AVIAAM LEASING AB

INDEPENDENT AUDITOR'S REPORT,

FINANCIAL STATEMENTS AND

STAND-ALONE ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

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Independent Auditor's Report

To the shareholders of AviaAM Leasing AB

Report on the financial statements

We have audited the accompanying separate financial statements of AviaAM Leasing UAB ("the Company") set out on pages 5 to 44, which comprise the balance sheet as of 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2015, and 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.

Report on other legal and regulatory requirements

Furthermore, we have read the annual report for the year ended 31 December 2015 set out on pages 45 to 71 and have not noted any material inconsistencies between the financial information included in it and the audited financial statements for the year ended 31 December 2015.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania
4 April 2016

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

STATEMENT OF COMPREHENSIVE INCOME

	Note		2015		2014
		USD	EUR	USD	EUR
Revenue	5	665	601	545	416
Interest income on loans		1,879	1,692	2,045	1,549
Depreciation of aircraft and engines	13	(147)	(132)	(74)	(57)
Revaluation of aircraft and engines	13	262	241	(7)	(6)
Impairment of investment and loans granted to a subsidiary	6	(6,591)	(5,670)	-	-
Aircraft and engines maintenance expenses		(77)	(69)	(52)	(39)
Employee-related expenses	7	(396)	(357)	(393)	(296)
Other operating expenses	8	(893)	(807)	(992)	(745)
Gain from sale of subsidiary		-	-	90	65
Other gain (losses) net	9	26	23	1,920	1,334
Operating profit		**(5,272)**	**(4,478)**	**3,082**	**2,221**
Finance income	10	5,035	4,681	12,132	9,728
Finance costs	10	(1,513)	(1,364)	(1,392)	(1,049)
Finance costs – net		**3,522**	**3,317**	**10,740**	**8,679**
Profit (loss) before income tax		**(1,750)**	**(1,161)**	**13,822**	**10,900**
Income tax	11	(759)	(685)	(984)	(788)
Profit (loss) for the year		**(2,509)**	**(1,846)**	**12,838**	**10,112**
Other comprehensive income (costs)					
Items that will not be reclassified to profit or loss:					
Currency translation differences on translation to presentation currency		-	5,263	-	4,761
Items that may be reclassified to profit or loss:					
Revaluation of available for sale investments		(380)	(254)	(971)	(798)
Deferred income tax on revaluation of available for sale investments		26	38	146	120
Total other comprehensive income (costs)		**(354)**	**5,047**	**(825)**	**4,083**
Total comprehensive income		**(2,863)**	**3,201**	**12,013**	**14,195**
Basic and diluted earnings (loss) per share (USD/EUR)	12	(0.06)	(0.04)	0.30	0.23

The notes on pages 10 to 44 are an integral part of these financial statements.

The financial statements on pages 5 to 44 have been approved by the Management Board as at 2016 and signed by the General Manager.

Tadas Goberis
General Manager

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

BALANCE SHEET

	Note	31 December 2015 USD	31 December 2015 EUR	31 December 2014 USD	31 December 2014 EUR
ASSETS					
Non-current assets					
Property, plant and equipment	13	2,353	2,154	2,261	1,859
Intangible assets		-	-	1	1
Investments in subsidiaries	14	38	30	2,031	1,467
Available-for-sale financial assets	15	1,012	927	881	725
Loans granted	16	5,476	5,012	11,063	9,095
Deferred income tax assets	22	70	64	236	194
		8,949	**8,187**	**16,473**	**13,341**
Current assets					
Inventory		76	67	85	70
Loans granted	16	24,967	22,851	23,628	19,426
Trade and other receivables	17	6,146	5,625	1,148	944
Cash and cash equivalents	18	12,830	11,743	20,120	16,541
		44,019	**40,286**	**44,981**	**36,981**
Total assets		**52,968**	**48,473**	**61,454**	**50,322**
EQUITY					
Equity attributable to the Company's equity shareholders					
Share capital	19	16,804	12,559	16,804	12,542
Share premium	19	27,972	20,878	27,972	20,878
Legal reserve	19	1,739	1,254	1,739	1,254
Reserve for own shares	19	1,315	1,204	-	-
Cumulative translation reserve	19	-	8,826	-	3,563
Revaluation reserve (deficit) of financial assets	19	(1,179)	(1,079)	(825)	(678)
Retained earnings		5,691	4,259	13,891	11,224
Total equity		**52,342**	**47,901**	**59,581**	**48,783**
LIABILITIES					
Current liabilities					
Borrowings	20	-	-	826	679
Trade and other payables	21	316	289	356	291
Current income tax liabilities		310	283	691	569
		626	**572**	**1,873**	**1,539**
Total liabilities		**626**	**572**	**1,873**	**1,539**
Total equity and liabilities		**52,968**	**48,473**	**61,454**	**50,322**

The notes on pages 10 to 44 are an integral part of these financial statements.

Tadas Goberis
General Manager

(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 31 December 2013 / 1 January 2014		**16,804**	**27,972**	**1,130**	**-**	**-**	**5,140**	**51,046**
Comprehensive income								
Revaluation of financial assets available for sale	15	-	-	-	-	(971)	-	(971)
Deferred income tax on revaluation of financial assets available for sale		-	-	-	-	146	-	146
Other comprehensive income (loss)		**-**	**-**	**-**	**-**	**(825)**	**-**	**(825)**
Profit for the year		-	-	-	-	-	12,838	12,838
Total comprehensive income		**-**	**-**	**-**	**-**	**(825)**	**12,838**	**12,013**
Transactions with owners								
Transfer to reserves	19	-	-	609	-	-	(609)	-
Dividends	19	-	-	-	-	-	(3,478)	(3,478)
Total transactions with owners		**-**	**-**	**609**	**-**	**-**	**4,376**	**4,985**
Balance at 31 December 2014 / 1 January 2015		**16,804**	**27,972**	**1,739**	**-**	**(825)**	**22,354**	**68,044**
Comprehensive income								
Revaluation of financial assets available for sale	15	-	-	-	-	(380)	-	(380)
Deferred income tax on revaluation of financial assets available for sale		-	-	-	-	26	-	26
Other comprehensive income (loss)		**-**	**-**	**-**	**-**	**(354)**	**-**	**(354)**
Profit for the year		-	-	-	-	-	(2,509)	(2,509)
Total comprehensive income		**-**	**-**	**-**	**-**	**(354)**	**(2,509)**	**(2,863)**
Transactions with owners								
Transfer to reserve for own shares	19	-	-	-	1,315	-	(1,315)	-
Dividends	19	-	-	-	-	-	(4,376)	(4,376)
Total transactions with owners		**-**	**-**	**-**	**1,315**	**-**	**(5,691)**	**(4,376)**
Balance at 31 December 2015		**16,804**	**27,972**	**1,739**	**1,315**	**(1,179)**	**14,154**	**60,805**

The notes on pages 10 to 44 are an integral part of these financial statements.

