

AVIA SOLUTIONS GROUP AB

Consolidated Interim Financial Information,
For the Year Ended 31 December 2017
(Unaudited)

Beginning of the financial period	1 January 2017
End of reporting period	31 December 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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(All tabular amounts are in EUR '000 unless otherwise stated)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	October – December		January – December	
		2017	2016	2017	2016
Revenue	3	90 814	81 811	348 422	305 960
Other income	3	94	73	373	365
Cost of services and goods	3, 4	(65 783)	(62 607)	(257 828)	(228 929)
Employee related expenses	3	(15 899)	(11 722)	(57 854)	(45 876)
Other operating expenses	3, 5	(5 721)	(3 894)	(18 989)	(14 833)
Depreciation and amortisation	3, 10	(1 462)	(1 307)	(5 285)	(4 959)
Impairment-related expenses	3	217	(737)	(1 192)	(1 444)
Other gain/(loss) - net	3	(314)	794	(580)	231
Operating profit (loss)		1 946	2 411	7 067	10 515
Finance income	6	334	403	401	397
Finance cost	6	(256)	(285)	(2 268)	(1 321)
Finance costs – net		78	118	(1 867)	(924)
Share of profit (losses) of associates		-	-	-	(183)
Profit (loss) before income tax		2 024	2 529	5 200	9 408
Income tax	7	(273)	(222)	(338)	(1 314)
Profit for the period		1 751	2 307	4 862	8 094
Profit (loss) attributable to:					
Equity holders of the parent		1 866	2 750	5 721	8 794
Non-controlling interests		(115)	(443)	(859)	(700)
		1 751	2 307	4 862	8 094
Other comprehensive income					
Net gain (loss) on cash flow hedges		-	9	19	34
Income tax		-	(1)	(3)	(5)
		-	8	16	29
Exchange differences on translation of foreign operations		(283)	(255)	37	14
Other comprehensive income (loss) for the period		(283)	(247)	53	43
Total comprehensive income for the period attributable to:					
Equity holders of the parent		1 584	2 508	5 648	8 871
Non-controlling interests		(116)	(448)	(733)	(734)
		1 468	2 060	4 915	8 137
Basic and diluted earnings per share	9	0,240	0,354	0,736	1,131
		0,240	0,354	0,736	1,131

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

CONSOLIDATED BALANCE SHEET

	Notes	31 December 2017	31 December 2016
ASSETS			
Non-current assets			
Property, plant and equipment	10	31 969	29 812
Intangible assets	10	6 265	6 056
Deferred income tax assets	7	7 042	5 405
Non-current trade and other receivables	11, 16	7 302	9 138
		52 578	50 411
Current assets			
Inventories	13	29 252	29 087
Trade and other receivables	11, 16	60 538	57 556
Amount due from customers for contract work		4 775	3 593
Prepaid income tax		487	265
Short-term bank deposit		-	61
Cash and cash equivalents	12	8 645	4 732
		103 697	95 294
Total assets	3	156 275	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		-	(16)
Cumulative translations differences		(178)	(89)
Retained earnings		26 759	24 705
Equity attributable to equity holders of the parent		61 705	59 724
Non-controlling interests		1 021	(464)
Total equity		62 726	59 260
LIABILITIES			
Non-current liabilities			
Borrowings		6 848	5 994
Government grants		1 270	1 528
Security deposits received		446	416
Trade and other payables	14, 16	331	220
Deferred income tax liabilities	7	345	365
Derivative financial instruments		-	19
		9 240	8 542
Current liabilities			
Trade and other payables	14	42 190	41 208
Borrowings		25 200	25 638
Advances received		15 293	10 002
Security deposits received		267	106
Current income tax liabilities		1 359	949
		84 309	77 903
Total liabilities		93 549	86 445
Total equity and liabilities		156 275	145 705

