

AVIA SOLUTIONS GROUP AB

Consolidated Interim Financial Information,
For the Three-Month Period Ended 31 March 2016
(Unaudited)

Beginning of the financial period	1 January 2016
End of reporting period	31 March 2016
Name of the company	Avia Solutions Group, AB (hereinafter "the Company")
Legal form	public company (joint-stock company)
Date of registration	31 August 2010
Code of enterprise	302541648
Name of Register of Legal Entities	State Enterprise Centre of Registers
Registered office	Smolensko Str. 10, LT-03201 Vilnius, Lithuania
Telephone number	+370 5 252 5500
Fax number	+370 5 252 5501
Internet address	www.AviaSG.com
Main activities of consolidated Group	Aircraft and Helicopter Maintenance, Repair and Overhaul, Aircraft Ground Handling and Fuelling, Crew Training and Staffing, Private Jet Charter, Flight and Tour Operations

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	January – March	
		2016	2015
Continuing operations			
Revenue	3	57 467	45 226
Other income	3	90	291
Cost of services and goods	3, 4	(40 339)	(31 419)
Employee related expenses	3	(11 199)	(9 204)
Other operating expenses	3, 5	(3 383)	(2 824)
Depreciation and amortisation	3, 10	(1 174)	(1 225)
Impairment-related expenses		(26)	(405)
Other gain/(loss) - net	3	(143)	508
Operating profit		1 293	948
Finance income	6	93	771
Finance cost	6	(672)	(445)
Finance costs – net		(579)	326
Profit before income tax		714	1 274
Income tax	7	(155)	(161)
Profit for the period from continuing operations		559	1 113
Discontinued operations			
(Loss) for the year from discontinued operations	15, 16	-	(461)
Profit for the period		559	652
Profit (loss) attributable to:			
Equity holders of the parent			
Profit (loss) for the period from continuing operations		691	1 161
Profit (loss) for the period from discontinued operations		-	(569)
Profit for the period attributable to equity holders of the parent		691	592
Non-controlling interests			
Profit (loss) for the period from continuing operations		(132)	(48)
Profit (loss) for the period from discontinued operations		-	108
Profit for the period attributable to non-controlling interests of the parent		(132)	60
		559	652

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		January – March	
	Note	2016	2015
Other comprehensive income			
Continuing operations			
Net gain on cash flow hedges		6	5
Income tax		(1)	(1)
		5	4
Exchange differences on translation of foreign operations		105	(309)
Other comprehensive income (loss) for the period from continuing operations		110	(305)
Discontinued operations			
Exchange differences on translation of foreign operations from discontinued operations		-	227
Other comprehensive income (loss) for the period		110	(78)
Total comprehensive income for the period attributable to:			
Equity holders of the parent			
Total comprehensive income (loss) for the period from continuing operations		826	859
Total comprehensive income (loss) for the period from discontinued operations		-	(939)
Total comprehensive income (loss) for the period attributable to equity holders of the parent		826	(80)
Non-controlling interests			
Total comprehensive income (loss) for the period from continuing operations		(157)	(51)
Total comprehensive income (loss) for the period from discontinued operations		-	705
Total comprehensive income (loss) for the period attributable to non-controlling interests of the parent		(157)	654
		669	574
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the period			
Basic earnings per share			
From continuing operations	9	0.089	0.149
From discontinued operations	9	-	(0.073)
From profit for the period	9	0.089	0.076

CONSOLIDATED BALANCE SHEET

	Notes	31 March 2016	31 December 2015
Non-current assets			
ASSETS			
Non-current assets			
Property, plant and equipment	10	28 389	28 609
Intangible assets	10	2 386	2 273
Deferred income tax assets	7	5 296	5 233
Non-current trade and other receivables	11, 17	8 488	8 642
		44 559	44 757
Current assets			
Inventories	13	28 413	29 128
Trade and other receivables	11, 17	36 473	34 375
Amount due from customers for contract work		8 977	5 410
Prepaid income tax		980	565
Short-term bank deposit		145	140
Cash and cash equivalents	12	5 021	5 613
		80 009	75 231
Total assets	3	124 568	119 988
EQUITY			
Equity attributable to the Group's equity shareholders			
Share capital	8	2 256	2 256
Share premium		33 133	33 133
Legal reserve		93	93
Merger reserve		(457)	(457)
Fair value reserve		(40)	(45)
Cumulative translations differences		(7)	(137)
Retained earnings		16 790	16 099
		51 768	50 942
Equity attributable to equity holders of the parent			
Non-controlling interests		39	196
Total equity		51 807	51 138
LIABILITIES			
Non-current liabilities			
Borrowings		7 933	8 338
Government grants		1 722	1 787
Security deposits received		453	510
Trade and other payables	14, 17	246	240
Derivative financial instruments		47	53
Deferred income tax liabilities	7	287	230
		10 688	11 158
Current liabilities			
Trade and other payables	14	32 686	29 909
Borrowings		23 020	19 390
Advances received		5 594	7 833
Security deposits received		240	428
Current income tax liabilities		533	132
		62 073	57 692
Total liabilities		72 761	68 850
Total equity and liabilities		124 568	119 988

