AVIAAM LEASING AB

INDEPENDENT AUDITOR'S REPORT,

SEPARATE FINANCIAL STATEMENTS AND

SEPARATE ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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Independent auditor's report

To the shareholders of AviaAM Leasing AB

Report on the audit of the financial statements

Our opinion

In our opinion, the separate financial statements give a true and fair view of the financial position of AviaAM Leasing AB ("the Company") as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

The Company's separate financial statements comprise:

- the balance sheet as at 31 December 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the Law of the Republic of Lithuania on the Audit of Financial Statements that are relevant to our audit of the financial statements in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Law of the Republic of Lithuania on the Audit of Financial Statement.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company are in accordance with the applicable law and regulations in the Republic of Lithuania and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 considering the exemptions of Regulation (EU) No 537/2014 endorsed in the Law of the Republic of Lithuania on the Audit of Financial Statements.

The non-audit services that we have provided to the Company, in the period from 1 January 2017 to 31 December 2017, are disclosed in the note 8 to the financial statements.

Our audit approach

Overview

Materiality	Overall Company materiality is USD 739 thousand, which represents 1% of total assets.
Key audit matter	Recoverability of loans granted

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality	USD 739 thousand (2016: USD 590 thousand).
How we determined it	1 % of total assets.
Rationale for the materiality benchmark applied	We considered that the Company is an asset-based holding company and the total assets is the key performance indicator monitored by management and investors.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above USD 37 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Recoverability of loans granted *Refer to Note 2 'Summary of significant accounting policies', Note 3 'Financial risk management' and Note 16 'Loans granted' for further details.* As at 31 December 2016, the Company's balance sheet includes loans granted in the amount of USD 29.167 thousand. Loans granted are carried at amortised cost using the effective interest method, less provision for impairment. Certain aspects of the accounting for loan impairment losses require significant judgement of management, such as the identification of loans that are deteriorating, the assessment of objective evidence for impairment, and the assessment of the recoverable amount. Due to the significance of loans balances (representing 39% of total assets) and magnitude and uncertainty of the estimation of expected future cash flows and resulting impairment provision, if any, for loans granted this area is considered as a key audit matter.	We assessed whether the Company's accounting policy in relation to the measurement of impairment provision of the loans is in compliance with IFRS effective as at 31 December 2017. We assessed management's ability to estimate accurately the amount of the loan impairment provision by comparing the estimates of loan impairment provision in prior years with the actual losses incurred in the current period. Our audit procedures included evaluating the methodologies, inputs and assumptions used in determining and calculating the impairment losses for loans. We performed the following detail testing on the valuation of the provision for impairment: • We tested the reliability of the interest and principal payments aging report; • We examined aging reports by debtor to check for long outstanding balances and obtained supporting explanations and documentation of collectability; • We reviewed post-balance sheet payments collected for overdue interest and principal balances and additional arrangements made with the debtors; and • We challenged management' assumptions regarding the estimates of expected cash payment for overdue loans and resulting reversal of the impairment provision. Our testing was aimed at identifying impairment losses at the individual basis. We assessed also whether the financial statement disclosures appropriately reflect the Company's exposure to credit risk. We found no material exceptions arising from our work.

Reporting on other information including the annual report

Management is responsible for the other information. The other information comprises the annual report, including the corporate governance report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information, including the annual report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the annual report, we considered whether the annual report includes the disclosures required by Law of the Republic of Lithuania on Financial Reporting by Undertakings implementing Article 19 of Directive 2013/34/EU.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the annual report for the financial year ended 31 December 2017, for which the financial statements are prepared, is consistent with the financial statements; and
- the annual report has been prepared in accordance with the Law of the Republic of Lithuania on Financial Reporting by Undertakings.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the annual report which we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Company on 1 June 2011. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 7 years.

The certified auditor on the audit resulting in this independent auditor's report is Rasa Radzevičienė.

On behalf of PricewaterhouseCoopers UAB

Rasa Radzevičienė
Partner
Auditor's Certificate No. 000377

Vilnius, Republic of Lithuania
4 April 2018

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

STATEMENT OF COMPREHENSIVE INCOME

			2017		2016
	Note	**USD**	**EUR**	**USD**	**EUR**
Revenue	5	1,660	1,456	1,432	1,317
Interest income on loans		1,096	970	1,646	1,486
Dividend income		-	-	6,541	6,203
Depreciation of aircraft and engines	13	(201)	(179)	(153)	(137)
Reversal of impairment of loan granted to subsidiary	6	1,352	1,197	-	-
Aircraft maintenance expenses		(53)	(47)	(107)	(97)
Employee-related expenses	7	(1,056)	(935)	(641)	(580)
Other operating expenses	8	(1,434)	(1,272)	(1,325)	(1,200)
Loss on sale of property, plant and equipment (net)		(580)	(490)	-	-
Other gain (losses) net		621	570	356	328
Operating profit (loss)		**1,405**	**1,270**	**7,749**	**7,320**
Finance income	9	2,664	2,360	6	6
Finance costs	9	(471)	(400)	(302)	(278)
Finance costs – net		**2,193**	**1,960**	**(296)**	**(272)**
Profit (loss) before income tax		**3,598**	**3,230**	**7,453**	**7,048**
Income tax	10	72	71	(699)	(673)
Profit (loss) for the year		**3,670**	**3,301**	**6,754**	**6,375**
Other comprehensive income (costs)					
Items that will not be reclassified to profit or loss:					
Currency translation differences on translation to presentation currency		-	(4,811)	-	1,869
Items that may be reclassified to profit or loss:					
Revaluation of available for sale investments		(379)	(577)	713	746
Deferred income tax on revaluation of available for sale investments		87	67	(147)	112
Total other comprehensive income (costs)		**(292)**	**(5,321)**	**566**	**2,727**
Total comprehensive income		**3,378**	**(2,020)**	**7,320**	**9,102**
Basic and diluted earnings (loss) per share (USD/EUR)	11	0.085	0.076	0.156	0.147

The notes on pages 14 to 50 are an integral part of these financial statements.

The financial statements on pages 9 to 50 have been approved by the Management Board as at 5 April 2018 and signed by the Executive Director and Chief Financier.

Justinas Gilys
Executive Director

Laima Gruzdienė
Chief Financier

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

BALANCE SHEET

	Note	31 December 2017 USD	31 December 2017 EUR	31 December 2016 USD	31 December 2016 EUR
ASSETS					
Non-current assets					
Property, plant and equipment	12	693	578	1,411	1,429
Investments in joint ventures	13	39,015	34,786	15,300	14,300
Investments in subsidiaries	14	1,521	1,352	37	31
Available-for-sale financial assets	15	1,746	1,456	2,125	2,033
Financial assets at fair value through profit or loss	16	-	-	14,823	14,181
Loans granted	17	26,971	22,489	4,767	4,548
Deferred income tax assets	23	103	84	-	-
		70,049	**60,745**	**38,463**	**36,522**
Current assets					
Inventory		83	69	74	70
Loans granted	17	2,196	1,831	17,835	17,062
Trade and other receivables	18	1,058	883	1,634	1,564
Prepaid income tax		99	83	373	357
Cash and cash equivalents	19	422	352	263	252
		3,858	**3,218**	**20,179**	**19,305**
Total assets		**73,907**	**63,963**	**58,642**	**55,827**
EQUITY					
Equity attributable to the Company's equity shareholders					
Share capital	20	16,804	12,559	16,804	12,559
Share premium	20	27,972	20,878	27,972	20,878
Legal reserve	20	1,739	1,254	1,739	1,254
Reserve for own shares	20	-	-	1,315	1,204
Cumulative translation reserve	20	-	5,884	-	10,695
Revaluation reserve (deficit) of financial assets	20	(905)	(755)	(613)	(587)
Retained earnings	20	15,640	13,590	10,655	9,085
Total equity		**61,250**	**53,410**	**57,872**	**55,088**
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	23	-	-	56	53
		-	**-**	**56**	**53**
Current liabilities					
Borrowings	21	12,197	10,170	-	-
Trade and other payables	22	460	383	334	320
Current income tax liabilities		-	-	380	366
		12,657	**10,553**	**714**	**686**
Total liabilities		**12,657**	**10,553**	**770**	**739**
Total equity and liabilities		**73,907**	**63,963**	**58,642**	**55,827**

The notes on pages 14 to 50 are an integral part of these financial statements.

