

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018
UNAUDITED

AVIAAM LEASING AB
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018

(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			
		2018		2017	
		USD	EUR	USD	EUR
Revenue	3	5,683	4,623	9,235	8,673
Interest income on loans		598	486	399	375
Costs of services rendered		(113)	(92)	(447)	(420)
Aircraft maintenance and servicing expenses		(1,229)	(1,000)	(1,369)	(1,285)
Depreciation and amortisation		(717)	(583)	(2,357)	(2,214)
Employee-related expenses	4	(358)	(291)	(289)	(272)
Other operating expenses	5	(747)	(607)	(573)	(538)
Gain on sale of property, plant and equipment (net)		7,822	6,363	-	-
Other gain (losses) net		(706)	(575)	14	13
Operating profit		10,233	8,324	4,613	4,332
Finance income	6	1,476	1,201	526	494
Finance costs	6	(286)	(233)	(733)	(688)
Finance costs – net		1,190	968	(207)	(194)
Share of profit of joint ventures		1,016	827	-	-
Profit (loss) before income tax		12,439	10,119	4,406	4,138
Income tax	7	(729)	(593)	12	12
Profit (loss) for the period		11,710	9,526	4,418	4,150
Profit (loss) for the period from assets held for sale	20	(500)	(407)	-	-
Profit (loss) for the period		11,210	9,119	4,418	4,150
Other comprehensive income					
Currency translation differences on translation to presentation currency		-	(3,212)	-	(2,509)
Total other comprehensive income		-	(3,212)	-	(2,509)
Total comprehensive income		11,210	5,907	4,418	1,641
Basic and diluted earnings per share (USD/EUR)	8	0.26	0.21	0.10	0.10

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CONSOLIDATED INTERIM BALANCE SHEET

	Note	31 March 2018		31 December 2017	
		USD	EUR	USD	EUR
ASSETS					
Non-current assets					
Property, plant and equipment	9	67,257	54,587	39,462	32,904
Investment property	10	2,258	1,833	1,833	1,528
Intangible assets		-	-	1	1
Investments in associates		41,619	33,779	40,603	33,855
Available-for-sale financial assets		1,746	1,416	1,746	1,456
Loans granted	12	38,167	30,977	37,119	30,951
		151,047	122,592	120,764	100,695
Current assets					
Inventory	11	1,479	1,201	1,476	1,231
Loans granted	12	21,067	17,099	17,269	14,400
Trade and other receivables	13	16,422	13,327	12,344	10,292
Prepaid income tax		2,074	1,683	-	-
Cash and cash equivalents	14	19,157	15,548	15,774	13,153
		60,199	48,858	46,863	39,076
Assets held for sale	20	6,700	5,438	6,518	5,435
Total assets		217,946	176,888	174,145	145,206
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
Revaluation reserve (deficit) of financial assets		(905)	(734)	(905)	(754)
Cumulative translation reserve		-	16	-	3,248
Retained earnings		109,071	91,570	97,742	82,345
Total equity		154,682	125,543	143,353	119,530
LIABILITIES					
Non-current liabilities					
Borrowings	16	2,491	2,022	3,092	2,578
Security deposits received	18	6,759	5,486	4,233	3,530
Trade and other payables		-	-	200	167
Deferred income tax liabilities		3,046	2,472	2,978	2,485
		12,296	9,980	10,503	8,760
Current liabilities					
Borrowings	16	2,335	1,895	2,303	1,920
Trade and other payables	17	37,470	30,411	9,015	7,517
Security deposits received	18	980	795	980	817
Advances received	17	1	1	60	50
Current income tax liabilities		9,309	7,555	6,948	5,793
		50,095	40,657	19,306	16,097
Total liabilities		62,391	50,637	29,809	24,857
Total equity and liabilities		217,073	176,180	173,162	144,387
Liabilities classified as held for sale	20	873	708	983	819
Total equity and liabilities		217,946	176,888	174,145	145,206