AVIA SOLUTIONS GROUP AB
CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 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	-	-	-	-	29	-	-	29	-	29
Currency translation difference	-	-	-	-	-	48	-	48	(34)	14
Profit (loss) for the period	-	-	-	-	-	-	8 794	8 794	(700)	8 094
Total comprehensive income	-	-	-	-	29	48	8 794	8 871	(734)	8 137
Transfer to legal reserve (Note 26)	-	-	-	99	-	-	(99)	-	-	-
Increase of shareholding in subsidiary (Notes 17, 33)	-	-	-	-	-	-	(89)	(89)	74	(15)
Balance at 31 December 2016	2 256	33 133	(457)	192	(16)	(89)	24 705	59 724	(464)	59 260
Balance at 1 January 2017, as previously reported	2 256	33 133	(457)	192	(16)	(89)	24 705	59 724	(464)	59 260
Adjustment on initial application of IFRS 9 (net of tax) (Note 17)	-	-	-	-	-	-	(3 740)	(3 740)	-	(3 740)
Adjusted balance at 1 January 2017	2 256	33 133	(457)	192	(16)	(89)	20 965	55 984	(464)	55 520
Comprehensive income										
Net gain on cash flow hedge	-	-	-	-	16	-	-	16	-	16
Currency translation difference	-	-	-	-	-	(89)	-	(89)	126	37
Profit (loss) for the period	-	-	-	-	-	-	5 721	5 721	(859)	4 862
Total comprehensive income	-	-	-	-	16	(89)	5 721	5 648	(733)	4 915
Increase of shareholding in subsidiary (Note 15)	-	-	-	-	-	-	(826)	(826)	508	(318)
Disposal of subsidiary without loss of control (Note 15)	-	-	-	-	-	-	899	899	1 710	2 609
Balance at 31 December 2017	2 256	33 133	(457)	192	-	(178)	26 759	61 705	1 021	62 726

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	January – December	
		2017	2016
Operating activities			
Profit for the period		4 862	8 094
Income tax	7	338	1 314
<i>Adjustments for:</i>			
Depreciation and amortisation	3, 10	5 285	4 959
Impairment-related expenses	3	1 192	1 444
Accruals of buildings lease payments, PBH contracts		(10)	116
Interest expenses	6	982	783
Fair value profit on derivative financial instruments		(16)	(29)
Discounting effect on financial assets		12	(1)
(Profit) / loss of PPE disposals		(190)	(388)
Share of loss of associates			183
Amortisation of government grants		(259)	(259)
Interest income		(47)	(82)
Currency translations differences		131	(9)
<i>Changes in working capital:</i>			
- Inventories		(1 850)	(206)
- Trade and other receivables		(4 663)	(24 285)
- Short-term bank deposits		61	79
- Trade and other payables, advances received		6 947	12 180
- Security deposits received		124	58
Cash generated from (used in) operations		12 899	3 951
Interest received		1	13
Interest paid		(913)	(773)
Income tax paid		(542)	(542)
Net cash generated from (used in) operating activities		11 445	2 649
Investing activities			
Purchase of PPE and intangible assets		(7 397)	(3 737)
Proceeds from PPE and intangible assets		568	1 144
Purchase of subsidiaries (net of cash acquired)		-	(15)
Loans granted		(554)	(1 038)
Repayments of loans granted		44	54
Deposits placed		(1 026)	(863)
Repayments of deposits placed		441	307
Net cash generated from (used in) investing activities		(7 924)	(4 148)
Financing activities			
Proceeds from sale of interest in subsidiary (no change in control)	15	2 609	-
Acquisition of interest in a subsidiary (no change in control)	15	(318)	-
Bank borrowings received		11 704	10 961
Repayments of bank borrowings		(11 797)	(13 466)
Borrowings from related parties received	16	1 900	12
Repayments of borrowings from related parties		(1 900)	-
Other borrowings received		474	-
Repayment of other borrowings		(474)	-
Repayments of lease liabilities		(2 132)	(2 668)
Net cash generated from (used in) financing activities		66	(5 161)
Increase (decrease) in cash and cash equivalents			
At beginning of period	12	(15 094)	(8 434)
Increase (decrease) in cash and cash equivalents		3 587	(6 660)
At end of period	12	(11 507)	(15 094)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Accounting policies

The consolidated interim financial information for the year ended 31 December 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 except for changes in accounting policies to comply with International Financial Reporting Standards (hereinafter IFRS) 9 *Financial Instruments* as issued by the IASB in July 2014. The Group has elected to apply IFRS 9 *Financial Instruments*, because the new accounting policies provide more reliable and relevant information for users to assess the amounts, timing and uncertainty of future cash flows. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated. See Note 17 for further details on the impact of the change in accounting policy.