Tadas Goberis
General Manager

(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 re-serve	Reserve for own shares	Revaluation reserve (deficit) of financial assets	Cumu-lative translation reserve	Retained earnings	Total equity
Balance at 31 December 2013 / 1 January 2014		**12,542**	**20,878**	**853**	-	-	**(1,198)**	**4,021**	**37,096**
Comprehensive income									
Currency translation differences		-	-	-	-	-	4,761	-	4,761
Revaluation of financial assets available for sale	15	-	-	-	-	(798)	-	-	(798)
Deferred income tax on revaluation of financial assets available for sale		-	-	-	-	120	-	-	120
Other comprehensive income (loss)		-	-	-	-	**(678)**	**4,761**	-	**4,083**
Profit for the year		-	-	-	-	-	-	10,112	10,112
Total comprehensive income for the year		-	-	-	-	**(678)**	**4,761**	**10,112**	**14,195**
Transactions with owners									
Transfer to reserves	19	-	-	401	-	-	-	(401)	-
Dividends	19	-	-	-	-	-	-	(2,508)	(2,508)
Total transactions with owners		-	-	**401**	-	-	-	**(2,909)**	**(2,508)**
Balance at 31 December 2014 / 1 January 2015		**12,542**	**20,878**	**1,254**		**(678)**	**3,563**	**11,224**	**48,783**
Comprehensive income									
Currency translation differences		-	-	-	-	(91)	5,263	-	5,172
Revaluation of financial assets available for sale	15	-	-	-	-	(348)	-	-	(348)
Deferred income tax on revaluation of financial assets available for sale		-	-	-	-	38	-	-	38
Other comprehensive income (loss)		-	-	-	-	**(401)**	**5,263**	-	**4,862**
Profit for the year		-	-	-	-	-	-	(1,846)	(1,846)
Total comprehensive income for the year		-	-	-	-	**(401)**	**5,263**	**(1,846)**	**3,016**
Transactions with owners									
Transfer to reserve for own shares	19	-	-	-	1,204	-	-	(1,204)	-
Dividends	19	-	-	-	-	-	-	(3,898)	(3,898)
Share capital conversion result	19	17	-	-	-	-	-	(17)	-
Total transactions with owners		**17**	-	-	**1,204**	-	-	**(5,119)**	**(3,898)**
Balance at 31 December 2015		**12,559**	**20,878**	**1,254**	**1,204**	**(1,079)**	**8,826**	**4,259**	**47,901**

The notes on pages 10 to 44 are an integral part of these financial statements.

Tadas Goberis
General Manager

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

STATEMENT OF CASH FLOW

	Note	2015 USD	2015 EUR	2014 USD	2014 EUR
Operating activities					
Profit before income tax		(1,750)	(1,161)	13,822	10,900
Adjustments for:					
Depreciation and amortisation		147	132	74	57
Dividend income		(5,000)	(4,502)	(12,049)	(9,075)
Finance income (costs) – net		(619)	(557)	(1,292)	(973)
Change in fair value of fixed assets		(262)	(241)	7	6
Impairment of subsidiaries (Note 6)		6,591	5,670	-	-
Gain on sale of subsidiaries		-	-	90	65
Changes in working capital:					
Trade and other receivables		2	2	1,725	1,299
Trade and other payables		1,177	1,059	194	146
Inventory		(1)	(1)	11	8
Cash generated from operations		**292**	**407**	**2,582**	**2,433**
Interest paid		(33)	(30)	(15)	(11)
Income tax paid		(874)	(787)	(107)	(81)
Net cash generated from (used in) operating activities		**(615)**	**(410)**	**2,460**	**2,341**
Investing activities					
Purchase of property, plant and equipment and intangible assets		(14)	(13)	(504)	(380)
Sale of property, plant and equipment and intangible assets		20	18	9	7
Investments in entities		(522)	(470)	(1,852)	(1,395)
Dividends received		-	-	12,049	9,075
Loans granted		(30,585)	(27,539)	(34,572)	(26,039)
Loans repaid		26,729	24,067	24,948	18,791
Interest received		100	90	748	563
Net cash used in investing activities		**(4,272)**	**(3,847)**	**826**	**622**
Financing activities					
Dividends paid		(1,583)	(1,425)	(1,281)	(965)
Borrowings received		-	-	3,920	2,953
Repayment of borrowings		(820)	(738)	(3,100)	(2,335)
Net cash generated from (used in) financing activities		**(2,403)**	**(2,163)**	**(461)**	**(347)**
Increase in cash and cash equivalents		**(7,290)**	**(6,420)**	**2,825**	**2,616**
Movement in cash and cash equivalents					
At beginning of year		20,120	16,541	17,295	12,572
Increase in cash and cash equivalents		(7,290)	(6,420)	2,825	2,616
Foreign translation differences		-	1,622	-	1,353
At end of the year	18	**12,830**	**11,743**	**20,120**	**16,541**

The notes on pages 10 to 44 are an integral part of these financial statements.

Tadas Goberis
General Manager

(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 19).

The shareholders’ structure of the Company as at 31 December 2015 and 31 December 2014 was as follows:

	Number of shares	%
ALH Aircraft Leasing Holdings Limited	12,994,905	30.01
Mesotania Holdings Limited	10,899,858	25.17
Nationale-Nederlanden Otwarty Fundusz Emerytalny (Open pension fund)	5,000,000	11.55
Aurimas Sanikovas	294,478	0.68
Tadas Goberis	147,239	0.34
Other shareholders	13,969,113	32.25
Total	**43,305,593**	**100.00**

The principal activity of the Company is management of its subsidiaries and aircraft leasing. The principal activity of all subsidiaries of the Company is operating leasing, management and trading of mid-life narrowbody and regional jet aircraft. As of 31 December 2015 and 31 December 2014 the Company owned 2 aircraft engines.