AVIA SOLUTIONS GROUP AB

CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016

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


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Group								Non-	Total equity
	Share capital	Share premium	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings	Total	controlling interests	
Balance at 1 January 2015	2 253	33 133	(457)	79	(69)	1 099	18 490	54 528	5 849	60 377
Comprehensive income										
Net profit on cash flow hedge	-	-	-	-	4	-	-	4	-	4
Currency translation difference from continuing operations	-	-	-	-	-	(306)	-	(306)	(3)	(309)
Currency translation difference from discontinued operations	-	-	-	-	-	(370)	-	(370)	597	227
Profit (loss) for the period from continuing operations	-	-	-	-	-	-	1 161	1 161	(48)	1 113
Profit (loss) for the period from discontinued operations	-	-	-	-	-	-	(569)	(569)	108	(461)
Result of share capital conversion to euros	3	-	-	-	-	-	(3)	-	-	-
Balance at 31 March 2015	2 256	33 133	(457)	79	(65)	423	19 079	54 448	6 503	60 951
Balance at 1 January 2016	2 256	33 133	(457)	93	(45)	(137)	16 099	50 942	196	51 138
Comprehensive income										
Net gain on cash flow hedge	-	-	-	-	5	-	-	5	-	5
Currency translation difference from discontinued operations	-	-	-	-	-	130	-	130	(25)	105
Profit (loss) for the period from continuing operations	-	-	-	-	-	-	691	691	(132)	559
Total comprehensive income	-	-	-	-	5	130	691	826	(157)	669
Balance at 31 March 2016	2 256	33 133	(457)	93	(40)	(7)	16 790	51 768	39	51 807

CONSOLIDATED STATEMENT OF CASH FLOWS

		January – March	
	Notes	2016	2015
Operating activities			
Profit for the period		559	652
Income tax including discontinued operations	7, 16	155	47
<i>Adjustments for:</i>			
Depreciation and amortisation	3, 10	1 174	1 225
Impairment-related expenses	3	26	405
Accruals of buildings lease payments, PBH contracts		352	270
Interest expenses	6	200	215
Fair value profit on derivative financial instruments		(5)	(4)
Discounting effect on financial assets	6	1	(6)
(Profit) / loss of PPE disposals		(13)	(9)
Amortisation of government grants		(65)	(64)
Interest income		(19)	(222)
Currency translations differences		110	(953)
<i>Changes in working capital:</i>			
- Inventories		673	(1 113)
- Trade and other receivables		(4 774)	(4 329)
- Short-term bank deposits		(5)	14
- Trade and other payables, advances received		224	2 139
- Security deposits received		(27)	21
Cash generated from operations		(1 434)	(1 712)
Interest received		-	10
Interest paid		(183)	(182)
Income tax paid		(109)	(63)
Net cash generated from operating activities from continuing operations		(1 726)	(1 947)
Net cash generated from operating activities from discontinued operations		-	2 966
Net cash generated from (used in) operating activities		(1 726)	1 019
Investing activities			
Purchase of PPE and intangible assets		(511)	(330)
Proceeds from PPE and intangible assets		118	216
Loans granted		(1 014)	-
Repayments of loans granted		6	2 001
Deposits placed		(151)	(38)
Repayments of deposits placed		29	64
Government grants received		-	180
Net cash (from) used in investing activities		(1 523)	2 093
Net cash generated from (used in) investing activities from discontinued operations		-	(1 605)
Net cash generated from (used in) investing activities		(1 523)	488

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

		January – March	
	Notes	2016	2015
Financing activities			
Bank borrowings received		2 090	1 155
Repayments of bank borrowings		(2 110)	(875)
Repayments of lease liabilities		(672)	(328)
Net cash generated from (used in) financing activities from continuing operations		(692)	(48)
Net cash generated from financing activities from discontinued operations		-	-
Net cash generated from (used in) financing activities		(692)	(48)
Increase (decrease) in cash and cash equivalents		(3 941)	1 459
At beginning of period	12	(8 434)	(8 287)
Increase (decrease) in cash and cash equivalents		(3 941)	1 459
At end of period	12	(12 375)	(6 828)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Accounting policies

The consolidated interim financial information for the three-month period ended 31 March 2016 (hereinafter *The Consolidated Financial Information*) is prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34 „Interim financial reporting“. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2015.

