AEGEAN AIRLINES S.A.

Societe Anonyme Reg. No.: 32603/06/B/95/3
31 Viltanioti Street, Kifissia, Attica

Annual Financial Report
(1st January to 31st December 2016)

In accordance with art. 4 of Law 3556/2007 and the Board of Directors' Resolutions of the Hellenic Capital Market Commission

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A. Statements of the Board of Directors' Members
(in accordance to art. 4 paragraph 2 of Law 3556/2007)

It is hereby stated that, to the best of our knowledge, the Annual Financial statements of "Aegean Airlines S.A." for the period 1 January 2016 to 31 December 2016, which were prepared in accordance to the International Financial Reporting Standards as adopted by EU, truly reflect all Assets, Liabilities and Shareholders' Equity along with the Income Statement of the Company, as well as of the companies included in the consolidation.

It is also declared that, to the best of our knowledge, the Board of Directors' Annual Report truly reflects the business developments, the performance and the position of the Company, as well as of the companies included in the consolidation, including the key risks and prospects they are facing.

Kifissia, March 22nd 2017

The undersigned

Theodore Vassilakis	Dimitrios Gerogiannis	Eftichios Vassilakis
Chairman of the BoD	Chief Executive Officer	Vice Chairman of the BoD

B. ANNUAL REPORT OF THE BOARD OF DIRECTORS of the company "AEGEAN AIRLINES S.A." for the period 1 January 2016 to 31 December 2016

This report has been prepared in accordance with article 43a, article 107A and article 43bb (paragraph 1 - cases c & d) of Law 2190/1920 and article 4 of Law 3556/2007 and the Hellenic's Capital Market Board of Directors' resolutions and contains financial and non-financial information of the company "AEGEAN AIRLINES S.A." (hereinafter called the «Company») and its subsidiary companies Olympic Air S.A. and Aegean Cyprus Limited (hereinafter called the «Group», jointly with the Company). It aims to provide an overview to the shareholders and investors of the Company's general course, financial position and results for the period (01/01/2016 – 31/12/2016) as well as highlight major events that occurred during the period and their impact on the annual financial statements. There is also a description of the main risks and uncertainties which the Company is currently facing or may face in the foreseeable future and finally a disclosure of material transactions between the Company and its related parties.

Summary of the business model

The Company provides high quality services of air transportation for passengers and cargo with domestic and international, scheduled & non-scheduled flights, in short & medium-haul range with top priority passengers' and crews safety.

Since the beginning of its operations, the Company is operating in a difficult, unstable and continuously challenging economic environment, targeting to balance between the improvement of its passenger services and the preservation of its financial health, in order to remain competitive and be able to prove that a Greek airline can offer high quality air transportation services.

Responsible operation

The Company, since its establishment, has strategically decided to responsibly cooperate with all the stakeholders that may be affected by its decisions and operations. In this context, it applies systematically a series of actions aiming to:

- Operate respecting the environment, the passengers, the employees, the local communities, the suppliers and the government authorities in accordance with the current Legal and Regulatory framework (in national and international level).
- Promote the cultural heritage of Greece.
- Promote Greek tourism.
- Support education.
- Promote and support sport activities.

Priorities

The Company's strategic priority continues to be the investment in extroversion and the increased connectivity from the bases that is operating. Taking into consideration the economic challenges and the ongoing increased international competition, the company has set a series of priorities:

- Strengthen connectivity at domestic and international level
- Streamlining of actions in order to improve passengers' services, further development and exploitation of the loyalty programs & launching of new innovative services
- Further enhancement of employees' satisfaction and their active participation in submitting ideas for improvement and implementation of corporate processes and decisions.

Core values

The Company's main goal is to create satisfied and loyal customers and represent the bright side of Greece internationally. It aims to provide high quality cabin & digital services in order to offer an overall experience of a pleasant and comfortable journey. The Company adopts the approach of "continuous development - high quality service - reliability" by placing emphasis on the following:

- Passenger is in the center of our attention.
- Focus on the high quality of offered products and services.
- Investment in innovation and continuous improvement.
- Contribution to the improvement of the Greek touristic product
- Care for the community needs and the needs of vulnerable social groups.
- Operate with responsibility towards the environment, the employees, the passengers, the regional communities and the suppliers.

Financial review, business developments and major events for 2016

2016 has shown some slight signs of recovery with unemployment rate and deflation trends falling.
Inflation index for 2016 was -0,8% vs. -1,7% last year and Consumer Price Index remained flat vs. -1,1% in 2015.
Unemployment rate has fallen to 22,6% in the 3rd quarter vs. 24% at the same quarter in 2015 but still remained the highest within EU.
Although GDP was improved at the 2nd and 3rd quarter, the 4th quarter was negative by -1,3% based on ELSTAT's provisional figures.

The delay of the completion of the second evaluation of the third bailout program is causing uncertainty for the evolution of the fiscal and macroeconomic indexes. The ambiguity for economic growth discourages any potential new foreign investments.

The outcome of these recessionary conditions continues to have a negative impact on the domestic market combined with the increased VAT rate applied on the domestic tickets and the increased capacity offered by competition led to lower yields. The Group though, managed to increase domestic passenger figures by 2% while reducing capacity by 2%.

At EU level, GDP increased by 1.7% vs. last year but with slower pace whereas ECB continued its quantitative easing program by adding corporate bonds in an attempt to boost economy and inflation. The political developments in 2016 played a key role in the fx markets. The outcome of the UK referendum and the upcoming Brexit depreciated the British pound by 14% against the Euro and consequently has reduced the purchasing power of the UK travelers. Moreover, the political developments in the US created expectations that strengthened the USD rate against the Euro.

Tourism continued to perform well, contributing significantly to GDP and employment. The trend was not upward throughout the year; no improvement was recorded until June versus last year, as air transport was affected by the terrorist attacks in France, Belgium and Turkey, negative publicity of increased refugee flows to the islands and the ambiguity caused by UK referendum for 'Brexit'. Demand for Greek destinations and, subsequently, international tourist arrivals were improved significantly from July onwars until the end of the year.

International tourist arrivals increased by 9% versus 2015 (SETE figures). In Athens and Thessaloniki airports, traffic increased by 8,9% and 10,8% respectively. Other important airports also performed well, with Rhodes at +10,7%, Heraklion at +13,5%, Chania at +11,6% and Corfu at +13,8% versus last year. Destinations that were largely impacted by the refugees flows (Mytilini, Samos and Kos) recorded significant reductions in incoming traffic, with Mytilini losing more than half of last year's traffic (32 thousand tourists in 2016 vs. 75 thousand tourists in 2015).

In the international network, the Group recorded a positive performance throughout the year, offering increased capacity (+10%) and achieving increased traffic (+12%). Average load factor for 2016 was 76%

vs. 75% in 2015. In the first semester performance was not as good as anticipated with reduced load factors and lower yields that had a negative impact to the Group's profitability. As mentioned above the main drivers were stagnation in tourist arrivals and increased capacity offered by competition at regional bases.
On the other hand, performance improved significantly in the second semester and especially in the third quarter which is typically the most important in terms of profitability, thanks to the recovery of the demand. The Group has strengthened its position in Athens with better load factor and connecting traffic.

After the delivery of 3 new A320 jets and 2 ATR 42-600 turboprops in 2016, the Group reached at a fleet of 47 jets and 15 turboprops.

The Group added the following 14 new destinations in 12 countries: Dublin, Nice, Lille, Naples, Bari, Luxembourg, Amsterdam, Lisbon, Palma de Mallorca, Ljubljana, Jeddah, Krakow, Riga and Split.

Group key operating and financial data for 2016, compared to 2015 are as follows:

- Total offered capacity increased by 12% in ASKs.
- Total number of passengers for 2016 was 12,5 million, increased by 7% compared to 2015.
- Average load factor remained stable to 77%.
- Revenue for 2016 amounted to € 1.020,3 million from € 983 million in 2015, representing an increase of 4%.
- Fuel cost reached € 197,3 million from € 216,3 million in 2015.
- Earnings before Interest, Tax, Depreciation and Amortization and Rents (EBITDAR) were € 206,9 million compared to € 217,3 million in 2015.
- Aircraft leasing costs amounted to € 130,1 million from € 106,1 million in 2015.
- Earnings Before Tax were € 51,6 million from € 100,3 million in 2015, as first semester losses could not be covered from the second semester significant improvement.
- Cash inflows from operating activities were € 59,8 million.
- The healthy balance sheet structure was maintained with zero bank debt and liabilities from financial leasing contracts amounting to € 46,7 million, while cash and cash equivalents (€ 248,5 million) along with the financial assets available for sale (€ 4,7 million) amounted to € 253,2 million.
- As at 31.12.2016 Group's fleet consisted of 62 aircraft compared to 58 at 31.12.2015.

Prospects

The full impact of the negative effect from the new fiscal measures in social security contributions and indirect taxes in the consumers' indices remains to be seen within 2017.
Additionally, a list of issues related to the second evaluation of the bailout program need to be resolved before its completion while the exact additional measures of fiscal adjustment that will be legislated and their consequences cannot be yet estimated. We can assume that in any case, forthcoming developments will possibly have a negative impact on the purchasing power of Greek consumers.

The above mentioned negative developments could potentially be balanced with the lifting of uncertainty for the progress of the bailout program that could be achieved by closing the second evaluation, especially if that was to be coupled with debt relief measures. Foreign investments and a solution to the problem of the non-performing loans could substantially improve credit conditions in the Greek market, as would the absorption of additional European funds for infrastructure projects. The reinstatement of trust could also improve deposit/loan indices if that could be combined with a return of deposits from abroad.

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

Besides the developments in Greek economy, a series of political events in Europe are expected to influence, to a major extent, not only the future of the bailout program but potentially also that of Eurozone.

It has not yet been clarified how the new administration in USA or the 'Brexit' could affect the geopolitical balance in Europe, while the ongoing refugee crisis remains of great concern.

After the agreement of OPEC members we have noticed a significant increase of the fuel prices at the end of 2016. The fuel prices evolution within 2017 remains to be seen. Although Aegean has a hedging policy in place, a sudden and significant increase of prices could have a negative impact on the passenger's income, besides the increase of aircraft fuel prices.

On the other hand, the positive signs on pre-bookings for the summer period are expected to play a key role in the financial performance of the Group. This is enhanced by the fact that capacity offered by competition at the main European markets is not increased as in the previous years.

The smooth and high quality operation of Greek airports as well as their competitiveness still remains important for the Group. The delay of the delivery of 14 airports to Fraport - Slentel unfortunately holds the investments needed to improve the quality for all these points of entrance to Greece. Moreover the Group is monitoring the developments on the construction and operation of the new international airport of Heraklion.

Given the above challenges, the Company has set the following priorities:

- Improvement of routes performance by adjusting capacity.
- Further enhancement of Athens base.
- Further unit cost reduction focusing on distribution and maintenance costs trying to offset USD appreciation impact.
- Further increase of the ancillary revenues from the unbundling of additional air traffic services, the rollout of further value added products, further exploitation of the loyalty program and introduction of innovative services.

- **Key Performance Indicators Measurement**

The Group measures its efficiency by making use of, among others, the following performance indicators, used internationally in the field of aviation economics:

- RASK (Revenue per Available Seat Kilometer)

- CASK (Cost per Available Seat Kilometer excluding lease costs)

- Passenger yield

The above indicators for 2016 compared with the previous year were:

(in € cents)	2016	2015
RASK	6,31	6,83
CASK – EBT level	6,00	6,15
CASK – EBT level (excluding fuel cost)	4,80	4,67
Passenger Yield	8,14	8,88

RASK decreased by 8% compared to 2015 mainly due to the pressure in fare levels arising from increased competition and CASK decreased by only 2% vs. last year mainly due to the reduction of oil prices but at the same time the increase of aircraft leasing and maintenance costs.

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

- **Related Parties' Transactions**

The Company's transactions with related parties during 2016 were under usual commercial terms and they remained at the same levels with the previous period.

The most significant transactions of the Company with related parties, according to IAS 24, appear on the following table:

	Income	Expenses	Receivables	Liabilities
OLYMPIC AIR S.A.	16.498,73	91.876,33	5,424,98	0,00
AUTOHELLAS HERTZ S.A.	240,74	408,49	85,90	179,31
AUTOTECHNICA S.A.	18,97	8,69	8,30	4,22

The Group directors and Board of Directors' members remuneration for the period 1/1-31/12/2016 was € 4.777,25 thousand, while the relevant amount for the Group was €4.988,05. As of 31/12/2016 the obligations towards the Group Directors were € 796.28 thousand while there were no receivables from the Directors or the Board of Directors members neither for the Company nor for the Group.

LABOR & HUMAN RIGHTS

Main risks/effects

The Company acknowledges that its human resources represent one of the core values of its business operation.
Having highlighted and evaluated the main labor issues as well as issues of human rights' respect related to operation, the company has set as priority and manages intensively the impacts of the following topics:

- Education and training
- Health and safety at work
- Human rights at work

Corporate policies

Education and training
The Company, in the context of human resources development, provides educational and training options with positive impact to all employees' levels. The investment in employees' skills and capabilities development continues to grow within the years by placing special focus on their active participation within the Company's business thinking and decisions.

Health and safety at work
The company's management guarantees and commits to the protection and assurance of employees' and stakeholders' health and safety as per the Health and Safety Policy. Through this commitment, the company does not only has as a requirement to be fully compliant to the current legislation but also it adopts the best practices and is continuously progressing its performance as well as it adopts practices in order to educate its employees to become aware of the health and safety issues.
The company implements a certified system of Health and Safety management (standard OHSAS 18001:2007), assuring that all necessary Health and Safety measures are applied to all business extend.

The Company's activities are:

- Investigation and implementation of the right safety means and measures.
- Continuous observation of corporate events so as to identify potential risks and take the right actions.
- Implementation of investigation projects and prevention medicine for technical staff.
- Establishment and training of first aid teams.
- Conduct of specialized educational programs and create awareness related to Health and Safety issues, promote the mentality of accident prevention and of a safe working environment.

Human rights at work
Acknowledging the importance of human resources, the company continuously works towards the direction of the right development and deployment of employees. Aegean's recruitment process as well as the preservation of specialized staff is aligned to equal rights and human rights principles, diversity rights and equal opportunities for all employees as well as the right for union representation and the avoidance of use of child labor or obligatory labor.

The human rights protection plays a fundamental role to the employees training, as well at the training of stakeholders such as handling providers related to safety issues and travel documents control.

Training takes place having as main driver the equal treatment for each passenger and avoidance of racist behaviors.

A very important part of the training is the verification of travel documentation so as to prevent events of illegal passengers' transportation and mostly illegal child transportation and people traveling without their willingness in case of hostageship.

Results of the above policies and non- financial performance indices

- ✓ Training, amounting to 29.419 hours.
- ✓ 28 accidents, resulting to absence from work to a total of 825 calendar days.
- ✓ No fatal incident.
- ✓ No events of illegal child labor or obligatory labor.
- ✓ Rejection of more than 4.600 cases of passengers' transportation with invalid travel documentation.
- ✓ Contribution to the prevention of 4 justified cases of legal child transportation, under the regime of hostageship.

ENVIROMENT

Main risks/effects
Respect for the environment is a key priority for the company. Environment is an collection of high value sources and is directly linked to the quality of life and respect for human being. Having recognized and evaluated the main environmental issues related to its operation, Aegean has prioritize and intensively focus on management of the effects of the following issues:

- Energy consumption and Greenhouse Gas emission
- Proper waste management

Corporate policies
The Company has established the Environmental Department in order to promote environmental protection and reduce the operation's impact on environment through continuous training and controlling. The Environmental department cooperates with local authorities and communities of Greek and international airports for all the environmental issues.

All policies and legislation of EU and Greece related to the protection of the environment and waste management are being inspected and incorporated in Aegean's processes and business plan. Our policy is not limited to the adoption of the appropriate and optimal "green" practices but also extends to actions in order to create awareness to passengers and employees and gain support from environmental organizations. Environmental compliance and performance of Aegean is certified by ISO standards (ISO14001:2004).
Some series of actions are:

- ✓ Reduce of energy consumption within the company
- ✓ Adopt practices recommended by International Organizations, the aircraft manufacturer and the airline industry
- ✓ Reduction of aircraft noise
- ✓ Proper waste management control
- ✓ Optimal practices for minimization of fuel consumption

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

Results of the above policies and non- financial performance indices

- ✓ Total reduction of energy consumption at the technical base by 6%
- ✓ Reduction of electricity consumption at the technical base by 151.866 kWh
- ✓ Annual reduction of carbon footprint by 20.460 tons CO_2 with further analysis

Energy	Monthly reduction CO_2	Annual reduction CO_2
Use of software for optimal route planning	800	9.600
Investement in "lighter" seats	450	5.400
Techniques for approaching and taxiing	350	4.200
Investement in "lighter" trolleys	50	600
Optimal quantity of water in each flight and fuel savings by 100 tons annually	40	480
Replacement of aircraft manuals and documents with soft copies	15	180

- ✓ Reduction of fuel consumption up to 3% through investment in new aircraft A320ceos with "Sharklets"
- ✓ Management of 105.714 kg hazardous waste

<u>SOCIETY</u>

Main risks/effects

Having recognized and evaluated the main social issues related to its operation, the Company has set as top priority and has intensively focused on management of the effects of the following issues:

- Flight safety, Training and operational capability
- Quality product and attention to passenger
- Financial performance
- Network planning
- Local communities growth and promotion of the Greek product
- Contribution to vulnerable groups of people and cultural activities

Corporate policies

Flight safety, Training and operational capability, Health and passengers' safety

The Company applies a Safety Management System, which composes one of the main elements of its corporate responsibility and its process of flight safety management. The Safety Management System creates the conditions for the safety policy implemented and defines the way that the company manages the safety of operations as an integral part of the overall activity.

