ltd. The company is providing aircraft line station services in Germany.
Avia Solutions Group B.V.	Netherlands	The associate	30	30	30	The associate was acquired in the third quarter of 2014.
Avia Solutions Group Airports Management LLC	Russian Federation	Airport Infrastructure Management	30*	30*	30*	The company was established on 14 March 2014. The company's portfolio includes the development of the Moscow's fourth airport – Zhukovsky International.
RAMPORT AERO JSC	Russian Federation	Airport Infrastructure Management	22.5*	22.5*	22.5*	It is a direct subsidiary of Avia Solutions Group – Airports Management LLC. It was established on 30 July 2014 and provides services in the Zhukovsky International airport.
RAMPORT SECURITY LLC	Russian Federation	Airport Infrastructure Management	22.5*	22.5*	22.5*	It is a direct subsidiary of RAMPORT AERO JSC. It was established on 6 May 2015 and will provide services in the Zhukovsky International airport.
RAMPORT Aviation Commerce JSC	Russian Federation	Airport Infrastructure Management	22.5*	22.5*	16.88*	It is a direct subsidiary of RAMPORT AERO JSC. It was established in 2016 and provides services in the Zhukovsky International airport.
ZIA CARGO JSC	Russian Federation	Airport Infrastructure Management	11.47*	11.47*	11.47*	It is a direct subsidiary of RAMPORT AERO JSC. It was established in 2016 and provides services in the Zhukovsky International airport.

\* - in case of indirect associates the percentages represent economic interests.

As at 31 March 2018 the Company had one representative Office in Russia, 1st Tverskaya-Yamskaja St., 21, 2nd floor, 125047, Moscow and no branches.

The number of full-time staff employed by the Group on 31 March 2018 amounted to 2 403 (31 December 2017: 2 297; 31 March 2017: 2 033). The number of full-time staff employed by the Company on 31 March 2018 amounted to 74 (31 December 2017: 72; 31 March 2017: 62).

### 3 Segment information

For management purposes, the Group is organized into business units based on the services provided, and has five reportable operating segments:

- (1) aircraft and helicopter maintenance, repair and overhaul (MRO);
- (2) aircraft ground handling and fuelling;
- (3) crew training and staffing;
- (4) private jet charter, flight and tour operations;
- (5) unallocated segment;

The unallocated sales include sales of management services, which cannot be attributed to the other segments. The management assesses the performance of the Group based on Operating Profit.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, cost and operating expenses, other income, other gain/loss and segment operating profit include transfers between business segments. Those transfers are eliminated on consolidation.

The following tables present sales to external customers, cost and operating expenses, other income, other gain/loss and operating profit information according to the Group's business segments for the three-month period ended 31 March 2018 and for the three-month period ended 31 March 2017:

	Aircraft maintenance, repair and overhaul	Aircraft ground handling and fuelling	Pilot and crew training	Private Jet Charter, Flight and Tour Operations	Unallo- cated	Inter- segment trans- actions	Total
<b>Three-month period ended 31 March 2018</b>							
Sales to external customers	43 584	38 843	4 223	4 917	295	-	<b>91 862</b>
Inter-segment sales	1 407	855	27	81	587	(2 957)	-
<b>Total revenue</b>	<b>44 991</b>	<b>39 698</b>	<b>4 250</b>	<b>4 998</b>	<b>882</b>	<b>(2 957)</b>	<b>91 862</b>
Other income	117	100	18	4	198	(223)	<b>214</b>
Cost of services and goods purchased	(25 969)	(35 442)	(1 919)	(5 074)	(205)	2 166	<b>(66 443)</b>
Depreciation and amortisation	(701)	(532)	(198)	(30)	(55)	8	<b>(1 508)</b>
Employee related expenses	(11 927)	(2 501)	(1 152)	( 569)	(561)	-	<b>(16 710)</b>
Other operating expenses	(3 671)	(656)	(645)	( 349)	(265)	889	<b>(4 697)</b>
Impairment-related expenses	(486)	(19)	111	( 7)	110	59	<b>(232)</b>
Other gain/(loss) - net	(499)	(93)	3	( 1)	( 3)	(1)	<b>(594)</b>
<b>Segment operating profit</b>	<b>1 855</b>	<b>555</b>	<b>468</b>	<b>(1 028)</b>	<b>101</b>	<b>(59)</b>	<b>1 892</b>
<b>As at 31 March 2018</b>							
Segment assets	93 503	36 714	13 878	8 309	11 012	-	<b>163 416</b>