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

USD	Share capital	Share premium	Legal reserve	Reserve for own shares	Revaluation reserve (deficit) of financial assets	Retained earnings	Total equity
Balance at 1 January 2017	16,804	27,972	1,740	1,315	(613)	66,121	113,339
Comprehensive income							
Revaluation of financial assets available for sale	-	-	-	-	(379)	-	(379)
Deferred income tax on revaluation of financial assets available for sale	-	-	-	-	87	-	87
Other comprehensive income (loss)	-	-	-	-	(292)	-	(292)
Profit for the year	-	-	-	-	-	30,425	30,425
Total comprehensive income	-	-	-	-	(292)	30,425	30,133
Transactions with owners							
Transfer from reserve for own shares	-	-	-	(1,315)	-	1,315	-
Total transactions with owners	-	-	-	(1,315)	-	1,315	-
Balance at 31 December 2017/ 1 January 2018	16,804	27,972	1,740	-	(905)	97,861	143,472
Comprehensive income							
Other comprehensive income (loss)	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	11,210	11,210
Total comprehensive income	-	-	-	-	-	11,210	11,210
Transactions with owners							
Total transactions with owners	-	-	-	-	-	-	-
Balance at 31 March 2018	16,804	27,972	1,740	-	(905)	109,071	154,682

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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 (deficit) of financial assets	Cum. trans.	Retained earnings	Total equity
Balance at 1 January 2017	12,559	20,878	1,254	1,204	(587)	18,459	54,305	108,072
Comprehensive income								
Revaluation of financial assets available for sale	-	-	-	-	(316)	-	-	(316)
Deferred income tax on revaluation of financial assets available for sale	-	-	-	-	73	-	-	73
Currency translation differences	-	-	-	-	76	(15,211)	-	(15,135)
Other comprehensive income (loss)	-	-	-	-	(167)	(15,211)	-	(15,378)
Profit for the year	-	-	-	-	-	-	26,942	26,942
Total comprehensive income	-	-	-	-	(167)	(15,211)	26,942	11,564
Transactions with owners								
Dividends	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	(1,204)	-	-	1,204	-
Total transactions with owners	-	-	-	(1,204)	-	-	1,204	-
Balance at 31 December 2017/ 1 January 2018	12,559	20,878	1,254	-	(754)	3,248	82,451	119,636
Comprehensive income								
Currency translation differences	-	-	-	-	20	(3,232)	-	(3,212)
Other comprehensive income (loss)	-	-	-	-	20	(3,232)	-	(3,212)
Profit for the period	-	-	-	-	-	-	9,119	9,119
Total comprehensive income	-	-	-	-	20	(3,232)	9,119	5,907
Transactions with owners	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
Balance at 31 March 2018	12,559	20,878	1,254	-	(734)	16	91,570	125,543

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CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Note	3 months ended 31 March			
		2018		2017	
		USD	EUR	USD	EUR
Operating activities					
Profit (loss) before income tax		12,439	10,119	4,406	4,138
<i>Adjustments for:</i>					
Depreciation and amortisation		717	583	2,357	2,214
Discounting effect		36	29	49	46
Finance costs – net		(327)	(266)	(397)	(372)
Share of gain from joint venture		(1,016)	(827)	-	-
Profit /loss from sale of fixed assets		(7,822)	(6,363)	-	-
<i>Changes in working capital:</i>					
Trade and other receivables		(5,457)	(4,441)	(12,958)	(12,171)
Trade and other payables		20,724	16,860	6,064	5,695
Security deposits and advances received		3,113	2,533	18,764	17,622
Inventory		(295)	(240)	(3)	(2)
Cash generated from operations		22,112	17,987	18,282	17,170
Interest paid		(223)	(182)	(583)	(547)
Income tax paid		(337)	(274)	(520)	(488)
Net cash generated from operating activities		21,552	17,531	17,179	16,135
Investing activities					
Purchase of property, plant and equipment and intangible assets		(13,799)	(11,226)	(2,741)	(2,574)
Purchase of investment property		(426)	(346)	(502)	(472)
Loans granted		(3,853)	(3,135)	(2,636)	(2,476)
Loans repaid		389	316	995	935
Interest received		90	73	43	40
Net cash used in investing activities		(17,599)	(14,318)	(4,841)	(4,547)
Financing activities					
Borrowings received		-	-	(1,464)	(1,375)
Lease (finance lease) payments		(569)	(463)	(669)	(628)
Net cash used in financing activities		(569)	(463)	(2,133)	(2,003)
Increase in cash and cash equivalents		3,384	2,750	10,205	9,585
Movement in cash and cash equivalents					
At the beginning of year		15,774	13,153	28,916	27,663
Increase in cash and cash equivalents		3,384	2,750	10,205	9,585
Foreign translation differences		-	(357)	-	(812)
At the end of the period	14	19,158	15,546	39,121	36,436