Justinas Gilys
Executive Director

Laima Gruzdienė
Chief Financier

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

STATEMENT OF CHANGES IN EQUITY

USD	Note	Share capital	Share premium	Legal reserve	Reserve for own shares	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)**	**4,889**	**51,540**
Comprehensive income								
Revaluation of financial assets available for sale	15	-	-	-	-	713	-	713
Deferred income tax on revaluation of financial assets available for sale	23	-	-	-	-	(147)	-	(147)
Other comprehensive income / (loss)		**-**	**-**	**-**	**-**	**566**	**-**	**566**
Profit for the year							6,754	6,754
Total comprehensive income		**-**	**-**	**-**	**-**	**566**	**6,754**	**7,320**
Transactions with owners								
Dividends	20	-	-	-	-	-	(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)**	**10,655**	**57,872**
Comprehensive income								
Revaluation of financial assets available for sale	15	-	-	-	-	(379)	-	(379)
Deferred income tax on revaluation of financial assets available for sale	23	-	-	-	-	87	-	87
Other comprehensive income / (loss)		**-**	**-**	**-**	**-**	**(292)**	**-**	**(292)**
Profit for the year		-	-	-	-	-	3,670	3,670
Total comprehensive income		**-**	**-**	**-**	**-**	**(292)**	**3,670**	**3,378**
Transactions with owners								
Transfers to reserve for own shares	20	-	-	-	(1,315)	-	1,315	-
Total transactions with owners		**-**	**-**	**-**	**(1,315)**	**-**	**1,315**	**-**
Balance at 31 December 2017		**16,804**	**27,972**	**1,739**	**-**	**(905)**	**15,640**	**61,250**

The notes on pages 14 to 50 are an integral part of these financial statements.

Justinas Gilys
Executive Director

Laima Gruzdienė
Chief Financier

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

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

EUR	Note	Share capital	Share premium	Legal reserve	Reserve for own shares	Revaluation reserve (deficit) of fin. assets	Cumu-lative translation reserve	Retain-ed earnings	Total equity
Balance at 1 January 2016		**12,559**	**20,878**	**1,254**	**1,204**	**(1,079)**	**8,826**	**3,576**	**47,218**
Comprehensive income									
Currency translation differences		-	-	-	-	(78)	1,869	-	1,791
Revaluation of financial assets available for sale	15	-	-	-	-	682	-	-	682
Deferred income tax on revaluation of financial assets available for sale	23	-	-	-	-	(112)	-	-	(112)
Other comprehensive income / (loss)		**-**	**-**	**-**	**-**	**492**	**1,869**	**-**	**2,361**
Profit for the year		-	-	-	-	-	-	6,375	6,375
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**492**	**1,869**	**6,375**	**8,736**
Transactions with owners									
Dividends	20	-	-	-	-	-	-	(866)	(866)
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**	**(866)**	**(866)**
Balance at 31 December 2016/ 1 January 2017		**12,559**	**20,878**	**1,254**	**1,204**	**(587)**	**10,695**	**9,085**	**55,088**
Comprehensive income									
Currency translation differences		-	-	-	-	342	(4,811)	-	(4,469)
Revaluation of financial assets available for sale	15	-	-	-	-	(577)	-	-	(577)
Deferred income tax on revaluation of financial assets available for sale	23	-	-	-	-	67	-	-	67
Other comprehensive income / (loss)		**-**	**-**	**-**	**-**	**(168)**	**(4,811)**	**-**	**(4,979)**
Profit for the year		-	-	-	-	-	-	3,301	3,301
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**(168)**	**(4,811)**	**3,301**	**(1,678)**
Transactions with owners									
Transfers from reserve for own shares	20	-	-	-	(1,204)	-	-	1,204	-
Total transactions with owners		**-**	**-**	**-**	**(1,204)**	**-**	**-**	**1,204**	**-**
Balance at 31 December 2017		**12,559**	**20,878**	**1,254**	**-**	**(755)**	**5,884**	**13,590**	**53,410**

The notes on pages 14 to 50 are an integral part of these financial statements.

Justinas Gilys
Executive Director

Laima Gruzdienė
Chief Financier

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

STATEMENT OF CASH FLOW			**2017**		**2016**
	Note	**USD**	**EUR**	**USD**	**EUR**
Operating activities					
Profit (loss) before income tax		3,598	3,230	7,453	7,048
Adjustments for:					
Depreciation and amortisation		201	179	153	137
Dividend income		-	-	(6,541)	(5,908)
Finance income (costs) – net		(2,706)	(2,396)	(906)	(819)
Loss on sale of property, plant and equipment (net)		581	514	(223)	(201)
Profit from financial assets at fair value through profit or loss		(470)	(416)	-	-
Changes in working capital:					
Trade and other receivables		530	470	(488)	(441)
Trade and other payables		(165)	(146)	(19)	(17)
Inventory		(19)	(17)	(8)	(7)
Cash generated from operations		**1,550**	**1,418**	**(579)**	**(208)**
Interest paid		-	-	(3)	(3)
Income tax paid		(132)	(117)	(1,066)	(963)
Net cash generated from (used in) operating activities		**1,418**	**1,301**	**(1,648)**	**(1,174)**
Investing activities					
Purchase of property, plant and equipment and intangible assets		(65)	(57)	(31)	(28)
Investments in joint ventures		(23,715)	(20,999)	(15,300)	(13,819)
Investments in other entities		-	-	(400)	(361)
Dividends received		-	-	11,541	10,424
Loans granted		(7,640)	(6,765)	(16,223)	(14,652)
Loans repaid		2,817	2,495	8,362	7,552
Interest received		326	289	2,120	1,915
Net cash generated from (used in) investing activities		**(28,277)**	**(25,037)**	**(9,931)**	**(8,969)**
Financing activities					
Dividends paid		-	-	(988)	(892)
Borrowings received		32,018	28,352	333	300
Repayment of borrowings		(5,000)	(4,428)	(333)	(300)
Net cash generated from (used in) financing activities		**27,018**	**23,924**	**(988)**	**(892)**
Increase in cash and cash equivalents		**159**	**188**	**(12,567)**	**(11,035)**
Movement in cash and cash equivalents					
At beginning of year		263	252	12,830	11,743
Increase in cash and cash equivalents		159	188	(12,567)	(11,035)
Foreign translation differences		-	(88)	-	(456)
At end of the year	19	**422**	**352**	**263**	**252**

The notes on pages 14 to 50 are an integral part of these financial statements.

Justinas Gilys
Executive Director

Laima Gruzdienė
Chief Financier

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

NOTES TO THE FINANCIAL STATEMENTS

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 Company's shares are traded on the Warsaw Stock Exchange as from 28 June 2013 (see Note 20).

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 Otwarty 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 principal activity of the Company is management of its subsidiaries. The principal activity of all subsidiaries of the Company is operating leasing, management and trading of mid-life narrow-body and regional jet aircraft.

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 subsidiary is management of the subject aircraft.

On 7 August 2015 the Company established a subsidiary – DG21 UAB – with a purpose of pursuing the investments into the real estate. In September and December 2015 the aforementioned subsidiary acquired two buildings in Vilnius, Lithuania to be leased to companies engaged in aviation related business.

On 17 February 2017 the Company established a subsidiary – DGAVIA UAB – with a purpose of pursuing the investments into the real estate.

As at 31 December 2017 the number of full-time staff employed by the Company totalled 19, including one employee on maternity leave (31 December 2016 – 16).