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 year ended 31 December 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
			31-12-2017	31-12-2016	
AviationCV.com UAB	Republic of Lithuania	Crew Training and Staffing	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	The Group company was established on 22 November 2006. The company provides aircraft crew training services.
BAA Simulators UAB	Republic of Lithuania	Crew Training and Staffing	100	-	The subsidiary was established on 24 October 2017 (Note 15). The company will provide lease of full flight simulators.
FLT Trading House UAB	Republic of Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	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	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	The subsidiary was acquired on 16 December 2013. The company provides maintenance, repair and overhaul services for helicopters.

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

2 Investments in subsidiaries and associates (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, %		Date of acquiring/establishment and activity
			31-12-2017	31-12-2016	
Kauno aviacijos gamykla UAB	Republic of Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	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	The subsidiary was acquired on 1 December 2010. The company provides maintenance services for business aircraft.
KIDY Tour UAB	Republic of Lithuania	Private Jet Charter, Flight and Tour Operations	100	100	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.
KIDY Tour SIA	Republic of Latvia	Private Jet Charter, Flight and Tour Operations	100	-	The subsidiary was established on 9 October 2017 (Note 15). The company will provide tour operator services.
KlasJet UAB	Republic of Lithuania	Private Jet Charter, Flight and Tour Operations	100	100	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	50	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. The subsidiary started unmanned aerial flight operations. On 8 August 2017 the Company sold 50 per cent shareholding in the subsidiary to third party while retaining the control (Note 15).
Locatory.com UAB	Republic of Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	95	95	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	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	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.

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

2 Investments in subsidiaries and associates (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, %		Date of acquiring/establishment and activity
			31-12-2017	31-12-2016	
Baltic Ground Services UA TOV	Ukraine	Aircraft Ground Handling and Fuelling	50	50	The subsidiary was established in summer of 2011. On 29 September 2015, 50% of share capital was sold to a third party. The subsidiary provides fuelling services in Ukraine. The Group has a control over an investee.
Baltic Ground Services RU OOO	Russian Federation	Aircraft Ground Handling and Fuelling	100	100	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	The subsidiary was established on 31 July 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company provides fuelling services in Estonia.
Baltic Ground Services LV SIA	Republic of Latvia	Aircraft Ground Handling and Fuelling	51	51	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	The subsidiary was established on 18 December 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company is providing fuelling services in Czech Republic.
BGS Trans UA LLC	Ukraine	Aircraft Ground Handling and Fuelling	100	-	The subsidiary was established on 3 July 2017. It is a direct subsidiary of Baltic Ground Services UAB. The subsidiary does not conduct active operations.
FL Technics UAB	Republic of Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was established on 22 December 2005. In summer of 2007 the company started aircraft maintenance, repair and overhaul (MRO) services.
Avia Technics Dirgantara PT.	Republic of Indonesia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	49	25	An investee of FL Technics UAB was established on 5 August 2014. The company provides line and base maintenance services in Jakarta. The Group has a control over an investee. On 7 December 2017 the Company additionally acquired 24 per cent shareholding in the subsidiary from third party (Note 15).
FL Technics Asia Co. Ltd.	Kingdom of Thailand	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	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	The subsidiary was established in summer of 2011. It is a direct subsidiary of FL Technics UAB.

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

2 Investments in subsidiaries and associates (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, %		Date of acquiring/establishment and activity
			31-12-2017	31-12-2016	
Storm Aviation Ltd.	The United Kingdom	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	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	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.
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	The associate was acquired in the third quarter of 2014.
Avia Solutions Group Airports Management LLC	Russian Federation	Airport Infrastructure Management	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.
RAMPOR T AERO JSC	Russian Federation	Airport Infrastructure Management	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.
RAMPOR T SECURITY LLC	Russian Federation	Airport Infrastructure Management	22.5*	22.5*	It is a direct subsidiary of RAMPOR T AERO OAO. The subsidiary was established on 6 May 2015 and will provide services in the Zhukovsky International airport.
RAMPOR T Aviation Commerce JSC	Russian Federation	Airport Infrastructure Management	22.5*	16.88*	It is a direct subsidiary of RAMPOR T AERO OAO. It was established in 2016 and provides services in the Zhukovsky International airport.
ZIA CARGO JSC	Russian Federation	Airport Infrastructure Management	11.47*	11.47*	It is a direct subsidiary of RAMPOR T AERO OAO. It was established in 2016 and provides services in the Zhukovsky International airport.

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

As at 31 December 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 31 December 2017 amounted to 2 305 (31 December 2016: 1 954).
The number of full-time staff employed by the Company on 31 December 2017 amounted to 71 (31 December 2016: 60).