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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 2018 and 31 December 2017 was as follows:

	As at 31 March 2018		As at 31 December 2017	
	Number of shares	%	Number of shares	%
ALH Aircraft Leasing Holdings Limited	12,994,905	30.01	12,994,905	30.01
Mesotania Holdings Limited	9,817,220	22.67	9,857,217	22.76
HAIFO Limited	5,380,798	12.43	-	-
Nationale-Nederlanden Otwarty Fundusz Emerytalny (Open pension fund)	2,500,000	5.77	2,500,000	5.77
Aurimas Sanikovas	294,478	0.68	294,478	0.68
Tadas Goberis	147,239	0.34	147,239	0.34
Other shareholders	12,170,953	28.10	17,511,754	40.44
Total	43,305,593	100.00	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 2018 the Group owned 16 aircraft: 3 Airbus A321, 1 Boeing 737-300, 2 Boeing 737-500 and 10 Bombardier CRJ200 aircraft. 13 aircraft were leased out under operating lease contracts and 3 Airbus A321 aircraft were under preparation for lease.

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 2018	As at 31 December 2017	
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 2018	As at 31 December 2017	
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	100	Date of establishment: 7 August 2015 / Real estate management / Smolensko g. 10, Vilnius
DG AVIA UAB	Lithuania	100	100	Date of establishment: 17 February 2017 / Real estate management / Smolensko g. 10, Vilnius
AviaAM B10 Ltd	Ireland	100	100	Date of establishment: 17 December 2015 / Aircraft leasing / Suite 10, The Mall, Beacon Court, Sandyford, Dublin 18, Ireland
AAL Aircraft Investment Ltd	Cyprus	100	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 / Jacovides Tower, Georgiou Griva Digeni Ave. 81-83, 1st floor, Office No. 122, 1090 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 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

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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 2018	As at 31 December 2017	
AviaAM Financial Leasing China Co., Ltd	People's Republic of China	51	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
Dikkys Investments Ltd	Cyprus	100*	100*	Date of acquiring: / 24 March 2016 Aircraft leasing / Jacovides Tower, Georgiou Griva Digeni Ave. 81-83, 1st floor, Office No. 122, 1090 Nicosia, Cyprus
Regional Charter Capital Ltd	Bermuda	100**	100**	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.

*** Company has a 51% stake in a joint venture - AviaAM Financial Leasing China Co. Ltd

2 Accounting policies

The consolidated interim financial information for the three month period ended 31 March 2018 (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 2017.

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 2018 is not audited. Financial Statements for the year ended 31 December 2017 were audited by external auditor PricewaterhouseCoopers UAB.

3 Revenue

	3 months ended 31 March			
	USD	2018 EUR	USD	2017 EUR
Lease revenue	3,149	2,561	5,381	5,054
Commission income	1,189	967	665	624
Supplemental maintenance rent	1,326	1,079	3,151	2,959
Revenue from real estate	1	1	38	36
Other revenue	18	15	-	-
	5,683	4,623	9,235	8,673

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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):

	3 months ended 31 March			
	2018		2017	
	USD	EUR	USD	EUR
Lease, sale and aircraft transaction management customers				
Customer B	3,448	2,805	3,062	2,876
Customer C	1,189	967	-	-
Customer O	388	316	430	404
Customer S	383	312	236	222
Customer A	150	122	150	141
Customer K	105	85	105	99
Customer Z	-	-	4,549	4,272
Customer J	-	-	650	610
Other customers	20	16	53	50
	5,683	4,623	9,235	8,673

4 Employee related expenses

	3 months ended 31 March			
	2018		2017	
	USD	EUR	USD	EUR
Salaries	267	217	208	195
Social insurance expenses	91	74	81	77
	358	291	289	272