Moreover, 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.

As at 31 December 2015 the number of full-time staff employed by the Company totalled 14, including one employee on maternity leave (31 December 2014 – 11).

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.

The subsidiaries and joint ventures of the Company are indicated below:

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

The Group's companies	Country of establishment	Share of equity, % As at 31 December 2015	As at 31 December 2014	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	-	Date of establishment: 7 August 2015 / Real estate management / Smolensko g. 10, Vilnius
AviaAM B10 UAB	Ireland	100	-	Date of establishment: 17 December 2015 / Aircraft leasing / Unit 5, 2nd Floor, The Courtyard, Carmanhall Road, Sandyford, Dublin 18, Ireland
AAL Capital Aircraft Holdings Ltd.	Cyprus	100	100	Date of establishment: 29 September 2011 / Aircraft leasing / 1 Bouboulina str. Bouboulina Building, 2nd floor, Office No. 24, 1060 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
AviaAM B08 Ltd.	Bermuda	100*	100*	Date of establishment: 26 April 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM11, Bermuda
AviaAM B09 Ltd.	Bermuda	100*	100*	Date of establishment: 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
Regional Charter Capital Ltd.	Bermuda	50**	50**	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. which owns 50 per cent of the company.

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.

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. On 1 January 2015, Lithuania joined the Euro area and the Euro became its national currency. Comparative figures in Litas were converted using the official exchange rate of the Litas against the euro, i.e. LTL 3.4528 to EUR 1, that was effective until 31 December 2014.

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)

IFRIC 21 – Levies The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional.

(b) The following new or amended IFRS and IFRIC interpretations are effective in 2015 but not relevant to the Company:

Annual Improvements to IFRSs 2013 The improvements consist of changes to four standards.
The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9.

2.1.2 Changes in accounting policy and disclosures (continued)

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

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

Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (effective for annual periods beginning on or after 1 February 2015) The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The Company is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRSs 2012 (effective for annual periods beginning on or after 1 February 2015) The improvements consist of changes to seven standards.
IFRS 2 was amended to clarify the definition of a ‘vesting condition’ and to define separately ‘performance condition’ and ‘service condition’; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.
IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity’s assets when segment assets are reported.
The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.

IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (‘the management entity’), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. The Company is currently assessing the impact of the amendments on its financial statements.

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (effective for annual periods beginning on or after 1 January 2016) This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The Company is currently assessing the impact of the amendments on its financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (effective for annual periods beginning on or after 1 January 2016) In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Company is currently assessing the impact of the amendments on its financial statements.

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

2.1.2 Changes in accounting policy and disclosures (continued)

Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41 (effective for annual periods beginning on or after 1 January 2016) The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The Company is currently assessing the impact of the amendments on its financial statements.

Equity Method in Separate Financial Statements - Amendments to IAS 27 (effective for annual periods beginning on or after 1 January 2016) The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRSs 2014 (effective for annual periods beginning on or after 1 January 2016) The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale ore distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34.
The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report". The Company is currently assessing the impact of the amendments on its financial statements.

Disclosure Initiative – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2016) The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards. The Company is currently assessing the impact of the amendments on its financial statements.

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

- *IFRS 9, Financial Instruments: Classification and Measurement*
- *IFRS 14, Regulatory Deferral Accounts*
- *IFRS 15, Revenue from Contracts with Customers*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28*
- *Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28*
- *IFRS 16, Leases*
- *Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12*
- *Disclosure Initiative - Amendments to IAS 7*

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 in stand-alone financial statements

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

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Company and all its subsidiaries is the US Dollar (USD) as a significant proportion of their 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 second presentation currency.

As at 31 December 2015 the exchange rate of euro to US Dollar was EUR 1 = USD 1.0926 (2014: EUR 1 = USD 1.2160). From 2 February 2002 the exchange rate of the Litas has been pegged to the euro at a rate of LTL 3.4528 = 1 EUR As at 31 December 2014 the exchange rate of US Dollar to Lithuanian Litas was USD 1 = LTL 2.8387.

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 monthly 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

(c) all resulting exchange differences 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.

2.4 Property, plant and equipment

Property, plant and equipment comprise aircraft, aircraft under preparation for use and other tangible fixed assets.

Aircraft are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made at the end of each reporting period. The market value of the aircraft is obtained from reports prepared by external valuators holding a recognised and appropriate professional qualification in valuation of similar category assets (note 4(a)). The fair value measurement of aircraft is performed at each reporting date, and changes in the fair value are accounted as follows.

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

2.4 Property, plant and equipment (continued)

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The revaluation surplus included in equity in respect of an aircraft is transferred directly to retained earnings when the asset is derecognised.

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

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 Intangible assets

Intangible assets expected to provide economic benefit to the Company in future periods are valued at acquisition cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line method over estimated benefit period as follows:

Computer software	3 years

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.6 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.

2.7 Financial assets

2.7.1 Classification

The Company classifies its financial assets into the following measurement categories: loans and receivables, and available-for-sale financial assets. 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 at fair value through profit or loss and 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.

2.7.2 Recognition and measurement

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

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

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

2.8 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.

2.9 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.

2.10 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.

2.11 Share capital

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

2.12 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.

2.13 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 income statement 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.

2.14 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.

2.15 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.

2.16 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.

2.17 Leases – where the Company is the lessor

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 charged to the income statement on a straight-line basis over the period of the lease.

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 charged to the profit or loss on a straight-line basis over the period of the lease.

2.18 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.

2.19 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.

2.20 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

		2015
	USD	**EUR**
Reasonably possible change of EUR to USD in per cent		-10.15%
Financial assets denominated in EUR	23,700	21,693
Financial liabilities denominated in EUR	218	199
Projected effect on profit	**(2,383)**	**(2,181)**

		2014
	USD	**LTL**
Reasonably possible change of LTL to USD in per cent		13,10%
Financial assets denominated in LTL	3,753	10,653
Financial liabilities denominated in LTL	350	991
Projected effect on profit	**446**	**1,266**

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.

