

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2017
UNAUDITED

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

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	October - December				January - December			
		2017		2016		2017		2016	
		USD	EUR	USD	EUR	USD	EUR	USD	EUR
Revenue	4	18,503	15,554	40,941	37,335	82,562	73,109	89,531	80,863
Interest income on loans		639	547	434	402	1,985	1,757	1,796	1,622
Costs of aircraft sold		76	236	(31,121)	(28,177)	(12,917)	(11,438)	(40,813)	(36,836)
Costs of services rendered		(9,393)	(8,020)	(852)	(834)	(32,284)	(28,587)	(9,637)	(8,704)
Aircraft maintenance and servicing expenses		(1,114)	(932)	(706)	(663)	(5,370)	(4,756)	(3,345)	(3,021)
Depreciation and amortisation		(1,293)	(1,075)	(1,928)	(1,795)	(6,725)	(5,955)	(8,943)	(8,077)
Impairment loss of aircraft - net		(1,170)	(1,036)	(4,488)	(4,054)	(1,170)	(1,036)	(5,609)	(5,066)
Revaluation of investment property		-	-	(596)	(538)	-	-	(596)	(538)
Employee-related expenses	5	(446)	(382)	(246)	(227)	(1,412)	(1,250)	(883)	(797)
Other operating expenses	6	(1,052)	(904)	(646)	(596)	(3,155)	(2,794)	(2,340)	(2,113)
Gain on sale of property, plant and equipment (net)		222	77	425	426	9,432	8,352	6,633	5,991
Other gain (losses) net		(9)	(10)	865	780	128	113	(177)	(185)
Operating profit		4,963	4,055	2,082	2,059	31,074	27,515	25,617	23,139
Finance income	7	1,251	1,049	(555)	(492)	5,807	5,142	729	658
Finance costs	7	(1,342)	(1,163)	(2,854)	(2,595)	(3,296)	(2,918)	(5,103)	(4,609)
Finance costs – net		(91)	(114)	(3,409)	(3,087)	2,511	2,224	(4,374)	(3,951)
Share of profit of associates		(518)	(471)	-	-	445	394	-	-
Profit (loss) before income tax		4,354	3,470	(1,327)	(1,028)	34,030	30,133	21,243	19,188
Income tax	8	(1,147)	(972)	(1,794)	(1,600)	(4,413)	(3,907)	(3,423)	(3,122)
Profit (loss) for the period		3,207	2,498	(3,076)	(2,628)	29,617	26,226	17,820	16,066
Other comprehensive income									
Gain (loss) on revaluation of aircraft		-	-	32,734	(73)	-	-	-	-
Deferred income tax on revaluation of aircraft		-	-	(4,330)	(4,142)	-	-	-	-
Currency translation differences on translation to presentation currency		-	(15,099)	-	7,275	-	(15,099)	-	4,533
Revaluation of available for sale investments		(293)	(244)	713	746	(293)	(244)	713	682
Deferred income tax on revaluation of available for sale investments		-	13,430	(124)	-	-	-	(147)	(141)
Total other comprehensive income		(293)	(1,913)	28,993	3,806	(293)	(15,343)	566	5,074
Total comprehensive income		2,914	585	25,917	1,178	29,324	10,883	18,386	21,140
Basic and diluted earnings per share (USD/EUR)	9	0.07	0.06	(0.07)	(0.06)	0.68	0.61	0.41	0.37

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CONSOLIDATED INTERIM BALANCE SHEET