Quality product and attention to passenger

The Company offers high quality services to its passengers during all stages of travel. At the same time, taking into consideration the different needs of each passenger, the Company adjusts the offered services at each stage of the trip thus proving its commitment to the passenger. It should also be stressed that the Company offers high-tech options to travelers in order to facilitate all airport processes.

Through Social Media, Aegean is open to discussion with people and posts regularly about all latest news and updates of the company. More specifically , both Aegean and Olympic Air have a strong presence on social media channels (facebook, twitter, instagram, linkedin).

Financial performance
Having as main goal the continuous improvement of services, the Company invests in new technologies, upgrading its loyalty programs and the level of digital services.

Aegean aims to transform the quality of the Greek air transportation into sustainable and profitable growth with multiple benefits for tourism and employment, the supply chain, the local communities and public income.

Network Development
Aegean invests in domestic and international network development and also in tourism growth with new routes and destinations. Furthermore, Aegean invests in increased seat capacity and coverage of the whole domestic sector with special attention on public service obligation routes.

Aegean has expanded its international network with flights from regional bases in order to improve connections as well as incoming tourism. At last but not least, Aegean aims to strengthen local economies in an attempt to support local society and offer high quality services to million foreigner tourists.

Local communities growth and promotion of the Greek product
Aegean aims to contribute to further growth of Greek tourism and Greek economy by making use of all means for promotion and advertise of the Greek product.

- From 2014 and onwards channel "enter Greece" has been created that displays videos during the flight with adjusted time based on the flight time.
- Blue magazine keeps company to the passengers with unique tributes and guides to Aegean's destinations in Greece and abroad, while promoting Greek heritage, Greek cuisine, Greek wine and all the Greeks that have been distinguished in Greece or abroad.
- Aegean promotes and supports Greek and Cypriot producers and products abroad with the campaign "Filepse tous".
- From May 2016 and onwards, on a monthly basis, through "Oli I Ellada Konta" initiative and in collaboration with local producers and communities, Aegean's aircrafts are full of sceneries, colors, flavors and scents from one or more Greek destinations. Moreover, at all lounges and at all domestic and international flights traditional local products are being served every month.
- 7 aircrafts from the total fleet are specially painted in order to promote websites such as www.discovergreece.com, www.visitgreece.gr και www.visitacropolismuseum.gr.
- Aegean actively participates, through continuous and well planned actions with local communities, to the inbound touristic growth.
- Aegean played a key role in the development of Paros airport by supporting financially the first stage of the development and the infrastructure of the new airport. At the same time, Olympic Air makes an attempt to operate with aircrafts with greater capacity. Thus it has offered multiplied available seats while publishing new route Thessaloniki-Paros from August 2016.

Contribution to vulnerable groups of people and cultural activities
Social contribution is a main core of our values, aiming to support vulnerable groups of people.

- Together with passengers, Aegean supports SOS Childrens' Villages from 2008.
- Support of various NGO's mission by providing tickets (Advocacy of the Citizen, The Smile of a child, Make a Wish, Doctors of the World, Ark of the World).
- Support students and their families, by offering free tickets for traveling from their origin city to the place where they study through "Konta stous Neous" (Closer to Youth) campaign.
- Sponsorship for student contests (Economia – student contest being held every year and student contest for Corporate Social Responsibility –"Nikos Analytis" being held by the Greek network for EKE)
- Since 2012, Aegean is a member of the Greek network of Corporate Social Responsibility
- Actively participate in the education and training of young people by offering volunteering opportunities.

- Support events such as TEDxAthens and TEDxThessaloniki.
- Regarding refugee issue, Aegean has supported from the very beginning the local communities and provided every possible facilitation at the Ministry of Migration policy (Ministry of Foreign Affairs) and the General Administration. It has been responsible for the daily transportation of certified NGOs that collaborate with the local communities in Chios, Mytilini, Kos, Leros and Samos. (Greek rescue team, Remote Area Medical Organization, Doctors Without Borders, METAdrasi, Save the children, Disaster Tech Lab, etc.).
- Main sponsors for: Museum of Cycladic Art, Athens and Thessaloniki Concert Hall, Hellenic Film Academy, Thessaloniki International Film Festival and Thessaloniki Documentary Festival, Onassis Cultural Centre, Nikos Kazantzakis Museum, Centre Culturel Helleniquein Paris, Greek National Opera and National Museum of Contemporary Art.
- Promotion of Greek heritage and Greek product in any means, by taking part in initiatives in Greece and abroad that their objective is to promote the values born in ancient Greece, exploiting our capabilities for promotion of Greek cultural, while supporting all the initiatives of Greek National Tourism Organization and all the Embassies if requested.
- Support of National Football team and Men/Women National Basketball teams by travelling with special privileges. Big sponsor of Hellenic Athletics Federation for 2015 and 2016 at Athens Marathon, Athens Half-Marathon and Run Greece. Support and promote golf as means of touristic growth. Aegean organizes from 2006 the International Golf Tournament "Aegean Airlines ProAm" with the participation of professionals and amateurs players from more than 14 countries. Moreover, Aegean supports Hellenic Federation of Golf and Greek PGA by providing free of charge gold equipment transport to the whole network.
- Contributed to the restoration of part of the Holy Tomb by providing free transportation at the scientific team of National Technical University.

Results of the above policies and non- financial performance indices

- ✓ No incidents of risk of flight safety or passenger safety.
- ✓ Increase of flights by 3.659.
- ✓ 86,8% departure on time.
- ✓ Awarded by SKYTRAX for the 6th continuous year as the Best Regional Airline in Europe and 7 awards in total.
- ✓ 1,14 complaints per 1.000 passengers.
- ✓ 0,62 complaints for baggage, per 1.000 passengers.
- ✓ Survey of Greek passenger satisfaction, in a scale with max 5, average rate 4,58.
- ✓ Survey of Greek and foreigner passenger satisfaction, in a scale with max 5, average rate 4,48.
- ✓ 145 destinations-111 international destinations and 34 domestic ones in 45 countries.
- ✓ Offered capacity: 16,2m seats and traffic of 12,46m passengers, 7% increased traffic vs. 2015.
- ✓ Addition of 14 new destinations in 12 countries.
- ✓ After the completion of the new airport of Paros there was a 204% increase of traffic from-to Paros airport for August 2016, that was also the first month of its operation, and a 63% increase of traffic for the whole year.
- ✓ Financing of project investigating the environmental impact of the operation and expansion of the runways in Milos and Naxos.
- ✓ Financing of specific requirements of Civil Aviation Authority and regional airports.
- ✓ Collection of more than €1,82m from 2006 till 2016, with passengers' contribution for the creation of SOS Guest House Elisa, creation of House at the New Children's Village in Thrace and support and maintenance of SOS Children's Villages. Especially for 2016 the amount collected was €289.782.
- ✓ Offer more than 9.400 free tickets for NGOs, organizations and people in need.
- ✓ 2.400 free tickets through "Konta stous Neous" (Closer to youth) campaign.
- ✓ 14.504 meals have been offered at "Mporoume".
- ✓ Medicine has been donated to "Social clinic of Elliniko" and to "Aegean Gulls".
- ✓ Clothing and unclaimed baggage have been donated to NGOs ("PETO", "Sharing", etc).

ANTI CORRUPTION & BRIBERY

Main risks/effects

The Company is against corruption and is totally against any kind of bribery. Its management focuses on core value morality, transparency and open procedures.

Corporate policies

The participation of Directors on the successful policy implementation is immediate and substantial and it achieves the goal of the company, highlighting in this way that corruption and bribery are not acceptable at Aegean.
One of the company's top priorities is the efficient maintenance of internal control processes. There are processes that have been adopted for risk assessment procedures where new and existing risks are prioritized. Based on this ranking, the processes are established, with safety nets in order to eliminate risks such as corruption.

Within the context of adequate risk confrontation and management, Aegean has adopted a series of measures with emphasis on safety issues and information system security, clear and adequate segregation of duties among employees, definition of limits, intense work monitoring, absolute transparency in procurement, asset protection and corporate assets securing transactions and personal data protection.

Results of the above policies and non- financial performance indices

There haven't been recorded or mentioned any corruption cases or claims of possible bribery, embezzlement, fraud or deceit.

- **Corporate Governance**

I. Principals of Corporate Governance

The company has adopted the Principles of Corporate Governance, in compliance with the existing Greek legislation and international practices. Corporate Governance establishes a framework of rules, principles and control mechanisms, based on which it conducts its business with transparency, aiming at the protection of shareholders' as well as third party's interests.

II. Corporate Governance Code

The Company has decided to adopt the Code of Corporate Governance of Hellenic Exchanges S.A. regarding the Listed Companies (called hereinafter "Code"). This Code can be found at the following link :

http://www.helex.gr/documents/10180/2227277/ESED+Kodikas+FEB+2015+-+A4+-+FINAL+-+Internet.pdf/a1b406ab-52e4-4d76-a915-9abefd0a9d09

The Company may amend on occasions the applied Code and the Principals of Corporate Governance.

III. Deviations from the Corporate Governance Code and justification of them

Role and Responsibilities of the Board of Directors

- The Board of Directors has not established a separate committee to manage the Board of Directors candidates election process and to propose to the Board of Directors the remuneration fees of the executive Board members & the senior management directors because the relevant Company policy is stable.

Size and Composition of the Board

- 1/3 of the Board of Directors does not consist of independent non-executive members free of conflicts of interest with the company, and of close links to the Management, the major shareholders or the Company.
- The Board of Directors consists of three executive members, six non-executive members and three independent non-executive members. This structure has secured the company's efficiency and productivity throughout the years.
- The Board of Directors does not appoint an independent Vice President, by the independent members, but instead an executive Vice President, as his contribution to the exercise of the executive duties of the President is considered of great importance.

Duties and behavior of the members of the Board

- There is no obligation of any disclosure of professional commitments of Board members (including important non-executive commitments to companies and non-profit institutions) before their appointment to the Board, nor restriction of the number of their participations to Boards of other listed companies, as long as all Board members can meet their duties, devote sufficient time to them and be up to date with all the latest developments for issues related to their duties.
- The appointment of an executive member to a non-subsidiary or associated company does not require any approval by the Board.

Nomination of candidates of Board of Directors

- There is no committee for selecting candidates for the Board of Directors, as due to the structure and operation of the Company this committee is not regarded as essential at this time.

Operation of the Board

- In the beginning of each calendar year the Board of Directors does not adopt a calendar of meetings and a 12-month program of action, as the meeting of the Board is easy to take place whenever is considered essential in order to meet the company's needs or due to law without a fixed action plan.
- The President does not meet on a regular basis with the non-executive members, without the presence of the executive members, to discuss the performance and remuneration of the latter and other related issues, as any matter is discussed at the presence of all members.
- There are no introductory programs in place by the Board for the new Board members, or continuous professional training for all the other members, as only individuals with proven expertise and management skills are proposed for election as members.
- There is no specific provision for supply of adequate resources to the committees of the Board to fulfill their duties and recruiting external consultants, as the allocation of resources is determined by the Company's management per case, based on individual business needs.

Evaluation of the Board

- There is no institutional procedure to evaluate the effectiveness either of the Board and its committees or the performance of the Chairman of the Board with a process headed by the Vice President or another independent non-executive board member, in case of absence of an independent Vice-President. This procedure is not considered necessary based on the organizational structure of the Company.

- The Board does not outline in the annual corporate governance statement the evaluation procedure of the Board and its committees, as there are no relevant evaluation procedures.

Internal Audit

- The Board of Directors does not perform an annual evaluation of the internal audit procedures as the Audit Committee reviews and reports to the Board of Directors with the Internal Audit's Annual Report.

Audit Committee

- There is no special or specific rule for the operation of the Audit Committee, as its main duties and authorities are adequately defined by the law.

- No specific funds are provided to the Audit Committee for the use of external consultants, as the composition of the committee and the specialized knowledge and experience of its members ensure its effective operation.

Remuneration

- In the contracts of the executive members of the Board of Directors there is no provision that the Board of Directors may seek for a partial or full refund of the bonuses paid due to revised financial statements of previous years or use of wrong financial data to calculate such bonuses.
- There is no compensation committee, comprising exclusively of non-executive members, independent in their majority, which aims to define the compensation of the executive and non-executive members of the Board of Directors, thus there are no rules for the compensation committee's' responsibilities, the frequency of its convocations and other issues related to its operation. The creation of such a committee has not been deemed necessary until now.
- Each executive member's remuneration is not approved by the Board of Directors, after compensation committee's recommendations, without the executive members being present, given that such compensation committee does not exist. Board executive members' compensations are determined by the Board of Directors and in accordance to law 2190/1920. The members of the Board of Directors may be compensated to an amount that is determined by the General Meeting of Shareholders. Any other type of remuneration of the members of the Board of Directors is paid by the Company if it is approved by the Shareholders' General Meeting.

General Shareholders' Meeting

- Summary of the minutes of the General Shareholders' Meeting is not available on the Company's website. Nevertheless, the voting results of any decision taken at this meeting are announced within 15 days of the end of it in both Greek and English.

IV. Description of the main characteristics of the Company's Internal Control and Risk Management systems related to financial reporting.

Internal Control

Internal control is defined as the sum of processes applied by an entity's Board, management and other personnel, to secure the effectiveness and efficiency of corporate operations, consistency of financial reporting and compliance with applicable laws and regulations.

Internal control's responsibilities include among others the monitoring of financial information, the evaluation and improvement of risk management and internal control systems, as well as the verification of compliance with the institutional policies and procedures as described in the Internal Operation Regulations of the Company, the existing legislation and regulatory requirements.

Internal Control reports administratively to the CEO and functionally to the Audit Committee. Internal Control personnel and the members of the Audit Committee, perform their duties independently and are not subordinate to any other department of the company. The head of Internal Control is supervised by the Audit Committee. The head of Internal Control is appointed by the Board and is a person with adequate qualifications and experience.

Internal Control provides reports that are evaluated by the Audit Committee on a quarterly basis.

Risks and Risk Management

- **Foreign exchange risk**

The Company incurs a substantial portion of its expenses, such as aviation fuel, aircraft lease expenses, distribution costs, spare parts, maintenance expenses and aviation insurance premiums in U.S. dollars, whereas it generates most of its revenue in euro. Appreciation of the euro versus the U.S. dollar positively impacts operating profit as the euro equivalent of the U.S. dollar operating expenses decreases, while depreciation of the euro versus the U.S. dollar negatively impacts the Company's operating profit. Cover levels are monitored and reviewed on an ongoing basis in light of market developments and the overall needs of the business. Despite the foreign exchange risk hedging policies, substantially adverse movements of the U.S. dollar could potentially have a material negative impact on the business activity, the financial status and the operating results of the Company.

- **Interest rate risk**

The Company is exposed to interest rate fluctuations risk through its bank deposits as well as through the aircraft finance leases agreed on a floating interest rate. The Company's policy is to continuously monitor its exposure to cash flow risk from interest rate fluctuations relating to its aircraft finance leases. Additionally, the Group has adopted hedging policies against interest rate risk related to finance leases.

- **Jet fuel risk**

The Company is exposed to the fluctuations of oil price which has a direct impact on the jet fuel price. To manage this risk the Company enters into derivative contracts on oil products in order to hedge specific percentages of its projected jet fuel needs.

- **Credit risk**

The company monitors its trading receivables on a regular basis, so as to be protected against credit risk, and whenever needed, it assesses their timely collection mainly through factoring.

- **Liquidity /Cash flow risk**

The prudent management of liquidity risk supposes sufficient cash balances. The Company manages the aforementioned risk by maintaining adequate liquid securities and sufficient credit lines from the banks as well as from suppliers, always align to its operational, investment and financial needs.

V. Information regarding the main authorities and operation of the General Shareholders' Meeting as well as description of shareholders' rights and ways of exercise.

