AVIA SOLUTIONS GROUP AB

Independent Auditor's Report,
Separate and Consolidated Financial Statements,
Consolidated Annual Report
For the Year Ended 31 December 2015

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Independent Auditor's Report

To the shareholders of Avia Solutions Group AB

Report on the financial statements

We have audited the accompanying stand-alone and consolidated financial statements of Avia Solutions Group AB ("the Company") and its subsidiaries ("the Group") set out on pages 5 to 72, which comprise the stand-alone and consolidated balance sheets as of 31 December 2015 and the stand-alone and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information ("the financial statements").

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2015, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

Furthermore, we have read the consolidated annual report for the year ended 31 December 2015 set out on pages 73 to 97 and have not noted any material inconsistencies between the financial information included in it and the audited financial statements for the year ended 31 December 2015.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Vytenis Lazauskas
Auditor's Certificate No.000536

Vilnius, Republic of Lithuania
7 April 2016

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Approved by the Annual General Meeting of Shareholders as at ________________________ 2016

		Year ended 31 December			
		GROUP		COMPANY	
	Notes	2015	2014	2015	2014
Continuing operations					
Revenue	5	**229 300**	**184 352**	**2 674**	**1 982**
Other income	5, 6	1 839	914	809	654
Cost of services and goods	5, 10	(166 451)	(132 712)	(431)	(219)
Employee related expenses	5, 7	(38 774)	(32 712)	(1 502)	(1 447)
Impairment-related expenses	5	(14 072)	(1 301)	(5)	-
Other operating expenses	5, 11	(13 271)	(11 292)	(783)	(1 209)
Depreciation and amortisation	5, 8, 15, 16	(5 620)	(6 319)	(152)	(127)
Other gain/(loss) - net	5, 9	(82)	(913)	(19)	331
Operating profit (loss)	5	**(7 131)**	**17**	**591**	**(35)**
Finance income	12	1 073	47	1 653	86
Finance costs	12	(1 301)	(1 575)	(30)	(83)
Finance costs – net	12	**(228)**	**(1 528)**	**1 623**	**3**
Share of (losses) of associates	18	-	(8)	-	-
Profit (loss) before income tax		**(7 359)**	**(1 519)**	**2 214**	**(32)**
Income tax	13	414	38	(223)	65
Profit (loss) for the period from continuing operations		**(6 945)**	**(1 481)**	**1 991**	**33**
Discontinued operations					
Profit (loss) for the year from discontinued operations	34	4 112	(2 900)	-	-
Profit (loss) for the year		**(2 833)**	**(4 381)**	**1 991**	**33**
Profit (loss) attributable to:					
Equity holders of the parent					
Profit (loss) for the year from continuing operations		(6 651)	(1 443)	1 991	33
Profit (loss) for the year from discontinued operations		4 281	(4 286)	-	-
Profit (loss) for the year attributable to equity holders of the parent		**(2 370)**	**(5 729)**	**1 991**	**33**
Non-controlling interests					
(Loss) for the year from continuing operations		(294)	(38)	-	-
Profit (loss) for the year from discontinued operations		(169)	1 386	-	-
Profit (loss) for the year attributable to non-controlling interests of the parent		**(463)**	**1 348**	**-**	**-**
		(2 833)	**(4 381)**	**1 991**	**33**

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

		Year ended 31 December			
		GROUP		COMPANY	
	Note	2015	2014	2015	2014
Other comprehensive income					
Continuing operations					
Net gain (loss) on cash flow hedges	2.20, 26	28	(19)	-	-
Income tax effect	2.20, 30	(4)	3	-	-
		24	**(16)**	**-**	**-**
Exchange differences on translation of foreign operations		(132)	84	-	-
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods from continuing operations		**(108)**	**68**	**-**	**-**
Discontinued operations					
Exchange differences on translation of foreign operations from discontinued operations		436	981	-	-
Other comprehensive income (loss) for the year		**328**	**1 049**	**-**	**-**
Total comprehensive income for the year attributable to:					
Equity holders of the parent					
Total comprehensive income (loss) for the year from continuing operations		(6 763)	(1 377)	1 991	33
Total comprehensive income (loss) for the year from discontinued operations		5 086	(3 007)	-	-
Total comprehensive income (loss) for the year attributable to equity holders of the parent		**(1 677)**	**(4 384)**	**1 991**	**33**
Non-controlling interests				-	-
Total comprehensive income (loss) for the year from continuing operations		(290)	(36)	-	-
Total comprehensive income (loss) for the year from discontinued operations		(538)	1 088	-	-
Total comprehensive income (loss) for the year attributable to non-controlling interests of the parent		**(828)**	**1 052**		
		(2 505)	**(3 332)**	**1 991**	**33**
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year					
Basic earnings per share					
From continuing operations	14	(0.855)	(0.234)	0.256	0.005
From discontinued operations	14	0.550	(0.696)	-	-
From profit (loss) for the year	14	**(0.305)**	**(0.930)**	**0.256**	**0.005**

General Manager
Linas Dovydėnas

Chief Financial Officer
Aurimas Sanikovas

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

BALANCE SHEETS

Approved by the Annual General Meeting of
Shareholders as at ______________________ 2015

		Year ended 31 December			
		GROUP		COMPANY	
	Notes	**2015**	**2014**	**2015**	**2014**
ASSETS					
Non-current assets					
Property, plant and equipment	15	28 609	24 211	202	229
Intangible assets	16	2 273	1 792	86	54
Investments in subsidiaries	17	-	-	8 347	8 182
Investments in associates	18, 33	-	-	8	8
Deferred tax assets	30	5 233	3 971	5	158
Non-current trade and other receivables	21	8 642	7 318	15 500	13 671
		44 757	**37 292**	**24 148**	**22 302**
Current assets					
Inventories	20	29 128	33 658	11	19
Trade and other receivables	21	34 375	41 587	12 279	10 494
Amount due from customers for contract work	22	5 410	2 606	-	-
Prepaid income tax		565	1 367	-	-
Short-term bank deposit		140	14	-	-
Cash and cash equivalents	3.1, 23	5 613	6 820	1 391	3 342
		75 231	**86 052**	**13 681**	**13 855**
Assets of disposal group classified as held for sale	17, 34	**-**	**27 620**	**-**	**20**
Non-current assets classified as held for sale	15, 34	**-**	**1 055**	**-**	**-**
Total assets	5	**119 988**	**152 019**	**37 829**	**36 177**

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

BALANCE SHEETS (CONTINUED)

		Year ended 31 December			
		GROUP		COMPANY	
	Notes	**2015**	**2014**	**2015**	**2014**
EQUITY					
Equity attributable to the Group's equity shareholders					
Share capital	24	2 256	2 253	2 256	2 253
Share premium	25	33 133	33 133	33 133	33 133
Legal reserve	26	93	79	20	20
Merger reserve	26	(457)	(457)	-	-
Fair value reserve	26	(45)	(69)	-	-
Cumulative translations differences		(137)	1 099	-	-
Retained earnings		16 099	18 490	1 406	(582)
Equity attributable to equity holders of the parent		**50 942**	**54 528**	**36 815**	**34 824**
Non-controlling interests		196	5 849	-	-
Total equity		**51 138**	**60 377**	**36 815**	**34 824**
LIABILITIES					
Non-current liabilities					
Borrowings	27	8 338	8 754	-	880
Government grants	19	1 787	784	-	-
Security deposits received	29	510	639	-	-
Trade and other payables	28	240	322	-	-
Deferred income tax liabilities	30	230	69	-	-
Derivative financial instruments	2.20	53	81	-	-
Financial guarantees	17, 35	-	-	20	48
		11 158	**10 649**	**20**	**928**
Current liabilities					
Trade and other payables	28	29 909	29 875	461	358
Borrowings	27	19 390	22 998	449	-
Advances received		7 833	3 283	3	4
Security deposits received	29	428	240	-	-
Current income tax liabilities		132	101	-	-
Government grants	19	-	25	-	-
Financial guarantees	17, 35	-	-	81	63
		57 692	**56 522**	**994**	**425**
Total liabilities	5	**68 850**	**67 171**	**1 014**	**1 353**
Liabilities of disposal group classified as held for sale	5, 34	**-**	**24 471**	**-**	**-**
Total equity and liabilities		**119 988**	**152 019**	**37 829**	**36 177**

General Manager
Linas Dovydėnas

Chief Financial Officer
Aurimas Sanikovas

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

Approved by the Annual General Meeting of Shareholders as at
_______________________________ 2016

STATEMENTS OF CHANGES IN EQUITY

THE GROUP

	Equity attributable to equity holders of the Group									
	Share capital	**Share premium**	**Merger reserve**	**Legal reserve**	**Fair value reserve**	**Currency translation differences**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 31 December 2013 / Balance at 1 January 2014	**1 755**	**18 691**	**(454)**	**92**	**(53)**	**(262)**	**24 131**	**43 900**	**9**	**43 909**
Comprehensive income										
Net gain on cash flow hedge (Note 2.20)	-	-	-	-	(16)	-	-	**(16)**	-	**(16)**
Currency translation difference from continuing operations	-	-	-	-	-	82	-	**82**	2	**84**
Currency translation difference from discontinued operations	-	-	-	-	-	1 279	-	**1 279**	(298)	**981**
Profit for the period from continuing operations	-	-	-	-	-	-	(1 443)	**(1 443)**	(38)	**(1 481)**
Profit (loss) for the period from discontinued operations	-	-	-	-	-	-	(4 286)	**(4 286)**	1 386	**(2 900)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(16)**	**1 361**	**(5 729)**	**(4 384)**	**1 052**	**(3 332)**
Transactions with owners										
Increase of share capital (Notes 24,25)	498	14 442	-	-	-	-	-	**14 940**	-	**14 940**
Disposal of interest in subsidiaries without loss of control (Notes 17, 33)	-	-	(3)	(13)	-	-	(590)	**(606)**	814	**208**
Purchase of interest in subsidiaries (buy-back) (Notes 17,33)	-	-	-	-	-	-	678	**678**	(877)	**(199)**
Contribution of a non-controlling interest in the share capital of subsidiaries, related to discontinued operations (Note 34)	-	-	-	-	-	-	-	**-**	4 851	**4 851**
Total transactions with owners	**498**	**14 442**	**(3)**	**(13)**	**-**	**-**	**87**	**15 012**	**4 788**	**19 800**
Balance at 31 December 2014	**2 253**	**33 133**	**(457)**	**79**	**(69)**	**1 099**	**18 490**	**54 528**	**5 849**	**60 377**

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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Approved by the Annual General Meeting of Shareholders as at
_______________________________ 2016

THE GROUP

	Equity attributable to equity holders of the Group									
	Share capital	**Share premium**	**Merger reserve**	**Legal reserve**	**Fair value reserve**	**Currency translation differences**	**Retained earnings**	**Total**	**Non-control-ling interests**	**Total equity**
Balance at 31 December 2014 / Balance at 1 January 2015	**2 253**	**33 133**	**(457)**	**79**	**(69)**	**1 099**	**18 490**	**54 528**	**5 849**	**60 377**
Comprehensive income										
Net gain on cash flow hedge (Note 2.20)	-	-	-	-	24	-	-	**24**	-	**24**
Currency translation difference from continuing operations	-	-	-	-	-	(136)	-	**(136)**	4	**(132)**
Currency translation difference from discontinued operations	-	-	-	-	-	805	-	**805**	(369)	**436**
(Loss) for the period from continuing operations	-	-	-	-	-	-	(6 651)	**(6 651)**	(294)	**(6 945)**
Profit (loss) for the period from discontinued operations	-	-	-	-	-	-	4 281	**4 281**	(169)	**4 112**
Total comprehensive income	**-**	**-**	**-**	**-**	**24**	**669**	**(2 370)**	**(1 677)**	**(828)**	**(2 505)**
Transactions with owners										
Transfer to legal reserve (Note 26)	-	-	-	14	-	-	(14)	**-**	-	**-**
Purchase of a subsidiary (Notes 17,33)	-	-	-	-	-	-	-	**-**	329	**329**
Control gain over an investee	-	-	-	-	-	-	-	**-**	207	**207**
Disposal of interest in subsidiary with loss of control (Notes 33, 34)	-	-	-	-	-	(1 907)	-	**(1 907)**	(5 401)	**(7 308)**
Disposal of subsidiaries without loss of control (Notes 17, 33)	-	-	-	-	-	2	(4)	**(2)**	40	**38**
Result of share capital conversion to euros (Note 24)	3	-	-	-	-	-	(3)	**-**	-	**-**
Total transactions with owners	**3**	**-**	**-**	**14**	**-**	**(1 905)**	**(21)**	**(1 909)**	**(4 825)**	**(6 734)**
Balance at 31 December 2015	**2 256**	**33 133**	**(457)**	**93**	**(45)**	**(137)**	**16 099**	**50 942**	**196**	**51 138**

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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

THE COMPANY	Share capital	Share premium	Legal reserve	Retained earnings	Total equity
Balance at 31 December 2013 / Balance at 1 January 2014	**1 755**	**18 691**	**20**	**(615)**	**19 851**
Net profit - total comprehensive income for the year	-	-	-	33	**33**
Transaction with owners					
Increase in share capital (Notes 24, 25)	498	14 442	-	-	**14 940**
Total transactions with owners	**498**	**14 442**	**-**	**-**	**14 940**
Balance at 31 December 2014 / Balance at 1 January 2015	**2 253**	**33 133**	**20**	**(582)**	**34 824**
Net profit - total comprehensive income for the year	-	-	-	1 991	**1 991**
Transactions with owners					
Result of share capital conversion to euros (Note 24)	3	-	-	(3)	**-**
Total transactions with owners	**3**	**-**	**-**	**(3)**	**-**
Balance at 31 December 2015	**2 256**	**33 133**	**20**	**1 406**	**36 815**

The notes on pages 14 to 72 form an integral part of these financial statements.

General Manager
Linas Dovydėnas

Chief Financial Officer
Aurimas Sanikovas

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

STATEMENTS OF CASH FLOWS

Approved by the Annual General Meeting of Shareholders as at ________________ 2016

		Year ended 31 December			
		GROUP		COMPANY	
	Notes	**2015**	**2014**	**2015**	**2014**
Operating activities					
Profit for the year		(2 833)	(4 381)	1 991	33
Income tax	13	(414)	(793)	223	(65)
Adjustments for:					
Impairment-related expenses	5	14 072	1 301	5	-
Depreciation and amortisation	5, 8, 15, 16	5 620	6 319	152	127
Interest expenses	12	902	1 033	27	83
Currency translations differences		317	439	4	-
Write-off assets due to company liquidation		133	-	-	-
Discounting effect on financial assets	12	37	17	-	-
Gain on disposal in Group's financial statements (discontinued operations) / Net result of subsidiaries disposal	9, 34	(4 112)	-	6	(345)
Interest income	6	(709)	(424)	(638)	(561)
Amortisation of government grants	2.21, 6, 19	(455)	(202)	-	-
(Profit) of PPE disposals		(169)	(385)	-	-
Accruals of hangar lease payments, PBH contracts		(115)	67	-	-
Fair value profit loss on derivative financial instruments	2.20	(24)	15	-	-
Share of loss from associates	18	-	8	-	-
Amortisation of intra-group financial guarantees	6, 35	-	-	(171)	(90)
Changes in working capital:					
- Inventories		(1 373)	2 117	3	(11)
- Trade and other receivables		(9 180)	(8 731)	(8 912)	690
- Short-term bank deposits		(125)	422	-	-
- Trade and other payables, advances received		1 999	3 353	5 473	(99)
- Security deposits received		(52)	115	-	-
Cash generated from (used in) operating activities from continuing operations		**3 519**	**290**	**(1 837)**	**(238)**
Interest received		120	52	268	535
Interest paid		(956)	(800)	-	-
Income tax paid		(523)	(464)	-	-
Net cash generated from (used in) operating activities from continuing operations		**2 160**	**(922)**	**(1 569)**	**297**
Net cash generated from discontinued operations		-	(13 210)	-	-
Net cash generated from (used in) operating activities		**2 160**	**(14 132)**	**(1 569)**	**297**

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

STATEMENTS OF CASH FLOWS (CONTINUED)