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

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 year ended 31 December 2017 and for the year ended 31 December 2016:

	Aircraft maintenance, repair and overhaul	Aircraft ground handling and fuelling	Crew training and staffing	Private Jet Charter, Flight and Tour Operations	Unallo- cated	Inter- segment trans- actions	Total
Year ended 31 December 2017							
Sales to external customers	147 088	156 427	17 737	26 317	853	-	348 422
Inter-segment sales	6 133	3 404	302	82	2 116	(12 037)	-
Total revenue	153 221	159 831	18 039	26 399	2 969	(12 037)	348 422
Other income	515	173	90	8	571	(984)	373
Cost of services and goods purchased	(88 302)	(144 386)	(9 246)	(23 412)	(729)	8 247	(257 828)
Depreciation and amortisation	(2 170)	(1 959)	(721)	(87)	(198)	(150)	(5 285)
Employee related expenses	(41 480)	(8 948)	(3 840)	(1 718)	(1 868)	-	(57 854)
Other operating expenses	(14 929)	(2 686)	(2 772)	(816)	(1 097)	3 311	(18 989)
Impairment-related expenses	(508)	(163)	(66)	(14)	(451)	10	(1 192)
Other gain/(loss) - net	(409)	87	(4)	(5)	(16)	(233)	(580)
Segment operating profit	5 938	1 949	1 480	355	(819)	(1 836)	7 067
As at 31 December 2017							
Segment assets	92 183	33 338	11 214	7 990	11 550	-	156 275

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

3 Segment information (continued)

	Aircraft maintenance, repair and overhaul	Aircraft ground handling and fuelling	Crew training and staffing	Private Jet Charter, Flight and Tour Operations	Unallo- cated	Inter- segment trans- actions	Total
Year ended 31 December 2016							
Sales to external customers	143 215	139 718	12 126	10 219	682	-	305 960
Inter-segment sales	2 624	3 586	105	15	2 097	(8 427)	-
Total revenue	145 839	143 304	12 231	10 234	2 779	(8 427)	305 960
Other income	441	192	38	1	747	(1 054)	365
Cost of services and goods purchased	(90 264)	(128 494)	(5 856)	(9 864)	(521)	6 070	(228 929)
Depreciation and amortisation	(2 244)	(1 853)	(664)	(49)	(163)	14	(4 959)
Employee related expenses	(33 918)	(6 925)	(2 730)	(743)	(1 578)	18	(45 876)
Other operating expenses	(11 650)	(1 942)	(2 133)	(725)	(914)	2 531	(14 833)
Impairment-related expenses	(1 416)	(11)	(12)	-	(827)	822	(1 444)
Other gain/(loss) - net	501	(166)	22	(6)	(1)	(119)	231
Segment operating profit	7 289	4 105	896	(1 152)	(478)	(145)	10 515
As at 31 December 2016							
Segment assets	92 099	31 528	7 373	2 239	12 466	-	145 705

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

4 Cost of goods and services	October - December		January - December	
	2017	2016	2017	2016
Aircraft fuel expenses	34 780	32 960	135 168	120 599
Cost of goods purchased	17 206	15 762	60 636	51 080
Cost of purchased services	10 916	11 259	48 598	47 083
Rent and maintenance of premises	1 622	1 507	6 339	5 741
Rent of aircraft, training and other equipment	1 259	1 119	7 087	4 426
	65 783	62 607	257 828	228 929

5 Other operating expenses	October - December		January - December	
	2017	2016	2017	2016
Transportation and related expenses	1 948	1 319	5 815	4 716
Business travel expenses	800	708	3 156	2 724
Consultation expenses	701	338	2 350	1 828
Office administrative, communications and IT expenses	607	248	1 875	1 134
Marketing and sales expenses	737	427	2 123	1 204
Insurance expenses	326	283	1 220	1 024
Other expenses	602	571	2 450	2 203
	5 721	3 894	18 989	14 833

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

	October - December		January - December	
	2017	2016	2017	2016
6 Finance income and costs				
Interest income on cash and cash equivalents	3	-	7	14
Foreign exchange gain on financing activities	258	291	-	-
Other finance income	73	112	394	383
Finance income	334	403	401	397
Interest expenses on borrowings	(253)	(198)	(982)	(783)
Foreign exchange loss on financing activities	-	-	(1 072)	(143)
Fair value adjustment of financial assets placed	(3)	3	(12)	-
Other finance costs	-	(90)	(202)	(395)
Finance costs	(256)	(285)	(2 268)	(1 321)
Finance costs – net	78	118	(1 867)	(924)

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:

	October - December		January - December	
	2017	2016	2017	2016
Current income tax	(392)	(438)	(1 336)	(1 461)
Deferred income tax	119	216	998	147
Total income tax expenses	(273)	(222)	(338)	(1 314)

8 Share capital

On 31 December 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.

