

AVIA SOLUTIONS GROUP AB

Consolidated Interim Financial Information,
For the Six-Month Period Ended 30 June 2017
(Unaudited)

Beginning of the financial period	1 January 2017
End of reporting period	30 June 2017
Name of the company	Avia Solutions Group AB (hereinafter “the Company”)
Legal form	Public company (joint-stock company)
Date of registration	31 August 2010
Code of enterprise	302541648
Name of Register of Legal Entities	State Enterprise Centre of Registers
Registered office	Smolensko St. 10, LT-03201 Vilnius, Lithuania
Telephone number	+44 20 808 99777 / +370 5 252 5500
E-mail	info@aviasg.com
Internet address	www.aviasg.com
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

	Notes	April – June		January - June	
		2017	2016	2017	2016
Revenue	3	87 735	78 057	168 797	135 524
Other income	3	115	107	189	197
Cost of services and goods	3, 4	(64 243)	(57 423)	(126 414)	(97 762)
Employee related expenses	3	(14 498)	(11 610)	(27 844)	(22 809)
Other operating expenses	3, 5	(4 796)	(3 606)	(9 054)	(6 989)
Depreciation and amortisation	3, 10	(1 262)	(1 216)	(2 441)	(2 390)
Impairment-related expenses	3	(499)	(431)	(706)	(457)
Other gain/(loss) - net	3	(196)	(89)	(217)	(232)
Operating profit (loss)		2 356	3 789	2 310	5 082
Finance income	6	90	312	217	188
Finance cost	6	(934)	(363)	(1 630)	(818)
Finance costs – net		(844)	(51)	(1 413)	(630)
Profit (loss) before income tax		1 512	3 738	897	4 452
Income tax	7	(139)	(548)	(129)	(703)
Profit for the period		1 373	3 190	768	3 749
Profit (loss) attributable to:					
Equity holders of the parent		1 742	3 231	1 370	3 922
Non-controlling interests		(369)	(41)	(602)	(173)
		1 373	3 190	768	3 749
Other comprehensive income					
Net gain (loss) on cash flow hedges		7	9	14	15
Income tax		(1)	(1)	(2)	(2)
		6	8	12	13
Exchange differences on translation of foreign operations		307	100	233	205
Other comprehensive income (loss) for the period		313	108	245	218
Total comprehensive income for the period attributable to:					
Equity holders of the parent		1 979	3 341	1 524	4 167
Non-controlling interests		(293)	(43)	(529)	(200)
		1 686	3 298	1 013	3 967
Basic and diluted earnings per share	9	0.224	0.415	0.176	0.504

CONSOLIDATED BALANCE SHEET

	Notes	30 June 2017	31 December 2016
ASSETS			
Non-current assets			
Property, plant and equipment	10	29 710	29 812
Intangible assets	10	6 090	6 056
Deferred income tax assets	7	5 881	5 405
Non-current trade and other receivables	11, 16	8 633	9 138
		50 314	50 411
Current assets			
Inventories	13	28 842	29 087
Trade and other receivables	11, 16	62 453	57 556
Amount due from customers for contract work		5 307	3 593
Prepaid income tax		223	265
Short-term bank deposit		15	61
Cash and cash equivalents	12	8 858	4 732
		105 698	95 294
Total assets	3	156 012	145 705
EQUITY			
Equity attributable to the Group's equity shareholders			
Share capital	8	2 256	2 256
Share premium		33 133	33 133
Legal reserve		192	192
Merger reserve		(457)	(457)
Fair value reserve		(4)	(16)
Cumulative translations differences		71	(89)
Retained earnings		26 075	24 705
Equity attributable to equity holders of the parent		61 266	59 724
Non-controlling interests		(993)	(464)
Total equity		60 273	59 260
LIABILITIES			
Non-current liabilities			
Borrowings		5 927	5 994
Government grants		1 399	1 528
Security deposits received		455	416
Trade and other payables	14, 16	210	220
Deferred income tax liabilities	7	346	365
Derivative financial instruments		4	19
		8 341	8 542
Current liabilities			
Trade and other payables	14	45 197	41 208
Borrowings		24 782	25 638
Advances received		16 320	10 002
Security deposits received		186	106
Current income tax liabilities		913	949
		87 398	77 903
Total liabilities		95 739	86 445
Total equity and liabilities		156 012	145 705

AVIA SOLUTIONS GROUP AB

 CONSOLIDATED INTERIM FINANCIAL INFORMATION
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Group							Non- controlling interests	Total equity	
	Share capital	Share premium	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings			Total
Balance at 1 January 2016	2 256	33 133	(457)	93	(45)	(137)	16 099	50 942	196	51 138
Comprehensive income										
Net gain on cash flow hedge	-	-	-	-	13	-	-	13	-	13
Currency translation difference	-	-	-	-	-	233	-	233	(27)	206
Profit (loss) for the period	-	-	-	-	-	-	3 922	3 922	(173)	3 749
Total comprehensive income	-	-	-	-	13	233	3 922	4 168	(200)	3 968
Balance at 30 June 2016	2 256	33 133	(457)	93	(32)	96	20 021	55 110	(4)	55 106
Balance at 1 January 2017	2 256	33 133	(457)	192	(16)	(89)	24 705	59 724	(464)	59 260
Comprehensive income										
Net gain on cash flow hedge	-	-	-	-	12	-	-	12	-	12
Currency translation difference	-	-	-	-	-	160	-	160	73	233
Profit (loss) for the period	-	-	-	-	-	-	1 370	1 370	(602)	768
Total comprehensive income	-	-	-	-	12	160	1 370	1 542	(529)	1 013
Balance at 30 June 2017	2 256	33 133	(457)	192	(4)	71	26 075	61 266	(993)	60 273

CONSOLIDATED STATEMENT OF CASH FLOWS

		January – June	
	Notes	2017	2016
Operating activities			
Profit for the period		768	3 749
Income tax	7	129	703
<i>Adjustments for:</i>			
Depreciation and amortisation	3, 10	2 441	2 390
Impairment-related expenses	3	706	457
Accruals of buildings lease payments, PBH contracts		249	397
Interest expenses	6	493	398
Fair value profit on derivative financial instruments		(12)	(13)
Discounting effect on financial assets		7	(4)
(Profit) / loss of PPE disposals		(94)	(24)
Amortisation of government grants		(129)	(129)
Interest income		(20)	(48)
Currency translations differences		(45)	244
<i>Changes in working capital:</i>			
- Inventories		(423)	(859)
- Trade and other receivables		(6 136)	(11 964)
- Short-term bank deposits		46	(1)
- Trade and other payables, advances received		10 091	9 544
- Security deposits received		124	53
Cash generated from (used in) operations		8 195	4 893
Interest received		1	7
Interest paid		(416)	(392)
Income tax paid		(653)	(288)
Net cash generated from (used in) operating activities		7 127	4 220
Investing activities			
Purchase of PPE and intangible assets		(1 878)	(1 418)
Proceeds from PPE and intangible assets		392	139
Loans granted		(289)	(1 032)
Repayments of loans granted		53	8
Deposits placed		(295)	(791)
Repayments of deposits placed		444	144
Net cash generated from (used in) investing activities		(1 573)	(2 950)
Financing activities			
Bank borrowings received		6 235	4 318
Repayments of bank borrowings		(7 048)	(5 617)
Borrowings from related parties received	16	1 902	4
Repayments of borrowings from related parties		(2)	-
Other borrowings received		474	-
Repayment of other borrowings		(474)	-
Repayments of lease liabilities		(1 147)	(1 238)
Net cash generated from (used in) financing activities		(60)	(2 533)
Increase (decrease) in cash and cash equivalents			
At beginning of period	12	(15 094)	(8 434)
Increase (decrease) in cash and cash equivalents		5 494	(1 263)
At end of period	12	(9 600)	(9 697)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Accounting policies

The consolidated interim financial information for the six-month period ended 30 June 2017 (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 2016.

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 six-month period ended 30 June 2017 is not audited. Financial Statements for the year ended 31 December 2016 were audited by the external auditor *PricewaterhouseCoopers UAB*.

2 Investments in subsidiaries and associates

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

The Group's companies	Country of establishment	Operating segment	Share of equity, %			Date of acquiring/establishment and activity
			30-06-2017	31-12-2016	30-06-2016	
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.
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.
FL Technics Ulyanovsk OOO	Russian Federation	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	99.99	99.99	99.99	The subsidiary was established in summer of 2011. The subsidiary does not conduct active operations.
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.

2 Investments in subsidiaries and associates (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, %			Date of acquiring/establishment and activity
			30-06-2017	31-12-2016	30-06-2016	
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	-	The subsidiary was acquired on 16 September 2016 (Note 15). The company is engaged in providing its clients with tour operator as well as other related services.
KIDY Tour OOO	Russian Federation	Private Jet Charter, Flight and Tour Operations	100	-	-	The subsidiary was established on 6 March 2017 (Note 15). The company is providing tour operator services.
KlasJet UAB	Republic of Lithuania	Private Jet Charter, Flight and Tour Operations	100	100	75	The subsidiary was established on 9 October 2013. The subsidiary has started business charter activity in summer 2014. On 24 January 2014 the Company sold 25 per cent shareholding in the subsidiary and on 27 September 2016 those shares were bought back (Note 15). 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	90	90	90	The subsidiary was established in summer of 2011. It was a direct subsidiary of Baltic Ground Services UAB. On 28 April 2015, 90% of share capital was sold to Avia Solutions Group AB and the remaining part is held by the general director of Laserpas UAB. The subsidiary started unmanned aerial flight operations.
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.
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. It was a direct subsidiary of Laserpas UAB till August 2015 when it was sold to Baltic Ground Services UAB. On 29 September 2015, 50% of share capital was sold to a third party. The subsidiary provides fuelling services in Ukraine.
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 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.

2 Investments in subsidiaries and associates (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, %			Date of acquiring/establishment and activity
			30-06-2017	31-12-2016	30-06-2016	
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.
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)	25	25	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.
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 (Note 15). 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	-	The subsidiary was established on 26 August 2016 (Note 15). It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Nigeria.

2 Investments in subsidiaries and associates (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, %			Date of acquiring/establishment and activity
			30-06-2017	31-12-2016	30-06-2016	
Storm Aviation (Germany) GmbH	Federal Republic of Germany	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	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. On 30 September 2015 it was sold to the associate.
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 OOO. It was established on 30 July 2014. Starting autumn 2014 it is engaged in construction and development of the Moscow's fourth airport – Zhukovsky International. On 30 September 2015, Avia Solutions Group – Airports Management OOO and its' subsidiaries were sold to the associate.
RAMPORT SECURITY LLC	Russian Federation	Airport Infrastructure Management	22.5*	22.5*	22.5*	It is a direct subsidiary of RAMPORT AERO OAO. The subsidiary was established on 6 May 2015 and will provide services in the Zhukovsky International airport. On 30 September 2015 Avia Solutions Group – Airports Management OOO and its' subsidiaries were sold to the associate.

