

AVIA SOLUTIONS GROUP AB

Consolidated Interim Financial Information,
For the Year Ended 31 December 2016
(Unaudited)

Beginning of the financial period	1 January 2016
End of reporting period	31 December 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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	4
CONSOLIDATED BALANCE SHEET	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED STATEMENT OF CASH FLOWS.....	9
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION	11
1 Accounting policies.....	11
2 Investments in subsidiaries and associates	11
3 Segment information.....	14
4 Cost of goods and services	15
5 Other operating expenses.....	15
7 Income tax and deferred income tax.....	16
8 Share capital	16
9 Earnings per share.....	17
10 Property, plant and equipment, intangible assets.....	17
11 Trade and other receivables	18
12 Cash and cash equivalents	18
13 Inventories.....	18
14 Trade and other payables.....	19
15 Business combination and disposals	19
16 Non-current assets held for sale and discontinued operations	22
17 Related party transactions.....	22
MANAGEMENT CONFIRMATION OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION	24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	October – December		January - December	
		2016	2015	2016	2015
Continuing operations					
Revenue	3	82 275	66 228	306 424	229 300
Other income	3	73	572	365	1 839
Cost of services and goods	3, 4	(62 607)	(46 414)	(228 929)	(166 451)
Employee related expenses	3	(12 246)	(10 261)	(46 400)	(38 774)
Other operating expenses	3, 5	(3 936)	(4 057)	(14 875)	(13 271)
Depreciation and amortisation	3, 10	(1 307)	(1 648)	(4 959)	(5 620)
Impairment-related expenses	3	(675)	(450)	(1 382)	(14 072)
Other gain/(loss) - net	3	391	(153)	(172)	(82)
Operating profit (loss)		1 968	3 817	10 072	(7 131)
Finance income	6	803	478	657	1 073
Finance cost	6	(280)	(235)	(1 176)	(1 301)
Finance costs – net		523	243	(519)	(228)
Share of profit (losses) of associates		-	-	(183)	-
Profit (loss) before income tax		2 491	4 060	9 370	(7 359)
Income tax	7	(227)	(207)	(1 319)	414
Profit (loss) for the period from continuing operations		2 264	3 853	8 051	(6 945)
Discontinued operations					
Profit for the year from discontinued operations	16	-	-	-	4 112
Profit (loss) for the period		2 264	3 853	8 051	(2 833)
Profit (loss) attributable to:					
Equity holders of the parent					
Profit (loss) for the period from continuing operations		2 662	4 099	8 706	(6 651)
Profit for the period from discontinued operations		-	-	-	4 281
Profit (loss) for the period attributable to equity holders of the parent		2 662	4 099	8 706	(2 370)
Non-controlling interests					
Profit (loss) for the period from continuing operations		(398)	(246)	(655)	(294)
Profit (loss) for the period from discontinued operations		-	-	-	(169)
Profit (loss) for the period attributable to non-controlling interests of the parent		(398)	(246)	(655)	(463)
		2 264	3 853	8 051	(2 833)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Notes	October – December		January - December	
		2016	2015	2016	2015
Other comprehensive income					
Continuing operations					
Net gain on cash flow hedges		9	8	34	28
Income tax		(1)	(1)	(5)	(4)
		<u>8</u>	<u>7</u>	<u>29</u>	<u>24</u>
Exchange differences on translation of foreign operations		(252)	(43)	17	(132)
Other comprehensive income (loss) for the period from continuing operations		(244)	(36)	46	(108)
Discontinued operations					
Exchange differences on translation of foreign operations from discontinued operations		-	-	-	436
Other comprehensive income for the period		(244)	(36)	46	328
Total comprehensive income (loss) for the period attributable to:					
Equity holders of the parent					
Total comprehensive income (loss) for the period from continuing operations		2 423	4 059	8 786	(6 763)
Total comprehensive income (loss) for the period from discontinued operations		-	-	-	5 086
Total comprehensive income (loss) for the period attributable to equity holders of the parent		2 423	4 059	8 786	(1 677)
Non-controlling interests					
Total comprehensive income (loss) for the period from continuing operations		(403)	(242)	(689)	(290)
Total comprehensive income (loss) for the period from discontinued operations		-	-	-	(538)
Total comprehensive income (loss) for the period attributable to non-controlling interests of the parent		(403)	(242)	(689)	(828)
		<u>2 020</u>	<u>3 817</u>	<u>8 097</u>	<u>(2 505)</u>
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	0.342	0.527	1.119	(0.855)
From discontinued operations	9	-	-	-	0.550
From profit (loss) for the period	9	0.342	0.527	1.119	(0.305)