Operation of the General Shareholders' Meeting

The Board of Directors ensures that the preparation and the conduct of the General Shareholders' Meeting supports the effective exercise of shareholders' rights. The shareholders are fully informed of all the issues related to their participation to the General Shareholders' Meeting including the agenda and their rights during the course of the General Shareholder Meeting. The Board of Directors uses the General Shareholders' Meeting to promote a productive and open discussion between the Board and the company.

Specifically, with regards to the preparation of the General Shareholder Meeting and pursuant to the provisions of Law 3884/2010, the Company publishes on its website at least 20 days prior to the General Shareholder Meeting both in Greek and in English, information related to:

- The date, time and place of the General Shareholder Meeting.
- The basic rules and practices regarding the participation of the shareholders, including the right to introduce topics in the agenda and to make enquiries as well as the deadline for the exercise of these rights.
- The voting procedure, the terms and conditions for proxy voting and the necessary forms and documents for proxy voting.
- The proposed agenda of the General Shareholder Meeting, including draft resolutions and any other accompanying documents.

- In case of election of Board of Directors members, the list of the proposed persons along with their resumes.
- The total number of shares and voting rights at the time of the convocation of the General Shareholder Meeting.

The Chairman of the Board of Directors, and/or the Vice Chairman and the Chief Executive Officer attend the General Shareholders' Meeting in order to provide all the necessary information to the shareholders regarding the items on the agenda as well as questions raised by them. The Chairman of the General Shareholders' Meeting ensures that adequate time is given for any questions raised.

Authorities of the General Shareholders' Meeting

The General Shareholders' Meeting is the supreme body of the Company and has the power to decide for every corporate affair. Its resolutions, taken according to law, are obligatory for all the shareholders, including those who are absent or disagree.

The General Shareholders' Meeting is vested the exclusive power to resolve on the following matters:

- Any matter submitted to it by the Board or by the persons who are entitled to convene the General Meeting according to law.
- Modification of the Articles of Association, including cases such as increase or decrease of the share capital, dissolution of the Company, extension of its duration and merger with another company.
- Election of the Directors of the Company, election of the Auditors of the Company and specification of their remuneration.
- Approval or modification of the annual financial statements of the Company prepared by the Board and allocation of the net profits.
- Approval with nominal vote of the Board of Directors' management and discharge of the members of the Board and of the auditors from any liability after the approval of the annual financial statements. Members of the Board and the employees of the Company may participate in the voting only on the basis of the shares held by them.
- The hearing of the auditors with respect to the audit of the books and records of the Company performed by them.
- The issuance of bond loans with the right to gain profits in accordance with art.3b of Law 2190/1920 and convertible bond loans.
- The appointment of liquidators in case of dissolution of the Company.
- The filling of actions against the members of the Board of Directors and the auditors for breach of duty in accordance with the applicable laws and the Articles of the Company.

Shareholders' Rights and ways of exercise

Every shareholder that is recorded by the custodian of the Company owning shares is entitled to attend and vote at the General Shareholders' Meeting. For the shareholder to exercise the above rights there is no need to have its shares reserved or to follow a similar procedure. The shareholder may freely authorise for representation another person.

Company's shareholders' rights are equivalent to their participation share in the Company's paid share capital. Every share has all the rights provided by law 2190/1920 as it has been amended and applies, as well as by the Company's Articles of Association.

The Chairman, the Vice Chairman and the Managing Director are available to meet shareholders with significant share participation in the Company to discuss corporate governance issues. In addition, the Chairman should ensure that the views of the shareholders are communicated to the whole Board.

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

VI. Information regarding the composition and operation of the Board of Directors

Composition of the Board of Directors

The Board of Directors, acting collectively, is responsible for the management of the Company's affairs to the benefit of the Company and its shareholders, ensuring the implementation of the corporate strategy and the equal rights for all the shareholders. The Board is empowered to decide for all matters related to the business affairs of the Company. The General Shareholders' Meeting is responsible for all the other issues that are excluded due to law or the Articles of Association.

The members of the Board of Directors are elected by the General Shareholders' Meeting. The General Shareholders' Meeting also decides which members shall be executive, non-executive or independent non-executive.

The Board of Directors of Aegean Airlines S.A. is the custodian of the Principles of Corporate Governance of the Company. The Board of Directors is composed of no less than seven (7) and no more than fifteen (15) members. The members of the Board shall be elected by the General Shareholders' Meeting with a secret vote to serve for a three year period which may be extended until the first annual General Meeting after the expiry of their service term. Such an extension of time, however, may not exceed four years. The members of the Board of Directors, either shareholders or not, may be always re-elected. The Board of Directors currently consists of three executive and nine non-executive members, which include three independent non-executive members in accordance to law 3016/2002 for Corporate Governance. Executive members perform the day-to-day management of the Company, whereas non-executive members are not involved in the Company's management.

The table below includes the members of the Board of Directors:

Name	Capacity	Date of appointment	End of Term
1. Theodore Vassilakis	Chairman, Executive Member	12/5/2015	12/5/2018
2. Eftichios Vassilakis	Vice Chairman, Executive Member	12/5/2015	12/5/2018
3. Dimitrios Gerogiannis	Managing Director, Executive Member	12/5/2015	12/5/2018
4. Georgios Vassilakis	Non-Executive Member	12/5/2015	12/5/2018
5. Anastasios David	Non-Executive Member	12/5/2015	12/5/2018
6. Christos Ioannou	Non-Executive Member	12/5/2015	12/5/2018
7. Konstantinos Kalamatas	Independent non-executive Member	5/4/2016	12/5/2018
8. Achilleas Konstantakopoulos	Non-Executive Member	12/5/2015	12/5/2018
9. Panagiotis Laskaridis	Non-Executive Member	12/5/2015	12/5/2018
10. Alexandros Makridis	Independent non-executive Member	12/5/2015	12/5/2018
11. Nikolaos – Georgios Nanopoulos	Non-executive Member	12/5/2015	12/5/2018
12. Victor Pisante	Independent non-executive Member	12/5/2015	12/5/2018

The Chairman's and Chief Executive Officer's duties and responsibilities are the following:

Chairman of the Board of Directors

- Sets the daily Agenda, ensures the prompt operation of the Board of Directors, and calls the members of the Board of Directors in meetings which himself leads. In his own capacity or after authorization by the Board of Directors, any member by the Board of Directors, staff or lawyer of the Company may:
- Represent the Company in court or out of court
- Represent the Company against any authority

- In the case of obvious danger, without a decision by the Board of Directors, raise or defend against legal claims and proceedings, assign plenipotentiaries and proceed to court or out of court actions to defend the interests of the Company. These actions are submitted to the Board of Directors for approval.
- Assume all responsibilities assigned by the Board of Directors and sign contracts on behalf of the Company according to the relevant authorisations given by the Board of Directors.

Chief Executive Officer

Chief Executive Officer is responsible for the implementation of the Company's strategic targets and its day to day management. He is responsible for the smooth, proper and effective operation of the Company according to its strategic targets, business plans and action guidelines as those are determined by the decisions of the Board of Directors and the General Shareholders' Meeting.
The Chief Executive Officer reports to the Company's Board of Directors. He provides guidance on strategic actions and validates the important decisions of the Company. He is the Head of all Company's divisions and amongst others he is responsible for:

a) Strategy:
- Strategic decision making with respect to business strategy development, as well as significant investments.
- Defining the Company's organisational plans.
- Ensuring the implementation of the Company's decisions and informing the Board of Directors regarding Company's matters.

b) Executive Guidance:
- Coordination and supervision of the top management so as to ensure effectiveness and efficiency for the Company's smooth operation.
- Decision making or participation in the process of significant business decisions.
- Defining the risk management policies, risk assessment and application of actions and procedures for their effective management.

c) Performance Management:
- Defining budget's targets as well as determining annual performance targets and meeting the annual budget targets.
- Supervision of Company's financial management.
- Ensuring the procedures to meet targets and reach results.

d) Human Resources Development:
- Recruiting and providing guidance to the leading officers of the Company.
- Defining performance evaluation guidelines, as well as being responsible for the promotion, development and remuneration policy of the Company's officers.

Chief Executive Officer is responsible for the coordination of the Company's business units and making proposals to the Board of Directors regarding matters within its power.

Board of Directors meetings

The Board of Directors convenes in the Company's registered office or elsewhere in Greece or abroad, anytime the law, the Articles of Association or the business developments require so, on the date and time appointed by the President or the Vice-President, or if requested so in written by at least two of its Board members. The meeting of the Board may be in the form of a teleconference in accordance with the provisions of art.20 para.3 of Codified Law 2190/1920 observing the minimum technical security specifications provided by law for the validity of the meeting.

The Chairman of the Board of Directors sets the daily agenda and calls the members of the Board of Directors in meetings which heads. The Board of Directors may decide, by an absolute majority vote of the members who are personally present or represented, to assign fully or partially the exercise of its rights and authorities which relate to the management, administration and representation of the Company to one or more persons, irrespectively whether they are members of the Board or not. The title and authorization of those persons shall be determined each time by the Board's decision on their assignment.

A quorum shall be established if the half of the number of the Directors plus one are present or represented in the meetings of the Board, but in no case the number of the Directors who are personally present may be less than three (3). For the purposes of determining the quorum any fraction shall be omitted.

The Board of Directors shall validly resolve by an absolute majority vote of the members who are personally present or represented except for the cases where a special majority is required. In case of equality of votes if the voting is effected by a show of hands it shall be repeated; if it is secret, the making of a resolution shall be adjourned. In case of personal matters, the Board shall decide with secret vote with ballots. Each member shall have one vote; if he represents an absent colleague, he shall have two votes. Director who is absent for any reason may be represented by another Director duly appointed by a letter, telex, telegram or fax addressed to the Board of Directors. In no case a member of the Board can represent more than one Director.

VII. Information regarding the composition and operation of the Audit Committee

According to article 44 of Law 4449/2017 every listed company in the Athens Stock Exchange ("of public interest" according to the law) is obliged to have an "Audit Committee" consisting of at least 3 Board of Directors' members. The Audit Committee is an independent Committee of the controlled company. It consists of non- executive members of Board and members that are elected from the General Shareholders' Meeting of the controlled company. The members of the Audit Committee have adequate knowledge of the industry that the controlled company is involved in.

The Company's Audit Committee consists of the following Board of Directors' members:

- Mr. Alexandros Makrides – independent non-executive member (Chairman of Audit Committee)
- Mr. Achilleas Constantakopoulos - non executive member (Member of Audit Committee)
- Mr. Nikolaos – Georgios Nanopoulos - non executive member (Member of Audit Committee)

The term of the Audit Committee is three years. Renewal of the term or modification of the Committee's members' composition is always subject to decision by the Board of Directors.

The Audit Committee monitors and supervises the performance of internal audit by the Internal Audit department. It convenes on a regular basis where the gathered audits' findings of the Internal Audit department are evaluated and utilized.

The Audit Committee convenes upon request by its Chairman or in case of his absence or inconvenience by his representative who is authorized to perform the Chairman's duties. The Audit Committee shall validly resolve by an absolute majority vote of its members and in the case of equal voting the Chairman's vote supersedes.

- **EXPLANATORY REPORT OF THE BOARD OF DIRECTORS (article 4, paragraph 7 & 8 of Law 3556/2007)**

1. Structure of the Company's share capital
The Company's share capital amounts to forty six million four hundred twenty one thousand and one hundred fifteen euros (€ 46,421,115), divided into seventy one million four hundred seventeen thousand and one hundred common voting shares (71,417,100 shares), of a par value of sixty five euro cents each (€ 0.65). All the shares are registered and listed for trading in the Securities Market of the Athens Stock Exchange under the "Large Cap" classification.

2. Limits on transfer of Company shares
There are no restrictions set by the Company's Articles of Association regarding the transfer of shares.

3. Significant direct or indirect holdings in accordance with the provisions of articles 9 – 11 of Law 3556/2007
As of 31.12.2016 the following investors held more than 5% of the Company's voting rights: Theodore Vassilakis 35.40% (23.74% through Evetrans S.A. and 11.66% through Autohellas S.A.), Alnesco Enterprices Company Limited 8.56%, Siana Enterprices Company Limited 8.56% and Achilleas Constantakopoulos 5.19%.

4. Shares conferring special control rights
There are no Company shares that carry any special rights of control.

5. Limitations on voting rights
The Articles of Association make no provision for any limitations on voting rights.

6. Shareholder agreements which result to limitations in the transfer of shares or limitations to exercise voting rights
The Company is not aware of any Shareholder agreements which result to limitations in the transfer of shares or limitations to exercise voting rights.

7. Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association
The members of the Board of Directors are elected from the General Shareholders' Meeting, through a secret voting procedure, for a three year term extended up to the Annual General Shareholders' Meeting due in the term's final year. The members may be shareholders or non-shareholders and can be re-elected.
Replacement of a member can be authorised by at least 3 other members and is subject to the approval of the next General Shareholders' Meeting.
The Board may consist of seven (7) up to fifteen (15) members.

8. Authority delegated to the BoD or certain members of the Board for the issue of new shares or acquisition of own shares
According to the provisions of article 13 par. 1 item b) of C.L. 2190/1920 and the article 5 of the Articles of Association, the Company's Board of Directors has the right, following a relevant decision by the General Shareholder's Meeting that is subject to the publicity announcements of article 7b of C.L. 2190/1920, to increase the Company's share capital with the issuance of new shares, through a decision by the Board of Directors that is made with a majority of at least two thirds (2/3) of its total members. In this case, Company's share capital may be increased by no more than the share capital amount paid up on the date when the Board of Directors was granted such power by the General Meeting. This power of the Board of Directors may be renewed by the General Meeting for a period that may not exceed five year per instance of renewal.

9. Important agreements which are entered in force, amended or terminated in the event of change in the control of the Company following a public offer
There are no agreements which enter into force, are amended or terminated in the event of change in the control of the Company following a public offer.

10. Agreements that the Company has entered into with Board members or employees regarding compensation payments in the case of resignation, dismissal without valid reason and termination of their office period or employment as a result of a public offering.
The Company has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without valid reason or termination of their period of office or employment due to a public offer.

11. The Company has branches or offices in 59 locations within Greece and abroad

The General Shareholders Assembly on 11.05.2016 has decided the following:

1. Approval of the Annual Report of the Board of Directors' and the Independent's Auditor report on the Financial Statements and developments for the period 2015 (01.01.2015 – 31.12.2015).
2. The members of the Board of Directors and the Auditors of the Company were discharged from any responsibility regarding their actions for the period ended at 31.12.2015.
3. Election of Mr. Vasilis Kaminaris (A.M. S.O.E.L. 20411) as the Company's external Auditor and Mr. Panagiotis Papazoglou (A.M. S.O.E.L. 16631) as substitute Auditor, from the audit firm "ERNST & YOUNG (HELLAS) CERTIFIED AUDITORS ACCOUNTANTS S.A.", for 2016 and approval of their fees.
4. The remuneration of the executive members of the Board of Directors, for their services to the Company for the period 2015 (01.01.2015 – 31.12.2015) was approved. Also their remuneration for the period 2016 (01.01.2016–31.12.2016) was preapproved.

Kifissia, March 22nd 2017

Aegean Airlines S.A.
Chief Executive Officer

Dimitrios Gerogiannis

ERNST & YOUNG (HELLAS)
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C.THIS IS A TRANSLATION FROM THE ORIGINAL VERSION IN GREEK LANGUAGE

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AEGEAN AIRLINES S.A.

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of Aegean Airlines S.A., which comprise the separate and consolidated statement of financial position as of December 31, 2016, the separate and consolidated, comprehensive income, the statement of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal controls as management determines is necessary to enable the preparation of separate and consolidated 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 separate and consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards of Auditing that have been adopted by the Greek Law (GG/B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated 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 separate and consolidated 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 separate and consolidated 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 accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of Aegean Airlines S.A. and its subsidiaries as at December 31, 2016, and their financial performance and 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

Taking into consideration that Management is responsible for the preparation of the Board of Directors' Report and Corporate Governance Statement that is included therein according to the provisions of paragraph 5 article 2 of Law 436/2015 (part B), we note the following:

a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information that is required by article 43bb of Codified Law 2190/1920.

b) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying separate and consolidated financial statements for the year ended December 31, 2016.

c) Based on the knowledge we obtained from our audit of Aegean Airlines S.A. and its environment, we have not identified any material misstatement to the Board of Directors' report.

Athens, March 22, 2017

The Certified Auditor Accountant

VASSILIOS KAMINARIS

S.O.E.L. R.N. 20411

ERNST & YOUNG (HELLAS)

CERTIFIED AUDITORS ACCOUNTANTS S.A.

