

**AVIAAM LEASING AB**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2016**  
**UNAUDITED**

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**AVIAAM LEASING AB**  
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**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2016**

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

**CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

	Note	July-September				January-September			
		2016		2015		2016		2015	
		USD	EUR	USD	EUR	USD	EUR	USD	EUR
<b>Revenue</b>	3	28,966	25,944	5,392	4,852	48,590	43,528	26,951	24,156
Interest income on loans		323	289	422	380	1,362	1,220	1,277	1,145
Costs of aircraft sold		(1,775)	(1,589)	(508)	(457)	(9,472)	(8,486)	(2,697)	(2,417)
Costs of services rendered		(8,739)	(7,829)	(310)	(283)	(8,775)	(7,861)	(6,035)	(5,409)
Aircraft maintenance and servicing expenses		(779)	(697)	(674)	(606)	(3,340)	(2,992)	(2,331)	(2,089)
Depreciation and amortisation		(3,351)	(3,000)	(1,308)	(1,173)	(7,175)	(6,427)	(3,321)	(2,976)
Impairment of receivables and prepayments		-	-	(562)	(504)	-	-	(1,012)	(907)
Employee-related expenses	4	(214)	(191)	(174)	(157)	(637)	(570)	(545)	(489)
Other operating expenses	5	(602)	(538)	(403)	(362)	(1,694)	(1,517)	(1,082)	(970)
Gain on sale of property, plant and equipment (net)		(64)	(58)	-	-	5,771	5,170	-	-
Other gain (losses) net		(588)	(527)	7	6	(114)	(102)	41	36
<b>Operating profit</b>		<b>13,177</b>	<b>11,804</b>	<b>1,882</b>	<b>1,696</b>	<b>24,516</b>	<b>21,963</b>	<b>11,246</b>	<b>10,080</b>
Finance income	6	374	334	20	18	1,284	1,150	258	233
Finance costs	6	(822)	(737)	(169)	(154)	(2,271)	(2,034)	(2,163)	(1,939)
<b>Finance costs – net</b>		<b>(448)</b>	<b>(403)</b>	<b>(149)</b>	<b>(136)</b>	<b>(987)</b>	<b>(884)</b>	<b>(1,905)</b>	<b>(1,706)</b>
<b>Profit (loss) before income tax</b>		<b>12,729</b>	<b>11,401</b>	<b>1,733</b>	<b>1,560</b>	<b>23,529</b>	<b>21,079</b>	<b>9,341</b>	<b>8,374</b>
Income tax	7	(1,537)	(1,376)	(360)	(324)	(2,790)	(2,499)	(1,369)	(1,227)
<b>Profit (loss) for the period</b>		<b>11,192</b>	<b>10,025</b>	<b>1,373</b>	<b>1,236</b>	<b>20,739</b>	<b>18,580</b>	<b>7,972</b>	<b>7,147</b>
<b>Other comprehensive income</b>									
Revaluation reserve write-off		-	2	-	-	(9,925)	(8,891)	-	-
Currency translation differences on translation to presentation currency		-	(1,186)	-	(550)	-	(2,678)	-	6,513
<b>Total other comprehensive income</b>		<b>-</b>	<b>(1,184)</b>	<b>-</b>	<b>(550)</b>	<b>(9,925)</b>	<b>(11,569)</b>	<b>-</b>	<b>6,513</b>
<b>Total comprehensive income</b>		<b>11,192</b>	<b>8,841</b>	<b>1,373</b>	<b>686</b>	<b>10,814</b>	<b>7,011</b>	<b>7,972</b>	<b>13,660</b>
Basic and diluted earnings per share (USD/EUR)	8	0.26	0.23	0.03	0.03	0.48	0.43	0.18	0.17

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**CONSOLIDATED INTERIM BALANCE SHEET**