		2015		2014
	USD	**EUR**	**USD**	**EUR**
Loans granted to debtors in aviation business	29,933	27,863	34,691	28,521
Trade and other receivables from customers in aviation business	1,036	949	1,041	856
	30,969	**28,812**	**35,732**	**29,377**

(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:

		2015		2014
	USD	**EUR**	**USD**	**EUR**
Loans granted	30,443	27,863	34,691	28,521
Trade receivables	1,037	949	957	786
Other receivables	97	89	107	88
Cash and cash equivalents	12,830	11,743	20,120	16,541
	44,407	**40,644**	**55,875**	**45,936**

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

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

		2015		2014
	USD	**EUR**	**USD**	**EUR**
Group 1 – new customers (less than 6 months)	1	1	-	-
Group 2 – old customers (more than 6 months)	570	522	958	787
	571	**523**	**958**	**787**

The group o*ld 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*)

		2015		2014
	USD	EUR	USD	EUR
A+	11,225	10,274	20,035	16,472
Other	1,605	1,469	85	69
	12,830	**11,743**	**20,120**	**16,541**

* - External long term borrowings ratings set by international agencies Standard & Poor’s or Fitch in 2015.

(c) Loans granted

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

Loans granted (customers without external credit rating):

		2015		2014
	USD	EUR	USD	EUR
Group 1 – new customers/related parties (less than 6 months).	510	467	1,025	843
Group 2 – existing customers/related parties (more than 6 months) with no defaults in the past.	29,732	27,211	32,840	26,998
	30,242	**27,678**	**33,865**	**27,841**

(iv) Financial assets past due but not impaired

		2015		2014
	USD	EUR	USD	EUR
Past due up to 3 months	264	243	751	618
Past due 4-6 months	127	116	67	55
Past due for more than 6 months	276	252	7	6
	667	**611**	**825**	**679**

(v) Impaired financial assets

Loans granted impaired

		2015		2014
	USD	EUR	USD	EUR
Impaired loans granted – gross amount	4,586	4,197	-	-
Less: impairment of loans granted	(4,586)	(4,197)	-	-
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

	2015		2014	
	USD	**EUR**	**USD**	**EUR**
Impaired trade and other receivables – gross amount	29	27	29	24
Less: impairment of receivables	(29)	(27)	(29)	(24)
Impaired trade and other receivables – net amount	**-**	**-**	**-**	**-**

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

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

The cost of establishment of 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:

	2015		2014	
	USD	**EUR**	**USD**	**EUR**
At 1 January	-	-	-	-
Loans granted written off during the year as uncollectible	4,587	4,198	-	-
Exchange rate difference	-	-	-	-
At 31 December	**4,587**	**4,198**	**-**	**-**

Movement on provisions for impairment of trade and other receivables:

	2015		2014	
	USD	**EUR**	**USD**	**EUR**
At 1 January	29	24	29	21
Receivables written off during the year as uncollectible	-	-	-	-
Exchange rate difference	-	3	-	3
At 31 December	**29**	**27**	**29**	**24**

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 2015			
Borrowings from related parties	-	-	-
Trade and other payables	316	-	-
	316	**-**	**-**
At 31 December 2014			
Borrowings from related parties	826	-	-
Trade and other payables	356	-	-
	1,182	**-**	**-**

EUR	**Less than 1 year**	**Between 1 and 2 years**	**Over 2 years**
At 31 December 2015			
Borrowings from related parties	-	-	-
Trade and other payables	289	-	-
	289	**-**	**-**
At 31 December 2014			
Borrowings from related parties	679	-	-
Trade and other payables	292	-	-
	971	**-**	**-**

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.

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

3.2 Capital risk management (continued)

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

	2015		2014	
	USD	EUR	USD	EUR
Borrowings	-	-	826	679
Less: cash and cash equivalents	(12,830)	(11,743)	(20,120)	(16,541)
Net debt	(12,830)	(11,743)	(19,294)	(15,862)
Total equity	52,342	47,901	59,581	48,783
Total capital	**39,512**	**36,158**	**40,287**	**32,921**
Gearing ratio	N/A		N/A	

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 2015 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.

The fair values of Company's assets and liabilities are within level 2 of the fair value hierarchy, except loans granted and trade and other receivables and trade and other payables which are within level 3 and available for sale financial assets which are within level 1.

4 Critical accounting estimates

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) Fair value

Aircraft are carried at revalued amounts being fair value at the end of each reporting period. Fair value measurements as at 31 December 2015 were performed by an independent appraiser IBA Group Limited (as at 31 December 2014-IBA Group Limited). The valuation was performed in line with the requirements of the International Valuation Standards.

Each value determined by appraisers is intended to reflect what might have been expected from the result of an 'arm's-length, single sale transaction' conducted in an orderly manner between a 'willing buyer and willing seller', with the aircraft free of any lease or charge. Basis of fair value is comparable sales transactions in the aircraft sales market.

4 Critical accounting estimates (continued)

In order to obtain fair values of the aircraft possessed by the Company the valuation was performed using two step approach. Firstly, appraisers has obtained market transactions data related to the same types of aircraft as the Company have and using the data on the conditions of the subject aircraft produced “Half-Life” values for each one at each valuation date. The term “Half-Life” refers to the airframe, engines, landing gear, APU and all major components being half way between major overhauls, inspections or performance restorations as appropriate, with engine LLPs having 50% of their certified lives remaining.

The “Half-Life” values were then adjusted to produce the fair values of each of the Company’s aircraft using the data regarding the identification, specifications and maintenance status as well as accrued hours/cycles of the subject aircraft of the Company at each valuation date. The maintenance data was pertaining to the airframe, engine, landing gear and engine overhauls and engine Life Limited Parts (LLPs) remaining useful lives.

Judgment was applied when determining values of separate components of aircraft for depreciation calculation purposes.

Any changes in these assumptions could result in significant changes in the value of aircraft and could have a significant impact on the financial statements.

(b) Related-party transactions

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.