	Note	31 December 2017		31 December 2016	
		USD	EUR	USD	EUR
ASSETS					
Non-current assets					
Property, plant and equipment	10	28,590	23,839	94,897	90,784
Investment property	11	5,425	4,523	2,091	2,000
Investments in joint venture		39,460	32,903	15,300	14,300
Available-for-sale financial assets		1,746	1,456	2,125	2,019
Trade and other receivables		32	27	558	534
Financial assets at fair value through profit or loss		12,854	10,718	-	-
Loans granted	13	3,215	2,681	4,767	4,561
		91,322	76,147	119,738	114,198
Current assets					
Inventory	12	14,527	12,113	1,463	1,401
Loans granted	13	38,984	32,505	24,370	23,314
Trade and other receivables	14	13,190	10,998	25,104	24,010
Financial assets at fair value through profit or loss		-	-	11,298	10,808
Cash and cash equivalents	15	15,776	13,154	28,916	27,663
		82,477	68,770	91,151	87,196
Total assets		173,790	144,917	210,889	201,394
EQUITY					
Equity attributable to the Group's equity shareholders					
Share capital	16	16,804	12,559	16,804	12,559
Share premium		27,972	20,878	27,972	20,878
Legal reserve		1,739	1,254	1,740	1,254
Reserve for own shares		-	-	1,315	1,204
Revaluation reserve (deficit) of financial assets		(906)	(755)	(613)	(587)
Cumulative translation reserve		-	3,284	-	18,459
Retained earnings		97,054	81,736	66,121	54,305
Total equity		142,663	118,956	113,339	108,072
LIABILITIES					
Non-current liabilities					
Borrowings	17	3,621	3,019	50,859	48,655
Security deposits received	19	4,114	3,430	5,210	4,984
Deferred income tax liabilities		3,643	3,037	2,709	2,592
		11,378	9,486	58,778	56,231
Current liabilities					
Borrowings	17	2,378	1,983	8,642	8,267
Trade and other payables	18	9,370	7,813	25,104	24,016
Security deposits received	19	980	817	-	-
Advances received	18	60	50	291	279
Current income tax liabilities		6,970	5,812	4,735	4,529
		19,758	16,475	38,772	37,091
Total liabilities		31,163	25,961	97,550	93,322
Total equity and liabilities		173,799	144,917	210,889	201,394

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

USD	Share capital	Share premium	Legal reserve	Reserve for own shares	Revaluation reserve	Revaluation reserve (deficit) of financial assets	Retained earnings	Total equity
Balance at 1 January 2016	16,804	27,972	1,739	1,315	-	(1,179)	49,289	95,940
Comprehensive income								
Revaluation of financial assets available for sale	-	-	-	-	-	713	-	713
Deferred income tax on revaluation of financial assets available for sale	-	-	-	-	-	(147)	-	(147)
Other comprehensive income (loss)	-	-	-	-	-	566	-	566
Profit for the year	-	-	-	-	-	-	17,820	17,820
Total comprehensive income	-	-	-	-	-	566	17,820	18,386
Transactions with owners								
Transfer to reserve for own shares	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(988)	(988)
Total transactions with owners	-	-	-	-	-	-	(988)	(988)
Balance at 31 December 2016 / 1 January 2017	16,804	27,972	1,739	1,315	-	(613)	66,121	113,338
Comprehensive income								
Revaluation of financial assets available for sale	-	-	-	-	-	(293)	-	(293)
Other comprehensive income (loss)	-	-	-	-	-	(293)	-	(293)
Profit for the period	-	-	-	-	-	-	29,617	29,617
Total comprehensive income	-	-	-	-	-	(293)	29,617	29,324
Transactions with owners								
Transfer to reserve for own shares	-	-	-	(1,315)	-	-	1,315	-
Total transactions with owners	-	-	-	(1,315)	-	-	1,315	-
Balance at 31 December 2017	16,804	27,972	1,739	-	-	(906)	97,054	142,663

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

EUR	Share capital	Share premium	Legal reserve	Reserve for own shares	Revaluation reserve	Revaluation reserve (deficit) of financial assets	Cum. trans.	Retained earnings	Total equity
Balance at 1 January 2016	12,559	20,878	1,254	1,204	-	(1,079)	13,926	39,066	87,808
Comprehensive income									
Revaluation of financial assets available for sale	-	-	-	-	-	682	-	-	682
Deferred income tax on revaluation of financial assets available for sale	-	-	-	-	-	(141)	-	-	(141)
Currency translation differences	-	-	-	-	-	(49)	4,533	-	4,484
Other comprehensive income (loss)	-	-	-	-	-	492	4,533	-	5,025
Profit for the year	-	-	-	-	-	-	-	16,066	16,066
Total comprehensive income	-	-	-	-	-	492	4,533	16,066	21,091
Transactions with owners									
Dividends	-	-	-	-	-	-	-	(866)	(866)
Currency translation differences	-	-	-	-	-	-	-	39	39
Total transactions with owners	-	-	-	-	-	-	-	(827)	(827)
Balance at 31 December 2016 / 1 January 2017	12,559	20,878	1,254	1,204	-	(587)	18,459	54,304	108,071
Comprehensive income									
Revaluation of financial assets available for sale	-	-	-	-	-	(244)	-	-	(244)
Currency translation differences	-	-	-	-	-	76	(15,175)	-	(15,099)
Other comprehensive income (loss)	-	-	-	-	-	(168)	(15,175)	-	(15,343)
Profit for the period	-	-	-	-	-	-	-	26,226	26,226
Total comprehensive income	-	-	-	-	-	(168)	(15,175)	26,226	10,883
Transactions with owners									
Transfer to reserve for own shares	-	-	-	(1,204)	-	-	-	1,204	-
Total transactions with owners	-	-	-	(1,204)	-	-	-	1,204	-
Balance at 31 December 2017	12,559	20,878	1,254	-	-	(755)	3,284	81,736	118,956