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

As at 30 June 2017 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 30 June 2017 amounted to 2 143 (31 December 2016: 1 954; 30 June 2016: 1 795). The number of full-time staff employed by the Company on 30 June 2017 amounted to 62 (31 December 2016: 60; 30 June 2016: 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;

3 Segment information (continued)

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 in 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 six-month period ended 30 June 2017 and for the six-month period ended 30 June 2016:

	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
Six-month period ended 30 June 2017							
Sales to external customers	74 213	76 292	8 647	9 343	302	-	168 797
Inter-segment sales	2 178	4 369	55	6	1 045	(7 653)	-
Total revenue	76 391	80 661	8 702	9 349	1 347	(7 653)	168 797
Other income	242	70	53	2	299	(477)	189
Cost of services and goods purchased	(45 197)	(73 643)	(4 745)	(8 551)	(263)	5 985	(126 414)
Depreciation and amortisation	(1 007)	(926)	(323)	(41)	(95)	(49)	(2 441)
Employee related expenses	(20 265)	(4 238)	(1 784)	(717)	(840)	-	(27 844)
Other operating expenses	(7 041)	(1 185)	(1 493)	(535)	(463)	1 663	(9 054)
Impairment-related expenses	(643)	(33)	(25)	-	(5)	-	(706)
Other gain/(loss) - net	68	(170)	22	4	(17)	(124)	(217)
Segment operating profit	2 548	536	407	(489)	(37)	(655)	2 310
As at 30 June 2017							
Segment assets	95 458	31 909	11 098	5 011	12 536	-	156 012
Six-month period ended 30 June 2016							
Sales to external customers	71 704	54 061	5 914	3 490	355	-	135 524
Inter-segment sales	1 006	1 373	30	2	1 036	(3 447)	-
Total revenue	72 710	55 434	5 944	3 492	1 391	(3 447)	135 524
Other income	225	115	19	-	390	(552)	197
Cost of services and goods purchased	(44 409)	(48 850)	(2 863)	(3 470)	(222)	2 052	(97 762)
Depreciation and amortisation	(1 128)	(869)	(308)	(15)	(77)	7	(2 390)
Employee related expenses	(17 035)	(3 235)	(1 417)	(322)	(802)	2	(22 809)
Other operating expenses	(5 518)	(883)	(1 076)	(327)	(429)	1 244	(6 989)
Impairment-related expenses	(434)	(11)	(12)	-	-	-	(457)
Other gain/(loss) - net	103	(339)	11	1	1	(9)	(232)
Segment operating profit	4 514	1 362	298	(641)	252	(703)	5 082
As at 30 June 2016							
Segment assets	90 389	27 748	6 461	1 060	9 924	-	135 573

3 Segment information (continued)

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.

	April - June		January - June	
	2017	2016	2017	2016
4 Cost of goods and services				
Aircraft fuel expenses	30 915	30 331	66 328	45 319
Cost of goods purchased	15 177	12 549	29 559	24 121
Cost of purchased services	14 479	11 879	23 544	23 275
Rent and maintenance of premises	1 599	1 552	3 248	2 981
Rent of aircraft, training and other equipment	2 073	1 112	3 735	2 066
	64 243	57 423	126 414	97 762
5 Other operating expenses				
Transportation and related expenses	1 550	1 007	2 805	2 078
Business travel expenses	813	693	1 558	1 316
Consultation expenses	515	561	1 101	1 006
Office administrative, communications and IT expenses	450	308	788	594
Marketing and sales expenses	440	246	863	487
Insurance expenses	317	232	595	461
Other expenses	711	559	1 344	1 047
	4 796	3 606	9 054	6 989
6 Finance income and costs				
Unwinding of discounted financial assets placed	-	4	-	4
Interest income on cash and cash equivalents	1	3	3	7
Foreign exchange gain on financing activities	-	217	-	-
Other finance income	89	88	214	177
Finance income	90	312	217	188
Interest expenses on borrowings	(261)	(198)	(493)	(398)
Foreign exchange loss on financing activities	(609)	-	(982)	(221)
Unwinding of discounted financial assets received	(3)	-	(6)	(1)
Other finance costs	(61)	(165)	(149)	(198)
Finance costs	(934)	(363)	(1 630)	(818)
Finance costs – net	(844)	(51)	(1 413)	(630)

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 (2016: 15% rate), in Poland - at 19% rate (2016: 19% rate), in the United Kingdom – at 20% rate (2016: 20% rate), in Russia – at 20% rate (2016: 20% rate), in Ukraine – at 18% rate (2016: 18% rate), in Latvia – at 15% rate (2016: 15% rate), in Indonesia – at 25% rate (2016: 25% rate), in Thailand – at 20% rate (2016: 20% rate), in Cyprus – at 12.5% rate (2016: 12.5% rate), in Nigeria – at 30% rate (2016: 30% rate), in Czech Republic – at 19% rate (2016: 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:

	April - June		January - June	
	2017	2016	2017	2016
Current income tax	(282)	(520)	(624)	(681)
Deferred income tax	143	(28)	495	(22)
Total income tax expenses	(139)	(548)	(129)	(703)

8 Share capital

On 30 June 2017 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 2016 – 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.

	April - June		January - June	
	2017	2016	2017	2016
Profit (loss) for the period attributable to equity holders of the parent	1 742	3 231	1 370	3 922
Weighted average number of ordinary shares (thousand)	7 778	7 778	7 778	7 778
Basic and diluted earnings per share	0.224	0.415	0.176	0.504

10 Property, plant and equipment, intangible assets

	Property, plant and equipment	Intangible assets
Opening net book amount as at 1 January 2016	28 609	2 273
Additions	1 719	397
Disposals	(92)	-
Cumulative currency differences	(99)	(4)
Depreciation charge (Note 3)	(2 263)	(127)
Closing net book amount as at 30 June 2016	27 874	2 539
Opening net book amount as at 1 January 2017	29 812	6 056
Additions	2 233	347
Disposals	(250)	-
Cumulative currency differences	46	(3)
Depreciation charge (Note 3)	(2 131)	(310)
Closing net book amount as at 30 June 2017	29 710	6 090

11 Trade and other receivables

	30 June 2017	31 December 2016
Trade receivables	49 311	51 049
Less: provision for impairment of trade receivables	(10 256)	(10 418)
Trade receivables – net	39 055	40 631
Other receivables	1 057	1 334
Less: provision for impairment of other receivables	(18)	(18)
Other receivables – net	1 039	1 316
Loans granted	243	275
Less: provision for impairment of loans granted	(25)	(25)
Loans granted - net	218	250
VAT receivables	6 540	5 155
Receivables from investment in bonds from other related parties (Note 16)	6 571	7 175
Prepayments	7 775	4 812
Trade receivables from related parties (Note 16)	1 411	991
Deferred charges	2 640	2 199
Accrued revenue	2 240	759
Security deposit	1 898	2 073
Other receivables from related parties (Note 16)	786	677
Loans granted to related parties (Note 16)	886	636
Prepayments from related parties (Note 16)	11	5
Security deposits from related parties placed (Note 16)	16	15
	71 086	66 694
Less non-current portion :	(8 633)	(9 138)
Current portion :	62 453	57 556

12 Cash and cash equivalents

	30 June 2017	31 December 2016	30 June 2016
Cash and cash equivalents	8 858	4 732	7 983
Bank overdraft	(18 458)	(19 826)	(17 680)
	(9 600)	(15 094)	(9 697)

13 Inventories	30 June 2017	31 December 2016
Spare parts and materials – gross amount	24 558	24 896
Less: provision for impairment of inventories	(4 440)	(4 633)
Spare parts and materials	20 118	20 263
Goods for sale – gross amount	5 869	6 367
Less: provision for impairment of inventories	(38)	(48)
Goods for sale	5 831	6 319
Aircraft fuel	1 518	1 458
Work in progress	359	294
Goods in transit	51	41
Other inventories	965	712
	28 842	29 087

14 Trade and other payables	30 June 2017	31 December 2016
Trade payables	24 759	24 504
Accruals for hangar lease payments, PBH contracts and other accrued expenses	11 454	9 488
Salaries and social security payable	6 658	5 103
Provisions	618	496
Deferred revenue	538	261
Amounts payable to related parties (Note 16)	478	448
Other payables	902	1 128
	45 407	41 428
Less: non-current portion	(210)	(220)
Current portion	45 197	41 208

15 Business combination and disposals

Establishments and acquisition 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 1 April 2017, *Avia Solutions Group AB* sold 100% of the share capital of *KlasJet UAB* to subsidiary *Jet Maintenance Solutions UAB*.

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*.

Establishment in 2016

On 4 January 2016, *FL Technics Asia Co Ltd*. was established by the Company's subsidiary *FL Technics UAB*. Registered capital is Baht 10 000 000, *FL Technics UAB* paid for share capital EUR 65 thousand and THB 7.5 million (equivalent to EUR 191 thousand). Remaining 0.003% of share capital is held by 2 private persons.

On 26 August 2016, *Storm Aviation (Nigeria) Ltd*. was established by the *FL Technics UAB* subsidiary *Storm Aviation Ltd*. Registered capital is Naira 10 000 000, *Storm Aviation Ltd*. fully paid for share capital (equivalent to GBP 26 thousand).

15 Business combination and disposals (continued)

Investment in the associate in 2016

On 1 August 2016 *Avia Solutions Group AB* agreed to contribute the accrued interests on bonds issued by its associate *Avia Solutions Group B.V.* as a share premium contribution without issuing any new shares. Contributed amount of accrued interests was in the amount of USD 204 thousand (equivalent to EUR 183 thousand). The Group's investment in its associate as at 31 December 2016 amounted to EUR 0 thousand through post-acquisition changes in the Group's share of net assets of the associate's consolidated group.

Acquisitions in 2016

On 16 September 2016 *Avia Solutions Group AB* completed the acquisition of 100 percent of the share capital in GoAdventure OÜ which was renamed to *KIDY Tour OÜ* following the acquisition. As a result of the acquisition, the Group is expected to increase its presence in the Tour Operation segment. According to the share sale and purchase agreement the purchase price was EUR 746 thousand and USD 1 657 thousand (equivalent to EUR 1 472 thousand) which included remuneration for the share capital as well as the transfer of the claims in respect of the debt (equal to EUR 909 thousand). Details of purchase consideration and assets and liabilities arising from them acquisition are as follows:

	<i>KIDY Tour OÜ - acquiree's fair value</i>
Tangible and intangible long-term assets	29
Security deposits placed	357
Loans granted	60
Receivables	8
Prepayments	59
Cash and cash equivalents	7
Bank overdraft	(8)
Advances received	(143)
Payables	(1 965)
Total identifiable net assets acquired	(1 596)
Purchase consideration - setting off against liabilities	1 309
Excess of cost over fair value of acquiree's net assets (recognised as goodwill)	2 905

The values included in purchase price allocation are provisional and will be updated within 12 months period after the acquisition date.

On 27 September 2016, the Group acquired 25% of the share capital of *Klasjet UAB* from a third party and increased a control in the subsidiary to 100%. *Avia Solutions Group AB* paid EUR 14 509 for the shares.