		Year ended 31 December			
		GROUP		COMPANY	
	Notes	2015	2014	2015	2014
Investing activities					
Purchase of PPE and intangible assets		(4 686)	(6 214)	(125)	(103)
Proceeds from PPE and intangible assets		958	1 016	14	-
Purchase of subsidiaries (net of cash acquired)	17, 33	(594)	-	(3)	-
Proceeds from sale of subsidiaries	17, 33	14	-	14	-
Loans granted		(442)	(5 606)	(5 938)	(5 671)
Repayments of loans granted		5 778	1 140	5 661	1 147
Deposits placed		(923)	(389)	(2)	(10)
Repayments of deposits placed		132	157	-	-
Government grants received	19	1 433	774	-	-
Purchase of investment in bonds	35	-	(6 108)	-	(6 166)
Establishment of subsidiaries	17	-	-	(3)	-
Purchase of associate		-	(8)	-	(8)
Net cash (from) used in investing activities from continuing operations		**1 670**	**(15 238)**	**(382)**	**(10 811)**
Net cash used in investing activities from discontinued operations		-	(6 411)	-	**(20)**
Net cash (from) used in investing activities		**1 670**	**(21 649)**	**(382)**	**(10 831)**
Financing activities					
Proceeds from issuance of ordinary shares		-	498	-	498
Contribution to share premium in cash		-	14 442	-	14 442
Acquisition of interest in a subsidiary		-	(1 280)	-	(1 280)
Sale of interest in a subsidiary		-	1 291	-	411
Increase of non-controlling interests		25	-	-	-
Bank borrowings received		10 497	537	-	-
Repayments of bank borrowings		(12 030)	(10 519)	-	-
Borrowings from related parties received		4 420	3 795	-	880
Repayments of borrowings from related parties		(5 534)	(6 030)	-	(2 035)
Other borrowings received		801	10	-	-
Repayments of other borrowings		(9)	-	-	-
Repayments of lease liabilities		(2 147)	(1 133)	-	-
Net cash (used in) financing activities from continuing operations		**(3 977)**	**1 611**	**-**	**12 916**
Net cash generated from financing activities from discontinued operations		-	22 762	-	-
Net cash (used in) financing activities		**(3 977)**	**24 373**	**-**	**12 916**
Increase in cash and cash equivalents		**(147)**	**(11 408)**	**(1 951)**	**2 382**
At beginning of year		(8 287)	3 121	3 342	960
Increase (decrease) in cash and cash equivalents		(147)	(11 408)	(1 951)	2 382
At end of year		**(8 434)**	**(8 287)**	**1 391**	**3 342**

General Manager
Linas Dovydėnas

Chief Financial Officer
Aurimas Sanikovas

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

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Avia Solutions Group AB (referred to as *the Company*) is a public limited liability company incorporated at State Enterprise Centre of Registers of the Republic of Lithuania as at 31 August 2010 (Company code – 302541648). The Company is domiciled in Vilnius, the capital of Lithuania. The address of its registered office is as follows: Smolensko St. 10, LT-03201, Vilnius.

1 January 2015 was the day of introduction of EUR in the Republic of Lithuania, therefore as at this day the functional currency of the Company changed accordingly. The exchange rate of LTL 3.45280 for 1 EUR which was irrevocably set by the Council of Europe is applied while converting LTL to EUR.

The Company's shares are traded on the Warsaw stock exchange as from 3 March 2011.

The shareholders' structure of the Company as at 31 December was as follows:

	2015		2014	
	Number of shares	Percentage owned	Number of shares	Percentage owned
ZIA Valda Cyprus Ltd.	2 290 045	29.44%	2 290 045	29.44%
Vaidas Barakauskas	832 666	10.71%	832 666	10.71%
VGE Investments Limited	785 216	10.10%	785 216	10.10%
Mesotania Holdings Ltd.	699 115	8.99%	699 115	8.99%
Harberin Enterprises Limited	605 227	7.78%	605 227	7.78%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	390 000	5.01%	390 000	5.01%
Anatolij Legenzov (the Member of the Board)	73 255	0.94%	73 255	0.94%
Aurimas Sanikovas (the Member of the Board)	60 775	0.78%	60 775	0.78%
Žilvinas Lapinskas (the Member of the Board)	32 960	0.42%	32 960	0.42%
Daumantas Lapinskas (the Member of the Board)	8 240	0.11%	8 240	0.11%
Other free float	2 000 278	25.72%	2 000 278	25.72%
Total	**7 777 777**	**100.00%**	**7 777 777**	**100.00%**

The Company's principal activity is the management of its subsidiaries. Companies of the Group operate in the following activity areas: aircraft and helicopter maintenance, repair and overhaul; aircraft ground handling and fuelling; crew training and staffing; private jet charter, flight and tour operations, airport infrastructure management (classified as discontinued operations) as at 31 December 2014 and sold in 2015.

The number of full time staff from continuing operations employed by the Group at the end of 2015 amounted to 1 674 (2014: 1 534). The number of full time staff employed by the Company at the end of 2015 amounted to 61 (2014: 54).

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

The Group's companies	Country of establishment	Operating segment	Share of equity, % 2015	Share of equity, % 2014	Date of acquiring/establishment and activity
Avia Solutions Group - Airports Management OOO	Russia	Airport Infrastructure Management (classified as discontinued)	-	100	The subsidiary was established on 14 March 2014. The company's portfolio includes the development of the Moscow's fourth airport – Ramenskoye International. On 30 September 2015 the subsidiary was sold to the associate (Notes 33,34)
Avia Solutions Group B.V.	Netherlands	The associate	30	30	The associate was acquired in the third quarter 2014 (Notes 18, 33).

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity, % 2015	2014	Date of acquiring/establishment and activity
Avia Technics Dirgantara PT.	Indonesia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	25	-	An investee was established on 5 August 2014 and does not conduct active operations. The Group has a control over an investee.
AviationCV.com UAB	Lithuania	Crew Training and Staffing	100	100	The subsidiary was established in spring of 2011. The company provides aviation personnel solutions.
BAA Training UAB (previously Baltic Aviation Academy UAB	Lithuania	Crew Training and Staffing	100	100	The Group company was established on 22 November 2006. The company provides aircraft crew training services.
Baltic Ground Services UAB	Lithuania	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was acquired on 31 October 2008. The company provides aircraft ground handling and fuelling services in Lithuania.
Baltic Ground Services Sp.z.o.o.	Poland	Aircraft Ground Handling and Fuelling	100	100	The subsidiary was established in spring of 2010. It is a direct subsidiary of Baltic Ground Services UAB. The company provides aircraft ground handling and fuelling services in Poland.
Baltic Ground Services s.r.l.	Italy	Aircraft Ground Handling and Fuelling	-	100	The subsidiary was established in winter of 2010. It is a direct subsidiary of Baltic Ground Services UAB. The shareholder finalised the liquidation procedure of the subsidiary on 25 November 2015.
Baltic Ground Services UA TOV	Ukraine	Aircraft Ground Handling and Fuelling	50	100	The subsidiary was established in summer of 2011. It was a direct subsidiary of Laserpas UAB till August 2015 when it was sold to Baltic Ground Services UAB. On 29 September 2015, 50% of share capital was sold to a third party (Note 33) The subsidiary has started preparations for fuelling activity in Ukraine.
Baltic Ground Services RU OOO	Russia	Aircraft Ground Handling and Fuelling	100	-	The subsidiary was established on 23 March 2015 (Note 33). It is a direct subsidiary of Baltic Ground Services UAB. The company will provide aircraft ground handling and cargo services in Russia.
Baltic Ground Services EE OU	Estonia	Aircraft Ground Handling and Fuelling	100	-	The subsidiary was established on 31 July 2015 (Note 33). It is a direct subsidiary of Baltic Ground Services UAB. The company will provide fuelling services in Estonia.
Baltic Ground Services LV SIA	Latvia	Aircraft Ground Handling and Fuelling	51	-	The subsidiary was acquired on 1 October 2015 (Note 33). It is a direct subsidiary of Baltic Ground Services UAB. The company provides fuelling services in Latvia.
Baltic Ground Services CZ s.r.o.	Czech Republic	Aircraft Ground Handling and Fuelling	100	-	The subsidiary was established on 18 December 2015 (Note 33). It is a direct subsidiary of Baltic Ground Services UAB. The company will provide fuelling services in Czech Republic.

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity,% 2015	2014	Date of acquiring/establishment and activity
Laserpas UAB (previously Ground Handling CIS UAB)	Lithuania	Private Jet Charter, Flight and Tour Operations	90	100	The subsidiary was established in summer of 2011. It was a direct subsidiary of Baltic Ground Services UAB. On 28 April 2015, 90% of share capital was sold to Avia Solutions Group AB and the remaining part is held by the general director of Laserpas UAB (Notes 17, 33). The subsidiary has started preparations for unmanned aerial flight operations.
FL Technics UAB	Lithuania	Aircraft maintenance, repair and overhaul (MRO)	100	100	The subsidiary was established on 22 December 2005. In summer of 2007 the company started aircraft maintenance, repair and overhaul (MRO) services.
Jet Maintenance Solutions UAB (previously FL Technics Jets UAB)	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 1 December 2010. The company provides maintenance services for business aircraft.
FL Technics Line OOO	Russia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	93	93	The subsidiary was established in summer of 2011. It is a direct subsidiary of FL Technics AB. The company sells aircraft spare parts in Russia and the CIS.
FL Technics Ulyanovsk OOO	Russia	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	99	99	The subsidiary was established in summer of 2011. It is a direct subsidiary of FLT Trading House UAB. The subsidiary does not conduct active operations.
FLT Trading House UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 19 November 2010. The subsidiary does not conduct active operations.
Globus Distribution OAO	Russia	Airport Infrastructure Management (classified as discontinued)	-	99.983	The subsidiary was established on 30 September 2014. It was a direct subsidiary of Avia Solutions Group – Airports Management OOO. On 15 June 2015 all shares were sold to the other related party of the Company (Notes 33, 34).
Helisota UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 16 December 2013. The company provides maintenance, repair and overhaul services for helicopters.
Kauno aviacijos gamykla UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 16 December 2013. It is a direct subsidiary of Helisota UAB. The subsidiary does not conduct any significant active operations.
KIDY Tour UAB	Lithuania	Private Jet Charter, Flight and Tour Operations	100	-	The subsidiary was established on 3 December 2015 (Notes 17, 33). The company starts its activities by providing its clients with tour operator and other related services.
KlasJet UAB (previously Verslo skrydžiai UAB	Lithuania	Private Jet Charter, Flight and Tour Operations	75	75	The subsidiary was established on 9 October 2013. The subsidiary has started business charter activity in summer 2014. On 24 January 2014 the Company sold 25 per cent shareholding in the subsidiary (Notes 17, 33).

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

1 General information (continued)

The Group's companies	Country of establishment	Operating segment	Share of equity,% 2015	Share of equity,% 2014	Date of acquiring/establishment and activity
Locatory.com UAB	Lithuania	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	95	95	The subsidiary was established on 7 December 2010. Starting summer 2012, the company is acting as an aircraft parts locator and offers innovative IT solution for MRO business segment.
RAMPORT AERO OAO	Russia	Airport Infrastructure Management (classified as discontinued)	-	75	It is a direct subsidiary of Avia Solutions Group – Airports Management OOO. The subsidiary was established on 30 July 2014. Starting autumn 2014 it is engaged in construction and development of the Moscow's fourth airport – Ramenskoye International. On 30 September 2015, Avia Solutions Group – Airports Management OOO and its' subsidiaries were sold to the associate (Notes 33, 34).
RAMPORT SECURITY OOO	Russia	Airport Infrastructure Management (classified as discontinued)	-	-	It is a direct subsidiary of RAMPORT AERO OAO. The subsidiary was established on 6 May 2015 and will provide services in the Ramenskoye International airport. On 30 September 2015 Avia Solutions Group – Airports Management OOO and its' subsidiaries were sold to the associate (Notes 33, 34).
Storm Aviation Ltd.	The United Kingdom	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 31 December 2011. It is a direct subsidiary of FL Technics AB. The company provides aircraft line station services.
Storm Aviation (Cyprus) Ltd.	Republic of Cyprus	Aircraft and Helicopter Maintenance, Repair and Overhaul (MRO)	100	100	The subsidiary was acquired on 31 December 2011. It is a direct subsidiary of Storm Aviation Ltd. The company provides aircraft line station services in Cyprus.

The shareholders of the Company have a statutory right to approve these financial statements or not to approve them and to require preparation of another set of financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by European Union. The financial statements have been prepared on a going concern basis and under the historical cost convention.

These financial statements include the consolidated financial statements of the Group and stand-alone financial statement of the Company for the year ended 31 December 2015.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1 Basis of preparation (continued)

a) New and amended standards and interpretations adopted by the Group and the Company

Annual Improvements to IFRSs 2013 (effective for annual periods beginning on or after 1 January 2015). The improvements consist of changes to four standards:

- The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
- IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
- The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9.
- IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

The amendments did not have any material effect on the Company's and the Group's financial statements.

IFRIC 21 – Levies (effective for periods beginning on or after 17 June 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The implementation of this standard had no effect on the Company's and the Group's financial statements.

b) Standards, amendments and interpretations to existing standards that are adopted by EU but are not yet effective and have not been early adopted by the Group and the Company:

Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (effective for annual periods beginning on or after 1 February 2015). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The implementation of this standard had no effect on the Company's and the Group's financial statements.

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (effective for annual periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The Company and the Group is currently assessing the impact of the amendments on its financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (effective for annual periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The implementation of this amendment will have no impact on the financial statements of the Company and the Group, as the Company and the Group do not use revenue-based depreciation and amortisation methods.

2.1 Basis of preparation (continued)

Annual Improvements to IFRSs 2012 (effective for annual periods beginning on or after 1 February 2015). The improvements consist of changes to seven standards:

- IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
- IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.
- IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported.
- The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.
- IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

The Company and the Group are currently assessing the impact of the amendments on their financial statements

Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41 (effective for annual periods beginning on or after 1 January 2016). The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The amendments did not have any effect on the Company's and the Group's financial statements.

Equity Method in Separate Financial Statements - Amendments to IAS 27 (effective for annual periods beginning on or after 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRSs 2014 (effective for annual periods beginning on or after 1 January 2016). The amendments impact 4 standards:

- IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale ore distribution, and does not have to be accounted for as such.
- The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34.
- The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report".

The Company and the Group are currently assessing the impact of the amendments on its financial statements.

2.1 Basis of preparation (continued)

Disclosure Initiative – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2016). The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards. The Company and the Group are currently assessing the impact of the amendments on its financial statements.

c) *Standards, interpretations and amendments that have not been endorsed by the European Union and that have not been early adopted by the Group/Company*

IFRS 9, Financial Instruments: Classification and Measurement. Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging. The Group and the Company is currently assessing the impact of the new standard on its financial statements.

The Group and the Company are currently assessing the impact of the new standard on its financial statements.

2.1 Basis of preparation (continued)

IFRS 15, Revenue from Contracts with Customers. The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group and the Company is currently assessing the impact of the new standard on its financial statements.

IFRS 16, Leases. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group and the Company are currently assessing the impact of the new standard on its financial statements.

Other standards, interpretations and amendments that have not been endorsed by European Union and that have not been early adopted by the Group/Company:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28;
- IFRS 14, Regulatory Deferral Accounts;
- Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28;
- Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12;
- Disclosure Initiative - Amendments to IAS 7;

The Company and the Group are currently assessing the impact of these amendments on their financial statements.

There are no other new or amended standards and interpretations that are not yet effective and that may have a material impact for the Group/Company.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2.2 Consolidation (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and deviously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between entities included within the consolidated financial statements have been eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's investments in its associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. The income statement reflects the share of the results of operations of the associate.

2.2 Consolidation (continued)

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the fair value of the associate and the acquisition cost and recognises the amount in the income statement. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

Non-controlling interest

Non-controlling interest is that part of the net results and of the net assets of a subsidiary, including the fair value adjustments, which is attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

Transactions with non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro (EUR), which is the functional currency of the Company and the Group. 1 January 2015 was the day of introduction of EUR in the Republic of Lithuania, therefore as at this day the functional currency of the Company changed accordingly. The exchange rate of LTL 3.45280 for 1 EUR which was irrevocably set by the Council of Europe is applied while converting comparative numbers.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents are presented in the statement of comprehensive income within "finance income or cost". All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains / (loss) – net".

2.3 Foreign currency translation (continued)

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at rates prevailing at the dates of the transactions);
- All resulting exchange differences are recognised as a separate component of equity.