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CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Note	12 months ended 31 December			
		USD	2017 EUR	USD	2016 EUR
Operating activities					
Profit (loss) before income tax		34,030	30,133	21,243	19,188
<i>Adjustments for:</i>					
Depreciation and amortisation		6,725	5,955	8,943	8,077
Discounting effect		515	456	(72)	(65)
Finance costs – net		3,347	2,964	(429)	(388)
Change in fair value of aircraft		(445)	(394)	5,609	5,066
Change in fair value of investment property		-	-	596	538
Profit /loss from sale of fixed assets		(9,210)	(8,156)	(6,633)	(5,991)
<i>Changes in working capital:</i>					
Trade and other receivables		(15,043)	(13,320)	(18,513)	(16,722)
Trade and other payables		(20,984)	(18,582)	28,212	25,480
Security deposits and advances received		1,714	1,518	981	886
Inventory		(6,117)	(5,417)	(61)	(55)
Cash generated from (used in) operations		(5,468)	(4,843)	39,876	36,014
Interest paid		(2,342)	(2,073)	(2,597)	(2,346)
Income tax paid		(1,902)	(1,684)	(2,298)	(2,076)
Net cash generated from (used in) operating activities		(9,712)	(8,600)	34,981	31,592
Investing activities					
Purchase of property, plant and equipment and intangible assets		(6,486)	(5,744)	(90,707)	(81,925)
Purchase of investment property		(4,923)	(4,360)	(1,158)	(1,046)
Prepayments for property plant and equipment		557	494	-	-
Sale of property plant and equipment and intangible assets		71,504	63,317	55,225	49,878
Investments in joint ventures		(23,715)	(21,000)	(15,300)	(13,819)
Investments in other entities		-	-	(400)	(361)
Purchase of financial assets carried at fair value through profit or loss		-	-	(11,974)	(10,815)
Loans granted		11,964	10,594	(23,399)	(21,133)
Loans repaid		899	796	6,342	5,728
Interest received		278	246	1,075	971
Net cash generated from (used in) investing activities		50,078	44,343	(80,296)	(72,522)
Financing activities					
Borrowings		(51,078)	(45,230)	54,874	49,561
Repayment of borrowings		-	-	(3,787)	(3,420)
Dividends paid		-	-	(988)	(892)
Lease (finance lease) payments		(2,428)	(2,150)	(2,961)	(2,674)
Net cash generated from (used in) financing activities		(53,506)	(47,380)	47,138	42,575
Increase (decrease) in cash and cash equivalents		(13,140)	(11,637)	1,823	1,645
Movement in cash and cash equivalents					
At the beginning of year		28,916	27,663	27,093	24,797
Increase (decrease) in cash and cash equivalents		(13,140)	(11,637)	1,823	1,645
Foreign translation differences		-	(2,872)	-	1,221
At the end of the period	14	15,776	13,154	28,916	27,663

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

AviaAM Leasing AB (referred to as *the Company*) is a public limited liability company incorporated at State Enterprise Centre of the Republic of Lithuania as at 17 April 2009 (Company code – 302330793). The Company is domiciled in Vilnius, the capital of Lithuania. The address of its registered office is at Smolensko g. 10, LT-03201 Vilnius, Lithuania.