CHIMARRAS 8b, 151 25 MAROUSSI

D. ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD
1 JANUARY TO 31 December 2016
(amounts in thousands euros)

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AEGEAN AIRLINES S.A. amounts in thousands €

1.1 Statement of Financial Position of the Company as at 31.12.2016

	Note	31/12/2016	31/12/2015
ASSETS			
Non current assets			
Intangible assets	5.22	29.170,80	28.973,11
Tangible assets	5.23	100.915,74	103.867,93
Advances for assets acquisition	5.24	387,33	30.994,76
Investments in subsidiaries	5.25	72.416,56	72.416,56
Deferred tax assets	5.26	0,00	12.742,96
Other long term assets	5.27	21.799,02	19.347,34
Hedging derivatives	5.44	9.339,23	232,68
Financial Assets available for Sale	5.28	1.025,00	2.901,09
Total non current assets		**235.053,68**	**271.476,43**
Current assets			
Inventories	5.29	8.974,90	8.615,96
Customers and other trade receivables	5.30	90.641,11	111.712,32
Advances	5.31	23.690,22	12.768,04
Financial Assets available for Sale	5.28	3.952,74	39.609,11
Hedging derivatives	5.44	24.839,48	34.072,06
Restricted Cash	5.32	0,00	36.392,03
Cash and cash equivalents	5.32	194.454,36	105.654,65
Total current assets		**346.552,80**	**348.824,17**
TOTAL ASSETS		**581.606,48**	**620.300,60**
EQUITY			
Share capital	5.33	46.421,11	46.421,11
Share premium account	5.34	72.775,98	72.775,98
Other reserves	5.35	29.931,74	(13.379,55)
Retained earnings		65.368,31	84.356,98
Total equity		**214.497,13**	**190.174,52**
LIABILITIES			
Long term liabilities			
Finance lease contracts liabilities	5.36	35.838,01	45.175,34
Derivative contracts liabilities	5.44	1.180,84	12.555,62
Liabilities for retirement benefits obligations	5.37	9.614,80	8.096,53
Provisions	5.39b	6.092,66	17.568,50
Other long term liabilities	5.40	14.221,24	20.250,00
Deferred Tax Liabilities	5.26	11.018,84	0,00
Total long term liabilities		**77.966,39**	**103.645,99**
Short term liabilities			
Suppliers	5.38	68.476,97	78.381,11
Long term finance leases liabilities payable next year	5.36	10.894,43	10.196,61
Other short term liabilities	5.41	85.056,70	70.972,13
Liabilities from tickets sold but not flown	5.42	94.415,36	80.304,29
Accrued expenses	5.43	26.918,24	29.643,81
Hedging derivatives	5.44	3.147,29	48.940,30
Current tax income		(0,00)	7.822,26
Provisions	5.39a	233,97	219,58
Total short term liabilities		**289.142,96**	**326.480,09**
Total liabilities		**367.109,35**	**430.126,08**
TOTAL EQUITY AND LIABILITIES		**581.606,48**	**620.300,60**

AEGEAN AIRLINES S.A. amounts in thousands €

1.2 Statement of Financial Position of the Group as at 31.12.2016

	Note	31/12/2016	31/12/2015
ASSETS			
Non current assets			
Intangible assets	5.22	47.046,73	47.602,09
Goodwill	5.22	39.756,30	39.756,30
Tangible assets	5.23	100.768,20	103.937,97
Advances for assets acquisition	5.24	387,33	30.994,76
Financial Assets available for Sale	5.28	1.025,00	8.901,82
Deferred tax assets	5.26	0,00	16.732,90
Other long term assets	5.27	27.647,27	25.998,48
Hedging derivatives	5.44	9.339,23	232,68
Total non current assets		**225.970,06**	**274.157,00**
Current assets			
Inventories	5.29	16.079,85	13.181,67
Customers and other trade receivables	5.30	105.977,68	104.475,87
Advances	5.31	24.732,82	14.013,43
Financial Assets available for Sale	5.28	4.684,24	39.609,11
Hedging derivatives	5.44	24.839,48	34.072,06
Restricted Cash	5.32	0,00	36.392,03
Cash and cash equivalents	5.32	248.477,75	152.932,85
Total current assets		**424.791,81**	**394.677,02**
TOTAL ASSETS		**650.761,87**	**668.834,02**
EQUITY			
Share capital	5.33	46.421,11	46.421,11
Share premium account	5.34	72.775,98	72.775,98
Other reserves	5.35	30.118,18	(13.187,28)
Retained earnings		94.955,78	115.964,62
Total equity		**244.271,05**	**221.974,43**
LIABILITIES			
Long term liabilities			
Finance lease contracts liabilities	5.36	35.838,01	45.175,34
Derivative contracts liabilities	5.44	1.180,84	12.555,62
Liabilities for retirement benefits obligations	5.37	9.998,18	8.405,35
Provisions	5.39b	15.236,24	23.495,92
Other long term liabilities	5.40	14.221,24	24.252,54
Deferred Tax Liabilities	5.26	10.612,69	0,00
Total long term liabilities		**87.087,20**	**113.884,78**
Short term liabilities			
Suppliers	5.38	87.106,19	77.123,21
Long term finance leases liabilities payable next year	5.36	10.894,43	10.196,61
Other short term liabilities	5.41	90.903,84	74.495,07
Liabilities from tickets sold but not flown	5.42	100.948,13	83.961,75
Accrued expenses	5.43	25.928,98	28.818,35
Hedging derivatives	5.44	3.147,29	48.940,30
Current tax income		0,00	7.822,27
Provisions	5.39a	474,75	1.617,25
Total short term liabilities		**319.403,62**	**332.974,81**
Total liabilities		**406.490,82**	**446.859,59**
TOTAL EQUITY AND LIABILITIES		**650.761,87**	**668.834,02**

AEGEAN AIRLINES S.A. amounts in thousands €

2.1 Statement of Comprehensive Income of the Company for the period that ended at 31.12.2016

	Note	01/01 - 31/12/2016	01/01 - 31/12/2015
Revenue	5.45	**891.534,49**	**921.710,09**
Other operating income	5.46	19.872,14	20.490,02
Personnel expenses	5.48	(105.437,24)	(95.485,03)
Depreciation	5.22, 5.23	(16.923,64)	(12.720,86)
Consumption of goods and services	5.47	(732.270,19)	(754.465,89)
Financial income	5.49	41.021,27	37.205,19
Financial expense	5.49	(47.779,06)	(35.638,46)
Profit before tax		**50.017,76**	**81.095,06**
Income tax	5.50	(15.764,74)	(26.847,74)
Profit after tax		**34.253,01**	**54.247,32**

		01/01 - 31/12/2016	01/01- 31/12/2015
Other comprehensive income			
(a) Transferred to the income statement			
Cash flow hedging			
Reclassification of Profit / (Loss)	5.35	21.589,55	26.799,64
Net change in fair value of cash flow hedges	5.35	35.769,29	(48.765,39)
Income tax	5.35	(16.634,06)	6.536,34
Available for sale financial assets			
Reclassification of Profit / (Loss)	5.35	0,00	0,00
Net change in fair value of financial assets	5.35	(177,31)	915,60
Income tax	5.35	51,42	(265,52)
Total (a)		**40.598,88**	**(14.779,33)**
(b) Non-transferred in the income statement			
Net actuarial profit from retirement benefit plans	5.37	(756,75)	(1.181,97)
Deferred tax		219,46	274,08
Total (b)		**(537,29)**	**(907,89)**
Other comprehensive income after taxes		**40.061,59**	**(15.687,22)**
Total comprehensive income after taxes		**74.314,60**	**38.560,10**

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousands €

2.2 Statement of Comprehensive Income of the Group for the period that ended at 31.12.2016

	Note	01/01 - 31/12/2016	01/01 - 31/12/2015
Revenue	5.45	**1.020.313,38**	**982.963,61**
Other operating income	5.46	14.225,58	18.827,62
Personnel expenses	5.48	(119.520,84)	(109.389,66)
Depreciation	5.22, 5.23	(17.984,42)	(14.010,00)
Consumption of goods and services	5.47	(838.178,71)	(781.187,38)
Financial income	5.49	43.894,61	42.116,57
Financial expense	5.49	(51.151,01)	(39.003,87)
Profit before tax		**51.598,60**	**100.316,92**
Income tax	5.50	(19.388,03)	(31.922,51)
Profit after tax		**32.210,57**	**68.394,41**

Other comprehensive income			
(a) Transferred to the income statement			
Cash flow hedging			
Reclassification of Profit / (Loss)	5.35	21.589,55	26.799,64
Net change in fair value of cash flow hedges	5.35	35.769,29	(48.765,39)
Income tax	5.35	(16.634,06)	6.536,34
Available for sale financial assets			
Reclassification of Profit / (Loss)	5.35	(581,00)	0,00
Net change in fair value of financial assets	5.35	350,45	1.231,33
Income tax	5.35	98,76	(388,99)
Total (a)		**40.592,99**	**(14.587,07)**
(b) Non-transferred in the income statement			
Net actuarial profit from retirement benefit plans	5.37	(725,29)	(1.037,47)
Deferred tax		210,34	205,10
Total (b)		**(514,96)**	**(832,37)**
Other comprehensive income for the period after taxes		**40.078,03**	**(15.419,44)**
Total comprehensive income		**72.288,59**	**52.974,97**
Basic and diluted earnings per share in €	5.56	0,4510	0,9577
Weighted number of shares		71.417.100	71.417.100

AEGEAN AIRLINES S.A. amounts in thousands €

3.1 Statement of changes in Equity of the Company for the period ended at 31.12.2016

	Issued capital	Share premium	Cash flow hedging reserves	Reserves (other)	Available for Sale	Accumulated Profit / (Loss)	Total equity
Balance at 1 January 2015	**46.421,11**	**72.775,98**	**(4.247,64)**	**2.954,40**	**(150,30)**	**83.853,72**	**201.607,27**
Profit						54.247,32	54.247,32
Other comprehensive income			(15.429,41)		650,08	(907,89)	(15.687,22)
Total comprehensive income			**(15.429,41)**		**650,08**	**53.339,43**	**38.560,10**
Dividends Paid						(49.992,85)	**(49.992,85)**
Reserves				2.843,32		(2.843,32)	
Balance on 31 December 2015	**46.421,11**	**72.775,98**	**(19.677,05)**	**5.797,72**	**499,78**	**84.356,98**	**190.174,52**
Balance on 1 January 2016	**46.421,11**	**72.775,98**	**(19.677,05)**	**5.797,72**	**499,78**	**84.356,98**	**190.174,52**
Profit						34.253,01	34.253,01
Other comprehensive income			40.724,77		(125,89)	(537,29)	40.061,59
Total comprehensive income			**40.724,77**		**(125,89)**	**33.715,72**	**74.314,60**
Dividends Paid						(49.991,99)	**(49.991,99)**
Reserves				2.712,42		(2.712,42)	
Balance on 31 December 2016	**46.421,11**	**72.775,98**	**21.047,72**	**8.510,14**	**373,89**	**65.368,29**	**214.497,13**

AEGEAN AIRLINES S.A. amounts in thousands €

3.2 Statement of changes in Equity of the Group for the period ended at 31.12.2016

	Issued capital	Share premium	Cash flow hedging reserves	Reserves (other)	Available for Sale	Accumulated Profit / (Loss)	Total equity
Balance at 1 January 2015	**46.421,11**	**72.775,98**	**(4.247,63)**	**2.954,40**	**(150,30)**	**101.238,75**	**218.992,31**
Profit						68.394,41	68.394,41
Other comprehensive income			(15.429,41)		842,34	(832,37)	(15.419,44)
Total comprehensive income			**(15.429,41)**		**842,34**	**67.562,04**	**52.974,97**
Dividends Paid						(49.992,85)	**(49.992,85)**
Reserves				2.843,32		(2.843,32)	
Balance on 31 December 2015	**46.421,11**	**72.775,98**	**(19.677,04)**	**5.797,72**	**692,04**	**115.964,62**	**221.974,43**
Balance on 1 January 2016	**46.421,11**	**72.775,98**	**(19.677,04)**	**5.797,71**	**692,04**	**115.964,62**	**221.974,43**
Profit						32.210,57	32.210,57
Other comprehensive income			40.724,77		(131,80)	(514,96)	40.078,03
Total comprehensive income			**40.724,77**		**(131,80)**	**31.695,61**	**72.288,59**
Dividends Paid					-	(49.991,99)	**(49.991,99)**
Reserves				2.712,42	-	(2.712,42)	
Balance on 31 December 2016	**46.421,11**	**72.775,98**	**21.047,73**	**8.510,13**	**560,25**	**94.955,84**	**244.271,05**

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousands €

4.1 Cash Flow Statement of the Company for the period ended at 31.12.2016

	31/12/2016	31/12/2015
Cash flows from operating activities		
Profit before tax	**50.017,76**	**81.095,06**
Adjustments for:		
Depreciation of tangible assets (Notes 5.22-5.23)	16.923,66	12.720,86
Provisions for aircraft maintenance & bad debts (Notes 5.30-5.37-5.38-5.39b)	(12.273,76)	(16.381,49)
Foreign currency exchange (gains) / losses (Note 5.49)	2.133,83	(6.282,48)
(Profit) / loss from investing activities	153,14	(1.320,63)
Finance Cost	5.392,93	5.818,58
Cash flows from operating activities before changes in working capital	**62.347,56**	**75.649,90**
Changes in working capital		
(Increase) in inventories (Note 5.29)	(358,94)	(151,34)
(Increase) in receivables	(13.283,66)	(42.123,63)
Increase in liabilities	16.720,08	42.251,31
Total changes in working capital	**3.077,48**	**(23,66)**
Interest expenses paid	(3.367,91)	(2.901,22)
Income tax paid	(24.505,22)	(18.429,30)
Net cash flows from operating activities	**37.551,91**	**54.295,72**
Cash flows from investing activities		
Purchases of tangible assets (Notes 5.22-5.23)	(4.580,97)	(20.090,62)
Sales of tangible assets	0,00	172,15
Advances for the acquisition of tangible assets (Note 5.24)	32.957,28	30.622,38
Purchases of financial assets	0,00	(43.501,27)
Sales of financial assets	36.708,16	12.301,60
Investments in subsidiaries (Note 5.40)	(10.400,01)	(60.400,01)
Capital return from subsidiary's share capital reduction (Note 5.30)	20.000,00	40.000,00
Interest and other financial income received	156,98	703,96
Net cash flows from investing activities	**74.841,44**	**(40.191,81)**
Cash flows from financing activities		
Dividends paid	(49.889,00)	(49.885,33)
Financial leases capital paid (Note 5.53)	(10.096,67)	(9.726,55)
Net cash flows from financing activities	**(59.985,67)**	**(59.611,88)**
Net (decrease)/increase in cash and cash equivalents	**52.407,68**	**(45.507,97)**
Cash, cash equivalents & restricted cash at the beginning of the period (Note 5.32)	142.046,68	187.554,65
Cash, cash equivalents & restricted cash at the end of the period	**194.454,36**	**142.046,68**

AEGEAN AIRLINES S.A. amounts in thousands €

4.2 Cash Flow Statement of the Group for the period ended at 31.12.2016

	31/12/2016	31/12/2015
Cash flows from operating activities		
Profit before tax	**51.598,60**	**100.316,89**
Adjustments for:		
Depreciation of tangible assets (Notes 5.22-5.23)	17.984,43	14.010,00
Fixed assets devaluations	0,00	(326,27)
Provisions for aircraft maintenance & bad debts (Notes 5.30-5.37-5.38-5.39b)	(8.987,34)	(18.007,79)
Foreign currency exchange (gains) / losses (Note 5.49)	1.908,53	(7.850,80)
(Profit) / loss from investing activities	177,06	(1.351,55)
Finance Cost (Note 5.49)	5.517,68	5.869,81
Cash flows from operating activities before changes in working capital	**68.198,96**	**92.660,29**
Changes in working capital		
(Increase) in inventories (Note 5.29)	(2.898,18)	248,24
(Increase) in receivables	(14.407,51)	(29.890,48)
Increase in liabilities	36.875,91	28.217,95
Total changes in working capital	**19.570,22**	**(1.424,29)**
Interest expenses paid	(3.486,50)	(2.853,76)
Income tax paid	(24.506,50)	(18.429,30)
Net cash flows from operating activities	**59.776,18**	**69.952,95**
Cash flows from investing activities		
Purchases of tangible assets (Notes 5.22-5.23)	(4.671,13)	(20.236,51)
Sales of tangible assets	0,00	1.980,71
Advances for the acquisition of tangible assets (Note 5.24)	32.957,28	30.622,38
Purchases of financial assets	0,00	(43.501,27)
Sales of financial assets	41.294,35	12.301,60
Investments in subsidiaries	(10.400,01)	(10.400,01)
Interest and other financial income received	181,88	734,87
Net cash flows from investing activities	**59.362,37**	**(28.498,23)**
Cash flows from financing activities		
Dividends paid	(49.889,00)	(49.885,33)
Financial leases capital paid (Note 5.53)	(10.096,67)	(9.726,54)
Net cash flows from financing activities	**(59.985,67)**	**(59.611,87)**
Net (decrease)/increase in cash and cash equivalents	**59.152,88**	**(18.157,15)**
Cash, cash equivalents & restricted cash at the beginning of the period (Note 5.32)	189.324,88	207.482,03
Cash, cash equivalents & restricted cash at the end of the period	**248.477,75**	**189.324,88**

5. Notes to the Interim Financial Statements

5.1 General information

The Company AEGEAN AIRLINES S.A. is a Societe Anonyme airline Company (hereafter referred as "The Company") under the discreet title AEGEAN AIRLINES, which bears the title of AEGEAN AIRLINES S.A. in its international transactions. The Company's duration has been defined until 31/12/2044 and can be extended after that following the decision of the General Shareholders Meeting. The Company's registered address is in the Municipality of Kifissia, Attiki (31 Viltanioti St. PC 145 64). The parent company AEGEAN AIRLINES S.A. and its subsidiaries form AEGEAN Group (hereafter referred as "The Group").

