

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016
UNAUDITED

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

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

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	3 months ended 31 March			
		2016		2015	
		USD	EUR	USD	EUR
Revenue	3	13,019	11,810	7,807	6,912
Interest income on loans		564	512	442	391
Costs of aircraft sold		(7,327)	(6,646)	-	-
Costs of services rendered		(36)	(32)	(1,897)	(1,679)
Aircraft maintenance and servicing expenses		(1,446)	(1,312)	(786)	(696)
Depreciation and amortisation		(1,999)	(1,813)	(951)	(842)
Employee-related expenses	4	(205)	(186)	(165)	(146)
Other operating expenses	5	(499)	(453)	(346)	(306)
Gain on sale of property, plant and equipment (net)		406	368	-	-
Other gain (losses) net		472	428	11	10
Operating profit		2,949	2,676	4,115	3,644
Finance income	6	802	727	-	-
Finance costs	6	(528)	(479)	(1,775)	(1,571)
Finance costs – net		274	248	(1,775)	(1,571)
Profit (loss) before income tax		3,223	2,924	2,340	2,073
Income tax	7	(431)	(391)	(175)	(155)
Profit (loss) for the period		2,792	2,533	2,165	1,918
Other comprehensive income					
Currency translation differences on translation to presentation currency		-	(3,548)	-	9,382
Total other comprehensive income		-	(3,548)	-	9,382
Total comprehensive income		2,792	(1,015)	2,165	11,300
Basic and diluted earnings per share (USD/EUR)	8	0.06	0.06	0.05	0.04

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CONSOLIDATED INTERIM BALANCE SHEET

	Note	31 March 2016		31 December 2015	
		USD	EUR	USD	EUR
ASSETS					
Non-current assets					
Property, plant and equipment	9	82,635	72,973	64,198	58,757
Investment property	10	1,589	1,403	1,540	1,410
Intangible assets		87	77	1	1
Available-for-sale financial assets		1,012	893	1,012	926
Loans granted	12	10,115	8,932	9,621	8,806
		95,438	84,278	76,372	69,900
Current assets					
Inventory	11	3,420	3,019	1,747	1,599
Loans granted	12	23,972	21,170	21,419	19,603
Trade and other receivables	13	16,170	14,279	6,472	5,923
Financial assets at fair value through profit or loss		-	-	1,526	1,396
Cash and cash equivalents	14	51,732	45,684	27,093	24,797
		95,294	84,152	58,257	53,318
Total assets		190,732	168,430	134,629	123,218
EQUITY					
Equity attributable to the Group's equity shareholders					
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		12,244	11,206	12,244	11,206
Revaluation reserve (deficit) of financial assets		(1,179)	(1,079)	(1,179)	(1,065)
Cumulative translation reserve		-	10,379	-	13,913
Retained earnings		52,080	41,599	49,288	39,066
Total equity		110,976	98,000	108,184	99,015
LIABILITIES					
Non-current liabilities					
Borrowings	16	3,110	2,746	5,480	5,015
Security deposits received	18	4,552	4,020	4,650	4,256
Deferred income tax liabilities		2,120	1,872	2,057	1,882
		9,782	8,638	12,187	11,153
Current liabilities					
Borrowings	16	7,593	6,706	5,927	5,425
Trade and other payables	17	22,552	19,915	3,658	3,348
Security deposits received	18	2,107	1,860	520	476
Advances received	17	33,581	29,654	159	145
Current income tax liabilities		4,141	3,657	3,994	3,656
		69,974	61,792	14,258	13,050
Total liabilities		79,756	70,430	26,445	24,203
Total equity and liabilities		190,732	168,430	134,629	123,218

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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
Balance at 1 January 2015	16,804	27,972	1,740	-	4,343	(825)	43,020	93,054
Comprehensive income								
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)
Other comprehensive income (loss)	-	-	-	-	7,901	(354)	-	7,547
Profit for the year	-	-	-	-	-	-	11,959	11,959
Total comprehensive income	-	-	-	-	7,901	(354)	11,959	19,506
Transactions with owners								
Transfer to reserve for own shares	-	-	-	1,315	-	-	(1,315)	-
Dividends	-	-	-	-	-	-	(4,376)	(4,376)
Total transactions with owners	-	-	-	1,315	-	-	(5,691)	(4,476)
Balance at 31 December 2015/ 1 January 2016	16,804	27,972	1,740	1,315	12,244	(1,179)	49,288	108,184
Comprehensive income								
Other comprehensive income (loss)	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	2,792	2,792
Total comprehensive income	-	-	-	-	-	-	2,792	2,792
Transactions with owners								
Total transactions with owners	-	-	-	-	-	-	-	-
Balance at 31 March 2016	16,804	27,972	1,740	1,315	12,244	(1,179)	52,080	110,976