	Note	30 September 2016		31 December 2015	
		USD	EUR	USD	EUR
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	107,674	95,957	64,198	58,757
Investment property	10	2,433	2,169	1,540	1,410
Intangible assets		87	77	1	1
Available-for-sale financial assets		3,708	3,294	1,012	926
Loans granted	12	10,394	9,263	9,621	8,806
		<b>124,296</b>	<b>110,760</b>	<b>76,372</b>	<b>69,900</b>
<b>Current assets</b>					
Inventory	11	30,322	27,022	1,747	1,599
Loans granted	12	22,179	19,766	21,419	19,603
Trade and other receivables	13	11,309	10,079	6,472	5,923
Financial assets at fair value through profit or loss		12,230	10,900	1,526	1,396
Cash and cash equivalents	14	40,810	36,369	27,093	24,797
		<b>116,850</b>	<b>104,136</b>	<b>58,257</b>	<b>53,318</b>
<b>Total assets</b>		<b>241,146</b>	<b>214,896</b>	<b>134,629</b>	<b>123,218</b>
<b>EQUITY</b>					
<b>Equity attributable to the Group's equity shareholders</b>					
Share capital	15	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		2,319	2,067	12,244	11,206
Revaluation reserve (deficit) of financial assets		(1,179)	(1,079)	(1,179)	(1,079)
Cumulative translation reserve		-	11,497	-	13,927
Retained earnings		69,040	56,780	49,288	39,066
<b>Total equity</b>		<b>118,011</b>	<b>105,160</b>	<b>108,184</b>	<b>99,015</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	16	48,201	42,956	5,480	5,015
Security deposits received	18	5,274	4,700	4,650	4,256
Deferred income tax liabilities		2,100	1,872	2,057	1,882
		<b>55,575</b>	<b>49,528</b>	<b>12,187</b>	<b>11,153</b>
<b>Current liabilities</b>					
Borrowings	16	13,545	12,071	5,927	5,425
Trade and other payables	17	39,748	35,423	3,658	3,348
Security deposits received	18	-	-	520	476
Advances received	17	8,975	7,998	159	145
Current income tax liabilities		5,292	4,716	3,994	3,656
		<b>67,560</b>	<b>60,208</b>	<b>14,258</b>	<b>13,050</b>
<b>Total liabilities</b>		<b>123,135</b>	<b>109,736</b>	<b>26,445</b>	<b>24,203</b>
<b>Total equity and liabilities</b>		<b>241,146</b>	<b>214,896</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>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>7,901</b>	<b>(354)</b>	-	<b>7,547</b>
Profit for the year	-	-	-	-	-	-	11,959	<b>11,959</b>
<b>Total comprehensive income</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>1,315</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 reserve write-off	-	-	-	-	(9,925)	-	-	(9,925)
<b>Other comprehensive income (loss)</b>	-	-	-	-	<b>(9,925)</b>	-	-	<b>(9,925)</b>
Profit for the period	-	-	-	-	-	-	20,739	20,739
<b>Total comprehensive income</b>	-	-	-	-	<b>(9,925)</b>	-	<b>20,739</b>	<b>10,814</b>
<b>Transactions with owners</b>								
Dividends	-	-	-	-	-	-	(987)	(987)
<b>Total transactions with owners</b>	-	-	-	-	-	-	<b>(987)</b>	<b>(987)</b>
<b>Balance at 30 September 2016</b>	<b>16,804</b>	<b>27,972</b>	<b>1,740</b>	<b>1,315</b>	<b>2,319</b>	<b>(1,179)</b>	<b>69,040</b>	<b>118,011</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)	-
Currency translation differences	-	-	-	-	-	-	-	-	-
<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 reserve write-off	-	-	-	-	(8,891)	-	-	-	(8,891)
Currency translation differences	-	-	-	-	(248)	-	(2,430)	-	(2,678)
<b>Other comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,139)</b>	<b>-</b>	<b>(2,430)</b>	<b>-</b>	<b>(11,569)</b>
Profit for the period	-	-	-	-	-	-	-	18,580	18,580
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,139)</b>	<b>-</b>	<b>(2,430)</b>	<b>18,580</b>	<b>7,011</b>
<b>Transactions with owners</b>									
Dividends	-	-	-	-	-	-	-	(866)	(866)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(866)</b>	<b>(866)</b>
<b>Balance at 30 September 2016</b>	<b>12,559</b>	<b>20,878</b>	<b>1,254</b>	<b>1,204</b>	<b>2,067</b>	<b>(1,079)</b>	<b>11,497</b>	<b>56,780</b>	<b>105,160</b>