The presentation currency is euro. The consolidated financial information is presented in thousands of euro, unless indicated otherwise. The consolidated financial information is prepared under the historical cost convention.

The consolidated interim financial information for the three-month period ended 31 March 2016 is not audited. Financial Statements for the year ended 31 December 2015 were audited by the external auditor *PricewaterhouseCoopers UAB*.

2 Investments in subsidiaries and associates

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

The Group's companies	Country of establishment	Operating segment	Share of equity, %			Date of acquiring/establishment and activity
			31-03-2016	31-12-2015	31-03-2015	
Avia Solutions Group – Airports Management OOO	Russia	Airport Infrastructure Management (discontinued)	30	30	100	The subsidiary was established on 14 March 2014. The company's portfolio includes the development of the Moscow's fourth airport – Zhukovsky International Airport. On 30 September 2015 the subsidiary was sold to the associate (Note 15)
Avia Solutions Group B.V.	Netherlands	The associate	30	30	30	The associate was acquired in the third quarter 2014.
Avia Technics Dirgantara PT.	Indonesia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	25	25	25	An investee was established on 5 August 2014 and does not conduct active operations. The Group has a control over an investee.
AviationCV.com UAB	Lithuania	Crew Training and Staffing	100	100	100	The subsidiary was established in spring of 2011. The company provides aviation personnel solutions.
BAA Training UAB	Lithuania	Crew Training and Staffing	100	100	100	The Group company was established on 22 November 2006. The company provides aircraft crew training services.
Baltic Ground Services UAB	Lithuania	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was acquired on 31 October 2008. The company provides aircraft ground handling and fuelling services in Lithuania.
Baltic Ground Services Sp.z.o.o.	Poland	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was established in spring of 2010. It is a direct subsidiary of Baltic Ground Services UAB. The company provides aircraft ground handling and fuelling services in Poland.
Baltic Ground Services UA TOV	Ukraine	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was established in summer of 2011. It was a direct subsidiary of Laserpas UAB till August 2015 when it was sold to Baltic Ground Services UAB. On 29 September 2015, 50% of share capital was sold to a third party (Note 15) The subsidiary has started preparations for fuelling activity in Ukraine.
Baltic Ground Services RU OOO	Russia	Aircraft Ground Handling and Fuelling	100	100	100	The subsidiary was established on 23 March 2015 (Note 15). It is a direct subsidiary Baltic Ground Services UAB. The company will provide aircraft ground handling and fuelling services in Russia.