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:

	January – June	
	2017	2016
Sales of services to:		
Entities having significant influence	4	4
Other related parties	3 290	2 367
	3 294	2 371
Total sales of assets and services	3 294	2 371
Purchases of services from:		
Entities having significant influence	2	1
Other related parties	1 511	1 359
	1 513	1 360
Total purchases of assets and services	1 513	1 360
	30 June 2017	31 December 2016
Trade receivables from related parties		
Receivables from investment in bonds from related parties (Note 11)	6 571	7 175
Trade receivables from entities having significant influence (Note 11)	1	1
Trade receivables from other related parties (Note 11)	1 410	990
Other receivables from related parties (Note 11)	786	677
Loans provided to other related parties (Note 11)	886	636
Prepayments from other related parties (Note 11)	5	5
Prepayments from entities having significant influence (Note 11)	6	-
Security deposit with lessor from related parties (Note 11)	16	15
	9 681	9 499
Payables and advances received from related parties		
Loans received from related parties	1 902	-
Advances received from related parties	432	572
Trade and other payables to other related parties (Note 14)	478	448
	2 812	1 020

17 Events after the reporting date

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 percent of the total registered share capital) for the total issue price of EUR 2,609,106. *Avia Solutions Group AB* committed to invest to *Laserpas UAB* 1,000,000 EUR.

CONSOLIDATED INTERIM REPORT

I. GENERAL INFORMATION

Reporting period Six-month period ended 30 June 2017

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 / +44 20 808 99777

E-mail info@aviasg.com

Internet address www.aviasg.com

Persons responsible for the accuracy of the provided information:

Name	Position	Telephone number	E-mail
Linas Dovydenas	CEO of Avia Solutions Group AB	+370 5 252 5500	Linas.Dovydenas@aviasg.com
Aurimas Sanikovas	CFO of Avia Solutions Group AB	+370 5 252 5500	Aurimas.Sanikovas@aviasg.com
Daiva Sitonienė	Financial Reporting Manager of Avia Solutions Group AB	+370 5 252 5500	Daiva.Sitoniene@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.

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

- Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO);
- Aircraft Ground Handling and Fuelling;
- Crew Training and Staffing;
- Private Jet Charter, Flight and Tour Operations;
- Unallocated segment.

Aircraft Maintenance, Repair and Overhaul (MRO)

Activities in our MRO business segment are conducted by FL Technics UAB (*FL Technics*), Jet Maintenance Solutions UAB (*Jet Maintenance Solutions*), FL Technics Line OOO (*FL Technics Line*), Locatory.com AB (*Locatory.com*), Helisota UAB (*Helisota*), Storm Aviation Limited (*Storm Aviation*), Storm Aviation (Cyprus) Limited (*Storm Aviation Cyprus*), Storm Aviation (Nigeria) Limited (*Storm Aviation Nigeria*), Storm Aviation (Germany) GmbH (*Storm Aviation Germany*), Avia Technics Dirgantara PT. and FL Technics Asia Co. Ltd and include: aircraft base and line maintenance; component management; engineering services; spare parts and consumable sales; technical training; consulting; engine maintenance management; defence aircraft component support; aircraft parts marketplace services; business jet maintenance and repair services and other related aircraft and helicopter maintenance services.

Base maintenance

FL Technics occupies 3 aircraft maintenance hangars together with administrative, warehouse and back shop facilities in Vilnius International Airport, Kaunas International Airport and Soekarno-Hatta International Airport, Jakarta – 31,200 sq. meters in total. The hangars are comprised of total 8 airframe maintenance bays with 3 more to come in Jakarta. Utilizing these hangars and the nearby premises *FL Technics* provides base maintenance services, including: aircraft base maintenance checks, structure inspection and structure repairs, routine maintenance, technical defect rectification, interior refurbishment, minor/major modifications (avionics, airframe), engine replacement, landing gear replacement and non-destructive testing.

Line maintenance

Line maintenance is defined as maintenance that is carried out before each flight to ensure that the aircraft is airworthy and fit for the intended flight and includes: daily service and weekly checks, unscheduled checks, 24/7 AOG support troubleshooting, defect rectification and minor component replacements. As at 30 June 2017 *FL Technics*, *Storm Aviation*, *Storm Aviation (Cyprus)*, *Storm Aviation Germany* and *Storm Aviation (Nigeria)* collectively operated thirty one line stations (at 31 December 2016 – twenty seven line stations).

Continuing airworthiness management (engineering) services

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

Spare parts and consumable sales

Spare parts and consumable sales are carried by the Group through *FL Technics* and *FL Technics Line*. The Group 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 the Group is expanded own stock of spare parts and components in a number of locations, such as London, Vilnius, Moscow. Stock and in-house capabilities are listed in databases such as ILS, Parts Base and Locatory.com. *FL Technics* provides cost saving programmes for airlines and component repair management. In addition to ad hoc and pool agreements, the power-by-the-hour (PBH), Consumable Support products, full wheels and brakes (W&B) programs, including pool of W&B assets, repairs and logistics are provided by *FL Technics* for existing and new customers.

Technical training and consulting services

FL Technics provides technical training for aviation specialists involved in the maintenance and repair of aircraft, as well as other specialized training programs and consulting services. The training programs, which are drawn up in accordance with the requirements of EASA, cover four main areas: basic maintenance training, aircraft type training, specialized aviation training and other consulting services. *FL Technics* has developed specialized online training program specifically for aircraft technical professionals worldwide: www.147training.com. Specialized aviation training includes auditors training (theory and practice), wheels and brakes training, avionics components maintenance training, implementing rules – PART-M and PART-145 training, human factors training, fuel tank safety training, quality systems training, aviation legislation training, aircraft structure repair training, engineering and planning procedures training, material management and logistics training, escape slides and life preservers maintenance training and engine borescope inspection (CFM56-3) training.

Engine and Components management services

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

Defence aircraft component support

FL Technics provides comprehensive spare parts support and overhaul of components for various types of defence aircraft. It has possibilities to support defence vehicles with spare parts supply, overhaul and modernization services.

Other MRO services

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

Business jet MRO

Business jet MRO operations are carried by the Group through *Jet Maintenance Solutions*. The subsidiary is a global provider of tailor-made maintenance, repair and overhaul services for business aviation. Certified as an EASA Part-145 organization, *Jet Maintenance Solutions* serves business aircraft registered in the Russian Federation, Belarus, Turkmenistan, Kazakhstan, Ukraine, Lebanon, Aruba, Bermuda and Cayman Islands. This company is the first service centre in the region authorized to provide warranty support for Tronair's ground support equipment (GSE) and is appointed by Rockwell Collins as an Authorized Business and Regional Systems (BRS) Dealer. *Jet Maintenance Solutions* provides base maintenance services for Hawker Beechcraft BAe 125 (Hawker Beechcraft 700 / 750 / 800 / 800XP / 850XP / 900XP), Bombardier CL-600-2B19 (Bombardier CRJ100/200 and Bombardier Challenger 850) and CL-600-2B16 (Bombardier Challenger 604/605) aircraft type families.

Helicopter MRO

Helisota is an international provider of integrated maintenance, repair and overhaul (MRO) services for rotor craft aviation. The company is an EASA Part 145 maintenance organisation for Robinson and Airbus Helicopters, Part 145 organisation and Part 147 organisation as well as an authorized Robinson Helicopters Company service center. *Helisota* is also approved by Interstate Aviation Committee (MAK) as Overhaul and Repair station, Holds GosNII GA and ASA100 approvals for supply of aviation spares. Furthermore, *Helisota* is approved under quality management system ISO 9001, AQAP-2120 quality requirements. Based on certificates and years of experience *Helisota* is able to offer a list of services for various government and private rotor craft operators worldwide: helicopters MRO, component MRO, spare parts supply, helicopters sales, upgrades and modernization.

Aircraft Ground Handling and Fuelling

Aircraft ground handling and fuelling services are conducted by Subsidiaries of the Company, namely: Baltic Ground Services UAB (*Baltic Ground Services LT*), Baltic Ground Services Sp.z.o.o. (*Baltic Ground Services PL*), Baltic Ground Service UA TOV (*Baltic Ground Service UA*), Baltic Ground Services RU OOO (*Baltic Ground Services RU*), Baltic Ground Services EE OÜ (*Baltic Ground Services EE*), Baltic Ground Services CZ s.r.o. (*Baltic Ground Services CZ*) and Baltic Ground Services LV SIA (*Baltic Ground Services LV*).

The above mentioned companies 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 at 30 June 2017, *Baltic Ground Services* activities were concentrated in main airports of Lithuania, Latvia, Estonia, Poland, Ukraine and Russia. In the 1st half of the year, *Baltic Ground Services* started its activities in Czech Republic. *Baltic Ground Services* expands its network and continues to develop its activities in aforementioned regions.

Crew Training and Staffing

Crew training and staffing operations are carried through BAA Training UAB (*BAA Training*) and AviationCV.com UAB (*AviationCV.com*).

Certified as the Approved Training Organization (ATO), *BAA Training* offers Fixed or Rotary wing Ab Initio, Type Rating, Cabin Crew, Ground Handling, Flight Dispatcher and UAV/UAS training solutions including online training courses. Headquartered in Vilnius, Lithuania, the academy provides custom training solutions combined with personal care and seeks to establish itself as a globally recognised leading aviation training centre.

BAA Training occupies approx. 3 000 sq. meters. The training centre is divided into Ab Initio school and Type Rating training learning complex with modern auditoriums, rest areas, dining rooms and specialised training facilities equipped with FNPT II (Flight Navigation Procedures Trainer), A320 FTD (Flight Training Device), Boeing 737-300/400/500 and Airbus 320 Full Flight Simulators (FFS), Real Fire Fighting and Smoke Trainer; aircraft fleet of 1 Cessna 172S, 9 Tecnam P2002JF and 2 Tecnam 2006T. The fleet of *BAA Training* is located and practical training conducted in S. Dariaus and S. Girėno, Istra and Kyviskes aerodromes. Ab initio department signed partnership contracts with 3 different airlines for Cadet Pilot programmes last year.

BAA Training operations in United Arabs Emirates provides Airbus 320 and Boeing 737 CL training services for the Middle East. Furthermore, *BAA Training* established operations in Tunis to fulfil needs of African region.

BAA Training offers training solutions for 18 types of aircrafts on 55 Full Flight Simulators at 32 locations in Europe, North and South Americas, Africa and Asia. Course completion certificates issued by *BAA Training* are valid in all EASA countries as well as in Belarus, Cuba, Jordan, Lybia, Laos, Kazakhstan, Kyrgyzstan, Malaysia, Mongolia, Nepal, Russia, Seychelles, Ukraine and Vietnam.

Moreover, *BAA Training* created and is constantly developing MOMook - intelligent business management software designed specifically for aviation training centres. MOMook also offers an integrated solution for efficient and cost-effective tracking of aircrafts – Flight Tracker. SimHelp, yet another business line of *BAA Training*, is the first point of contact for FFS Operators, which also offers a newly developed FFS Terminal and flight simulators for commercial sales. In 2016 *BAA Training* launched Emblick – an internal Avia Solutions Group training and competency centre, which is also open for other Lithuanian organisations.

AviationCV.com is a global provider of aviation specialist resourcing solutions for airlines, MRO providers and other industry players. The company runs a job search portal (www.aviationcv.com) for flight crew members, aircraft engineers and other aviation specialists aimed at meeting short and long term human resource needs of the global aviation industry.