(c) Income taxes

Tax contingencies and uncertain tax positions. Lithuanian tax legislation which was enacted or substantively enacted at the end of the reporting period may be subject to varying interpretations. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Fiscal periods remain open to review by the authorities in respect of taxes for calendar years preceding the year of review. Management is not aware of any circumstances that could lead to significant tax charges and penalties in the future that have not been provided for or disclosed in these financial statements. The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognized based on management’s best estimate of the expenditure required to settle the obligations at the end of the reporting period.

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

5 Revenue

		2015		2014
	USD	EUR	USD	EUR
Lease revenue	665	601	545	416
	665	**601**	**545**	**416**

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

		2015		2014
	USD	EUR	USD	EUR
Not later than 1 year	840	769	630	518
Later than 1 year but not later than 5 years	1,855	1,698	1,260	1,036
Later than 5 years	-	-	-	-
	2,695	**2,467**	**1,890**	**1,554**

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. 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):

		2015		2014
Lease and sale customers	USD	EUR	USD	EUR
Customer B	420	380	545	416
Customer C	245	221	-	-
	665	**601**	**545**	**416**

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

		2015		2014
Country	USD	EUR	USD	EUR
Lithuania	665	601	545	416
	665	**601**	**545**	**416**

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)

		2015		2014
Country	**USD**	**EUR**	**USD**	**EUR**
Kazakhstan	968	886	2,082	1,712
Belarus	1,229	1,125	-	-
	2,197	**2,011**	**2,082**	**1,712**

6 Impairment of investment and loans granted to subsidiary

		2015		2014
	USD	**EUR**	**USD**	**EUR**
Impairment of investment in subsidiary	2,004	1,448	-	-
Impairment of loan granted to subsidiary	4,587	4,222	-	-
	6,591	**5,670**	**-**	**-**

In the year 2015 the Company recognized impairment losses on the investment in subsidiary AviaAM B04 UAB of USD 2,004 thousand (EUR 1,448 thousand) and on the loan granted to AviaAM B04 UAB of USD 4,587 thousand (EUR 4,222 thousand).

7 Employee related expenses

		2015		2014
	USD	**EUR**	**USD**	**EUR**
Salaries	306	261	302	220
Social insurance expenses	90	96	91	76
	396	**357**	**393**	**296**

8 Other operating expenses

		2015		2014
	USD	**EUR**	**USD**	**EUR**
Legal and translation expenses	216	195	257	193
Management services	134	121	225	169
Marketing expenses	101	91	80	61
Travelling expenses	75	68	94	70
Other tax expenses	48	44	-	-
Audit and accounting expenses	47	43	24	19
Representation expenses	43	38	33	25
Expenses related to listing	32	28	32	23
Training expenses	28	25	27	20
Bonuses (tantiemmes)	-	-	72	52
Other operating expenses	169	154	148	113
	893	**807**	**992**	**745**

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

9 Other gain (losses) net

In the year 2014 other gain (losses) consists of one-off items not related to the primary activity of the company. Out of the total recorded amount USD 1,707 thousand (EUR 4,333 thousand) related to the net gain from the re-assigned agreement for remarketing / residual asset value guarantee services in respect to 10 Boeing 777-300ER aircraft.

10 Finance costs – net

		2015		2014
	USD	**EUR**	**USD**	**EUR**
Interest income on cash and cash equivalents	-	-	7	5
Gain on revaluation of financial instruments	24	22	76	62
Dividends	5,000	4,649	12,049	9,661
Fines and penalties	11	10	-	-
Finance income	**5,035**	**4,681**	**12,132**	**9,728**
Interest expenses	(28)	(25)	(23)	(18)
Foreign exchange loss on financing activities	(1,485)	(1,339)	(1,369)	(1,031)
Finance costs	**(1,513)**	**(1,364)**	**(1,392)**	**(1,049)**
Finance income (costs) – net	**3,522**	**3,317**	**10,740**	**8,679**

11 Income tax

		2015		2014
	USD	**EUR**	**USD**	**EUR**
Current tax	567	517	854	702
Deferred tax	192	168	130	86
Total income tax expenses (benefit)	**759**	**685**	**984**	**788**

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:

		2015		2014
	USD	**EUR**	**USD**	**EUR**
Profit (loss) before tax	**(1,750)**	**(1,161)**	**13,822**	**10,900**
Tax calculated at a tax rate of 15%	(263)	(174)	2,073	1,635
Tax effects of:				
- Expenses non-deductible for tax purposes	945	850	2	1
- Non-taxable income	(750)	(675)	(1,801)	(1,356)
- Deferred tax assets not recognised	-	-	-	-
- Effect of changes of tax rate	-	-	-	-
- Impact of foreign exchange differences	827	684	710	508
Total income tax expenses (benefit)	**759**	**685**	**984**	**788**

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

12 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.

		2015		2014
	USD	**EUR**	**USD**	**EUR**
Net profit attributable to shareholders	(2,509)	(1,846)	12,838	10,112
Weighted average number of ordinary shares issued (thousand)	43,306		43,306	
Basic earnings per share (USD/EUR)	**(0.06)**	**(0.04)**	**0.30**	**0.23**

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

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

13 Property, plant and equipment

Aircraft and engines are carried at revalued amounts being fair value at the end of each reporting period.

USD	Aircraft and engines	Engines under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2014	**744**	**919**	**206**	**1,869**
Additions	500	-	4	**504**
Disposals	-	-	(9)	**(9)**
Reclassifications	919	(919)	-	**-**
Depreciation charge	(74)	-	(22)	**(96)**
Revaluation surplus	-	-	-	**-**
Revaluation loss	(7)	-	-	**(7)**
Closing net book amount as at 31 December 2014	**2,082**	**-**	**179**	**2,261**
At 31 December 2014				
Cost or valuation	2,082	-	209	**2,291**
Accumulated depreciation	-	-	(30)	**(30)**
Net book amount	**2,082**	**-**	**179**	**2,261**
Opening net book amount as at 1 January 2015	**2,082**	**-**	**179**	**2,261**
Additions	-	-	14	**14**
Disposals	-	-	(20)	**(20)**
Reclassifications	-	-	-	**-**
Depreciation charge	(147)	-	(17)	**(164)**
Revaluation surplus	262	-	-	**262**
Revaluation loss	-	-	-	**-**
Closing net book amount as at 31 December 2015	**2,197**	**-**	**156**	**2,353**
At 31 December 2015				
Cost or valuation	2,197	-	203	**2,400**
Accumulated depreciation	-	-	(47)	**(47)**
Net book amount	**2,197**	**-**	**156**	**2,353**