2 Investments in subsidiaries and associates (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, %			Date of acquiring/establishment and activity
			31-03-2016	31-12-2015	31-03-2015	
Baltic Ground Services EE OÜ	Estonia	Aircraft Ground Handling and Fuelling	100	100	-	The subsidiary was established on 31 July 2015 (Note 15). It is a direct subsidiary of Baltic Ground Services UAB. The company will provide fuelling services in Estonia.
Baltic Ground Services LV SIA	Latvia	Aircraft Ground Handling and Fuelling	51	51	-	The subsidiary was acquired on 1 October 2015 (Note 15). It is a direct subsidiary of Baltic Ground Services UAB. The company provides fuelling services in Latvia.
Baltic Ground Services CZ s.r.o.	Czech Republic	Aircraft Ground Handling and Fuelling	100	100	-	The subsidiary was established on 18 December 2015 (Note 15). It is a direct subsidiary of Baltic Ground Services UAB. The company will provide fuelling services in Czech Republic.
Laserpas UAB	Lithuania	Private Jet Charter, Flight and Tour Operations	90	90	100	The subsidiary was established in summer of 2011. It was a direct subsidiary of Baltic Ground Services UAB. On 28 April 2015, 90% of share capital was sold to Avia Solutions Group AB and the remaining part is held by the general director of Laserpas UAB (Note 15). The subsidiary has started preparations for unmanned aerial flight operations.
FL Technics UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was established on 22 December 2005. In summer of 2007 the company started aircraft maintenance, repair and overhaul (MRO) services.
Jet Maintenance Solutions UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 1 December 2010. The company provides maintenance services for business aircraft.
FL Technics Line OOO	Russia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	93	93	93	The subsidiary was established in summer of 2011. It is a direct subsidiary of FL Technics UAB. The company provides aircraft line station services and sells spare parts in Russia and the CIS.
FL Technics Ulyanovsk OOO	Russia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	99	99	99	The subsidiary was established in summer of 2011. It is a direct subsidiary of FLT Trading House UAB. The subsidiary does not conduct active operations.
FLT Trading House UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 19 November 2010. The subsidiary does not conduct active operations.
FL Technics Asia Co. Ltd.	Bangkok	Aircraft maintenance, repair and overhaul (MRO)	99,997	-	-	The subsidiary was established on 4 January 2016 (Note 15). The subsidiary will provide aircraft maintenance services in Thailand.
Globus Distribution OAO	Russia	Airport Infrastructure Management (discontinued)	-	-	99.983	The subsidiary was established on 30 September 2014. It was a direct subsidiary of Avia Solutions Group – Airports Management OOO. On 15 June 2015 all shares were sold to the other related party of the Company (Note 15).
Helisota UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 16 December 2013. The company provides maintenance, repair and overhaul services for helicopters.
Kauno aviacijos gamykla UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 16 December 2013. It is a direct subsidiary of Helisota UAB. The subsidiary does not conduct any significant active operations.

2 Investments in subsidiaries and associates (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, %			Date of acquiring/establishment and activity
			31-03-2016	31-12-2015	31-03-2015	
KIDY Tour UAB	Lithuania	Private Jet Charter, Flight and Tour Operations	100	100	-	The subsidiary was established on 3 December 2015 (Note 15). The company provides tour operator services.
KlasJet UAB	Lithuania	Private Jet Charter, Flight and Tour Operations	75	75	75	The subsidiary was established on 9 October 2013. The subsidiary has started business charter activity in summer 2014. On 24 January 2014 the Company sold 25 per cent shareholding in the subsidiary.
Locatory.com UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	95	95	95	The subsidiary was established on 7 December 2010. Starting summer 2012, the company is acting as an aircraft parts locator and offers innovative IT solution for MRO business segment
RAMPORT AERO OAO	Russia	Airport Infrastructure Management (discontinued)	22.5	22.5	75	It is a direct subsidiary of Avia Solutions Group – Airports Management OOO. The subsidiary was established on 30 July 2014. Starting autumn 2014 it is engaged in construction and development of the Moscow's fourth airport – Zhukovsky International Airport. On 30 September 2015, Avia Solutions Group – Airports Management OOO and its' subsidiaries were sold to the associate (Notes 15, 16).
RAMPORT SECURITY OOO	Russia	Airport Infrastructure Management (discontinued)	22.5	22.5	-	It is a direct subsidiary of RAMPORT AERO OAO. The subsidiary was established on 6 May 2015 and will provide services in the Zhukovsky International airport. On 30 September 2015 Avia Solutions Group – Airports Management OOO and its' subsidiaries were sold to the associate (Notes 15, 16).
Storm Aviation Ltd.	The United Kingdom	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 30 September 2011. It is a direct subsidiary of FL Technics UAB. The company provides aircraft line station services.
Storm Aviation (Cyprus) Ltd.	Republic of Cyprus	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 30 September 2011. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Cyprus.

As at 31 March 2016 the Company had one representative Office in the Russian Federation, 1st Tverskaya-Yamskaja Str., 23, building 1, 4th entrance, 4th floor, Moscow and no branches.

The number of full-time staff from continuing operations employed by the Group on 31 March 2016 amounted to 1 712 (31 December 2015: 1 674; 31 March 2015: 1 595). The number of full-time staff employed by the Company on 31 March 2016 amounted to 63 (31 December 2015: 61; 31 March 2015: 51).

3 Segment information

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

- (1) aircraft and helicopter maintenance, repair and overhaul (MRO);
- (2) aircraft ground handling and fuelling;
- (3) crew training and staffing;
- (4) private jet charter, flight and tour operations;
- (5) unallocated segment;

The unallocated sales include sales of management services, which cannot be attributed to the other segments. The management assesses the performance of the Group based on Operating Profit.