The shareholders of the Company have a statutory right to approve these financial statements or not to approve them and to require preparation of another set of financial statements.

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

1 General information (continued)

The Group's companies	Country of establishment	Share of equity, % As at 31 December 2017	Share of equity, % As at 31 December 2016	Date of acquiring (establishment) / activity / address of establishment
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: 17 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

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

1 General information (continued)

The Group's companies	Country of establishment	Share of equity, % As at 31 December 2017	As at 31 December 2016	Date of acquiring (establishment) / activity / address of establishment
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. which owns 100 per cent of the company.
** Shareholding through AviaAM Leasing Bermuda Ltd.
*** Company has a 51% stake in a joint venture - AviaAM Financial Leasing China Co. Ltd (Note 13)

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

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

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

2.1.1 Basis of preparation (continued)

The Company has prepared these stand-alone financial statements to file with the Center of State Registers in accordance with Lithuanian Law.

The 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 preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.1.2 Changes in accounting policy and disclosures

(a) Adoption of new and/or amended International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

Amendments to IAS 12 'Recognition of Deferred Tax Assets for Unrealised Losses '

The amendment has clarified the requirements on recognition of deferred tax assets for unrealised losses on debt instruments. The entity will have to recognise deferred tax asset for unrealised losses that arise as a result of discounting cash flows of debt instruments at market interest rates, even if it expects to hold the instrument to maturity and no tax will be payable upon collecting the principal amount. The economic benefit embodied in the deferred tax asset arises from the ability of the holder of the debt instrument to achieve future gains (unwinding of the effects of discounting) without paying taxes on those gains.

Amendments to IAS 7 'Disclosure Initiative'

The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The Company has applied the requirements of the new standard (Note 26).

(b) Standards, interpretations and amendments that are not yet effective and have not been early adopted by the Company

IFRS 9, 'Financial instruments: Classification and measurement' (effective for annual periods beginning on or after 1 January 2018)

Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition

2.1.2 Changes in accounting policy and disclosures (continued)

- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a ‘three stage’ approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging

The Company assesses this standards will have no significant impact on its financial statements, except on classification of available-for-sale financial assets which will be classified as at fair value through other comprehensive income and hence there will be no change to accounting for these assets. The Company also have financial assets attributed to the category of financial assets ‘Loans and receivables’ which according to new standard would be measured at amortised cost as before as the business model of these assets is held to collect contractual cash flows and they are SPPI.

The new impairment model requires the recognition of impairment provision based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS39. It applies to Company’s financial assets classified at amortised cost. Based on the assessments undertaken to date, the Company does not expect any change in the allowance. The company evaluated the following parameters in evaluating expected credit losses:

- Liquidity ratios;
- Long term assets which back up the amounts payable;
- The future performance indicators and business plans;
- The payments received after the balance sheet date;
- The structure of each concerned company being as the part of the company group;
- The prospects of future cooperation, i.e. long-term contracts and new developments.

IFRS 15, 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018)

The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Company assesses this standards will have no impact on its financial statements.

Amendments to IFRS 15, ' Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2018)

2.1.2 Changes in accounting policy and disclosures (continued)

The amendments do not change the underlying principles of the standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new standard. The Company assesses this standards will have no impact on its financial statements.

IFRS 16**,** 'Leases' (effective for annual periods beginning on or after 1 January 2019)

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company assesses this standards will have no impact on its financial statements.

Amendments to IFRS 4 - 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts' (effective for annual periods beginning on or after 1 January 2018)

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing the replacement standard that IASB is developing for IFRS 4. These concerns include temporary volatility in reported results. The amendments introduce two approaches. (1) The amended standard will give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued ('overlay approach). In addition, the amended standard will give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard - IAS 39. The amendments to IFRS 4 supplement existing options in the standard that can already be used to address the temporary volatility.

The Company assesses this standard will have no impact on its financial statements.

(c) Standards, interpretations and amendments that have not been endorsed by the European Union and that have not been early adopted by the Company

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28*
- *Classification and Measurement of Share-based Payment Transactions -Amendments to IFRS 2*
- *Annual Improvements to IFRSs 2014–2016 Cycle*
- *Transfers of Investment Property - Amendments to IAS 40*
- *IFRIC 22, Foreign Currency Transactions and Advance Consideration*
- *IFRS 17, Insurance Contracts*
- *IFRIC 23, Uncertainty over Income Tax Treatments*
- *Prepayment Features with Negative Compensation - Amendments to IFRS 9*

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

2.1.2 Changes in accounting policy and disclosures (continued)

- *Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28*
- *Annual Improvements to IFRSs 2015-2017 cycle*

The Company is currently assessing the impact of these amendments on its financial statements.

There are no other new or amended standards and interpretations that are not yet effective and that may have a material impact for the Company

2.2 Investments in subsidiaries and joint ventures

Subsidiaries

In the stand-alone financial statements investments in subsidiaries are stated at cost less impairment, if any.

Associates and joint ventures

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint venture is an entity of joint operations, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity.

In the stand-alone financial statements of the Company investments in associates and joint ventures are stated at cost less impairment, if any.

2.3 Foreign currency translation

(a) Functional and presentation currency

The Company determined that it is acting as an extension of its subsidiaries and, therefore, has the same functional currency as those subsidiaries. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which subsidiaries operate (the “functional currency”). The functional currency of the Company and all its subsidiaries is the US Dollar (USD) as a significant proportion of subsidiaries business is conducted in the US Dollars and management uses the information prepared in USD to manage business risks and exposures and to measure performance of the business.

The financial statements are presented in US dollars, which is the functional currency of the Company and all its subsidiaries, and, due to the requirements of the laws of the Republic of Lithuania, also in Euro (EUR) which is the Company’s presentation currency.

As at 31 December 2017 the exchange rate of euro to US Dollar was EUR 1 = USD 1.1993 (2016: EUR 1 = USD 1.0453).

The results and financial position of the Company are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average annual exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

2.3 Foreign currency translation (continued)

c) all exchange differences resulting from translation to presentation currency are recognised in other comprehensive income.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within finance income or finance cots.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

2.4 Property, plant and equipment

Property, plant and equipment comprise engine and other tangible fixed assets.

Aircraft and other tangible fixed assets are carried at their historical cost less accumulated depreciation and any accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Aircraft classified as aircraft under preparation for use are reclassified to aircraft group when they are ready for their intended use.

Depreciation of aircraft is calculated using the component-based approach by writing off the cost of assets to their residual values based on their expected use or over their estimated useful life as follows:

D-Check (Airframe Heavy Maintenance Visit)	24,000 flight hours
Engines Shop Visits based on Engine Life Limited Parts	23,000 cycles
Airframe	7 years

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

2.4 Property, plant and equipment (continued)

Other tangible fixed assets are measured at cost less depreciation and impairment losses. Depreciation of other tangible fixed assets is calculated using the straight-line method to write off the cost of assets to their residual values over their estimated useful life as follows:

Other tangible fixed assets	3 – 6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Gain (loss) on sale of property, plant and equipment – net' in the income statement.

2.5 Impairment of non-financial assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Financial assets

2.6.1 Classification

The Company classifies its financial assets into the following measurement categories: loans and receivables, available-for-sale financial assets, and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. During all the periods presented the Company has not held any financial assets held to maturity categories.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the loans and receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

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

2.6.1 Classification (continued)

Financial assets at fair value through profit or loss

The Company classifies its investments in securities, as financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

(i) Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separable embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

(ii) Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company’s documented investment strategy. The Company’s policy requires the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. During the periods presented in these financial statements, all the financial assets at fair value through profit or loss have been designated to that category.

Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

2.6.2 Recognition and measurement

Gains or losses on financial assets at fair value through profit or loss are recognised in profit and loss.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for ‘financial assets at fair value through profit or loss’ – in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses). Interest on loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss as part of other income.

Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Company’s right to receive payments is established.

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

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.8 Inventory

Inventory consists of aircraft and aircraft components acquired which carrying amount is to be recovered through a sale transaction. Inventory is stated at the lower of cost and net realisable value.