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**CONSOLIDATED INTERIM STATEMENT OF CASH FLOW**

	Note	9 months ended 30 September			
		USD	2016 EUR	USD	2015 EUR
<b>Operating activities</b>					
Profit (loss) before income tax		23,529	21,079	9,341	8,374
<i>Adjustments for:</i>					
Depreciation and amortisation		7,175	6,427	3,321	2,976
Impairment of accounts receivables and prepayments		-	-	1,012	907
Discounting effect		(144)	(129)	165	148
Finance costs – net		600	537	307	275
Deferred tax income (costs)		-	-	(12)	(10)
Profit from loan cession		(464)	(416)	-	-
Profit /loss from sale of fixed assets		(5,771)	(5,170)	-	-
Foreign translation differences		(896)	(804)	-	-
<i>Changes in working capital:</i>					
Trade and other receivables		(8,953)	(8,020)	(1,139)	(1,021)
Trade and other payables		50,176	44,948	437	392
Security deposits and advances received		9,789	8,769	11	10
Inventory		(27,105)	(24,281)	655	587
<b>Cash generated from operations</b>		<b>47,936</b>	<b>42,940</b>	<b>14,098</b>	<b>12,638</b>
Interest paid		(1,638)	(1,467)	(668)	(598)
Income tax paid		(1,230)	(1,102)	(2,378)	(2,131)
<b><u>Net cash generated from operating activities</u></b>		<b>45,068</b>	<b>40,371</b>	<b>11,052</b>	<b>9,909</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment and intangible assets		(85,271)	(76,387)	(1,808)	(1,620)
Purchase of investment property		(893)	(800)	(420)	(376)
Purchase of subsidiaries (net of cash paid)		(1,350)	(1,209)	-	-
Prepayments for property plant and equipment		(810)	(726)	-	-
Sale of property plant and equipment and intangible assets		37,883	33,936	-	-
Investments in other entities		(2,695)	(2,414)	(511)	(458)
Purchase of financial assets carried at fair value through profit or loss		(11,974)	(10,727)	-	-
Loans granted		(19,536)	(17,501)	(25,596)	(22,942)
Loans repaid		3,096	2,773	26,612	23,852
Interest received		865	775	95	85
<b><u>Net cash used in investing activities</u></b>		<b>(80,685)</b>	<b>(72,280)</b>	<b>(1,628)</b>	<b>(1,459)</b>
<b>Financing activities</b>					
Borrowings		52,544	47,070	-	-
Dividends paid		(988)	(885)	(1,583)	(1,419)
Lease (finance lease) payments		(2,222)	(1,991)	(2,056)	(1,843)
<b><u>Net cash generated from (used in) financing activities</u></b>		<b>49,334</b>	<b>44,194</b>	<b>(3,639)</b>	<b>(3,262)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>13,717</b>	<b>12,285</b>	<b>5,785</b>	<b>5,188</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		13,717	12,285	5,785	5,188
Foreign translation differences		-	(713)	-	2,550
<b>At the end of the period</b>	14	<b>40,810</b>	<b>36,369</b>	<b>42,359</b>	<b>37,807</b>

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**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 30 September 2016 and 31 December 2015 was as follows:

	Number of shares	%
ALH Aircraft Leasing Holdings Limited	12,994,905	30.01
Mesotania Holdings Limited	10,899,858	25.17
Nationale-Nederlanden Otworthy 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 30 September 2016 the Group owned 18 aircraft: 6 Airbus A321, 1 Airbus A320, 1 Boeing 737-300, 1 Boeing 737-500 and 9 Bombardier CRJ200 aircraft. 16 aircraft were leased out under operating lease contracts and two Airbus A321 aircraft were under preparation for sale.

In addition, the Company effectively holds a 50% stake in a joint venture Regional Charter Capital Ltd. - which owns one Bombardier CRJ200 aircraft in a business jet configuration. The principal activity of the joint venture is management of the subject aircraft. Also, the Company 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 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.