AVIA SOLUTIONS GROUP AB
**CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016**

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


3 Segment information (continued)

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, cost and operating expenses, other income, other gain/loss and segment operating profit include transfers between business segments. Those transfers are eliminated in consolidation.

The following tables present sales to external customers, cost and operating expenses, other income, other gain/loss and operating profit information according to the Group's business segments for the three-month period ended 31 March 2016 and for the three-month period ended 31 March 2015:

	Aircraft maintenance, repair and overhaul	Aircraft ground handling and fuelling	Pilot and crew training	Private Jet Charter, Flight and Tour Operations	Unallo- cated	Inter- segment trans- actions	Total
Three-month period ended 31 March 2016							
Continuing operations							
Sales to external customers	34 411	18 907	2 714	1 339	96	-	57 467
Inter-segment sales	484	202	20	-	499	(1 205)	-
Total revenue	34 895	19 109	2 734	1 339	595	(1 205)	57 467
Other income	102	63	10	-	191	(276)	90
Cost of services and goods purchased	(21 990)	(16 289)	(1 283)	(1 331)	(103)	657	(40 339)
Depreciation and amortisation	(562)	(419)	(157)	(4)	(36)	4	(1 174)
Employee related expenses	(8 444)	(1 554)	(658)	(156)	(387)	-	(11 199)
Other operating expenses	(2 727)	(410)	(463)	(153)	(209)	579	(3 383)
Impairment-related expenses	(26)	-	-	-	-	-	(26)
Other gain/(loss) - net	(90)	(51)	-	2	1	(5)	(143)
Segment operating profit from continuing operations	1 158	449	183	(303)	52	(246)	1 293
As at 31 March 2016							
Segment assets	85 705	21 843	6 669	1 101	9 250	-	124 568
	Aircraft maintenance, repair and overhaul	Aircraft ground handling and fuelling	Pilot and crew training	Private Jet Charter, Flight and Tour Operations	Unallo- cated	Inter- segment trans- actions	Total
Three-month period ended 31 March 2015							
Sales to external customers	24 923	17 222	2 388	556	137	-	45 226
Inter-segment sales	437	141	14	-	475	(1 067)	-
Total revenue	25 360	17 363	2 402	556	612	(1 067)	45 226
Other income	276	66	19	-	201	(271)	291
Cost of services and goods purchased	(14 894)	(15 433)	(1 098)	(526)	(51)	583	(31 419)
Depreciation and amortisation	(790)	(275)	(123)	(1)	(40)	4	(1 225)
Employee related expenses	(6 935)	(1 255)	(459)	(66)	(489)	-	(9 204)
Other operating expenses	(2 247)	(317)	(427)	(113)	(200)	480	(2 824)
Impairment-related expenses	(405)	-	-	-	-	-	(405)
Other gain/(loss) - net	204	299	3	(6)	11	(3)	508
Segment operating profit	569	448	317	(156)	44	(274)	948
As at 31 March 2015							
Segment assets	90 941	16 908	5 754	570	14 803	-	128 976

3 Segment information (continued)

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

	January – March	
	2016	2015
4 Cost of goods and services		
Aircraft fuel expenses	14 988	14 511
Cost of goods purchased	11 572	7 915
Cost of purchased services	11 396	7 226
Rent and maintenance of premises	1 429	1 077
Rent of aircraft, training and other equipment	954	690
	40 339	31 419
5 Other operating expenses		
Transportation and related expenses	1 071	985
Business travel expenses	623	395
Consultation expenses	445	427
Office administrative, communications and IT expenses	286	358
Marketing and sales expenses	241	209
Insurance expenses	229	166
Other expenses	488	284
	3 383	2 824
6 Finance income and costs		
Foreign exchange gain on financing activities	-	658
Interest income on cash and cash equivalents	4	12
Unwinding of discounted financial assets placed	-	10
Other finance income	89	91
Finance income	93	771
Foreign exchange loss on financing activities	(438)	-
Interest expenses on borrowings	(200)	(215)
Unwinding of discounted financial assets received	(1)	(4)
Other finance costs	(33)	(226)
Finance costs	(672)	(445)
Finance costs – net	(579)	326

7 Income tax and deferred income tax

Domestic income tax is calculated at 15 per cent of the annual profit for the year, in Poland income tax – 19 per cent, in Ukraine – 18 per cent, in the United Kingdom – 20 per cent, in Russian Federation – 20 per cent, in Latvia – 15 per cent. Deferred income tax asset and liability related to the entities operating in Lithuania are calculated at 15% rate (2014: 15% rate), in Poland - at 19% rate (2014: 19% rate), Ukraine – at 18% rate (2014: 18% rate), in the United Kingdom – at 20% rate (2014: 20% rate), in Russian Federation – at 20% rate (2014: 20% rate), .

