

**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2016**  
**UNAUDITED**

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**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2016**

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

**CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

	Note	October-December				January- December			
		2016		2015		2016		2015	
		USD	EUR	USD	EUR	USD	EUR	USD	EUR
<b>Revenue</b>	4	40,941	37,335	5,148	4,747	89,531	80,863	32,099	28,903
Interest income on loans		434	402	417	381	1,796	1,622	1,694	1,526
Costs of aircraft sold		(31,121)	(28,177)	(91)	(93)	(40,593)	(36,663)	(2,788)	(2,510)
Costs of services rendered		(852)	(834)	(200)	(205)	(9,627)	(8,695)	(6,235)	(5,614)
Aircraft maintenance and servicing expenses		(706)	(663)	(651)	(596)	(4,046)	(3,655)	(2,982)	(2,685)
Depreciation and amortisation		(1,928)	(1,795)	(932)	(854)	(9,103)	(8,222)	(4,253)	(3,830)
Revaluation of aircraft		(4,488)	(4,054)	59	53	(4,488)	(4,054)	59	53
Revaluation of investment property		(596)	(538)	-	-	(596)	(538)	403	363
Impairment of receivables and prepayments		-	-	40	32	-	-	(752)	(677)
Employee-related expenses	5	(246)	(227)	(105)	(97)	(883)	(797)	(650)	(586)
Other operating expenses	6	(646)	(596)	(424)	(386)	(2,340)	(2,113)	(1,554)	(1,399)
Gain on sale of property, plant and equipment (net)		425	426	-	-	6,196	5,596	-	-
Other gain (losses) net		865	780	797	718	751	678	618	556
<b>Operating profit</b>		<b>2,082</b>	<b>2,059</b>	<b>4,058</b>	<b>3,700</b>	<b>26,598</b>	<b>24,022</b>	<b>15,659</b>	<b>14,100</b>
Finance income	7	(555)	(492)	847	763	729	658	466	420
Finance costs	7	(2,854)	(2,595)	(1,053)	(956)	(5,125)	(4,629)	(2,977)	(2,681)
<b>Finance costs – net</b>		<b>(3,409)</b>	<b>(3,087)</b>	<b>(206)</b>	<b>(193)</b>	<b>(4,396)</b>	<b>(3,971)</b>	<b>(2,511)</b>	<b>(2,261)</b>
<b>Profit (loss) before income tax</b>		<b>(1,327)</b>	<b>(1,028)</b>	<b>3,852</b>	<b>3,507</b>	<b>22,202</b>	<b>20,051</b>	<b>13,148</b>	<b>11,839</b>
Income tax	8	(1,749)	(1,600)	(54)	(54)	(4,539)	(4,099)	(1,189)	(1,070)
<b>Profit (loss) for the period</b>		<b>(3,076)</b>	<b>(2,628)</b>	<b>3,798</b>	<b>3,453</b>	<b>17,663</b>	<b>15,952</b>	<b>11,959</b>	<b>10,769</b>
<b>Other comprehensive income</b>									
Gain (loss) on revaluation of aircraft		32,734	(73)	9,295	8,507	22,809	(8,964)	9,295	8,369
Deferred income tax on revaluation of aircraft		(4,330)	(4,142)	(1,394)	(1,276)	(4,330)	(4,142)	(1,394)	(1,276)
Currency translation differences on translation to presentation currency		-	7,275	-	2,124	-	4,597	-	8,392
Revaluation of available for sale investments		713	746	(380)	(254)	713	746	(380)	(348)
Deferred income tax on revaluation of available for sale investments		(124)	-	41	38	(124)	-	26	38
<b>Total other comprehensive income</b>		<b>28,993</b>	<b>3,805</b>	<b>7,562</b>	<b>9,139</b>	<b>19,068</b>	<b>(7,764)</b>	<b>7,547</b>	<b>15,175</b>
<b>Total comprehensive income</b>		<b>25,917</b>	<b>1,177</b>	<b>11,360</b>	<b>12,592</b>	<b>36,731</b>	<b>8,188</b>	<b>19,506</b>	<b>25,944</b>
Basic and diluted earnings per share (USD/EUR)	9	(0.07)	(0.06)	0.09	0.08	0.41	0.37	0.28	0.25

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

**CONSOLIDATED INTERIM BALANCE SHEET**

	Note	31 December 2016		31 December 2015	
		USD	EUR	USD	EUR
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	121,165	115,915	64,198	58,757
Investment property	11	2,091	2,000	1,540	1,410
Intangible assets		-	-	1	1
Investments into joint ventures		15,300	14,637	-	-
Investments into other entities		2,125	2,001	1,012	926
Trade and other receivables		59	56	-	-
Loans granted	13	4,767	4,561	9,621	8,806
		<b>145,507</b>	<b>139,169</b>	<b>76,372</b>	<b>69,900</b>
<b>Current assets</b>					
Inventory	12	1,463	1,400	1,747	1,599
Loans granted	13	24,370	23,314	21,419	19,603
Trade and other receivables	14	25,603	24,488	6,472	5,923
Financial assets at fair value through profit or loss		11,298	10,808	1,526	1,396
Cash and cash equivalents	15	28,916	27,663	27,093	24,797
		<b>91,650</b>	<b>87,673</b>	<b>58,257</b>	<b>53,318</b>
<b>Total assets</b>		<b>237,157</b>	<b>226,843</b>	<b>134,629</b>	<b>123,218</b>
<b>EQUITY</b>					
<b>Equity attributable to the Group's equity shareholders</b>					
Share capital	16	16,804	12,559	16,804	12,559
Share premium		27,972	20,878	27,972	20,878
Legal reserve		1,740	1,254	1,740	1,254
Reserve for own shares		1,315	1,204	1,315	1,204
Revaluation reserve		20,798	18,534	12,244	11,206
Revaluation reserve (deficit) of financial assets		(590)	(565)	(1,179)	(1,079)
Cumulative translation reserve		-	20,142	-	13,927
Retained earnings		65,963	54,153	49,288	39,066
<b>Total equity</b>		<b>134,002</b>	<b>128,159</b>	<b>108,184</b>	<b>99,015</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	17	50,859	48,655	5,480	5,015
Security deposits received	19	5,210	4,984	4,650	4,256
Deferred income tax liabilities		8,819	8,437	2,057	1,882
		<b>64,888</b>	<b>62,076</b>	<b>12,187</b>	<b>11,153</b>
<b>Current liabilities</b>					
Borrowings	17	8,642	8,267	5,927	5,425
Trade and other payables	18	25,104	24,016	3,658	3,348
Security deposits received	19	-	-	520	476
Advances received	18	292	279	159	145
Current income tax liabilities		4,229	4,046	3,994	3,656
		<b>38,267</b>	<b>36,608</b>	<b>14,258</b>	<b>13,050</b>
<b>Total liabilities</b>		<b>103,155</b>	<b>98,684</b>	<b>26,445</b>	<b>24,203</b>
<b>Total equity and liabilities</b>		<b>237,157</b>	<b>226,843</b>	<b>134,629</b>	<b>123,218</b>