CONSOLIDATED BALANCE SHEET

	Notes	31 December 2016	31 December 2015
Non-current assets			
ASSETS			
Non-current assets			
Property, plant and equipment	10	29 810	28 609
Intangible assets	10	5 656	2 273
Deferred income tax assets	7	5 401	5 233
Non-current trade and other receivables	11	9 138	8 642
		50 005	44 757
Current assets			
Inventories	13	29 193	29 128
Trade and other receivables	11	56 682	34 375
Amount due from customers for contract work		3 045	5 410
Prepaid income tax		1 008	565
Short-term bank deposit		61	140
Cash and cash equivalents	12	4 661	5 613
		94 650	75 231
Total assets	3	144 655	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		(16)	(45)
Cumulative translations differences		(86)	(137)
Retained earnings		24 716	16 099
		59 639	50 942
Equity attributable to equity holders of the parent			
Non-controlling interests		(419)	196
Total equity		59 220	51 138
LIABILITIES			
Non-current liabilities			
Borrowings		6 036	8 338
Government grants		1 528	1 787
Deferred income tax liabilities	7	366	230
Security deposits received		416	510
Trade and other payables	14	220	240
Derivative financial instruments		19	53
		8 585	11 158
Current liabilities			
Trade and other payables	14	41 239	29 909
Borrowings		24 933	19 390
Advances received		9 309	7 833
Security deposits received		106	428
Current income tax liabilities		1 263	132
		76 850	57 692
Total liabilities		85 435	68 850
Total equity and liabilities		144 655	119 988

AVIA SOLUTIONS GROUP AB
CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 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-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings		
Balance at 1 January 2015	2 253	33 133	(457)	79	(69)	1 099	18 490	5 849	60 377
Comprehensive income									
Net gain on cash flow hedge	-	-	-	-	24	-	-	-	24
Currency translation difference from continuing operations	-	-	-	-	-	(136)	-	4	(132)
Currency translation difference from discontinued operations	-	-	-	-	-	805	-	(369)	436
Profit (loss) for the period from continuing operations	-	-	-	-	-	-	(6 651)	(294)	(6 945)
Profit (loss) for the period from discontinued operations	-	-	-	-	-	-	4 281	(169)	4 112
Total comprehensive income	-	-	-	-	24	669	(2 370)	(828)	(2 505)
Transactions with owners									
Transfer to legal reserve	-	-	-	14	-	-	(14)	-	-
Purchase of a subsidiary	-	-	-	-	-	-	-	329	329
Control gain over an investee	-	-	-	-	-	-	-	207	207
Disposal of interest in subsidiary with loss of control (Note 15)	-	-	-	-	-	(1 907)	-	(5 401)	(7 308)
Disposal of subsidiaries without loss of control (Note 15)	-	-	-	-	-	2	(4)	40	38
Result of share capital conversion to euros	3	-	-	-	-	-	(3)	-	-
Total transactions with owners	3	-	-	14	-	(1 905)	(21)	(4 825)	(6 734)
Balance at 31 December 2015	2 256	33 133	(457)	93	(45)	(137)	16 099	196	51 138

AVIA SOLUTIONS GROUP AB
CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016
(All tabular amounts are in EUR '000 unless otherwise stated)



