

AVIA SOLUTIONS GROUP AB

Consolidated Interim Financial Information,
For the Nine-Month Period Ended 30 September 2018
(Unaudited)

Beginning of the financial period	1 January 2018
End of reporting period	30 September 2018
Name of the company	Avia Solutions Group AB (hereinafter “the Company”)
Legal form	Public company (joint-stock company)
Date of registration	31 August 2010
Code of enterprise	302541648
Name of Register of Legal Entities	State Enterprise Centre of Registers
Registered office	Smolensko St. 10, LT-03201 Vilnius, Lithuania
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E-mail	info@aviasg.com
Internet address	www.aviasg.com
Main activities of consolidated Group	Aircraft and Helicopter Maintenance, Repair and Overhaul, Aircraft Ground Handling and Fuelling, Crew Training and Staffing, Private Jet Charter, Flight and Tour Operations

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	July – September		January – September	
		2018	2017	2018	2017
Revenue	3	116 428	88 811	320 600	257 608
Other income	3	182	90	652	279
Cost of services and goods	3, 4	(87 422)	(65 631)	(236 416)	(192 045)
Employee related expenses	3	(17 583)	(14 111)	(52 416)	(41 955)
Other operating expenses	3, 5	(5 212)	(4 214)	(15 935)	(13 268)
Depreciation and amortisation	3, 10	(1 969)	(1 382)	(5 173)	(3 823)
Impairment-related expenses	3	(1 253)	(703)	(2 404)	(1 409)
Other gain/(loss) - net	3	63	(49)	(213)	(266)
Operating profit (loss)		3 234	2 811	8 695	5 121
Finance income	6	29	118	325	335
Finance cost	6	(515)	(650)	(1 083)	(2 280)
Finance costs – net		(486)	(532)	(758)	(1 945)
Profit (loss) before income tax		2 748	2 279	7 937	3 176
Income tax	7	(706)	64	(1 857)	(65)
Profit for the period		2 042	2 343	6 080	3 111
Profit (loss) attributable to:					
Equity holders of the parent		2 325	2 485	7 088	3 855
Non-controlling interests		(283)	(142)	(1 008)	(744)
		2 042	2 343	6 080	3 111
Other comprehensive income					
Net gain (loss) on cash flow hedges		-	5	-	19
Income tax		-	(1)	-	(3)
		-	4	-	16
Exchange differences on translation of foreign operations		(17)	87	(214)	320
Other comprehensive income (loss) for the period		(17)	91	(214)	336
Total comprehensive income for the period attributable to:					
Equity holders of the parent		2 260	2 522	6 794	4 064
Non-controlling interests		(235)	(88)	(928)	(617)
		2 025	2 434	5 866	3 447
Basic and diluted earnings per share	9	0.299	0.319	0.911	0.496

CONSOLIDATED BALANCE SHEET

	Notes	30 September 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	10	54 987	31 984
Intangible assets	10	6 255	6 270
Deferred income tax assets	7	6 702	6 805
Prepayment for investment into associate	17	104	-
Non-current trade and other receivables	11, 16	10 224	7 318
		78 272	52 377
Current assets			
Inventories	13	28 035	29 778
Trade and other receivables	11, 16	68 138	57 238
Amount due from customers for contract work		4 531	3 886
Prepaid income tax		876	487
Cash and cash equivalents	12	7 706	8 636
		109 286	100 025
Total assets	3	187 558	152 402
EQUITY			
Equity attributable to the Group's equity shareholders			
Share capital	8	2 256	2 256
Share premium		33 133	33 133
Legal reserve		237	225
Merger reserve		(457)	(457)
Cumulative translations differences		(511)	(217)
Retained earnings		33 756	26 680
Equity attributable to equity holders of the parent		68 414	61 620
Non-controlling interests		(1 184)	1 018
Total equity		67 230	62 638
LIABILITIES			
Non-current liabilities			
Borrowings		18 973	7 544
Government grants		1 079	1 270
Security deposits received		266	446
Trade and other payables	14, 16	197	331
Deferred income tax liabilities	7	1 584	350
		22 099	9 941
Current liabilities			
Trade and other payables	14	44 880	38 874
Borrowings		31 078	24 530
Advances received		19 470	14 863
Security deposits received		435	186
Current income tax liabilities		2 366	1 370
		98 229	79 823
Total liabilities		120 328	89 764
Total equity and liabilities		187 558	152 402