**3 Segment information (continued)**

	Aircraft maintenance, repair and overhaul	Aircraft ground handling and fuelling	Pilot and crew training	Private Jet Charter, Flight and Tour Operations	Unallo- cated	Inter- segment trans- actions	<b>Total</b>
<b>Three-month period ended 31 March 2017</b>							
Sales to external customers	33 903	40 210	3 959	2 827	163	-	<b>81 062</b>
Inter-segment sales	1 029	2 112	27	4	558	(3 730)	-
<b>Total revenue</b>	<b>34 932</b>	<b>42 322</b>	<b>3 986</b>	<b>2 831</b>	<b>721</b>	<b>(3 730)</b>	<b>81 062</b>
Other income	113	34	10	-	148	(231)	<b>74</b>
Cost of services and goods purchased	(20 862)	(39 173)	(2 041)	(2 797)	(133)	2 835	<b>(62 171)</b>
Depreciation and amortisation	(489)	(463)	(160)	(20)	(48)	1	<b>(1 179)</b>
Employee related expenses	(9 715)	(2 065)	(846)	(309)	(411)	-	<b>(13 346)</b>
Other operating expenses	(3 283)	(565)	(696)	(246)	(248)	780	<b>(4 258)</b>
Impairment-related expenses	(145)	(35)	(25)	-	(2)	-	<b>(207)</b>
Other gain/(loss) - net	(51)	47	7	(1)	3	(26)	<b>(21)</b>
<b>Segment operating profit</b>	<b>500</b>	<b>102</b>	<b>235</b>	<b>(542)</b>	<b>30</b>	<b>(371)</b>	<b>(46)</b>
<b>As at 31 March 2017</b>							
Segment assets	95 490	34 406	8 887	3 033	12 316	-	<b>154 132</b>

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

**4 Cost of goods and services**

	<b>January – March</b>	
	<b>2018</b>	<b>2017</b>
Aircraft fuel expenses	32 557	35 413
Cost of goods purchased	19 363	14 382
Cost of purchased services	11 369	9 065
Rent and maintenance of premises	1 685	1 649
Rent of aircraft, training and other equipment	1 469	1 662
	<b>66 443</b>	<b>62 171</b>

**5 Other operating expenses**

Transportation and related expenses	1 100	1 255
Business travel expenses	930	745
Marketing and sales expenses	600	423
Consultation expenses	574	586
Office administrative, communications and IT expenses	515	338
Insurance expenses	319	278
Other expenses	659	633
	<b>4 697</b>	<b>4 258</b>

**6 Finance income and costs**

	<b>January – March</b>	
	<b>2018</b>	<b>2017</b>
Interest income on cash and cash equivalents	2	2
Other finance income	7	125
<b>Finance income</b>	<b>9</b>	<b>127</b>
Interest expenses on borrowings	(243)	(232)
Foreign exchange loss on financing activities	(133)	(373)
Unwinding of discounted financial assets received	(3)	(3)
Other finance costs	(33)	(88)
<b>Finance costs</b>	<b>(412)</b>	<b>(696)</b>
<b>Finance costs – net</b>	<b>(403)</b>	<b>(569)</b>