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Equity attributable to equity holders of the Group							Non-controlling interests	Total equity	
	Share capital	Share premium	Merger reserve	Legal reserve	Fair value reserve	Currency translation differences	Retained earnings			Total
Balance at 1 January 2016	2 256	33 133	(457)	93	(45)	(137)	16 099	50 942	196	51 138
Comprehensive income										
Net gain on cash flow hedge	-	-	-	-	29	-	-	29	-	29
Currency translation difference from continuing operations	-	-	-	-	-	51	-	51	(34)	17
Profit (loss) for the period from continuing operations	-	-	-	-	-	-	8 706	8 706	(655)	8 051
Total comprehensive income	-	-	-	-	29	51	8 706	8 786	(689)	8 097
Additional investment to subsidiary (Note 15)	-	-	-	-	-	-	(89)	(89)	74	(15)
Balance at 31 December 2016	2 256	33 133	(457)	93	(16)	(86)	24 716	59 639	(419)	59 220

CONSOLIDATED STATEMENT OF CASH FLOWS

		January – December	
	Notes	2016	2015
Operating activities			
Profit for the period		8 051	(2 833)
Income tax		1 319	(414)
<i>Adjustments for:</i>			
Depreciation and amortisation	3, 10	4 959	5 620
Impairment-related expenses	3	1 382	14 072
Accruals of buildings lease payments, PBH contracts		116	(115)
Interest expenses	6	783	902
Fair value (profit) loss on derivative financial instruments		(29)	(24)
Discounting effect on financial assets	6	(1)	37
(Profit) of PPE disposals		(388)	(169)
Share of loss of associates		183	-
Gain on disposal in Group's financial statements (discontinued operations) / Net result of subsidiaries disposal	15, 16	-	(4 112)
Amortisation of government grants		(259)	(455)
Interest income		(83)	(709)
Currency translations differences		1	317
Write-off assets due to company liquidation		-	133
<i>Changes in working capital:</i>			
- Inventories		(312)	(1 373)
- Trade and other receivables, prepayments		(22 600)	(9 180)
- Short-term bank deposits		79	(125)
- Trade and other payables, advances received		11 454	1 999
- Security deposits received		58	(52)
Cash generated from (used in) operating activities		4 713	3 519
Interest received		13	120
Interest paid		(773)	(956)
Income tax paid		(707)	(523)
Net cash generated from (used in) operating activities		3 246	2 160
Investing activities			
Purchase of PPE and intangible assets		(3 735)	(4 686)
Proceeds from PPE and intangible assets		1 144	958
Purchase of subsidiaries (net of cash acquired)		(15)	(594)
Proceeds from sale of subsidiaries		-	14
Loans granted		(1 038)	(442)
Repayments of loans granted		54	5 778
Deposits placed		(863)	(923)
Repayments of deposits placed		307	132
Government grants received		-	1 433
Net cash generated from (used in) investing activities		(4 146)	1 670

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

		January – December	
	Notes	2016	2015
Financing activities			
Increase of non-controlling interests		-	25
Bank borrowings received		10 365	10 497
Repayments of bank borrowings		(13 466)	(12 030)
Borrowings from related parties received		12	4 420
Repayments of borrowings from related parties		-	(5 534)
Other borrowings received		-	801
Repayment of other borrowings		-	(9)
Repayments of lease liabilities		(2 668)	(2 147)
Net cash (used in) financing activities		(5 757)	(3 977)
Increase (decrease) in cash and cash equivalents		(6 657)	(147)
At beginning of period	12	(8 434)	(8 287)
Increase (decrease) in cash and cash equivalents		(6 657)	(147)
At end of period	12	(15 091)	(8 434)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Accounting policies

The consolidated interim financial information for the year ended 31 December 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 year ended 31 December 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
			31-12-2016	31-12-2015	
Avia Solutions Group – Airports Management OOO	Russia	Airport Infrastructure Management (discontinued)	30	30	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	The associate was acquired in the third quarter 2014.
Avia Technics Dirgantara PT.	Indonesia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	25	25	An investee was established on 5 August 2014. The company provides line maintenance services in Jakarta. The Group has a control over an investee.
AviationCV.com UAB	Lithuania	Crew Training and Staffing	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	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	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	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	50	50	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 provides fuelling services in Ukraine.
Baltic Ground Services RU OOO	Russia	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was established on 23 March 2015 (Note 15). It is a direct subsidiary of Baltic Ground Services UAB. The company will provide aircraft ground handling services in Russia.