2.4 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of the Company that makes strategic decisions.

2.5 Property, plant and equipment

Property, plant and equipment consist of buildings and structures, construction in progress, vehicles, machinery, aircraft, aircraft engines and other non-current tangible assets. Property, plant and equipment are carried at their historical cost less any accumulated depreciation and any accumulated impairment loss. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation is calculated on the straight-line basis to write off the cost of assets to their residual values over their estimated useful life as follows:

Buildings and structures	8 – 22 years
Vehicles	5 – 10 years
Machinery	5 – 10 years
Aircraft	4 – 5 years
Aircraft engines	24 – 39 months
Other non-current tangible assets	3 – 7 years

Major additions, modifications and improvements expenditure relating to flight equipment for aircraft leased are capitalized and depreciated over the remaining lease period of the aircraft. Major improvements performed for leased aircraft are capitalized leasehold improvements and depreciated over the period till the next improvement or during the useful life of certain asset. Leasehold improvements are classified as other non-current tangible assets. The assets' residual value and useful lives are reviewed periodically and adjusted if appropriate.

The residual value of aircraft represents the amount the Management believes the aircraft can be sold or traded for at the end of its useful life, before aircraft heavy maintenance. The residual value of aircraft engines represents the amount the Management believes the aircraft engine can be sold or traded for at the end of its useful life, after its tear down into spare parts and components.

2.5 Property, plant and equipment (continued)

Construction in progress is transferred to appropriate groups of fixed assets when it is completed and ready for its intended use.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. When property is retired or otherwise disposed, the cost and related depreciation are removed from the financial statements and any related gains or losses are included in the profit or loss.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the income statement.

2.6 Intangible assets

Intangible assets expected to provide economic benefit to the Group and the Company in future periods have finite useful life and are valued at acquisition cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line method to allocate the cost of intangible asset over estimated benefit period as follows:

Licenses	3 - 5 years
Software	3 - 5 years
Web-site costs	5 years
Other non-current intangible assets	1 - 4 years

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Line maintenance approvals and basic licences for B1/B2 courses are recognised by the Group on the acquisition date of the entity on the basis of the costs, and classified as part of commercial license. The cost related to acquiring a basic licence for is based on an estimate provided by Group's Quality Manager of the cost of reaching the status of B1/B2 engineer, including relevant college courses, exams, preparation of application and cost of submission. The cost related to acquiring line maintenance approvals is based on an estimate of the direct costs, including internal audit, application to the authority, travel and external audit and interview costs.

The costs incurred at each stage in development and operation of Group's own web-site is recognised as part of intangible assets. Such expenses include expenses on purchasing or creating content for a web-site, expenses to enable use of the content on the web-site and directly attributable employee related expenses, that have been incurred during the stage of the development of the web-site and additional development of the web-site expenses, that have been incurred during the stage of the operation of the web-site after initial recognition of the intangible assets.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on a disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

2.7 Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

The Group classifies its financial assets into one of four measurement categories: loans and receivables, financial assets at fair value through profit or loss, held to maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. During the current period the Group did not hold any financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet. The Group assesses at each balance sheet date whether there is objective evidence that a financial assets is impaired. Impairment testing of trade receivables is described in Note 3.1.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.9 Investments in subsidiaries and associates in the separate financial statements of the Company

Investments in subsidiaries and associates that are included in the separate financial statements of the Company are accounted at cost less impairment provision. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

2.10 Share-based payments

The Company operates a number of share-based compensation plans, under which the Company receives services from employees, and employees have a choice of settlement, i.e. of receiving share options or cash-settled share appreciation rights. This type of share-based payment is recognised as:

- the fair value of the debt component, accounted for as a cash-settled liability and classified as a „obligations under share-based payments";
- the fair value of the equity component, taking into account that the employee would have to give up the cash element in order to receive the equity shares. The fair value of the equity component is classified as a „share-based payment reserve".

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to liability.

2.11 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

In the consolidated income statement of the reporting period and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the income statement.

Where a disposal group is still operating, transactions may occur between the disposal group and other companies within the Group. All intra-group balances, intra-group interest income, expenses and other intra-group transactions where goods are sold / purchased between the disposal group and the continuing business are eliminated in full. The principle of elimination of intra-group sales transactions is based on the guidance in IFRS 5 which only allowed expenses to be attributed to the discontinuing operation if they would be eliminated when the operation is disposed of. If the arrangement is expected to continue, the sales and costs are recorded in continuing operations and, therefore, the elimination entries are recorded in discontinued operations.

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Group from the tax authorities), transport, handling and other costs directly attributable to the acquisition of inventories. Net realizable value is the estimate of the selling price in the ordinary course of business, less the applicable selling expenses. Inventories that are no longer appropriate for sale are written off.

2.13 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against in the profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Bank overdrafts are subtracted from the cash and cash equivalents in the consolidated statements of cash flows.

2.15 Share capital

Ordinary shares are stated at their par value and classified as equity.

Where the Company or its subsidiaries purchase the Company's equity share capital (treasury shares), in the Company's and the Group's financial statements the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction cost and the related income tax effects, is included in equity attributable to the Company's equity holders. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs that are directly attributable to the acquisition of a qualifying asset are capitalised as part of the cost of that asset during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed. The capitalising of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

2.18 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.20 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as interest rate swaps to hedge its cash flow interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The portion of the gain or loss on the hedging instrument designated as a cash flow hedge is recognised directly as other comprehensive income in the cash flow hedge reserve.

Fair value of derivatives in the balance sheet are segregated to long-term and short-term parts:
- long-term part of the financial instrument represent discounted cash flows arising from the financial instrument after 1 year, and
- short-term part of the financial instrument represents discounted cash flows arising from the financial instrument within 1 year.

2.21 Government grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants less any accumulated amortisation. Amortisation is calculated on a straight-line basis over the expected lives of the related assets and is included in "other income"

Grants relating to the expenses are included in non-current liabilities and are credited to the profit or loss on basis to match the appropriate expenses.

2.22 Merger reserve

Merger reserve was formed during business combination (upon pre-IPO Reorganization) in 2010. The merger reserve consists of the difference between the Company purchase consideration for the acquisition of remaining stake of the share capital of the Group companies and nominal value of the share capital acquired.

Recycling of merger reserve arises on disposal of interest in subsidiaries, acquired during above mentioned business combination (upon pre-IPO Reorganization). Recycling or derecognition of merger reserve is recognised directly in profit or loss in the period in which the disposal is recorded.

2.23 Accounting for leases

a) Accounting for leases where the Group is the lessee

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables except for instalments due within 12 months which are included in current liabilities.

2.23 Accounting for leases (continued)

Finance leasebacks

Transactions, when the Group sells the property, plant and equipment and immediately re-acquires the use of asset by entering into a lease with the buyer, herewith, never disposes of the risks and rewards of ownership of the asset, are classified as finance leasebacks. Any apparent profit, that is the difference between the sale price and the previous carrying value, should be deferred, amortised over the lease term and included as "net losses on sales of non-current assets" in "other gains / (losses) – net".

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

b) Accounting for leases where the Group is the sub - lessor

Rental income from operating sub – lease is recognized on a straight-line basis over the period of the lease.

c) Accounting for leases where the Group is the lessor

Operating leases

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. They are depreciated over their expected useful lives on a basis consistent with similar assets. Lease income is recognised over the term of the lease on a straight-line basis.

Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a leasehold-receivable. The difference between the gross receivable and the present value of the receivable is recognised as part of finance income (as *unwinding of discounted leasehold-receivable*).

2.24 Current and deferred income tax

The tax expenses for the period comprise current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Profit for 2015 is taxable at a rate of 15% (2014: 15%) in accordance with Lithuanian regulatory legislation on taxation. Profit for 2015 is taxable at a rate of 19% (2014: 19%) in accordance with Polish regulatory legislation on taxation. Profit for 2015 is taxable at a rate of 18% (2014: 18%) in accordance with Ukrainian regulatory legislation on taxation. Profit for 2015 is taxable at a rate of 20% (2014: 20%) in accordance with United Kingdom regulatory legislation on taxation. Profit for 2015 is taxable at a rate of 20% (2014: 20%) in accordance with Russian regulatory legislation on taxation. Profit for 2015 is taxable at a rate of 15% (2014: 15%) in accordance with Latvian regulatory legislation on taxation. Profit for 2015 is taxable at a rate of 25% (2014: 25%) in accordance with Indonesian regulatory legislation on taxation. Corporate income tax in Estonia is shifted from the moment of earning the profits to the moment of their distribution, i.e. until dividends pay out.

2.24 Current and deferred income tax (continued)

The current income tax charge is calculated and accrued for in the financial statements on the basis of information available at the moment of the preparation of the financial statements and estimates of income tax performed by the management in accordance with legislation on taxation in the country where the Group operates.

According to Lithuanian, Latvian, Ukrainian and British legislation, tax losses accumulated as of 31 December 2015 are carried forward indefinitely; according to Polish legislation, tax losses accumulated as of 31 December 2015 are carried forward during 5 years; according to Russian legislation tax losses accumulated as of 31 December 2015 are carried forward during 10 years. According to Lithuanian legislation starting from 1 January 2014 the tax loss carry forward that is deductible cannot exceed 70% of the current financial year taxable profit.

Tax losses can be carried forward for indefinite period in Lithuania, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself.

The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

Deferred tax assets and liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and only if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.25 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue of the Group is shown net of value-added tax, returns, rebates and discounts, sales taxes. Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of services

Revenue of the Group consists of aircraft and aircraft components maintenance and overhaul, training of aviation specialists, technical consulting, and aircraft ground handling services, into-plane fuelling and web-site subscription services, providing private and corporate charter flights, comprehensive aircraft management and RPAS (Remotely Piloted Aircraft Systems) solutions as well as tour operator and other related services.

Business charter operations revenue, aircraft ground handling and into-plane fuelling revenue, tour operator revenue is recognized as earned, - upon completion of the air transportation or upon delivery of services to the customer.

Aircraft and aircraft components maintenance, training and technical consulting, web-site subscription services are provided to the customers on time and material basis or as a fixed-price contract, with contract generally ranging from less than one year (single contract) to the long-term contract. Revenue from fixed-price contracts is recognized under the service period. Under this method, revenue is generally recognized in proportion to each service month. Revenue from fixed-price contracts is recognised under the percentage-of-completion method. Under this method, revenue is generally recognised based on the services performed to date as a percentage of the total services to be performed. Stage of completion is determined with a reference to the proportion that man hours worked to date bear to the estimated total man hours per contract.

2.25 Revenue recognition (continued)

Sales of goods

Sales of goods are recognised when goods are delivered to the customer, the customer has full discretion over the use of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group have objective evidence that all criteria for acceptance have been satisfied.

Agency arrangements

The Group acts as an agent for a number of clients in order to find and on the Client's behalf to engage an airline company undertaking to render to the Client line training service. The Group earns a fee or commission in return for arranging the provision of services on behalf of principal. The amounts collected on behalf of the principal are not recognised as revenue. Instead, the commission fees received are recognised as revenue.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on investments in bonds and loans granted are classified as „other income", while interest income on cash and cash equivalents are classified as „finance income" in the consolidated statement of comprehensive income.

2.26 Employee benefits

Social security contributions

The Group pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period.

The social security contributions amounting to 7.5 EUR million for the Group and EUR 0.3 million for the Company (2014: EUR 6.6 million for the Group and EUR 0.3 million for the Company) are recognized as an expense on an accrual basis and are included within employee related expenses.

Bonus plans

The Group recognises a liability and an expense for bonuses based on predefined targets. The Group recognises related liability where contractually obliged or where there is a past practice that has created a constructive obligation.

Supplementary health insurance

The Group paid supplementary health insurance contributions to the insurance company on behalf of its employees. Supplementary health insurance for employees is the possibility to get health care and health improvement services in a selected health care institution. The supplementary health insurance contributions are recognized as an expense when incurred.

2.26 Employee benefits (continued)

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.27 Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised as financial liabilities at the date the guarantee is issued. Liabilities arising from financial guarantee contracts are initially recognised at fair value and subsequently measured at the higher of the expected liability under the guarantee and the amount initially recognised less any cumulative amortisation.

The Company, issuer of an intra-group financial guarantee, recognizes the guarantee liability at its fair value. Where parent entity guarantees the debt of its subsidiary then that transaction is accounted for as an investment in subsidiary as the guarantee is given for the benefit of the subsidiary. Subsequent amortisation and any change in the carrying amount of the liability are recognised in profit or loss.

The fair value of the financial guarantee is determined the estimated amount that would be payable to a third party for assuming the obligation.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance of the Group.

Risk management is carried out by Group's top management close cooperation with the Board of the Company. Top management meetings are held to discuss overall risk management and analyse each case, as well as actions to cover specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

Market risk

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar (USD). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

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

3.1 Financial risk factors (continued)

For calculation of foreign exchange risk's sensitivity trade and other receivables and trade and other payables, denominated at US-dollars are multiplied by reasonably possible change of EUR to US dollars. Reasonable possible change is provided in the table below:

	GROUP		Company	
	2015	**2014**	**2015**	**2014**
Reasonably possible change of EUR to US dollars	11%	13%	-	-

At 31 December 2015 the Group's post-tax profit for the year would have been EUR 648 thousand (2014: EUR 383 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade and other receivables, receivables from investment in bonds and trade and other payables.

Foreign exchange risk is controlled by monitoring the foreign currency exposure of its purchase contracts and lease commitments. The Group seeks to reduce its foreign rate exchange exposure through a policy of matching possible receipts and payments in each individual currency.

(b) Price risk

The Group is not exposed to price risk of financial instruments since it does not possess any material financial instruments that could be sensitive to such risk.

(c) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term and long-term bank borrowings and finance lease liabilities at floating interest rates. The Group is not exposed to fair value interest rate risk as loans granted to related parties and interest free deposit placed as a guarantee for lease of aircraft are accounted at amortized cost and are with fixed interest rate.

To manage the interest rate risk the Group's company entered into interest rate swap in 2012, in which it agreed to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amounts. These swaps are designated to hedge the bank loan.

Borrowings received at variable interest rates and denominated in the EUR and PLN currencies expose the Group to cash flow interest rate risk. As at 31 December 2015 and 2014 Group's non-current borrowings at variable rate of 3 or 6 months EURIBOR plus fixed margin were denominated in EUR, current borrowings at variable rate of 3 or 6 months EURIBOR plus fixed margin were denominated in EUR and PLN and finance lease liabilities at variable rate of 3 or 6 months EURIBOR plus fixed margin were denominated in EUR and PLN.

For calculation of interest rate risk sensitivity interest expenses on borrowings, received at variable interest rates, are multiplied by possible interest rate change (hereinafter „reasonable shift"), which are prescribed by the Group. Possible interest rate changes are provided in the table below:

Currency of borrowings	Reasonable shift
EUR	1.00 %

The presumable interest rate change creates acceptable impact on Group's annual profit as well as equity and makes EUR 297 thousand in 2015 (2014: EUR 322 thousand) impact on profit or loss.

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

3.1 Financial risk factors (continued)

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, financial institutions, shareholders and their related parties, lessor as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risks are controlled by the application of credit terms and monitoring procedures.

The Group's procedures are in force to ensure that services are sold only to customers with an appropriate credit history and do not exceed acceptable credit exposure limit. Cash transactions are limited to high credit quality financial institutions.