AVIA SOLUTIONS GROUP AB

CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018

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


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Group							Total	Non- controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings			
Balance at 31 December 2016	2 256	33 133	(457)	192	(16)	(89)	24 705	59 724	(464)	59 260
Adjustment on initial application of IFRS 9 (net of tax) *	-	-	-	-	-	-	(3 924)	(3 924)	(1)	(3 925)
Adjusted balance at 1 January 2017 *	2 256	33 133	(457)	192	(16)	(89)	20 781	55 800	(465)	55 335
Comprehensive income										
Net gain on cash flow hedge	-	-	-	-	16	-	-	16	-	16
Currency translation difference	-	-	-	-	-	193	-	193	127	320
Profit (loss) for the period	-	-	-	-	-	-	3 855	3 855	(744)	3 111
Total comprehensive income	-	-	-	-	16	193	3 855	4 064	(617)	3 447
Transactions with owners										
Increase of shareholding in subsidiary (Note 15)	-	-	-	-	-	-	(56)	(56)	56	-
Disposal of subsidiary without loss of control (Note 15)	-	-	-	-	-	-	899	899	1 710	2 609
Total transactions with owners	-	-	-	-	-	-	843	843	1 766	2 609
Balance at 30 September 2017	2 256	33 133	(457)	192	-	104	25 479	60 707	684	61 391
Balance at 1 January 2018	2 256	33 133	(457)	225	-	(217)	26 680	61 620	1 018	62 638
Comprehensive income										
Currency translation difference	-	-	-	-	-	(294)	-	(294)	80	(214)
Profit (loss) for the period	-	-	-	-	-	-	7 088	7 088	(1 008)	6 080
Total comprehensive income	-	-	-	-	-	(294)	7 088	6 794	(928)	5 866
Transactions with owners										
Transfer to legal reserve	-	-	-	12	-	-	(12)	-	-	-
Disposal of subsidiary (Note 15)	-	-	-	-	-	-	-	-	(1 274)	(1 274)
Total transactions with owners	-	-	-	12	-	-	(12)	-	(1 274)	(1 274)
Balance at 30 September 2018	2 256	33 133	(457)	237	-	(511)	33 756	68 414	(1 184)	67 230

* The Group have early adopted IFRS 9 Financial Instruments with a date of initial application of 1 January 2017 that resulted in adjustment on the Group's retained earnings as at 1 January 2017. Detail information and impact of changes are disclosed in Note 34 of Avia Solutions Group AB audited consolidated financial statements for the year ended 31 December 2017.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	January – September	
		2018	2017
Operating activities			
Profit for the period		6 080	3 111
Income tax	7	1 857	65
<i>Adjustments for:</i>			
Depreciation and amortisation	3, 10	5 173	3 823
Impairment-related expenses	3	2 404	1 409
Accruals of buildings lease payments, PBH contracts		739	343
Interest expenses	6	970	728
Fair value profit on derivative financial instruments		-	(16)
Discounting effect on financial assets		6	9
(Profit) / loss of PPE disposals		(18)	(105)
Net fair value of acquiree's net assets over cost		(9)	-
(Profit) / loss of subsidiaries disposal		(120)	-
Amortisation of government grants		(191)	(194)
Interest income		(405)	(33)
Currency translations differences		(328)	225
<i>Changes in working capital:</i>			
- Inventories		790	(1 718)
- Trade and other receivables		(13 228)	(3 608)
- Short-term bank deposits		-	61
- Trade and other payables, advances received		9 970	4 411
- Security deposits received		23	124
Cash generated from (used in) operations		13 713	8 635
Interest received		1	1
Interest paid		(777)	(700)
Income tax paid		(895)	(755)
Net cash generated from (used in) operating activities		12 042	7 181
Investing activities			
Purchase of PPE and intangible assets		(18 164)	(5 065)
Proceeds from PPE and intangible assets		576	427
Purchase of subsidiaries (net of cash acquired)	15	(3 239)	-
Sales of subsidiaries (net of cash disposed)	15	(1 983)	-
Investment into associate	17	(104)	-
Loans granted		(323)	(479)
Repayments of loans granted		5	41
Deposits placed		(813)	(492)
Repayments of deposits placed		323	442
Net cash generated from (used in) investing activities		(23 722)	(5 126)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Notes	January – September	
		2018	2017
Financing activities			
Proceeds from sale of interest in subsidiary (no change in control)	15	-	2 609
Bank borrowings received		12 245	7 929
Repayments of bank borrowings		(6 200)	(9 151)
Borrowings from related parties received	16	100	1 900
Repayments of borrowings from related parties		(94)	-
Other borrowings received		21	474
Repayment of other borrowings		-	(474)
Repayments of lease liabilities		(1 847)	(1 647)
Net cash generated from (used in) financing activities		4 225	1 640
Increase (decrease) in cash and cash equivalents			
At beginning of period	12	(11 516)	(15 094)
Increase (decrease) in cash and cash equivalents		(7 455)	3 695
At end of period	12	(18 971)	(11 399)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Accounting policies

The consolidated interim financial information for the nine-month period ended 30 September 2018 (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 the year ended 31 December 2017.