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**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

USD	Share capital	Share premium	Legal reserve	Reserve for own shares	Revaluation reserve	Revaluation reserve (deficit) of financial assets	Retained earnings	Total equity
<b>Balance at 1 January 2015</b>	<b>16,804</b>	<b>27,972</b>	<b>1,740</b>	<b>-</b>	<b>4,343</b>	<b>(825)</b>	<b>43,020</b>	<b>93,054</b>
<b>Comprehensive income</b>								
Revaluation of financial assets available for sale	-	-	-	-	-	(380)	-	(380)
Deferred income tax on revaluation of financial assets available for sale	-	-	-	-	-	26	-	26
Revaluation of aircraft	-	-	-	-	9,295	-	-	9,295
Deferred income tax on revaluation of aircraft	-	-	-	-	(1,394)	-	-	(1,394)
<b>Other comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,901</b>	<b>(354)</b>	<b>-</b>	<b>7,547</b>
Profit for the year	-	-	-	-	-	-	11,959	11,959
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,901</b>	<b>(354)</b>	<b>11,959</b>	<b>19,506</b>
<b>Transactions with owners</b>								
Transfer to reserve for own shares	-	-	-	1,315	-	-	(1,315)	-
Dividends	-	-	-	-	-	-	(4,376)	(4,376)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,315</b>	<b>-</b>	<b>-</b>	<b>(5,691)</b>	<b>(4,376)</b>
<b>Balance at 31 December 2015 / 1 January 2016</b>	<b>16,804</b>	<b>27,972</b>	<b>1,740</b>	<b>1,315</b>	<b>12,244</b>	<b>(1,179)</b>	<b>49,288</b>	<b>108,184</b>
<b>Comprehensive income</b>								
Revaluation of financial assets available for sale	-	-	-	-	-	713	-	713
Deferred income tax on revaluation of financial assets available for sale	-	-	-	-	-	(124)	-	(124)
Revaluation of aircraft	-	-	-	-	22,809	-	-	22,809
Deferred income tax on revaluation of aircraft	-	-	-	-	(4,330)	-	-	(4,330)
Revaluation reserve write-off	-	-	-	-	(9,925)	-	-	(9,925)
<b>Other comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,554</b>	<b>589</b>	<b>-</b>	<b>9,143</b>
Profit for the period	-	-	-	-	-	-	17,663	17,663
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,554</b>	<b>589</b>	<b>17,663</b>	<b>26,806</b>
<b>Transactions with owners</b>								
Dividends	-	-	-	-	-	-	(988)	(988)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(988)</b>	<b>(988)</b>
<b>Balance at 31 December 2016</b>	<b>16,804</b>	<b>27,972</b>	<b>1,740</b>	<b>1,315</b>	<b>20,798</b>	<b>(590)</b>	<b>65,963</b>	<b>134,002</b>

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**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

EUR	Share capital	Share premium	Legal reserve	Reserve for own shares	Revaluation reserve	Revaluation reserve (deficit) of financial assets	Cum. trans.	Retained earnings	Total equity
<b>Balance at 1 January 2015</b>	<b>12,542</b>	<b>20,878</b>	<b>1,254</b>	<b>-</b>	<b>3,570</b>	<b>(678)</b>	<b>5,521</b>	<b>33,416</b>	<b>76,503</b>
<b>Comprehensive income</b>									
Revaluation of financial assets available for sale	-	-	-	-	-	(348)	-	-	(348)
Deferred income tax on revaluation of financial assets available for sale	-	-	-	-	-	38	-	-	38
Revaluation of aircraft	-	-	-	-	8,369	-	-	-	8,369
Deferred income tax on revaluation of aircraft	-	-	-	-	(1,276)	-	-	-	(1,276)
Currency translation differences	-	-	-	-	543	(91)	8,406	-	8,858
<b>Other comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,636</b>	<b>(401)</b>	<b>8,406</b>	<b>-</b>	<b>15,641</b>
Profit for the year	-	-	-	-	-	-	-	10,769	10,769
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,636</b>	<b>(401)</b>	<b>8,406</b>	<b>10,769</b>	<b>26,410</b>
<b>Transactions with owners</b>									
Transfer to reserves for own shares	-	-	-	1,204	-	-	-	(1,204)	-
Dividends	-	-	-	-	-	-	-	(3,898)	(3,898)
Share capital conversion result	17	-	-	-	-	-	-	(17)	-
<b>Total transactions with owners</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>1,204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,119)</b>	<b>(3,898)</b>
<b>Balance at 31 December 2015/ 1 January 2016</b>	<b>12,559</b>	<b>20,878</b>	<b>1,254</b>	<b>1,204</b>	<b>11,206</b>	<b>(1,079)</b>	<b>13,927</b>	<b>39,066</b>	<b>99,015</b>
<b>Comprehensive income</b>									
Revaluation of financial assets available for sale	-	-	-	-	-	682	-	-	682
Deferred income tax on revaluation of financial assets available for sale	-	-	-	-	-	(119)	-	-	(119)
Revaluation of aircraft	-	-	-	-	21,821	-	-	-	21,821
Deferred income tax on revaluation of aircraft	-	-	-	-	(4,142)	-	-	-	(4,142)
Revaluation reserve write-off	-	-	-	-	(8,964)	-	-	-	(8,964)
Currency translation differences	-	-	-	-	(1,386)	(49)	6,215	-	4,779
<b>Other comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,328</b>	<b>514</b>	<b>6,215</b>	<b>-</b>	<b>14,057</b>
Profit for the period	-	-	-	-	-	-	-	15,952	15,952
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,328</b>	<b>514</b>	<b>6,215</b>	<b>15,952</b>	<b>30,009</b>
<b>Transactions with owners</b>									
Dividends	-	-	-	-	-	-	-	(865)	(865)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(865)</b>	<b>(865)</b>
<b>Balance at 31 December 2016</b>	<b>12,559</b>	<b>20,878</b>	<b>1,254</b>	<b>1,204</b>	<b>18,534</b>	<b>(565)</b>	<b>20,142</b>	<b>54,153</b>	<b>128,159</b>