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

13 Property, plant and equipment (continued)

EUR	Aircraft and engines	Engines under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2014	**541**	**668**	**150**	**1,359**
Additions	377	-	3	**380**
Disposals	-	-	(7)	**(7)**
Reclassifications	692	(692)	-	**-**
Depreciation charge	(56)	-	(17)	**(73)**
Revaluation surplus	-	-	-	**-**
Revaluation loss	(6)	-	-	**(6)**
Exchange differences	164	24	18	**206**
Closing net book amount as at 31 December 2014	**1,712**	**-**	**147**	**1,859**
At 31 December 2014				
Cost or valuation	1,712	-	172	**1,884**
Accumulated depreciation	-	-	(25)	**(25)**
Net book amount	**1,712**	**-**	**147**	**1,859**
Opening net book amount as at 1 January 2015	**1,712**	**-**	**147**	**1,859**
Additions	-	-	13	**13**
Disposals	-	-	(18)	**(18)**
Reclassifications	-	-	-	**-**
Depreciation charge	(132)	-	(15)	**(147)**
Revaluation surplus	241	-	-	**241**
Revaluation loss	-	-	-	**-**
Exchange differences	190	-	16	**206**
Closing net book amount as at 31 December 2015	**2,011**	**-**	**143**	**2,154**
At 31 December 2015				
Cost or valuation	2,011	-	186	**2,197**
Accumulated depreciation	-	-	(43)	**(43)**
Net book amount	**2,011**	**-**	**143**	**2,154**

Split of recognised revaluation in profit/loss		**2015**		**2014**
	USD	**EUR**	**USD**	**EUR**
Revaluation loss recognized	-	-	(7)	(6)
Revaluation loss reversed	262	241	-	-
Revaluation of aircraft	**262**	**241**	**(7)**	**(6)**

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

14 Investments into subsidiaries

		2015		2014
	USD	EUR	USD	EUR
AviaAM B01 UAB	4.2	2.9	4.2	2.9
AviaAM B02 UAB	4.0	2.9	4.0	2.9
AviaAM B04 UAB	2,004.1	1,448.1	2,004.0	1,448.1
AviaAM B05 UAB	4.1	2.9	4.1	2.9
AviaAM B06 UAB	4.1	2.9	4.1	2.9
AviaAM B07 UAB	3.9	2.9	3.9	2.9
AAL Capital Aircraft Holdings Ltd	6.8	5.0	6.8	5.0
DG21 UAB	10.9	10.0	-	-
AviaAM B10 Ltd	0.1	0.1	-	-
Impairment of subsidiaries	(2,004.1)	(1,448.1)	-	-
	38.1	**29.6**	**2,031.1**	**1,467.6**

The Company recognized impairment losses on the investment in subsidiary AviaAM B04 UAB of USD 2,004 thousand (EUR 1,448 thousand) in the year 2015.

15 Available-for-sale financial assets

		2015		2014
	USD	EUR	USD	EUR
Opening amount as at 1 January	**881**	**725**	**-**	**-**
Exchange differences	-	94	-	146
Additions	511	456	1,852	1,377
Net losses transferred to equity	(380)	(348)	(971)	(798)
Closing amount as at 31 December	**1,012**	**927**	**881**	**725**
Less non-current portion	1,012	927	881	725
Current portion	**-**	**-**	**-**	**-**

Available-for sale financial assets include the following:

		2015		2014
	USD	EUR	USD	EUR
Listed securities:				
Equity securities – Lithuania	1,012	927	881	725
	1,012	**927**	**881**	**725**

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

		2015		2014
	USD	EUR	USD	EUR
PLN	1,012	927	881	725
	1,012	**927**	**881**	**725**

None of these financial assets are impaired.

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

16 Loans granted

	2015		2014	
	USD	**EUR**	**USD**	**EUR**
Non-current loans				
Loans granted to related parties (weighted average interest rate 5.41%) (Note 25)	5,239	4,795	5,215	4,287
Less: provision for impairment of loans granted to related parties (Note 6)	(4,587)	(4,198)	-	-
Loans granted to third parties (weighted average interest rate 8.06%)	4,824	4,415	5,848	4,808
	5,476	**5,012**	**11,063**	**9,095**
Current loans				
Loans granted to related parties (weighted average interest rate 5.41%) (Note 25)	19,858	18,175	18,283	15,032
Loans granted to third parties (weighted average interest rate 8.06%)	2,862	2,620	3,207	2,637
Bonds acquired from related parties (interest rate 5.2 %)	2,247	2,056	2,138	1,757
	24,967	**22,851**	**23,628**	**19,426**
Total loans granted	**30,443**	**27,863**	**34,691**	**28,521**

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

	2015		2014	
	USD	**EUR**	**USD**	**EUR**
USD	17,774	16,267	20,948	17,222
EUR	12,653	11,581	10,330	8,493
GBP	16	15	16	13
LTL	-	-	3,397	2,793
	30,443	**27,863**	**34,691**	**28,521**

17 Trade and other receivables

	2015		2014	
	USD	**EUR**	**USD**	**EUR**
Trade receivables from third parties	769	704	957	787
Less: provision for impairment of trade receivables	(29)	(28)	(29)	(25)
Trade receivables from third parties – net	**740**	**676**	**928**	**762**
Receivables from related parties (Note 25)	297	273	29	24
Other receivables	97	89	107	88
Prepayments	-	-	12	11
Dividends receivable	5,000	4,576	-	-
VAT receivables	12	11	72	59
	6,146	**5,625**	**1,148**	**944**
Non-current portion:	-	-	-	-
Current portion:	**6,146**	**5,625**	**1,148**	**944**

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

17 Trade and other receivables (continued)

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

		2015		2014
	USD	EUR	USD	EUR
USD	6,090	5,574	816	672
EUR	39	36	13	10
GBP	17	15	-	-
LTL	-	-	319	262
	6,146	**5,625**	**1,148**	**944**