(a) Maximum exposure of credit risk

The table below summarises all credit risk exposures relating to on-balance sheet items of the Group. Maximum exposure to credit risk before collateral held or other credit enhancements:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Trade receivables (Note 21)	23 930	29 056	32	14
Receivable from investment in bonds (Notes 21, 35)	6 864	6 166	6 864	6 166
Cash and cash equivalents (Note 23)	5 613	6 820	1 391	3 342
Loans granted to related parties (Note 21)	640	663	15 811	9 732
Other receivables from related parties (Notes 21, 35)	505	128	835	388
Other receivables (Note 21)	380	412	-	50
Trade receivables from related parties (Notes 21, 35)	361	123	4 130	2 121
Loans granted (Note 21)	219	5 546	31	5 485
Deposits with bank	140	14	-	-
Leasehold receivables (Note 21)	-	458	-	-
Financial guaranties (Note 35)	-	-	20 062	19 140
	38 652	**49 386**	**49 156**	**46 438**

The maximum exposure to credit risk for trade receivables by geographic region based on customer's incorporation can be specified as follows:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Russia	6 023	14 457	13	5
Lithuania	2 136	1 010	9	6
United Arab Emirates	1 448	1 028	-	-
Hungary	1 272	937	-	
Czech Republic	1 249	24	-	
United Kingdom	1 194	343	-	
Other	10 608	11 257	10	3
Total trade receivables	**23 930**	**29 056**	**32**	**14**

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

3.1 Financial risk factors (continued)

The maximum exposure to credit risk for trade receivables by customer can be specified as follows:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Customer AF	1 868	254	-	-
Customer AD	1 743	3 202	-	-
Customer T	1 272	954	-	-
Customer AE	926	2 642	-	-
Customer E	209	7 352	-	-
Other	17 912	14 652	32	14
Total trade receivables	**23 930**	**29 056**	**32**	**14**

(b) Financial assets neither past due nor impaired

Trade receivables and trade receivables from related parties

The Group's customers do not have external credit ratings, however the management of the Group measures credit quality of trade receivables and trade receivables from related parties based on the period of relationship with certain debtor. Two groups are distinguished: new customers/related parties (period of relationship less than 6 months) and old customers/related parties (more than 6 months).

For analysis of credit quality of neither past due nor impaired trade receivables and trade receivables from related parties based see the table below:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Group 1: new customers/related parties (less than 6 months)	818	1 497	-	-
Group 2: old customers/related parties (more than 6 months)	15 282	8 239	268	260
	16 100	**9 736**	**268**	**260**

Additionally the Group measures credit quality of neither past due nor impaired trade receivables and trade receivables from related parties based on full receivables amount from those clients:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Group 1: customers with no overdue receivables	5 522	3 371	39	24
Group 2: customers with overdue receivables	10 578	6 365	229	236
	16 100	**9 736**	**268**	**260**

Cash and cash equivalents (assessed in accordance with long-term borrowings ratings*)

** - external long term credit ratings set by international agencies Standards & Poor's as at 2015/2016 and Moody's Ratings as at 2015/2016.*

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

3.1 Financial risk factors (continued)

All cash and cash equivalents held by the Group as of the periods presented are neither past due, nor impaired. The Group chooses the banks and financial institutions with a Standards & Poor's rating not lower than B.

See the table below for analysis of the Group's cash and cash equivalents according to the credit quality (Note 23).

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
AA-	1 502	3 022	545	2 645
A+	2 972	2 323	826	666
A	161	-	-	-
A-	17	35	-	17
BBB+	64	680	16	-
BBB	-	34	-	-
BBB-	764	-	-	-
BB	12	-	-	-
BB-	4	429	4	14
B	-	52	-	-
B-	20	-	-	-
other	-	1	-	-
Cash on hand	97	244	-	-
	5 613	**6 820**	**1 391**	**3 342**

Security deposit with lessor, loans granted and loans granted to related parties

Security deposit with lessor, loans granted, loans granted to related parties, other receivables and other receivables from related parties held by the Group as of the periods presented are neither past due nor impaired. The Group does not analyse these financial assets according to credit quality.

(c) Financial assets past due but not impaired

Trade receivables that are past due up to 6 months and for which no evident impairment indicator is identified by the Group are classified as past due but not impaired. Trade receivables overdue more than 6 months may be considered as not impaired if the Group has evidence that the amounts due will be repaid. The ageing of past due, but not impaired trade receivables is as follows:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Overdue up to 3 months	4 637	12 982	763	669
overdue from 4 to 6 months	2 255	4 675	632	465
overdue over 6 months	1 299	1 786	2 499	741
	8 191	**19 443**	**3 894**	**1 875**

d) Impaired financial assets

Trade and other receivables for which the Group has identified evident impairment indicator irrespective of the payment delay period are considered as impaired receivables. Evident impairment indicators include significant financial difficulties of the debtor or other events that significantly increase the risk of default on a receivable amount. The impairment of trade and other receivables is performed going individually through the customers list and assessing the expectation of recovery.

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

3.1 Financial risk factors (continued)

Movements on the provision for impairment of receivable

GROUP	Trade receivables*	Other receivables*	Prepayments	Loans granted*
At 31 December 2013 / At 1 January 2014	**2 707**	**67**	**-**	**25**
Provision for trade receivables impairment (continuing operations)	835	3	58	-
Unused amount reversed	(262)	-	-	-
Reclassification during the period	(70)	70	-	-
Receivables written off during the year as uncollectible	(730)	-	-	-
At 31 December 2014 / At 1 January 2015 (Note 21)	**2 480**	**140**	**58**	**25**
Provision for trade receivables impairment (continuing operations)	8 080	-	-	-
Unused amounts reversed	(42)	(42)	-	-
Reclassification during the period	(719)	(9)	-	-
Receivables written off during the year as uncollectible	(172)	-	(58)	-
Currency translation differences	14	-	-	-
At 31 December 2015 (Note 21)	**9 641**	**89**	**-**	**25**

** - including receivables from related parties*

In 2015 the Group recognised allowance for impairment of trade and other receivables in the total amount of EUR 8.1 million (2014: EUR 0.5 million) (Note 5):

- due to initiated bankruptcy proceeding for one of the biggest Russia's private airline, the Group recognised allowance for trade receivables in the total amount of EUR 7.7 million;
- additional allowance for impairment of trade receivables for several clients in the amount of EUR 0.4 million was recognised due to their insolvency (2014: EUR 0.5 million);

COMPANY	Trade receivables*	Other receivables*	Prepayments	Loans granted*
At 31 December 2013/ At 1 January 2014	**412**	**67**	**-**	**25**
Provision for receivables impairment (continuing operations)	-	-	-	-
At 31 December 2014 / At 1 January 2015	**412**	**67**	**-**	**25**
Provision for receivables impairment (continuing operations)	-	-	-	-
At 31 December 2015 (Note 21)	**412**	**67**	**-**	**25**

** - including receivables from related parties*

In 2015 and 2014 the Company did not recognise allowance for impairment of trade and other receivables.

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

3.1 Financial risk factors (continued)

Liquidity risk

Liquidity risk management implies maintaining sufficient cash and the availability of funding through other group companies. Liquidity risk is managed by the General Managers of entities of the Group in close cooperation with the Company to maintain a minimum required liquidity position.

As at 31 December 2015 current liabilities in thirteen subsidiaries of the Group exceeded the current assets. Management of the Group believes that this will not have any impact on the ability of subsidiaries of the Group to continue as going concern. In addition the parent company – *Avia Solutions Group AB* – is able to provide financial support to enable subsidiaries to continue operations for at least twelve months from the date of approval of the financial statements, if needed.

The Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these. The table below allocates the Group's financial liabilities into relevant maturity groupings based on remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Trade and other payables and deposits received due within/after 12 months equal their carrying balances as the impact of discounting is not significant.

GROUP	**Less than 1 year**	**Between 1 - 5 years**	**Over 5 years**
31 December 2015			
Trade and other payables	20 071	-	-
Bank overdraft (Notes 23, 27)	14 047	-	-
Bank borrowings	3 589	4 754	-
Finance lease liabilities	2 042	3 974	9
Accruals for PBH contracts	1 186	-	-
Borrowings from related parties	166	-	-
Security deposits received (Note 29)	428	510	-
Other borrowings	3	24	-
Derivative financial instruments	-	53	
	41 532	**9 315**	**9**
31 December 2014			
Trade and other payables	22 866	-	-
Bank overdraft (Notes 23, 27)	15 107	-	-
Bank loans	5 200	7 117	-
Borrowings from related parties	2 119	-	-
Accruals for PBH contracts	1 218	-	-
Finance lease liabilities	1 140	2 097	-
Security deposits received (Note 29)	240	639	-
Other borrowings	13	-	-
Derivative financial instruments	-	81	-
	47 903	**9 934**	**-**

COMPANY			
31 December 2015			
Borrowings from related parties	449	-	-
Financial guaranties (Note 35)	15 366	4 696	-
Trade and other payables	200	-	-
	16 015	**4 696**	**-**

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

3.1 Financial risk factors (continued)

COMPANY	Less than 1 year	Between 1 - 5 years	Over 5 years
31 December 2014			
Borrowings from related parties	39	904	-
Financial guarantees	12 696	6 444	-
Trade and other payables	177	-	-
	12 912	**7 348**	**-**

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The Group's strategy is to maintain gearing ratio within 25% to 40%.

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Total borrowings (Note 27)	27 728	31 752	449	880
Less: cash and cash equivalents (Note 23)	(5 613)	(6 820)	(1 391)	(3 342)
Net debt	22 115	24 932	(942)	(2 462)
Total equity	51 138	60 377	36 815	34 824
Total capital	**73 253**	**85 309**	**35 873**	**32 362**
Gearing ratio	30%	29%	-	-

Pursuant to the Lithuanian Law on Companies and Polish Commercial Companies Code the authorised share capital of a public limited liability company and private limited liability company must be not less than EUR 40 000 and EUR 2 500, respectively, and the shareholders' equity should not be lower than 50 per cent of the entity's registered share capital. As at 31 December 2015 six Group companies established in Lithuania and one company in Poland did not comply with these requirements.

According to the Lithuanian Law on Companies, a general meeting of shareholders to rectify the situation must be convened. In the case, if the general meeting of shareholders did not rectify the situation within six months, an application to the court to reduce the authorised capital must be filed.

3.3 Fair value estimation

The fair value of financial assets and financial liabilities for the disclosure purposes is estimated by discounting the cash flows from each class of financial assets or financial liabilities.

Fair value of interest free security deposit with the client approximates its carrying value which was calculated discounting nominal value of deposit using market interest rate (at 3.44%, Note 29). Loans to third and related parties were granted at market interest rates, therefore, their carrying value approximate fair value.

The fair value of bank borrowings and finance lease with variable rates approximates their carrying amount.

4 Critical Accounting Estimates and Significant Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

(a) Provision for impairment of accounts receivable

Impairment loss of accounts receivable was determined based on the management's estimates on recoverability and timing relating to the amounts that will not be collectable according to the original terms of receivables. This determination requires significant judgement. Judgement is exercised based on significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. Current estimates of the management could change significantly as a result of change in situation in the market and the economy as a whole. Recoverability rate also highly depends on success rate and actions employed relating to recovery of significantly overdue amounts receivable. For further details, see Note 3.

(b) Allowances for inventories

The Group has a material inventory balance and performs testing whether inventory balance is properly accounted for at the lower of cost and net realisable value by estimating allowance for slow moving or obsolete inventory. For this estimation the Group reviews major inventory items and establishes net realisable values based on the best estimate of the selling prices of each inventory item, taking into account management's experience and market conditions. Deviations of management estimated selling prices from actual prices at which inventory items may be sold may lead to a material impact on the Group's profit or loss.

(c) Accruals for "power-by-the hour" aircraft maintenance contracts

Under the terms of "power by the hour" (PBH) aircraft maintenance contracts, the Group (supplier) has the obligation at its expense to repair and administer the Components' Pool for the Customer's aircraft fleet. For this estimation the Group reviews accruals for PBH contracts based on best estimates of the repair or/and maintenance of each component item, taking into account management's experience and market conditions. Deviations of management estimated components' repair and maintenance expenses from actual expenses at which component item may be repaired or/and maintained should not lead to any material impact on the Group's profit or loss.

4 Critical Accounting Estimates and Significant Judgements (continued)

(d) Income taxes

Tax authorities have a right to examine accounting records of the Group at any time during the 5 year period after the current tax year and account for additional taxes and fines. In the opinion of the Group's management, currently there are no circumstances that might result in a potential material liability in this respect to the Group. The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(e) Impairment losses on investments and loans provided to subsidiaries

The Company tests investments and loans provided to finance its subsidiaries for impairment when impairment indicators are identified. The Company establishes recoverable amount of investments and loans provided to subsidiary companies based on discounted future estimated net cash flows to be earned by a subsidiary. Future net cash flows to be earned by subsidiaries in start-up phase that do not have sufficient historical performance information are based on best estimate of cash-flows to be generated by a subsidiary in implementing the development strategy approved by the management. Discount rates are based on current cost of capital used for investments in these subsidiaries. The Company's management applies judgement in estimating cash flows and discount rates used in impairment testing. If actual performance of subsidiaries would be worse than estimated by the management this may lead to a material impairment amount to be recognised for investments and loans provided to subsidiary companies.

(f) Property, plant and equipment

Estimates concerning useful lives of property, plant and equipment may change due to constant technology advancement. Useful lives of property, plant and equipment are disclosed Note 2.5 and depreciation charge for the year is disclosed in Note 15. Increasing an asset's expected useful life or its residual value would result in a reduced depreciation charge. The useful lives of property, plant and equipment are determined by the management at the time the asset is acquired and reviewed on an annual basis for appropriateness. The lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Most of property, plant and equipment of the Group comprise machinery, buildings and vehicles. The residual value of aircraft represents the amount the Management believes, based on historical experience, the aircraft can be sold or traded for at the end of its useful life, before aircraft heavy maintenance. The residual value of aircraft engines represents the amount the Management believes, based on historical experience, the aircraft engine can be sold or traded for at the end of its useful life, after its tear down into spare parts and components (Note 2.5).

(g) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in the Note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 16).

4 Critical Accounting Estimates and Significant Judgements (continued)

(h) Put option provided in exchange of acquisition of new subsidiary

According to the acquisition agreement, signed at the end of 2013, two private investors have acquired a put option, i.e. a right to redeem the acquired shares (through share-exchange transaction) of *Avia Solutions Group AB* during the three years period at a pre-determined fixed price, if the Management of *Helisota UAB* achieves appointed EBT targets. The Management of the Group believes that it is highly unlikely that the EBT targets mentioned in the option agreements will be met and shares will have to be repurchased at prices described in option agreements. Based on this consideration, no liability for the option redemption amount has been recognised in the financial statements.

5 Segment information

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

Aircraft Maintenance, Repair and Overhaul (MRO)
The aircraft maintenance, repair and overhaul (MRO) segment is involved in aircraft and aircraft components' maintenance, repair, overhaul, engineering, spare parts and consumable sale, technical personnel training.

Aircraft Ground Handling and Fuelling
The aircraft ground handling and fuelling segment is involved aircraft handling, passengers servicing, tickets sale and into-plane fuelling.

Crew Training and Staffing
The crew training and staffing segment is involved in full scope of integrated flight training solutions.

Private Jet Charter, Flight and Tour Operations
The private jet charter, flight and tour operations segment includes carriage of passengers by private and corporate charter flights, operating remotely piloted airborne system and developing control and image processing systems and aerial monitoring. In addition to that, starting from year 2015 the Group will provide tour operator and other related services.

Unallocated Sales
The Unallocated sales include sales of management services, which cannot be attributed to the other segments.

The *Airport infrastructure management* segment is no longer disclosed in the segment note. It was reclassified to assets held for sale in the financial statements for the year ended 31 December 2014 and was disposed on 30 September 2015 (Notes 33, 34).

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The segment performance is analysed on monthly basis based on internal reports provided to the chief operating decision maker of the Group.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment revenue, cost and operating expenses, other income, other gain/loss and segment operating profit include transfers between business segments. Those transfers are eliminated in consolidation.

Management analyses the activities of the Group both from geographic and business perspective. From business perspective the Management used to analyse the Group sales volume and operating profit (loss) based on businesses the Group is involved in (according to the Group companies' activities), referred to as segments. Operating profit (loss) is a measure of segment profit or loss for management analysis purposes.

Previously management analysed Group's gross profit (loss) according to the Group's segment. Starting from 2015 the management decided to analyse operating profit.

5 Segment information (continued)

Management also regularly reviews capital investments on segment basis therefore additions to non-current assets has been separately disclosed according to each operating segment.

Geographically, Management separately considers operations in Lithuania, Poland, Russian Federation, the Great Britain, Cyprus and Latvia by sales volume depending on where the Group's companies are located.