2.9 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.
In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.10 Share capital

Ordinary shares are stated at their par value and classified as equity.

2.11 Trade payables and security deposits

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and security deposits are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables and security deposits are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Fair value of the security deposit at initial recognition is determined by discounting the nominal amount of cash received using the market interest rate.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.13 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Profit is taxable at a rate of 15% in accordance with Lithuanian regulatory legislation on taxation.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company’s activities, as described below.

(a) Sales of services

Revenue of the Company consists of lease revenue and other operational revenue.

As a lessor, the Company leases aircraft and engines under operating leases and reports rental income on a linear basis over the life of the lease as it is earned. All aircraft and engines lease agreements provide for the payment of a fixed, periodic amount of lease rentals.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.15 Revenue recognition (continued)

(c) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

2.16 Leases – where the Company is the lessor

Finance lease

Leases of property, plant and equipment where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease’s commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables except for instalments due within 12 months which are included in current liabilities.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as revenue to the statement of comprehensive on a straight-line basis over the period of the lease.

2.17 Employee benefits

Social security contributions

The Company pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Company pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. The social security contributions are recognised as an expense on an accrual basis and are included within employee related expenses.

2.18 Earnings (loss) per share

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

2.19 Fair value estimation

Financial instruments carried at fair value are analysed by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk, liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out by the General Manager. The General Manager identifies and evaluates financial risks in close co-operation with the Chief Financier. The General Manager provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

Market risk

(i) Foreign exchange risk

		2017
	USD	**EUR**
Reasonably possible change of EUR to USD in per cent		+/-5%
Financial assets denominated in EUR	22,805	19,016
Financial liabilities denominated in EUR	(1,027)	(856)
Projected effect on profit if negative change of EUR to USD	**(1,089)**	**(908)**
Projected effect on profit if positive change of EUR to USD	**1,089**	**908**

		2016
	USD	**USD**
Reasonably possible change of EUR to USD in per cent		-4.30%
Financial assets denominated in EUR	15,074	14,422
Financial liabilities denominated in EUR	294	282
Projected effect on profit if negative change of EUR to USD	**(636)**	**(608)**
Projected effect on profit if positive change of EUR to USD	**636**	**608**

The Company operates internationally and is exposed to foreign exchange risk arising from the Company's exposure to different currencies other than its functional currency (primarily to EUR). Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Company's functional currency.

Foreign exchange risk is controlled by entering into most contracts in the functional currency (USD) and monitoring exposures to other currencies.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and loans granted.

Credit risks are controlled by the application of credit terms and monitoring procedures. Company procedures are in force to ensure that services are sold only to customers with an appropriate credit history and do not exceed acceptable credit exposure limit. Cash transactions are limited to high credit quality financial institutions.

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

3.1 Financial risk factors (continued)

(i) Concentration risk

Risk of credit concentration is determined by the Company in relation to industry in which Company debtors operate. Concentration of credit risk of the Company arises from loans granted and receivables from related parties, loans granted and trade receivables. The only material credit risk concentration is with debtors operating in aviation business. See the table below for concentration risk analysis.

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Loans granted to debtors in aviation business	23,052	19,457	35,240	33,713
Trade and other receivables from customers in aviation business	812	679	1,452	1,390
	23,864	**20,136**	**36,692**	**35,103**

(ii) Maximum exposure of credit risk

The table below summarises all credit risk exposures relating to on-balance sheet items of the Company. Maximum exposure to credit risk before collateral held or other credit enhancements:

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Loans granted	29,167	24,320	37,202	35,590
Trade receivables	815	680	1,459	1,396
Other receivables	113	94	154	148
Cash and cash equivalents	422	352	263	252
	30,517	**25,446**	**39,078**	**37,386**

(iii) Financial assets neither past due nor impaired - credit quality of financial assets

(a) Trade receivables (trade customers without external credit rating)

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Group 1 – new customers (less than 6 months)	-	-	-	-
Group 2 – old customers (more than 6 months)	541	452	813	778
	541	**452**	**813**	**778**

The group old customers consist of customers with proven credit history and low risk of default.

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

3.1 Financial risk factors (continued)

(b) Cash and cash equivalents in banks (assessed in accordance with long – term borrowing ratings*)

		2017		2016
	USD	**EUR**	**USD**	**EUR**
A	3	3	-	-
A-	1	1	262	251
A+	417	346	-	-
AA-	1	2	1	1
	422	**352**	**263**	**252**

* - External long term borrowings ratings set by international agencies Standard & Poor's in March 2018.

(c) Loans granted

All loans granted are closely monitored by the management of the Company and therefore considered as low default risk.

Loans granted (customers without external credit rating):

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Group 1 – new customers/related parties (less than 6 months).	-	-	-	-
Group 2 – existing customers/related parties (more than 6 months) with no defaults in the past.	28,944	24,133	34,317	32,828
	28,944	**24,133**	**34,317**	**32,828**

(iv) Financial assets past due but not impaired

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Past due up to 3 months	351	293	2,253	2,157
Past due 4-6 months	61	51	936	895
Past due for more than 6 months	85	71	342	328
	497	**415**	**3,531**	**3,380**

(v) Impaired financial assets

Loans granted impaired

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Impaired loans granted – gross amount	3,133	2,774	4,486	4,052
Less: impairment of loans granted	(3,133)	(2,774)	(4,486)	(4,052)
Impaired loans granted – net amount	**-**	**-**	**-**	**-**

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

3.1 Financial risk factors (continued)

Trade and other receivables impaired

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Impaired trade and other receivables – gross amount	29	26	29	26
Less: impairment of receivables	(29)	(26)	(29)	(26)
Impaired trade and other receivables – net amount	**-**	**-**	**-**	**-**

Trade receivables that are less than six months past overdue are not considered impaired.

The impairment assessment of overdue trade receivables and loans granted is performed going individually through the customers list and assessing the expectation of recovery.

The provision for impaired receivables and loans granted has been included in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash and all appropriate documentation according to the legislations were collected.

Movement on provisions for impairment of loans granted:

		2017		2016
	USD	**EUR**	**USD**	**EUR**
At 1 January	**4,487**	**4,293**	**4,587**	**4,198**
Provision (reversal of provision) for trade receivables impairment	(1,353)	(1,197)	(100)	95
Exchange rate difference	-	(482)	-	-
At 31 December	**3,134**	**2,614**	**4,487**	**4,293**

Movement on provisions for impairment of trade and other receivables:

		2017		2016
	USD	**EUR**	**USD**	**EUR**
At 1 January	**29**	**30**	29	27
Exchange rate difference	-	3	-	3
At 31 December	**29**	**33**	**29**	**30**

Liquidity risk

Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Liquidity risk is managed by the General Manager, who is required to maintain a minimum required liquidity position.

In addition, the Company’s liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these. The table below analyses the Company’s financial liabilities into relevant maturity groupings based on remaining period at the balance sheet to the contractual maturity date.

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

3.1 Financial risk factors (continued)

The amounts disclosed in the table below are the contractual undiscounted cash flows.

USD	Less than 1 year	Between 1 and 2 years	Over 2 years
At 31 December 2017			
		-	-
Borrowings from related parties	12,679		
Trade and other payables	460	-	-
	13,139	**-**	**-**
At 31 December 2016			
Trade and other payables	334	-	-
	334	**-**	**-**

EUR	Less than 1 year	Between 1 and 2 years	Over 2 years
At 31 December 2017			
Borrowings from related parties	10,572	-	-
Trade and other payables	383	-	-
	10,955	**-**	**-**
At 31 December 2016			
Trade and other payables	320	-	-
	320	**-**	**-**

3.2 Capital risk management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including ‘current and non-current borrowings’ as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the balance sheet plus net debt.