Private Jet Charter, Flight and Tour Operations

The Group is involved in private jet charter operations related activities conducted through KlasJet UAB. *KlasJet* is a charter carrier (EASA AOC holder), specializing in private and corporate flights as well as comprehensive aircraft management solutions. With a fleet of business jets based in Vilnius, Lithuania, as well as other airports across Russian Federation, Eastern Europe and the CIS, *KlasJet* is perfectly positioned to provide VIP flight services to customers and partners at any place and time. *KlasJet* offers its customers, aircraft owners, maintenance and refurbishment solutions, CAMO support, crew recruitment and training solutions, spare parts and components supply.

The Group is involved in flight operations related activities conducted through its subsidiary, Laserpas UAB. In March 2015 *Laserpas* started its operations as an international remotely piloted airborne system (RPAS) operator, offering comprehensive and tailor-made UAV solutions to accommodate a wide array of customer needs in a variety of industries. *Laserpas* is the first independent RPAS operator in the Baltic States, engaged in the activity of developing state-of-the-art payload control and image processing systems. The company also conducts high-precision, long distance UAV and manned helicopter operations, providing its customers with actionable data and professional support. In 2016 *Laserpas* has executed first commercial contracts, and currently is performing work in Lithuania and Romania, with contracts in Czech Republic, Slovakia, Latvia and pending contracts in Brazil, Indonesia and Thailand. Currently *Laserpas* is able to use both – its own and leased UAVs and manned helicopters.

In December 2015 a new subsidiary KIDY Tour UAB (*KIDY Tour*) was established and on 16 September 2016 100 percent of the share capital in GoAdventure OÜ (which was renamed to KIDY Tour OÜ) was acquired. On 6 March 2017, KIDY Tour OOO was established by the Company. All companies collectively represent Tour Operations business segment. The purpose of companies' activities is to provide clients with tour operator as well as other related services. Currently companies are offering a wide range of holiday tours into Turkish and Egypt resorts.

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 30 June 2017, 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.: +44 20 808 99777; e-mail: info@aviasg.com; internet address: www.aviasg.com) and its effective subsidiaries and associate:

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	Saltoniškių str. 29, LT-08105, Vilnius, Lithuania tel. +44 203 468 7523, info@aviationcv.com , www.aviationcv.com	100.00
BAA Training UAB	22 November 2006, code 300618099, Register of Legal Persons of the Republic of Lithuania	Dariaus ir Girėno st. 21, LT-02189 Vilnius, Lithuania tel. +370 5 2525536, fax. +370 5 2525537, info@baatraining.com , www.baatraining.com	100.00
FLT Trading House UAB	26 May 2010, code 302514409, Register of Legal Persons of the Republic of Lithuania	Žirmūnų st. 139, LT-09120, Vilnius, Lithuania tel. +44 20 808 99777	100.00
FL Technics Ulyanovsk OOO	22 July 2011, code 7329004322, State Register of Legal Entities of Russian Federation	Sovietskaya st. 6, 433400, Cherdakly, Cherdaklinsky District, Ulyanovsk Region, Russian Federation tel. +370 682 30366, fax. +370 5 252 5646	99.99885
Helisota UAB	7 May 1997, code 134953768, Register of Legal Persons of the Republic of Lithuania	Europos Ave. 5, LT-46329 Kaunas, Lithuania tel. +370 3 742 1637, fax. +370 3 742 0420, helisota@helisota.com , www.helisota.com	100.00
Kauno aviacijos gamykla UAB	16 July 1993, code 133745440, Register of Legal Persons of the Republic of Lithuania	Europos Ave. 21, LT-46329 Kaunas, Lithuania tel. + 370 3 742 0395, fax. +370 3 742 0994 kag@kaunas.omnitel.net	100.00*
KIDY Tour UAB	3 December 2015, code 304147043, Register of Legal Persons of the Republic of Lithuania	Konstitucijos ave. 12-2, LT-09038, Vilnius, Lithuania, tel. +370 5 2078070, info@kidytour.lt , www.kidytour.lt	100.00
KIDY Tour OÜ	20 November 2006, code 11324349, Centre of Registers and Information Systems	Narva str. 7-352, Kesklinna district, Tallinn 10117, Estonia, tel. +372 6108000, info@kidytour.ee , www.kidytour.ee	100.00
KIDY Tour OOO	6 March 2017, code 1177746219969, State Register of Legal Entities of Russian Federation	Four Winds Plaza, 1st Tverskaya-Yamskaja Str., 21, 125047, Moscow, Russia, tel. +7 495 233 32 99, fax +7 495 956 10 06 info@kidytour.ru , www.kidytour.ru	100.00
Laserpas UAB	4 July 2011, code 302644356, Register of Legal Persons of the Republic of Lithuania	Smolensko st. 10B, LT-03201 Vilnius, Lithuania tel. +370 5 2525500, fax. +370 5 2525501, info@laserpas.com , www.laserpas.lt	90.00
Locatory.com UAB	7 December 2010, code 302572273, Register of Legal Persons of the Republic of Lithuania	Smolensko st. 10, LT-03201 Vilnius, Lithuania tel. +370 520 75423, info@locatory.com , www.locatory.com	95.00
Jet Maintenance Solutions UAB	11 June 2007, code 300869952, Register of Legal Persons of the Republic of Lithuania	Smolensko st. 10A, LT-03201 Vilnius, Lithuania tel. +370 5 252 5662, info@jetms.aero , www.jetms.aero	100.00
KlasJet UAB	9 October 2013, code 303163347, Register of Legal Persons of the Republic of Lithuania	Smolensko st. 10, LT-03201 Vilnius, Lithuania tel. +370 6 332 2768, fax. +370 5 252 5529 info@klasjet.aero , www.klasjet.aero	100.00**
Baltic Ground Services UAB	11 August 2005, code 300136658, Register of Legal Persons of the Republic of Lithuania	Rodūnios road 6, LT- 02187 Vilnius, Lithuania tel. +370 5 252 55 92, fax. +370 5 252 50 07, info@bgs.aero , www.bgs.aero	100.00
Baltic Ground Services PL Sp.z.o.o.	15 April 2010, code 0000353957, Register of Entrepreneurs of the National Court Register held by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register	17 Stycznia 45 B, 02-146 Warsaw, Poland, tel. +48 22 256 99 00, fax. +48 22 256 99 01, info.waw@bgs.aero , www.bgs.aero	100.00***
Baltic Ground Services UA TOV	29 August 2011, code 37856865, State Register of Legal Entities and Individual Entrepreneurs of Ukraine	Muzeyny lane, 4, 01001, Kyiv, Ukraine tel. +380 96 731 59 76, info@bgs.aero , www.bgs.aero	50.00***
Baltic Ground Services RU OOO	23 March 2015, code 1155040001973, State Register of Legal Entities of Russian Federation	Zhukovskiy-5, 140185, Moscow region, Russian Federation, tel. +7 495 956 10 06, fax +7 495 956 10 06 info.mow@bgs.aero , www.bgs.aero	100.00***
Baltic Ground Services EE OÜ	15 July 2015, code 12890890, State Enterprise Register	Lennujaama st. 13, Tallinn, Harju Region 11101, Estonia, www.bgs.aero	100.00***
Baltic Ground Services LV SIA	12 December 2012, code 40103619641, State Enterprise Register	Nakotne street 3, Riga Airport, Marupe district, LV-1053, Latvia, tel. +371 67280007, info.lv@bgs.aero , www.bgs.aero	51.00***
Baltic Ground Services CZ s.r.o.	31 December 2015, code 04681061, State Enterprise Register	Moshnov 413 , 742 51, Czech Republic	100.00***

Name of the company	Date of registration, code, name of Register of Legal Entities	Contact details	Effective holding of the Company (%)
FL Technics UAB	22 December 2005, code 300517602, Register of Legal Persons of the Republic of Lithuania	Rodūnios road 18, LT-02188 Vilnius, Lithuania tel. +370 5 252 5015, fax. +370 5 252 5646, info@fltechnics.com, www.fltechnics.com	100.00
Avia Technics Dirgantara PT.	5 August 2014, code (TDP) No.09.04.1.33.39698, Ministry of Justice and Human Rights	Bandara Soekarno-Hatta International Airport, Tangerang, Banten 19120, Indonesia, indonesia@fltechnics.com	25.00****
FL Technics Asia Co. Ltd.	4 January 2016, code 0105559000107, The Bangkok Partnerships/Companies Registry Office	184/30 Forum Tower 12A Fl. Ratchadaphisek Road, Huay Khwang, Bangkok 10320, Thailand tel. +66 204 75458, asia@fltechnics.com	99.997****
FL Technics Line OOO	3 August 2011, code 7746600289, State Register of Legal Entities of Russian Federation	Vnukovo International Airport, 2nd Reysovaya Street 2, Building 5, Moscow, Russia tel. +7 915 270 4220, fax. +370 5 252 5646, line@fltechnics.com, www.fltechnicsline.com	93.00****
Storm Aviation Ltd	30 September 2011, code 05229468, The Registrar of Companies for England	The Diamond Hangar, Long Border Road, Stansted Airport, Essex, CM24 1RE, Great Britain, tel. +44 1279 681330 line@stormaviation.com, ww.stormaviation.com	100.00****
Storm Aviation (Cyprus) Ltd.	30 September 2011, code HE290461, Ministry of Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver Nicosia	Rafail Santi 58, Nefeli Court 11, 1st floor, Flat/Office 104-105, 6052, Larnaca, Cyprus www.stormaviation.com	100.00*****
Storm Aviation (Nigeria) Ltd	26 August 2016, code RC1357613, Corporate Affairs Commission Federal Republic of Nigeria	Suite 7, Second Floor, Ibukun House 70, Adetokunbo Ademola Street, Victoria Island, Lagos State, Nigeria, tel. +234 (0) 909 999 3057	100.00*****
Storm Aviation (Germany) GmbH	29 March 2017, code HRB 80251, German Commercial Register	Königsallee 70, 40212, Düsseldorf, Germany tel +44 (0) 7476 328085	100.00*****
Avia Solutions Group B.V.	21 March 2014, code 60335653, Trade Register of the Chamber of Commerce of Netherlands	Herengracht 493, 1017BT Amsterdam, the Netherlands	30.00
Avia Solutions Group Airports Management LLC	14 March 2014, code 1147746272190, State Register of Legal Entities of Russian Federation	Four Winds Plaza, 1st Tverskaya-Yamskaja st., 21, 125047, Moscow, Russia, tel. +7 495 232 0139, fax. +7 495 232 01 39, info@rampport.aero, www.rampport.aero	30.00*****
RAMPOR AERO JSC	30 July 2014, code 1145040008827, State Register of Legal Entities of Russian Federation	Four Winds Plaza, 1st Tverskaya-Yamskaja Str., 21, 125047, Moscow, Russia tel. +7 495 232 0139, fax +7 495 232 0139 info@rampport.aero , www.rampport.aero	22.50*****
RAMPOR SECURITY LLC	6 May 2015, code 1155040003051, State Register of Legal Entities of Russian Federation	Narkomvoda St. 23, 140180, Zhukovskiy, Moscow Region, Russia tel. +7 495 232 0139, fax +7 495 232 0139 info@rampport.aero , www.rampport.aero	22.50*****

* - Shareholding through Helisota UAB

** - Shareholding through Jet Maintenance Solutions UAB

*** - Shareholding through Baltic Ground Services UAB

**** - Shareholding through FL Technics UAB

***** - Shareholding through Storm Aviation Limited

***** - Shareholding through associate Avia Solutions Group B.V.

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 six-month period ended 30 June 2017.