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

5 Segment information (continued)

The following table present sales to external customers, cost and operating expenses, other income, other gain/loss and operating profit information according to the Group's business segments for year ended 31 December 2015:

	Aircraft maintenance, repair and overhaul	Aircraft ground handling and fuelling	Crew training and staffing	Private Jet Charter, Flight and Tour Operations	Unallocated	**Inter-segment transactions**	**Total**
Year ended 31 December 2015							
Continuing operations							
Sales to external customers	119 464	94 146	9 948	5 263	479	-	**229 300**
Inter-segment sales	2 778	1 340	74	5	2 278	(6 475)	-
Total revenue	**122 242**	**95 486**	**10 022**	**5 268**	**2 757**	**(6 475)**	**229 300**
Other income	1 827	272	88	1	809	(1 158)	1 839
Cost of services and goods purchased	(76 854)	(83 525)	(4 769)	(4 873)	(431)	4 001	(166 451)
Employee related expenses	(29 390)	(5 574)	(1 924)	(384)	(1 502)	-	(38 774)
Impairment-related expenses	(14 001)	(64)	(1)	(1)	(5)	-	(14 072)
Other operating expenses	(10 747)	(1 800)	(2 024)	(346)	(783)	2 429	(13 271)
Depreciation and amortisation	(3 587)	(1 337)	(546)	(13)	(152)	15	(5 620)
Other gain/(loss) – net	73	(84)	(30)	3	(19)	(25)	(82)
Segment operating profit from continuing operations	**(10 437)**	**3 374**	**816**	**(345)**	**674**	**(1 213)**	**(7 131)**
Finance costs - net (Note 12)							(228)
Profit before income tax from continuing operations							**(7 359)**
Income tax (Note 13)							414
Net profit for the period from continuing operations							**(6 945)**
As at 31 December 2015							
Segment assets	83 323	20 305	5 762	978	9 620	-	**119 988**
Segment liabilities	53 567	10 712	3 758	375	438	-	**68 850**
Acquisition of non-current assets (Notes 15, 16)	4 278	3 649	1 211	89	174	-	**9 401**
Depreciation and amortization (only continuing operations, Notes 8, 15, 16)	(3 586)	(1 325)	(544)	(13)	(152)	-	**(5 620)**

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

5 Segment information (continued)

The following table present sales to external customers, cost and operating expenses, other income, other gain/loss and operating profit information according to the Group's business segments for year ended 31 December 2014:

	Airport Infrastructure Management (discontinued)	Aircraft maintenance, repair and overhaul	Aircraft ground handling and fuelling	Crew training and staffing	Private Jet Charter, Flight and Tour Operations	Unallocated	**Inter-segment transactions**	**Total**
Year ended 31 December 2014								
Continuing operations								
Sales to external customers	-	106 061	67 429	8 839	1 695	328	-	**184 352**
Inter-segment sales	-	3 752	5 471	38	31	1 654	(10 946)	**-**
Total revenue	**-**	**109 813**	**72 900**	**8 877**	**1 726**	**1 982**	**(10 946)**	**184 352**
Other income	-	941	199	101	-	654	(981)	914
Cost of services and goods purchased	-	(70 131)	(64 604)	(5 295)	(1 637)	(220)	9 175	(132 712)
Employee related expenses	-	(24 874)	(4 857)	(1 377)	(157)	(1 447)	-	(32 712)
Impairment-related expenses	-	(1 134)	(916)	(55)	-	-	804	(1 301)
Other operating expenses	-	(8 935)	(1 539)	(1 306)	(89)	(1 209)	1 786	(11 292)
Depreciation and amortisation	-	(4 363)	(1 203)	(514)	(2)	(127)	(110)	(6 319)
Other gain/(loss) – net	-	(918)	13	12	(3)	331	(348)	(913)
Segment operating profit from continuing operations	**-**	**399**	**(7)**	**443**	**(162)**	**(36)**	**(620)**	**17**
Finance costs - net (Note 12)								(1 528)
Share of profit of associates (Note 18)								(8)
Profit before income tax from continuing operations								**(1 519)**
Income tax (Note 13)								38
Net profit for the period from continuing operations								**(1 481)**
As at 31 December 2014								
Segment assets	27 620*	87 464	15 677	4 520	566	16 172	-	**152 019**
Segment liabilities	24 471*	54 230	8 772	3 291	532	346	-	**91 642**
Acquisition of non-current assets (Notes 15, 16)	10 706*	3 262	562	776	15	124	-	**15 445**
Depreciation and amortization (only continuing operations, Notes 8, 15, 16)	-	(4 485)	(1 191)	(514)	(2)	(127)	-	**(6 319)**

*As at the balance date the segment assets and liabilities are disclosed as held for sale (Note 34)

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

5 Segment information (continued)

The Group's revenue from external customers by geographical location of subsidiaries on 31 December 2015 and 31 December 2014 detailed below:

	2015	2014
Lithuania	166 492	147 043
Poland	50 565	26 491
Great Britain	10 186	7 482
Latvia	946	-
Russian Federation	607	2 170
Cyprus	504	235
Italy	-	931
	229 300	**184 352**

The segment's sales to external customers are derived from the following single customers (the customers whose sales revenue exceed 10 per cent of total sales revenue of that segment in any of the years):

	GROUP	
	2015	**2014**
The aircraft maintenance, repair and overhaul (MRO) segment		
Customer AG	15 866	6 003
Customer AE	13 497	11 272
Other customers	90 101	88 786
	119 464	**106 061**
The aircraft ground handling and fuelling segment		
Customer T	24 374	11 484
Other customers	69 772	55 945
	94 146	**67 429**
The crew training and staffing segment		
Customer F	518	489
Other customers	9 430	8 350
	9 948	**8 839**
The private jet charter, flight and tour operations segment		
Customer AH (new)	3 464	-
Customer AI	924	86
Other customers	875	1 609
	5 263	**1 695**

The Group's sales in 2015 to Customer T exceeded 10 per cent of total sales to external customers' revenue. In 2014 the Group's sales were not derived from the single customer (the customer whose sales revenue exceeded 10 per cent of total sales revenue).

6 Other income

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Interests income on loans	709	424	638	561
Penalty interest due for late payments	699	288	-	3
Amortisation of government grants (Note 19)	431	202	-	-
Amortisation of financial guarantees	-	-	171	90
	1 839	**914**	**809**	**654**

		GROUP		COMPANY	
7	**Employee related expenses**	**2015**	**2014**	**2015**	**2014**
	Wages and salaries (Note 5)	31 236	26 072	1 169	1 130
	Social insurance expenses (Note 5)	7 538	6 640	333	317
		38 774	**32 712**	**1 502**	**1 447**
	Number of full time employees at the end of year (Note 1)	**1 674**	**1 534**	**61**	**54**

In 2015 employee related expense from discontinued operations EUR 625 thousand (2014: 200 EUR thousand).

8 Depreciation and amortisation

	2015	2014	2015	2014
Depreciation of tangible assets (Note 15)	5 246	5 749	98	98
Amortisation of intangible assets (Note 16)	374	570	54	29
	5 620	**6 319**	**152**	**127**

9 Other gain / (losses) – net

	2015	2014	2015	2014
Net gain/(loss) on sales of non-current assets	133	336	7	3
Net gain/(loss) on sales of inventory and other current assets	(42)	32	-	-
Net foreign exchange (loss) on operating activities	(173)	(1 281)	(20)	(17)
Net gain (loss) on sales of interests in subsidiaries (Note 17)	-	-	(6)	345
	(82)	**(913)**	**(19)**	**331**

Sales proceed from the Company's disposal of interest in *Avia Solutions Group – Airports Management OOO* (amounted to EUR 14 thousand while the cost of the investment sold was EUR 20 thousand.

10 Cost of goods and services

Considering the fact that in 2015 the Group decided to analyse consolidated accounts' by operating margin, the Management of the Group and the Company has decided to re-classify their expenses by nature. The comparative amounts were reclassified accordingly.

THE GROUP		**Reclassification of**							
	As previously reported	Revenue	Other income	Cost of services and goods	Depreciation and amortisation	Employee related expenses	Other operating expenses	Impairment related expenses	Other loss
Revenue	184 352	184 352	-	-	-	-	-	-	-
Cost of sales	(166 620)	-	-	(131 336)	(5 137)	(24 605)	(4 875)	(667)	-
General and administrative expenses	(17 716)	-	-	(1 376)	(1 182)	(8 107)	(6 417)	(634)	-
Other income	914	-	914	-	-	-	-	-	-
Other gains / (losses)	(913)	-	-	-	-	-	-	-	(913)
		184 352	**914**	**(132 712)**	**(6 319)**	**(32 712)**	**(11 292)**	**(1 301)**	**(913)**

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

10 Cost of goods and services (continued)

THE COMPANY

		Reclassification of							
	As previously reported	Revenue	Other income	Cost of services and goods	Depreciation and amortisation	Employee related expenses	Other operating expenses	Impairment related expenses	Other gain
Revenue	1 982	1 982	-	-	-	-	-	-	-
Cost of sales	(537)	-	-	(40)	(23)	(343)	(131)	-	-
General and administrative expenses	(2 465)	-	-	(179)	(104)	(1 104)	(1 078)	-	-
Other income	654	-	654	-	-	-	-	-	-
Other gains / (losses)	331	-	-	-	-	-	-	-	331
		1 982	**654**	**(219)**	**(127)**	**(1 447)**	**(1 209)**	**-**	**331**

The total amount of cost of services and goods by nature as follows:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Aircraft fuel expenses	78 181	55 700	-	-
Cost of goods purchased	42 722	38 485	-	-
Cost of purchased services	36 887	33 994	242	8
Rent and maintenance of premises	4 748	3 766	189	211
Rent of aircraft and equipment	3 913	767	-	-
	166 451	**132 712**	**431**	**219**

11 Other operating expenses

Transportation and related expenses	4 667	3 382	69	84
Business travel expenses	2 078	1 970	72	180
Consultation expenses	1 530	1 253	243	330
Office administrative, communications and IT expenses	1 504	1 441	118	144
Marketing and sales expenses	953	1 076	248	436
Insurance expenses	811	675	6	6
Other expenses	1 728	1 495	27	29
	13 271	**11 292**	**783**	**1 209**

12 Finance income and costs

Foreign exchange gain on financing activities	514	-	702	71
Unwinding of discounted financial assets placed	22	-	-	-
Interest income on cash and cash equivalents	22	4	-	1
Other finance income	515	43	951	14
Finance income	**1 073**	**47**	**1 653**	**86**
Interest expenses on borrowings	(902)	(1 033)	(27)	(83)
Unwinding of discounted security deposits received	(59)	(17)	-	-
Foreign exchange loss on financing activities	-	(177)	-	-
Other finance costs	(340)	(348)	(3)	-
Finance costs	**(1 301)**	**(1 575)**	**(30)**	**(83)**
Finance costs – net	**(228)**	**(1 528)**	**1 623**	**3**

	GROUP		COMPANY	
13 Income tax and deferred income tax	**2015**	**2014**	**2015**	**2014**
Current income tax	(695)	(577)	(70)	-
Deferred income tax (Note 30)	1 109	615	(153)	65
Total income tax expenses	**414**	**38**	**(223)**	**65**

The tax on the Group's profit (loss) before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Profit (loss) before tax from continuing operations	**(7 359)**	**(1 519)**	**2 214**	**(32)**
Tax calculated at a tax rate 15 % in Lithuania	1 046	(17)	(332)	5
Tax calculated at a tax rate 19 % in Poland	(124)	222	-	-
Tax calculated at a tax rate 19 % in Ukraine	10	3	-	-
Tax calculated at a tax rate 20 % in Russia	90	197	-	-
Tax calculated at a tax rate 20 % in Great Britain	(94)	(51)	-	-
Tax calculated at a tax rate 27,5 % in Italy	(124)	10	-	-
Tax calculated at a tax rate 20 % in Cyprus	(36)	(6)	-	-
Tax calculated at a tax rate 10% in Estonia	4	-	-	-
Tax calculated at a tax rate 15% in Latvia	15	-	-	-
Tax effects of:				
- Expenses non-deductible for tax purposes	(856)	(364)	(7)	(15)
- Write off of previously recognised deferred tax assets	-	(169)	-	-
- Deferred tax assets not recognised on tax losses	(52)	43	-	-
- Non-taxable incomes	347	170	116	75
- Unused tax relief on investment (valid 4 years)	163	-	-	-
- Adjustment in respect of prior year	25	-	-	-
Total income tax expenses	**414**	**38**	**(223)**	**65**

14 Earnings per share

Basic earnings per share (EPS) amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. There were no dilutive instruments, thus earnings per share equals diluted earnings per share as at 31 December 2015.

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Profit (loss) attributable to:				
Equity holders of the parent				
Profit (loss) for the year from continuing operations	(6 651)	(1 443)	1 991	33
Profit (loss) for the year from discontinued operations	4 281	(4 286)	-	-
Profit (loss) for the year attributable to equity holders of the parent	**(2 370)**	**(5 729)**	**1 991**	**33**
Weighted average number of ordinary shares (thousand)	**7 778**	**6 158**	**7 778**	**6 158**
Basic earnings per share				
From continuing operations	(0.855)	(0.234)	0.256	0.005
From discontinued operations	0.550	(0.696)	-	-
From profit (loss) for the year	**(0.305)**	**(0.930)**	**0.256**	**0.005**

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

15 Property, plant and equipment

THE GROUP	Buildings and structures	Machi-nery	Vehicles	Other tangible fixed assets	Leasehold improve-ments	Prepayments to tangible assets	Aircraft	Aircraft engines	Construc-tion in progress	**Total**
Net book amount at 31 December 2013 / Opening net book amount as at 1 January 2014	**5 313**	**5 350**	**2 876**	**2 941**	**165**	**960**	**701**	**3 026**	**6 490**	**27 822**
Additions (Note 5)	658	874	280	1 248	-	-	613	715	-	**4 388**
Disposals	(120)	(438)	(266)	(48)	-	-	-	(220)	-	**(1 092)**
Reclassifications	6 501	80	-	619	-	(814)	-	-	(6 386)	**-**
Reclassifications related to non-current assets held for sale	-	-	-	-	-	-	-	(1 055)	-	**(1 055)**
Write-offs	-	-	-	(33)	-	-	-	-	-	**(33)**
Cumulative currency differences (continuing operations)	(48)	-	(19)	3	-	(6)	-	-	-	**(70)**
Depreciation charge (continuing operations, notes 5, 8)	(787)	(1 151)	(568)	(1 356)	(32)	-	(151)	(1 704)		**(5 749)**
Closing net book amount as at 31 December 2014	**11 517**	**4 715**	**2 303**	**3 374**	**133**	**140**	**1 163**	**762**	**104**	**24 211**
At 31 December 2014										
Cost	15 551	10 569	4 002	7 612	200	140	1 421	1 834	576	**41 905**
Accumulated depreciation	(4 034)	(5 854)	(1 699)	(4 238)	(67)	-	(258)	(1 072)	(472)	**(17 694)**
Net book amount at 31 December 2014/ Opening net book amount as at 1 January 2015	**11 517**	**4 715**	**2 303**	**3 374**	**133**	**140**	**1 163**	**762**	**104**	**24 211**
Acquisitions of subsidiaries (Note 33)	324	129	-	131	-	-	-	-	-	**584**
Additions (continuing operations, Note 5)	120	1 057	3 318	3 455	286	-	520	23	54	**8 833**
Disposals	-	(78)	(299)	(32)	(133)	-	-	-	-	**(542)**
Reclassifications	-	19	-	-	-	-	-		(19)	**-**
Reclassifications related to non-current assets held for sale (Note 34)	-	-	-	-	-	-	-	774	-	**774**
Write-offs	-	(5)	(10)	6	-	-	-	-	-	**(9)**
Cumulative currency differences (continuing operations)	(2)	6	5	(1)	-	2	-	-	(5)	**4**
Depreciation charge (continuing operations, Notes 5, 8)	(838)	(1 129)	(803)	(1 731)	(17)	-	(185)	(543)	-	**(5 246)**
Closing net book amount as at 31 December 2015	**11 121**	**4 714**	**4 514**	**5 202**	**269**	**142**	**1 498**	**1 016**	**134**	**28 609**
At 31 December 2015										
Cost	13 831	11 628	6 751	10 646	286	142	1 941	2 631	516	**48 371**
Accumulated depreciation	(2 710)	(6 914)	(2 237)	(5 444)	(17)	-	(443)	(1 615)	(382)	**(19 762)**
Net book amount at 31 December 2015	**11 121**	**4 714**	**4 514**	**5 202**	**269**	**142**	**1 498**	**1 016**	**134**	**28 609**

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

15 Property, plant and equipment (continued)

As at 31 December 2015 buildings of the Group with the carrying amounts of EUR 9 million (as at 31 December 2014: EUR 9.3 million), machinery, vehicles and aircraft of the Group with the carrying amounts of EUR 7 million (as at 31 December 2014: 1.6 million) were pledged to the bank as collateral for borrowings (Note 26).