The shareholders' structure of the Company as at 31 December 2017 and 31 December 2016 was as follows:

	As at 31 December 2017		As at 31 December 2016	
	Number of shares	%	Number of shares	%
ALH Aircraft Leasing Holdings Limited	12,994,905	30.01	12,994,905	30.01
Mesotania Holdings Limited	9,857,217	22.76	10,899,858	25.17
Nationale-Nederlanden Otworthy Fundusz Emerytalny (Open pension fund)	2,500,000	5.77	5,000,000	11.55
Aurimas Sanikovas	294,478	0.68	294,478	0.68
Tadas Goberis	147,239	0.34	147,239	0.34
Other shareholders	17,511,754	40.44	13,969,113	32.25
Total	43,305,593	100.00	43,305,593	100.00

The Company and its subsidiaries (together, *the Group*) are engaged in the business of aircraft leasing, trading and management. The principal activity of the Group is operating leasing, management and trading of mid-life narrow body and regional jet aircraft. As of 31 December 2017 the Group owned 13 aircraft: 1 Boeing 737-300, 2 Boeing 737-500 and 10 Bombardier CRJ200 aircraft. All aircraft were leased out under operating lease contracts. As of 31 December 2016 the Group owned 17 aircraft: 4 Airbus A321, 1 Boeing 737-300, 2 Boeing 737-500 and 10 Bombardier CRJ200 aircraft. 16 aircraft were leased out under operating lease contracts and one Boeing B737 aircraft was under preparation for use. All aircraft were leased out under operating lease.

In 2016, the Company acquired a 51% stake in a joint venture - AviaAM Financial Leasing China Co. Ltd., established on 4 August 2016. The principal activity of the joint venture is to provide comprehensive services across the field of aircraft acquisition, lease and sale.

On 19 December 2016 the Company, through one of its subsidiaries, acquired a remaining 50% stake in a joint-venture Regional Charter Capital Ltd. and effectively became the sole owner of the company. Regional Charter Capital Ltd. owns one Bombardier CRJ200 aircraft in a business jet configuration. The principal activity of the company is management of the subject aircraft.

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1 General information (continued)

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

The Group's companies	Country of establishment	Share of equity, %		Date of acquiring (establishment) / activity / address of establishment
		As at 31 December 2017	As at 31 December 2016	
AviaAM B01 UAB	Lithuania	100	100	Date of acquiring: 4 January 2010 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B02 UAB	Lithuania	100	100	Date of acquiring: 4 January 2010 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B04 UAB	Lithuania	100	100	Date of establishment: 22 February 2007 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B05 UAB	Lithuania	100	100	Date of establishment: 28 June 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B06 UAB	Lithuania	100	100	Date of establishment: 15 July 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B07 UAB	Lithuania	100	100	Date of establishment: 30 September 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
DG21 UAB	Lithuania	100	100	Date of establishment: 7 August 2015 / Real estate management / Smolensko g. 10, Vilnius
DG AVIA UAB	Lithuania	100	-	Date of establishment: 7 February 2017 / Real estate management / Smolensko g. 10, Vilnius
AviaAM B10 Ltd	Ireland	100	100	Date of establishment: 17 December 2015 / Aircraft leasing / Suite 10, The Mall, Beacon Court, Sandyford, Dublin 18, Ireland
AAL Aircraft Investment Ltd	Cyprus	100	100	Date of establishment: 8 November 2016 / Aircraft leasing / Jacovides Tower, Georgiou Griva Digeni Ave. 81-83, 1st floor, Office No. 122, 1090, Nicosia, Cyprus
AAL Capital Aircraft Holdings Ltd	Cyprus	100	100	Date of establishment: 29 September 2011 / Aircraft leasing / Jacovides Tower, Georgiou Griva Digeni Ave. 81-83, 1st floor, Office No. 122, 1090 Nicosia, Cyprus
AviaAM Leasing Bermuda Ltd	Bermuda	100*	100*	Date of establishment: 16 September 2011 / Aircraft leasing / Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

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1 General information (continued)

The Group's companies	Country of establishment	Share of equity, %		Date of acquiring (establishment) / activity / address of establishment
		As at 31 December 2017	As at 31 December 2016	
AviaAM B08 Ltd	Bermuda	100*	100*	Date of establishment: 26 April 2014 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM11, Bermuda
AviaAM B09 Ltd	Bermuda	100*	100*	Date of acquiring: 27 June 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
Ice Aircraft Management Ltd	Bermuda	100*	100*	Date of establishment: 23 October 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
Boulevard Two Aircraft Ltd	Ireland	100*	100*	Date of acquiring: 20 December 2013 / Aircraft leasing / 70 Sir John Rogerson's Quay, Dublin 2, Ireland
AviaAM Financial Leasing China Co., Ltd	People's Republic of China	51	51	Date of establishment: 4 August 2016 / Aircraft leasing / 2401, Floor 24, No. 8, Shangwu Outer Ring Road, Zhengdong New Area, Zhengzhou City, Henan Province, People's Republic of China
Dikkys Investments Ltd	Cyprus	100*	100*	Date of acquiring: / 24 March 2016 Aircraft leasing / Jacovides Tower, Georgiou Griva Digeni Ave. 81-83, 1st floor, Office No. 122, 1090 Nicosia, Cyprus
Regional Charter Capital Ltd	Bermuda	100**	100**	Date of establishment: 31 October 2012 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda

* Shareholding through AAL Capital Aircraft Holdings Ltd.