The financial statements for the period that ended in the 31st December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as they have been adopted by the European Union and have been approved by the Board of Directors of the Company on March 22st 2017 and are subject to approval of the General Shareholders Meeting that will take place within the first half of 2017.

5.2 Nature of operations

The Company and the Group operate in the sector of public airline transportations, providing transport of passengers and goods inside and outside the Greek territory, conducting scheduled and unscheduled flights. At the same time, they render aviation services, technical support and ground handling aircraft services. Indicatively, the Company's and the Group's objectives include among others the following activities/operations:

a. Participation in any type of local or foreign company of similar nature of operations

b. Establishment of subsidiaries and agencies

c. Import, trade, leasing of aircraft and spare parts.

5.3 Basis of preparation of the annual financial statements

The Company's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by EU. The financial statements have been prepared under the historical cost principle except for certain categories of assets and liabilities where fair values are used. These categories are the ones stated below:

1) Financial derivatives
2) Financial Assets available for Sale

Financial statements are presented in thousand euro (€ '000), except if stated otherwise. In case of small variances in decimals are mainly because of rounding.

Management examines the basic financial assets and in special circumstances, compliance with medium-term budget with the existing loan terms if any, so as to conclude that the case of "going concern" is appropriate to be used for the production of the annual financial statements of the Group and the Company.

Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and the subsidiaries in which it has control. The subsidiaries (companies in which the Group directly or indirectly controls more than 50% of the votes or otherwise controls the administration) have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date on which control ceases to be in effect.

All intragroup transactions and balances have been eliminated in the consolidated financial statements. Where necessary, accounting policies of subsidiaries have been amended to ensure consistency with the policies adopted by the Group.

The financial statements of subsidiaries are prepared on the same date and with the same accounting principles as the financial statements of the parent. Intra-group transactions (including investments), balances and unrealized gains on transactions between Group companies are eliminated. Subsidiaries are fully consolidated from the date on which control is taken and cease to be consolidated from the date on which control is transferred outside the Group. Losses are allocated to non-controlling interests even if the balance is negative. Transactions that lead to change in ownership in subsidiaries are recognized in shareholders' equity. The results of subsidiaries acquired or sold during the financial period are included in the consolidated statement of comprehensive income from or up to the date of acquisition or sale, respectively.

Business combinations and goodwill

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is defined as a set of activities and assets that can be managed for the purpose of creation of benefits to its owners.

If the acquired assets are not a business, the transaction is accounted for as an acquisition of an asset and the acquisition cost is allocated to assets and liabilities, based on their relative fair values at the acquisition date.

Business combinations are accounted with the acquisition method. The cost of an acquisition is the fair value of the assets acquired, equity issued and liabilities assumed at the date of exchange, plus the amount of non-controlling interest measured in, for each combination, either at fair value or at the proportion of non-controlling interest at fair value of the net identifiable assets acquired. Acquisition-related costs are expensed as incurred.

If the cost of acquisition is less than the fair value of the net identifiable assets acquired, the difference is recognized directly in the income statement.

Goodwill on acquisitions of subsidiaries is recorded as an intangible asset. Goodwill is not amortized but is subject to at least annual testing for impairment. Thus, after initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing purposes, goodwill is allocated, at the acquisition date, to each cash-generating unit that is expected to benefit from the combination. The impairment test is performed by comparing the recoverable amount of the unit with the carrying amount of each unit including the goodwill allocated to this unit. The recoverable amount is the higher of fair value less any costs to sell, and the unit value in use. The value in use is determined by discounting future cash flows with an appropriate discount rate. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Gains and losses on the disposal of subsidiaries are determined taking into account the goodwill relating to the entity sold.

Investments in subsidiaries

In the financial statements of the parent company, investments in subsidiaries are valued at cost of acquisition less any accumulated impairment losses. The impairment test is carried out whenever there is any indication of impairment based on the provisions of IAS 36 "Impairment of Assets" (Note 5.13).

5.4 Standards, Interpretations and amendments to existing standards

A) Changes in accounting policies and disclosures

- **IAS 1: Disclosure Initiative (Amendment)**
  The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted. No material changes to the Group financial statements have occurred from the adoption of this amendment.

- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**
  The amendment is effective for annual periods beginning on or after 1 January 2016. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The Group Management has not made use of this assessment.

- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**
  The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The Group had no transactions in scope of this amendment.

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**
  The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Group does not have any plans that fall within the scope of this amendment.

- The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015. None of these had an effect on the Group's financial statements.

  - ***IFRS 2 Share-based Payment:*** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
  - ***IFRS 3 Business combinations:*** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
  - ***IFRS 8 Operating Segments:*** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
  - ***IFRS 13 Fair Value Measurement:*** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
  - ***IAS 16 Property Plant & Equipment:*** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
  - ***IAS 24 Related Party Disclosures:*** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
  - ***IAS 38 Intangible Assets:*** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- The **IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle,** which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016. None of the amendments below had an effect on the Group's financial statements.

  - ***IFRS 5 Non-current Assets Held for Sale and Discontinued Operations***: The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
  - ***IFRS 7 Financial Instruments***: ***Disclosures***: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
  - ***IAS 19 Employee Benefits***: The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
  - ***IAS 34 Interim Financial Reporting:*** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

B) Standards issued but not yet effective and not early adopted

- **IFRS 9 Financial Instruments**
  The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

  Management has started assessing the impacts anticipated from transition to IFRS 9, expecting the following main effects:

a. Group's equity investments should be measured in fair value with value changes being recognized through profit or loss, instead of reflected in OCI according to IAS 39. The option to designate the equity instruments as FVTOCI has not yet been evaluated by the management.
b. New impairment approach for assessing credit loss of financial assets may affect the provision established in financial statements. The potential effect of the new loss allowance has not yet been evaluated by the management.
c. Currently the management expects to have no material effects with respect to hedging instruments, since there is the option of choosing as accounting policy to continue applying the entire hedge accounting requirements of IAS 39.

- **IFRS 15 Revenue from Contracts with Customers**
  The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total

revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates.

First compliant to IFRS 15 Group Annual report will be published for the period ending 31 December 2018. The Group is still in process for assessing this standard's implications; however the following impacts are expected:

a. The Company has a loyalty program to award its frequent flyers, where members are able to earn points (miles) by flying on Star Alliance airlines or by making transactions with other non-airline partners. The Group estimates the fair value of unredeemed loyalty points by utilizing historical and statistical data. IFRS 15 does not preclude or prescribe any particular method for estimating a standalone selling price, as long as the estimate is a faithful representation of the price at which the entity would render the service if it were rendered separately to the customer. Starting from the transition period to IFRS 15, the Group's management intends to initiate determining the fair value of this deferred revenue through actuarial study. No prediction can be made at the moment with respect to the magnitude or trend of this change effect.
b. Commissions and other direct selling costs (i.e GDS booking fees, travel agency etc) may be capitalized if certain criteria in IFRS 15 are met. In that case, these costs could be amortized on a systematic basis that matches the transfer of services to the customer, which would in substance result in the capitalized costs being expensed when the customer is uplifted.
The Group continues its assessment procedures for further evaluating potential impacts of transition to IFRS 15. The modified retrospective approach currently seems to be the most probable option.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**
The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 *Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. These Clarifications have not yet been endorsed by the EU. The Group Management estimates that these Clarifications will not have significant effect in the Group financial statements.

- **IFRS 16: Leases**
The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard has not been yet endorsed by the EU.

IFRS 16 is expected to have a significant impact on the group's balance sheet as the present value of the future operating lease payments for aircraft and other lease agreements will be recognised as right-of-use -assets and interest-bearing liabilities in the balance sheet. Currently, future lease payments are presented in the notes as operating lease commitments at their nominal value. The currently reported lease commitments at the end of 2016 amounted to EUR 605,27 m (Note 5.51). Aegean is currently evaluating the financial impact of adopting IFRS 16. The review of the impact of IFRS 16 will require an assessment of all leases, decision on the transition method and several other judgments and the impact of adopting these standards cannot be reliably estimated until this work is substantially complete.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that this amendment will not affect the Group financial statements.

- **IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)**
  The Amendments become effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment. These amendments have not yet been endorsed by the EU. Management has assessed that these amendments will not affect significantly the Group financial statements.

- **IAS 7: Disclosure Initiative (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. These Amendments have not yet been endorsed by the EU. Management has assessed that these amendments will not affect significantly the Group financial statements.

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU. Management has assessed that these amendments will not affect significantly the Group financial statements.

- **IAS 40: Transfers to Investment Property (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU. Management has assessed that these amendments will not affect significantly the Group financial statements.

- **IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration**
  The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU. Management has assessed that this interpretation will not affect significantly the Group financial statements.

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12 Disclosure of Interests in Other Entities and on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. These annual improvements have not yet been endorsed by the EU Management has assessed that these improvements will not affect significantly the Group financial statements.

  - ***IFRS 1 First-time Adoption of International Financial Reporting Standards:*** This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.
  - ***IAS 28 Investments in Associates and Joint Ventures:*** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
  - ***IFRS 12 Disclosure of Interests in Other Entities:*** The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

5.5 Important judgments, accounting estimates and assumptions.

The preparation of financial statements according to International Financial Reporting Standards (IFRS) requires the formulation of judgments, assumptions and estimates by the management that affect assets, liabilities and related disclosures at the reporting date of the financial statements. They also affect the disclosures of contingent assets and liabilities at the reporting date as well as the published revenues and expenses during the period. Actual results may differ from those estimated. Estimates and judgments are based on experience from the past as well as other factors including expectations for future events which are considered reasonable under specific circumstances while they are reassessed continuously with the use of all available information.

Judgments

During the application of accounting policies, Company's management applies its judgment based on its knowledge of the Company and the market in which it operates, using the most accurate information available. Possible future changes in the current conditions are taken into account in order to apply the most proper accounting policy. Management's judgment in regard to accounting policies used for the formulation of estimates, are summarized in the following categories:

Classification of investments

Management decides on the acquisition of an investment whether this will be classified as held to maturity, investment measured at fair value through the income statement or held for sale.

Determining whether a lease can be classified as operating or finance lease

The evaluation of such agreements is not only subject to the assessment of the type of the lease but mainly to the terms of the transaction. Factors examined to assess are the term of the lease, the residual value of the asset at the end of the term, the fair present value of the asset compared to the present value of the lease payments, the specific nature of the assets and various other factors. See note 5.36.

Accounting treatment of liabilities (provisions) regarding aircraft maintenance

The accounting treatment and measurement of those liabilities is based on management judgments and estimates concerning the use of the aircraft and the maintenance planning as well as the relevant terms in the leasing contracts. See note 5.39.

Estimates and assumptions

Specific amounts which are included in, or affect the financial statements and the relevant disclosures are assessed from the Company's management in order to formulate assumptions regarding values or conditions which are not certain during the preparation of the financial statements. An accounting estimate is considered important when it is significant for the financial position and the results of the Group and it requires difficult, subjective or complex judgments by the management and which is often a result of uncertain assumptions. The Company evaluates such estimates continuously, based on results of past experience, consulting experts, current trends, other methods which are deemed reasonable now, as well as assumptions on how these could change in the future.

Impairment of investment in subsidiaries

The parent company examines at each balance sheet date whether indications of impairment of investments in subsidiaries exist. Determining impairment indications requires management to make judgments regarding external and internal factors and the extent to which they affect the recoverability of these assets. If it is assessed that there are indications of impairment, the Company makes an estimate of the recoverable amount. The calculation of the recoverable amount requires estimates regarding future cash flows associated with the investment, business plan and determining the discount and growth rates. See note 5.25.

Impairment of intangible assets

Intangible assets that have indefinite useful life (goodwill and slots) are not subject to amortization but are tested for impairment. More specifically, goodwill impairment test is performed annually or more frequently if there are indications of impairment. Indications for slots value impairment are considered at each reporting period. An impairment loss is recognized for the amount exceeds intangible assets carrying value, not anticipated to be recovered. Any intangible asset being previously impaired, apart from goodwill, is reassessed by the management at each reporting period for potential reversal of impairment.

Loyalty program revenue recognition

The Group estimates the fair value of unredeemed loyalty points (miles) of Miles & Bonus program by utilizing historical and statistical data. This calculation uses estimates for the expected redemption rate and the fair value of the redemption product. On December 31st 2016 the estimated liability for unredeemed miles amounted to € 26.335,60 thousand (2015: € 19.804 thousand). See note 5.38.

Income tax (current & deferred)

The measurement of income taxes provisions is heavily based on estimates. There are a lot of transactions for which the accurate calculation of the tax is not possible in the normal course of business. The Company recognizes liability provisions for anticipated tax matters, based on estimates for potential amounts due for additional taxes. When the expected final tax payable is different from the initial estimates in the financial statements when those are finalized both income tax and provisions for deferred taxation are affected. Moreover, possible effects from the tax audit of previous periods are included in note 5.39 and are recorded in the account 'Income Tax' of the Income Statement.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will occur and tax losses may be offset and tax credits may be used. The recognition of deferred tax assets requires significant estimates and judgment with respect to future activities and prospects of the Group companies and the amount and timing of taxable profits.

Fair value of derivatives and other financial instruments / Hedge accounting

The Company uses derivatives to manage a series of risks including interest rates, foreign currency exchange rates (EUR/USD) and jet fuel price. Accounting for derivatives, in order to qualify for hedge accounting, requires that at the inception of the arrangement the details of the hedging relationship must be formally documented and the hedged value and the hedging instrument must meet certain requirements. From the beginning of a hedging and thereafter, every quarter the hedging effectiveness is evaluated both retrospectively and prospectively. In cases where the hedging becomes ineffective, it does no longer qualify as a hedge instrument in the future. The fair values of the derivative contracts are calculated using pricing models from an independent platform, making assumptions based on the market, which are confirmed by independent sources.
Additional information regarding the use of derivatives is provided in note 5.44.

Fair value of financial instruments

All assets and liabilities for which the fair value is measured or disclosed in the financial statements, are categorized according to the hierarchy levels, described below:
The fair value of financial instruments traded in active markets is determined at each reporting date in relation to the stock market values or values determined by broker offers, without deduction for transaction costs (Hierarchy Level 1).
The fair value of financial instruments not traded in active markets is determined using: (i) appropriate valuation techniques for which the data, that have significant impact on the fair value accounted for, are directly or indirectly identifiable (Hierarchy Level 2), (ii) techniques for which the data, that have significant impact on the fair value accounted for, are not easily identified in the markets (Hierarchy Level 3) and may include recent transactions under normal conditions, the current fair value of another instrument similar to these instruments, discounted cash flow analysis or other valuation models.

For assets and liabilities recognized in the financial statements at fair value, the Group determines whether there are transfers made during the year between the hierarchy levels at the end of each year.

Contingencies

The Company is involved in litigation and claims in its normal course of operations. Management, based on past experience and the fact that the trial procedures are still in process, estimates that any resulting settlements would not materially affect its financial position and operations. However, the determination of contingent liabilities relating to the litigation and claims is a complex process that involves judgments as to the possible outcomes and interpretation of laws and regulations. Future changes to the judgments or the interpretations may increase or decrease the Company's contingent liabilities in the future. Contingent assets / liabilities balances are analyzed in note 5.52.

Useful life of depreciable assets

The Company's management evaluates the useful life of depreciable assets in every period. On December 31st 2016 the Company's management believes that the useful lives of the assets are in line with their expected useful life. The depreciable amounts are analyzed in notes 5.22 and 5.23. Intangible asset useful life can be characterized as definite or indefinite.