18 Cash and cash equivalents

Cash and cash equivalents are dominated in following currencies:

		2015		2014
	USD	EUR	USD	EUR
EUR	11,008	10,076	85	70
USD	1,822	1,667	19,997	16,440
LTL	-	-	37	30
PLN	-	-	1	1
	12,830	**11,743**	**20,120**	**16,541**

19 Share capital and reserves

Share capital

After euro adoption in 1 January 2015 and according to the Republic of Lithuania Law on redenomination to the euro of the capital and of the nominal value of securities of Public Limited Liability Companies and Private Limited Liability Companies and amendment of the Articles of Association of these Companies, the nominal value of the Company’s shares were automatically converted from LTL 1 per share to EUR 0.29 per share in the Central Securities Depository of Lithuania. On 31 December 2015 the share capital of the Company amounts to EUR 12,558,622 (USD 16,804 thousand) and consists of 43,305,593 ordinary registered shares with a nominal value of EUR 0.29 each. All shares were fully paid up.

As at 31 December 2014 the share capital of the Company amounted to LTL 43,305,593 (USD 16,804 thousand) and consisted of 43,305,593 ordinary registered shares with a nominal value of LTL 1.00 each.

Share premium

On 21 June 2013 the Company issued additional 13,857,790 ordinary shares with a par value LTL 1 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.

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

19 Share capital and reserves (continued)

	USD	EUR
The balance of share premium as at 31 December 2014	27,972	20,878
The balance of share premium as at 31 December 2015	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.

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.

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 22).

Cumulative translation reserve

Cumulative translation reserve represents accumulated foreign exchange differences arising from translation of Group’s balances and results from functional currency USD to presentation currency EUR (prior years – LTL).

Dividends

On 3 April 2015 The Annual General Meeting of Shareholders of the Company adopted the decision to pay out annual dividends in the amount of EUR 0.09 per share. The dividends in the total amount of USD 4,376 thousand (EUR 3,898 thousand) were offset with loans granted (Note 25) or paid out by 30 April 2015.

On 30 April 2014 The Annual General Meeting of Shareholders of the Company adopted the decision to pay out annual dividends in the amount of LTL 0.20 per share. The dividends in the total amount of USD 3,478 thousand (LTL 8,661 thousand) were offset with loans granted (Note 25) or paid out on 28 May 2014.

20 Borrowings

		2015		2014
	USD	EUR	USD	EUR
Current				
Borrowings from related parties (Note 25)	-	-	826	679
Total borrowings	**-**	**-**	**826**	**679**

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

20 Borrowings (continued)

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

		2015		2014
	USD	EUR	USD	EUR
USD	-	-	826	679
	-	**-**	**826**	**679**

The table below analyses the Company’s borrowings according to relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date:

		2015		2014
	USD	EUR	USD	EUR
Less than 1 year	-	-	826	679
Between 1 and 5 years	-	-	-	-
Over 5 years	-	-	-	-
	-	**-**	**826**	**679**

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

	2015	2014
Borrowings from related parties	-	7%

21 Trade and other payables

		2015		2014
	USD	EUR	USD	EUR
Trade and other payables – financial liabilities				
Trade payables	77	70	35	27
Trade payables to related parties (Note 25)	45	42	225	185
Salaries and social security payable, including vacation accrual	55	50	46	37
Other short term liabilities	107	98	26	22
Accruals	32	29	24	20
	316	**289**	**356**	**291**

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

21 Trade and other payables (continued)

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

		2015		2014
	USD	EUR	USD	EUR
EUR	218	199	5	4
USD	98	90	-	-
LTL	-	-	350	286
PLN	-	-	1	1
	316	**289**	**356**	**291**

22 Deferred income taxes

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

		2015		2014
	USD	EUR	USD	EUR
Deferred tax assets				
At beginning of the period	348	284	236	171
Recognised through profit (loss)	(202)	(185)	(34)	(28)
Recognised through other comprehensive income	26	38	146	120
Exchange rate differences	-	8	-	21
At end of year	**172**	**145**	**348**	**284**

		2015		2014
	USD	EUR	USD	EUR
Deferred tax liabilities				
At beginning of the period	(112)	(90)	(16)	(12)
Recognised through profit (loss)	10	9	(96)	(78)
At end of year	**(102)**	**(81)**	**(112)**	**(90)**

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

		2015		2014
	USD	EUR	USD	EUR
Deferred tax assets				
Deferred tax to be recovered within 1 year	-	-	-	-
Deferred tax to be recovered after 1 year	172	145	348	284
	172	**145**	**348**	**284**
Deferred tax liability				
Deferred tax to be recovered within 1 year	-	-	-	-
Deferred tax to be recovered after 1 year	(102)	(81)	(112)	(90)
	(102)	**(81)**	**(112)**	**(90)**

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

22 Deferred income taxes (continued)

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 Group (prior to offsetting of balances) are as follows:

USD **Deferred tax assets**	Accumulated taxable losses	Difference between tax basis and accounting basis (fair value) of aircraft	Revaluation of financial assets available for sale	**Total**
At 31 December 2013	**63**	**173**	**-**	**236**
Charged / (credited) to the profit or loss	(63)	29	-	**(34)**
Charged / (credited) to other comprehensive income	-	-	146	**146**
At 31 December 2014	**-**	**202**	**146**	**348**
Charged / (credited) to the profit or loss	-	(202)	-	**(202)**
Charged / (credited) through other comprehensive income	-	-	26	**26**
At 31 December 2015	**-**	**-**	**172**	**172**

USD **Deferred tax liabilities**	Exchange rate differences for tax purposes (depreciation)	Difference between tax basis and accounting basis (fair value) of aircraft	Other accrued expenses	**Total**
At 31 December 2013	**(13)**	**-**	**(3)**	**(16)**
Charged / (credited) to the profit or loss	(96)	-	-	**(96)**
At 31 December 2014	**(109)**	**-**	**(3)**	**(112)**
Charged / (credited) to the profit or loss	47	(40)	3	**10**
At 31 December 2015	**(62)**	**(40)**	**-**	**(102)**