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

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.

	October - December		January - December	
	2017	2016	2017	2016
Profit (loss) for the period attributable to equity holders of the parent	1 866	2 750	5 721	8 794
Weighted average number of ordinary shares (thousand)	7 778	7 778	7 778	7 778
Basic and diluted earnings per share	0,240	0,354	0,736	1,131

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
Acquisition of subsidiary (Note 15)	27	2 907
Additions	6 655	1 195
Disposals	(805)	(1)
Cumulative currency differences	(33)	-
Depreciation charge (Note 3)	(4 641)	(318)
Closing net book amount as at 31 December 2016	29 812	6 056
Opening net book amount as at 1 January 2017	29 812	6 056
Additions	7 203	892
Disposals	(368)	-
Cumulative currency differences	(136)	60
Depreciation charge (Note 3)	(4 542)	(743)
Closing net book amount as at 31 December 2017	31 969	6 265

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

11 Trade and other receivables	31 December 2017	31 December 2016
Trade receivables	48 422	51 049
Less: provision for impairment of trade receivables	(13 221)	(10 418)
Trade receivables – net	35 201	40 631
Other receivables	1 358	1 334
Less: provision for impairment of other receivables	(132)	(18)
Other receivables – net	1 226	1 316
Loans granted	428	275
Less: provision for impairment of loans granted	(29)	(25)
Loans granted - net	399	250
VAT receivables	5 986	5 155
Receivables from investment in bonds from other related parties	6 253	7 175
Less: provision for impairment of receivables from investment in bonds from other related parties	(784)	-
Receivables from investment in bonds from other related parties - net (Note 16)	5 469	7 175
Prepayments	10 237	4 812
Less: provision for impairment of prepayments	(85)	-
Prepayments - net	10 152	4 812
Trade receivables from related parties	1 600	991
Less: provision for impairment of trade receivables from related parties	(146)	-
Receivables from related parties - net (Note 16)	1 454	991
Deferred charges	2 682	2 199
Accrued revenue	888	759
Security deposit	2 535	2 073
Other receivables from related parties	909	677
Less: provision for impairment of other receivables from related parties	(2)	-
Other receivables from related parties – net (Note 16)	907	677
Loans granted to related parties	1 390	636
Less: provision for impairment of loans granted to related parties	(510)	-
Loans granted to related parties – net (Note 16)	880	636
Security deposits from related parties placed (Note 16)	21	15
Deferred charges to related parties	20	-
Prepayments from related parties (Note 16)	20	5
	67 840	66 694
Less non-current portion :	(7 302)	(9 138)
Current portion :	60 538	57 556

12 Cash and cash equivalents	31 December 2017	31 December 2016
Cash and cash equivalents	8 645	4 732
Bank overdraft	(20 152)	(19 826)
	(11 507)	(15 094)

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

13 Inventories	31 December 2017	31 December 2016
Spare parts and materials – gross amount	24 859	24 896
Less: provision for impairment of inventories	(4 133)	(4 633)
Spare parts and materials	20 726	20 263
Goods for sale – gross amount	5 883	6 367
Less: provision for impairment of inventories	(1 009)	(48)
Goods for sale	4 874	6 319
Aircraft fuel	1 326	1 458
Work in progress	508	294
Goods in transit	632	41
Other inventories	1 186	712
	29 252	29 087

14 Trade and other payables	31 December 2017	31 December 2016
Trade payables	24 801	24 504
Accruals for hangar lease payments, PBH contracts and other accrued expenses	7 242	9 488
Salaries and social security payable	6 570	5 103
Provisions	321	496
Deferred revenue	1 935	261
Amounts payable to related parties (Note 16)	693	448
Other payables	959	1 128
	42 521	41 428
Less: non-current portion	(331)	(220)
Current portion	42 190	41 208

15 Business combination and disposals

Establishments in 2017

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

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

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

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

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

Acquisition and disposals in 2017

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

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*.