** Shareholding through AviaAM Leasing Bermuda Ltd.

2 Accounting policies

The consolidated interim financial information for the twelve month period ended 31 December 2017 (hereinafter, *the Consolidated Interim Financial Information*) is prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34 "Interim financial reporting". In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2016.

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

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

The Consolidated Interim Financial Information for the twelve month period ended 31 December 2017 is not audited. Financial Statements for the year ended 31 December 2016 were audited by external auditor PricewaterhouseCoopers UAB.

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4 Revenue

	12 months ended 31 December			
	2017		2016	
	USD	EUR	USD	EUR
Sales of aircraft	16,059	14,220	43,850	39,604
Lease revenue	14,685	13,003	18,346	16,569
Commission income	43,372	38,406	18,640	16,837
Supplemental maintenance rent	8,150	7,217	8,571	7,741
Real estate revenue	161	143	40	36
Other revenue	135	120	84	76
	82,562	73,109	89,531	80,863

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

Lease, sale and aircraft transaction management segment's sales to external customers are derived from the following single customers (the customers whose sales revenue exceed 5 per cent of total sales revenue of that segment in any of the years):

	12 months ended 31 December			
	2017		2016	
	USD	EUR	USD	EUR
Lease, sale and aircraft transaction management customers				
Customer C	39,624	35,087	14,809	13,375
Customer M	16,000	14,168	16,550	14,948
Customer B	13,982	12,381	12,407	11,206
Customer Z	4,549	4,028	9,556	8,631
Customer L	3,000	2,657	-	-
Customer O	1,845	1,633	1,719	1,553
Customer S	1,439	1,275	653	590
Customer J	650	576	3,250	2,935
Customer T	-	-	24,900	22,489
Customer H	-	-	2,000	1,806
Customer I	-	-	1,036	936
Other customers	1,473	1,304	2,651	2,395
	82,562	73,109	89,531	80,863

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5 Employee related expenses

	12 months ended 31 December			
	2017		2016	
	USD	EUR	USD	EUR
Salaries	1,013	897	668	603
Social insurance expenses	399	353	215	194
	1,412	1,250	883	797

6 Other operating expenses

	12 months ended 31 December			
	2017		2016	
	USD	EUR	USD	EUR
Legal and translation expenses	1,094	968	783	707
Travelling expenses	378	334	299	270
Representation expenses	216	192	165	149
Insurance expenses	208	184	108	97
Training expenses	158	140	8	7
Marketing expenses	139	123	126	114
Audit and accounting expenses	131	116	92	83
Office expenses	108	96	38	34
Charity expenses	81	72	92	84
Database usage expenses	67	59	83	75
Bank fees	65	57	97	88
Other fixed assets depreciation	44	39	30	28
Management services	43	38	160	145
Fuel costs	37	33	40	36
Transportation expenses	26	23	13	11
IT costs	25	22	20	18
Expenses related to listing of shares	21	18	31	28
Other tax expenses	21	18	70	63
Other administrative expenses	293	262	85	76
	3,155	2,794	2,340	2,113

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7 Finance costs – net

	12 months ended 31 December			
	2017		2016	
	USD	EUR	USD	EUR
Interest income on cash and cash equivalents	3	3	5	5
Discounting of security deposits received	142	126	582	526
Foreign exchange gain on financing activities	5,524	4,891	-	-
Gain from disposal of investments	-	-	15	13
Other finance income	138	122	127	114
Finance income	5,807	5,142	729	658
Interest expenses	(2,342)	(2,073)	(2,597)	(2,345)
Foreign exchange loss on financing activities	-	-	(1,674)	(1,513)
Unwinding of discount of security deposits received	(657)	(582)	(510)	(460)
Loss from disposal of investments	(156)	(138)	-	-
Other finance costs	(141)	(125)	(322)	(291)
Finance costs	(3,296)	(2,918)	(5,103)	(4,609)
Finance costs – net	2,511	2,224	(4,374)	(3,951)

8 Income tax

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

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.