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**CONSOLIDATED INTERIM STATEMENT OF CASH FLOW**

	Note	12 months ended 31 December			
		USD	2016 EUR	USD	2015 EUR
<b>Operating activities</b>					
Profit (loss) before income tax		22,202	20,051	13,148	11,839
<i>Adjustments for:</i>					
Depreciation and amortisation		9,103	8,222	4,253	3,830
Impairment of accounts receivables and prepayments		-	-	752	677
Discounting effect		(72)	(65)	(248)	(224)
Finance costs – net		(447)	(403)	518	466
Change in fair value of aircraft		4,488	4,053	(59)	(53)
Change in fair value of investment property		596	538	(403)	(363)
Profit from loan cession		(464)	(419)	-	-
Profit /loss from sale of fixed assets		(6,196)	(5,596)	-	-
<i>Changes in working capital:</i>					
Trade and other receivables		(18,513)	(16,721)	17,331	15,606
Trade and other payables		28,908	26,109	2,212	1,992
Security deposits and advances received		981	886	2,041	1,838
Inventory		1,753	1,583	657	592
<b>Cash generated from operations</b>		<b>42,339</b>	<b>38,238</b>	<b>40,202</b>	<b>36,200</b>
Interest paid		(2,465)	(2,226)	(873)	(786)
Income tax paid		(2,410)	(2,177)	(2,417)	(2,176)
<b>Net cash generated from operating activities</b>		<b>37,464</b>	<b>33,835</b>	<b>36,912</b>	<b>33,238</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment and intangible assets		(90,707)	(81,925)	(22,321)	(20,098)
Purchase of investment property		(1,158)	(1,046)	(1,137)	(1,024)
Purchase of subsidiaries (net of cash paid)		(1,350)	(1,219)	-	-
Prepayments for property plant and equipment		(696)	(629)	-	-
Sale of property plant and equipment and intangible assets		54,790	49,485	-	-
Investments in other entities		(15,700)	(14,180)	(511)	(460)
Purchase of financial assets carried at fair value through profit or loss		(11,974)	(10,815)	(1,526)	(1,374)
Loans granted		(20,404)	(18,428)	(44,752)	(40,295)
Loans repaid		3,345	3,021	27,467	24,731
Interest received		1,075	971	114	103
<b>Net cash used in investing activities</b>		<b>(82,779)</b>	<b>(74,765)</b>	<b>(42,666)</b>	<b>(38,417)</b>
<b>Financing activities</b>					
Borrowings		51,087	46,141	624	562
Dividends paid		(988)	(892)	(1,583)	(1,425)
Lease (finance lease) payments		(2,961)	(2,674)	(2,768)	(2,493)
<b>Net cash generated from (used in) financing activities</b>		<b>47,138</b>	<b>42,575</b>	<b>(3,727)</b>	<b>(3,356)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>1,823</b>	<b>1,645</b>	<b>(9,481)</b>	<b>(8,535)</b>
<b>Movement in cash and cash equivalents</b>					
At the beginning of year		27,093	24,797	36,574	30,069
Increase (decrease) in cash and cash equivalents		1,823	1,645	(9,481)	(8,535)
Foreign translation differences		-	1,221	-	3,263
<b>At the end of the period</b>	14	<b>28,916</b>	<b>27,663</b>	<b>27,093</b>	<b>24,797</b>

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**FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2016**

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**1 General information**

AviaAM Leasing AB (referred to as *the Company*) is a public limited liability company incorporated at State Enterprise Centre of the Republic of Lithuania as at 17 April 2009 (Company code – 302330793). The Company is domiciled in Vilnius, the capital of Lithuania. The address of its registered office is at Smolensko g. 10, LT-03201 Vilnius, Lithuania.

The shareholders’ structure of the Company as at 31 December 2016 and 31 December 2015 was as follows:

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

The Company and its subsidiaries (together, the Group) are engaged in the business of aircraft leasing, trading and management. The principal activity of the Group is operating leasing, management and trading of mid-life narrow body and regional jet aircraft. As of 31 December 2016 the Group owned 17 aircraft: 4 Airbus A321, 1 Boeing 737-300, 2 Boeing 737-500 and 10 Bombardier CRJ200 aircraft. 16 aircraft were leased out under operating lease contracts and one Boeing B737 aircraft was under preparation for use.

In addition, the Company effectively holds a 51% stake in a joint venture AviaAM Financial Leasing China Co., Ltd established on 4 August 2016. The principal activity of the joint-venture is to provide comprehensive services across the field of aircraft acquisition, lease and sale.

Moreover, on 19 December 2016 the Company, through one of its subsidiaries, acquired a remaining 50% stake in a joint-venture Regional Charter Capital Ltd. and effectively became the sole owner of the company. Regional Charter Capital Ltd. owns one Bombardier CRJ200 aircraft in a business jet configuration. The principal activity of the company is management of the subject aircraft.