The Group have early adopted IFRS 9 Financial Instruments with a date of initial application of 1 January 2017, which resulted in adjustments to the amounts recognised in the financial statements. Detail information and impact of changes is disclosed in Note 34 of Avia Solutions Group AB audited consolidated financial statements for the year ended 31 December 2017 (available on <https://www.aviasg.com/en/investor-relations/reports-codes.html>). The Group has initially adopted IFRS 15 Revenue from Contracts with Customers and other new standards that are effective from 1 January 2018, but they do not have a material effect on the Group's financial statements.

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 nine-month period ended 30 September 2018 is not audited. Financial Statements for the year ended 31 December 2017 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
			30-09-2018	31-12-2017	30-09-2017	
Avia Solutions Group (CY) LTD	Republic of Cyprus	Unallocated	100	-	-	The subsidiary was established on 28 February 2018 (Note 15). The subsidiary does not conduct active operations.
AviationCV.com UAB	Republic of 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	Republic of Lithuania	Crew Training and Staffing	100	100	100	The Group company was established on 22 November 2006. The company provides aircraft crew training services.
BAA Simulators 2 UAB	Republic of Lithuania	Crew Training and Staffing	100	-	-	The subsidiary was established on 8 January 2018 (Note 15). The company will provide lease of full flight simulators and other training equipment.
BAA Training Vietnam LLC	Socialist Republic of Vietnam	Crew Training and Staffing	100	-	-	The subsidiary was established on 02 February 2018 (Note 15). The company will provide training services and lease of full flight simulators.
FLT Trading House UAB	Republic of 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 and is under liquidation procedures (Note 15).

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
			30-09-2018	31-12-2017	30-09-2017	
Helisota UAB	Republic of 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	Republic of 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.
Jet Maintenance Solutions UAB	Republic of 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.
KIDY Tour UAB	Republic of Lithuania	Private Jet Charter, Flight and Tour Operations	100	100	100	The subsidiary was established on 3 December 2015. The company provides tour operator services.
KIDY Tour OÜ	Republic of Estonia	Private Jet Charter, Flight and Tour Operations	100	100	100	The subsidiary was acquired on 16 September 2016. The company provides tour operator services.
KIDY Tour OOO	Russian Federation	Private Jet Charter, Flight and Tour Operations	100	100	100	The subsidiary was established on 6 March 2017. The company is providing tour operator services.
KIDY Tour SIA	Republic of Latvia	Private Jet Charter, Flight and Tour Operations	100	100	-	The subsidiary was established on 9 October 2017. The company is providing tour operator services.
KlasJet UAB	Republic of Lithuania	Private Jet Charter, Flight and Tour Operations	100	100	100	The subsidiary was established on 9 October 2013. The subsidiary has started business charter activity in summer 2014. From April 2017 it is a direct subsidiary of Jet Maintenance Solutions UAB.
ALH Airlines Limited	Republic of Malta	Private Jet Charter, Flight and Tour Operations	100	-	-	The subsidiary was established on 5 July 2018 (Note 15). The company is planning to provide air transport services.
Locatory.com UAB	Republic of 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.
Baltic Ground Services UAB	Republic of Lithuania	Aircraft Ground Handling, Fuelling and Logistics	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.	Republic of Poland	Aircraft Ground Handling, Fuelling and Logistics	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.