Post-retirement benefits to personnel

Post-retirement obligations are determined using actuarial valuations. An actuarial valuation requires the management to proceed in various assumptions, such as the future salary increases etc. At each reporting date, when this provision is revised, management tries to more precisely assess these assumptions. (Note 5.37)

Provision for impairment of trade and other receivables

Trade receivables are mainly collected in advance or have limited credit period (3 months). Group management periodically assess the adequacy of established provision for doubtful debt, taking into account the credit policy as well as any events communicated by the Group Legal Department, derived from historical data and recent developments of legal cases handled. (Note 5.30)

Inventories provision

The Company periodically assesses the existing inventory and, if it is necessary, establishes a provision for spare parts impairment. The respective exercise is performed in cooperation with the Technical Department. Any inventories decreases to Net Realizable Value (NRV) and any loss occurred are recorded in the Statement of Comprehensive Income when occurred.

5.6 Summary of accounting policies

Basis of preparation of financial statements

The accounting policies used for the preparation of the 2016 financial statements are presented below.

5.7 Foreign currency translation

The financial statements of the Company are presented in Euros (€) which is its operating currency.

Foreign currency transactions are converted into the operating currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the conversion of remaining balances at year-end exchange rates, are recognized in the income statement in the accounts "financial income" & "financial expense" respectively.

5.8 Revenues and expenses recognition

Revenues are recognized at the time the Company expects to receive the economic benefits and these benefits can be measured reliably.
Revenue is measured at the fair value of the benefit received, net of tax, credits, trade discounts and airport fees.
The amount of revenue is estimated that it can be measured reliably only when all contingent liabilities related to it have been resolved.

Revenue is recognized as follows:

Services: Revenue from flight services is recognized in the period that the service is rendered based on its completion stage. Services relate to transfer of passengers or goods with scheduled and unscheduled (charter) flights.
Revenues from scheduled and charter flights are recognized when the flight takes place. The value of tickets that have not yet been flown are recognized as deferred revenue, which are recorded in the period in which the flight takes place.
Revenues from services related to services to be provided in a later period, are recognized in the liability account (deferred revenue) and transferred to income in the period in which services are provided.

Interest income: Interest income is calculated using the method of the effective interest rate which is the rate that discounts future flows for the expected duration of the financial instrument at the net book value of the asset or liability.

Expenses: Expenses are recognized in the income statement on accrual basis. Aircraft maintenance accruals are calculated based on the actual flight hours. Interest expense is calculated using the effective interest rate according to time elapsed.

AEGEAN AIRLINES S.A. amounts in thousands €

5.9 Intangible assets

Intangible assets include airports slots, software licenses, Olympic Air brand and goodwill. Airports slots have an indefinite useful life, therefore they are not depreciated, but they are subject to impairment testing annually. Software licenses are valued at historic cost less amortization and/or any other possible impairment. Amortization of intangible assets is calculated applying the straight line method in the useful life of the assets which is between 1 to 10 years.
Goodwill is an asset with an indefinite useful life, therefore it is not depreciated, but is subject to impairment testing annually. It derives from the company's acquisitions and is calculated as a balance between the acquisition price and the fair value of the net assets acquired.

Useful life for Intangible Assets

-Software	5 years
-Olympic Air Brand	contract terms (49 years)
-Other	10 years

5.10 Tangible assets

Tangible assets are reported in the financial statements at acquisition cost, less accumulated depreciations and possible impairment. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets. Subsequent expenditure is added to the carrying value of the tangible fixed assets or is recognized as a separate fixed asset only if it is expected to increase the future economic benefits for the Company and their cost can be accurately and reliably measured. Upon initial recognition of the value of aircraft for which a lease begins, the Group estimates the cost of major maintenance and recognizes them as separate tangible assets, which are depreciated based on their expected flight hours, until the occurrence of the next major maintenance. When the next major maintenance is carried out, this cost is recognized in the residual value of the aircraft, as a replacement of depreciated asset, which is derecognized. Such events include engine performance restorations and airframe heavy checks. Tangible assets that have been acquired through financial leasing are depreciated through the whole duration of the expected useful life (based on similar owned tangible assets) if or during the lease period if it is shorter.

Depreciation of tangible fixed assets (other than Land which is not depreciated) is calculated using the straight line method over their useful life, as follows:

Buildings	10-20 years
Machinery	6-22 years
Aircraft	20-25 years
Vehicles	3-5 years
Aircraft / airport equipment	3-8 years
Other equipment	5 years

Aircraft maintenances for financial leases is depreciated over the realized flight hours based on aircraft technical specifications.
The residual values and useful economic life of tangible fixed assets are subject to impairment testing annually. When the book value of tangible fixed assets exceeds their recoverable amount, the difference (impairment) is immediately expensed in the income statement. Upon sale of the tangible fixed assets, any difference between the proceeds and the book value is recognized as profit or loss to the results. Depreciation of aircrafts is done using the component depreciation method.

5.11 Impairment of tangible and intangible assets

The tangible and intangible assets that are valued at cost less depreciation/amortization, are reviewed for impairment when events or circumstances indicate that the residual value may not be recoverable. The impairment loss is the amount by which the book value of the cash-generating unit exceeds its recoverable amount. The recoverable amount is determined by discounting the future cash flows expected from the cash-generating unit.

5.12 Leases

The Company as lessee:

Finance leases

Leases of tangible assets that transfer to the Company all the risks and benefits linked to the ownership of an asset, whether the title has or has not eventually been transferred, constitute finance leases. At inception, such leases are capitalized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Every lease is apportioned between liability and finance cost so that a fixed interest rate can be applied on the residual financial liability.

Operating leases

The leases where the lessor transfers the right of use for an asset for a certain period without actually transferring all the risks and benefits linked to the ownership of an asset, are classified as operating leases. Operating leases of the Group relate to aircraft leases, spare engines, buildings and cars. Payments made under operating leases (net of possible incentives offered by the lessor) are recognized to the income statement over the period of the lease. The company has the obligation at the end of the contract before returning the aircraft to carry out the necessary maintenance according to lease agreements. For this reason, a maintenance accrual is kept based on flight hours, as indicated in Note 5.39b.

The Company as lessor:

The leases in which the Company does not actually transfer all risks and benefits of an asset are classified as operating leases. Initial direct costs which burden the lessor during the negotiation and signing of the lease contract are added to the book value of the leased asset and are recognized as revenue with the same method during the leasing period. As a lessor the Company receives lease payments from the sublease of offices.

5.13 Financial assets

A financial instrument is any contract that creates a financial asset to one entity and a financial liability or equity to another enterprise.

The Group's financial assets are classified at initial recognition in the following categories based on the the contract's terms and the purpose for which they were acquired:

i) Financial assets at fair value through profit or loss

This category includes financial assets that satisfy any of the following conditions:

- Financial assets held for trading purposes (including financial instruments acquired or created for the purpose of sale or repurchase and those that are part of a portfolio of recognized financial instruments), except those that are designated as effective hedging instruments)
- At initial recognition by the company the instrument is valued at fair value, given certain conditions, with changes recognized in the Statement of Comprehensive Income.

Financial assets at fair value through profit or loss are measured at fair value with gains or losses being recognized in the Statement of Comprehensive Income.

ii) Loans and receivables

Those include non-derivative financial assets with fixed or determinable payments that are not traded in an active market. This category (Loans and Receivables) does not include:

- Receivables from advances for the purchase of goods or services such as advances given for purchase of aircraft which are considered non-monetary items and are recorded at cost as non-current assets

- Receivables relating to tax transactions, which have been imposed by the state with legislation
- Anything not covered by a contract which gives the company the right to receive cash or other financial assets

Loans and receivables are included in current assets, except for maturities greater than twelve (12) months from the date of financial position. These are classified as non-current assets. These data are measured at amortized cost using the effective interest method, less any impairment losses. Gains or losses are recognized in income statement when the investments are derecognized or impaired, as well as through the amortization process.

iii) Held-to-Maturity investments

They include non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the intention and ability to hold until maturity. These assets are measured after initial recognition at amortized cost using the effective interest method, less any impairment losses. Gains or losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization process.

iv) Available For Sale financial assets

They include non-derivative financial assets that are either classified in this category or not classified in any of the above categories. Subsequently, available for sale financial assets are measured at fair value and the related gains or losses are recorded as other income until such assets are sold or impaired. Upon sale or when designated as impaired, gains or losses are recognized in the results. Impairment losses recognized in the income statement and relate to investments in equity instruments cannot be reversed through the results.

Purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus directly attributable transaction costs. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred all the risks and rewards of ownership.

Impairment of financial assets

At each reporting date, the Group assesses whether there is objective evidence leading to the conclusion that financial assets have been impaired.

Financial assets carried at amortized cost

If there is objective evidence for impairment on loans and receivables carried at amortized cost, the amount of the loss is measured as the difference between the asset balance and the present value of estimated future cash flows (excluding future credit losses not yet incurred). The cash flows are discounted using the effective interest rate of the asset (the effective interest rate computed at initial recognition). The rest is reduced either by deletion or through use of a provision.

The current value of the asset is reduced through a provision and the impairment loss is recognized in the income statement. The Group first assesses whether objective evidence of impairment of individual assets which are considered significant are present, and then assets that are not individually significant grouped and assessed all together. If it is determined that no objective evidence of impairment exists for a certain item, regardless of the importance of this asset, then it is included in impairment testing groups of assets with similar credit risk.

Customized financial assets which are tested for impairment and for which an impairment loss is or continue to be recognized are not included in a grouped assessment for impairment. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after recognition of the impairment loss, the amount of the loss recognized previously is reversed. Any subsequent reversal of impairment losses recognized in the income statement to the extent that the balance of the asset does not exceed its amortized cost at the reversal date.

Available for sale investments

For shares of companies classified as financial assets available for sale, a significant or prolonged decline in the fair value below its cost of acquisition has occurred. If such evidence exists, the cumulative loss in equity, which is the difference between cost and fair value, is transferred to the income statement. Impairment losses recognized in the past related to investments in equity instruments are not reversed through the income statement. Reversals of impairment losses on bonds are recognized in the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss.

De recognition of Financial Assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired.
- The Group maintains its right to receive cash flows from the asset but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement
- The Group has transferred its rights to receive cash flows from the asset and has either (a) transferred substantially all the risks and rewards of the asset, or has (b) neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from the asset and has transferred substantially all the risks and rewards of the control of the asset, the asset is recognized to the extent of the Group's continuing involvement in this asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount that the Group could be required to repay. When continuing involvement is in the form of a call options on the transferred asset (including cash settled ones), the degree of continuing involvement of the Group is the value of the transferred asset that the Group may repurchase, except in the case of put options which is valued at fair value, where the continuing involvement of the Group is limited to the lower of the fair value of the transferred asset and the option exercise price.

Fair value

The fair values of financial assets that are quoted in active markets are defined by closing market prices on the balance sheet date. Regarding non-tradable assets, their fair values are defined with the use of valuation techniques. The purpose of using valuation techniques is to determine the transaction value at the record date which is conducted at commercial terms and driven by common business factors. Valuation techniques include the analysis of recent transactions at commercial terms, peer group valuation, discounted cash flows and stock option valuation models.

Financial derivatives and hedge accounting

All financial derivative assets are initially recognized at the fair value on the trade date and subsequently at their fair value. Financial derivative instruments are recognized in assets when their fair value is positive and in liabilities when their fair value is negative. Their fair value is calculated from the value they have on an active market or through other valuation techniques when an active market does not exist for these financial instruments.

The profit or loss recognition depends whether a derivative has been determined as a hedging item and if hedging exists based on the nature of the hedged item. Profit or loss arising from the change of the fair value of derivatives that are not recognized as hedging items, is recognized in the income statement. The Company is using hedge accounting when at the commencement of the hedging transaction, and the subsequent use of financial derivatives can determine and justify the hedging relationship between the hedged item and the instrument used for hedging, relating to its risk management policy and strategy for hedging. Moreover hedge accounting is used only when it is expected that the hedging strategy will be highly effective and reliably and continuously calculated, for the periods it was intended for, as per the reconciliation of the movements in the fair value or the cash flows resulting from the hedged risk. The Company is hedging cash flows using financial derivative instruments.

Cash flow hedging

With cash flow hedging the Company is covering risks coming from an asset, liability or future transaction that cause fluctuations in the cash flows and which could have an impact to the period's result. For financial derivatives classified as hedging items for cash flow hedging purposes, special accounting treatments are required. In order to fulfill the hedge accounting requirements, certain conditions relating to justification, hedging effectiveness and reliable calculation must be met.

The changes in the fair value of the effective part of the hedging derivative are recognized in the equity while the ineffective part is recognized in the comprehensive income statement. The accumulated balances in the equity are transferred in the income statement of the periods where the hedging derivatives are recognized. In particular amounts relating to hedging of fuel prices increase or decrease fuel expenses, amounts relating to hedging of lease rentals increase or decrease lease expenses and amounts relating to hedging of interest rates increase or decrease finance costs.

When a financial instrument expires, is either sold or exercised without being replaced, or when a hedged item does no longer fulfill the criteria of hedge accounting, cumulative gain or loss remains in equity and it is recognized when the transaction occurs. If the hedged transaction is not expected to occur, gains or losses are recognized directly in the income statement.

5.14 Inventories

The inventories include aircraft spare parts and purchased goods. The acquisition cost includes all the costs incurred to bring the inventories at their current location and condition. Finance cost is not included in the inventories acquisition cost. The inventories' cost is calculated using the FIFO method (First In First Out).

Aircraft spare parts of large values that can be utilized multiple times are capitalized at aircraft value in tangible assets. Restricted cash relate to guarantees to counterparties for commodity swaps, in particular jet fuel swaps, to cover the fuel price increase risks.

On the balance sheet date, the inventories are measured at the lower of acquisition cost and net liquidation value. The Company at the end of each fiscal year reviews the depreciation of inventory and estimates the relevant provision or write off.

5.15 Cash and cash equivalents – Restricted cash

Cash and cash equivalents include cash at bank, petty cash as well as short term highly liquid deposits with an original maturity of three months or less. Restricted cash refer to cash collaterals with counterparties that commodity swaps have been signed, more specifically jet fuel swaps, in order to offset fuel price increase.

5.16 Share capital

Share capital is determined using the nominal value of shares that have been issued. Share premium reserve includes all premiums in excess of the nominal price received at the date of the issue.
A share capital increase through cash includes any share premium during the initial share capital issuance. Any cost related to the capital increase or any tax benefit is deducted from the product of the share capital increase.
Retained earnings include the result of the current and the previous periods.

5.17 Employee benefits due to retirement and other short term benefits to employees

Short term benefits

Short term employee benefits in cash or in kind are recognized as expense when incurred. Any unpaid amount is recognized as liability.

Retirement benefits

The Company has established both defined benefit and defined contribution plans.
Typically, defined benefit schemes provide for a benefit the employee will receive on retirement, based on factors such age, service years and compensation received.

The balance sheet liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan's assets.

The defined benefit obligation is measured annually by independent actuaries using the projected unit credit method. The current value of the defined benefits is estimated by discounting the future expected cash outflows (using the interest rate of European bonds index Iboxx AA Corporate Overall 10+ EUR indices), issued in the currency the benefits will be paid at and have similar maturity terms to those of the retirement's liability.

The actuarial gains or losses that result from adjustments based on empirical adjustments and changes in actuarial assumptions are recorded in other comprehensive income and through it in retained earnings.

A defined contribution plan is a retirement scheme where the Company pays defined contributions, to an independent institution (the fund) that operates the contributions and provides the benefits, on a compulsory or non-compulsory basis. The Company has no other legal or any other type of obligation for further contributions if the fund is unable to meets its contract requirements and provide to the employees the agreed benefits for current or past services. Prepaid contributions are recognized as assets to the extent the cash return or decrease is expected in the future payments.

5.18 Financial liabilities

Financial liabilities include bank loans and overdrafts, trade and other payables and liabilities incurred and financial leases.

Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument and derecognized when the obligation under the liability is discharged, cancelled or expires.

Bank loans provide long term financing to the Company. All loans are initially recognized at cost which is the fair value of the consideration received less the issue costs. After the initial recognition, bank loans are valued in their depreciable amount with the real interest rate method. The depreciated amount is calculated taking into consideration every discount or premium in the settlement.

All interest related charges are recognized as an expense in "financial expense" in the income statement.

Trade payables are recognized initially at their nominal value and subsequently valued at their amortized cost less any settlement payments.

Dividends payable to the shareholders are in included in "Other short term liabilities" when they are approved by the Shareholders' General Meeting.

When a current financial liability is exchanged with another of different type and terms but from the same originator, this is dealt as termination of the initial liability and commencement of a new one. Any difference in the book values is recognized in the income statement.