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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
Balance at 1 January 2015	12,542	20,878	1,254	-	3,570	(678)	5,521	33,416	76,503
Comprehensive income									
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
Other comprehensive income (loss)	-	-	-	-	7,636	(401)	8,406	-	15,641
Profit for the year	-	-	-	-	-	-	-	10,769	10,769
Total comprehensive income	-	-	-	-	7,636	(401)	8,406	10,769	26,410
Transactions with owners									
Transfer to reserves for own shares	-	-	-	1,204	-	-	-	(1,204)	-
Dividends	-	-	-	-	-	-	-	(3,898)	(3,898)
Share capital conversion result	17	-	-	-	-	-	-	(17)	-
Currency translation differences	-	-	-	-	-	-	-	-	-
Total transactions with owners	17	-	-	1,204	-	-	-	(5,119)	(3,898)
Balance at 31 December 2015/ 1 January 2016	12,559	20,878	1,254	1,204	11,206	(1,065)	13,913	39,066	99,015
Comprehensive income									
Currency translation differences	-	-	-	-	-	-	(3,548)	-	(3,548)
Other comprehensive income (loss)	-	-	-	-	-	-	(3,548)	-	(3,548)
Profit for the period	-	-	-	-	-	-	-	2,533	2,533
Total comprehensive income	-	-	-	-	-	-	(3,548)	2,533	(1,015)
Transactions with owners									
Total transactions with owners	-	-	-	-	-	-	-	-	-
Balance at 31 March 2016	12,559	20,878	1,254	1,204	11,206	(1,079)	10,379	41,599	98,000

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CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Note	3 months ended 31 March			
		USD	2016 EUR	USD	2015 EUR
Operating activities					
Profit (loss) before income tax		3,223	2,924	2,340	2,073
<i>Adjustments for:</i>					
Depreciation and amortisation		1,999	1,813	951	842
Discounting effect		33	30	54	48
Finance costs – net		265	240	398	352
Profit from loan cession		(464)	(421)	-	-
Profit /loss from sale of fixed assets		(406)	(368)	-	-
<i>Changes in working capital:</i>					
Trade and other receivables		(11,480)	(10,416)	(3,492)	(3,093)
Trade and other payables		20,602	18,688	1,939	1,716
Security deposits and advances received		34,976	31,727	468	415
Inventory		1,746	1,584	34	30
Cash generated from operations		50,494	45,801	2,692	2,383
Interest paid		(175)	(158)	(234)	(207)
Income tax paid		(311)	(282)	(248)	(220)
<u>Net cash generated from operating activities</u>		50,008	45,361	2,210	1,956
Investing activities					
Purchase of property, plant and equipment and intangible assets		(9,218)	(8,361)	(1,000)	(885)
Purchase of investment property		(48)	(44)	-	-
Purchase of subsidiaries (net of cash paid)		(1,350)	(1,225)	-	-
Sale of property plant and equipment and intangible assets		2,590	2,349	-	-
Loans granted		(16,846)	(15,281)	(16,664)	(14,754)
Loans repaid		212	193	17,484	15,481
Interest received		17	16	(462)	(409)
<u>Net cash used in investing activities</u>		(24,643)	(22,353)	(642)	(567)
Financing activities					
Lease (finance lease) payments		(726)	(659)	(674)	(597)
<u>Net cash used in financing activities</u>		(726)	(659)	(674)	(597)
Increase in cash and cash equivalents		24,639	22,349	894	792
Movement in cash and cash equivalents					
At the beginning of year		27,093	24,797	36,574	30,069
Increase in cash and cash equivalents		24,639	22,349	894	792
Foreign translation differences		-	(1,462)	-	3,688
At the end of the period	14	51,732	45,684	37,468	34,549

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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 31 March 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
Total	43,305,593	100.00

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 March 2016 the Group owned 17 aircraft: 1 Airbus A320, 3 Airbus A319, 1 Boeing 737-300, 3 Boeing 737-500 and 9 Bombardier CRJ200 aircraft. 14 aircraft were leased out under operating lease contracts, while the remaining aircraft were under preparation for potential future lease or 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.