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



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**1 General information (continued)**

The subsidiaries and joint ventures, which are included in the Group's consolidated financial statements are indicated below:

The Group's companies	Country of establishment	Share of equity, %		Date of acquiring (establishment) / activity / address of establishment
		As at 31 December 2016	As at 31 December 2015	
AviaAM B01 UAB	Lithuania	100	100	Date of acquiring: 4 January 2010 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B02 UAB	Lithuania	100	100	Date of acquiring: 4 January 2010 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B04 UAB	Lithuania	100	100	Date of establishment: 22 February 2007 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B05 UAB	Lithuania	100	100	Date of establishment: 28 June 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B06 UAB	Lithuania	100	100	Date of establishment: 15 July 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
AviaAM B07 UAB	Lithuania	100	100	Date of establishment: 30 September 2011 / Aircraft leasing / Smolensko g. 10, Vilnius
DG21 UAB	Lithuania	100	-	Date of establishment: 7 August 2015 / Real estate management / Smolensko g. 10, Vilnius
AviaAM B10 Ltd	Ireland	100	-	Date of establishment: 17 December 2015 / Aircraft leasing / 1-3 Burton Hall Park, Burton Hall Road, Sandymount, Dublin 18, Ireland
AAL Aircraft Investment Ltd	Cyprus	100	-	Date of establishment: 8 November 2016 / Aircraft leasing / Jacovides Tower, Georgiou Griva Digeni Ave. 81-83, 1st floor, Office No. 122, 1090, Nicosia, Cyprus
AAL Capital Aircraft Holdings Ltd	Cyprus	100	100	Date of establishment: 29 September 2011 / Aircraft leasing / 1 Bouboulina str. Bouboulina Building, 2nd floor, Office No. 24, 1060 Nicosia, Cyprus
AviaAM Leasing Bermuda Ltd	Bermuda	100*	100*	Date of establishment: 16 September 2011 / Aircraft leasing / Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
AviaAM B08 Ltd	Bermuda	100*	100*	Date of establishment: 26 April 2014 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM11, Bermuda

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**1 General information (continued)**

The Group's companies	Country of establishment	Share of equity, %		Date of acquiring (establishment) / activity / address of establishment
		As at 31 December 2016	As at 31 December 2015	
AviaAM B09 Ltd	Bermuda	100*	100*	Date of acquiring: 27 June 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
Ice Aircraft Management Ltd	Bermuda	100*	100*	Date of establishment: 23 October 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
Boulevard Two Aircraft Ltd	Ireland	100*	100*	Date of acquiring: 20 December 2013 / Aircraft leasing / 70 Sir John Rogerson's Quay, Dublin 2, Ireland
Dikkys Investments Ltd	Cyprus	100*	-	Date of acquiring: 24 March 2016 / Aircraft leasing / 1 Bouboulina str. Bouboulina Building, 2nd floor, Office No. 24, 1060 Nicosia, Cyprus
Regional Charter Capital Ltd	Bermuda	100**	50**	Date of establishment: 31 October 2012 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
AviaAM Financial Leasing China Co., Ltd	People's Republic of China	51	-	Date of establishment: 4 August 2016 / Aircraft leasing / 2401, Floor 24, No. 8, Shangwu Outer Ring Road, Zhengdong New Area, Zhengzhou City, Henan Province, People's Republic of China

\* Shareholding through AAL Capital Aircraft Holdings Ltd. which owns 100 per cent of the company.

\*\* Shareholding through AviaAM Leasing Bermuda Ltd.

**2 Accounting policies**

The consolidated interim financial information for the twelve month period ended 31 December 2016 (hereinafter, *the Consolidated Interim 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 financial statements have been prepared on a going concern basis and under the historical cost convention.

The consolidated financial statements are presented in US Dollars (USD) and Euro (EUR) and all values are rounded to the nearest thousand (USD'000 and EUR'000) except when otherwise indicated.

The Consolidated Interim Financial Information for the twelve month period ended 31 December 2016 is not audited. Financial Statements for the year ended 31 December 2015 were audited by external auditor PricewaterhouseCoopers UAB.

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**3 Segment information**

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

- 1) Aircraft leasing, trading and management;
- 2) Real estate investments.

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 year ended 31 December 2016:

USD	Aircraft leasing, trading and management	Real estate investments	Inter- segment transactions	Total
<b>Year ended 31 December 2016</b>				
<b>Revenue</b>				
Sales to external customers	89,491	40	-	89,531
<b>Total revenue</b>	<b>89,491</b>	<b>40</b>	<b>-</b>	<b>89,531</b>
Interest income on loans	1,796	-	-	1,796
Costs of aircraft sold	(40,593)	-	-	(40,593)
Costs of services rendered	(9,622)	(5)	-	(9,627)
Aircraft maintenance and servicing expenses	(4,046)	-	-	(4,046)
Depreciation and amortisation	(9,103)	-	-	(9,103)
Revaluation of aircraft	(4,488)	-	-	(4,488)
Revaluation of investment property	(596)	-	-	(596)
Employee-related expenses	(833)	(50)	-	(883)
Other operating expenses	(2,299)	(41)	-	(2,340)
Gain on sale of property, plant and equipment (net)	6,196	-	-	6,196
Other gain (losses) net	751	-	-	751
<b>Segment operating profit</b>	<b>26,654</b>	<b>(56)</b>	<b>-</b>	<b>26,598</b>
<b>As at 31 December 2016</b>				
<b>Segment assets</b>	<b>236,759</b>	<b>2,367</b>	<b>(1,969)</b>	<b>237,157</b>

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**3 Segment information (continued)**