**7 Income tax and deferred income tax**

Domestic income tax is calculated at 15 per cent of the annual profit for the year, in Poland income tax – 19 per cent, in the United Kingdom – 20 per cent, in Russia – 20 per cent, in Ukraine – 18 per cent, in Latvia – 15 per cent, in Indonesia – 25 per cent, in Thailand – 20 per cent, in Cyprus – 12.5 per cent, in Nigeria – 30 per cent, in Czech Republic – 19 per cent. Deferred income tax asset and liability related to the entities operating in Lithuania are calculated at 15% rate (2017: 15% rate), in Poland - at 19% rate (2017: 19% rate), in the United Kingdom – at 20% rate (2017: 20% rate), in Russia – at 20% rate (2017: 20% rate), in Ukraine – at 18% rate (2017: 18% rate), in Latvia – at 15% rate (2017: 15% rate), in Indonesia – at 25% rate (2017: 25% rate), in Cyprus – at 12.5% rate (2017: 12.5% rate), in Nigeria – at 30% rate (2017: 30% rate), in Czech Republic – at 19% rate (2017: 19% rate). Corporate income tax in Estonia is shifted from the moment of earning the profits to the moment of their distribution, i.e. until dividends pay out.

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. The tax expenses for the period comprise current and deferred tax as follows:

	<b>January – March</b>	
	<b>2018</b>	<b>2017</b>
Current income tax	(585)	(342)
Deferred income tax	168	352
<b>Total income tax expenses</b>	<b>(417)</b>	<b>10</b>

**8 Share capital**

On 31 March 2018 the share capital of the Company amounts to EUR 2 255 555 and consists of 7 777 777 ordinary registered shares with a nominal value of 0.29 Euro each (on 31 December 2017 – 7 777 777 ordinary registered shares). All shares are fully paid up.

**9 Earnings per share**

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

	<b>January – March</b>	
	<b>2018</b>	<b>2017</b>
Profit (loss) for the period attributable to equity holders of the parent	1 478	(372)
Weighted average number of ordinary shares (thousand)	7 778	7 778
<b>Basic and diluted earnings per share</b>	<b>0.190</b>	<b>(0.048)</b>

**10 Property, plant and equipment, intangible assets**

	<b>Property, plant and equipment</b>	<b>Intangible assets</b>
<b>Opening net book amount as at 1 January 2017</b>	<b>29 812</b>	<b>6 056</b>
Additions	965	167
Disposals	(34)	-
Cumulative currency differences	150	(1)
Depreciation charge (Note 3)	(1 051)	(128)
<b>Closing net book amount as at 31 March 2017</b>	<b>29 842</b>	<b>6 094</b>
<b>Opening net book amount as at 1 January 2018</b>	<b>31 984</b>	<b>6 270</b>
Additions	2 548	282
Disposals	(721)	-
Cumulative currency differences	(91)	9
Depreciation charge (Note 3)	(1 258)	(250)
<b>Closing net book amount as at 31 March 2018</b>	<b>32 462</b>	<b>6 311</b>

<b>11 Trade and other receivables</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
Trade receivables	50 947	48 297
Less: provision for impairment of trade receivables	(12 988)	(13 495)
<b>Trade receivables – net</b>	<b>37 959</b>	<b>34 802</b>
Other receivables	2 306	1 345
Less: provision for impairment of other receivables	(19)	(18)
<b>Other receivables – net</b>	<b>2 287</b>	<b>1 327</b>
Loans granted	1 298	428
Less: provision for impairment of loans granted	(31)	(29)
<b>Loans granted - net</b>	<b>1 267</b>	<b>399</b>
Receivables from investment in bonds from other related parties	6 087	6 253
Less: provision for impairment of investment in bonds from other related parties	(763)	(784)
<b>Receivables from investment in bonds from other related parties – net (Note 16)</b>	<b>5 324</b>	<b>5 469</b>
Prepayments	11 746	8 154
Less: provision for impairment of prepayments	(108)	(85)
<b>Prepayments - net</b>	<b>11 638</b>	<b>8 069</b>
Trade receivables from related parties	2 826	1 424
Less: provision for impairment of trade receivables from related parties	(69)	(233)
<b>Trade receivables from related parties - net (Note 16)</b>	<b>2 757</b>	<b>1 191</b>
VAT receivables	7 416	5 997
Deferred charges	1 989	2 199
Accrued revenue	1 699	839
Security deposit	2 586	2 532
Other receivables from related parties	1 013	957
Less: provision for impairment of other receivables from related parties	(122)	(162)
<b>Other receivables from related parties – net (Note 16)</b>	<b>891</b>	<b>795</b>
Loans granted to related parties	897	897
Less: provision for impairment of loans granted to related parties	(25)	(25)
<b>Loans granted to related parties – net (Note 16)</b>	<b>872</b>	<b>872</b>
Deferred charges to related parties (Note 16)	25	20
Prepayments from related parties (Note 16)	11	20
Security deposits from related parties placed (Note 16)	29	25
	<b>76 750</b>	<b>64 556</b>
Less non-current portion :	(8 147)	(7 318)
<b>Current portion :</b>	<b>68 603</b>	<b>57 238</b>
 <b>12 Cash and cash equivalents</b>		
Cash and cash equivalents	10 361	8 636
Bank overdraft	(24 761)	(20 152)
	<b>(14 400)</b>	<b>(11 516)</b>