EUR **Deferred tax assets**	Accumulated taxable losses	Difference between tax basis and accounting basis (fair value) of aircraft	Revaluation of financial assets available for sale	**Total**
At 31 December 2013	**46**	**126**	**-**	**172**
Charged / (credited) to the profit or loss	(52)	24	-	(28)
Charged / (credited) to other comprehensive income	-	-	120	120
Exchange rate difference	-	20	-	20
At 31 December 2014	**(6)**	**170**	**120**	**284**
Charged / (credited) to the profit or loss	-	(185)	-	(185)
Charged / (credited) through other comprehensive income	-	-	38	38
Exchange rate difference	6	15	(13)	8
At 31 December 2015	**-**	**-**	**145**	**145**

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

22 Deferred income taxes (continued)

EUR **Deferred tax liabilities**	Exchange rate differences for tax purposes (depreciation)	Difference between tax basis and accounting basis (fair value) of aircraft	Other accrued expenses	**Total**
At 31 December 2013	**(10)**	**-**	**(2)**	**(12)**
Charged / (credited) to the profit or loss	(78)	-	-	(78)
Exchange rate difference	-	-	-	-
At 31 December 2014	**(88)**	**-**	**(2)**	**(90)**
Charged / (credited) to the profit or loss	44	(37)	2	9
Exchange rate difference	-	-	-	-
At 31 December 2015	**(44)**	**(37)**	**-**	**(81)**

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:

		2015		**2014**
	USD	**EUR**	**USD**	**EUR**
Deferred tax assets	172	145	348	284
Deferred tax liabilities	(102)	(81)	(112)	(90)
	70	**64**	**236**	**194**

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

23 Commitments and contingencies

As at 31 December 2015 and 31 December 2014 the Company did not have any significant commitments and contingencies.

24 Financial instruments by category

Category – loans and receivables

		2015		**2014**
	USD	**EUR**	**USD**	**EUR**
Loans to related parties – net	25,097	22,970	25,635	21,076
Loans to third parties – net	7,686	7,034	9,055	7,445
Trade receivables and receivables from related parties – net	298	273	29	24
Trade receivables from third parties – net	739	677	927	762
Other receivables	97	89	107	88
Dividends receivable	5,000	4,576	-	-
Cash and cash equivalents	12,830	11,743	20,120	16,541
	51,747	**47,362**	**55,873**	**45,936**

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

24 Financial instruments by category (continued)

Category – financial liabilities measured at amortised cost

		2015		2014
	USD	EUR	USD	EUR
Loans from related parties	-	-	826	679
Trade payables	77	70	34	28
Trade payables to related parties	45	42	225	185
Accruals and other payables	139	127	50	41
	261	**239**	**1,135**	**933**

25 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:

		2015		2014
	USD	EUR	USD	EUR
Sales of services to:				
Subsidiaries	507	457	864	651
Entities having significant influence	254	229	194	146
Other related parties	471	424	563	424
	1,232	**1,110**	**1,621**	**1,221**
Purchases of services from:				
Subsidiaries	28	25	24	18
Entities having significant influence	11	10	8	6
Other related parties	308	278	386	291
	347	**313**	**418**	**315**

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

Trade and other receivables from related parties

		2015		2014
	USD	EUR	USD	EUR
Subsidiaries	297	273	9	7
Dividends receivable	5,000	4,576	-	-
Other related parties	-	-	20	17
Trade and other receivables at nominal value	**5,297**	**4,849**	**29**	**24**
Less: provision for impairment of receivables from related parties	-	-	-	-
	5,297	**4,849**	**29**	**24**

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

25 Related party transactions (continued)

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

Trade and other receivables from related parties

		2015		**2014**
	USD	**EUR**	**USD**	**EUR**
Of which not overdue	5,170	4,733	28	23
Overdue up to 3 months	127	116	1	1
4 to 6 months	-	-	-	-
Overdue more than 6 months	-	-	-	-
	5,297	**4,849**	**29**	**24**

Payables to and prepayments from related parties

		2015		**2014**
	USD	**EUR**	**USD**	**EUR**
Other related parties	45	42	251	207
	45	**42**	**251**	**207**

As at 31 December 2015 and 31 December 2014, payables consisted of payables for services purchased.

Loans received from related parties

		2015		**2014**
	USD	**EUR**	**USD**	**EUR**
Beginning of the year	**826**	**679**	**-**	**-**
Loans received during the year	-	-	3,920	3,223
Loan repayments and offset	(820)	(738)	(3,100)	(2,549)
Interest on loans charged	28	25	22	19
Interest on loans repaid	(33)	(30)	(16)	(14)
Exchange rate differences	(1)	64	-	-
End of the year	**-**	**-**	**826**	**679**

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

25 Related party transactions (continued)

Loans granted to related parties

		2015		2014
	USD	EUR	USD	EUR
Beginning of the year	**25,636**	**21,076**	**19,497**	**14,172**
Loans advanced during the year as monetary transactions	30,584	27,539	32,722	24,646
Loans advanced during the year by transferring trade receivables to loans	-	-	10,090	7,600
Loan repayments received as monetary transactions	(24,756)	(22,291)	(24,101)	(18,153)
Loan repayments received as non-monetary transactions	(3,559)	(3,205)	(12,782)	(9,627)
Interest charged	1,196	1,077	1,407	1,059
Interest received	(343)	(309)	(560)	(422)
Impaired loans and receivable interest (Note 6)	(4,587)	(4,130)	-	-
Exchange rate differences	(1,414)	1,071	(637)	1,801
End of the year	**22,757**	**20,828**	**25,636**	**21,076**

On 30 April 2015 USD 2,713 thousand (EUR 2,437 thousand) of payable dividends were set-off with loans granted (2014: USD 2,152 thousand (EUR 1,620 thousand)).

As at 31 December 2015, all loans granted mature in 2016 – 2019 and weighted average effective interest rate of these loans is 5.39 per cent (2014: 6.41 per cent).

26 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.

		2015		2014
	USD	EUR	USD	EUR
Salaries	110	99	101	76
Social insurance expenses	34	31	31	23
	144	**130**	**132**	**99**

27 Events after the balance sheet date

There were no post-balance sheet events that could have a material impact on the ability of the users of the financial statements to take decisions.