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 30 September 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



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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 30 September 2016	As at 31 December 2015	
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, Sandyford, Dublin 18, Ireland
AAL Capital Aircraft Holdings Ltd	Cyprus	100	100	Date of establishment: 29 September 2011 / Aircraft leasing / 1 Bouboulina str. Bouboulina Building, 2nd floor, Office No. 24, 1060 Nicosia, Cyprus
AviaAM Leasing Bermuda Ltd	Bermuda	100*	100*	Date of establishment: 16 September 2011 / Aircraft leasing / Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
AviaAM B08 Ltd	Bermuda	100*	100*	Date of establishment: 26 April 2014 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM11, Bermuda
AviaAM B09 Ltd	Bermuda	100*	100*	Date of establishment: 27 June 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
Ice Aircraft Management Ltd	Bermuda	100*	100*	Date of establishment: 23 October 2013 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda
Boulevard Two Aircraft Ltd	Ireland	100*	100*	Date of acquiring: 20 December 2013 / Aircraft leasing / 70 Sir John Rogerson's Quay, Dublin 2, Ireland
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

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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 30 September 2016	As at 31 December 2015	
Regional Charter Capital Ltd	Bermuda	50**	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. which owns 50 per cent of the company

**2 Accounting policies**

The consolidated interim financial information for the nine month period ended 30 September 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 nine month period ended 30 September 2016 is not audited. Financial Statements for the year ended 31 December 2015 were audited by external auditor PricewaterhouseCoopers UAB.

**3 Revenue**

	9 months ended 30 September			
	USD	2016 EUR	USD	2015 EUR
Sales of aircraft	10,750	9,630	2,300	2,061
Lease revenue	13,985	12,528	10,377	9,301
Commission income	17,294	15,492	9,400	8,426
Supplemental maintenance rent	6,468	5,795	4,874	4,368
Other revenue	93	83	-	-
	<b>48,590</b>	<b>43,528</b>	<b>26,951</b>	<b>24,156</b>

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**3 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 form a single operating segment – aircraft leasing, trading and aircraft transaction management. The internal reporting provided to the General Manager has been prepared using the accounting policies and presentation consistent with those used in preparation of the financial statements. The General Manager monitors net profit and operating profit as a measure of profit.

The segment's sales to external customers are derived from the following single customers (the customers whose sales revenue exceed 5 per cent of total sales revenue of that segment in any of the years):

	<b>9 months ended 30 September</b>				
	<b>USD</b>	<b>2016</b>		<b>2015</b>	
		<b>EUR</b>	<b>USD</b>	<b>EUR</b>	
<b>Lease, sale and aircraft transaction management customers</b>					
Customer C	14,809	13,266	-	-	
Customer P	-	-	9,375	8,403	
Customer B	9,283	8,316	9,114	8,169	
Customer T	8,350	7,480	-	-	
Customer Z	6,341	5,680	-	-	
Customer O	1,314	1,177	1,287	1,154	
Customer I	1,036	928	3,306	2,963	
Other customers	7,457	6,681	3,869	3,467	
	<b>48,590</b>	<b>43,528</b>	<b>26,951</b>	<b>24,156</b>	

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

<b>Country</b>	<b>9 months ended 30 September</b>				
	<b>USD</b>	<b>2016</b>		<b>2015</b>	
		<b>EUR</b>	<b>USD</b>	<b>EUR</b>	
Russia	25,128	22,510	12,704	11,387	
Virgin Islands	8,350	7,480	-	-	
Poland	6,341	5,680	-	-	
Ireland	2,034	1,822	9,375	8,403	
United Arab Emirates	2,000	1,792	-	-	
Latvia	1,320	1,183	-	-	
Belarus	1,314	1,177	1,287	1,154	
Lithuania	978	876	809	725	
Kazakhstan	450	404	2,751	2,465	
United Kingdom	400	358	-	-	
Bermuda	275	246	25	22	
	<b>48,590</b>	<b>43,528</b>	<b>26,951</b>	<b>24,156</b>	

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**4 Employee related expenses**

	<b>9 months ended 30 September</b>			
	<b>2016</b>		<b>2015</b>	
	<b>USD</b>	<b>EUR</b>	<b>USD</b>	<b>EUR</b>
Salaries	480	431	352	316
Social insurance expenses	157	139	193	173
	<b>637</b>	<b>570</b>	<b>545</b>	<b>489</b>