<b>13 Inventories</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
Spare parts and materials – gross amount	26 068	25 390
Less: provision for impairment of inventories	(4 309)	(4 133)
<b>Spare parts and materials</b>	<b>21 759</b>	<b>21 257</b>
Goods for sale – gross amount	2 196	5 877
Less: provision for impairment of inventories	(357)	(1 009)
<b>Goods for sale</b>	<b>1 839</b>	<b>4 868</b>
Aircraft fuel	1 470	1 328
Work in progress	355	508
Goods in transit	-	632
Other inventories	1 247	1 185
	<b>26 670</b>	<b>29 778</b>

<b>14 Trade and other payables</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
Trade payables	25 534	23 504
Accruals for hangar lease payments, PBH contracts and other accrued expenses	7 597	6 631
Salaries and social security payable	7 693	6 586
Provisions	287	321
Deferred revenue	1 153	954
Amounts payable to related parties (Note 16)	583	224
Other payables	1 117	985
	<b>43 964</b>	<b>39 205</b>
Less: non-current portion	(207)	(331)
<b>Current portion</b>	<b>43 757</b>	<b>38 874</b>

### **15 Business combination and disposals**

#### *Establishment in 2018*

On 8 January 2018, Avia Solutions Group AB subsidiary BAA Training UAB established new subsidiary BAA Simulators 2 UAB. Registered capital is EUR 10 000. BAA Training UAB fully paid for share capital. The company is planning to provide lease of full flight simulators.

On 02 February 2018, Avia Solutions Group AB subsidiary BAA Training UAB established new subsidiary BAA Training Vietnam LLC. Registered capital is VND 454 000 000 (equivalent to EUR 16 thousand). BAA Training UAB fully paid for share capital. The company is planning to provide lease of full flight simulators.

On 28 February 2018, Avia Solutions Group AB established new subsidiary Avia Solutions Group (CY) LTD. Registered capital is EUR 1 000. Avia Solutions Group AB fully paid for share capital.

On 11 January 2018, Avia Solutions Group AB subsidiary Baltic Ground Services UAB established new subsidiary Baltic Ground Services DE GmbH. Registered capital is EUR 25 000. The company is planning to provide fuel logistic services in Germany.

#### *Disposals and liquidations in 2018*

On 19 January 2018, Avia Solutions Group AB approved liquidator for its subsidiary FLT Trading House UAB.

On 14 March 2018, Avia Solutions Group AB subsidiary FL Technics Ulyanovsk OOO has been liquidated.

## 15 Business combination and disposals (continued)

### *Establishment in 2017*

On 6 March 2017, KIDY Tour OOO was established by Avia Solutions Group AB. Registered capital RUB 3 million (equivalent to EUR 49 thousand), Avia Solutions Group AB fully paid for share capital.

On 29 March 2017, Storm Aviation (Germany) GmbH. was established by the FL Technics UAB subsidiary Storm Aviation Ltd. Registered capital is EUR 12 500, Storm Aviation Ltd. fully paid for share capital.

On 3 July 2017, BGS Trans (Ukraine) LLC was established by the Baltic Ground Services UAB. Registered capital is UAH 149 100 (equivalent to EUR 5 thousand), Baltic Ground Services UAB fully paid for share capital.