EUR	Aircraft leasing, trading and management	Real estate investments	Inter- segment transactions	Total
<b>Year ended 31 December 2016</b>				
<b>Revenue</b>				
Sales to external customers	80,827	36	-	80,863
<b>Total revenue</b>	<b>80,827</b>	<b>36</b>	<b>-</b>	<b>80,863</b>
Interest income on loans	1,622	-	-	1,622
Costs of aircraft sold	(36,663)	-	-	(36,663)
Costs of services rendered	(8,690)	(5)	-	(8,695)
Aircraft maintenance and servicing expenses	(3,655)	-	-	(3,655)
Depreciation and amortisation	(8,222)	-	-	(8,222)
Revaluation of aircraft	(4,054)	-	-	(4,054)
Revaluation of investment property	(538)	-	-	(538)
Employee-related expenses	(752)	(45)	-	(797)
Other operating expenses	(2,076)	(37)	-	(2,113)
Gain on sale of property, plant and equipment (net)	5,596	-	-	5,596
Other gain (losses) net	678	-	-	678
<b>Segment operating profit</b>	<b>24,073</b>	<b>(51)</b>	<b>-</b>	<b>24,022</b>
<b>As at 31 December 2016</b>				
<b>Segment assets</b>	<b>226,463</b>	<b>2,264</b>	<b>(1,884)</b>	<b>226,843</b>

**4 Revenue**

	12 months ended 31 December			
	USD	2016 EUR	USD	2015 EUR
Sales of aircraft	43,850	39,604	2,300	2,071
Lease revenue	18,346	16,569	13,878	12,497
Commission income	18,640	16,837	9,408	8,471
Supplemental maintenance rent	8,571	7,741	6,513	5,864
Revenue from real estate investments	40	36	-	-
Other revenue	84	76	-	-
	<b>89,531</b>	<b>80,863</b>	<b>32,099</b>	<b>28,903</b>

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**4 Revenue (continued)**

The chief operating decision maker of the Group has been identified as the General Manager, which is responsible for allocating resources and assessing performance of the Group. The General Manager has determined that the activities of the Company provided form two reportable operating segments – aircraft leasing, trading and aircraft transaction management as well as investment in real estate. The internal reporting provided to the General Manager has been prepared using the accounting policies and presentation consistent with those used in preparation of the financial statements. The General Manager monitors net profit and operating profit as a measure of profit.

Lease, sale and aircraft transaction management segment's sales to external customers are derived from the following single customers (the customers whose sales revenue exceed 5 per cent of total sales revenue of that segment in any of the years):

	<b>12 months ended 31 December</b>			
	<b>USD</b>	<b>EUR</b>	<b>USD</b>	<b>EUR</b>
<b>Lease, sale and aircraft transaction management customers</b>				
Customer T	24,900	22,489	-	-
Customer M	16,550	14,948	-	-
Customer C	14,809	13,375	-	-
Customer B	12,407	11,206	12,174	10,962
Customer P	-	-	9,375	8,441
Customer Z	9,556	8,631	-	-
Customer J	3,250	2,935	-	-
Customer H	2,000	1,806	-	-
Customer Q	-	-	2,300	2,071
Customer O	1,719	1,553	1,594	1,435
Customer I	1,036	936	4,679	4,213
Other customers	3,304	2,984	1,977	1,781
	<b>89,531</b>	<b>80,863</b>	<b>32,099</b>	<b>28,903</b>

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**4 Revenue (continued)**

The segments' aircraft lease, sale and aircraft transaction management revenue according to geographical location (based on the residence of customers):

Country	12 months ended 31 December			
	2016		2015	
	USD	EUR	USD	EUR
Russia	28,252	25,517	17,137	15,431
Virgin Islands	24,900	22,489	-	-
Cyprus	16,550	14,948	-	-
Poland	9,556	8,631	-	-
Ireland	3,334	3,011	9,375	8,441
United Arab Emirates	2,000	1,806	-	-
Belarus	1,719	1,553	1,594	1,435
Lithuania	1,415	1,278	1,060	955
Kazakhstan	598	540	2,900	2,611
Latvia	525	474	-	-
United Kingdom	400	361	-	-
Bermuda	282	255	33	30
	<b>89,531</b>	<b>80,863</b>	<b>32,099</b>	<b>28,903</b>

**5 Employee related expenses**

	12 months ended 31 December			
	2016		2015	
	USD	EUR	USD	EUR
Salaries	668	603	474	427
Social insurance expenses	215	194	176	159
	<b>883</b>	<b>797</b>	<b>650</b>	<b>586</b>

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**6 Other operating expenses**

	12 months ended 31 December			
	USD	EUR	USD	EUR
Legal and translation expenses	783	707	428	385
Travelling expenses	299	270	90	81
Representation expenses	165	149	45	41
Management services	160	145	201	181
Bank fees	97	88	26	23
Insurance expenses	108	97	116	105
Marketing expenses	126	114	168	152
Audit and accounting expenses	92	83	133	120
Charity expenses	92	84	-	-
Database usage expenses	83	75	-	-
Fuel costs	40	36	41	37
Office expenses	38	34	44	40
Expenses related to listing of shares	31	28	32	28
Other administrative expenses	85	76	51	45
Other fixed assets depreciation	30	28	23	21
Transportation expenses	13	11	50	45
IT costs	20	18	20	18
Training expenses	8	7	38	34
Other tax expenses	70	63	48	43
	<b>2,340</b>	<b>2,113</b>	<b>1,554</b>	<b>1,399</b>

**7 Finance costs – net**

	12 months ended 31 December			
	USD	EUR	USD	EUR
Interest income on cash and cash equivalents	5	5	-	-
Discounting of security deposits received	582	526	390	351
Other finance income	127	114	76	69
Gain from disposal of investments	15	13	-	-
<b>Finance income</b>	<b>729</b>	<b>658</b>	<b>466</b>	<b>420</b>
Interest expenses	(2,465)	(2,226)	(923)	(831)
Foreign exchange loss on financing activities	(1,676)	(1,515)	(1,818)	(1,638)
Unwinding of discount of security deposits received	(510)	(460)	(91)	(82)
Other finance costs	(474)	(428)	(145)	(130)
<b>Finance costs</b>	<b>(5,125)</b>	<b>(4,629)</b>	<b>(2,977)</b>	<b>(2,681)</b>
<b>Finance costs – net</b>	<b>(4,396)</b>	<b>(3,971)</b>	<b>(2,511)</b>	<b>(2,261)</b>

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**8 Income tax**

The tax expenses for the period comprise current and deferred tax.