**5 Other operating expenses**

	<b>9 months ended 30 September</b>			
	<b>2016</b>		<b>2015</b>	
	<b>USD</b>	<b>EUR</b>	<b>USD</b>	<b>EUR</b>
Legal and translation expenses	564	505	302	270
Travelling expenses	184	163	58	52
Representation expenses	151	135	33	30
Management services	109	98	123	110
Bank fees	86	77	20	18
Insurance expenses	83	74	91	81
Marketing expenses	83	75	139	125
Audit and accounting expenses	71	64	73	65
Charity expenses	66	59	-	-
Database usage expenses	61	55	-	-
Other expenses	56	50	-	-
Fuel costs	36	32	32	29
Office expenses	30	27	35	31
Expenses related to listing of shares	29	26	30	27
Other administrative expenses	28	25	31	28
Other fixed assets depreciation	22	20	17	15
Transportation expenses	16	14	52	47
IT costs	14	13	15	14
Training expenses	5	5	31	28
	<b>1,694</b>	<b>1,517</b>	<b>1,082</b>	<b>970</b>

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**6 Finance costs – net**

	9 months ended 30 September			
	2016		2015	
	USD	EUR	USD	EUR
Discounting of security deposits received	582	521	-	-
Other finance income	100	90	20	18
Gain from disposal of investments	15	13	-	-
Foreign exchange gain on financing activities	587	526	238	215
<b>Finance income</b>	<b>1,284</b>	<b>1,150</b>	<b>258</b>	<b>233</b>
Interest expenses	(1,638)	(1,468)	(731)	(655)
Foreign exchange loss on financing activities	-	-	(1,230)	(1,103)
Unwinding of discount of security deposits received	(438)	(392)	(102)	(91)
Other finance costs	(195)	(174)	(100)	(90)
<b>Finance costs</b>	<b>(2,271)</b>	<b>(2,034)</b>	<b>(2,163)</b>	<b>(1,939)</b>
<b>Finance costs – net</b>	<b>(987)</b>	<b>(884)</b>	<b>(1,905)</b>	<b>(1,706)</b>

**7 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).

	9 months ended 30 September			
	2016		2015	
	USD	EUR	USD	EUR
Current tax	2,790	2,499	1,369	1,227
<b>Total income tax expenses</b>	<b>2,790</b>	<b>2,499</b>	<b>1,369</b>	<b>1,227</b>

**8 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.

	July – September				January – September			
	2016		2015		2016		2015	
	USD	EUR	USD	EUR	USD	EUR	USD	EUR
Net profit attributable to shareholders	11,192	10,025	1,373	1,236	20,739	18,580	7,972	7,147
Weighted average number of ordinary shares issued	43,306		43,306		43,306		43,306	
<b>Basic earnings per share (USD/EUR)</b>	<b>0.26</b>	<b>0.23</b>	<b>0.03</b>	<b>0.03</b>	<b>0.48</b>	<b>0.43</b>	<b>0.18</b>	<b>0.17</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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**9 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	91,947	-	7	91,954
Disposals	(39,590)	-	57	(39,533)
Reclassifications	(255)	(1,495)	-	(1,750)
Depreciation charge	(7,175)	-	(20)	(7,195)
Revaluation surplus	-	-	-	-
Revaluation loss	-	-	-	-
<b>Closing net book amount as at 30 September 2016</b>	<b>107,472</b>	<b>-</b>	<b>202</b>	<b>107,674</b>
<b>At 30 September 2016</b>				
Cost or valuation	107,472	-	282	107,754
Accumulated depreciation	-	-	(80)	(80)
<b>Net book amount</b>	<b>107,472</b>	<b>-</b>	<b>202</b>	<b>107,674</b>

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**9 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	82,368	-	6	82,374
Disposals	(35,465)	-	51	(35,414)
Reclassifications	(228)	(1,339)	-	(1,567)
Depreciation charge	(6,427)	-	(18)	(6,445)
Revaluation surplus	-	-	-	-
Revaluation loss	-	-	-	-
Exchange differences	(1,715)	(29)	(4)	(1,748)
<b>Closing net book amount as at 30 September 2016</b>	<b>95,777</b>	<b>-</b>	<b>180</b>	<b>95,957</b>
<b>At 30 September 2016</b>				
Cost or valuation	95,777	-	251	96,028
Accumulated depreciation	-	-	(71)	(71)
<b>Net book amount</b>	<b>95,777</b>	<b>-</b>	<b>180</b>	<b>95,957</b>