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
			30-09-2018	31-12-2017	30-09-2017	
Baltic Ground Services UA TOV	Ukraine	Aircraft Ground Handling, Fuelling and Logistics	50	50	50	The subsidiary was established in summer of 2011. On 29 September 2015, 50% of share capital was sold to a third party. The subsidiary provides fuelling services in Ukraine. The Group has a control over an investee.
Baltic Ground Services RU OOO	Russian Federation	Aircraft Ground Handling, Fuelling and Logistics	100	100	100	The subsidiary was established on 23 March 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company provides aircraft ground handling, fuelling and transportation services in Russia.
Baltic Ground Services EE OÜ	Republic of Estonia	Aircraft Ground Handling, Fuelling and Logistics	100	100	100	The subsidiary was established on 31 July 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company provides fuelling services in Estonia.
Baltic Ground Services LV SIA	Republic of Latvia	Aircraft Ground Handling, Fuelling and Logistics	51	51	51	The subsidiary was acquired on 1 October 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company provides fuelling services in Latvia.
Baltic Ground Services CZ s.r.o.	Czech Republic	Aircraft Ground Handling, Fuelling and Logistics	100	100	100	The subsidiary was established on 18 December 2015. It is a direct subsidiary of Baltic Ground Services UAB. The company is providing fuelling services in Czech Republic.
BGS Trans UA LLC	Ukraine	Aircraft Ground Handling, Fuelling and Logistics	100	100	100	The subsidiary was established on 3 July 2017. It is a direct subsidiary of Baltic Ground Services UAB. The subsidiary does not conduct active operations.
Baltic Ground Services DE GmbH	Federal Republic of Germany	Aircraft Ground Handling, Fuelling and Logistics	100	-	-	The subsidiary was established on 11 January 2018 (Note 15). The company is providing fuel logistic services.
BGS Rail Holdings UAB	Republic of Lithuania	Aircraft Ground Handling, Fuelling and Logistics	100	100	-	The subsidiary was established on 24 October 2017. The company is acting as a holding company for subsidiary BGS Rail LLC.
BGS Rail LLC	Ukraine	Aircraft Ground Handling, Fuelling and Logistics	100	-	-	The subsidiary was acquired on 13 June 2018 (Note 15). The company is involved in semi wagon lease.
FL Technics UAB	Republic of 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.
FL Technics Hong Kong Limited	Hong Kong	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	-	-	The subsidiary was established on 27 September 2018 (Note 15). The subsidiary does not conduct active operations.
FL Technics Line OOO	Russian Federation	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.

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
			30-09-2018	31-12-2017	30-09-2017	
Avia Technics Dirgantara PT.	Republic of Indonesia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	49	49	25	An investee of FL Technics UAB was established on 5 August 2014. The company provides line and base maintenance services in Jakarta. The Group has a control over an investee. On 7 December 2017 the Company additionally acquired 24 per cent shareholding in the subsidiary from third party (Note 15).
FL Technics Asia Co. Ltd.	Kingdom of Thailand	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	99.997	99.997	99.997	The subsidiary was established on 4 January 2016. It is a direct subsidiary of FL Technics UAB. The subsidiary is planning to provide aircraft maintenance services in Thailand.
Storm Aviation Ltd.	The United Kingdom	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 31 December 2011. It is a direct subsidiary of FL Technics UAB. The company provides aircraft line station services.
Storm Aviation (Cyprus) Ltd.	Republic of Cyprus	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was acquired on 31 December 2011. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Cyprus.
Storm Aviation (Nigeria) Ltd.	Federal Republic of Nigeria	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was established on 26 August 2016. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Nigeria.
Storm Aviation (Germany) GmbH	Federal Republic of Germany	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	100	The subsidiary was established on 29 March 2017 (Note 15). It is a direct subsidiary of Storm Aviation Ltd. The company is providing aircraft line station services in Germany.
United Airports Management B.V.	Netherlands	The associate	30	30	30	The associate was acquired in the third quarter of 2014. On 26 October 2018 all the shares in the associate were sold (Note 17).
United Airports Management LLC	Russian Federation	Airport Infrastructure Management	30*	30*	30*	The company was established on 14 March 2014. The company's portfolio includes the development of the Moscow's fourth airport – Zhukovsky International. On 26 October 2018 the economic interest in associate was sold (Note 17).
RAMPORT AERO JSC	Russian Federation	Airport Infrastructure Management	22.5*	22.5*	22.5*	It is a direct subsidiary of United Airports Management LLC. It was established on 30 July 2014 and provides services in the Zhukovsky International airport. On 26 October 2018 the economic interest in associate was sold (Note 17).

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
			30-09-2018	31-12-2017	30-09-2017	
RAMPOR SECURITY LLC	Russian Federation	Airport Infrastructure Management	22.5*	22.5*	22.5*	It is a direct subsidiary of RAMPOR AERO JSC. It was established on 6 May 2015 and will provide services in the Zhukovsky International airport. On 26 October 2018 the economic interest in associate was sold (Note 17).
RAMPOR Aviation Commerce JSC	Russian Federation	Airport Infrastructure Management	22.5*	22.5*	16.88*	It is a direct subsidiary of RAMPOR AERO JSC. It was established in 2016 and provides services in the Zhukovsky International airport. On 26 October 2018 the economic interest in associate was sold (Note 17).
ZIA CARGO JSC	Russian Federation	Airport Infrastructure Management	11.47*	11.47*	11.47*	It is a direct subsidiary of RAMPOR AERO JSC. It was established in 2016 and provides services in the Zhukovsky International airport. On 26 October 2018 the economic interest in associate was sold (Note 17).