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5 Other operating expenses

	3 months ended 31 March			
	2018		2017	
	USD	EUR	USD	EUR
Legal and translation expenses	279	226	154	146
Audit and accounting expenses	58	47	23	21
Insurance expenses	55	45	25	23
Representation expenses	53	43	42	40
Training expenses	44	36	2	2
Office rentals	33	27	5	5
Marketing expenses	23	19	44	41
Bank fees	21	17	14	13
Database usage expenses	18	15	16	15
Travelling expenses	16	13	55	51
Expenses related to listing of shares	15	12	16	15
Management services	1	1	41	38
Transportation expenses	-	-	12	12
Charity expenses	-	-	53	50
Other administrative expenses	131	106	71	66
	747	607	573	538

6 Finance costs – net

	3 months ended 31 March			
	2018		2017	
	USD	EUR	USD	EUR
Other finance income	15	13	(31)	(29)
Foreign exchange gain on financing activities	1,461	1,188	556	522
Finance income	1,476	1,201	526	494
Interest expenses	(223)	(182)	(583)	(547)
Unwinding of discount of security deposits received	(36)	(29)	(49)	(46)
Other finance costs	(27)	(22)	(101)	(95)
Finance costs	(286)	(233)	(733)	(688)
Finance costs – net	1,190	968	(207)	(194)

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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 (2017: 15% rate).

	3 months ended 31 March			
	2018		2017	
	USD	EUR	USD	EUR
Current tax	729	593	(12)	(12)
Total income tax expenses	729	593	(12)	(12)

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			
	2018		2017	
	USD	EUR	USD	EUR
Net profit attributable to shareholders	11,710	9,526	4,418	4,150
Weighted average number of ordinary shares issued	43,306		43,306	
Basic earnings per share (USD/EUR)	0.27	0.22	0.10	0.10

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
Opening net book amount as at 1 January 2017	93,969	770	158	94,897
Additions	19,172	737	65	19,974
Disposals	(67,329)	-	-	(67,329)
Reclassifications	1,494	(1,507)	13	-
Depreciation charge	(6,725)	-	(50)	(6,775)
Impairment loss - net	(1,305)	-	-	(1,305)
Closing net book amount as at 31 December 2017	39,276	-	186	39,462
At 31 December 2017				
Cost or valuation	65,342	-	312	65,654
Accumulated depreciation	(26,066)	-	(126)	(26,192)
Net book amount	39,276	-	186	39,462
Opening net book amount as at 1 January 2018	39,276	-	186	39,462
Additions	820	40,600	121	41,541
Disposals	(13,014)	-	-	(13,014)
Depreciation charge	(717)	-	(15)	(732)
Impairment loss - net	-	-	-	-
Closing net book amount as at 31 March 2018	26,365	40,600	292	67,257
At 31 March 2018				
Cost or valuation	26,365	40,600	433	67,398
Accumulated depreciation	-	-	(141)	(141)
Net book amount	26,365	40,600	292	67,257

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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 2017	89,896	737	151	90,784
Additions	16,977	653	58	17,688
Disposals	(59,620)	-	-	(59,620)
Reclassifications	1,323	(1,333)	12	2
Depreciation charge	(5,955)	-	(44)	(5,999)
Impairment loss - net	(1,156)	-	-	(1,156)
Exchange differences	(8,716)	(57)	(22)	(8,795)
Closing net book amount as at 31 December 2017	32,749	-	155	32,904
At 31 December 2017				
Cost or valuation	54,483	-	260	54,743
Accumulated depreciation	(21,734)	-	(105)	(21,839)
Net book amount	32,749	-	155	32,904
Opening net book amount as at 1 January 2018	32,749	-	155	32,904
Additions	668	33,030	98	33,796
Disposals	(10,587)	-	-	(10,587)
Depreciation charge	(583)	-	(12)	(595)
Exchange differences	(848)	(78)	(4)	(930)
Closing net book amount as at 31 March 2018	21,399	32,952	237	54,588
At 31 March 2018				
Cost or valuation	21,399	32,952	351	54,702
Accumulated depreciation	-	-	(114)	(114)
Net book amount	21,399	32,952	237	54,588