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**10 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>1,410</b>
Additions	893	800
Disposals	-	-
Reclassifications	-	-
Depreciation charge	-	-
Revaluation surplus	-	-
Revaluation loss	-	-
Exchange differences	-	(41)
<b>Closing net book amount as at 30 September 2016</b>	<b>2,433</b>	<b>2,169</b>
<b>At 30 September 2016</b>		
Cost or valuation	2,433	2,169
Accumulated depreciation	-	-
<b>Net book amount</b>	<b>2,433</b>	<b>2,169</b>

**11 Inventories**

	30 September 2016		31 December 2015	
	USD	EUR	USD	EUR
Aircraft	28,851	25,712	-	-
Aircraft components	1,471	1,310	1,747	1,599
	<b>30,322</b>	<b>27,022</b>	<b>1,747</b>	<b>1,599</b>



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**12 Loans granted**

	30 September 2016		31 December 2015	
	USD	EUR	USD	EUR
<b>Non-current loans</b>				
Loans granted to related parties	5,900	5,258	4,798	4,391
Bonds acquired from related parties	2,329	2,075	-	-
Loans granted to third parties	2,165	1,930	4,823	4,415
	<b>10,394</b>	<b>9,263</b>	<b>9,621</b>	<b>8,806</b>
<b>Current loans</b>				
Loans granted to related parties	12,449	11,094	11,780	10,783
Less: provision for impairment of loans granted to related parties	(112)	(100)	(112)	(103)
Bonds acquired from related parties	-	-	2,247	2,056
Loans granted to third parties	9,842	8,772	7,504	6,867
	<b>22,179</b>	<b>19,766</b>	<b>21,419</b>	<b>19,603</b>
<b>Total loans granted</b>	<b>32,573</b>	<b>29,029</b>	<b>31,040</b>	<b>28,409</b>

**13 Trade and other receivables**

	30 September 2016		31 December 2015	
	USD	EUR	USD	EUR
Trade receivables from third parties	9,624	8,576	6,614	6,052
Less: provision for impairment of trade receivables	(2,163)	(1,928)	(2,163)	(1,980)
<b>Trade receivables from third parties – net</b>	<b>7,461</b>	<b>6,648</b>	<b>4,451</b>	<b>4,072</b>
Receivables from related parties	1,962	1,749	1,728	1,582
Less: provision for impairment of trade receivables from related parties	(1,048)	(934)	(1,048)	(959)
<b>Receivables from related parties - net</b>	<b>914</b>	<b>815</b>	<b>680</b>	<b>623</b>
Other receivables	29	26	29	27
Less: provision for impairment of other receivables	(29)	(26)	(29)	(27)
<b>Other receivables - net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
VAT receivables	273	243	216	198
Prepayments	2,451	2,184	919	842
Deferred expenses	189	206	188	188
	<b>11,309</b>	<b>10,079</b>	<b>6,472</b>	<b>5,923</b>
Non-current portion:	-	-	-	-
<b>Current portion:</b>	<b>11,309</b>	<b>10,079</b>	<b>6,472</b>	<b>5,923</b>

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**14 Cash and cash equivalents**

Cash and cash equivalents are dominated in following currencies:

	30 September 2016		31 December 2015	
	USD	EUR	USD	EUR
USD	36,294	32,344	14,869	13,609
EUR	4,516	4,025	12,209	11,174
GBP	-	-	15	14
<b>Total cash and cash equivalents</b>	<b>40,810</b>	<b>36,369</b>	<b>27,093</b>	<b>24,797</b>

**15 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 30 September 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).