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

As at 30 September 2018 the Company had one representative Office in Russia, 1st Tverskaya-Yamskaja St., 21, 2nd floor, 125047, Moscow and no branches.

The number of full-time staff employed by the Group on 30 September 2018 amounted to 2 516 (31 December 2017: 2 297; 30 September 2017: 2 228). The number of full-time staff employed by the Company on 30 September 2018 amounted to 78 (31 December 2017: 72; 30 September 2017: 64).

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, fuelling and logistics;
- (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.

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.

3 Segment information (continued)

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 nine-month period ended 30 September 2018 and for the nine-month period ended 30 September 2017:

	Aircraft maintenanc e, repair and overhaul	Aircraft ground handling, fuelling and logistics	Pilot and crew training	Private Jet Charter, Flight and Tour Operations	Unallo- cated	Inter- segment trans- actions	Total
Nine-month period ended 30 September 2018							
Sales to external customers	123 739	154 491	13 936	27 584	850	-	320 600
Inter-segment sales	5 908	3 472	266	244	1 789	(11 679)	-
Total revenue	129 647	157 963	14 202	27 828	2 639	(11 679)	320 600
Other income	383	393	220	21	620	(985)	652
Cost of services and goods purchased	(71 618)	(140 614)	(6 585)	(25 750)	(609)	8 760	(236 416)
Depreciation and amortisation	(2 082)	(2 087)	(644)	(111)	(176)	(73)	(5 173)
Employee related expenses	(36 362)	(8 675)	(3 917)	(1 812)	(1 748)	98	(52 416)
Other operating expenses	(11 571)	(2 364)	(2 688)	(1 275)	(920)	2 883	(15 935)
Impairment-related expenses	(2 392)	(238)	63	(331)	(302)	796	(2 404)
Other gain/(loss) - net	(286)	(195)	263	(102)	(5)	112	(213)
Segment operating profit	5 719	4 183	914	(1 532)	(501)	(88)	8 695
As at 30 September 2018							
Segment assets	98 215	48 577	21 936	8 864	9 966		187 558
Nine-month period ended 30 September 2017							
Sales to external customers	114 660	115 834	13 743	12 788	583	-	257 608
Inter-segment sales	4 384	5 560	89	55	1 577	(11 665)	-
Total revenue	119 044	121 394	13 832	12 843	2 160	(11 665)	257 608
Other income	374	120	76	2	438	(731)	279
Cost of services and goods purchased	(71 340)	(110 194)	(7 366)	(11 602)	(466)	8 923	(192 045)
Depreciation and amortisation	(1 572)	(1 423)	(531)	(53)	(145)	(99)	(3 823)
Employee related expenses	(30 314)	(6 602)	(2 780)	(967)	(1 292)	-	(41 955)
Other operating expenses	(10 160)	(1 917)	(2 232)	(665)	(772)	2 478	(13 268)
Impairment-related expenses	(1 343)	(33)	(25)	-	(8)	-	(1 409)
Other gain/(loss) - net	39	(215)	45	3	(11)	(127)	(266)
Segment operating profit	4 728	1 130	1 019	(439)	(96)	(1 221)	5 121
As at 30 September 2017							
Segment assets	92 637	32 822	11 653	9 563	12 325	-	159 000

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, fuelling and logistics 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.

	July – September		January – September	
	2018	2017	2018	2017
4 Cost of goods and services				
Aircraft fuel expenses	54 615	34 060	132 798	100 388
Cost of goods purchased	14 369	13 871	51 635	43 430
Cost of purchased services	15 096	14 138	42 131	37 682
Rent and maintenance of premises	1 652	1 469	4 912	4 717
Rent of aircraft, training and other equipment	1 690	2 093	4 940	5 828
	87 422	65 631	236 416	192 045
5 Other operating expenses				
Transportation and related expenses	1 141	1 062	3 878	3 867
Business travel expenses	1 029	798	3 136	2 356
Consultation expenses	822	548	2 200	1 649
Office administrative, communications and IT expenses	534	480	1 711	1 268
Marketing and sales expenses	552	523	1 665	1 386
Insurance expenses	372	299	1 070	894
Other expenses	762	504	2 275	1 848
	5 212	4 214	15 935	13 268
6 Finance income and costs				
Interest income on cash and cash equivalents	1	1	5	4
Foreign exchange gain on financing activities	27	-	308	-
Other finance income	1	117	12	331
Finance income	29	118	325	335
Interest expenses on borrowings	(458)	(235)	(970)	(728)
Foreign exchange loss on financing activities	-	(348)	-	(1 330)
Unwinding of discounted financial assets received	(2)	(3)	(6)	(9)
Other finance costs	(55)	(64)	(107)	(213)
Finance costs	(515)	(650)	(1 083)	(2 280)
Finance costs – net	(486)	(532)	(758)	(1 945)
7 Income tax and deferred income tax				