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10 Investment property

	USD	EUR
Opening net book amount as at 1 January 2017	2,091	2,000
Additions	5,163	4,572
Reclassification	(5,425)	(4,804)
Revaluation surplus	10	9
Revaluation loss	(6)	(5)
Exchange differences	-	(244)
Closing net book amount as at 31 December 2017	1,833	1,528
At 31 December 2017		
Cost or valuation	1,833	1,528
Accumulated depreciation	-	-
Net book amount	1,833	1,528
Opening net book amount as at 1 January 2018	1,833	1,528
Additions	425	347
Disposals	-	-
Reclassifications	-	-
Depreciation charge	-	-
Revaluation loss	-	-
Exchange differences	-	(41)
Closing net book amount as at 31 March 2018	2,258	1,833
At 31 March 2018		
Cost or valuation	2,258	1,833
Accumulated depreciation	-	-
Net book amount	2,258	1,833

11 Inventories

	31 March 2018		31 December 2017	
	USD	EUR	USD	EUR
Aircraft components	1,479	1,201	1,476	1,231
	1,479	1,201	1,476	1,231

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12 Loans granted

	31 March 2018		31 December 2017	
	USD	EUR	USD	EUR
Non-current loans				
Loans granted to related parties	15,549	12,621	15,531	12,950
Loans granted to third parties	20,129	16,337	19,126	15,948
Bonds acquired from related parties	2,489	2,019	2,462	2,053
	38,167	30,977	37,119	30,951
Current loans				
Loans granted to related parties	689	560	155	131
Less: provision for impairment of loans granted to related parties	(112)	(91)	(112)	(95)
Loans granted to third parties	7,940	6,444	5,028	4,193
Less: provision for impairment of loans granted to third parties	(656)	(532)	(656)	(547)
Bonds acquired from third parties	13,206	10,718	12,854	10,718
	21,067	17,099	17,269	14,400
Total loans granted	59,234	48,076	54,388	45,351

13 Trade and other receivables

	31 March 2018		31 December 2017	
	USD	EUR	USD	EUR
Trade receivables from third parties	12,310	9,992	12,665	10,561
Less: provision for impairment of trade receivables	(2,662)	(2,160)	(2,661)	(2,220)
Trade receivables from third parties – net	9,648	7,832	10,004	8,341
Receivables from related parties	2,162	1,755	1,453	1,212
Less: provision for impairment of trade receivables from related parties	(1,048)	(851)	(1,048)	(874)
Receivables from related parties – net	1,114	904	405	338
Other receivables	29	24	29	24
Less: provision for impairment of other receivables	(29)	(24)	(29)	(24)
Other receivables - net	-	-	-	-
Deferred charges	2,107	1,710	809	674
VAT receivables	390	316	369	308
Prepayments	3,163	2,565	757	631
	16,422	13,327	12,344	10,292
Non-current portion:	-	-	-	-
Current portion:	16,422	13,327	12,344	10,292

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14 Cash and cash equivalents

Cash and cash equivalents are dominated in following currencies:

	31 March 2018		31 December 2017	
	USD	EUR	USD	EUR
USD	15,352	12,460	13,571	11,316
EUR	3,805	3,088	2,203	1,837
Total cash and cash equivalents	19,157	15,548	15,774	13,153

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 2018 and 31 December 2017 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 2018		31 December 2017	
	USD	EUR	USD	EUR
Non-current				
Finance lease liabilities	2,491	2,022	3,092	2,578
	2,491	2,022	3,092	2,578
Current				
Finance lease liabilities	2,333	1,893	2,300	1,918
Other borrowings	2	2	3	2
	2,335	1,895	2,303	1,920
Total borrowings	4,826	3,917	5,395	4,498

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

	31 March 2018	31 December 2017
Finance lease liabilities	9,27%	8,77%

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17 Trade and other payables and advances received

	31 March 2018		31 December 2017	
	USD	EUR	USD	EUR
Trade and other payables – financial liabilities				
Trade payables to third parties	30,976	25,140	3,435	2,864
Trade payables to related parties	1,974	1,602	927	773
Salaries and social security payable, including vacation accrual	314	255	223	186
Accruals	4,206	3,414	4,430	3,694
	37,470	30,411	9,015	7,517
	31 March 2018		31 December 2017	
	USD	EUR	USD	EUR
Advance payments received – non-financial liabilities				
Advance payments from customers	1	1	60	50
	1	1	60	50

18 Security deposits received

	31 March 2018		31 December 2017	
	USD	EUR	USD	EUR
Security deposits repayable after one year at nominal value	7,060	5,730	4,570	3,811
Less: discounting effect	(301)	(244)	(373)	(281)
Security deposits repayable after one year	6,759	5,486	4,233	3,530
Security deposits repayable within one year	980	795	980	817
Less: discounting effect	-	-	-	-
Security deposits repayable within one year	980	795	980	817
Security deposits	7,739	6,281	5,213	4,347

Average rates used for security deposits discounting are as follows: 2018: 4.67%; 2017: 4.53%.