As at 30 June 2017 the Company had one representative Office in the Russian Federation, Four Winds Plaza, 1st Tverskaya-Yamskaja Str., 21, Moscow, Russia , Moscow and no branches.

Agreements with intermediaries of public trading in securities

Securities' accounting services are performed by Orion Securities UAB FMĮ (code 122033915), A. Tumėno St. 4, B corps, 7 floor, LT-01109 Vilnius.

II. FINANCIAL AND OPERATIONAL INFORMATION

During the six-month period ended 30 June 2017 *Avia Solutions Group AB* and its subsidiaries (hereinafter – the Group) generated net profit of EUR 0.8 million (during the same period in 2016 - almost EUR 3.7 million). Comparing with six-month period ended 30 June 2016 the consolidated revenue from continuing operations has increased up to EUR 169 million, or by 25% as compared with EUR 136 million.

The major events to the Group's structure during six-month period ended 30 June 2017 were as follows:

Date	Operating Segment	Event
March 2017	Private Jet Charter, Flight and Tour Operations	<i>Avia Solutions Group AB</i> established a new subsidiary named <i>KIDY Tour OOO</i> , where it holds 100 per cent of shareholding.
March 2017	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	<i>Storm Aviation Ltd.</i> established a new subsidiary named <i>Storm Aviation (Germany) GmbH</i> , where it holds 100 per cent of shareholding.
April 2017	Private Jet Charter, Flight and Tour Operations	<i>Avia Solutions Group AB</i> sold 100% of the share capital of <i>KlasJet UAB</i> to subsidiary <i>Jet Maintenance Solutions UAB</i> .
June 2017	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	<i>Avia Solutions Group AB</i> acquired 99.99885% of the share capital of <i>FL Technics Ulyanovsk</i> from subsidiaries <i>FL Technics Line OOO</i> and <i>FL Trading House UAB</i> .

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 ratios	January - June	
	2017	2016
Return on equity (ROE)* (%)	1.3	6.8
Gearing ratio** (%)	26.6	27.9
Equity to total assets ratio*** (%)	38.6	40.6
Liquidity ratio	1.2	1.3
Number of full-time employees at the end of the period	2 143	1 795

* - *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

Financial figures	January - June		
	2017	2016	Change
Revenue (EUR thousand)	168 797	135 524	24.6%
Operating profit (EUR thousand)	2 310	5 082	-54.5%
Operating profit margin (%)	1.4	3.7	-2.3 p.p.
Profit (loss) before income tax (EUR thousand)	897	4 452	-79.9%
Net profit (loss) for the period (EUR thousand)	768	3 749	-79.5%
Net profit (loss) for the period margin (%)	0.5	2.8	-2.3 p.p.
Profit (loss) for the year attributable to equity holders of the parent	1 370	3 922	-65.1%
Earnings per share (EUR)	0.176	0.504	-65.1%
Weighted number of shares (thousand)	7 778	7 778	-

Operating figures	January - June		Change
	2017	2016	
Number of SOLD man-hours in base maintenance	268 889	241 755	+11.2%
Number of SOLD man-hours in engineering	36 566	30 481	+20.0%
Number of SOLD man-hours in maintenance training	5 752	5 192	+10.8%
Number of line stations as at 30 June	31	25	+6
Number of aircrafts served	6 971	5 388	+29.4%
Number of passengers served	1 273 283	979 218	+30.0%
Volume of fuel sold (tonnes)	118 743	83 742	+41.8%
TRTO - Number of sold theoretical training hours	9 105	5 494	+65.7%
TRTO - Number of sold practical training (FFS) hours	13 125	10 648	+23.3%

Revenue related to continuing operations

The total consolidated Group's revenue for the six-month period ended 30 June 2017 was EUR 169 million, an increase by 25 per cent over the total revenue of EUR 136 million for the six-month period ended 30 June 2016.

During the period revenue growth was noticed in all business segments as compared to the same period in 2016. *Aircraft and helicopter maintenance, repair and overhaul segment* revenue to external customers increased by EUR 2.5 million and amounted to EUR 74.2 million in the first half year 2017 as compared to EUR 71.7 million during the same period in 2016, which is a 3.5% increase. The growth was driven primarily by increase in spare parts and consumables sales, base maintenance and engineering services. The most significant increase (56%) was noted in technical training and consulting services, where revenue to external customers increased by EUR 0.5 million and amounted to EUR 1.4 million during 2017 as compared to EUR 0.9 million in 2016.

In the first half-year 2017 *ground handling and fuelling segment* revenue to external customers increased by EUR 22.2 million (increase of 41%) and amounted to EUR 76.3 million as compared to EUR 54.1 million during the same period in 2016. The increase was caused by increased revenue from aircraft fuel sales. Revenue growth was primarily driven by new contracts signed and significantly increased volume of fuel sold. *Baltic Ground Services* has started expansion to other countries and significantly strengthen position in existing airports.

Crew training and staffing business segment's revenue to external customers has increased by EUR 2.7 million (increase of 46%). During the 2017 subsidiaries offering training services generated revenue in amount of EUR 8.6 million as compared to EUR 5.9 million during the same period in 2016. The most significant amount in this segment was generated from TRTO sales.

During the six-month period ended 30 June 2017 *private jet charter, flight and tour operations* segment generated revenue in amount of EUR 9.3 million, as compared to EUR 3.5 million during the same period in 2016, which is increase of 166%. *KIDY Tour* started its tour operator activity in April 2016. During the first half-year 2017 *KIDY Tour* generated EUR 5.6 million revenue contributing to the segment's revenue.

Operating expenses related to continuing operations

In the first half-year 2017 the most significant nominal change in expenses was due to the higher amounts sold. The most significant element in expenses is aircraft fuel expenses which totalled to EUR 66.3 million (increase of EUR 21 million compared to EUR 45.3 million during the same period in 2016).

Due to higher volume of sales, cost of goods purchased during the six month period of 2017 increased by EUR 5.5 million (increase of almost 22.8%) to EUR 29.6 million as compared with EUR 24.1 million in the 2016. The most significant increase of these expenses was noted in MRO and ground handling and fuelling business segments. Costs of purchased services have not changed significantly - increased by EUR 0.2 million to EUR 23.5 million during the first half of 2017.

The Group is constantly expanding its operations to other countries as well as developing current activities. This led to an increase of rent and maintenance of premises expenses in the first half-year 2017 by 6.7% to EUR 3.2 million as to compare with EUR 3.0 million during the same period of 2016. New locations increased business travel expenses by 23.1% up to EUR 1.6 million.

The Group expanded the number of employees, therefore, employee related expenses during the six-month period ended 30 June 2017 increased by 21.9% and equalled to EUR 27.8 million compared with EUR 22.8 million during the same period in 2016.

Net financial costs increased primarily as a result of increase of foreign exchange loss on financing activities for the six-month period ended 30 June 2017.

Balance sheet and cash flow

During the first half-year 2017 total assets of the Group increased by EUR 10.3 million or 7.1% comparing with EUR 145.7 million as at 31 December 2016 primarily as a result of increased levels of prepayments made in ground handling and fuelling, pilot and crew training and tour operations business segments, additionally, due to significant increase of cash and cash equivalents in pilot and crew training segment.

During the six-month period ended 30 June 2017 total liabilities increased by EUR 9.3 million up to EUR 95.7 million primarily due to increase in advances received as well as levels of accrued expenses.

During the six-month period ended 30 June 2017 net cash flow generated from operating activities increased up to EUR 7.1 million primarily due to advances received.

During the six-month period ended 30 June 2017 net cash flow used in investing activities was EUR 1.6 million. The Group invested EUR 1.9 million to purchase property, plant and equipment and intangible assets.

Information about related party transactions

Information about related party transactions is provided in Note 16 of the Group's Financial Statements for the period ended 30 June 2017.

Related parties include the following:

- Entities having significant influence over the Company and the Group;
- Associates of the Group;
- Subsidiaries of the Company;
- Key management personnel of the Company and the Group;
- Other related parties.

Following the International Financial Reporting Standards as adopted by the EU, the parties related to the Company and the Group are the Company's subsidiaries and associates, entities having significant influence over the Company, key management personnel of the Group and other related parties. Entities having significant influence over the Company and the Group are ZIA Valda Cyprus Ltd and ZIA Valda AB (the sole shareholder of ZIA Valda Cyprus Ltd). Transactions with these companies are presented separately. Related parties also include subsidiaries of ZIA Valda AB group. They are presented as other related parties. Transactions with related parties are carried out based on the arm's length principle.

The Company and its subsidiaries are providing to each other business consulting and management services, aircraft maintenance, providing of spare parts, private jet charter services. During the six-month period ended 30 June 2017 amount of sales of consulting and management services from the Company to its related parties and subsidiaries were EUR 1 278 thousand (during the same period 2016: EUR 1 319 thousand). During the first half year of 2017 amount of sales of aircraft maintenance services from the Group to related parties of *AviaAM Leasing AB* Group was EUR 2 223 thousand (during the same period 2016: EUR 1 895 thousand). During the six-month period ended 30 June 2017 amount of purchases of premises lease services from related party VA Reals AB was EUR 770 thousand (during the same period 2016: EUR 771 thousand).

Investments related to continuing operations

The Group has maintained the level of its assets by investing in Property, plant and equipment as well as Intangible assets for the total amount of EUR 2.6 million (during the same period in 2016: EUR 2.1 million). The majority of capital investments from continuing operations (EUR 2.3 million) went to the development of aircraft maintenance, repair and overhaul business segment and aircraft ground handling and fuelling business segment. The remaining part was invested into a property of crew training and staffing segment.

Investments ('000 EUR)	January - June		Change
	2017	2016	
Aircraft maintenance, repair and overhaul business segment	1 787	875	+104.2%
Aircraft ground handling and fuelling business segment	561	746	-24.8%
Crew training and staffing business segment	136	389	-65.0%
Unallocated business segment	61	90	-32.2%
Private Jet Charter, Flight and Tour business segment	35	16	+118.8%
Total investments	2 580	2 116	+21.9%

All details concerning the assets of the Group are presented in the Consolidated Financial Statements for the six-month period ended 30 June 2017 (Notes 3, 10).

Research and development activities

During the six-month period ended 30 June 2017 the Group invested into on-going improvements of Group's services and especially:

- (a) Web-based aviation training management software MOMook dedicated for ATO, Type Rating Training Centers, Ab Initio Training Centers, and airlines with training centers;
- (b) Development of modern web-based and cloud-enabled operation management solution for airports and ground handling operators. SENSUS.AERO provides following modules: AODB (Airport Operational Data Base), RMS (Resource Management System), FIDS (Flight Information Display System), PA (Public Announcement), Quality module, GSE (Ground Service Equipment) management, commerce and billing, reporting and DCS (Departure Control System);
- (c) *Laserpas* is currently in experience-gathering stage, performing 100-5000km projects as proof of concept to customers around the globe, with aim of achieving annual contracts;
- (d) Development of process based IT solution for aircrafts MRO organization. Modules that will be developed: Bidding & Quoting, Planning, HR, Quality, Execution, Parts & Tools, integrations with 3rd party software, such as Airbus (AMM documentation), Quantum, Navision, etc., will be available.