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

2 Investments in subsidiaries and associates (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, %		Date of acquiring/establishment and activity
			31-12-2016	31-12-2015	
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	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 started unmanned aerial flight operations.
FL Technics UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was established on 22 December 2005. In summer of 2007 the company started aircraft maintenance, repair and overhaul (MRO) services.
Jet Maintenance Solutions UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 1 December 2010. The company provides maintenance services for business aircraft.
FL Technics Line OOO	Russia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	93	93	The subsidiary was established in summer of 2011. It is a direct subsidiary of FL Technics UAB.
FL Technics Ulyanovsk OOO	Russia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	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	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). It is a direct subsidiary of FL Technics UAB. The subsidiary will provide aircraft maintenance services in Thailand.
Helisota UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 16 December 2013. The company provides maintenance, repair and overhaul services for helicopters.
Kauno aviacijos gamykla UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 16 December 2013. It is a direct subsidiary of Helisota UAB. The subsidiary does not conduct any significant active operations.
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.

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

2 Investments in subsidiaries and associates (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, %		Date of acquiring/establishment and activity
			31-12-2016	31-12-2016	
KIDY Tour OÜ	Estonia	Private Jet Charter, Flight and Tour Operations	100	-	The subsidiary was acquired on 16 September 2016 (Note 15). The company is engaged in providing its clients with tour operator as well as other related services.
KlasJet UAB	Lithuania	Private Jet Charter, Flight and Tour Operations	100	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 and on 27 September 2016 those shares were bought back (Note 15).
Locatory.com UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	95	95	The subsidiary was established on 7 December 2010. Starting summer 2012, the company is acting as an aircraft parts locator and offers innovative IT solution for MRO business segment
RAMPORT AERO OAO	Russia	Airport Infrastructure Management (discontinued)	22.5	22.5	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)	30	22.5	It is a direct subsidiary of RAMPORT AERO OAO. The subsidiary was established on 6 May 2015 and provides 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).
International Airport Ramenskoye AO	Russia	Airport Infrastructure Management (discontinued)	22.5	-	It is a direct subsidiary of RAMPORT AERO OAO. The subsidiary was established in 2016 and provides services in the Zhukovsky International airport.
Storm Aviation Ltd.	The United Kingdom	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	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	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.
Storm Aviation (Nigeria) Ltd.	Federal Republic of Nigeria	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	-	The subsidiary was established on 26 August 2016 (Note 15). It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Nigeria.

As at 31 December 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 December 2016 amounted to 1 952 (31 December 2015: 1 674). The number of full-time staff employed by the Company on 31 December 2016 amounted to 58 (31 December 2015: 61).

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

3 Segment information

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

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

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 the Operating Profit.

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

The following table presents sales to external customers, cost and operating expenses, other income, other gain/loss and operating profit information according to the Group's business segments for the year ended 31 December 2016:

	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
Year ended 31 December 2016							
Continuing operations							
Sales to external customers	143 762	139 718	12 115	10 147	682	-	306 424
Inter-segment sales	2 624	3 586	105	15	2 097	(8 427)	-
Total revenue	146 386	143 304	12 220	10 162	2 779	(8 427)	306 424
Other income	441	192	38	1	747	(1 054)	365
Cost of services and goods purchased	(90 264)	(128 514)	(5 854)	(9 815)	(520)	6 038	(228 929)
Depreciation and amortisation	(2 244)	(1 853)	(664)	(49)	(163)	14	(4 959)
Employee related expenses	(34 415)	(6 925)	(2 757)	(743)	(1 578)	18	(46 400)
Other operating expenses	(11 699)	(1 937)	(2 137)	(716)	(922)	2 536	(14 875)
Impairment-related expenses	(1 354)	(11)	(12)	-	(827)	822	(1 382)
Other gain/(loss) - net	326	(391)	21	(8)	(1)	(119)	(172)
Segment operating profit from continuing operations	7 177	3 865	855	(1 168)	(485)	(172)	10 072
As at 31 December 2016							
Segment assets	91 248	31 704	7 353	2 287	12 063	-	144 655