As at 31 December the Company’s capital structure was as follows:

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Borrowings	12,197	10,170	-	-
Less: cash and cash equivalents	(422)	(352)	(263)	(252)
Net debt	11,775	9,818	(263)	(252)
Total equity	61,250	53,410	57,872	55,088
Total capital	**73,025**	**63,228**	**57,609**	**54,836**
Gearing ratio	16%		N/A	

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

3.2 Capital risk management (continued)

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public limited liability company and private limited liability company must be not less than EUR 40,000 and EUR 2,500 respectively and the equity capital of the company may not be less than 1/2 of the authorised capital indicated in the Articles of Association. As of 31 December 2017 the Company complied with these requirements.

3.3 Fair value estimation

The fair value of financial assets and financial liabilities for the disclosure purposes is estimated by discounting the cash flows from each class of financial assets or financial liabilities.

The carrying value less impairment losses of trade receivables and carrying value of payables are assumed to approximate their fair value. The carrying value of borrowings approximate their fair value because interest rates applied are similar to the market interest rates at balance sheet dates. Fair value of loans granted approximate the book value because interest rates applied are similar to the market interest rates at balance sheet dates due to the loans granted agreements are renewed yearly.

The fair values of Company’s loans granted, borrowings and trade and other receivables and trade and other payables are within level 3 of the fair value hierarchy and available for sale financial assets which are within level 1. No assets and liabilities are within level 2.

4 Critical accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

(a) Significant judgement: joint venture with more than 50% ownership

The management has concluded that the Company does not control AviaAM Financial Leasing China Co., Ltd., even though it holds more than half of the voting rights of this entity. This is because the shareholders agreement in relation to AviaAM Financial Leasing China Co., Ltd. requires unanimous consent from both parties for all relevant activities. The two partners have rights to the net assets of the joint venture. This entity is therefore classified as a joint venture in separate financial statements and the Company does not consolidate it.

(b) Significant estimate: recoverability of loans granted

The group assesses at the end of each reporting period whether there is objective evidence that a loans granted is impaired. The existence of impairment is evidenced if one or more events occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows. The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The assumptions used impacts the calculation of the future cash flows.

Any changes in the assumptions related to future cash flows could result in significant changes in the value of loans granted and could have a significant impact on the financial statements.

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

5 Revenue

		2017		2016
	USD	EUR	USD	EUR
Lease revenue	782	692	840	759
Consultancy services revenue	878	764	592	558
	1,660	**1,456**	**1,432**	**1,317**

The future aggregate minimum lease revenue (not including supplemental maintenance rent) under operating leases is as follows:

		2017		2016
	USD	EUR	USD	EUR
Not later than 1 year	420	372	840	769
Later than 1 year but not later than 5 years	-	-	1,008	910
Later than 5 years	-	-	-	-
	420	**372**	**1,848**	**1,679**

The chief operating decision maker of the Company has been identified as the General Manager, which is responsible for allocating resources and assessing performance of the Company. The General Manager has determined that the activities of the Company form a single operating segment – aircraft leasing and trading, including consultancy services in relation to any aircraft business. 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.

The segment’s sales to external customers are derived from the following single customers (the customers whose sales revenue exceed 10 per cent of total sales revenue of that segment in any of the years):

		2017		2016
Lease and sale customers	USD	EUR	USD	EUR
Customer B	420	374	420	381
Customer C	362	321	420	379
	782	**694**	**840**	**760**

The segment’s aircraft lease and sales revenue according to geographical location (based on the residence of customers):

		2017		2016
Country	USD	EUR	USD	EUR
Lithuania	782	692	840	759
	782	**692**	**840**	**759**

The segment’s non-current assets (engines on leases) according to geographical location (based on the residence of lessees):

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

5 Revenue (continued)

		2017		2016
Country	**USD**	**EUR**	**USD**	**EUR**
Kazakhstan	508	424	660	631
Belarus	-	-	1,116	1,068
	508	**424**	**1,776**	**1,699**

6 Reversal of impairment of loan granted to subsidiary

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Reversal of impairment of loan granted to subsidiary	1,352	1,197	-	-
	1,352	**1,197**	**-**	**-**

7 Employee related expenses

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Salaries	818	725	492	436
Social insurance expenses	238	210	149	144
	1,056	**935**	**641**	**580**

8 Other operating expenses

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Legal and translation expenses	244	216	310	280
Representation expenses	216	190	165	151
Training expenses	147	130	152	138
Travelling expenses	169	150	149	134
Marketing expenses	133	120	122	111
Database usage expenses	67	59	83	74
Charity expenses	81	75	71	65
Other tax expenses	41	36	61	54
Fuel costs	81	71	46	41
Office running costs	36	32	33	30
Expenses related to listing	105	91	33	29
Other fixed assets depreciation	21	19	31	28
Management services	37	33	30	28
Insurance expenses	20	17	19	18
Audit and accounting expenses	16	15	9	9
Bank fees	18	16	8	8
Other administrative costs	2	2	3	2
	1,434	**1,272**	**1,325**	**1,200**

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

8 Other operating expenses (continued)

Services provided by the Audit company to the Company in 2017:

		2017
	USD	**EUR**
Financial audit services	25	22
Assurance and other related services	-	-
Tax advice	-	-
Other services	-	
Total	**25**	**22**

9 Finance income – net

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Fines and penalties	34	30	6	6
Foreign exchange income	2,630	2,330	-	-
Finance income	**2,664**	**2,360**	**6**	**6**
Interest expenses	(471)	(400)	(3)	(3)
Foreign exchange loss	-	-	(299)	(275)
Finance costs	**(471)**	**(400)**	**(302)**	**(278)**
Finance income (costs) – net	**2,193**	**1,960**	**(296)**	**(272)**

The company experienced high impact of USD/EUR currency exchange rate fluctuation on loans provided in Euros. Total foreign exchange income on loans granted was USD 2,422 thousand (EUR 2,147 thousand) in 2017, compared with foreign exchange loss of USD 654 thousand (EUR 591 thousand) in 2016.

10 Income tax

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Current tax	-	-	719	687
Deferred tax	(72)	(71)	(20)	(14)
Total income tax expenses (benefit)	**(72)**	**(71)**	**699**	**673**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

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

10 Income tax (continued)

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Profit (loss) before tax	**3,598**	**3,230**	**7,453**	**7,048**
Tax calculated at a tax rate of 15%	540	485	1,118	1,057
Tax effects of:				
- Expenses non-deductible for tax purposes	31	27	30	27
- Non-taxable incomes	-	-	(1,033)	(933)
- Deferred tax assets not recognised	-	-	-	-
- Effect of changes of tax rate	-	-	-	-
- Impact of foreign exchange differences	(643)	(583)	248	219
- Other eliminations	-	-	336	303
Total income tax expenses (benefit)	**(72)**	**(71)**	**699**	**673**

11 Earnings per share

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

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Net profit attributable to shareholders	3,670	3,301	6,754	6,375
Weighted average number of ordinary shares issued (thousand)	43,306		43,306	
Basic earnings per share (USD/EUR)	**0.085**	**0.076**	**0.156**	**0.147**

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

12 Property, plant and equipment

USD	**Aircraft and engines**	**Other tangible fixed assets**	**Total**
Opening net book amount as at 1 January 2016	**1,395**	**156**	**1,551**
Additions	-	31	**31**
Disposals	-	-	**-**
Depreciation charge	(153)	(18)	**(171)**
Closing net book amount as at 31 December 2016	**1,242**	**169**	**1,411**
At 31 December 2016			
Cost	2,093	234	**2,327**
Accumulated depreciation and impairment	(851)	(65)	**(916)**
Net book amount	**1,242**	**169**	**1,411**

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

12 Property, plant and equipment (continued)

Opening net book amount as at 1 January 2017	**1,242**	**169**	**1,411**
Additions	-	65	**65**
Disposals	(533)	-	**(533)**
Depreciation charge	(201)	(49)	**(250)**
Closing net book amount as at 31 December 2017	**508**	**185**	**693**
At 31 December 2017			
Cost	546	299	**845**
Accumulated depreciation and impairment	(38)	(114)	**(152)**
Net book amount	**508**	**185**	**693**