	12 months ended 31 December			
	2017		2016	
	USD	EUR	USD	EUR
Current tax	4,413	3,907	2,737	2,494
Deferred tax	-	-	686	628
Total income tax expenses	4,413	3,907	3,423	3,122

9 Earnings per share

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

	October – December				January – December			
	2017		2016		2017		2016	
	USD	EUR	USD	EUR	USD	EUR	USD	EUR
Net profit attributable to shareholders	3,207	2,498	(3,076)	(2,628)	29,617	26,226	17,820	16,066
Weighted average number of ordinary shares issued	43,306		43,306		43,306		43,306	
Basic earnings per share (USD/EUR)	0.07	0.06	(0.07)	(0.06)	0.68	0.61	0.41	0.37

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

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10 Property, plant and equipment

USD	Aircraft and engines	Aircraft and engines under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2016	50,866	750	158	51,774
Additions	99,646	770	16	100,432
Disposals	(42,991)	-	-	(42,991)
Reclassifications	999	(750)	-	249
Depreciation charge	(8,943)	-	(16)	(8,959)
Impairment loss - net	(5,609)	-	-	(5,609)
Closing net book amount as at 31 December 2016	93,968	770	158	94,896
At 31 December 2016				
Cost or valuation	119,468	770	234	120,472
Accumulated depreciation	(25,499)	-	(76)	(25,575)
Net book amount	93,969	770	158	94,897
Opening net book amount as at 1 January 2017	93,969	770	158	94,897
Additions	19,173	737	2,252	22,162
Disposals	(67,464)	-	-	(67,464)
Reclassifications	(11,540)	(1,507)	-	(13,047)
Depreciation charge	(6,725)	-	(63)	(6,788)
Impairment loss - net	(1,170)	-	-	(1,170)
Closing net book amount as at 31 December 2017	26,243	-	2,347	28,590
At 31 December 2017				
Cost or valuation	26,243	-	2,486	28,729
Accumulated depreciation	-	-	(139)	(139)
Net book amount	26,243	-	2,347	28,590

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10 Property, plant and equipment (continued)

EUR	Aircraft and engines	Aircraft and engines under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2016	46,555	686	146	47,387
Additions	89,999	695	14	90,708
Disposals	(38,828)	-	-	(38,828)
Reclassifications	902	(676)	-	226
Depreciation charge	(8,077)	-	(14)	(8,091)
Impairment loss – net	(5,065)	(1)	-	(5,066)
Exchange differences	4,410	33	5	4,448
Closing net book amount as at 31 December 2016	89,896	737	151	90,784
At 31 December 2016				
Cost or valuation	111,803	737	224	112,764
Accumulated depreciation	(21,907)	-	(73)	(21,980)
Net book amount	89,896	737	151	90,784
Opening net book amount as at 1 January 2017	89,896	737	151	90,784
Additions	16,978	653	1,994	19,625
Disposals	(59,740)	-	-	(59,740)
Reclassifications	(10,219)	(1,334)	-	(11,553)
Depreciation charge	(5,955)	-	(56)	(6,011)
Impairment loss - net	(1,036)	-	-	(1,036)
Exchange differences	(8,042)	(56)	(132)	(8,230)
Closing net book amount as at 31 December 2017	21,882	-	1,957	23,839
At 31 December 2017				
Cost or valuation	21,882	-	2,073	23,955
Accumulated depreciation	-	-	(117)	(117)
Net book amount	21,882	-	1,957	23,839

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11 Investment property

	USD	EUR
Opening net book amount as at 1 January 2016	1,540	1,410
Additions	1,159	1,047
Disposals	-	-
Reclassifications	-	-
Depreciation charge	-	-
Revaluation surplus	-	-
Revaluation loss	(608)	(549)
Exchange differences	-	92
Closing net book amount as at 31 December 2016	2,091	2,000
At 31 December 2016		
Cost or valuation	2,091	2,000
Accumulated depreciation	-	-
Net book amount	2,091	2,000
Opening net book amount as at 1 January 2017		
Additions	3,323	2,943
Disposals	-	-
Reclassifications	-	-
Depreciation charge	-	-
Revaluation surplus	11	10
Revaluation loss	-	-
Exchange differences	-	(430)
Closing net book amount as at 31 December 2017	5,425	4,523
At 31 December 2017		
Cost or valuation	5,425	4,523
Accumulated depreciation	-	-
Net book amount	5,425	4,523