On 14 July 2017, *Avia Solutions Group AB* acquired 10% of the share capital of *Laserpas UAB* from the general director of *Laserpas UAB*. The investment for shares amounted to EUR 319.

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

15 Business combination and disposals (continued)

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

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

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).

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 per cent 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.

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

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 - December	
	2017	2016
Sales of services to:		
Entities having significant influence	8	9
Other related parties	8 406	4 448
	8 414	4 457
Total sales of assets and services	8 414	4 457
Purchases of services from:		
Entities having significant influence	-	-
Other related parties	63	2
	63	2
Purchases of services from:		
Entities having significant influence	2	1
Other related parties	4 346	3 175
	4 348	3 176
Total purchases of assets and services	4 411	3 178
	31 December 2017	31 December 2016
Trade receivables from related parties		
Receivables from investment in bonds from related parties (Note 11)	5 469	7 175
Trade receivables from entities having significant influence (Note 11)	2	1
Trade receivables from other related parties (Note 11)	1 452	990
Other receivables from related parties (Note 11)	907	677
Loans provided to other related parties (Note 11)	880	636
Prepayments from other related parties (Note 11)	20	5
Deferred charges to other related parties (Note 11)	20	-
Security deposit with lessor from related parties (Note 11)	21	15
	8 771	9 499
Payables and advances received from related parties		
Loans received from other related parties	99	-
Advances received from other related parties	545	572
Trade and other payables to other related parties (Note 14)	693	448
	1 337	1 020

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

17 Changes in accounting policies

As explained in Note 1 above, the Group has adopted IFRS 9 as issued in July 2014, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The accounting policies were changed to comply with IFRS 9 as issued by the IASB in July 2014. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. The total impact on the Group's retained earnings due to measurement of financial instruments as at 1 January 2017 is as follows:

Opening retained earnings - IAS 39	24 705
Increase in provision for financial instruments	(4 398)
Increase in deferred tax assets relating to impairment provisions	658
Adjustment to retained earnings from adoption of IFRS 9	(3 740)
Opening retained earnings - IFRS 9	20 965

The Group has two types of financial assets subject to IFRS 9's new expected credit loss model:

- trade receivables for sales, and
- debt investments carried at amortised cost.

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the group's equity is disclosed in the table above.

For trade receivables, the Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables.

Debt investments at amortised cost are considered to be low risk, and thus the impairment provision is determined as 12 months expected credit losses.

The loss allowance provision for trade receivables and other financial assets at amortised cost as at 31 December 2017 reconciles to the opening loss allowance for that provision as follows:

	Loss allowance provision
Closing loss allowance as at 31 December 2016 (calculated under IAS 39)	(10 461)
Amounts restated through opening retained earnings	(4 398)
Opening loss allowance as at 1 January 2017 (calculated under IFRS 9)	(14 859)
Increase in the provision recognised in profit or loss in other expenses during the period	(50)
As at 31 December 2017	(14 909)

18 Events after the reporting date

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

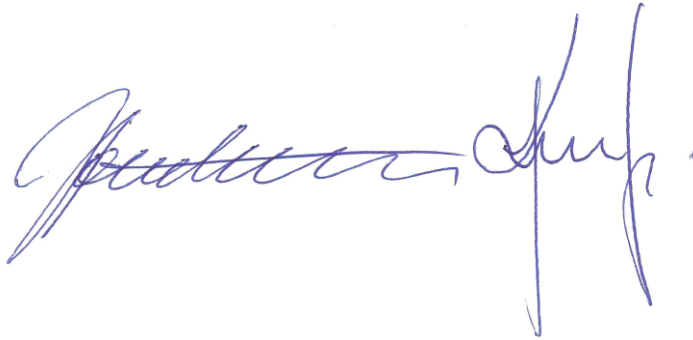
On 11 January 2018, *Avia Solutions Group AB* subsidiary *Baltic Ground Services UAB* established new subsidiary *Baltic Ground Services DE GmbH*. Registered capital is EUR 25 000. The company is planning to provide fuel logistic services in Germany.

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

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, We, Jonas Janukėnas, General Manager of *Avia Solutions Group AB*, and Aurimas Sanikovas, Chief Financial Officer of *Avia Solutions Group AB*, hereby confirm that, to the best of our knowledge, the unaudited *Avia Solutions Group AB* Interim Consolidated Financial Information for the year 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 of undertakings.

General Manager
Jonas Janukėnas



Chief Financial Officer
Aurimas Sanikovas

15 February, 2018