EUR	**Aircraft and engines**	**Other tangible fixed assets**	**Total**
Opening net book amount as at 1 January 2016	1,328	143	**1,471**
Additions	-	28	**28**
Disposals	-	-	**-**
Depreciation charge	(137)	(16)	**(153)**
Exchange differences	76	7	**83**
Closing net book amount as at 31 December 2016	**1,267**	**162**	**1,429**
At 31 December 2016			
Cost	2,002	214	**2,296**
Accumulated depreciation and impairment	(735)	(52)	**(59)**
Net book amount	**1,267**	**162**	**1,429**
Opening net book amount as at 1 January 2017	**1,267**	**162**	**1,429**
Additions	-	58	**58**
Disposals	(472)	-	**(472)**
Depreciation charge	(179)	(43)	**(222)**
Exchange differences	(192)	(23)	**(215)**
Closing net book amount as at 31 December 2017	**424**	**154**	**578**
At 31 December 2017			
Cost	522	272	**794**
Accumulated depreciation and impairment	(98)	(118)	**(216)**
Net book amount	**424**	**154**	**578**

13 Investments into joint ventures

In 2016, the Company acquired a 51% stake in a joint venture AviaAM Financial Leasing China Co. Ltd., established on 4 August 2016. The initial investment in joint venture was USD 15,300 thousand (EUR 14,300 thousand).

In 2017, The Company made additional investment in joint venture of USD 23,715 thousand (EUR 20,486 thousand), by transferring U.S. dollars. The Company’s investments in joint venture amounted to USD 39,015 thousand (EUR 34,786 thousand) as at 31 December 2017.

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

13 Investments into joint ventures (continued)

Nature of investment in joint venture:

Name of Entity	Place of business / country of incorporation	% of ownership interest	Measurement method
AviaAM Financial Leasing China Co.	People's Republic of China	51	Equity

The joint venture is a private company and there is no quoted market place available for its shares.

There are no contingent liabilities relating to the Company's interest in the joint venture.

14 Investments into subsidiaries

		2017		2016
	USD	EUR	USD	EUR
AviaAM B01 UAB	3.8	2.9	3.8	2.9
AviaAM B02 UAB	3.8	2.9	3.8	2.9
AviaAM B04 UAB	2,003.0	1,448.1	2,003.0	1,448.1
AviaAM B05 UAB	3.9	2.9	3.9	2.9
AviaAM B06 UAB	3.9	2.9	3.9	2.9
AviaAM B07 UAB	3.7	2.9	3.7	2.9
AAL Capital Aircraft Holdings Ltd	6.8	5.0	6.8	5.0
DG21 UAB	10.9	10.0	10.9	10.0
DG AVIA UAB	1,483.7	1,321.5	-	-
AviaAM B10 Ltd	0.1	0.1	0.1	0.1
AAL Aircraft Investment LTD	1.1	1.0	1.1	1.0
Impairments in subsidiaries	(2,004.1)	(1,448.1)	(2,004.1)	(1,448.1)
	1,520.6	**1,352.1**	**36,9**	**30,6**

15 Available-for-sale financial assets

		2017		2016
	USD	EUR	USD	EUR
Opening amount as at 1 January	**2,125**	**2,033**	**1,012**	**927**
Exchange differences	-	-	-	63
Additions	-	-	400	361
Disposals	-	-	-	-
Net gains/(losses) transferred to equity	(379)	(577)	713	682
Closing amount as at 31 December	**1,746**	**1,456**	**2,125**	**2,033**
Less non-current portion	-	-	-	-
Current portion	**1,746**	**1,456**	**2,125**	**2,033**

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

15 Available-for-sale financial assets (continued)

Available-for sale financial assets include the following:

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Listed securities:				
Equity securities – Lithuania	1,746	1,456	2,125	2,033
	1,746	**1,456**	**2,125**	**2,033**

Available-for sale financial assets are denominated in the following currencies:

		2017		2016
	USD	**EUR**	**USD**	**EUR**
PLN	1,746	1,456	2,125	2,033
	1,746	**1,456**	**2,125**	**2,033**

None of these financial assets are impaired.

16 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include the following:

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Financial assets at fair value through profit or loss	-	-	14,600	13,980
Interests	-	-	223	201
	-	**-**	**14,823**	**14,181**

In 2016, the Company has subscribed for Profit Participation Notes (hereinafter – the “Notes”) issued by one of its Irish subsidiaries – AviaAM B10 Ltd (hereinafter – the “Subsidiary” or the “Issuer”). The purpose of this arrangement was to provide necessary funding to the Subsidiary for the acquisition of four Airbus A321 aircraft. The overall amount of the Notes issued by the Subsidiary is USD 40 million and as at 31 December 2016 the Company subscribed and paid-up for USD 14.6 million of the Notes. The Issuer may request further payments through capital calls issued to the Company and the Company is obliged to subscribe for that certain specified amount. The key terms of the Notes are:

- The Company is entitled to receive “interest” equal to all income and gains earned by the Subsidiary less any losses, less operating expenses and costs and less carry forward losses;
- “Interest” is payable at the end of the annual reporting period to the extend the Issuer has unencumbered cash to make the payment;
- “Interest” is cumulative and any accrued but unpaid amounts have to be settled on the final maturity date and the final redemption amount for capital and unpaid interest is 12 April 2026, however the Issuer has the right to redeem the notes early at any time.

The Company conducted the valuation of the Profit Participation Notes at inception and as at 31 December 2016. The valuation was carried out by the Company’s internal management’s experts using the income approach. The fair value of investment was determined using the inputs and ratios reasonably reflecting the investment.

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

16 Financial assets at fair value through profit or loss (continued)

As for the income approach, the discounted cash flow method was used. It was based on free cash flow forecasts made by the management's experts for the period of 8 years, which is the term of four aircraft lease agreements entered by the Subsidiary with its customer. The Subsidiary was the owner of four Airbus 321 aircraft as at 31 December 2016. Free cash flows were calculated as lease and additional lease income less interest on bank financing (other than "interest" above) and less capital, aircraft maintenance and other expenses and plus cash inflow from sale of aircraft at the end of the lease term.

The Company's financial assets at fair value through profit or loss included assets attributed to Level 3 in the fair value hierarchy (Note 2.20).

The fair value of the Notes amounted to USD 0.2 million at the date of inception, which was 12 April 2016, being the inception date of the Deed Poll issued by the Subsidiary in respect to the creation and issuance of the Notes. Subsequently during the year ended 31 December 2016 the Company subscribed and paid for USD 14.6 million of the Notes and the fair value of the Notes amounted to USD 14.8 million as at 31 December 2016. There were no fair value gains or losses recognized since the inception of the Notes.

The table below presents the inputs and the fair value valuation techniques (Level 3) for the Notes and the sensitivity analysis due to changes in the inputs used as at 31 December 2016:

Description	Fair value, USD '000	Valuation technique	Unobservable inputs	Input value	Reasonable possible shift -/+	Change in valuation +/- (thousand, USD)
Profit Participation Notes	14,6	Discounted cash flow	Cost of capital	5 %	-/+ 0.5 pp	548 / (522)
			Expected cash inflows from supplemental lease rent of one aircraft (average)	USD 14,003 thousand	-/+ 10 pp	(3,223) / 3,669
			Expected cash inflows from sale of one aircraft	USD 5,500 thousand	-/+ 10 pp	(1,418) / 1,418
			Expected cash outflow from maintenance of one aircraft (average)	USD 14,184 thousand	-/+ 10 pp	(4,377) / 4,822

The fair value was based on discounted cash flow method, which was selected by the management's internal experts as the best representation of the company specific earnings potential.

In the opinion of the management, the fair value was determined appropriately using the inputs and ratios properly selected and reasonably reflecting the investments.

In April 2017 the Company sold Profit Participation Notes. The transaction resulted in net gain of USD 0.47 million.