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority. The tax expenses from continuing operations for the period comprise current and deferred tax as follows:

	January – March	
	2016	2015
Current income tax	(161)	(442)
Deferred income tax	6	281
Total income tax expenses	(155)	(161)

8 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 1 LTL per share to 0.29 EUR per share in the Central Securities Depository of Lithuania. On 31 March 2016 the share capital of the Company amounts to EUR 2 255 555 and consists of 7 777 777 ordinary registered shares with a nominal value of 0.29 Euro each (on 31 December 2015 – 7 777 777 ordinary registered shares).

9 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to the parent entity's ordinary equity holders by the weighted average number of ordinary shares in issue during the period. The Group has no dilutive potential ordinary shares and therefore diluted earnings per share are the same as basic earnings per share.

	January – March	
	2016	2015
Profit (loss) attributable to:		
Equity holders of the parent		
Profit (loss) for the period from continuing operations	691	1 161
Profit (loss) for the period from discontinued operations	-	(569)
Profit (loss) for the period attributable to equity holders of the parent	691	592
Weighted average number of ordinary shares (thousand)	7 778	7 778
Basic earnings per share		
From continuing operations	0.089	0.149
From discontinued operations	-	(0.073)
From profit for the period	0.089	0.076

10 Property, plant and equipment, intangible assets

	Property, plant and equipment	Intangible assets
Opening net book amount as at 1 January 2015	24 211	1 792
Additions (continuing operations)	1 229	52
Disposals	(77)	-
Cumulative currency differences (continuing operations)	80	8
Depreciation charge (continuing operations, Note 3)	(1 141)	(84)
Closing net book amount as at 31 March 2015	24 302	1 768
Opening net book amount as at 1 January 2016	28 609	2 273
Additions	993	173
Disposals	(80)	-
Cumulative currency differences	(17)	(2)
Depreciation charge (Note 3)	(1 116)	(58)
Closing net book amount as at 31 March 2016	28 389	2 386

11 Trade and other receivables

	31 March 2016	31 December 2015
Trade receivables	33 702	33 571
Less: provision for impairment of trade receivables	(9 620)	(9 641)
Trade receivables – net	24 082	23 930
Loans granted	1 232	244
Less: provision for impairment of loans granted	(25)	(25)
Loans granted - net	1 207	219
Other receivables	517	469
Less: provision for impairment of other receivables	(89)	(89)
Other receivables – net	428	380
Receivables from investment in bonds from other related parties (Note 17)	6 623	6 864
Prepayments	3 945	3 550
VAT receivables	3 172	3 150
Deferred charges	1 774	1 709
Security deposit	1 489	1 534
Loans granted to related parties (Note 17)	650	640
Other receivables from related parties (Note 17)	549	505
Receivables from related parties (Note 17)	429	361
Deferred revenue	385	169
Prepayments from related parties (Note 17)	227	5
Security deposits from related parties placed (Note 17)	1	1
	44 961	43 017
Less non-current portion :	(8 488)	(8 642)
Current portion :	36 473	34 375

12 Cash and cash equivalents

	31 March 2016	31 December 2015
Cash and cash equivalents	5 021	5 613
Bank overdraft	(17 396)	(14 047)
	(12 375)	(8 434)

	31 March 2016	31 December 2015
13 Inventories		
Spare parts and materials – gross amount	27 213	29 130
Less: provision for impairment of inventories	(5 659)	(7 017)
Spare parts and materials	21 554	22 113
Goods for sale	5 306	5 226
Aircraft fuel	685	950
Work in progress	162	110
Goods in transit	116	68
Other inventories	590	661
	28 413	29 128

14 Trade and other payables		
Trade payables	19 944	19 117
Accruals for hangar lease payments, PBH contracts and other accrued expenses	8 990	6 657
Salaries and social security payable	2 715	2 059
Deferred revenue	432	1 134
Amounts payable to related parties (Note 17)	42	309
Provisions	192	228
Other payables	617	645
	32 932	30 149
Less: non-current portion	(246)	(240)
Current portion	32 686	29 909

15 Business combination and disposals

Establishment in 2016

On 4 January 2016, FL Technics Asia Co Ltd. was established by the Company's subsidiary FL Technics UAB. Registered capital is Baht 10 000 000, FL Technics UAB paid for 25% of share capital (equivalent to EUR 65 thousand), 74.997% of shares are unpaid. Remaining 0.003% of share capital is held by 2 private persons.