On 9 October 2017, KIDY Tour SIA was established by Avia Solutions Group AB. Registered capital EUR 10 000, Avia Solutions Group AB fully paid for share capital.

On 24 October 2017, BAA Simulators UAB was established by BAA Training UAB. Registered capital EUR 10 000, BAA Training UAB fully paid for share capital.

### *Acquisitions and disposals in 2017*

On 1 April 2017, Avia Solutions Group AB sold 100% of the share capital of KlasJet UAB to subsidiary Jet Maintenance Solutions UAB at a consideration of EUR 47 thousand.

On 29 June 2017, Avia Solutions Group AB acquired 99.99885% of the share capital of FL Technics Ulyanovsk from subsidiaries FL Technics Line OOO and FL Trading House UAB at a consideration of EUR 177 thousand.

On 14 July 2017, Avia Solutions Group AB acquired 10% of the share capital of Laserpas UAB from the general director of Laserpas UAB at a consideration of EUR 319 and increased a control in the subsidiary to 100%.

On 8 August 2017, Avia Solutions Group AB sold 50% of the share capital of Laserpas UAB. European Union based investor acquired 500 000 newly issued ordinary registered shares of Laserpas UAB (50 per cent of the total registered share capital) for the total issue price of EUR 2 609 thousand. Avia Solutions Group AB committed to invest and invested to Laserpas UAB EUR 1 000 000. The Group retains the control in Laserpas UAB.

On 7 December 2017, FL Technics UAB additionally acquired 24% of the share capital of Avia Technics Dirgantara PT. from the third party. The investment for shares amounted to USD 374 400 (equivalent to EUR 318 thousand).

## 16 Related party transactions

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

	<b>January – March</b>	
	<b>2018</b>	<b>2017</b>
<b>Sales of services to:</b>		
Entities having significant influence	3	2
Other related parties	1 615	2 056
	<b>1 618</b>	<b>2 058</b>
<b>Total sales of assets and services</b>	<b>1 618</b>	<b>2 058</b>

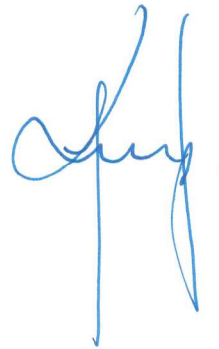
**16 Related party transactions (continued)**

	January – March	
	2018	2017
<b>Purchases of services from:</b>		
Entities having significant influence	-	2
Other related parties	1 242	705
	<b>1 242</b>	<b>707</b>
<b>Total purchases of assets and services</b>	<b>1 242</b>	<b>707</b>
	31 March 2018	31 December 2017
<b>Trade receivables from related parties</b>		
Receivables from investment in bonds from related parties (Note 11)	5 324	5 469
Trade receivables from entities having significant influence (Note 11)	3	2
Trade receivables from other related parties (Note 11)	2 754	1 189
Other receivables from related parties (Note 11)	891	795
Loans provided to other related parties (Note 11)	872	872
Prepayments from related parties (Note 11)	11	20
Deferred charges to other related parties (Note 11)	25	20
Security deposit with lessor from related parties (Note 11)	29	25
	<b>9 909</b>	<b>8 392</b>
<b>Payables and advances received from related parties</b>		
Loans received from related parties	100	99
Advances received from related parties	1 316	620
Trade and other payables to entities having significant influence (Note 14)	1	1
Trade and other payables to other related parties (Note 14)	582	222
	<b>1 999</b>	<b>942</b>

**MANAGEMENT CONFIRMATION OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION**

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, we, Jonas Janukėnas, General Manager of *Avia Solutions Group AB*, and Aurimas Sanikovas, Chief Financial Officer of *Avia Solutions Group AB*, hereby confirm that, to the best of our knowledge, the unaudited *Avia Solutions Group AB* Interim Consolidated Financial Information for the three-month period ended 31 March 2018, 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 of undertakings.

General Manager  
Jonas Janukėnas



Chief Financial Officer  
Aurimas Sanikovas

15 May, 2018