Environmental protection

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

Risk management

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

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

Strategic risk arises from adverse or erroneous business decisions, improper decisions implementation or lack of response to any political or regulatory developments. During the six-month period ended 30 June 2017 the Group was constantly monitoring its' strategic risk.

Demand for aviation services risk is a risk of getting lower profit than planned due to adverse changes in aviation services market. During the six-month period ended 30 June 2017 the Group has not experienced any significant adverse changes in aviation services market.

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

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

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

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

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

The Group's Policy for Treasury Management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance of the Group. The Company's financial risk management is carried out by the CFO and the Management Board.

Plans and forecasts

In the second half of 2017 the Group will strive for revenue increase in all business lines with the focus on lean operations and profitability. The Group will also work on managing start-ups and implementation of IT solutions for overall business effectiveness. It is expected to continue sustainable growth and geographical expansion.

III. INFORMATION ABOUT SHARE CAPITAL AND SHAREHOLDERS

Share capital

On 30 June 2017 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. All shares carry equal voting rights. All shares are fully paid up.

Share premium as at 30 June 2017 amounts to EUR 33 133 thousand.

Shareholders

On 30 June 2017 the Company had eighteen shareholders whose shares were accounted in Lithuanian securities depository system. The shares of remaining shareholders were accounted in Polish securities depository system. Due to prevailing private information protection laws in Poland, Polish National Depository for Securities is not able to provide the Company with information about number of Company's shareholders whose shares are accounted in Polish securities depository system.

Shareholders, holding more than 5 per cent of the share capital and votes, as on 30 June 2017 and as on 16 August 2017:

No.	Name of the shareholder	Company code and address	Number of ordinary registered shares owned by the shareholder	Share of the share capital (%)	Share of votes given by the shares owned by the right of ownership (%)
1.	ZIA Valda Cyprus Ltd.	Company code: HE 270489 Address: 1 Avlonos Street, Maria House, 5th floor, 1075 Nicosia, Cyprus	2 290 045	29.44	29.44
2.	Indeco: Investment and Development UAB	Company code: 300134995 Address: Žirmūnų Street 139, Vilnius, Lithuania	832 666	10.71	10.71
3.	VGE Investments Limited	Company code: HE 264242 Address: 15 Dimokritou Street, Panaretos El, Limasol, Cyprus	730 216	9.39	9.39
4.	Mesotania Holdings Limited	Company code: HE 280922 Address: 1 Avlonos Street, Maria House, 5th floor, Nicosia, Cyprus	699 115	8.99	8.99
5.	Harberin Enterprises Limited	Company code: HE 268672 Address: 7 Florinis, Greg Tower, 6th floor, Cyprus	589 082	7.57	7.57
6.	Nationale-Nederlanden Otwarty Fundusz Emerytalny	Company code: NIP 526-22-41-523 Address: ul. Topiel 12; 00-342 Warsaw, Poland	419 000	5.39	5.39
7.	Other shareholders	-	2 217 653	28.51	28.51
Total			7 777 777	100.00	100.00

The number of shares owned by the Management of the Company, members of the Management Board and Supervisory Council as on 30 June 2017 and as on 16 August 2017 is listed in the table below:

Name	Role in the Company's Management	Number of shares	%
Mr Anatolij Legenzov	Member of the Management Board, CEO of Helisota UAB	73 255	0.94
Mr Aurimas Sanikovas	Member of the Management Board, CFO of Avia Solutions Group AB	60 775	0.78
Mr Žilvinas Lapinskas	Member of the Management Board, CEO of FL Technics UAB	32 960	0.42
Mr Daumantas Lapinskas	Member of the Management Board, Deputy CEO of Avia Solutions Group AB	8 240	0.11

Treasury stocks

On 30 June 2017 neither the Company nor its subsidiaries hold any treasury stock.

Acquisition of treasury stocks

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

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

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

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

Shareholders' rights

None of the shareholders of the Company have any special controlling rights. Rights of all shareholders are equal. The number of *Avia Solutions Group AB* shares that provide voting rights during the General Meeting of Shareholders amounts to 7,777,777. One ordinary registered share of *Avia Solutions Group AB* gives one vote in the General Meeting of Shareholders. The Company and its' subsidiaries do not own any shares of the Company.

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

Type of shares	Number of shares	Nominal value in EUR	Total nominal value in EUR	ISIN
Ordinary registered shares	7,777,777	0.29	2,255,555	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

During the six-month period ended 30 June 2017 the average number of employees was 2 141, while the total number of Group's staff has increased by 189 (which amounts to 9.7% increase). The most significant positive change (above 10%) has occurred in following companies: *AviationCV.com*, *Baltic Ground Services UAB*, *Baltic Ground Services LV*, *FL Technics Asia*, *Jet Maintenance Solutions*, *Storm Aviation Nigeria*, *KIDY Tour UAB*, *KIDY Tour OÜ*, *KlasJet*, *Laserpas UAB* and *Avia Technics Dirgantara* due to further expansion of offered services and growth of sales.

The breakdown of the number of full-time employees by the Group's companies as at 30 June 2017 and as at 31 December 2016:

The Group's companies	30 June 2017	31 December 2016	Change
Avia Solutions Group AB	62	60	+2
AviationCV.com UAB	31	25	+6
BAA Training UAB	111	103	+8
Baltic Ground Services UAB	309	269	+40
Baltic Ground Services Sp.z.o.o.	88	101	-13
Baltic Ground Services UA TOV	32	31	+1
Baltic Ground Services RU OOO	94	90	+4
Baltic Ground Services EE OÜ	3	2	+1
Baltic Ground Services LV SIA	8	7	+1
Baltic Ground Services CZ s.r.o.	4	-	+4
Laserpas UAB	11	7	+4
FL Technics UAB	814	755	+59
Jet Maintenance Solutions UAB	85	77	+8
FL Technics Line OOO	4	5	-1
FL Technics Ulyanovsk OOO	-	-	-
FLT Trading House UAB	-	-	-
Locatory.com UAB	29	34	-5
Storm Aviation Ltd.	84	81	-3
Storm Aviation (Cyprus) Ltd.	3	4	-1
Storm Aviation (Nigeria) Ltd.	4	2	+2
Storm Aviation (Germany) GmbH	1	-	+1
KlasJet UAB	13	11	+2
Helisota UAB	207	209	-2
Kauno aviacijos gamykla UAB	5	5	-
KIDY Tour UAB	18	11	+7
KIDY Tour OÜ	13	13	-
KIDY Tour OOO	6	-	+6
Avia Technics Dirgantara P.T.	96	46	+50
FL Technics Asia Co. Ltd.	8	6	+2
Number of all full-time employees at the end of the period	2 143	1 954	+189

The breakdown of the Group's number of full-time employees and average salaries by categories during six-month period ended 30 June 2017:

Employee category	Number as on 30 June 2017	Average monthly salary, EUR	Number as on 31 December 2016	Average monthly salary, EUR
Management (first and second level managers)	352	2 613	305	2 450
Specialists (qualified and/or certified, if the Company requires)	1 269	1 559	1 222	1 324
Other operative staff	522	783	427	810
Number of full-time employees at the end of the period from continuing operations only and weighted average monthly salary (before taxes)	2 143	1 543	1 954	1 387

The breakdown of the Group's number of part-time employees and average salaries by categories during six-month period ended 30 June 2017:

Employee category	Number as on 30 June 2017	Average monthly salary, EUR	Number as on 31 December 2016	Average monthly salary, EUR
Management (first and second level managers)	21	1 520	15	1 606
Specialists (qualified and/or certified, if the Company requires)	73	736	76	426
Other operative staff	26	596	22	586
Number of part-time employees at the end of the period from continuing operations only and weighted average monthly salary (before taxes)	120	843	113	614

The breakdown of the Group's number of employees (including part-time employees) by education level:

Education level	30 June 2017	31 December 2016
University third cycle studies (doctoral, postgraduate and residency studies)	2	2
University second cycle studies (master and specialized professional studies)	468	420
First cycle studies (bachelor studies, including non-university studies)	964	917
Secondary professional education	320	292
Secondary education	503	417
Primary education	6	19
Number of employees (including part-time employees) at the end of the period	2 263	2 067

The breakdown of the Company's number of full-time employees and average salaries by categories:

Employee category	Number as on 30 June 2017	Average monthly salary, EUR	Number as on 31 December 2016	Average monthly salary, EUR
Management (first and second level managers)	12	3 416	9	3 824
Specialists (qualified and/or certified, if the Company requires)	39	1 351	32	1 154
Other operative staff	11	622	19	1 003
Number of full-time employees at the end of the period and weighted average monthly salary (before taxes)	62	1 621	60	1 507

The breakdown of the Company's number of part-time employees and average salaries by categories:

Employee category	Number as on 30 June 2017	Average monthly salary, EUR	Number as on 31 December 2016	Average monthly salary, EUR
Management (first and second level managers)	3	208	3	408
Specialists (qualified and/or certified, if the Company requires)	3	875	2	1 174
Other operative staff	2	126	2	135
Number of part-time employees at the end of the period and weighted average monthly salary (before taxes)	8	438	7	549

The breakdown of the Company's number of employees (including part-time employees) by education level:

Education level	30 June 2017	31 December 2016
University third cycle studies (doctoral, postgraduate and residency studies)	1	1
University second cycle studies (master and specialized professional studies)	25	25
First cycle studies (bachelor studies, including non-university studies)	40	38
Secondary professional education	1	1
Secondary education	3	2
Number of employees (including part-time employees) at the end of the period	70	67

V. MANAGING BODIES OF THE ISSUER

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

The Supervisory Board is responsible for the supervision of activities of the Company and its management bodies. Board is responsible for the strategic management of the Company (including the appointment and removal of the General Director), whereas the General Director manages day-to-day operations of the Company and has the exclusive right to represent the Company in relations with third parties.

The decisions of the General Meeting made regarding the matters of competence of the General Meeting, are binding upon the Shareholders, the Supervisory Council, the Board, General Director and other officials of the Company. The Shareholders of the Company have the right to participate in the General Meeting.

The Supervisory Council is a collegial supervisory body, which is responsible for supervising the activities of the Company and its management bodies, the appointment and removal of the members of the Management Board, submitting its comments and proposals to the General Meeting on the Company's operating strategy, set of annual financial statements, draft of profit/loss appropriation, the annual report of the Company, the activities of the Management Board and the General Director, submitting proposals to revoke decisions of the General Meeting, Management Board or General Director, etc. The Supervisory Council consists of three members for a term of four years. Two members of the Supervisory Council comprise an Audit Committee. On 10 June 2016 during the meeting of the Supervisory Council it was decided to terminate the activities of previously established Nomination and Remuneration Committee of the Supervisory Council.

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 Committee as well as its' Chairman are appointed by the Supervisory Council. The Supervisory Council has the right to withdraw the Audit Committee *in corpore* or its' individual members and to appoint a new Audit Committee or individual members of the Audit Committee.