Establishments, acquisitions and disposals in 2015

On 23 March 2015, Baltic Ground Services RU OOO was established by the Company's subsidiary Baltic Ground Services UAB. The investment in the subsidiary was RUB 200 thousand (equivalent to EUR 3.7 thousand), forming 100% of its share capital.

On 28 April 2015, 90% of Baltic Ground Services UAB subsidiary Laserpas UAB share capital was sold to Avia Solutions Group AB and remaining part in stakes was sold to the general director of Laserpas UAB. Sales proceeds from the disposal of a 10 per cent shareholding amounted to EUR 290.

On 6 May 2015, RAMPORT SECURITY OOO was established by the Company's subsidiary RAMPORT AERO OAO. The investment in the subsidiary was RUB 250 thousand (equivalent to EUR 4 thousand), forming 100% of the share capital of the subsidiary.

15 Business combination and disposals (continued)

On 15 June 2015 the Group sold its 99.983% stake in Globus Distribution OAO to the other related party. Sales proceeds from the full disposal amounted to RUB 20 million (equivalent to EUR 343 thousand). Details of sale price and assets and liabilities arising from the disposal in Group's financial statements are as follows:

	<i>Globus distribution OAO – disposal's carrying amount</i>
Trade and other receivables	87
Cash and cash equivalents	73
Total identifiable net assets	160
NCI based on proportionate share of net assets (0.017%)	-
Group's net assets attributed to equity holders of the parent	160
Proceeds from sale of interest in subsidiaries (cash payment)	324
Gain on disposal, directly recognised in disposal's group other gains/(losses)	164

On 31 July 2015, *Baltic Ground Services EE OU* was established by the Company's subsidiary *Baltic Ground Services UAB*. The investment in the subsidiary was EUR 2.5 thousand, forming 100% of its share capital.

On 11 August 2015, 100% of *Laserpas UAB* subsidiary *Baltic Ground Services UA TOV* share capital was sold to *Baltic Ground Services UAB*. Additional investment of EUR 5.5 thousand into *Baltic Ground Services UA TOV* share capital was made on 21 August 2015. On 29 September 2015, 50 percent minus one share of *Baltic Ground Services UA TOV* was sold to a third party. Sales proceeds from the disposal of a 50 per cent shareholding amounted to EUR 1. On 16 October 2015 share capital of *Baltic Ground Services UA TOV* was increased by EUR 50 thousand by equal contributions of both shareholders.

On 30 September 2015, the Group sold 100 percent shareholding in its subsidiary *Avia Solutions Group – Airports Management OOO* to *Avia Solutions Group B.V.*, an associate of the Company established in the Netherlands, where the Company has 30 percent shareholding, at an acquisition cost amounting to RUB 1 000 000 (equivalent to EUR 13.6 thousand). *Avia Solutions Group – Airports Management OOO* holds 75 percent minus one share of *RAMPORT AERO OAO* engaged in construction and development of the Moscow's fourth airport – Zhukovsky International. *RAMPORT AERO OAO* holds 100% of shares in *RAMPORT SECURITY OOO*.

Details of sale price and assets and liabilities arising from the disposal in Group's financial statements are as follows:

	<i>Avia Solutions Group – Airports Management OOO – disposal's carrying amount</i>	<i>RAMPORT AERO OAO – disposal's carrying amount</i>	<i>RAMPORT SECURITY OOO – disposal's carrying amount</i>	<i>Inter- company transaction of disposal group</i>	Total disposal's carrying amount
Property, plant and equipment	-	16 833	-	-	16 833
Intangible assets	-	4	-	-	4
Investment into subsidiaries	13 610	3	-	(13 613)	-
Deferred income tax assets	2 381	145	1	-	2 527
Trade and other receivables	273	6 021	-	-	6 294
Loans granted	-	681	-	-	681
Prepaid income tax	-	48	-	-	48
Cash and cash equivalents	714	63	-	-	777
Trade and other payables	(1 427)	(2 190)	(3)	-	(3 620)
Borrowings	(25 061)	-	-	-	(25 061)
Total identifiable net assets	(9 510)	21 608	(2)	(13 613)	(1 517)
NCI based on proportionate share of net assets (25%)	-	(5 401)	-	-	(5 401)