12 Inventories

	31 December 2017		31 December 2016	
	USD	EUR	USD	EUR
Aircraft	13,047	10,879	-	-
Aircraft components	1,480	1,234	1,463	1,400
	14,527	12,113	1,463	1,400

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13 Loans granted

	31 December 2017		31 December 2016	
	USD	EUR	USD	EUR
Non-current loans				
Loans granted to related parties	753	628	661	632
Bonds acquired from related parties	2,462	2,053	2,355	2,254
Loans granted to third parties	-	-	1,751	1,675
	3,215	2,681	4,767	4,561
Current loans				
Loans granted to related parties	14,933	12,452	12,576	12,031
Less: provision for impairment of loans granted to related parties	(112)	(94)	(112)	(107)
Loans granted to third parties	24,163	20,147	11,906	11,390
	38,984	32,505	24,370	23,314
Total loans granted	42,199	35,186	29,137	27,875

14 Trade and other receivables

	31 December 2017		31 December 2016	
	USD	EUR	USD	EUR
Trade receivables from third parties	12,753	10,635	25,414	24,307
Less: provision for impairment of trade receivables	(2,163)	(1,804)	(2,163)	(2,069)
Trade receivables from third parties – net	10,590	8,831	23,251	22,238
Receivables from related parties	1,454	1,212	1,693	1,619
Less: provision for impairment of trade receivables from related parties	(1,048)	(874)	(1,048)	(1,003)
Receivables from related parties - net	406	338	645	616
Other receivables	29	24	29	28
Less: provision for impairment of other receivables	(29)	(24)	(29)	(28)
Other receivables - net	-	-	-	-
VAT receivables	491	409	185	177
Prepayments	926	772	1,217	1,165
Deferred expenses	809	675	364	348
	13,222	11,025	25,662	24,544
Non-current portion:	32	27	558	534
Current portion:	13,190	10,998	25,104	24,010

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15 Cash and cash equivalents

Cash and cash equivalents are dominated in following currencies:

	31 December 2017		31 December 2016	
	USD	EUR	USD	EUR
USD	13,573	11,317	24,574	23,509
EUR	2,203	1,837	4,342	4,154
Total cash and cash equivalents	15,776	13,154	28,916	27,663

16 Share capital

After euro adoption in 1 January 2015 and according to the Republic of Lithuania Law on redenomination to the euro of the capital and of the nominal value of securities of Public Limited Liability Companies and Private Limited Liability Companies and amendment of the Articles of Association of these Companies, the nominal value of the Company's shares were automatically converted from LTL 1 per share to EUR 0.29 per share in the Central Securities Depository of Lithuania. As at 31 December 2017 and 31 December 2016 the share capital of the Company amounted to EUR 12,588,622 (USD 16,804,002) and consisted of 43,305,593 ordinary registered shares with a nominal value of EUR 0.29 each. All shares were fully paid up.

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

17 Borrowings

	31 December 2017		31 December 2016	
	USD	EUR	USD	EUR
Non-current				
Bank borrowings	528	440	45,466	43,496
Finance lease liabilities	3,093	2,579	5,393	5,159
	3,621	3,019	50,859	48,655
Current				
Bank borrowings	78	65	6,213	5,943
Finance lease liabilities	2,300	1,918	2,429	2,324
	2,378	1,983	8,642	8,267
Total borrowings	5,999	5,002	59,501	56,922

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

	31 December 2017	31 December 2016
Bank borrowings	2,10%	4.74%
Finance lease liabilities	8,77%	8.34%

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18 Trade and other payables and advances received

	31 December 2017		31 December 2016	
	USD	EUR	USD	EUR
Trade and other payables – financial liabilities				
Trade payables to third parties	3,769	3,142	19,665	18,812
Trade payables to related parties	934	779	841	805
Salaries and social security payable, including vacation accrual	234	195	103	99
Accruals	4,433	3,697	4,495	4,300
	9,370	7,813	25,104	24,016
	31 December 2017		31 December 2016	
			USD	EUR
Advance payments received – non-financial liabilities				
Advance payments from customers	60	50	291	279
	60	50	291	279

19 Security deposits received

	31 December 2017		31 December 2016	
	USD	EUR	USD	EUR
Security deposits repayable after one year at nominal value	4,592	3,829	6,209	5,940
Less: discounting effect	(478)	(399)	(999)	(956)
Security deposits repayable after one year	4,114	3,430	5,210	4,984
Security deposits repayable within one year	980	817	-	-
Less: discounting effect	-	-	-	-
Security deposits repayable within one year	980	817	-	-
Security deposits	5,094	4,247	5,210	4,984

Average rates used for security deposits discounting are as follows: 2017: 4.53%; 2016: 3.78%.