**16 Borrowings**

	30 September 2016		31 December 2015	
	USD	EUR	USD	EUR
<b>Non-current</b>				
Bank borrowings	47,044	41,925	619	566
Finance lease liabilities	1,157	1,031	4,861	4,449
	<b>48,201</b>	<b>42,956</b>	<b>5,480</b>	<b>5,015</b>
<b>Current</b>				
Bank borrowings	6,142	5,473	6	5
Finance lease liabilities	7,403	6,598	5,921	5,420
	<b>13,545</b>	<b>12,071</b>	<b>5,927</b>	<b>5,425</b>
<b>Total borrowings</b>	<b>61,746</b>	<b>55,027</b>	<b>11,407</b>	<b>10,440</b>

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

	30 September 2016	31 December 2015
Bank borrowings	4.74%	2.10%
Finance lease liabilities	8.26%	7.79%

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**17 Trade and other payables and advances received**

	30 September 2016		31 December 2015	
	USD	EUR	USD	EUR
<b>Trade and other payables – financial liabilities</b>				
Trade payables to third parties	34,858	31,065	280	256
Trade payables to related parties	405	361	263	241
Salaries and social security payable, including vacation accrual	183	163	81	74
Accruals	4,302	3,834	3,034	2,777
	<b>39,748</b>	<b>35,423</b>	<b>3,658</b>	<b>3,348</b>
	30 September 2016		31 December 2015	
	USD	EUR	USD	EUR
<b>Advance payments received – non-financial liabilities</b>				
Advance payments from customers	8,975	7,998	159	145
	<b>8,975</b>	<b>7,998</b>	<b>159</b>	<b>145</b>

**18 Security deposits received**

	30 September 2016		31 December 2015	
	USD	EUR	USD	EUR
Security deposits repayable after one year at nominal value	6,340	5,650	5,462	4,999
Less: discounting effect	(1,066)	(950)	(812)	(743)
<b>Security deposits repayable after one year</b>	<b>5,274</b>	<b>4,700</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>5,274</b>	<b>4,700</b>	<b>5,170</b>	<b>4,732</b>

Average rates used for security deposits discounting are as follows: 2016: 3.89%; 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. All of the Group's security deposits are denominated in USD. Security deposits are not interest-bearing.

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**19 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>9 months ended 30 September</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	217	194	192	172
Other related parties	918	823	822	737
	<b>1,135</b>	<b>1,017</b>	<b>1,014</b>	<b>909</b>

	<b>9 months ended 30 September</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	1,470	1,317	979	878
	<b>1,472</b>	<b>1,318</b>	<b>984</b>	<b>883</b>
<b>Total purchases of assets and services</b>	<b>1,472</b>	<b>1,318</b>	<b>984</b>	<b>883</b>

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

**Trade and other receivables from related parties**

	<b>30 September 2016</b>		<b>31 December 2015</b>	
	<b>USD</b>	<b>EUR</b>	<b>USD</b>	<b>EUR</b>
Other related parties	1,962	1,749	1,728	1,582
<b>Trade and other receivables at nominal value</b>	<b>1,962</b>	<b>1,749</b>	<b>1,728</b>	<b>1,582</b>
Less: provision for impairment of receivables from other related parties	(1,048)	(934)	(1,048)	(959)
	<b>914</b>	<b>815</b>	<b>680</b>	<b>623</b>

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

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**19 Related party transactions (continued)**

**Payables to and prepayments from related parties**

	30 September 2016		31 December 2015	
	USD	EUR	USD	EUR
Other related parties	405	361	263	241
	<b>405</b>	<b>361</b>	<b>263</b>	<b>241</b>

**Loans granted to related parties**

	30 September 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	1,141	1,022	25,020	22,528
Loan repayments received as monetary transactions	(246)	(220)	(24,373)	(21,946)
Loan repayments received as non-monetary transactions	(63)	(56)	(3,559)	(3,205)
Interest charged	722	646	955	860
Interest received	(16)	(14)	(320)	(288)
Impaired loans and receivable interest	-	-	(112)	(101)
Exchange rate differences	315	(178)	(1,458)	731
<b>End of the period</b>	<b>20,566</b>	<b>18,327</b>	<b>18,713</b>	<b>17,127</b>

**20 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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**20 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.

**21 Events after the balance sheet date**

In August 2016 the Group completed the sale of one Airbus A319 aircraft with lease attached.

In October 2016 the Group delivered one Airbus A321 aircraft under the the lease-to-purchase agreement.

In November 2016 the Group delivered one Airbus A321 aircraft under the the lease-to-purchase agreement.

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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 nine month period ended 30 September 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 November 2016



Executive Director  
Justinas Gilys