Domestic income tax is calculated at 15 per cent of the annual profit for the year, in Poland income tax – 19 per cent, in the United Kingdom – 20 per cent, in Russia – 20 per cent, in Ukraine – 18 per cent, in Indonesia – 25 per cent, in Thailand – 20 per cent, in Cyprus – 12.5 per cent, in Nigeria – 30 per cent, in Czech Republic – 19 per cent. Deferred income tax asset and liability related to the entities operating in Lithuania are calculated at 15% rate (2017: 15% rate), in Poland - at 19% rate (2017: 19% rate), in the United Kingdom – at 20% rate (2017: 20% rate), in Russia – at 20% rate (2017: 20% rate), in Ukraine – at 18% rate (2017: 18% rate), in Indonesia – at 25% rate (2017: 25% rate), in Cyprus – at 12.5% rate (2017: 12.5% rate), in Nigeria – at 30% rate (2017: 30% rate), in Czech Republic – at 19% rate (2017: 19% rate). Corporate income tax in Estonia and Latvia is shifted from the moment of earning the profits to the moment of their distribution, i.e. until dividend pay out.

7 Income tax and deferred income tax (continued)

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

	July – September		January – September	
	2018	2017	2018	2017
Current income tax	(540)	(320)	(1 248)	(944)
Deferred income tax	(166)	384	(609)	879
Total income tax expenses	(706)	64	(1 857)	(65)

8 Share capital

On 30 September 2018 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 2017 – 7 777 777 ordinary registered shares). All shares are fully paid up.

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.

	July – September		January – September	
	2018	2017	2018	2017
Profit (loss) for the period attributable to equity holders of the parent	2 325	2 485	7 088	3 855
Weighted average number of ordinary shares (thousand)	7 778	7 778	7 778	7 778
Basic and diluted earnings per share	0.299	0.319	0.911	0.496

10 Property, plant and equipment, intangible assets

	Property, plant and equipment	Intangible assets
Opening net book amount as at 1 January 2017	29 812	6 056
Additions	5 887	637
Disposals	(253)	-
Cumulative currency differences	56	(10)
Depreciation charge (Note 3)	(3 301)	(522)
Closing net book amount as at 30 September 2017	32 201	6 161
Opening net book amount as at 1 January 2018	31 984	6 270
Acquisition of subsidiary (Note 15)	7 357	-
Additions	21 095	894
Disposal of subsidiary (Note 15)	(170)	(23)
Disposals	(518)	-
Reclassifications	(116)	-
Cumulative currency differences	(357)	(1)
Depreciation charge (Note 3)	(4 288)	(885)
Closing net book amount as at 30 September 2018	54 987	6 255

11 Trade and other receivables	30 September 2018	31 December 2017
Trade receivables	49 577	48 297
Less: provision for impairment of trade receivables	(13 778)	(13 495)
Trade receivables – net	35 799	34 802
Other receivables	2 137	1 345
Less: provision for impairment of other receivables	(116)	(18)
Other receivables – net	2 021	1 327
Loans granted	2 126	428
Less: provision for impairment of loans granted	(183)	(29)
Loans granted - net	1 943	399
Receivables from investment in bonds from other related parties	6 479	6 253
Less: provision for impairment of investment in bonds from other related parties	(810)	(784)
Receivables from investment in bonds from other related parties – net (Note 16)	5 669	5 469
Prepayments	9 661	8 154
Less: provision for impairment of prepayments	(170)	(85)
Prepayments - net	9 491	8 069
Trade receivables from related parties	7 693	1 424
Less: provision for impairment of trade receivables from related parties	(102)	(233)
Trade receivables from related parties - net (Note 16)	7 591	1 191
VAT receivables	8 106	5 997
Deferred charges	1 657	2 199
Accrued revenue	1 088	839
Security deposit	2 850	2 532
Other receivables from related parties	1 357	957
Less: provision for impairment of other receivables from related parties	(152)	(162)
Other receivables from related parties – net (Note 16)	1 205	795
Loans granted to related parties	896	897
Less: provision for impairment of loans granted to related parties	(13)	(25)
Loans granted to related parties – net (Note 16)	883	872
Deferred charges to related parties (Note 16)	14	20
Prepayments from related parties (Note 16)	23	20
Security deposits from related parties placed (Note 16)	22	25
	78 362	64 556
Less non-current portion :	(10 224)	(7 318)
Current portion :	68 138	57 238