Income tax is calculated at 15 per cent of the annual profit for the year.

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. Deferred income tax asset and liability are calculated at 15% rate (2015: 15% rate).

	12 months ended 31 December			
	2016		2015	
	USD	EUR	USD	EUR
Current tax	2,344	2,116	1,853	1,668
Deferred tax	2,195	1,983	(664)	(598)
<b>Total income tax expenses</b>	<b>4,539</b>	<b>4,099</b>	<b>1,189</b>	<b>1,070</b>

**9 Earnings per share**

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

	October – December				January – December			
	2016		2015		2016		2015	
	USD	EUR	USD	EUR	USD	EUR	USD	EUR
Net profit attributable to shareholders	(3,076)	(2,628)	3,798	3,453	17,663	15,952	11,959	10,769
Weighted average number of ordinary shares issued	43,306		43,306		43,306		43,306	
<b>Basic earnings per share (USD/EUR)</b>	<b>(0.07)</b>	<b>(0.06)</b>	<b>0.09</b>	<b>0.08</b>	<b>0.41</b>	<b>0.37</b>	<b>0.28</b>	<b>0.25</b>

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



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**10 Property, plant and equipment**

USD	Aircraft and engines	Aircraft and engines under preparation for use	Other tangible fixed assets	Total
<b>Opening net book amount as at 1 January 2015</b>	37,405	1,580	182	39,167
Additions	21,320	-	14	21,334
Disposals	-	-	(20)	(20)
Reclassifications	(1,366)	-	-	(1,366)
Depreciation charge	(4,253)	-	(18)	(4,271)
Revaluation surplus	11,165	-	-	11,165
Revaluation loss	(1,726)	(85)	-	(1,811)
<b>Closing net book amount as at 31 December 2015</b>	<b>62,545</b>	<b>1,495</b>	<b>158</b>	<b>64,198</b>
<b>At 31 December 2015</b>				
Cost or valuation	62,545	1,495	218	64,258
Accumulated depreciation	-	-	(60)	(60)
<b>Net book amount</b>	<b>62,545</b>	<b>1,495</b>	<b>158</b>	<b>64,198</b>
<b>Opening net book amount as at 1 January 2016</b>	<b>62,545</b>	<b>1,495</b>	<b>158</b>	<b>64,198</b>
Additions	73,804	770	9	74,583
Disposals	(29,761)	-	20	(29,741)
Reclassifications	750	(750)	-	-
Depreciation charge	(9,103)	-	(16)	(9,119)
Revaluation surplus	21,989	(745)	-	21,244
<b>Closing net book amount as at 31 December 2016</b>	<b>120,224</b>	<b>770</b>	<b>171</b>	<b>121,165</b>
<b>At 31 December 2016</b>				
Cost or valuation	120,224	770	247	121,241
Accumulated depreciation	-	-	(76)	(76)
<b>Net book amount</b>	<b>120,224</b>	<b>770</b>	<b>171</b>	<b>121,165</b>

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**10 Property, plant and equipment (continued)**

EUR	Aircraft and engines			Total
	Aircraft and engines	under preparation for use	Other tangible fixed assets	
<b>Opening net book amount as at 1 January 2015</b>	<b>30,753</b>	<b>1,299</b>	<b>149</b>	<b>32,201</b>
Additions	19,197	-	13	19,210
Disposals	-	-	(18)	(18)
Reclassifications	(1,230)	-	-	(1,230)
Depreciation charge	(3,830)	-	(16)	(3,846)
Revaluation surplus	10,053	-	-	10,053
Revaluation loss	(1,554)	(77)	-	(1,631)
Exchange differences	3,855	146	17	4,018
<b>Closing net book amount as at 31 December 2015</b>	<b>57,244</b>	<b>1,368</b>	<b>145</b>	<b>58,757</b>
<b>At 31 December 2015</b>				
Cost or valuation	57,244	1,368	200	58,812
Accumulated depreciation	-	-	(55)	(55)
<b>Net book amount</b>	<b>57,244</b>	<b>1,368</b>	<b>145</b>	<b>58,757</b>
<b>Opening net book amount as at 1 January 2016</b>	<b>57,244</b>	<b>1,368</b>	<b>145</b>	<b>58,757</b>
Additions	66,658	695	8	67,361
Disposals	(26,880)	-	18	(26,862)
Reclassifications	677	(677)	-	-
Depreciation charge	(8,222)	-	(14)	(8,236)
Revaluation surplus	19,860	(673)	-	19,187
Exchange differences	5,677	24	7	5,708
<b>Closing net book amount as at 31 December 2016</b>	<b>115,014</b>	<b>737</b>	<b>164</b>	<b>115,915</b>
<b>At 31 December 2016</b>				
Cost or valuation	115,014	737	236	115,987
Accumulated depreciation	-	-	(73)	(73)
<b>Net book amount</b>	<b>115,014</b>	<b>737</b>	<b>164</b>	<b>115,915</b>

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**11 Investment property**

	USD	EUR
<b>Opening net book amount as at 1 January 2015</b>	-	-
Additions	1,137	1,024
Disposals	-	-
Reclassifications	-	-
Depreciation charge	-	-
Revaluation surplus	403	363
Revaluation loss	-	-
Exchange differences	-	23
<b>Closing net book amount as at 31 December 2015</b>	<b>1,540</b>	<b>1,410</b>
<b>At 31 December 2015</b>		
Cost or valuation	1,540	1,410
Accumulated depreciation	-	-
<b>Net book amount</b>	<b>1,540</b>	<b>1,410</b>
<b>Opening net book amount as at 1 January 2016</b>		
	<b>1,540</b>	<b>1,047</b>
Additions	1,159	-
Disposals	-	-
Reclassifications	-	-
Depreciation charge	-	-
Revaluation surplus	-	-
Revaluation loss	-	-
Exchange differences	-	92
Impairment loss	(608)	(549)
<b>Closing net book amount as at 31 December 2016</b>	<b>2,091</b>	<b>2,000</b>
<b>At 31 December 2016</b>		
Cost or valuation	2,091	2,000
Accumulated depreciation	-	-
<b>Net book amount</b>	<b>2,091</b>	<b>2,000</b>