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

3 Segment information (continued)

The following table presents sales to external customers, cost and operating expenses, other income, other gain/loss and operating profit information according to the Group's business segments for the year ended 31 December 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
Year ended 31 December 2015							
Continuing operations							
Sales to external customers	119 464	94 146	9 948	5 263	479	-	229 300
Inter-segment sales	2 778	1 340	74	5	2 278	(6 475)	-
Total revenue	122 242	95 486	10 022	5 268	2 757	(6 475)	229 300
Other income	1 827	272	88	1	809	(1 158)	1 839
Cost of services and goods purchased	(76 854)	(83 525)	(4 769)	(4 873)	(431)	4 001	(166 451)
Depreciation and amortisation	(3 587)	(1 337)	(546)	(13)	(152)	15	(5 620)
Employee related expenses	(29 390)	(5 574)	(1 924)	(384)	(1 502)	-	(38 774)
Other operating expenses	(10 747)	(1 800)	(2 024)	(346)	(783)	2 429	(13 271)
Impairment-related expenses	(14 001)	(64)	(1)	(1)	(5)	-	(14 072)
Other gain/(loss) - net	73	(84)	(30)	3	(19)	(25)	(82)
Segment operating profit	(10 437)	3 374	816	(345)	674	(1 213)	(7 131)
As at 31 December 2015							
Segment assets	83 323	20 305	5 762	978	9 620	-	119 988

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

4 Cost of goods and services	October - December		January - December	
	2016	2015	2016	2015
Aircraft fuel expenses	32 966	17 170	120 605	78 181
Cost of goods purchased	15 707	16 139	51 025	42 722
Cost of purchased services	11 322	10 580	47 146	36 887
Rent and maintenance of premises	1 505	1 437	5 739	4 748
Rent of aircraft, training and other equipment	1 107	1 088	4 414	3 913
	62 607	46 414	228 929	166 451

5 Other operating expenses

Transportation and related expenses	1 313	1 443	4 710	4 667
Business travel expenses	705	551	2 721	2 078
Consultation expenses	352	638	1 842	1 530
Office administrative, communications and IT expenses	296	319	1 182	1 504
Marketing and sales expenses	424	301	1 201	953
Insurance expenses	278	272	1 019	811
Other expenses	568	533	2 200	1 728
	3 936	4 057	14 875	13 271

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

	October - December		January - December	
	2016	2015	2016	2015
6 Finance income and costs				
Fair value adjustment of financial assets received	-	2	1	22
Interest income on cash and cash equivalents	3	10	15	22
Foreign exchange gain on financing activities	685	225	259	514
Other finance income	115	241	382	515
Finance income	803	478	657	1 073
Interest expenses on borrowings	(198)	(151)	(783)	(902)
Foreign exchange loss on financing activities	-	-	-	-
Fair value adjustment of financial assets placed	-	(47)	-	(59)
Other finance costs	(82)	(37)	(393)	(340)
Finance costs	(280)	(235)	(1 176)	(1 301)
Finance costs – net	523	243	(519)	(228)

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 Russian Federation – 20 per cent, in Ukraine – 18 per cent. Deferred income tax asset and liability related to the entities operating in Lithuania are calculated at 15% rate (2015: 15% rate), in Poland - at 19% rate (2015: 19% rate), in the United Kingdom – at 20% rate (2015: 20% rate), in Russian Federation – at 20% rate (2015: 20% rate), Ukraine – at 18% rate (2015: 18% 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:

	October - December		January - December	
	2016	2015	2016	2015
Current income tax	(328)	(33)	(1 351)	(695)
Deferred income tax	101	(174)	32	1 109
Total income tax expenses	(227)	(207)	(1 319)	414

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 December 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).