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 31 March 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 31 March 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
Regional Charter Capital Ltd	Bermuda	50**	50**	Date of establishment: 31 October 2012 / Aircraft leasing / Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda

* 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.

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2 Accounting policies

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

3 Revenue

	3 months ended 31 March			
	USD	2016 EUR	USD	2015 EUR
Sales of aircraft	8,350	7,574	-	-
Lease revenue	3,607	3,272	3,321	2,940
Commission income	8	8	3,125	2,767
Supplemental maintenance rent	1,054	956	1,361	1,205
	13,019	11,810	7,807	6,912

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):

	3 months ended 31 March			
	USD	2016 EUR	USD	2015 EUR
Lease, sale and aircraft transaction management customers				
Customer T	8,350	7,574	-	-
Customer B	2,953	2,679	2,887	2,556
Customer I	1,039	942	1,080	957
Customer A	150	136	150	133
Customer P	-	-	3,125	2,767
Other customers	527	479	565	499
	13,019	11,810	7,807	6,912

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3 Revenue (continued)

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

Country	3 months ended 31 March			
	2016		2015	
	USD	EUR	USD	EUR
British Virgin Islands	8,350	7,574	-	-
Russia	3,992	3,621	4,087	3,619
Belarus	320	291	340	301
Lithuania	199	180	105	93
Kazakhstan	150	136	150	133
Bermuda	8	8	-	-
Ireland	-	-	3,125	2,766
	13,019	11,810	7,807	6,912

4 Employee related expenses

	3 months ended 31 March			
	2016		2015	
	USD	EUR	USD	EUR
Salaries	142	129	126	111
Social insurance expenses	63	57	39	35
	205	186	165	146

5 Other operating expenses

	3 months ended 31 March			
	2016		2015	
	USD	EUR	USD	EUR
Legal and translation expenses	134	121	114	101
Representation expenses	109	99	3	3
Training expenses	34	31	-	-
Insurance expenses	27	24	-	-
Expenses related to listing of shares	25	22	21	18
Travelling expenses	25	22	25	22
Marketing expenses	24	21	15	13
Audit and accounting expenses	20	18	42	37
Office expenses	9	9	23	21
Fuel costs	9	8	-	-
Management services	8	7	42	37
Bank fees	8	7	3	3
Other administrative expenses	67	64	58	51
	499	453	346	306

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6 Finance costs – net

	3 months ended 31 March			
	USD	2016 EUR	USD	2015 EUR
Gain from disposal of investments	15	13	-	-
Foreign exchange gain on financing activities	787	714	-	-
Finance income	802	727	-	-
Interest expenses	(175)	(158)	(268)	(237)
Foreign exchange loss on financing activities	-	-	(1,455)	(1,288)
Unwinding of discount of security deposits received	(33)	(30)	(21)	(18)
Other finance costs	(320)	(291)	(31)	(28)
Finance costs	(528)	(479)	(1,775)	(1,571)
Finance costs – net	274	248	(1,775)	(1,571)

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).

	3 months ended 31 March			
	USD	2016 EUR	USD	2015 EUR
Current tax	431	391	175	155
Total income tax expenses	431	391	175	155

8 Earnings per share

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

	January – March			
	USD	2016 EUR	USD	2015 EUR
Net profit attributable to shareholders	2,792	2,533	2,165	1,918
Weighted average number of ordinary shares issued	43,306		43,306	
Basic earnings per share (USD/EUR)	0.06	0.06	0.05	0.04

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8 Earnings per share (continued)

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

9 Property, plant and equipment

USD	Aircraft and engines	Aircraft and engines under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2015	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)
Closing net book amount as at 31 December 2015	62,545	1,495	158	64,198
At 31 December 2015				
Cost or valuation	62,545	1,495	218	64,258
Accumulated depreciation	-	-	(60)	(60)
Net book amount	62,545	1,495	158	64,198
Opening net book amount as at 1 January 2016	62,545	1,495	158	64,198
Additions	10,516	12,845	4	23,365
Disposals	(1,176)	-	6	(1,170)
Reclassifications	(1,750)	-	-	(1,750)
Depreciation charge	(1,999)	-	(9)	(2,008)
Revaluation surplus	-	-	-	-
Revaluation loss	-	-	-	-
Closing net book amount as at 31 March 2016	68,136	14,340	159	82,635
At 31 March 2016				
Cost or valuation	68,136	14,340	228	82,704
Accumulated depreciation	-	-	(69)	(69)
Net book amount	68,136	14,340	159	82,635