**12 Inventories**

	31 December 2016		31 December 2015	
	USD	EUR	USD	EUR
Aircraft components	1,463	1,400	1,747	1,599
	<b>1,463</b>	<b>1,400</b>	<b>1,747</b>	<b>1,599</b>

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**13 Loans granted**

	31 December 2016		31 December 2015	
	USD	EUR	USD	EUR
<b>Non-current loans</b>				
Loans granted to related parties	661	632	4,798	4,391
Bonds acquired from related parties	2,355	2,254	-	-
Loans granted to third parties	1,751	1,675	4,823	4,415
	<b>4,767</b>	<b>4,561</b>	<b>9,621</b>	<b>8,806</b>
<b>Current loans</b>				
Loans granted to related parties	12,576	12,031	11,780	10,783
Less: provision for impairment of loans granted to related parties	(112)	(107)	(112)	(103)
Bonds acquired from related parties	-	-	2,247	2,056
Loans granted to third parties	11,906	11,390	7,504	6,867
	<b>24,370</b>	<b>23,314</b>	<b>21,419</b>	<b>19,603</b>
<b>Total loans granted</b>	<b>29,137</b>	<b>27,875</b>	<b>31,040</b>	<b>28,409</b>

**14 Trade and other receivables**

	31 December 2016		31 December 2015	
	USD	EUR	USD	EUR
Trade receivables from third parties	25,414	24,307	6,614	6,052
Less: provision for impairment of trade receivables	(2,163)	(2,069)	(2,163)	(1,980)
<b>Trade receivables from third parties – net</b>	<b>23,251</b>	<b>22,238</b>	<b>4,451</b>	<b>4,072</b>
Receivables from related parties	1,693	1,619	1,728	1,582
Less: provision for impairment of trade receivables from related parties	(1,048)	(1,003)	(1,048)	(959)
<b>Receivables from related parties - net</b>	<b>645</b>	<b>616</b>	<b>680</b>	<b>623</b>
Other receivables	29	28	29	27
Less: provision for impairment of other receivables	(29)	(28)	(29)	(27)
<b>Other receivables - net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
VAT receivables	185	177	216	198
Prepayments	1,217	1,165	919	842
Deferred expenses	364	348	206	188
	<b>25,662</b>	<b>24,544</b>	<b>6,472</b>	<b>5,923</b>
<b>Non-current portion:</b>	<b>59</b>	<b>56</b>	<b>-</b>	<b>-</b>
<b>Current portion:</b>	<b>25,603</b>	<b>24,488</b>	<b>6,472</b>	<b>5,923</b>

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**15 Cash and cash equivalents**

Cash and cash equivalents are dominated in following currencies:

	31 December 2016		31 December 2015	
	USD	EUR	USD	EUR
USD	24,574	23,509	14,869	13,609
EUR	4,342	4,154	12,209	11,174
GBP	-	-	15	14
<b>Total cash and cash equivalents</b>	<b>28,916</b>	<b>27,663</b>	<b>27,093</b>	<b>24,797</b>

**16 Share capital**

After euro adoption in 1 January 2015 and according to the Republic of Lithuania Law on redenomination to the euro of the capital and of the nominal value of securities of Public Limited Liability Companies and Private Limited Liability Companies and amendment of the Articles of Association of these Companies, the nominal value of the Company's shares were automatically converted from LTL 1 per share to EUR 0.29 per share in the Central Securities Depository of Lithuania. As at 31 December 2016 and 31 December 2015 the share capital of the Company amounted to EUR 12,588,622 (USD 16,804,002) and consisted of 43,305,593 ordinary registered shares with a nominal value of EUR 0.29 each. All shares were fully paid up.

Since 28 June 2013 the ordinary registered shares of the Company (ISIN code LT10000128555) are listed on the Main List of Warsaw Stock Exchange (symbol: AAL).

**17 Borrowings**

	31 December 2016		31 December 2015	
	USD	EUR	USD	EUR
<b>Non-current</b>				
Bank borrowings	45,466	43,496	619	566
Finance lease liabilities	5,393	5,159	4,861	4,449
	<b>50,859</b>	<b>48,655</b>	<b>5,480</b>	<b>5,015</b>
<b>Current</b>				
Bank borrowings	6,213	5,943	6	5
Finance lease liabilities	2,429	2,324	5,921	5,420
	<b>8,642</b>	<b>8,267</b>	<b>5,927</b>	<b>5,425</b>
<b>Total borrowings</b>	<b>59,501</b>	<b>56,922</b>	<b>11,407</b>	<b>10,440</b>

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

	31 December 2016	31 December 2015
Bank borrowings	4.74%	2.10%
Finance lease liabilities	8.34%	7.79%

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**18 Trade and other payables and advances received**

	31 December 2016		31 December 2015	
	USD	EUR	USD	EUR
<b>Trade and other payables – financial liabilities</b>				
Trade payables to third parties	19,665	18,812	280	256
Trade payables to related parties	841	805	263	241
Salaries and social security payable, including vacation accrual	103	99	81	74
Accruals	4,495	4,300	3,034	2,777
	<b>25,104</b>	<b>24,016</b>	<b>3,658</b>	<b>3,348</b>
	31 December 2016		31 December 2015	
	USD	EUR	USD	EUR
<b>Advance payments received – non-financial liabilities</b>				
Advance payments from customers	292	279	159	145
	<b>292</b>	<b>279</b>	<b>159</b>	<b>145</b>

**19 Security deposits received**

	31 December 2016		31 December 2015	
	USD	EUR	USD	EUR
Security deposits repayable after one year at nominal value	6,210	5,941	5,462	4,999
Less: discounting effect	(1,000)	(957)	(812)	(743)
<b>Security deposits repayable after one year</b>	<b>5,210</b>	<b>4,984</b>	<b>4,650</b>	<b>4,256</b>
Security deposits repayable within one year	-	-	630	577
Less: discounting effect	-	-	(110)	(101)
<b>Security deposits repayable within one year</b>	<b>-</b>	<b>-</b>	<b>520</b>	<b>476</b>
<b>Security deposits</b>	<b>5,210</b>	<b>4,984</b>	<b>5,170</b>	<b>4,732</b>

Average rates used for security deposits discounting are as follows: 2016: 3.91%; 2015: 4.59%.