THE COMPANY	Vehicles	Other tangible fixed assets	**Total**
Opening net book amount as at 1 January 2014	**77**	**176**	**253**
Additions (Note 5)	-	95	**95**
Disposals	(21)	-	**(21)**
Depreciation charge (Note 8)	(15)	(83)	**(98)**
Closing net book amount as at 31 December 2014	**41**	**188**	**229**
At 31 December 2014			
Cost	81	386	**467**
Accumulated depreciation	(40)	(198)	**(238)**
Net book amount	**41**	**188**	**229**
Opening net book amount as at 1 January 2015	**41**	**188**	**229**
Additions (Note 5)	48	30	**78**
Disposals	-	(7)	**(7)**
Write-offs	-	-	**-**
Depreciation charge (Note 8)	(17)	(81)	**(98)**
Closing net book amount as at 31 December 2015	**72**	**130**	**202**
At 31 December 2015			
Cost	129	397	**526**
Accumulated depreciation	(57)	(267)	**(324)**
Net book amount	**72**	**130**	**202**

Leased assets, where the Group is a lessee under finance lease contracts comprised as follows as at 31 December:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Cost – capitalised finance lease				
Machinery	4 042	3 947	-	-
Vehicles	3 793	1 950	-	-
Aircraft	1 559	1 074	-	-
Other tangible fixed assets	18	17	-	-
	9 412	**6 988**	**-**	**-**
Accumulated depreciation				
Machinery	(1 682)	(1 322)	-	-
Vehicles	(969)	(588)	-	-
Aircraft	(282)	(145)	-	-
Other tangible fixed assets	(2)	(1)	-	-
	(2 935)	**(2 056)**	**-**	**-**
Net book value	**6 477**	**4 932**	**-**	**-**

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

16 Intangible assets

THE GROUP	Licences	Goodwill	Software	Website	Other intangible assets	Prepayments relating to intangible assets	**Total**
Opening net book amount as at 1 January 2014	**860**	**703**	**355**	**50**	**21**	**22**	**2 011**
Additions (Note 5)	99	-	138	102	-	12	**351**
Reclassifications	4	-	-	19	-	(23)	**-**
Cumulative currency differences	(79)	79	-	-	-	-	**-**
Amortisation charge (Note 8)	(245)	(79)	(185)	(40)	(21)	-	**(570)**
Closing net book amount as at 31 December 2014	**639**	**703**	**308**	**131**	**-**	**11**	**1 792**
At 31 December 2014							
Cost	956	4 724	1 140	216	113	11	**7 160**
Accumulated amortisation and impairments losses	(317)	(4 021)	(832)	(85)	(113)	-	**(5 368)**
Net book amount	**639**	**703**	**308**	**131**	**-**	**11**	**1 792**
Opening net book amount as at 1 January 2015	**639**	**703**	**308**	**131**	**-**	**11**	**1 792**
Acquisition of subsidiaries	-	302	-	-	-	-	**302**
Additions (Note 5)	72	-	271	158	-	67	**568**
Disposals	(10)	-	-	-	-	-	**(10)**
Reclassifications	-	-	12	-	-	(12)	**-**
Cumulative currency differences	-	(1)	(1)	(1)	-	(2)	**(5)**
Amortisation charge (Note 8)	(150)	-	(125)	(99)	-	-	**(374)**
Closing net book amount as at 31 December 2015	**551**	**1 004**	**465**	**189**	**-**	**64**	**2 273**
At 31 December 2015							
Cost	1 017	1 004	1 430	370	-	64	**3 885**
Accumulated amortisation and impairments losses	(466)	-	(965)	(181)	-	-	**(1 612)**
Net book amount	**551**	**1 004**	**465**	**189**	**-**	**64**	**2 273**

The goodwill was tested for impairment as of 31 December 2015. For the purpose of impairment testing, goodwill is allocated to group's cash-generating unit (CGU). As of 31 December 2015, there were three cash-generating units identified, which comprise goodwill from Storm Aviation Ltd. acquisition (amounted to EUR 703 thousand; 2014: EUR 703 thousand), Baltic Ground Services LV SIA acquisition (amounted to EUR 299 thousand; goodwill from this year acquisition) and goodwill from Avia Technics Dirgantara PT (amounted to EUR 2 thousand, goodwill from this year control gain). The recoverable amount of CGU has been determined based on value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budgets approved by management for the five-year period. Management budgeted profit before tax is based on past performance, available line maintenance approvals and basic licences, valued contracts with customers, and its expectations of market development. Based on analysis performed, the Management concluded that no impairment charge is needed as at 31 December 2015 (2014: no impairment loss).

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

16 Intangible assets (continued)

THE COMPANY	Licences	Software	Prepayments relating to intangible assets	**Total**
Opening net book amount as 1 January 2014	**23**	**30**	**-**	**53**
Additions (Note 5)	24	6	-	**30**
Reclassification	-	-	-	**-**
Amortisation charge (Note 8)	(11)	(18)	-	**(29)**
Closing net book amount as at 31 December 2014	**36**	**18**	**-**	**54**
At 31 December 2014				
Cost	58	56	-	**114**
Accumulated amortisation	(22)	(38)	-	**(60)**
Net book amount	**36**	**18**	**-**	**54**
Opening net book amount as 1 January 2015	**36**	**18**	**-**	**54**
Additions (Note 5)	48	48	**-**	**96**
Disposals	(10)	-	**-**	**(10)**
Amortisation charge (Note 8)	(41)	(13)	**-**	**(54)**
Closing net book amount as at 31 December 2015	**33**	**53**	**-**	**86**
At 31 December 2015				
Cost	94	104	**-**	**198**
Accumulated amortisation	(61)	(51)	**-**	**(112)**
Net book amount	**33**	**53**	**-**	**86**

17 Investments in subsidiaries	**COMPANY 2015**	**2014**
At the beginning of the period	**8 182**	**6 913**
Purchase of interest in subsidiary (Note 33)	3	1 280
Fair value of intra-group financial guarantees (Note 35)	159	55
Subsidiary established (Notes 1, 33)	3	20
Transferred to the assets classified as held for sale	-	(20)
Disposal of interest in subsidiary without loss of control (Note 33)	-	(66)
At the end of the period	**8 347**	**8 182**

Acquisition and establishment in 2015

On 28 April 2015, 90% of Baltic Ground Services UAB subsidiary Laserpas UAB share capital was sold to Avia Solutions Group AB and remaining part in stakes was sold to the general director of Laserpas UAB. The Company acquired 90% of share capital at a consideration of EUR 2.6 thousand.

On 3 December 2015 a new subsidiary of Avia Solutions Group AB – KIDY Tour UAB was established. The investment in the subsidiary was EUR 2.5 thousand, forming 100% of its share capital.

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

17 Investments in subsidiaries (continued)

Disposals and acquisitions in 2014

On 24 January 2014, the Group sold 25% of the share capital of the subsidiary KlasJet UAB (previously named Verslo skrydžiai UAB) to Small Planet Airlines UAB. Sales proceeds from the disposal of a 25 per cent shareholding amounted to EUR 11 thousand (Note 9).

In February 2014 Avia Solutions Group AB signed the agreement for sale 49% stakes in BAA Training UAB (previously named Baltic Aviation Academy UAB) to third party:
- On 15 April 2014 the first stage of sale transaction was completed: Avia Solutions Group AB sold it's 23.09% stakes in BAA Training UAB to the third party. Sales proceed of 23.09% stakes amounted to EUR 400 thousand (Note 9).
- In June 2014 the Company completed the sale of rest 25.91% of BAA Training UAB shares after third party' direct contribution to subsidiary's share capital that amounted to EUR 880 thousand.

Total sales proceed from the disposal of a 49 percent shareholding in BAA Training UAB amounted to EUR 1 280 thousand. Due to non-compliance with agreed condition related to business development, in September 2014 the Company exercised call option and bought back entire shareholding in BAA Training from above mentioned third party at consideration received during the sale of the entity that amounted to EUR 1 280 thousand.

On 14 March 2014, the Company established the subsidiary Avia Solutions Group – Airports Management OOO. The investment in the subsidiary was EUR 20 thousand, forming 100% of the share capital of the subsidiary. The assets and liabilities related to Avia Solutions Group – Airports Management OOO and its subsidiaries have been presented as held for sale on the 31 December 2014 balance sheet.

18 Investment in associates

The Group's investments in its associate *Avia Solutions Group B.V.* as at 31 December 2015 amounted to EUR 0 thousand through post-acquisition changes in the Group's share of net assets of the associate.

Nature of investment in associates 2015:

Name of entity	Place of business/ country of incorporation	% of ownership interest	Measurement method
Avia Solutions Group B.V.	Netherlands	30	Equity

The associate is a private company and there is no quoted market place available for its shares.

There are no contingent liabilities relating to the group's interest in the associate.

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

18 Investment in associates (continued)

Set out below is the summarized financial information for *Avia Solutions Group B.V.* which is accounted for using the equity method:

Balance sheet

ASSETS	**31 December 2015**	**31 December 2014**
Non-current assets		
Participation in group company	264	-
Loan to related party	25 535	22 875
Loan to related party-accrued interest	1 792	400
	27 591	**23 275**
Current assets		
Other receivables	-	25
Cash at bank	579	784
Total current assets	**579**	**809**
Total assets	**28 170**	**24 084**
LIABILITIES		
Non-current liabilities		
Bonds payable	26 454	23 697
Bonds payable-accrued interest	1 815	418
	28 269	**24 115**
Current liabilities		
Other payables	39	7
	39	**7**
Total liabilities	**28 308**	**24 122**
Net assets	**(138)**	**(38)**

Statement of comprehensive income	**January-December**	
	2015	**2014**
Revenue	-	-
Expenses	(59)	(45)
Operating (loss)	**(59)**	**(45)**
Finance costs - net	(41)	(18)
(Loss) before income tax	**(100)**	**(63)**
Income tax expense	-	-
(Loss) for the period	**(100)**	**(63)**

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates in consolidated financial statements:

	GROUP	
	2015	**2014**
Opening net assets	**(38)**	**25**
(Loss) for the period	(100)	(63)
Closing net assets	**(138)**	**(38)**
Interest in the associate (30%)	(41)	(11)
Investment in the associate	-	8
Carrying value at 31 December	**-**	**-**

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

		GROUP	
19	**Government grants**	**2015**	**2014**
	Opening net book amount	**809**	**237**
	Government grants received	1 433	774
	Amortisation	(455)	(202)
	Closing net book amount	**1 787**	**809**
	Less non-current portion:	(1 787)	(784)
	Current portion:	**-**	**25**

Government grants amortisation is recognised in "other income". In 2015, EUR 24 thousand of government grant amortisation was credited to the profit or loss on basis to match the appropriate expenses. The majority of government grants received relates to the purchase of property, plant and equipment. There are several contingencies related to received government grants – not to change assets', which were acquired using the funding, purpose and ownership for at least 5 years, the assets must be insured, a set number of workplaces maintained and not to change main activity for at least 5 years (till 19 December 2018).

		GROUP		COMPANY	
20	**Inventories**	**2015**	**2014**	**2015**	**2014**
	Spare parts and materials – gross amount	29 130	28 229	-	-
	Less: provision for impairment of inventories	(7 017)	(1 834)	-	-
	Spare parts and materials	**22 113**	**26 395**	**-**	**-**
	Goods for sale	5 226	5 379	-	-
	Aircraft fuel	950	1 266	-	-
	Work in progress	110	53	-	-
	Goods in transit	68	58	-	-
	Other inventories	661	507	11	19
		29 128	**33 658**	**11**	**19**

The allowance for impairment of inventories in the total amount of EUR 5.8 million (2014: EUR 0.7 million) was recognised to represent their net realisable value.

As at 31 December 2015 spare parts and materials of the Group with the carrying amounts of EUR 17 million (as at 31 December 2014: EUR 7 million), aircraft fuel of the Group with the carrying amounts of EUR 632 thousand (as at 31 December 2014: EUR 0.8 million), goods for sale, goods in transit and other inventories of the Group with carrying amounts of EUR 137 thousand (as at 31 December 2014: EUR 4.5 million) were pledged to the bank as collateral for borrowings (with carrying amounts of EUR 11 thousand as at 31 December 2015 and EUR 9.9 million as at 31 December 2014) and for bank overdraft (with carrying amounts of EUR 18 million as at 31 December 2015 and EUR 11 million as at 31 December 2014) (Note 26).

		GROUP		COMPANY	
21	**Trade and other receivables**	**2015**	**2014**	**2015**	**2014**
	Trade receivables	33 571	31 532	444	426
	Less: provision for impairment of trade receivables	(9 641)	(2 476)	(412)	(412)
	Trade receivables – net	**23 930**	**29 056**	**32**	**14**
	Prepayments	3 550	2 376	8	135
	Less: provision for impairment of prepayments	-	(58)	-	-
	Prepayments - net	**3 550**	**2 318**	**8**	**135**
	Other receivables	469	552	67	117
	Less: provision for impairment of other receivables	(89)	(140)	(67)	(67)
	Other receivables – net	**380**	**412**	**-**	**50**
	Loans granted	244	5 571	56	5 510
	Less: provision for impairment of loans granted	(25)	(25)	(25)	(25)
	Loans granted - net	**219**	**5 546**	**31**	**5 485**

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

		GROUP		COMPANY	
21	**Trade and other receivables (continued)**	**2015**	**2014**	**2015**	**2014**
	Leasehold receivables	-	480	-	-
	Discounting of leasehold receivables	-	(22)	-	-
	Leasehold receivables - net	**-**	**458**	**-**	**-**
	Trade receivables from related parties	361	127	4 130	2 121
	Less: provision for impairment of trade receivables from related parties	-	(4)	-	-
	Trade receivables from related parties - net (Note 35)	**361**	**123**	**4 130**	**2 121**
	Receivables from investment in bonds from other related parties (Note 35)	6 864	6 166	6 864	6 166
	VAT receivables	3 150	2 103	14	13
	Deferred charges	1 709	970	16	28
	Security deposit – net	1 534	926	30	30
	Loans granted to related parties – net	640	663	15 811	9 732
	Other receivables from related parties – net (Note 35)	505	128	835	388
	Deferred revenue	169	-	-	-
	Prepayments from related parties (Note 35)	5	-	8	3
	Security deposits from related parties placed – net (Note 35)	1	-	-	-
	Deferred charges to related parties (Note 35)	-	36	-	-
		43 017	**48 905**	**27 779**	**24 165**
	Less non-current portion:	(8 642)	(7 318)	(15 500)	(13 671)
	Current portion:	**34 375**	**41 587**	**12 279**	**10 494**

All non-current receivables are due until 2020. The fair values of trade and other receivables are approximate to their carrying values. The weighted average interest rate of loans granted to third parties was 3.49% (2014: 4.02%). The weighted average interest rate of loans granted to related parties was 4.47% (2014: 4.66%).

As at 31 December 2015 trade receivables of the Group with the carrying amounts of EUR 2.7 million (as at 31 December 2014: EUR 7.5 million) were pledged to the bank as collateral for bank borrowings and overdraft (Note 27).

The carrying amounts of the Group's trade and other receivables, trade receivables and other receivables from related parties, loans granted, loans granted to related parties, amount due from customers for contract work, leasehold receivables and receivables from investment in bonds are denominated in the following currencies:

EUR	19 833	18 673	20 816	5 725
US dollars	17 063	22 525	6 873	6 281
PLN	116	40	-	-
LTL	-	2 874	-	11 944
Other	1 297	1 046	14	6
	38 309	**45 158**	**27 703**	**23 956**

22 Contracts in progress

Contract costs incurred and recognised profits (less losses) to date	7 891	4 616	-	-
Advances received on contracts in progress	(2 481)	(2 010)	-	-
Amounts due from customers on contracts in progress	**5 410**	**2 606**	**-**	**-**

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

		GROUP		COMPANY	
23	**Cash and cash equivalents**	**2015**	**2014**	**2015**	**2014**
	Cash in bank	5 521	6 576	1 391	3 342
	Cash on hand	92	244	-	-
	Cash and cash equivalents	**5 613**	**6 820**	**1 391**	**3 342**
	Bank overdraft (Note 27)	(14 047)	(15 107)	-	-
		(8 434)	**(8 287)**	**1 391**	**3 342**

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies (Note 3.1):

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
EUR	3 969	1 829	1 287	149
US dollars	973	524	-	-
PLN	329	125	17	17
GBP	169	80	-	-
RUB	134	341	87	35
LTL*	-	3 902	-	3 141
Other	39	19	-	-
	5 613	**6 820**	**1 391**	**3 342**

1 January 2015 was the day of introduction of EUR in the Republic of Lithuania, therefore as at this day the functional currency of the Company changed accordingly. The exchange rate of LTL 3.45280 for 1 EUR which was irrevocably set by the Council of Europe is applied while converting LTL to EUR.