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

17 Loans granted

	2017 USD	2017 EUR	2016 USD	2016 EUR
Non-current loans				
Loans granted to related parties (weighted average interest rate 4.11) (Note 26)	23,700	19,762	5,148	4,913
Bonds acquired from related parties (interest rate 5.2%)	3,943	3,288	1,751	1,675
Less: provision for impairment of loans granted to related parties	(3,134)	(2,614)	(4,487)	(4,293)
Loans granted to third parties (weighted average interest rate 7.11%)	2,462	2,053	2,355	2,253
	26,971	**22,489**	**4,767**	**4,548**
Current loans				
Loans granted to related parties (weighted average interest rate 4.11%) (Note 26)	43	36	13,569	12,981
Loans granted to third parties (weighted average interest rate 7.11%)	2,153	1,795	4,266	4,081
	2,196	**1,831**	**17,835**	**17,062**
Total loans granted	**29,167**	**24,320**	**22,602**	**21,610**

The nominal amounts of the loans granted are denominated in the following currencies:

	2017 USD	2017 EUR	2016 USD	2016 EUR
USD	7,287	6,076	8,420	8,042
EUR	21,880	18,244	14,182	13,568
	29,167	**24,320**	**22,602**	**21,610**

18 Trade and other receivables

	2017 USD	2017 EUR	2016 USD	2016 EUR
Trade receivables from third parties	179	150	676	647
Less: provision for impairment of trade receivables	(29)	(25)	(29)	(28)
Trade receivables from third parties – net	**150**	**125**	**647**	**619**
Receivables from related parties	665	555	812	777
Other current assets	113	94	154	148
Prepayments	101	84	8	8
VAT receivables	29	25	13	12
	1,058	**883**	**1,634**	**1,564**
Non-current portion:	-	-	-	-
Current portion:	**1,058**	**883**	**1,634**	**1,564**

The nominal amounts of the trade and other receivables are denominated in the following currencies:

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

18 Trade and other receivables (continued)

	2017		2016	
	USD	**EUR**	**USD**	**EUR**
USD	315	264	799	765
EUR	743	619	835	799
	1,058	**883**	**1,634**	**1,564**

19 Cash and cash equivalents

Cash and cash equivalents are dominated in following currencies:

	2017		2016	
	USD	**EUR**	**USD**	**EUR**
EUR	182	153	57	55
USD	240	199	206	197
	422	**352**	**263**	**252**

20 Share capital and reserves

Share capital

On 31 December 2017 and 31 December 2016 the share capital of the Company amounted to EUR 12,558,622 (USD 16,804 thousand) and consisted of 43,305,593 ordinary registered shares with a nominal value of EUR 0.29 each. All shares were fully paid up.

Share premium

On 21 June 2013 the Company issued additional 13,857,790 ordinary shares with a par value EUR 0.29 each for issue price of PLN 8 (32.0% of the total ordinary share capital issued). Following the increase of the capital, gross share premium amounts to USD 29,463 thousand (EUR 20,878 thousand). On 28 June 2013 shares of the Company were introduced to trading at Warsaw Stock Exchange.

	USD	**EUR**
The balance of share premium as at 31 December 2016	27,972	20,878
The balance of share premium as at 31 December 2017	27,972	20,878

Legal reserve

The legal reserve is compulsory under the Lithuanian Law on Companies and is formed from profit to be appropriated. Annual transfers of 5 per cent of net profit are required until the reserve reaches 10 per cent of the authorised share capital. The legal reserve may be used to cover the accumulated losses. A part of the legal reserve in excess of 10 per cent of the authorised share capital may be redistributed when appropriation of profit for the following financial year is performed. Legal reserve comprises only the legal reserve of the Company.

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

20 Share capital and reserves (continued)

Reserve for own shares

In 2015 the Company created reserve for redemption of own shares and transferred USD 1,315 thousand (EUR 1,204 thousand) from retained earnings to this reserve.

In 2017 the Company’s shareholders decided to reverse the aforementioned reserve for the acquisition of own shares.

Revaluation reserve (deficit) of financial assets

Revaluation reserve comprises increase (decrease) in the value of financial assets available for sale (Note 15) net of deferred income tax (Note 23).

Cumulative translation reserve

Cumulative translation reserve represents accumulated foreign exchange differences arising from translation of Company’s balances and results from functional currency USD to presentation currency EUR.

Dividends

On 29 April 2016 The Annual General Meeting of Shareholders of the Company adopted the decision to pay out annual dividends in the amount of EUR 0.02 per share**.** The dividends in the total amount of USD 982 thousand (EUR 866 thousand) were offset with loans granted (Note 26) or paid out by 27 May 2016. No dividends were paid in 2017.

21 Borrowings

		2017		**2016**
	USD	**EUR**	**USD**	**EUR**
Current				
Loans from related parties (Note 26)	12,197	10,170	-	-
	12,197	**10,170**	**-**	**-**

The nominal amounts of the borrowings are denominated in the following currencies:

		2017		**2016**
	USD	**EUR**	**USD**	**EUR**
USD	11,597	9,670	-	-
EUR	600	500	-	-
	12,197	**10,170**	**-**	**-**

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

21 Borrowings (continued)

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Less than 1 year	11,597	9,670	-	-
Between 1 and 5 years	-	-	-	-
Over 5 years	-	-	-	-
	11,597	**9,670**	**-**	**-**

22 Trade and other payables

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Trade and other payables – financial liabilities				
Trade payables	90	75	74	71
Trade payables to related parties (Note 26)	35	30	50	48
Salaries and social security payable, including vacation accrual	184	153	78	74
Other short term liabilities	92	76	120	115
Accruals	59	49	12	12
	460	**383**	**334**	**320**

The carrying amounts of the Company’s trade and other payables are denominated in the following currencies:

		2017		2016
	USD	**EUR**	**USD**	**EUR**
USD	33	27	40	38
EUR	427	356	294	282
	460	**383**	**334**	**320**

23 Deferred income taxes

The movement in deferred tax assets and liabilities of the Company (prior to offsetting of balances) is as follows:

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Deferred tax assets				
At beginning of the period	25	29	172	145
Recognised through profit (loss)	46	46	-	-
Recognised through other comprehensive income	87	67	(147)	(112)
Exchange rate differences	-	(1)	-	(4)
At end of year	**158**	**141**	**25**	**29**

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

23 Deferred income taxes (continued)

	2017 USD	2017 EUR	2016 USD	2016 EUR
Deferred tax liabilities				
At beginning of the period	(81)	(82)	(102)	(81)
Recognised through profit (loss)	26	25	21	(1)
At end of year	**(55)**	**(5760)**	**(81)**	**(82)**

The analysis of deferred tax assets and deferred tax liabilities is as the follows:

	2017 USD	2017 EUR	2016 USD	2016 EUR
Deferred tax assets				
Deferred tax to be recovered within 1 year	-	-	-	-
Deferred tax to be recovered after 1 year	158	141	25	29
	158	**141**	**25**	**29**
Deferred tax liability				
Deferred tax to be recovered within 1 year	-	-	-	-
Deferred tax to be recovered after 1 year	(55)	(57)	(81)	(82)
	(55)	**(57)**	**(81)**	**(82)**

Deferred income tax asset for the year is recognised to the extent that the realization of the related tax benefit through the future taxable profit is probable.