Security deposits serve as a security by a lessee for the performance of its obligations under the aircraft lease agreements and upon termination of lease lessor is obliged return it to lessee. The Group's security deposits are denominated in USD and EUR. Security deposits are not interest-bearing.

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**20 Related party transactions**

Related parties of the Group include entities having significant influence over the Group, key management personnel of the Group and other related parties. Entities having significant influence over the Company and the Group are ALH Aircraft Leasing Holdings Ltd, being the majority shareholder of the Company, and ZIA Valda AB (the shareholder of ALH Aircraft Leasing Holdings Ltd). Transactions with these companies are presented separately. Related parties also include other shareholders of the Company, associates and jointly controlled entities of the Group and subsidiaries of ZIA Valda AB group. They are presented as other related parties. The following transactions were carried out with related parties:

	<b>12 months ended 31 December</b>			
	<b>2016</b>		<b>2015</b>	
	<b>USD</b>	<b>EUR</b>	<b>USD</b>	<b>EUR</b>
<b>Sales of services to:</b>				
Entities having significant influence	410	371	254	229
Other related parties	1,212	1,095	1,226	1,104
	<b>1,622</b>	<b>1,466</b>	<b>1,480</b>	<b>1,333</b>

	<b>12 months ended 31 December</b>			
	<b>2016</b>		<b>2015</b>	
	<b>USD</b>	<b>EUR</b>	<b>USD</b>	<b>EUR</b>
<b>Purchases of services from:</b>				
Entities having significant influence	2	1	5	5
Other related parties	1,658	1,498	2,393	2,155
	<b>1,660</b>	<b>1,499</b>	<b>2,398</b>	<b>2,160</b>

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

**Trade and other receivables from related parties**

	<b>31 December 2016</b>		<b>31 December 2015</b>	
	<b>USD</b>	<b>EUR</b>	<b>USD</b>	<b>EUR</b>
Other related parties	1,693	1,619	1,728	1,582
<b>Trade and other receivables at nominal value</b>	<b>1,693</b>	<b>1,620</b>	<b>1,728</b>	<b>1,582</b>
Less: provision for impairment of receivables from other related parties	(1,048)	(1,003)	(1,048)	(959)
	<b>645</b>	<b>616</b>	<b>680</b>	<b>623</b>

Individually impaired receivable relates to the customer that is in bankruptcy proceedings.

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**21 Related party transactions (continued)**

**Payables to and prepayments from related parties**

	31 December 2016		31 December 2015	
	USD	EUR	USD	EUR
Other related parties	841	805	263	241
	<b>841</b>	<b>805</b>	<b>263</b>	<b>241</b>

**Loans granted to related parties**

	31 December 2016		31 December 2015	
	USD	EUR	USD	EUR
<b>Beginning of the year</b>	<b>18,713</b>	<b>17,127</b>	<b>22,560</b>	<b>18,548</b>
Loans advanced during the year as monetary transactions	1,099	993	25,020	22,528
Loan repayments received as monetary transactions	(253)	(228)	(24,373)	(21,946)
Loan repayments received as non-monetary transactions	(63)	(57)	(3,559)	(3,205)
Interest charged	772	697	955	860
Interest received	(17)	(15)	(320)	(288)
Impaired loans and receivable interest	-	-	(112)	(101)
Reclassified loans*	(4,139)	(3,738)	-	-
Exchange rate differences	(632)	31	(1,458)	731
<b>End of the period</b>	<b>15,480</b>	<b>14,810</b>	<b>18,713</b>	<b>17,127</b>

\* This amount was reclassified to intra-group loans due to acquisition of remaining 50% stake in Regional Charter Capital Ltd.

**22 Acquisition of subsidiary**

In March 2016 The Group acquired 100% of the issued shares in Dikkys Investment Limited. The Group simultaneously entered into the cession of claims agreement with third party regarding loan provided to Dikkys Investment Limited. The consideration for aforementioned agreements amounted to USD 1.4 million (EUR 1.2 million).

Dikkys Investment Limited is incorporated in the Republic of Cyprus and is engaged in the business of aircraft leasing and trading. The company owns one Boeing 737-500 aircraft. The book value of the aforementioned aircraft amounted to USD 1.8 million (EUR 1.6 million) as at the date of acquisition.

The operating results and assets and liabilities of the acquired company were consolidated from 24 March 2016.

*(i) Purchase consideration*

	24 March 2016	
	USD	EUR
Purchase consideration		
Cash paid	1,352	1,212
Contingent consideration	-	-
<b>Total purchase consideration</b>	<b>1,352</b>	<b>1,212</b>



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**22 Acquisition of subsidiary (continued)**

The determined fair values of the assets and liabilities of Dikkys Investment Limited as at the date of acquisition are as follows:

	USD	EUR
Property, plant and equipment	1,750	1,569
Cash and cash equivalents	2	2
Loan from the Group	(1,814)	(1,626)
Payables	(22)	(20)
	<b>(84)</b>	<b>(75)</b>
Less: non-controlling interest	-	-
Net assets acquired	<b>(84)</b>	<b>(75)</b>
Profit from cession of claims	464	416
<b>Net profit from transaction</b>	<b>380</b>	<b>341</b>

Transaction resulted to a total net gain of USD 0.4 million (EUR 0.4 million) in the consolidated financial statements of the Group for the respective period.

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**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 Lithuanian Securities Commission, we, Tadas Goberis, General Manager of AviaAM Leasing AB and Justinas Gilys, Executive Director of AviaAM Leasing AB, hereby confirm that, to the best of our knowledge, the unaudited AviaAM Leasing AB Consolidated Condensed Interim Financial Information for the twelve month period 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.

General Manager  
Tadas Goberis



15 February 2016



Executive Director  
Justinas Gilys