24 Share capital

After euro adoption in 1 January 2015 and according to the Republic of Lithuania Law on redenomination to the euro of the capital and of the nominal value of securities of Public Limited Liability Companies and Private Limited Liability Companies and amendment of the Articles of Association of these Companies, the nominal value of the Company's shares were automatically converted from 1 LTL per share to 0.29 EUR per share in the Central Securities Depository of Lithuania. On 31 December 2015 the share capital of the Company amounts to EUR 2 255 555 and consists of 7 777 777 ordinary registered shares with a nominal value of 0.29 Euro each (on 31 December 2014 – 7 777 777 ordinary registered shares, share capital amounted to EUR 2 252 600). Result of share capital conversion to euros was accounted through equity. All shares are fully paid up.

25 Share premium

During 2015 there was no movement of share premium.

On 10 December 2014 the Company issued additional 1 719 444 ordinary shares. Following the increase of the capital, share premium amounts to EUR 33 133 thousand. On 30 December 2014 newly issued additional shares of the Company were introduced to trading at Warsaw Stock Exchange.

26 Reserves

The merger reserve consists of the difference between the *Avia Solutions Group AB* purchase consideration for the acquisition of remaining stake of the share capital of the Group companies and nominal value of the share capital acquired (Note 2.22).

The legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfer of 5% of net profit, calculated in accordance with Lithuanian regulatory legislation on accounting, is compulsory until the reserve including share premium reaches 10% of the share capital. The legal reserve can be used to cover the accumulated losses. The amount of the legal reserve surplus which exceeds the size of legal reserve required by the legislation can be added to retaining earnings for the profit distributing purpose.

Fair value reserves comprise changes in fair value of cash flow hedge (Note 2.20).

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

	GROUP		COMPANY	
27 Borrowings	**2015**	**2014**	**2015**	**2014**
Non-current				
Bank borrowings	4 696	6 806	-	-
Finance lease liabilities	3 619	1 948	-	-
Borrowings from related parties	-	-	-	880
Other non-current borrowings	23	-	-	-
	8 338	**8 754**	**-**	**880**
Current				
Bank overdraft (Note 23)	14 047	15 107	-	-
Bank borrowings	3 388	4 803	-	-
Finance lease liabilities	1 788	1 027	-	-
Borrowings from related parties	165	2 048	449	-
Other current borrowings	2	13	-	-
	19 390	**22 998**	**449**	**-**
Total borrowings	**27 728**	**31 752**	**449**	**880**

As at 31 December 2015 buildings and machinery (Note 15), inventories (Note 20) and trade receivables (Note 21) of the Group with the carrying amounts of EUR 36 million were pledged to the bank as collateral for bank borrowings. As at 31 December 2014 buildings and machinery (Note 15), inventories (Note 20) and trade receivables (Note 21) of the Group with the carrying amounts of EUR 31 million were pledged to the bank as collateral for bank borrowings

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
EUR	26 564	29 180	449	880
PLN	918	336	-	-
US dollars	165	2 032	-	-
GBP	81	174	-	-
LTL	-	30	-	-
	27 728	**31 752**	**449**	**880**

The table below analyses the Group's borrowings into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date:

Less than 1 year	19 391	22 998	449	-
Between 1 and 5 years	8 337	8 754	-	880
	27 728	**31 752**	**449**	**880**

Bank overdraft amounting to EUR 14 million is extended every 12 months according to the agreements with the bank.

The weighted average interest rates (%) at the balance sheet date were as follows.

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Bank overdraft	2.08%	2.15%	-	-
Finance lease liabilities	3.33%	3.23%	-	-
Borrowings from related parties	7.06%	7.04%	4.38%	4.38%
Bank borrowings	2.55%	2.43%	-	-

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

27 Borrowings (continued)

As at 31 December 2015 and 2014 borrowings from related parties are not pledged.

Finance lease liabilities – minimum lease payments:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Not later than 1 year	2 042	1 140	-	-
After 1 year but not later than 5 years	3 974	2 097	-	-
After 5 years	9			
Less: future finance lease charges	(618)	(262)	-	-
Present value of finance lease liabilities	**5 407**	**2 975**	**-**	**-**
Present value of finance lease liabilities:			-	
Not later than 1 year	1 788	1 027	-	-
After 1 year but not later than 5 years	3 619	1 948	-	-
	5 407	**2 975**	**-**	**-**

28 Trade and other payables

	GROUP		COMPANY	
Trade and other payables	**2015**	**2014**	**2015**	**2014**
Trade payables	19 029	21 772	91	107
Accruals for hangar lease payments, PBH contracts and other accrued expenses	6 657	4 792	156	141
Salaries and social security payable	2 059	1 762	105	40
Deferred revenue	1 134	538	-	-
Amounts payable to related parties (Note 35)	309	299	27	53
Provisions	228	239	-	-
Payable for PPE	88	151	-	-
Other payables	645	644	82	17
	30 149	**30 197**	**461**	**358**
Less: non-current portion	(240)	(322)	-	-
Current portion	**29 909**	**29 875**	**461**	**358**

The carrying amounts of the Group's trade and other payables, amounts payable to related parties, payables for property, plant and equipment are denominated in the following currencies:

US dollars	11 026	17 123	8	42
EUR	7 128	1 019	184	6
PLN	1 262	902	2	11
GBP	534	494	3	6
RUB	91	83	3	5
LTL	-	3 245	-	107
Other currencies	30	-	-	-
	20 071	**22 866**	**200**	**177**

29 Security deposits received

Security deposits repayable after one year at nominal value	538	726	-	-
Less: discounting effect (at 3.44%)	(28)	(87)	-	-
Security deposits repayable after one year	510	639	-	-
Security deposits repayable within one year	428	240	-	-
	938	**879**	**-**	**-**

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

30 Deferred income taxes

The gross movement in deferred income tax assets and deferred income tax liabilities accounts is as follows:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Deferred tax assets				
At beginning of the period	**3 971**	**3 397**	**158**	**93**
(Charged) credited to the income statement (continuing operations, Note 13)	1 270	574	(153)	65
(Charged) credited directly to the equity (Notes 2.20, 26)	(4)	3	-	-
Currency translation differences	(4)	(3)	-	-
At end of year	**5 233**	**3 971**	**5**	**158**
Deferred tax liabilities				
At beginning of the period	**69**	**110**	**-**	**-**
Charged (credited) to the income statement (continuing operations)	161	(41)	-	-
At end of year	**230**	**69**	**-**	**-**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax assets				
Deferred income tax to be recovered within 1 year	3 139	887	5	89
Deferred income tax to be recovered after 1 year	2 094	3 084	-	69
	5 233	**3 971**	**5**	**158**
Deferred tax liabilities				
Deferred income tax to be recovered within 1 year	229	68	-	-
Deferred income tax to be recovered after 1 year	1	1	-	-
	230	**69**	**-**	**-**

Deferred income tax asset for the year is recognised to the extent that the realization of the related tax benefit through the future taxable profit is probable.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. In 2015 and in 2014 the Group recognised deferred income tax assets from all tax loss carry-forwards. Losses amounting to EUR 2.1 million expire in 2015 – 2018.

The movement in deferred tax assets and deferred tax liabilities of the Group (prior to offsetting of balances) during the three years is as follows:

GROUP - deferred tax assets	Accumu-lated taxable losses	Impairment of assets	Discoun-ting effect	Accruals for unused vacation	Other accrued expenses	Accelerated tax depreciation	Tax relief on investment project	Fair value loss	**Total**
At 31 December 2013/ At 1 January 2014	**1 905**	**762**	**(16)**	**75**	**464**	**198**	**-**	**9**	**3 397**
(Charged) credited to the income statement (continuing operations, Note 13)	239	193	15	7	20	100	-	-	**574**
Currency translation differences	45	-	-	-	(47)	(1)	-	-	**(3)**
(Charged) credited directly to the equity (Notes 2.20, 26)	-	-	-	-	-	-	-	3	**3**
At 31 December 2014 / At 1 January 2015	**2 189**	**955**	**(1)**	**82**	**437**	**297**	**-**	**12**	**3 971**

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

30 Deferred income taxes (continued)

	Accumu-lated taxable losses	Impairment of assets	Discoun-ting effect	Accruals for unused vacation	Other accrued expenses	Accelerated tax depreciation	Tax relief on investment project	Fair value loss	Total
At 31 December 2014 / At 1 January 2015	**2 189**	**955**	**(1)**	**82**	**437**	**297**	**-**	**12**	**3 971**
Credited to the income statement (continuing operations, Note 13)	(296)	1 497	3	1	(112)	14	163	-	**1 270**
Currency translation differences	(2)	-	-	(2)	-	-	-	-	**(4)**
Credited directly to the equity (Notes 2.20, 26)	-	-	-	-	-	-	-	(4)	**(4)**
At 31 December 2015	**1 891**	**2 452**	**2**	**81**	**325**	**311**	**163**	**8**	**5 233**

GROUP - deferred tax liabilities	**Accelerated tax depreciation**	**Other accrued expenses**	**Total**
At 31 December 2013 / At 01 January 2014	**82**	**28**	**110**
Reclassifications			
Currency translation differences	-	-	**-**
Charged (credited) to the income statement (continuing operations) (Note 13)	(14)	(27)	**(41)**
At 31 December 2014 / At 01 January 2015	**68**	**1**	**69**
Charged to the income statement (continuing operations) (Note 13)	161	-	**161**
At 31 December 2015	**229**	**1**	**230**

The movement in deferred tax assets of the Company (prior to offsetting of balances) is as follows:

COMPANY - deferred tax assets	Accruals for unused vacation	Impairment of receivables	Accumulated taxable losses	**Total**
At 31 December 2013	**4**	**69**	**20**	**93**
Credited (charged) to the profit or loss (Note 13)	-	-	65	**65**
At 31 December 2014	**4**	**69**	**85**	**158**
Credited (charged) to the profit or loss (Note 13)	1	(69)	(85)	**(153)**
At 31 December 2015	**5**	**-**	**-**	**5**

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 related to the entities operating in Lithuania are calculated at 15% rate (2014: 15% rate), in Poland - at 19% rate (2014: 19% rate), in Great Britain – at 20% rate (2014: 20% rate), in Russia – at 20% rate (2014: 20% rate), in Ukraine – at 19% rate (2014: 19% rate), in Italy - at 27.5% rate (2014: 27.5% rate).

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

		GROUP		COMPANY	
31	**Financial instruments by category**	**2015**	**2014**	**2015**	**2014**
	Category – Loans and receivables				
	Trade receivables (Note 21)	23 930	29 056	32	14
	Receivable from investment in bonds (Notes 21, 35)	6 864	6 166	6 864	6 166
	Cash and cash equivalents (Note 23)	5 613	6 820	1 391	3 342
	Amount due from customers for contract work (Note 22)	5 410	2 606	-	-
	Security deposit with lessor (Note 21)	1 534	926	30	30
	Loans granted to related parties (Notes 21, 35)	640	663	15 811	9 732
	Other receivables from related parties (Notes 21, 35)	505	128	835	388
	Other receivables (Note 21)	380	412	-	50
	Trade receivables from related parties (Notes 21, 35)	361	123	4 130	2 121
	Loans granted (Note 21)	219	5 546	31	5 485
	Deposits with bank	140	14	-	-
	Leasehold receivables (Note 21)	-	458	-	-
		45 596	**52 918**	**29 124**	**27 328**
	Category – financial liabilities measured at amortised cost				
	Trade payables (Note 28)	19 029	21 772	91	107
	Bank overdraft (Notes 23, 27)	14 047	15 107	-	-
	Bank loans (Note 27)	8 084	11 609	-	-
	Finance lease liabilities (Note 27)	5 407	2 975	-	-
	Other payables (Note 28)	645	644	82	17
	Payables to related parties (Notes 28, 35)	309	299	27	53
	Borrowings from related parties (Note 27, 35)	165	2 048	449	880
	Payable for PPE (Note 28)	88	151	-	-
	Other borrowings (Note 27)	25	13	-	-
	Financial guarantees (Note 35)	-	-	101	111
		47 799	**54 618**	**750**	**1 168**

32 Operating lease

The Group leases two aircraft hangars, training building, flight simulator, premises and commercial vehicles under operating lease agreements. The lease terms are between one and fifteen years, and the majority of lease agreements are renewable at the end of this lease period at market value. The Group also leases two aircraft – Bombardier CL-600-2B19 aircraft 7617 and Bombardier CL-600-2B19 aircraft 7248. The lease is valid until one part terminates the contract. The operating lease expenditure charged to the income statement during the year are as follows:

Premises	2 118	1 249	101	112
Aircraft hangars	1 090	946	-	-
Aircraft	811	228	-	-
Flight simulator	300	434	-	-
Warehouse	42	52	-	-
Commercial vehicles	82	34	-	-
	4 443	**2 943**	**101**	**112**

The future aggregate minimum lease payments under operating leases are as follows:

Not later than 1 year	2 726	2 264	111	87
Later than 1 year but not later than 5 years	6 300	5 760	119	48
Later than 5 years	1 464	1 442	-	-
	10 490	**9 466**	**230**	**135**

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

33 Business combination and disposal

Establishments, acquisitions and disposals in 2015

On 23 March 2015, Baltic Ground Services RU OOO was established by the Company's subsidiary Baltic Ground Services UAB. The investment in the subsidiary was RUB 200 thousand (equivalent to EUR 3.7 thousand), forming 100% of its share capital.

On 28 April 2015, 90% of Baltic Ground Services UAB subsidiary Laserpas UAB share capital was sold to Avia Solutions Group AB and remaining part in stakes was sold to the general director of Laserpas UAB. Sales proceeds from the disposal of a 10 per cent shareholding amounted to EUR 290.

On 6 May 2015, RAMPORT SECURITY OOO was established by the Company's subsidiary RAMPORT AERO OAO. The investment in the subsidiary was RUB 250 thousand (equivalent to EUR 4 thousand), forming 100% of the share capital of the subsidiary.

On 15 June 2015 the Group sold its 99.983% stake in Globus Distribution OAO to the other related party. Sales proceeds from the full disposal amounted to RUB 20 million (equivalent to EUR 343 thousand). Details of sale price and assets and liabilities arising from the disposal in Group's financial statements are as follows:

	Globus distribution OAO – disposal's carrying amount
Trade and other receivables	87
Cash and cash equivalents	73
Total identifiable net assets	**160**
NCI based on proportionate share of net assets (0.017%)	-
Group's net assets attributed to equity holders of the parent	**160**
Proceeds from sale of interest in subsidiaries (cash payment)	324
Gain on disposal, directly recognised in disposal's group other gains/(losses)	**164**

On 31 July 2015, *Baltic Ground Services EE OU* was established by the Company's subsidiary *Baltic Ground Services UAB.* The investment in the subsidiary was EUR 2.5 thousand, forming 100% of its share capital.

On 11 August 2015, 100% of *Laserpas UAB* subsidiary *Baltic Ground Services UA TOV* share capital was sold to *Baltic Ground Services UAB*. Additional investment of EUR 5.5 thousand into *Baltic Ground Services UA TOV* share capital was made on 21 August 2015. On 29 September 2015, 50 percent minus one share of *Baltic Ground Services UA TOV* was sold to a third party. Sales proceeds from the disposal of a 50 per cent shareholding amounted to EUR 1. On 16 October 2015 share capital of *Baltic Ground Services UA TOV* was increased by EUR 50 thousand by equal contributions of both shareholders.