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

9 Earnings per share

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

	October - December		January - December	
	2016	2015	2016	2015
Profit (loss) attributable to:				
Equity holders of the parent				
Profit (loss) for the period from continuing operations	2 662	4 099	8 706	(6 651)
Profit (loss) for the period from discontinued operations	-	-	-	4 281
Profit (loss) for the period attributable to equity holders of the parent	2 662	4 099	8 706	(2 370)
Weighted average number of ordinary shares (thousand)	7 778	7 778	7 778	7 778
Basic earnings per share				
From continuing operations	0.342	0.527	1.119	(0.855)
From discontinued operations	-	-	-	0.550
From profit for the period	0.342	0.527	1.119	(0.305)

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
Acquisition of subsidiary (Note 15)	584	302
Additions (continuing operations)	8 833	568
Disposals	(542)	(10)
Reclassifications related to non-current assets held for sale	774	-
Write-offs	(9)	-
Depreciation charge (continuing operations, Note 3)	(5 246)	(374)
Cumulative currency differences (continuing operations)	4	(5)
Closing net book amount as at 31 December 2015	28 609	2 273
Opening net book amount as at 1 January 2016	28 609	2 273
Acquisition of subsidiary (Note 15)	27	2 507
Additions	6 653	1 195
Disposals	(805)	(1)
Depreciation charge (continuing operations, Note 3)	(4 641)	(318)
Cumulative currency differences (continuing operations)	(33)	-
Closing net book amount as at 31 December 2016	29 810	5 656

	31 December 2016	31 December 2015
11 Trade and other receivables		
Trade receivables	50 852	33 571
Less: provision for impairment of trade receivables	(10 360)	(9 641)
Trade receivables – net	40 492	23 930
Loans granted	275	244
Less: provision for impairment of loans granted	(25)	(25)
Loans granted - net	250	219
Other receivables	1 305	469
Less: provision for impairment of other receivables	(18)	(89)
Other receivables – net	1 287	380
Receivables from investment in bonds from other related parties (Note 17)	7 175	6 864
VAT receivables	4 822	3 150
Prepayments	4 472	3 550
Deferred charges	2 067	1 709
Security deposit	2 073	1 534
Deferred revenue	700	169
Receivables from related parties (Note 17)	1 149	361
Loans granted to related parties (Note 17)	636	640
Other receivables from related parties (Note 17)	677	505
Prepayments from related parties (Note 17)	5	5
Security deposits from related parties placed (Note 17)	15	1
	65 820	43 017
Less non-current portion :	(9 138)	(8 642)
Current portion :	56 682	34 375
12 Cash and cash equivalents		
Cash and cash equivalents	4 661	5 613
Bank overdraft	(19 752)	(14 047)
	(15 091)	(8 434)
13 Inventories		
Spare parts and materials – gross amount	24 896	29 130
Less: provision for impairment of inventories	(4 633)	(7 017)
Spare parts and materials	20 263	22 113
Goods for sale – gross amount	6 367	5 226
Less: provision for impairment of inventories	(48)	-
Goods for sale	6 319	5 226
Aircraft fuel	1 563	950
Work in progress	294	110
Goods in transit	41	68
Other inventories	713	661
	29 193	29 128

	31 December 2016	31 December 2015
14 Trade and other payables		
Trade payables	24 069	19 117
Accruals for hangar lease payments, PBH contracts and other accrued expenses	12 162	6 657
Salaries and social security payable	3 035	2 059
Deferred revenue	319	1 134
Amounts payable to related parties (Note 17)	605	309
Provisions	496	228
Other payables	773	645
	41 459	30 149
Less: non-current portion	(220)	(240)
Current portion	41 239	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 share capital EUR 65 thousand and THB 7.5 million (equivalent to EUR 191 thousand). Remaining 0.003% of share capital is held by 2 private persons.

On 26 August 2016, *Storm Aviation (Nigeria) Ltd.* was established by the *FL Technics UAB* subsidiary *Storm Aviation Ltd.* Registered capital is Naira 10 000 000, *Storm Aviation Ltd.* fully paid for share capital (equivalent to GBP 26 thousand).

Investment in the associate in 2016

On 1 August 2016 *Avia Solutions Group AB* agreed to contribute the accrued interests on bonds issued by its associate *Avia Solutions Group B.V.* as a share premium contribution without issuing any new shares. Contributed amount of accrued interests was in the amount of USD 204 thousand (equivalent to EUR 183 thousand). The Group's investment in its associate as at 31 December 2016 amounted to EUR 0 thousand through post-acquisition changes in the Group's share of net assets of the associate.