Members serving on the Board of the Company are acting jointly as a governing body of the Company. The Board approves the operating strategy, the annual report of the Company, the management structure of the Company and the positions of the employees, the positions to which employees are recruited by holding competitions, regulations of branches and representative offices of the Company, etc. The Board consists of five members. The members of the Board are elected for a term of four years. The Chairman of the Board is elected by the Board from its members for four years. The members of the Board are elected by the Supervisory Council in accordance with the procedure established by the Law on Companies of the Republic of Lithuania.

The Board elects and recalls the General Director, sets his/her remuneration and other conditions of the employment agreement, approves his/her office regulations, induces and applies penalties to him/her. The General Director is the Head of the Company. The Head of the Company is a one-man management body of the Company and, within his scope of authority, organizes the day-to-day operation of the Company.

Procedure for amending the Company's Articles of Association

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

The Supervisory Council activities

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

During the six-month period ended 30 June 2017 two meetings of the Supervisory Council were held. The Supervisory Council reviewed and discussed the Group's Consolidated Financial Information for the year 2016 and elected the new members of the Company's Audit Committee.

Members of the Supervisory Council

According to the decision of the Extraordinary General Meeting of Shareholders on 24 September 2014 the number of the members of the Supervisory Council was decreased to 3.

On 28 April 2017 during the Annual Meeting of Shareholders Mr Vladas Bagavičius and Mr Tadas Goberis were elected as the new members of the Supervisory Council.

Currently the Supervisory Council is comprised of three members elected for the tenure of four years. 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			
Mr Vaidas Barakauskas	Chairman of the Supervisory Council	24 September 2014	24 September 2018
Mr Vladas Bagavičius	Member of the Supervisory Council (the independent member)	28 April 2017	28 April 2018
Mr Tadas Goberis	Member of the Supervisory Council (the independent member)	28 April 2017	28 April 2018

* - but, in any case, not longer than Annual Shareholders' Meeting to be held in April 2018.

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

Mr Vaidas Barakauskas. Mr Vaidas Barakauskas has a considerable management experience: from 1992 till 2008 he acted as the president in Fima UAB and ZVC UAB, and now he is a director in Ilzenbergo dvaras UAB, Indeco: Investment and Development UAB, FIT UAB, RVB Fondas VSI . From 2010 Mr Vaidas Barakauskas is an indirect and from 2014 is a direct and indirect shareholder of Avia Solutions Group AB. From 2012 he holds a position of president of Lithuanian Modern Pentathlon Federation. Mr Vaidas Barakauskas graduated from Vilnius University, Faculty of Mathematics, where he obtained bachelor degree in Mathematics, and in 2002 he graduated and obtained an executive MBA at the Baltic Management Institute. Mr Vaidas Barakauskas indirectly owns 1'531'781 shares in the Avia Solutions Group AB (19.69% of all the shares issued by Avia Solutions Group AB).

Mr Vladas Bagavičius. Mr Vladas Bagavičius graduated from the Vilnius University, Faculty of Law in 1997. Mr Vladas Bagavičius is experienced in legal and management issues. He started his career in 1996 in area of securities market and related legal matters. Since 1999 till 2010 he lectured at International Business School of Vilnius University. From 2008 till 2017 Mr Vladas Bagavičius acted as a member/chairman of the Management Board in Agrowill Group AB (presently, AUGA group AB). He successfully led company through restructuring case, creating additional value for investors by merging Agrowill Group AB with Baltic Champs, UAB into one of the biggest agricultural units in Central and Eastern Europe. Mr Vladas Bagavičius does not participate in the capital of the Group entities.

Mr Tadas Goberis. Mr Tadas Goberis has obtained an exceptional level of experience in the sales and organization management, accumulated during almost 20 years of professional activity in aviation and IT industry. He started his career as a Sales Manager in 1999 at Baltic Amadeus UAB, the first IT company in Lithuania, providing programming and IT services. In 2001 Mr Tadas Goberis joined Sonex kompiuteriai UAB as a Project Manager, where he supervised and lead large IT projects. Four years later he was appointed as the Director of Tetraneta UAB, a daughter company of Sonex Group, which has provided IT outsourcing services in the market. In 2006 Mr Tadas Goberis joined Hewlett-Packard UAB, the Lithuanian branch of one of the world's leading IT technology vendor, Hewlett-Packard. Over the following two and a half years, Mr Tadas Goberis proved to be true and dedicated sales professional and was subsequently appointed to the position of Sales Director in Lithuania. In 2013, Mr Tadas Goberis was promoted to the position of the Sales Director in the Baltic States thus taking the lead of the entire sales team and organization for the region's three countries. The diverse experience Mr Tadas Goberis has accumulated throughout his successful professional career has lead him to the current position of the General Manager of AviaAM Leasing in 2013. Since 2014 Mr Tadas Goberis also acts as a Chairman of the Management Board of AviaAM Leasing AB. Mr. Goberis obtained a bachelor's degree in Business Management at Vilnius Gediminas Technical University, is regular speaker at professional aviation summits and conferences. Mr Tadas Goberis owns 147'239 shares in the AviaAM Leasing AB (0.34% of all the shares issued by AviaAM Leasing AB).

The Audit Committee activities

During the six-month period ended 30 June 2017 one meeting of the Audit Committee was held. On 9 June 2017 Mr Vladas Bagavičius was elected as the Chairman of the Company's Audit Committee.

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;
- at least once a year to review internal controls and risk management systems to ensure that the main risks (including the risk associated with compliance with the existing laws and regulations) are properly established, managed and information of them is disclosed;
- to ensure the effectiveness of internal control functions;
- to make recommendations to the Supervisory Council with regard to the selection of external audit firm, its appointment, reappointment and dismissal, and with the terms and conditions of agreement with the audit firm. The Committee shall examine situations in which the audit firm or an auditor has a basis to resign, and provide recommendations on actions required in such case;

- to monitor the independence and objectivity of the external audit firm, to check whether the audit firm takes into account the requirements in relation to the audit partner rotation, inspect the amount of remuneration paid by the Company to the audit firm and other matters;
- to check the effectiveness of the external audit process and the administration's response to the recommendations made by the external auditor's firm in the letter to management;
- to decide and approve whether the Committee is satisfied with the independence of the audit process, providing a brief description of the steps taken to reach the appropriate conclusions.

Members of the Audit Committee

According to the Supervisory Council meeting held on 24 September 2014 the number of the members of the Audit Committee was reduced to 2. On 1 June 2017 during the meeting of the Supervisory Council Mr Vladas Bagavičius and Mr Tadas Goberis were elected as the new members of the Company's Audit Committee.

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

Name	Position within the Company	In the position	
		Since	Until*
Audit Committee			
Mr Tadas Goberis	Member of the Audit Committee	1 June 2017	30 April 2018
Mr Vladas Bagavičius	Chairman of the Audit Committee (the independent member)	1 June 2017	30 April 2018

* - but, in any case, not longer than Annual Shareholders' Meeting to be held in April 2018.

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

According to the Supervisory Council meeting held on 10 June 2016 the activities of the Nomination and Remuneration Committee were terminated.

The Board Activities

During the six-month period ended 30 June 2017 twenty eight meetings of the Board were held. During all Board meetings there was quorum prescribed by legal acts. The Board approved to take a loan from a third party by a Group company, to issue and consolidate loans to Group companies, approved the purchase and selling of property, plant and equipment by Group, approved new office space rental agreement, approved the surety ship agreements of the Group companies, adopted a decision to prolong surety ship agreement under amended terms, agreed to amend bank overdraft agreements with Group companies, prolong the pledges of the property and loan subordination agreement. The Board approved establishment of KIDY Tour OOO, the acquisition of 99.99885% of share capital in FL Technics Ulyanovsk OOO from subsidiaries, selling of 100% of share capital in KlasJet UAB to a Group company, selling of 50% share capital of Laserpas UAB to a third party investor, confirmed to increase share capital in the Group companies, approved the Company's preparation and signing of term sheet agreement to buy share capital of a third party company. During the meetings the set of annual financial statements of the Group and the Company as well as profit allocation for 2016 were approved.

Members of the Board

Currently the Management Board consists of five members. The Supervisory Council of Avia Solutions Group AB on 25 April 2014 unanimously decided to re-elect the members of the Management Board of the Company.

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

Name	Position within the Company	In the position	
		Since	Until*
Management Board			
Mr Gediminas Žiemelis	Chairman of the Management Board	25 April 2014	25 April 2018
Mr Aurimas Sanikovas	Member of the Management Board	25 April 2014	25 April 2018
Mr Daumantas Lapinskas	Member of the Management Board	25 April 2014	25 April 2018
Mr Žilvinas Lapinskas	Member of the Management Board	25 April 2014	25 April 2018
Mr Anatolij Legenzov	Member of the Management Board	25 April 2014	25 April 2018

* - but, in any case, not longer than Annual Shareholders' Meeting to be held in April 2018.

Information about all members of the Board is presented below:

Mr Gediminas Žiemelis. Mr Gediminas Žiemelis has a unique management and advisory experience. He started his career in 1999 as the Deputy Manager of the Vindication and Fraud Division in Lithuania Savings bank, 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 Soft UAB FMĮ (in 2007–2008). Mr Gediminas Žiemelis is a Chairman of the Management Board in ŽIA VALDA AB since 2002 and was a Business development Manager since 2007 till 2009. Mr Gediminas Žiemelis is the Chairman of the Management Board in Avia Solutions Group AB and the Manager of the Development Department since 2009 and was a member of the Supervisory Board in Agrowill AB (2010–2016) (presently, AUGA group AB). Mr Gediminas Žiemelis also acted as a chairman of the Management Board of AviaAM Leasing AB (2012–2014). Mr Gediminas Žiemelis obtained a bachelor's degree at the Faculty of Business Management in the Vilnius Gediminas Technical University, Lithuania in 1999 and a master's degree at the Faculty of Law in the Mykolas Romeris University, Lithuania in 2004. He has also finished the Program for Leadership Development (PLD) in the Harvard Business School, Boston, MA, U.S.: Accelerating the Careers of High-Potential Leaders. Mr Gediminas Žiemelis was selected twice among the top 40 most talented young industry leaders by Aviation Week & Space Technology and is a member of the YPO (Young Presidents Organization) organization.

Mr Aurimas Sanikovas. Mr Aurimas Sanikovas started his career as an audit associate in PricewaterhouseCoopers, Lithuania in 2001. In 2007 his last position held at the company was that of a manager. He performed supervision and execution of audit engagements performed in accordance with the IAS and US GAAS. Mr Aurimas Sanikovas has principal expertise in telecommunications, IT, manufacturing, construction, consumer products and energy sectors. From 2007 till 2010 he acted as the Chief Financial Officer of Avia Solutions Group Holdings AB. Mr Aurimas Sanikovas also acted as a member of the Management Board of Avia Asset Management AB (2008–2010), a member of the Management Board of FL Technics (2008–2010) and a member of the Management Board of Small Planet Airlines Sp.z.o.o. and Small Planet Airlines AS (2009–2010). He has also acted as the Interim General Manager of Avia Funds Management UAB (2010–2011). Moreover, since 2010 until January 2017 Mr Aurimas Sanikovas was a member of the Supervisory Board of Agrowill Group AB (presently, AUGA group AB). Mr Aurimas Sanikovas also acted as a member of the Management Board of AviaAM Leasing AB (2012–2017). His main responsibilities at the Group include control of operations of subsidiaries, leading budgeting, reporting, treasury and risk management functions, finance function staffing, fund raising, deal structuring, tax planning and managing resolution of finance related issues. Mr Aurimas Sanikovas obtained his bachelor's and master's degrees in economics at the Faculty of Economics, Vilnius University, Lithuania with an exchange term in the University of Copenhagen. Since 2006 Mr Aurimas Sanikovas is a fellow of the Association of Chartered Certified Accountants (ACCA). Mr Aurimas Sanikovas owns 294,478 shares in the AviaAM Leasing AB (0.68% of all the Shares) and 60,775 shares of *Avia Solutions Group AB* (0.78 per cent of all shares). Mr Aurimas Sanikovas does not have interests in the share capital of any other legal entities.