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			
	2018	2017	2018	2017
	USD	EUR	USD	EUR
Sales of services to:				
Entities having significant influence	45	36	64	60
Other related parties	744	606	198	186
	789	642	262	246

	3 months ended 31 March			
	2018	2017	2018	2017
	USD	EUR	USD	EUR
Purchases of services from:				
Entities having significant influence	-	-	1	1
Other related parties	(1,571)	(1,278)	391	367
	(1,571)	(1,278)	392	368

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

Trade and other receivables from related parties

	31 March 2018		31 December 2017	
	USD	EUR	USD	EUR
Other related parties	2,162	1,755	1,453	1,212
Trade and other receivables at nominal value	2,162	1,755	1,453	1,212
Less: provision for impairment of receivables from other related parties	(1,048)	(851)	(1,048)	(874)
	1,114	904	405	338

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 2018		31 December 2017	
	USD	EUR	USD	EUR
Other related parties	1,974	1,602	927	773
Total payables to and prepayments from related parties	1,974	1,602	927	773

Loans granted to related parties

	31 March 2018		31 December 2017	
	USD	EUR	USD	EUR
Beginning of the year	18,036	15,039	15,480	14,811
Loan repayments received as monetary transactions	(6)	(5)	(32)	(28)
Interest charged	169	137	639	566
Interest received	-	-	(3)	(3)
Exchange rate differences	416	(62)	1,952	(307)
End of the period	18,615	15,109	18,036	15,039

20 Assets and liabilities classified as held for sale

As at 31 December 2017, the Group classified one of its subsidiaries - DG21 UAB - as assets held for sale. The Group expects to sell it till the end of the year 2018.

	31 March 2018		31 December 2017	
	USD	EUR	USD	EUR
Assets classified as held for sale				
Investment property	6,292	5,107	5,767	4,809
Non-current and current trade and other receivables	313	254	380	316
Deferred income tax asset	1	1	367	306
Inventory	45	37	4	3
Cash and cash equivalents	49	40	1	1
Total, excluding IC transactions with the Group	6,700	5,438	6,518	5,434
IC transactions with the Group	-	-	-	-
Total, including IC transactions with the Group	6,700	5,438	6,518	5,434
Liabilities held for sale				
Borrowings	600	487	604	503
Security deposits received	18	15	17	15
Deferred income tax liabilities	9	7	7	6
Trade and other payables	245	199	355	296
Total, excluding IC transactions with the Group	872	708	983	820
IC transactions with the Group	6,639	5,388	5,834	4,864
Total, including IC transactions with the Group	7,511	6,639	6,816	5,684

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20 Assets and liabilities classified as held for sale (continued)

	31 March 2018		31 December 2017	
	USD	EUR	USD	EUR
Statement of comprehensive income				
Revenue, cost of sales and income tax expenses of assets classified as held for sale				
Revenue	302	246	161	143
Cost of sales	272	221	43	38
Gross profit (loss) from assets held for sale	30	24	118	104
Profit (loss) before income tax for the year from assets held for sale	(111)	(90)	(168)	(149)
Income tax expenses	(389)	(316)	(321)	(284)
Profit (loss) for the year from assets held for sale	(500)	(407)	153	136

21 Events after the balance sheet date

In April 2018 the Group acquired one Airbus A321-200 aircraft.

In April 2018 the Group leased two Airbus A321-200 aircraft under the long-term operating lease agreements.

In April 2018 the Group rendered aircraft transaction management services in respect to sale and lease-back of two brand new Airbus A320 aircraft.

In May 2018 the Group leased two Airbus A321-200 aircraft under the long-term operating lease agreements.

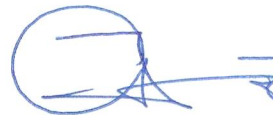
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MANAGEMENT CONFIRMATION OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 three month period ended 31 March 2018, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of the Group.

General Manager
Tadas Goberis



Executive Director
Justinas Gilys

15 May 2018