5.19 Income tax & deferred tax

Current Income tax

Current income tax receivables / liabilities comprise of obligations to / or claims from fiscal authorities based on taxable income of the current or previous reporting periods that have not been settled until the balance sheet date.

They are measured at tax rates and tax laws that are enacted on the respective financial year based on the taxable profits for the period. All differences in tax assets / liabilities are charged to the income statement for the period as part of the income tax expense.

<u>Deferred tax</u>

Deferred income tax is calculated with the net liability method focuses on temporary differences between the carrying amounts of assets and liabilities of the financial statements and the corresponding tax bases. Deferred tax assets are re-examined at every balance sheet date and are reduced to the extent that it is no longer possible that enough taxable income will be available to allow the use of benefit (in total or partially) of the deferred tax asset. Deferred tax liabilities are recognized for all temporal tax differences except when the deferred tax liability arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at tax rates that are expected to be enacted when the asset will be recovered or the liability settled taking into consideration the tax rates already enacted by the time of the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as tax revenue - expense. Changes in deferred tax assets or liabilities related to a change in the value of asset or liability recognized in equity through the statement of other comprehensive income or directly, are recognized in equity through the statement of comprehensive income or directly respectively.

The Company recognizes a previously unrecognized deferred tax asset to the extent that it is probable that future taxable profit will allow the recovery of the deferred tax asset.

5.20 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has present legal or assumed obligations as a result of past events, their settlement is probable through an outflow of economic resources from the Company and the liability can be estimated reliably. The time frame or the resources' outflow may be uncertain. A present obligation stems from the existence of a legal or assumed obligation resulting from past events such as warranties, legal disputes or onerous contracts. When the total or part of the estimated provision settlement amount is expected to be paid by a third party, the remuneration will be recognized only if it is more probable than not that the remuneration will be paid by the financial entity. The remuneration amount recognized cannot exceed the provision amount.

The expense relating to a provision is presented in the income statement, net of the provision initially formed. A provision is used only for the purpose it was initially formed. Provisions are evaluated at each balance sheet date and adjusted accordingly in order to depict the best most current estimation. Provisions are valued at the balance sheet date and are adjusted in order to reflect the present value of the obligation's expected settlement cost.

In such cases where the possible economic resources outflow as a result of present obligation is not probable or the amount or the provision cannot be reliably estimated no provision for contingent obligations is recognized in the financial statements however they are disclosed if the probability of economic resources outflows is high. Contingent assets are recognized in the financial statements but are disclosed when the economic resources inflow is probable. Possible economic resources inflows for the Company that do not meet the conditions for an asset are considered as contingent assets.

5.21 Operating Segments

In 2015 the Group decided to change the way of presenting operating segment information, following the Management's reporting and thus it was considered appropriate to present information on a single route network sector.

More specifically, the Group is managed as one business unit that provides high-quality air transport within and outside the Greek territory.

AEGEAN AIRLINES S.A. amounts in thousands €

Operations are monitored and managed by the Board of Directors, which acts as the Chief Operating Decision Maker - CODM.

For more efficient decision-making, CODM is provided with all necessary information (route revenue, available resources, competition analysis), which is evaluated for the entire network, with the goal of maximizing the overall financial results and not to improve the results of a particular route.

Finally it should be noted that profitability is measured on the basis of the result, profit or loss, from operating activities before income tax, without taking into account the financial results and extraordinary items.

5.22 Intangible assets

As at 31.12.2016 the Company held intangible assets amounting to € 29.170,80 thousand and the Group 47.046,73 thousand. The changes in the aforementioned amounts are analyzed as follows:

	Company		Group	
Intangible assets	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Acquisition cost				
Balance as of January 1st	37.731,10	35.771,00	65.211,67	63.183,04
Additions	2.019,08	2.205,85	2.054,08	2.274,38
Disposals	0,00	(245,75)	0,0	(245,75)
Total acquisition cost	**39.750,18**	**37.731,10**	**67.265,75**	**65.211,67**
Accumulated amortization				
Balance as of January 1st	8.758,00	7.296,21	17.609,59	15.274,63
Amortizations	1.821,38	1.461,78	2.609,43	2.334,95
Total accumulated amortization	**10.579,38**	**8.757,99**	**20.219,02**	**17.609,58**
Unamortized cost	**29.170,80**	**28.973,11**	**47.046,73**	**47.602,09**

Group Intangible assets as of 31.12.2016 include "Olympic" brand amounting € 17.441,49 thousand, airport slots amounting € 22.039,00 thousand, software licenses amounting € 4.397,88 thousand and other intangible assets amounting € 3.168.36 thousand.

The Group performs its annual impairment test of goodwill every year end (December 31st). The goodwill that arose from acquisition of Olympic Air and is included in the financial statements of the Group was examined for impairment with the value-in-use method. More specifically, discounted cash flows were used based on the 5 years business plan of the Group. From this exercise, no need for impairment was generated, as the estimation exceeded the goodwill's book value at 31/12/2016.

5.23 Tangible assets

(a) The Company's fleet as at 31.12.2016 consisted of 47 aircraft, as analyzed below:

- 38 Airbus A320
- 8 Airbus A321
- 1 Airbus A319

(b) The Group's fleet as at 31.12.2016 consisted of 62 aircraft, as analyzed below:

- 38 Airbus A320
- 8 Airbus A321
- 1 Airbus A319
- 9 Bombardier Q400
- 4 Bombardier D100
- 2 ATR 42-600

4 A320s of the above mentioned aircraft are under financial leases and the rest are under operating leases.

(c) Table of tangible assets

AEGEAN AIRLINES S.A. amounts in thousand €

Company	Buildings	Aircraft owned	Aircraft Leasing	Aircraft Leasing maint. reserves	Aircraft equipment	Airport equipment	Other vehicles	Furniture and spare parts	Total
Cost of acquisition									
Balance January 1st 2015	**10.545,41**	**6.475,32**	**69.745,00**	**43.579,82**	**14.191,98**	**1.979,15**	**695,13**	**9.183,76**	**156.395,57**
Additions	137,50		260,46	15.484,41	19.527,33	4,35	238,85	1.074,52	36.727,42
Disposals			(282,05)		(1,65)	(145,54)	(19,59)	(5,37)	(454,20)
Balance December 31st 2015	**10.682,91**	**6.475,32**	**69.723,41**	**59.064,23**	**33.717,66**	**1.837,96**	**914,39**	**10.252,89**	**192.668,78**
Depreciations									
Balance 1 January 2015	**4.124,59**	**2.671,06**	**18.661,36**	**33.988,21**	**7.615,31**	**1.661,84**	**589,78**	**8.485,44**	**77.797,59**
Depreciation	579,13	323,77	3.137,55	4.934,08	1.707,25	78,75	41,12	457,23	11.258,89
Disposals			(89,92)		(0,04)	(145,54)	(14,69)	(5,43)	(255,62)
Balance 31 December 2015	**4.703,72**	**2.994,83**	**21.708,99**	**38.922,29**	**9.322,52**	**1.595,05**	**616,21**	**8.937,25**	**88.800,86**
Depreciable value at 31 December 2015	**5.979,19**	**3.480,49**	**48.014,42**	**20.141,94**	**24.395,14**	**242,91**	**298,18**	**1.315,66**	**103.867,93**
Cost of acquisition									
Balance January 1st 2016	**10.682,90**	**6.475,32**	**69.723,41**	**59.064,23**	**33.717,66**	**1.837,96**	**914,39**	**10.252,89**	**192.668,75**
Additions	34,66			9.620,66	1.678,32	42,90	211,11	561,95	12.149,60
Disposals						(111,45)		(68,17)	(179,62)
Balance December 31st 2016	**10.717,55**	**6.475,32**	**69.723,41**	**68.684,89**	**35.395,98**	**1.769,41**	**1.125,49**	**10.746,67**	**204.638,72**
Depreciations									
Balance January 1st 2016	**4.703,73**	**2.994,82**	**21.708,99**	**38.922,29**	**9.322,51**	**1.595,04**	**616,21**	**8.937,24**	**88.800,83**
Depreciations	607,82	323,77	3.134,02	8.055,57	2.539,83	66,95	68,51	305,31	15.101,76
Disposals						(111,45)		(68,16)	(179,61)
Balance December 31st 2016	**5.311,55**	**3.318,59**	**24.843,01**	**46.977,85**	**11.862,34**	**1.550,54**	**684,72**	**9.174,38**	**103.722,98**
Depreciable December 31st 2016	**5.406,00**	**3.156,73**	**44.880,40**	**21.707,04**	**23.533,63**	**218,86**	**440,78**	**1.572,29**	**100.915,74**

AEGEAN AIRLINES S.A. amounts in thousand €

Group	Buildings	Aircraft owned	Aircraft Leasing	Aircraft Leasing maint. reserves	Aircraft equipment	Airport equipment	Other vehicles	Furniture and spare parts	Total
Cost of acquisition									
Balance January 1st 2015	**10.545,40**	**6.475,32**	**69.745,00**	**43.579,82**	**14.434,98**	**1.979,15**	**874,48**	**13.961,41**	**161.595,55**
Additions	137,50	-	260,46	15.484,41	18.334,42	4,35	238,85	923,82	35.383,80
Disposals	-	-	(282,05)	-	(1,65)	(145,54)	(22,03)	(195,26)	(646,53)
Balance December 31st 2015	**10.682,90**	**6.475,32**	**69.723,41**	**59.064,23**	**32.767,74**	**1.837,96**	**1.091,30**	**14.689,97**	**196.332,82**
Depreciations									
Balance 1 January 2015	**4.124,60**	**2.671,06**	**18.661,36**	**33.988,20**	**7.671,65**	**1.661,84**	**705,56**	**11.622,40**	**81.106,65**
Depreciation	579,13	323,77	3.137,55	4.934,08	1.712,59	78,75	66,35	842,56	11.674,78
Disposals	-	-	(89,92)	-	(0,04)	(145,54)	(14,70)	(136,39)	(386,58)
Balance 31 December 2015	**4.703,73**	**2.994,82**	**21.708,99**	**38.922,29**	**9.384,20**	**1.595,04**	**757,21**	**12.328,57**	**92.394,85**
Depreciable value at 31 December 2015	**5.979,17**	**3.480,50**	**48.014,42**	**20.141,94**	**23.383,55**	**242,91**	**334,08**	**2.361,39**	**103.937,97**
Cost of acquisition									
Balance January 1st 2016	**10.682,90**	**6.475,32**	**69.723,41**	**59.064,23**	**32.767,74**	**1.837,96**	**1.091,30**	**14.689,97**	**196.332,82**
Additions	34,66	-	-	9.620,66	1.678,32	42,90	211,11	617,11	12.204,76
Disposals	-	-	-	-	-	(111,45)	-	(68,17)	(179,62)
Balance December 31st 2016	**10.717,55**	**6.475,32**	**69.723,41**	**68.684,89**	**34.446,06**	**1.769,41**	**1.302,40**	**15.238,91**	**208.357,96**
Depreciations									
Balance January 1st 2016	**4.703,73**	**2.994,82**	**21.708,99**	**38.922,29**	**9.384,20**	**1.595,04**	**757,21**	**12.328,58**	**92.394,86**
Depreciations	607,82	323,77	3.134,02	8.055,57	2.444,84	66,95	84,97	656,56	15.374,48
Disposals	-	-	-			-	-	(179,58)	(179,58)
Balance December 31st 2016	**5.311,55**	**3.318,59**	**24.843,01**	**46.977,85**	**11.829,04**	**1.661,99**	**842,18**	**12.805,55**	**107.589,76**
Depreciable December 31st 2016	**5.406,00**	**3.156,73**	**44.880,40**	**21.707,04**	**22.617,03**	**107,41**	**460,23**	**2.433,37**	**100.768,20**

AEGEAN AIRLINES S.A. amounts in thousand €

5.24 Advances for assets' acquisition

Advances for assets acquisition relate to advances given for the purchase of aircraft seats.

Within 2016, the Company delivered 3 aircraft under sale and leaseback agreements. The advances that were paid to Airbus (32.957,28) were refunded to the Company.

5.25 Investments in subsidiaries

Investments in subsidiaries are analyzed as follows:

Company	**Country of activity**	**Participation**	**31/12/2016**	**31/12/2015**
Olympic Air S.A.	Greece	100%	62.416,56	62.416,56
Aegean Cyprus LTD	Cyprus	100%	10.000,00	10.000,00
Investment in subsidiaries			**72.416,56**	**72.416,56**

Management estimates that there are no impairment indications in the investments in its subsidiaries.

5.26 Deferred tax assets/liabilities

The deferred tax assets/liabilities arising from the corresponding temporary tax differences for the Company and the Group are the following:

	31/12/2016		**31/12/2015**	
Company	**Asset**	**Liability**	**Asset**	**Liability**
Revaluation of assets and depreciation/amortization	515,28	(4.664,37)	669,51	(3.925,81)
Finance leases	13.552,41	(19.944,13)	16.057,87	(20.447,11)
Receivables	4.621,24	(6.667,01)	7.739,70	(3.414,50)
Provisions for employee retirement benefits	2.788,29	0,00	2.622,07	0,00
Liabilities from financial derivatives	0,00	(8.656,67)	7.977,53	0,00
Bonds	0,00	(155,20)	0,00	(206,62)
Other short term liabilities	36.739,78	(29.148,46)	30.824,21	(25.153,89)
Total for offsetting	**58.217,00**	**(69.235,84)**	**65.890,89**	**(53.147,94)**
Balance	**(11.018,84)**		**12.742,96**	

	31/12/2016		**31/12/2015**	
Group	**Asset**	**Liability**	**Asset**	**Liability**
Revaluation of assets and depreciation/amortization	515,28	(5.742,13)	669,51	(4.987,46)
Finance leases	13.552,41	(19.944,13)	16.057,87	(20.447,11)
Receivables	4.621,24	(6.783,59)	7.739,70	(3.435,00)
Provisions for employee retirement benefits	2.899,47	0,00	2.711,63	0,00

AEGEAN AIRLINES S.A. amounts in thousand €

Liabilities from financial derivatives	0,00	(8.656,67)	7.977,53	0,00
Bonds	0,00	(155,20)	0,00	(206,62)
Other short term liabilities	37.700,72	(29.148,46)	33.319,70	(25.153,89)
Tax Loss	528,37		2.487,05	0,00
Total for offsetting	**59.817,49**	**(70.430,18)**	**70.962,99**	**(54.230,09)**
Balance	**(10.612,69)**		**16.732,90**	

All deferred tax assets and liabilities were determined with the liability method and refer to temporary tax differences.

5.27 Other long term assets

The other long term assets are analyzed as follows:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Security deposits for lease agreements	21.303,95	18.852,27	27.152,20	25.503,41
Other long term assets	495,07	495,07	495,07	495,07
Total	**21.799,02**	**19.347,34**	**27.647,27**	**25.998,48**

The Company and the Group in order to secure the aircraft operating leases and in accordance with the terms of the leasing contracts, provide cash security deposits mainly to aircraft leasing companies. Moreover, a minor part of the above balances refers to leased properties that are used by the Company and the Group. The increase shown is mainly due to the deliveries of new aircraft for which the relevant security deposits were given.

"Other long term assets" refers to disputed claims against the Greek State.

5.28 Financial Assets available for Sale

The amount of €3.952,74 relates to Company's investment in corporate bonds traded in primary and secondary markets.

The amount of €1.025,00 relates to Company's placements and the amount of €1.756,50 relates to Group's investments in shares traded in primary and secondary markets.

The amounts above are classified as "Financial Assets at fair value" (Level 1 Fair values).

Within 2016 the Company and the Group sold financial assets available for sales amounting 36.708,16 thousand euro and 41.294,36 thousand euro respectively.

Within 2016 the Group made an impairment of its investments in shares by 581,00 thousands euro.

During the period ended in December 31, 2016, no transfers of financial assets between Level 1 and Level 2 Hierarchies were made.

5.29 Inventories

The inventories refer to goods sold during international flights and aircraft spare parts.

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

Regarding the aircraft spare parts, the Company and the Group maintain a determined amount of spare parts in order to cover the needs of the aircraft maintenance and repair operations.