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

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20 Related party transactions

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

	12 months ended 31 December			
	2017		2016	
	USD	EUR	USD	EUR
Sales of services to:				
Entities having significant influence	319	288	280	253
Other related parties	1,379	1,245	1,436	1,297
	1,698	1,533	1,716	1,550

	12 months ended 31 December			
	2017		2016	
	USD	EUR	USD	EUR
Purchases of services from:				
Entities having significant influence	1	1	2	1
Other related parties	3,143	2,839	1,645	1,486
	3,144	2,840	1,647	1,487

Period-end balances arising from sales/purchase of assets/services:

Trade and other receivables from related parties

	31 December 2017		31 December 2016	
	USD	EUR	USD	EUR
Other related parties	1,454	1,212	1,693	1,619
Trade and other receivables at nominal value	1,454	1,212	1,693	1,619
Less: provision for impairment of receivables from other related parties	(1,048)	(874)	(1,048)	(1,003)
	406	338	645	616

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

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21 Related party transactions (continued)

Payables to and prepayments from related parties

	31 December 2017		31 December 2016	
	USD	EUR	USD	EUR
Other related parties	934	779	841	805
	934	779	841	805

Loans granted to related parties

	31 December 2017		31 December 2016	
	USD	EUR	USD	EUR
Beginning of the year	15,480	14,810	18,713	17,127
Loans advanced during the year as monetary transactions	-	-	4,692	4,238
Loan repayments received as monetary transactions	(32)	(29)	(253)	(228)
Loan repayments received as non-monetary transactions	-	-	(63)	(57)
Interest charged	639	577	959	867
Interest received	(3)	(3)	(17)	(15)
Reclassified loans*	-	-	(7,919)	(7,152)
Exchange rate differences	1,952	(316)	(632)	30
End of the period	18,036	15,039	15,480	14,810

* This amount was reclassified to the Group Companies' loans due to acquisition of remaining 50% of Regional Charter Capital Ltd.

22 Acquisition of subsidiary

In March 2016 The Group acquired 100% of the issued shares in Dikkys Investment Limited. The Group simultaneously entered into the cession of claims agreement with third party regarding loan provided to Dikkys Investment Limited. The consideration for aforementioned agreements amounted to USD 1.4 million (EUR 1.2 million).

Dikkys Investment Limited is incorporated in the Republic of Cyprus and is engaged in the business of aircraft leasing and trading. The company owns one Boeing 737-500 aircraft. The book value of the aforementioned aircraft amounted to USD 1.8 million (EUR 1.6 million) as at the date of acquisition.

The operating results and assets and liabilities of the acquired company were consolidated from 24 March 2016.

(i) Purchase consideration

	24 March 2016	
	USD	EUR
Purchase consideration		
Cash paid	1,352	1,212
Contingent consideration	-	-
Total purchase consideration	1,352	1,212

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22 Acquisition of subsidiary (continued)

The determined fair values of the assets and liabilities of Dikkys Investment Limited as at the date of acquisition are as follows:

	USD	EUR
Property, plant and equipment	1,750	1,569
Cash and cash equivalents	2	2
Loan from the Group	(1,814)	(1,626)
Payables	(22)	(20)
	(84)	(75)
Less: non-controlling interest	-	-
Net assets acquired	(84)	(75)
Profit from cession of claims	464	416
Net profit from transaction	380	341

Transaction resulted to a total net gain of USD 0.4 million (EUR 0.4 million) in the consolidated financial statements of the Group for the respective period.

23 Events after the balance sheet date

In January 2018 the Group sold one Airbus A321 aircraft with lease attached.

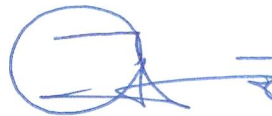
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MANAGEMENT CONFIRMATION OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Tadas Goberis, General Manager of AviaAM Leasing AB and Justinas Gilys, Executive Director of AviaAM Leasing AB, hereby confirm that, to the best of our knowledge, the unaudited AviaAM Leasing AB Consolidated Condensed Interim Financial Information for the twelve month period ended 31 December 2017, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of the Group.

General Manager
Tadas Goberis



Executive Director
Justinas Gilys

15 February 2017