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9 Property, plant and equipment (continued)

EUR	Aircraft and engines	Aircraft and engines under preparation for use	Other tangible fixed assets	Total
Opening net book amount as at 1 January 2015	30,753	1,299	149	32,201
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
Closing net book amount as at 31 December 2015	57,244	1,368	145	58,757
At 31 December 2015				
Cost or valuation	57,244	1,368	200	58,812
Accumulated depreciation	-	-	(55)	(55)
Net book amount	57,244	1,368	145	58,757
Opening net book amount as at 1 January 2016	57,244	1,368	145	58,757
Additions	9,539	11,652	4	21,195
Disposals	(1,067)	-	5	(1,062)
Reclassifications	(1,587)	-	-	(1,587)
Depreciation charge	(1,813)	-	(8)	(1,821)
Revaluation surplus	-	-	-	-
Revaluation loss	-	-	-	-
Exchange differences	(2,146)	(357)	(6)	(2,509)
Closing net book amount as at 31 March 2016	60,170	12,663	140	72,973
At 31 March 2016				
Cost or valuation	60,170	12,663	201	73,034
Accumulated depreciation	-	-	(61)	(61)
Net book amount	60,170	12,663	140	72,973

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10 Investment property

	USD	EUR
Opening net book amount as at 1 January 2015	-	-
Additions	1,137	1,024
Disposals	-	-
Reclassifications	-	-
Depreciation charge	-	-
Revaluation surplus	403	363
Revaluation loss	-	-
Exchange differences	-	23
Closing net book amount as at 31 December 2015	1,540	1,410
At 31 December 2015		
Cost or valuation	1,540	1,410
Accumulated depreciation	-	-
Net book amount	1,540	1,410
Opening net book amount as at 1 January 2016	1,540	1,410
Additions	49	44
Disposals	-	-
Reclassifications	-	-
Depreciation charge	-	-
Revaluation surplus	-	-
Revaluation loss	-	-
Exchange differences	-	(51)
Closing net book amount as at 31 March 2016	1,589	1,403
At 31 March 2016		
Cost or valuation	1,589	1,403
Accumulated depreciation	-	-
Net book amount	1,589	1,403

11 Inventories

	31 March 2016		31 December 2015	
	USD	EUR	USD	EUR
Aircraft	1,750	1,545	-	-
Aircraft components	1,670	1,474	1,747	1,599
	3,420	3,019	1,747	1,599

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12 Loans granted

	31 March 2016		31 December 2015	
	USD	EUR	USD	EUR
Non-current loans				
Loans granted to related parties	4,874	4,304	4,798	4,391
Bonds acquired from related parties	2,274	2,008	-	-
Loans granted to third parties	2,967	2,620	4,823	4,415
	10,115	8,932	9,621	8,806
Current loans				
Loans granted to related parties	12,416	10,965	11,780	10,783
Less: provision for impairment of loans granted to related parties	(112)	(99)	(112)	(103)
Bonds acquired from related parties	-	-	2,247	2,056
Loans granted to third parties	11,668	10,304	7,504	6,867
	23,972	21,170	21,419	19,603
Total loans granted	34,087	30,102	31,040	28,409

13 Trade and other receivables

	31 March 2016		31 December 2015	
	USD	EUR	USD	EUR
Trade receivables from third parties	12,795	11,299	6,614	6,052
Less: provision for impairment of trade receivables	(2,163)	(1,910)	(2,163)	(1,980)
Trade receivables from third parties – net	10,632	9,389	4,451	4,072
Receivables from related parties	2,043	1,804	1,728	1,582
Less: provision for impairment of trade receivables from related parties	(1,048)	(925)	(1,048)	(959)
Receivables from related parties - net	995	879	680	623
Other receivables	29	26	29	27
Less: provision for impairment of other receivables	(29)	(26)	(29)	(27)
Other receivables - net	-	-	-	-
VAT receivables	223	197	206	188
Prepayments	3,057	2,699	216	198
Deferred expenses	1,263	1,115	919	842
	16,170	14,279	6,472	5,923
Non-current portion:	-	-	-	-
Current portion:	16,170	14,279	6,472	5,923

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14 Cash and cash equivalents

Cash and cash equivalents are dominated in following currencies:

	31 March 2016		31 December 2015	
	USD	EUR	USD	EUR
USD	50,104	44,246	14,869	13,609
EUR	1,628	1,438	12,209	11,174
GBP	-	-	15	14
Total cash and cash equivalents	51,732	45,684	27,093	24,797