12 Cash and cash equivalents	30 September 2018	31 December 2017	30 September 2017
Cash and cash equivalents	7 706	8 636	10 368
Bank overdraft	(26 677)	(20 152)	(21 767)
	(18 971)	(11 516)	(11 399)

13 Inventories	30 September 2018	31 December 2017
Spare parts and materials – gross amount	27 574	25 390
Less: provision for impairment of inventories	(4 462)	(4 133)
Spare parts and materials	23 112	21 257
Goods for sale – gross amount	1 999	5 877
Less: provision for impairment of inventories	(313)	(1 009)
Goods for sale	1 686	4 868
Aircraft fuel	1 815	1 328
Work in progress	276	508
Goods in transit	-	632
Other inventories	1 146	1 185
	28 035	29 778

14 Trade and other payables	30 September 2018	31 December 2017
Trade payables	23 965	23 504
Accruals for hangar lease payments, PBH contracts and other accrued expenses	8 281	6 631
Salaries and social security payable	7 547	6 586
Provisions	179	321
Deferred revenue	3 319	954
Amounts payable to related parties (Note 16)	746	224
Other payables	1 040	985
	45 077	39 205
Less: non-current portion	(197)	(331)
Current portion	44 880	38 874

15 Business combination and disposals

Establishment in 2018

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

On 02 February 2018, Avia Solutions Group AB subsidiary BAA Training UAB established new subsidiary BAA Training Vietnam LLC. Registered capital is VND 454 000 000 (equivalent to EUR 16 thousand). BAA Training UAB fully paid for share capital. The company is planning to provide training services and lease of full flight simulators.

On 28 February 2018, Avia Solutions Group AB established new subsidiary Avia Solutions Group (CY) LTD. Registered capital is EUR 1 000. Avia Solutions Group AB fully paid for share capital.

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

On 5 July 2018, Avia Solutions Group AB established new subsidiary ALH Airlines Limited (Malta). Registered capital is EUR 100 thousand. The company is planning to provide air transport services.

On 27 September 2018, Avia Solutions Group AB subsidiary FL Technics UAB established new subsidiary FL Technics Hong Kong Limited. Registered capital is USD 10 000 (equivalent to EUR 9 thousand). The company is planning to establish Joint Venture for aircraft maintenance services in China.

15 Business combination and disposals (continued)

Acquisitions in 2018

On 13 June 2018 Avia Solutions Group AB completed the acquisition of 100 percent of the share capital in a limited liability company BGS Rail LLC (previously DNIPROTRANSLOGISTYKA) established and operating in Ukraine. Acquired company is involved in transport lease and to be further developed by Baltic Ground Services UAB, a direct subsidiary of Avia Solutions Group AB. According to the share sale and purchase agreement the purchase price was USD 3 850 thousand (equivalent to EUR 3 268 thousand).

Details of purchase consideration and assets and liabilities arising from the acquisition are as follows:

	BGS Rail LLC - acquiree's fair value
Property, plant and equipment	7 357
Deferred income tax assets	453
Trade and other receivables	303
Cash and cash equivalents	29
Borrowings	(3 624)
Deferred income tax liabilities	(1 179)
Trade and other payables	(62)
Total identifiable net assets acquired	3 277
Purchase consideration – paid in cash	(3 268)
Excess of fair value of acquiree's net assets over costs (recognised in the statement of comprehensive income)	9

The values included in purchase price allocation are provisional and will be updated within 12 months period after the acquisition date.

Disposals and liquidations in 2018

On 25 May 2018, BAA Training UAB sold 100% of the share capital of BGS Rail Holdings UAB (previously BAA Simulators UAB) to the Group company Baltic Ground Services UAB.

On 22 August 2018 the Group sold its 50% of shares in the subsidiary Laserpas UAB to the management of Laserpas UAB. Sales proceeds from the disposal amounted to EUR 1 394 thousand. Details of sale price and assets and liabilities arising from the disposal in Group's financial statements are as follows:

	Laserpas UAB – disposal's carrying amount
Intangible and tangible assets	193
Deferred income tax assets	325
Trade and other receivables	195
Cash and cash equivalents	1 983
Trade and other payables	(148)
Total identifiable net assets	2 548
NCI based on proportionate share of net assets (50%)	(1 274)
Group's net assets attributed to equity holders of the parent	1 274
Proceeds from sale of interest in subsidiaries	1 394
Gain on disposal, directly recognised in disposal's group other gains/(losses)	120

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

On 14 March 2018, Avia Solutions Group AB subsidiary FL Technics Ulyanovsk OOO has been liquidated

15 Business combination and disposals (continued)

Establishment in 2017

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

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

On 3 July 2017, BGS Trans (Ukraine) LLC was established by the Baltic Ground Services UAB. Registered capital is UAH 149 100 (equivalent to EUR 5 thousand), Baltic Ground Services UAB fully paid for share capital.