On 30 September 2015, the Group sold 100 percent shareholding in its subsidiary *Avia Solutions Group – Airports Management OOO* to *Avia Solutions Group B.V.*, an associate of the Company established in the Netherlands, where the Company has 30 percent shareholding, at an acquisition cost amounting to RUB 1 000 000 (equivalent to EUR 13.6 thousand). *Avia Solutions Group – Airports Management OOO* holds 75 percent minus one share of *RAMPORT AERO OAO* engaged in construction and development of the Moscow's fourth airport – Ramenskoye International. *RAMPORT AERO OAO* holds 100% of shares in *RAMPORT SECURITY OOO.*

Details of sale price and assets and liabilities arising from the disposal in Group's financial statements are as follows:

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

33 Business combination and disposal (continued)

	Avia Solutions Group – Airports Management OOO – disposal's carrying amount	*RAMPORT AERO OAO –* disposal's carrying amount	*RAMPORT SECURITY OOO –* disposal's carrying amount	Inter-company transaction of disposal group	**Total disposal's carrying amount**
Property, plant and equipment	-	16 833	-	-	**16 833**
Intangible assets	-	4	-	-	**4**
Investment into subsidiaries	13 610	3	-	(13 613)	**-**
Deferred income tax assets	2 381	145	1	-	**2 527**
Trade and other receivables	273	6 021	-	-	**6 294**
Loans granted	-	681	-	-	**681**
Prepaid income tax	-	48	-	-	**48**
Cash and cash equivalents	714	63	-	-	**777**
Trade and other payables	(1 427)	(2 190)	(3)	-	**(3 620)**
Borrowings	(25 061)	-	-	-	**(25 061)**
Total identifiable net assets	**(9 510)**	**21 608**	**(2)**	**(13 613)**	**(1 517)**
NCI based on proportionate share of net assets (25%)	-	(5 401)	-	-	(5 401)
Group's net assets / (liabilities) attributed to equity holders of the parent	**(9 510)**	**16 207**	**(2)**	**(13 613)**	**(6 918)**
Proceeds from sale of interest in subsidiaries					14
Other items:					
Exchange differences on translation of foreign operations					1 907
Gain on disposal, directly recognised in Group's profit or loss (Note 34)					**8 839**

Details of revenue and expenses of the disposal group (airport infrastructure management business segment) classified as discontinued operations are disclosed in Note 34.

On 1 October 2015, the Group acquired 51% of the share capital of Baltic Ground Services LV SIA from third parties. As a result of the acquisition, the Group is expected to increase its fuelling services in Latvia. Details of purchase consideration and assets and liabilities arising from the acquisition are as follows:

	Baltic Ground Services LV SIA - acquiree's fair value
Property, plant and equipment	584
Inventories	15
Receivables	5
Cash and cash equivalents	119
Deferred income tax liabilities	(2)
Payables	(50)
Total identifiable net assets acquired	**671**
Purchase consideration - paid in cash	641
NCI based on proportionate share of net assets (49%)	329
Excess of fair value of acquiree's net assets over cost (recognised as goodwill)	**299**

On 18 December 2015, *Baltic Ground Services CZ s.r.o.* was established by the Company's subsidiary *Baltic Ground Services UAB.* The investment in the subsidiary was EUR 7.4 thousand, forming 100% of its share capital.

On 3 December 2015 a new subsidiary of the Company – *KIDY Tour UAB* was established. The investment in the subsidiary was EUR 2.5 thousand, forming 100% of its share capital.

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

33 Business combination and disposal (continued)

Disposals and acquisitions in 2014

On 24 January 2014, the Group sold 25% of the share capital of the subsidiary Klasjet UAB (previously named Verslo skrydžiai UAB) to Small Planet Airlines UAB. Details of sales proceed from the disposal are disclosed in Note 17.

In February 2014 Avia Solutions Group AB signed the agreement for sale 49% stakes in BAA Training UAB (previously named Baltic Aviation Academy UAB) to third party, and in September 2014 the Company completed a buy-back of the same stake in BAA Training UAB. Details of these transactions are disclosed in Note 17.

On 16 April 2014 the Group sold it's 35.50% stake in the associate Small Planet Airlines s.r.l. (Italy) to the third parties. Sales proceed from the disposal of a 35.50 per cent shareholding in Small Planet Airlines s.r.l. amounted to EUR 1.

On 22 August 2014 the Company acquired a 30% of the share capital in Avia Solutions Group B.V. The investment in the associate was EUR 8 thousand. The Group's investments in its associate as at 31 December 2015 amounted to EUR 0 thousand through post-acquisition changes in the Group's share of net assets of the associate (Note 18).

Establishments in 2014

On 14 March 2014, the Company established the subsidiary Avia Solutions Group – Airports Management OOO. On 30 July 2014, Avia Solutions Group – Airports Management OOO established the subsidiary RAMPORT AERO OAO. On 30 September 2014, Avia Solutions Group – Airports Management OOO established the subsidiary Globus Distribution OAO. The assets and liabilities related to Avia Solutions Group – Airports Management OOO and its subsidiaries have been presented as held for sale on the 31 December 2014 balance sheet (Note 34).

34 Non-current assets held for sale and discontinued operations

As a result of the Group's disposal programme following the Airport Infrastructure Management business segment, assets and associated liabilities have been presented as held for sale in the Group balance sheet at 31 December 2014. The Group has disposed Airport Infrastructure Management business segment in 2015, which qualifies to be treated as discontinued as at 31 December 2015.

GROUP

	31 December 2014
(a) Assets of disposal group classified as held for sale	
Property, plant and equipment	8 395
Deferred income tax assets	1 564
Inventories	-
Trade receivables	735
Short-term bank deposits	15 747
Cash and cash equivalents	1 179
Total, excluding IC transactions with the Group	**27 620**
(b) Liabilities of disposal group classified as held for sale	
Non-current liabilities	22 761
Deferred income tax liabilities	1 063
Trade and other payables	844
Total, excluding IC transactions with the Group	**24 668**
IC transactions with the Group	(197)
Total, including IC transactions with the Group	**24 471**

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

34 Non-current assets held for sale and discontinued operations (continued)

(c) Revenue, cost of sales and income tax expenses of disposal group classified as held for sale

	January - December	
	2015	**2014**
Revenue	177	-
Other income	83	-
Cost of services and goods purchased and other operating expenses	(1 668)	(868)
Other gain/(loss) - net	(3 436)	(2 356)
Operating profit (loss) from discontinued operations	**(4 844)**	**(3 224)**
Finance costs – net	(841)	(431)
(Loss) before income tax for the period from discontinued operations	**(5 685)**	**(3 655)**
Income tax expense	958	755
(Loss) for the period from discontinued operations	**(4 727)**	**(2 900)**
Gain on sale of discontinued operations (Note 33)	8 839	-
Net profit (loss) for the period from discontinued operations	**4 112**	**(2 900)**

(d) Non-current assets classified as held for sale

During November 2014 the subsidiary decided to sell four aircraft engines and on 30 November 2014 it met the conditions to be classified as held for sale. During the year ended 31 December 2015 two engines were sold and 2 were returned to property, plant and equipment (Note 15) due to signed lease agreements.

	31 December 2015	**31 December 2014**
Cost of asset	-	3 042
Accumulated depreciation	-	(1 987)
Net book value of non-current assets held for sale	**-**	**1 055**

35 Related party transactions

Related parties of the Company and the Group include entities having significant influence over the Company, key management personnel of the Group and other related parties. Entities having significant influence over the Company and the Group are *ZIA Valda Cyprus Ltd* and *ZIA Valda AB* (the sole shareholder of *ZIA Valda Cyprus Ltd*). Transactions with these companies are presented separately. Related parties also include subsidiaries of *ZIA Valda AB* group. They are presented as other related parties. Related parties of the Company also include subsidiaries of the Group.

The following transactions were carried out with related parties:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Sales of services to:				
Subsidiaries of the Group	-	-	2 255	1 654
Entities having significant influence	12	2	12	2
Other related parties	3 697	3 790	300	185
	3 709	**3 792**	**2 567**	**1 841**
Sales of assets:				
Subsidiaries of the Group	-	-	23	24
Entities having significant influence	-	1	-	-
Other related parties	11	501	10	-
	11	**502**	**33**	**24**
Total sales of assets and services	**3 720**	**4 294**	**2 600**	**1 865**

35 Related party transactions (continued)

In year 2015 amount of sales of consulting and management services from the Company to its related parties was EUR 2 567 thousand (2014: EUR 1 841 thousand). In year 2015 amount of sales of aircraft maintenance services from the Group to companies of *AviaAM Leasing AB* Group was EUR 2 665 thousand (2014: EUR 3 783 thousand).

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Purchases of assets from:				
Other related parties	1	116	1	2
	1	**116**	**1**	**2**
Purchases of services from:				
Subsidiaries of the Group			10	61
Entities having significant influence	34	38	17	27
Other related parties	2 502	1 682	27	25
	2 536	**1 720**	**54**	**113**
Total purchases of assets and services	**2 537**	**1 836**	**55**	**115**

In year 2015 amount of purchases of premises lease services from *VA Reals AB* was EUR 1 624 thousand (in 2014: 1 629 EUR thousand).

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Trade receivables from related parties:				
Trade receivables from entities having significant influence	-	-	-	-
Trade receivables from subsidiaries of the Company	-	-	3 977	2 098
Trade receivables from other related parties	361	123	153	23
Trade receivables from related parties – net (Note 21)	**361**	**123**	**4 130**	**2 121**
Receivables from investment in bonds from related parties (Note 21)	6 864	6 166	6 864	6 166
Security deposit with lessor from related parties (Note 21)	1	-	-	-
Deferred charges to other related parties (Note 21)	-	36	-	-
Other receivables from subsidiaries of the Company (Note 21)	-	-	330	260
Other receivables from related parties (Note 21)	505	128	505	128
Prepayments from related parties (Note 21)	5	-	8	3
	7 736	**6 453**	**11 837**	**8 678**
Payables and advances received from related parties:				
Amounts payable to entities having significant influence (Note 28)	-	5	-	1
Amounts payable to subsidiaries of the Company (Note 28)	-	-	25	16
Amounts payable to other related parties (Note 28)	309	294	2	36
Advances received from other related parties	-	139	-	1
Advances received from entities having significant influence	-	1	-	-
	309	**439**	**27**	**54**

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

	GROUP		COMPANY	
35 Related party transactions (continued)	**2015**	**2014**	**2015**	**2014**
Loans granted to related parties:				
Beginning of the period	**729**	**695**	**10 033**	**9 933**
Reclassification of loans granted to other related parties to loans granted to third parties	(22)	-	(22)	-
Loans granted to subsidiaries of the Group	-	-	5 761	184
Loans granted to other related parties	11	6	3	6
Loan repayments received/set-offs from subsidiaries of the Group	-	-	-	(101)
Loan repayments received from other related parties (set-offs)	(10)	-	(6)	-
Interest charged to subsidiaries of the Group	-	-	529	498
Interest charged to other related parties	29	29	14	13
Interest received/set-offs from subsidiaries of the Group	-	-	(141)	(499)
Interest received/set-offs from other related parties	(5)	(1)	(3)	(1)
Reclassification of interest from other related parties to interest from third parties	(2)	-	(2)	-
End of the period	**730**	**729**	**16 166**	**10 033**
Less non-current portion:	(619)	(619)	(8 966)	(8 554)
Current portion (including accrued interest income):	**111**	**110**	**7 200**	**1 479**
Loans received from related parties:				
Beginning of the period	**2 074**	**4 152**	**880**	**2 035**
Loans received from subsidiaries of the Group	-	-	-	880
Loans received from other related parties	4 421	2 380	-	-
Currency translations differences	(755)	127	-	-
Loans repayments to subsidiaries of the Group / set-offs	-	-	(431)	-
Loans repayments to other related parties / set-offs	(5 554)	(4 610)	-	(2 035)
Interest on loans charged (2015 - at 7%)	99	191	27	76
Interest on loans repaid / set-offs	(115)	(166)	(6)	(76)
End of the period	**170**	**2 074**	**470**	**880**
Less: non-current portion	-	-	(470)	(880)
Current portion (including accrued interest expense):	**170**	**2 074**	**-**	**-**

On 15 December 2014 the Group acquired 75 (seventy five) Bonds of its associate Avia Solutions Group B.V. with subscription price EUR 6 166 thousand. The bonds were transferred by the transferee for purchase price equal to USD 7.6 million (equivalent to EUR 6 166 thousand, nominal value of 75 Bonds plus interest accrued). The maturity date of the Bonds is 5 (five) calendar years from the issue date, i.e. 20 August 2014, interest rate – 5.2% per annum. Bonds are classified in trade and other receivables as investment in bonds.

On 8 August 2014 the Company concluded the development and management service agreement with the service provider, related to the Key Management of the Group. According to this service agreement the Company is entitled to pay the success fee to the service provider, if appointed targets, directly related to the development of the Moscow's fourth airport – Ramenskoye International, would have been achieved. The Management of the Group believes that it is not probable that appointed targets mentioned in the service agreement will be met. Based on this consideration, no liability for the success fee amount has been recognised in the financial statements.

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

35 Related party transactions (continued)

On 30 December 2013 the Company granted a loan to the employee, related to the Key Management of the Group, in amount of EUR 272 thousand (at the interest rate of 4.5%) for purchasing shares of Avia Solutions Group AB. According to this loan agreement the employee has the right to put back the shares to the Company in a period from 31 March 2014 to 31 December 2018, if the Group achieves appointed EBT targets or if the Company's share price declines 10 or more percent compared to their acquisition price. On 28 November 2014 the Company signed additional two put option agreements with the employees, related to the Key Management of the Group, which give a right to put back the newly issued shares of the Company during a period from 1 January 2015 to 31 December 2018 under similar conditions as those outlined above. The management of the Group has evaluated that the above mentioned option agreements made with the members of the Key Management of the Group do not have a material impact on these financial statements.

On 28 April 2015 the Company signed an agreement with an employee, related to the Key Management of the Group, which give a right to put back 10 per cent of Laserpas UAB shares if Laserpas UAB achieves appointed Profit before taxes target. Additionally the Company has a call option to buy back those shares. On 29 September 2015 the Group signed an agreement with other shareholder of newly acquired subsidiary, which give a right for the Group to put back 51 per cent of shares in that subsidiary. Also there are two call options signed – in case of triggering event, the Group can be asked to sell all shares in the subsidiary, also the Group can be asked to sell agreed part of shares for a purchase price plus interest rate. The management of the Group has evaluated that the above mentioned option agreements do not have a material impact on these financial statements.

Intra – group financial guarantees provided on behalf of a Subsidiary of the Company

Date of issue	Issued to	On behalf of	Valid till	Amounts as at 2015.12.31
2011.09.30	The Bank	The Subsidiary	2017.08.31	EUR 2 948 thousand
2013.04.08	The Bank	The Subsidiary	2018.03.20	EUR 3 496 thousand
2014.06.18	The Bank	The Subsidiary	2016.04.30	EUR 10 943 thousand
2013.10.23	The Bank	The Subsidiary	2016.04.30	EUR 2 675 thousand

Over the 2011-2015 period the Company issued four intra-group financial guarantees on behalf of its subsidiaries for bank overdraft and bank loans amounting to EUR 20.1 million as at 31 December 2015 (EUR 19 million as at 31 December 2014), related towards financing of working capital, refinancing of existing financial obligations, financing of costs related to the aviation hangar construction. The liabilities secured by these guarantees were also secured by pledge of spare parts, buildings, aviation hangar, hangar's equipment, lease right regarding the land plot, and other fixed assets owned by subsidiaries (Note 27).

36 Remuneration of the Group's and the Company's key management

Key management includes General Directors of the Group companies, Chief Financial Officer, Financial Directors of the Group companies, Directors of main units and departments. Transactions with Group's key management are as follows:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
Salaries including termination benefits	2 741	2 881	162	247
Social insurance expenses	715	719	48	62
Bonuses	199	111	-	-
	3 655	**3 711**	**210**	**309**
The number of key management at the end of year	80	61	3	3

36 Event after balance sheet date

In February the Company granted shot-term loan to third party in total amount of EUR 1 million.

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, We, Linas Dovydėnas, General Director of *Avia Solutions Group AB*, and, Aurimas Sanikovas, Chief Financial Officer of *Avia Solutions Group AB*, hereby confirm that, to the best of our knowledge, Audited Separate and Consolidated Financial Statements of *Avia Solutions Group AB* for the year ended 31 December 2015 as set out on above are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of the Company and the Group of undertakings.

General Manager
Linas Dovydėnas

Chief Financial Officer
Aurimas Sanikovas