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 31 March 2016 and 31 December 2015 the share capital of the Company amounted to EUR 12,588,622 (USD 16,804,002) and consists 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

	31 March 2016		31 December 2015	
	USD	EUR	USD	EUR
Non-current				
Bank borrowings	641	566	619	566
Finance lease liabilities	2,469	2,180	4,861	4,449
	3,110	2,746	5,480	5,015
Current				
Bank borrowings	6	5	6	5
Finance lease liabilities	7,587	6,701	5,921	5,420
	7,593	6,706	5,927	5,425
Total borrowings	10,703	9,452	11,407	10,440

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

	31 March 2016	31 December 2015
Bank borrowings	2.10%	2.10%
Finance lease liabilities	8.18%	7.79%

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17 Trade and other payables and advances received

	31 March 2016		31 December 2015	
	USD	EUR	USD	EUR
Trade and other payables – financial liabilities				
Trade payables to third parties	13,362	11,800	280	256
Trade payables to related parties	619	547	263	241
Salaries and social security payable, including vacation accrual	191	168	81	74
Accruals	8,380	7,400	3,034	2,777
	22,552	19,915	3,658	3,348
Advance payments received – non-financial liabilities				
Advance payments from customers	33,581	29,654	159	145
	33,581	29,654	159	145

18 Security deposits received

	31 March 2016		31 December 2015	
	USD	EUR	USD	EUR
Security deposits repayable after one year at nominal value	5,130	4,530	5,462	4,999
Less: discounting effect	(578)	(510)	(812)	(743)
Security deposits repayable after one year	4,552	4,020	4,650	4,256
Security deposits repayable within one year	2,107	1,860	630	577
Less: discounting effect	-	-	(110)	(101)
Security deposits repayable within one year	2,107	1,860	520	476
Security deposits	6,659	5,880	5,170	4,732

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

	3 months ended 31 March			
	2016		2015	
	USD	EUR	USD	EUR
Sales of services to:				
Entities having significant influence	62	56	65	57
Other related parties	264	240	194	172
	326	296	259	229

	3 months ended 31 March			
	2016		2015	
	USD	EUR	USD	EUR
Purchases of services from:				
Entities having significant influence	1	1	4	4
Other related parties	826	749	236	209
	827	750	240	213
Total purchases of assets and services	827	750	240	213

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

Trade and other receivables from related parties

	31 March 2016		31 December 2015	
	USD	EUR	USD	EUR
Other related parties	2,043	1,804	1,728	1,582
Trade and other receivables at nominal value	2,043	1,804	1,728	1,582
Less: provision for impairment of receivables from other related parties	(1,048)	(925)	(1,048)	(959)
	995	879	680	623

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

	31 March 2016		31 December 2015	
	USD	EUR	USD	EUR
Other related parties	619	547	263	241
	619	547	263	241

Loans granted to related parties

	31 March 2016		31 December 2015	
	USD	EUR	USD	EUR
Beginning of the year	18,713	17,127	22,560	18,548
Loans advanced during the year as monetary transactions	76	69	25,020	22,528
Loan repayments received as monetary transactions	(6)	(6)	(24,373)	(21,946)
Loan repayments received as non-monetary transactions	(11)	(10)	(3,559)	(3,205)
Interest charged	233	212	955	860
Interest received	(1)	(1)	(320)	(288)
Impaired loans and receivable interest	-	-	(112)	(101)
Exchange rate differences	448	(213)	(1,458)	731
End of the period	19,452	17,178	18,713	17,127

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	-	-
Total purchase consideration	1,352	1,212

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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)
	(84)	(75)
Less: non-controlling interest	-	-
Net assets acquired	(84)	(75)
Profit from cession of claims	464	416
Net profit from transaction	380	341

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 April 2016 the Group completed the sale of two Airbus A319 aircraft with lease attached.

In April 2016 the Group acquired three Airbus A321 aircraft and immediately delivered the subject aircraft to one of its customers under the long term operating lease agreements.

In April 2016 the Group delivered one Boeing 737-500 aircraft to one of its customers under the lease-to-purchase agreement.

On 29 April 2016 the Annual General Meeting of Shareholders of the Company adopted the decision to pay out annual dividends in the amount of EUR 0.02 per share.

In May 2016 the Group acquired one Airbus A321 aircraft and immediately delivered the subject aircraft to one of its customers under the long term operating lease agreement.