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

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

Acquisitions and disposals in 2017

On 1 April 2017, Avia Solutions Group AB sold 100% of the share capital of KlasJet UAB to subsidiary Jet Maintenance Solutions UAB at a consideration of EUR 47 thousand.

On 29 June 2017, Avia Solutions Group AB acquired 99.99885% of the share capital of FL Technics Ulyanovsk from subsidiaries FL Technics Line OOO and FL Trading House UAB at a consideration of EUR 177 thousand.

On 14 July 2017, Avia Solutions Group AB acquired 10% of the share capital of Laserpas UAB from the general director of Laserpas UAB at a consideration of EUR 319 and increased a control in the subsidiary to 100%.

On 8 August 2017, Avia Solutions Group AB sold 50% of the share capital of Laserpas UAB. European Union based investor acquired 500 000 newly issued ordinary registered shares of Laserpas UAB (50 per cent of the total registered share capital) for the total issue price of EUR 2 609 thousand. Avia Solutions Group AB committed to invest and invested to Laserpas UAB EUR 1 000 000. The Group retained the control in Laserpas UAB until 22 August 2018.

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

16 Related party transactions

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

	January – September	
	2018	2017
Sales of services to:		
Entities having significant influence	8	6
Other related parties	11 090	7 324
	11 098	7 330
Total sales of assets and services	11 098	7 330
Purchases of assets from:		
Other related parties	425	-
	425	-
Purchases of services from:		
Entities having significant influence	2	4
Other related parties	1 065	2 835
	1 067	2 839
Total purchases of assets and services	1 492	2 839
	30 September 2018	31 December 2017
Trade receivables from related parties		
Receivables from investment in bonds from related parties (Note 11)	5 669	5 469
Trade receivables from entities having significant influence (Note 11)	1	2
Trade receivables from other related parties (Note 11)	7 590	1 189
Other receivables from related parties (Note 11)	1 205	795
Loans provided to other related parties (Note 11)	883	872
Prepayments from related parties (Note 11)	23	20
Deferred charges to other related parties (Note 11)	14	20
Security deposit with lessor from related parties (Note 11)	22	25
	15 407	8 392
Payables and advances received from related parties		
Loans received from related parties	100	99
Advances received from related parties	758	620
Trade and other payables to entities having significant influence (Note 14)	-	1
Trade and other payables to other related parties (Note 14)	746	222
	1 604	942

17 Events after the reporting date

On 25 October 2018, *Avia Solutions Group AB* subsidiary *Storm Aviation Ltd.* together with partners established a joint venture company *BSTS & Storm Aviation Limited* (Bangladesh). The share of equity of the Group is 49% and the Group does not have a control over an investee. Registered capital is TK 50 000 000. As at 30 September 2018 the prepayment for amount of TK 9 800 000 (equivalent to EUR 104 thousand) was made by the Group. The company is planning to provide aircraft maintenance services in Bangladesh.

On 26 October 2018 the Group sold its 30% stake in *United Airports Management B.V.*, a holding company indirectly owning *RAMPART AERO, OJSC*, which manages the *Zhukovsky International Airport*.

On 2 August 2018, the Extraordinary General Meeting of Shareholders of *Avia Solutions Group AB* decided to initiate delisting of all the outstanding shares of the Company from trading on the regulated market *Warsaw Stock Exchange* and non-continuation of the public offering of the shares of the Company.

On 31 October 2018 the Polish Financial Supervision Authority (the "PFSA") published information on its website that the PFSA adopted a resolution on granting consent to revoke de-materialization of the Company's shares with an effective date as of 20 November 2018. Starting from that date (i.e. 20 November 2018) the Company's shares will no longer be listed on the *Warsaw Stock Exchange* and the Company will no longer be subject to the information obligations applicable to listed companies.

On 9 November 2018 the Company has submitted an application to the *Bank of Lithuania* for not deeming the Company to be an issuer after revoking de-materialization of the shares of the Company from the *Warsaw Stock Exchange*

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Disclosure of Information of the Bank of Lithuania, I, Aurimas Sanikovas, Acting General Manager of *Avia Solutions Group AB*, hereby confirm that, to the best of my knowledge, the unaudited *Avia Solutions Group AB* Consolidated Interim Financial Information for the nine-month period ended 30 September 2018, 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



15 November, 2018