The movement in deferred tax assets and deferred tax liabilities of the Company (prior to offsetting of balances) are as follows:

USD **Deferred tax assets**	Difference between tax basis and accounting basis (fair value) of aircraft	Revaluation of financial assets available for sale	**Total**
At 31 December 2015	**-**	**172**	**172**
Charged / (credited) to the profit or loss	-	(147)	(147)
At 31 December 2016	**-**	**25**	**25**
Charged / (credited) to the profit or loss	46	-	46
Charged / (credited) to other comprehensive income	**-**	87	87
At 31 December 2017	**46**	**112**	**158**

USD **Deferred tax liabilities**	Exchange rate differences for tax purposes (depreciation)	Difference between tax basis and accounting basis (fair value) of aircraft	**Total**
At 31 December 2015	**(62)**	**(40)**	**(102)**
Charged / (credited) to the profit or loss	(11)	32	**21**
At 31 December 2016	**(73)**	**(8)**	**(81)**
Charged / (credited) to the profit or loss	26	-	**26**
At 31 December 2017	**(47)**	**(8)**	**(55)**

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

23 Deferred income taxes (continued)

EUR **Deferred tax assets**	Difference between tax basis and accounting basis (fair value) of aircraft	Revaluation of financial assets available for sale	**Total**
At 31 December 2015	**-**	**145**	**145**
Charged / (credited) to the profit or loss	-	(141)	(141)
Exchange rate difference	-	25	25
At 31 December 2016	**-**	**29**	**29**
Charged / (credited) to the profit or loss	38	-	38
Charged / (credited) to other comprehensive income	-	73	73
Exchange rate difference	-	1	1
At 31 December 2017	**38**	**103**	**141**

EUR **Deferred tax liabilities**	Exchange rate differences for tax purposes (depreciation)	Difference between tax basis and accounting basis (fair value) of aircraft	**Total**
At 31 December 2015	**(44)**	**(37)**	**(81)**
Charged / (credited) to the profit or loss	(32)	31	(1)
Exchange rate difference	-	-	-
At 31 December 2016	**(76)**	**(6)**	**(82)**
Charged / (credited) to the profit or loss	25	-	25
Exchange rate difference	-	-	-
At 31 December 2017	**(51)**	**6**	**(57)**

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 following amounts, determined after appropriate offsetting, are shown in the balance sheet:

		2017		**2016**
	USD	**EUR**	**USD**	**EUR**
Deferred tax assets	158	141	25	29
Deferred tax liabilities	(55)	(57)	(81)	(82)
	103	**84**	**(56)**	**(53)**

Deferred income tax asset and liability are calculated at 15% rate.

24 Commitments and contingencies

As at 31 December 2017 and 31 December 2016 the Company did not have any significant commitments and contingencies.

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

25 Financial instruments by category

Category – loans and receivables

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Loans to related parties – net	20,609	17,184	16,585	15,854
Loans to third parties – net	6,096	5,083	6,017	5,757
Trade receivables and receivables from related parties – net	665	555	812	777
Trade receivables from third parties – net	150	125	646	618
Other receivables	113	94	154	148
Dividends receivable	-	-	-	-
Cash and cash equivalents	422	352	263	252
	28,055	**23,393**	**24,477**	**23,406**

Category – financial assets at fair value through profit loss

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Financial assets at fair value through profit or loss	-	-	14,823	14,181

Category – financial liabilities measured at amortised cost

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Loans from related parties	12,197	10,170	-	-
Trade payables	90	75	74	71
Trade payables to related parties	36	30	50	48
Accruals and other payables	150	125	132	126
	12,473	**10,400**	**256**	**245**

26 Related party transactions

Related parties of the Company include Subsidiaries of the Company, entities having significant influence over the Company, key management personnel of the Company and other related parties. Entities having significant influence over the Company 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 Company and subsidiaries of ZIA Valda AB group. They are presented as other related parties. The following transactions were carried out with related parties:

		2017		2016
	USD	**EUR**	**USD**	**EUR**
Sales of services to:				
Subsidiaries	2,663	2,358	1,485	1,341
Entities having significant influence	167	148	249	225
Other related parties	527	467	585	529
	3,357	**2,973**	**2,319**	**2,095**

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

26 Related party transactions (continued)

		2017		2016
	USD	EUR	USD	EUR
Purchases of services from:				
Subsidiaries	467	414	3	3
Entities having significant influence	1	1	2	1
Other related parties	336	297	412	372
	804	**712**	**417**	**376**

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

Trade and other receivables from related parties

		2017		2016
	USD	EUR	USD	EUR
Subsidiaries	520	434	5,297	5,068
Dividends receivable	-	-	6,541	6,258
Other related parties	145	121	86	82
Trade and other receivables at nominal value	**665**	**555**	**11,924**	**11,408**
Less: provision for impairment of receivables from related parties	-	-	-	-
	665	**555**	**11,924**	**11,408**

The ageing of trade and other receivables from related parties is as follows:

Trade and other receivables from related parties

		2017		2016
	USD	EUR	USD	EUR
Of which not overdue	390	326	759	727
Overdue up to 3 months	161	134	47	45
4 to 6 months	59	49	2	2
Overdue more than 6 months	55	46	4	3
	665	**555**	**812**	**777**

Payables to and prepayments from related parties

		2017		2016
	USD	EUR	USD	EUR
Subsidiaries	1	1	1	1
Other related parties	34	29	49	47
	35	**30**	**50**	**48**

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

26 Related party transactions (continued)

As at 31 December 2017 and 31 December 2016, payables consisted of payables for services purchased.

Loans received from related parties - subsidiaries

		2017		2016
	USD	EUR	USD	EUR
Beginning of the year			-	-
Loans received during the year as monetary transaction	32,018	26,697	333	318
Loans received during the year as non-monetary transaction	21,495	17,923	-	-
Loan repayments and offset as monetary transaction	(41,500)	(34,604)	(333)	(300)
Loan repayments and offset as non-monetary transaction	(5,000)	(4,169)	-	-
Interest on loans charged	472	394	3	3
Interest on loans repaid	(295)	(246)	(3)	(3)
Exchange rate differences	8	6	-	(18)
End of the year	**12,197**	**10,170**	**-**	**-**

Loans granted to related parties

		2017		2016
	USD	EUR	USD	EUR
Beginning of the year	**16,585**	**15,854**	**22,757**	**20,828**
Loans advanced during the year as monetary transaction	4,920	4,357	1,623	672
Loan repayments received as monetary transactions	(32)	(28)	(7,220)	(6,521)
Loan repayments received as non-monetary transactions	(1,475)	(1,307)	(63)	(57)
Interest charged	747	661	1,123	1,014
Interest received as monetary transaction	(57)	(50)	(987)	(892)
Impaired loans and receivable interest	-	-	-	-
Exchange rate differences	2,384	(250)	(648)	810
End of the year	**23,071**	**19,237**	**16,585**	**15,854**

		2017		2016
	USD	EUR	USD	EUR
Loans granted to subsidiaries (weighted average interest rate 4.11%)	9,248	7,713	6,497	6,201
Less: provision for impairment of loans granted to subsidiaries	(3,134)	(2,614)	(4,487)	(4,291)
Loans granted to entities having significant influence (weighted average interest rate 4.0%)	5,123	4,271	4,310	4,124
Loans granted to other related parties (weighted average interest rate 4.18%)	9,372	7,814	7,910	7,567
Bonds acquired from related parties	2,462	2,053	2,355	2,253
	23,071	**19,237**	**16,585**	**15,854**

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

26 Related party transactions (continued)

Profit Participation Notes

	2017		2016	
	USD	**EUR**	**USD**	**EUR**
Subsidiaries (Note 14)	-	-	14,823	14,181

As at 31 December 2017, all loans granted mature in 2018 – 2019 and weighted average effective interest rate of these loans is 4.15 per cent (2016: 5.55 per cent).
In the normal course of business the Company enters into transactions with their related parties. These transactions are priced predominantly at market rates. Judgement is applied in determining if transactions are priced at market or non-market rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties.

27 Remuneration of the Company’s key management personnel

General manager, operating manager and chief financier are considered as the key management personnel of the Company.

	2017		2016	
	USD	**EUR**	**USD**	**EUR**
Salaries	288	255	110	99
Social insurance expenses	100	89	34	31
	388	**344**	**144**	**130**

28 Events after the balance sheet date

In March 2018 a number of shareholders of the Company submitted tender offer, aimed at delisting of shares of the Company from trading on the Warsaw Stock Exchange.