Mr Daumantas Lapinskas. Mr Daumantas Lapinskas has more than 20 years of experience in sectors as diverse as public service (in 2009–2010 was an advisor to the Minister of Economy, Lithuania, served as the Vice Minister of Economy in the 15th Government of Lithuania), banking (more than seven years at the European Bank for Reconstruction and Development, executing monitoring debt, equity and working capital financing projects for the Companies in CEE and CIS), trading and private business. Mr Daumantas Lapinskas held board positions in the following companies: Invest Lietuva (2010–2012), Enterprise Lithuania (2010–2012), JSC Investicijų Verslo Garantijos (INVEGA) (Chairman of the Board). Mr Daumantas Lapinskas graduated from Vilnius University where he obtained bachelor degree in Economics (specialization in Finance), and in 1999 he obtained a master's in International Economics and Finance at the Brandeis University, USA (Edmund S. Muskie Scholarship in Economics). Since 2013 Mr Daumantas Lapinskas is a Deputy CEO at *Avia Solutions Group AB*. Apart from holding 8,240 shares of *Avia Solutions Group AB* (0.11 per cent of all shares) and 47,636 shares of *AB AviaAM Leasing* (0.11 per cent of all shares), Mr Daumantas Lapinskas does not have interests in the share capital of any other legal entities.

Mr Žilvinas Lapinskas. Mr Žilvinas Lapinskas has a deep international business expertise. He started his career as sales manager in Rubikon Prodimpeksas, since 1999 worked in City Service – OMX listed company, where he held CCO and Head of Facilities Management Department positions prior to becoming CEO in 2004. Mr Žilvinas Lapinskas took LEAN 6 Sigma Implementation courses as well as Facilities Management course at Dalkia Facility Management, Stockholm, Sweden. Mr Žilvinas Lapinskas holds a bachelor degree in Business management. Since November 2013 Mr Žilvinas Lapinskas is CEO at FL Technics UAB. Mr Žilvinas Lapinskas is a direct shareholder of the Company and has 32,960 shares of *Avia Solutions Group AB* that accounts to almost 0,42 per cent of the share capital. Mr Žilvinas Lapinskas does not participate in the capital of any other legal entities.

Mr Anatolij Legenzov. Mr Anatolij Legenzov started his career in 1996 in Oxford Health Plans, LLC as an IT Support Analyst. He worked for this company for 2 years and since 1998 started his career in Helisota UAB. Prior to becoming General Director in 2013 Mr Anatolij Legenzov held International Sales Representative, Director International Sales, and Director for Commerce positions. Since 2011 he is a member of Helisota UAB Board. Mr Anatolij Legenzov studied in Kaunas University of Technology, obtained bachelor degree in Computer Science from University of Bridgeport and master degree in Computer Science from Columbia University. In 2001 he obtained an executive MBA at the Vytautas Magnus University. Mr Anatolij Legenzov is a direct shareholder of the Company and has 73,255 shares of *Avia Solutions Group AB* that accounts to almost 0.94 per cent of the share capital. Mr Anatolij Legenzov does not participate in the capital of any other legal entities.

Members of the Company's Administration

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

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

Mr Linas Dovydenas. Mr Linas Dovydenas started his career in 1995 in Sanitex UAB, Lithuania. He worked for this company for 7 years and his last two positions held at the company were Key Account Manager and Regional Manager Horeca. From 2002 to 2007 he acted for Philip Morris Baltic States. He held the following positions at the company: Supervisor Key Accounts Baltic States, Manager National Sales Estonia, Manager Customer Development Lithuania and Manager National Sales Lithuania. Mr Linas Dovydenas joined the Group in 2008. He held a position of the Chairman of the Supervisory Board of Small Planet Airlines AS and was a member of the Management Board in FL Technics. Mr Linas Dovydenas also acted as a member of the Management Board of AviaAM Leasing AB (since 2012). He leads the management team in planning, development and implementation strategies to meet agreed organizational plans within agreed budgets and timescales. In 1997 Mr Linas Dovydenas obtained a bachelor's degree in Business and Business Administration at the Faculty of Economics, Vilnius University, and in 2006 he obtained an executive MBA at the Baltic Management Institute. Mr Linas Dovydenas owns 221,717 shares in AviaAM Leasing AB (0.51% of all the shares). Mr Linas Dovydenas does not participate in the capital of any other legal entities.

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

Members of Supervisory and Management Boards do not receive salary except if they are employed by the Group.

Information about total amounts calculated (excluding salary if the person is employed in the Company) for Management groups of the Company and the Group during the first half-year of 2017 and 2016:

Position ('000 EUR)	January - June	
	2017	2016
<i>Remuneration of key management of the Company</i>		
Members of Supervisory Board	-	-
Members of Management Board	2	2
Company's Administration (General Manager, Chief Financier)	76	58
<i>Remuneration of key management of the Group</i>		
Members of Supervisory Board	-	-
Members of Management Board	2	2
Administration of Group's Companies (General Managers, Chief Financiers)	1 020	893

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

Position (EUR)	January - June	
	2017	2016
Company's Administration (General Manager, Chief Financial Officer)	4 830	4 854
Administration of Group's Companies (General Managers, Chief Financiers)	4 394	4 376

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 six-month period ended 30 June 2017.

During the six-month period ended 30 June 2017 there were no guarantees or sponsorship granted to the members of the Supervisory or Management Boards or Management by the Company as well as none of subsidiaries paid salaries or other pay-outs to the members of the Boards or the employees of the Company for being members of their managing bodies, except the loan granted to Mr Aurimas Sanikovas from Avia Solutions Group AB, which constituted EUR 272 as at 30 June 2017. According to this loan agreement the employee has the right to put back the shares to the Company in a period from 31 March 2014 to 31 December 2018, if the Group achieves appointed EBT targets or if the Company's share price declines 10 or more percent compared to their acquisition price. As at 28 November 2014 the Company signed two put option agreements with the employees, related to the Key Management of the Group, which give them a right to put back the newly issued shares of the Company in a period from 1 January 2015 to 31 December 2018 under similar conditions as those presented above.

On 30 May 2017 the Company signed an agreement with an employee, related to the Key Management of the Group, which give a right to put back 10 per cent of shares to the Company if certain Profit before taxes target is achieved. Additionally the Company has a call option to buy back those shares. The Management of the Group has evaluated that the above mentioned option agreements made with the members of the Key Management of the Group do not have a material impact on these financial statements.

On 20 May 2016 and 1 June 2016 the Company signed two put option agreements with the Group employees, related to the Key Management of the Group, which give the right to put back acquired shares of the Company during the period from 30 April 2019 to 1 June 2019, if subsidiaries, where these employees are acting general managers, achieve appointed profit targets. The above mentioned employees have not yet acquired all agreed Company's shares thus put options are not valid at the moment.

During the six-month period ended 30 June 2017 there were no transactions with subsidiaries or other related parties under harmful conditions for the Group.

All the Company's employment agreements with the employees, including management, of the Company are concluded following requirements of the Labour Code of the Republic of Lithuania. Employees are employed and laid off following requirements of the Labour Code.

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

Auditors

Auditors from PricewaterhouseCoopers UAB audited the balance sheet of the Company and together with its consolidated subsidiaries for the years ended 31 December 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016 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 29 April 2016, 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 two years to perform the audit of the annual separate and consolidated financial statements of the Avia Solutions Group AB for the years 2016 and 2017, and to make the assessment of the consolidated annual report of the Company for the years 2016 and 2017. 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 EUR 100 000 (VAT excluded) for the audit services.

VI. OTHER INFORMATION

Information about compliance with Corporate Governance Code

The Company complies with the Lithuanian corporate regime established by the Lithuanian law and the Articles of Association of the Company. Since 3 March 2011 the Shares of the Company are listed on the parallel market of the Warsaw Stock Exchange (the "WSE").

The WSE has adopted a corporate governance code, which is the Code of Best Practice for WSE Listed Companies 2016 approved by the resolution of the Exchange Supervisory Board on the date as of 13 October 2015 (the "WSE Corporate Governance Code") which can be found on the website dedicated to the corporate governance at the Warsaw Stock Exchange: www.corp-gov.gpw.pl.

The Company acknowledges the importance of good corporate governance and intends to seek the compliance with the WSE Corporate Governance Code to the extent possible. Especially, the Company intends to be as transparent as it is legally and practically possible using multilingual Company's website. Moreover, all members of the Supervisory Council are independent. However, due to, inter alia, differences between Polish and Lithuanian Corporate Law the Company does not comply with all the rules of the WSE Corporate Governance Code. A statement on the Company's compliance with the corporate governance recommendations and principles stipulated in the WSE Corporate Governance Code is contained in the Company's website and may be found by clicking the link below:

http://www.aviasg.com/private/uploads/images/corporate-governance/GPW_dobre_praktyki_Avia_Solutions_Group_AB.pdf

Publicly announced information

During the six-month period ended 30 June 2017 the Company publicly announced through Warsaw Stock Exchange Information system and on own webpage the following information:

Publication Date	Title	Category of announcement
03 January 2017	Avia Solutions Group AB – Notice on transaction in issuer's securities ESPI Report No 1/2017	Notification on material event
14 February 2017	Consolidated Financial Information for the year ended 31 December 2016 (Unaudited) ESPI Report No 2/2017	Interim information
6 April 2017	Independent Auditor's Report, Separate and Consolidated Financial Statements, Consolidated Annual Report for the Year ended 31 December 2016 ESPI Report No 3/2017	Notification on material event
6 April 2017	Notice on Annual General Meeting of Shareholders ESPI Report No 4/2017	Notification on material event
4 May 2017	Notice on the decisions adopted by the Annual General Meeting of Shareholders of AB Avia Solutions Group ESPI Report No 6/2017	Notification on material event
15 May 2017	Consolidated Financial Information for the three-month period ended 31 March 2017 (Unaudited) ESPI Report No 7/2017	Interim information

Contents of above mentioned announcements can be obtained on Company's webpage:

<http://www.aviasg.com/en/investor-relations/major-events.html>

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, I, Aurimas Sanikovas, Acting General Manager of *Avia Solutions Group AB*, hereby confirm that, to the best of my knowledge, the unaudited Consolidated Interim Report of *Avia Solutions Group AB* for the six-month period ended 30 June 2017 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.

Acting General Manager
Aurimas Sanikovas



16 August, 2017