15 Business combination and disposals (continued)

	<i>Avia Solutions Group – Airports Management OOO – disposal's carrying amount</i>	<i>RAMPORT AERO OOO – disposal's carrying amount</i>	<i>RAMPORT SECURITY OOO – disposal's carrying amount</i>	<i>Inter- company transaction of disposal group</i>	Total disposal's carrying amount
Group's net assets / (liabilities) attributed to equity holders of the parent	(9 510)	16 207	(2)	(13 613)	(6 918)
Proceeds from sale of interest in subsidiaries					14
<i>Other items:</i>					
Exchange differences on translation of foreign operations					1 907
Gain on disposal, directly recognised in Group's profit or loss					8 839

Details of revenue and expenses of the disposal group (airport infrastructure management business segment) classified as discontinued operations are disclosed in Note 16.

On 1 October 2015, the Group acquired 51% of the share capital of Baltic Ground Services LV SIA from third parties. As a result of the acquisition, the Group is expected to increase its fuelling services in Latvia. Details of purchase consideration and assets and liabilities arising from the acquisition are as follows:

	<i>Baltic Ground Services LV SIA - acquiree's fair value</i>
Property, plant and equipment	584
Inventories	15
Receivables	5
Cash and cash equivalents	119
Deferred income tax liabilities	(2)
Payables	(50)
Total identifiable net assets acquired	671
Purchase consideration - paid in cash	641
NCI based on proportionate share of net assets (49%)	329
Excess of fair value of acquiree's net assets over cost (recognised as goodwill)	299

On 18 December 2015, *Baltic Ground Services CZ s.r.o.* was established by the Company's subsidiary *Baltic Ground Services UAB*. The investment in the subsidiary was EUR 7.4 thousand, forming 100% of its share capital.

On 3 December 2015 a new subsidiary of the Company – *KIDY Tour UAB* was established. The investment in the subsidiary was EUR 2.5 thousand, forming 100% of its share capital.

16 Non-current assets held for sale and discontinued operations

Details of revenue, cost of sales and income tax expenses of disposal group classified as discontinued operations are as follows:

	January – March 2015
Revenue	61
Cost of sales	(4)
Gross profit from discontinued operations	57
(Loss) before income tax for the period from discontinued operations	(575)
Income tax expense	114
(Loss) for the period from discontinued operations	(461)

17 Related party transactions

Related parties of the Company and the Group include entities having significant influence over the Company, key management personnel of the Group and other related parties. Entities having significant influence over the Company and the Group are *ZIA Valda Cyprus Ltd* and *ZIA Valda AB* (the sole shareholder of *ZIA Valda Cyprus Ltd*). Transactions with these companies are presented separately. Related parties also include subsidiaries of *ZIA Valda AB* group. They are presented as other related parties. The following transactions were carried out with related parties:

	January – March	
	2016	2015
Sales of services to:		
Entities having significant influence	2	3
Other related parties	711	152
	713	155
Total sales of assets and services	713	155
Purchases of services from:		
Entities having significant influence	-	13
Other related parties	720	452
	720	465
Total purchases of assets and services	720	465

17 Related party transactions (continued)

	31 March 2016	31 December 2015
Trade receivables from related parties		
Receivables from investment in bonds from related parties (Note 11)	6 623	6 864
Loans provided to other related parties (Note 11)	650	640
Trade receivables from entities having significant influence (Note 11)	1	-
Trade receivables from other related parties (Note 11)	428	361
Other receivables from related parties (Note 11)	549	505
Prepayments from related parties (Note 11)	227	5
Security deposit with lessor from related parties (Note 11)	1	1
	8 479	8 376
Payables and advances received from related parties		
Loans received from related parties	154	166
Trade and other payables to entities having significant influence (Note 14)	2	-
Trade and other payables to other related parties (Note 14)	40	309
Advances received from related parties	959	-
	1 155	475

AVIA SOLUTIONS GROUP AB

CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016

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



MANAGEMENT CONFIRMATION OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, I, Acting General Manager of *Avia Solutions Group AB*, hereby confirm that, to the best of my knowledge, the unaudited *Avia Solutions Group AB* Interim Consolidated Financial Information for the three-month period ended 31 March 2016, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of the Group of undertakings.

Acting General Manager
Aurimas Sanikovas

A handwritten signature in blue ink, appearing to be "A. Sanikovas", with a long vertical line extending downwards from the end of the signature.

16 May, 2016