Acquisitions in 2016

On 16 September 2016 *Avia Solutions Group AB* completed the acquisition of 100 percent of the share capital in *GoAdventure OÜ* which was renamed to *KIDY Tour OÜ* following the acquisition. As a result of the acquisition, the Group is expected to increase its presence in the Tour Operation segment. According to the share sale and purchase agreement the purchase price was EUR 746 thousand and USD 1 657 thousand (equivalent to EUR 1 472 thousand) which included remuneration for the share capital as well as the transfer of the claims in respect of the debt (equal to EUR 909 thousand). Details of purchase consideration and assets and liabilities arising from them acquisition are as follows:

	<i>KIDY Tour OÜ - acquiree's fair value</i>
Tangible and intangible long-term assets	29
Security deposits placed	557
Loans granted	60
Receivables	8
Prepayments	59
Cash and cash equivalents	7
Bank overdraft	(8)
Advances received	(143)
Payables	(1 765)
Total identifiable net assets acquired	(1 196)

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

15 Business combination and disposals (continued)

Total identifiable net assets acquired	(1 196)
Purchase consideration - setting off against liabilities	1 309
Excess of cost over fair value of acquiree's net assets (recognised as goodwill)	2 505

On 27 September 2016, the Group acquired 25% of the share capital of *Klasjet UAB* from a third party and increased a control in the subsidiary to 100%. *Avia Solutions Group AB* paid EUR 14 509 for the shares.

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.

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 per cent 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 per cent 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 per cent 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 per cent 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*.

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

15 Business combination and disposals (continued)

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 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
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)
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 cost over fair value of acquiree's net assets (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.

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

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 – December	
	2016	2015
Revenue	-	177
Other income	-	83
Cost of services and goods purchased and other operating expenses	-	(1 668)
Other gain/(loss) – net	-	(3 436)
Operating loss from discontinued operations	-	(4 844)
Finance costs – net	-	(841)
(Loss) before income tax for the period from discontinued operations	-	(5 685)
Income tax expense	-	958
(Loss) for the period from discontinued operations	-	(4 727)
Gain on sale of discontinued operations (Note 15)	-	8 839
Net profit (loss) for the period from discontinued operations	-	4 112

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 - December	
	2016	2015
Sales of assets to:		
Other related parties	-	11
	-	11
Sales of services to:		
Entities having significant influence	9	12
Other related parties	4 448	3 697
	4 457	3 709
Total purchases of assets and services	4 457	3 720
Purchases of assets from:		
Other related parties	2	1
	2	1
Purchases of services from:		
Entities having significant influence	1	34
Other related parties	3 175	2 502
	3 176	2 536
Total purchases of assets and services	3 178	2 537

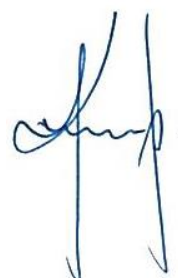
17 Related party transactions (continued)

	31 December 2016	31 December 2015
Trade receivables from related parties		
Receivables from investment in bonds from related parties (Note 11)	7 175	6 864
Loans provided to other related parties (Note 11)	636	640
Trade receivables from entities having significant influence (Note 11)	1	-
Trade receivables from other related parties (Note 11)	1 148	361
Other receivables from related parties (Note 11)	677	505
Prepayments from related parties (Note 11)	5	5
Security deposit with lessor from related parties (Note 11)	15	1
	9 657	8 376
Payables and advances received from related parties		
Loans received from related parties	-	166
Trade and other payables to other related parties (Note 14)	605	309
Advances received from related parties	572	-
	1 177	475

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, We, Linas Dovydenas, General Manager of *Avia Solutions Group AB*, and Aurimas Sanikovas, Chief Financial Officer of *Avia Solutions Group AB*, hereby confirm that, to the best of our knowledge, the unaudited *Avia Solutions Group AB* Interim Consolidated Financial Information for the year ended 31 December 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.

General Manager
Linas Dovydenas



Chief Financial Officer
Aurimas Sanikovas

14 February, 2017