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Goods	659,25	723,81	659,25	723,81
Aircraft spare parts	8.315,65	7.892,15	15.420,60	12.457,86
Total	**8.974,90**	**8.615,96**	**16.079,85**	**13.181,67**

The changes in the inventories are analyzed as below:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Goods				
Opening balance	**723,81**	**589,10**	**723,81**	**589,10**
Purchases for the period	1.456,14	1.397,59	1.456,14	1.397,59
Consumption for the period	(1.520,70)	(1.262,88)	(1.520,70)	(1.262,88)
Closing balance	**659,25**	**723,81**	**659,25**	**723,81**
Aircraft spare parts				
Opening balance	**7.892,15**	**7.683,36**	**12.457,86**	**12.648,69**
Purchases for the period	6.250,22	8.411,18	10.902,36	11.178,23
Spare parts consumption for the period	(5.826,72)	(8.202,39)	(7.939,62)	(11.369,06)
Closing balance	**8.315,65**	**7.892,15**	**15.420,60**	**12.457,86**
Total inventories	**8.974,90**	**8.615,96**	**16.079,85**	**13.181,67**

5.30 Customers and other trade receivables

"Customers and other trade receivables" refer mainly to the following balances:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Domestic customers	10.398,17	8.774,58	12.881,22	10.406,18
Foreign customers	6.592,33	6.343,65	7.182,49	7.073,79
Greek State	375,73	453,86	9.716,41	10.728,47
Other miscellaneous debtors	40.166,65	57.607,36	46.327,05	58.589,98
Receivables from Subsidiary	0,00	20.000,00	0,00	0,00
Accrued income receivable	28.839,23	15.466,07	25.304,27	12.833,52
Prepayments to suppliers	4.268,99	3.066,80	4.566,23	4.843,93
Total	**90.641,11**	**111.712,32**	**105.977,68**	**104.475,87**

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

"Other miscellaneous debtors" balance refers to receivables from ticket sales through IATA travel agents in Greece or abroad and tickets sold from/to other airlines.
"Accrued income receivable" balance refers to revenue billings of 2016 financial year which were invoiced within January 2017 and mainly include interline revenues, capital gains and income from redemption/conversion of award points from the Company loyalty program.
The majority of the above receivables is considered to be short-term and therefore their fair value is not considered to be materially different from their book value.

The ageing of customer receivables less bad debt provision is presented in the table below:

	Company		**Group**	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Expected collection time:				
Less than 3 months	84.183,27	105.815,46	83.959,32	86.966,36
Within 3 and 6 months	4.644,72	3.781,56	18.201,43	13.506,56
Within 6 months and 1 year	302,18	302,18	1.371,93	1.162,38
More than a year	1.510,93	1.813,12	2.445,00	2.840,57
Total	**90.641,11**	**111.712,32**	**105.977,68**	**104.475,87**

The balances with expected collection time more than one year refer to the sale of fixed assets agreed with the buyer for payment in a period over one year.

The Company on 31.12.2016 made a bad debt provision amounting to € 758,85 thousand and collected an amount of € 85,07 thousand euros from customers for whom bad debt provisions had been made in previous years. The amounts have affected this year's result.
The corresponding figures for the Group were € 826,27 thousand euros for bad debt provisions and € 122,93 for bad debts collections.

5.31 Prepayments

Prepayments relate to amounts paid in advance for certain transactions with third parties or to the Company's and the Group's employees.
Prepayments balance is analyzed below:

	Company		**Group**	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Advances to employees	0,00	1,67	8,86	13,83
Employees prepaid expenses	0,13	110,39	0,13	110,39
Other prepayments	108,89	1,41	508,58	727,41
Greek State	8.574,96	0,00	8.574,96	0,00
Prepaid expenses	12.695,39	9.082,18	13.329,44	9.589,41
Fixed assets orders prepayments	2.310,85	3.572,39	2.310,85	3.572,39
Total	**23.690,22**	**12.768,04**	**24.732,82**	**14.013,43**

Prepaid expenses mainly relate to aircraft maintenance and insurance and other operating costs.
Amount for "Greek state" relates to the balance of 2016 income tax prepayment & the actual income tax for 2016.
"Fixed assets orders prepayments" refer to orders for aircraft equipment and software systems.

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

5.32 Cash and cash equivalents

Cash and cash equivalents of the Company and the group are analyzed as follows:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Cash	930,95	968,24	977,26	1.042,09
Current accounts	162.036,65	87.654,90	194.044,65	104.886,07
Short term time deposits	31.486,77	17.031,51	53.455,84	47.004,69
Σύνολο	**194.454,36**	**105.654,65**	**248.477,75**	**152.932,85**

The Group's restricted cash as at 31.12.2015 amounted at 36,392.03 thousands euro, concerning cash given to third parties as security for fuel hedging contracts.

As at 31.12.2016 there was no restricted cash as fuel prices increased and based on the hedging contract terms there was no liability for security payments.

5.33 Share capital

The Company's share capital at 31.12.2016 and 31.12.2015 is €46.421.115, divided into 71.417.100 common registered shares of nominal value sixty five eurocents (€ 0,65) per share.
All shares have been fully paid and participate in the profits.

5.34 Share premium

The share premium at 31.12.2016 and 31.12.2015 resulted at € 72.775,98.

5.35 Other reserves

Other reserves comprise of statutory, extraordinary, tax exempt reserves, reserves arising from cash flow hedges with the use of financial derivatives, as well as reserves arising from financial assets available for sale.

Company's "Other reserves" are analyzed as follows:

	Statutory reserves	**Extra ordinary reserves**	**Fair value reserves (cash flow hedging)**	**Available for sale**	**Total**
Balance at 31/12/2014	**2.597,90**	**356,50**	**(4.247,64)**	**(150,30)**	**(1.443,56)**
Change for the period	2.843,32		(15.429,41)	650,08	**(11.936,01)**
Balance at 31/12/2015	**5.441,22**	**356,50**	**(19.677,05)**	**499,78**	**(13.379,55)**
Change for the period	2.712,42		40.724,77	(125,89)	**43.311,31**
Balance at 31/12/2016	**8.153,62**	**356,50**	**21.047,71**	**373,88**	**29.931,74**

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

Group "Other reserves" are analyzed as follows:

	Statutory reserves	Extra ordinary reserves	Fair value reserves (cash flow hedging)	Available for sale	Total
Balance at 31/12/2014	**2.597,89**	**356,50**	**(4.247,65)**	**(150,30)**	**(1.443,56)**
Change for the period	2.843,32		(15.429,41)	842,35	**(11.743,75)**
Balance at 31/12/2015	**5.441,21**	**356,50**	**(19.677,06)**	**692,05**	**(13.187,28)**
Change for the period	2.712,42		40.724,77	(131,80)	**43.305,39**
Balance at 31/12/2016	**8.153,63**	**356,50**	**21.047,71**	**560,25**	**30.118,18**

The fair value reserves are presented net of deferred taxes.

5.36 Liabilities from finance leases

The analysis of four finance lease agreements is as follows:

	Company		**Group**	
Future Payments	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Up to 1 year	11.829,09	10.947,33	11.829,09	10.947,33
Between 1 to 5 years	37.224,70	42.981,54	37.224,70	42.981,54
More than 5 years	846,07	4.670,79	846,07	4.670,79
Total	**49.899,86**	**58.599,66**	**49.899,86**	**58.599,66**
Financial expense	**3.167,41**	**3.227,70**	**3.167,41**	**3.108,34**
Present value of future payments	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Up to 1 year	10.894,43	10.188,22	10.894,43	10.188,22
Between 1 to 5 years	35.034,27	40.743,36	35.034,27	40.743,36
More than 5 years	803,74	4.440,37	803,74	4.440,37
Total	**46.732,44**	**55.371,95**	**46.732,44**	**55.371,95**

The weighted average interest rate was calculated at 0.9206% (2015: 0,5229%).

5.37 Provisions for employee retirement benefits

The amounts analyzed below are recognized as defined benefit plan for the Company and they are based on independent actuarial calculations:

	31/12/2016	**31/12/2015**
Amounts recognized in the income statement		
Current service cost	675,49	614,04

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

Interest cost	170,04	165,08
Additional benefits cost	248,11	319,38
Nominal expense to the income statement	**1.093,64**	**1.098,50**
Service cost recognition	0,00	0,00
Total expense to the income statement	**1.093,64**	**1.098,50**
Changes in net obligation recognized in the balance sheet		
Net obligation at the opening year	8.096,53	6.236,20
Benefits paid by the employer	(332,11)	(420,14)
Total expense recognized in the income statement	1.093,64	1.098,50
Amount recognized in other comprehensive income	756,75	1.181,97
Net obligation at the end of the year	**9.614,80**	**8.096,53**
Changes in the present value of the obligation		
Present value of the obligation - Opening period	8.096,53	6.236,20
Current service cost	675,49	614,04
Interest cost	170,04	165,08
Benefits paid by the employer	(332,11)	(420,14)
Additional payments	248,11	319,38
Actuarial loss	756,75	1.181,97
Present value at the end of fiscal year	**9.614,80**	**8.096,53**

Actuarial assumptions were:

	31/12/2016	**31/12/2015**
Discount rate	1,80%	2,10%
Expected salary increase percentage	2,00%	2,00%
Average years of working life	24,35	24,87

The Group amounts are as follows:

	31/12/2016	**31/12/2015**
Amounts recognized in the income statement		
Current service cost	776,33	708,09
Interest cost	176,20	171,61
Additional benefits cost	266,57	375,35
Nominal expense to the income statement	**1.219,11**	**1.255,05**
Service cost recognition	0,00	0,00
Total expense to the income statement	**1.219,11**	**1.255,05**
Changes in net obligation recognized in the balance sheet		
Net obligation at the opening year	8.405,35	6.600,34
Benefits paid by the employer	(351,57)	(486,52)
Total expense recognized in the income statement	1.219,11	1.255,05

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

Amount recognized in other comprehensive income	725,30	1.036,47
Net obligation at the end of the year	**9.998,18**	**8.405,35**
Changes in the present value of the obligation		
Present value of the obligation - Opening period	8.405,35	6.600,34
Current service cost	776,33	708,09
Interest cost	176,20	171,61
Service cost recognition	0,00	0,00
Benefits paid by the employer	(351,57)	(486,52)
Additional payments	266,57	375,35
Actuarial loss	725,30	1.036,47
Present value at the end of fiscal year	**9.998,18**	**8.405,35**

The sensitivity analysis of the actuarial calculation outcome for the company is analyzed as follows:
By using a higher by 0,5% discount rate the actuarial obligation would be lower by 8%. In contrary if the discount rate was increased by 0,5% the actuarial obligation would be higher by 9%.
The relevant sensitivity checks for the expected salaries % increase are as follows:
If the expected salaries % increase was increased by 0,5% then the actuarial obligation would be higher by 9% and if the expected salaries % increase was decreased by 0,5% then the actuarial obligation would be lower by 8%.

The actuarial obligation for the Company for each scenario mentioned above is analyzed as follows:

	Actuarial Obligation	**% Change**
Discount rate increase by 0,5%	8.819811	-8%
Discount rate decrease by 0,5%	10.502.423	9%
Expected salaries % increase by 0,5%	10.489.670	9%
Expected salaries % decrease by 0,5%	8.822.996	-8%

5.38 Suppliers and other liabilities

The analysis for the Company and the Group is as follows:

	Company		**Group**	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
State-owned entities	40,37	119,27	40,37	119,27
Abroad suppliers	34.109,60	29.959,70	36.952,13	32.041,52
Domestic suppliers	22.212,63	39.192,14	37.999,32	35.852,41
Liabilities from customers loyalty programs	12.114,38	9.110,00	12.114,38	9.110,01
Total	**68.476,97**	**78.381,11**	**87.106,19**	**77.123,21**

The balance "Abroad suppliers" mainly relates to liabilities resulting from aircraft maintenance, fuel and aircraft leases.
The carrying amounts of suppliers and other liabilities approach their fair values.
Liabilities from customers' loyalty programs due refer to the amount that, as assessed by the Company, will be covered in the subsequent year.
Liabilities from customer loyalty programs included in the account payable and other liabilities relate to the amount estimated by the Company and the Group that will be redeemed in the following year.

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

The obligation miles the Company and the Group expects to be redeemed for more than one year are included in the item Other long term liabilities.

The Company and the Group total obligations arising from customer loyalty program (miles and bonus) is as follows:

	31/12/2016	31/12/2015
Balance 01/01	**19.804,37**	**13.635,62**
Miles Accrual	11.353,77	10.779,21
Miles Redemption	(4.822,54)	(4.610,45)
Liability 31/12	**26.335,60**	**19.804,38**

5.39 Provisions

(a) Tax unaudited periods

The Company has been tax audited for the fiscal years 2012 - 2015 according to the tax legislation (1159/2011 and 1124/2015) by the Certified Accountants. The company has made a provision for tax audit differences of 233,97 thousand euros

The subsidiary Olympic Air S.A. has been tax audited for the fiscal years 2011 - 2015 according to the tax legislation (1159/2011 and 1124/2015) by the Certified Accountants. The subsidiary has not formed any tax provisions due to significant cumulative tax losses.

For 2016 the Company and its subsidiary Olympic Air S.A., are being tax audited by Certified Auditor Accountants according to art.82 paragraph 5 of law 2238/1994. The audit is still ongoing and the relevant tax certificates are expected to be issued after the publication of 2016 financial statements. It is estimated that any potential additional tax liabilities that may arise from the tax audit are not going to have a substantial impact on the Group's financial statements.

(b) Maintenance reserves

The accumulated amount provisioned for future aircraft maintenance (maintenance reserves) is as follows:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Balance as at January 1st	**17.568,50**	**22.450,54**	**19.915,62**	**29.200,89**
Current period's provisions	91.263,89	74.594,21	104.409,86	79.720,48
Less: Provisions used	(102.739,74)	(79.476,25)	(109.089,25)	(85.425,45)
Balance as at December 31st	**6.092,66**	**17.568,50**	**15.236,24**	**23.495,92**

Part of "Other long term liabilities" amounting € 3.580 thousands in the previous fiscal year was presented in "Contract terminations". As it refers to provisions for aircraft maintenance it was reclassified in "Provisions" for better presentation and comparability with the current fiscal year.

AEGEAN AIRLINES S.A. amounts in thousand €

5.40 Other long term liabilities

Other long term liabilities mainly refer to the Company's long-term portion of the Customer Loyalty program.

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Installments for Olympic acquisition	0,00	10.400,01	0,00	10.400,01
Deferred interest from Olympic acquisition	0,00	(844,38)	0,00	(844,38)
Long-term portion of Miles and Bonus program	14.221,24	10.694,37	14.221,24	10.694,37
Contract terminations	0,00	0,00	0,00	4.002,54
Total	**14.221,24**	**20.250,00**	**14.221,24**	**24.252,54**

There is no long term liability for installments for Olympic acquisition as the last installment will be paid in fiscal year 2017 and is part of "Other short term liabilities".

Part of "Other long term liabilities" amounting € 3.580 thousands in the previous fiscal year was presented in "Contract terminations". As it refers to provisions for aircraft maintenance it was reclassified in "Provisions"for better presentation and comparability with the current fiscal year.

5.41 Other short term liabilities

Other short term liabilities refer to the Company's and Group's liabilities to social security organizations and other creditors that are directly related to their trading operation. The analysis is as follows:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Deferred income	332,89	27,92	332,89	27,92
Social Security Organization	4.267,92	4.085,34	4.908,80	4.682,05
Other short term liabilities	9.700,28	2.099,57	10.715,04	2.931,65
Checks outstanding postdated	0,00	666,24	9,67	666,24
Customers advances	3.102,57	4.393,41	3.102,57	4.393,41
Tax – Stamp duty on employees' benefits	23.658,40	21.985,56	24.250,15	22.686,01
Airport taxes and charges	33.235,49	25.969,95	34.158,23	27.212,55
Vat payable	359,12	1.344,13	3.026,46	1.495,23
Payable installment for purchase of subsidiary	10.400,01	10.400,01	10.400,01	10.400,01
Total	**85.056,70**	**70.972,13**	**90.903,84**	**74.495,07**

AEGEAN AIRLINES S.A. amounts in thousand €

"Airport taxes & charges" include all the airports taxes and fees payable.
"Payable installment for purchase of subsidiary" include the short-term liabilities for the acquisition of Olympic Air.

5.42 Liabilities from tickets sold but not flown

Refers to the amount of deferred revenue from tickets sold but not flown until the next period.

5.43 Accrued expenses

Accrued expenses are analyzed as follows:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Agents' commissions	2.133,14	3.885,46	2.133,14	3.885,46
Use of software	509,90	247,46	509,90	247,46
Aircraft fuel	460,75	266,63	492,31	280,12
Aircraft maintenance expenses	10.618,30	7.518,65	10.882,99	7.518,65
Landing costs	8.887,40	9.441,17	8.887,40	9.441,17
Other Airlines Cost	2.571,68	1.746,01	90,12	1.296,26
Other fees payable	599,95	533,43	1.856,42	533,43
Other expenses	1.137,10	6.005,00	1.076,69	5.615,80
Total	**26.918,24**	**29.643,81**	**25.928,98**	**28.818,35**

5.44 Financial Derivatives

Financial derivatives are analyzed as follows :

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Financial derivatives (assets)				
Forward contracts in US $ - Cash flow hedging	16.841,48	34.304,74	16.841,48	34.304,74
Commodities' swaps (jet fuel) - Cash flow hedging	17.337,23	0,00	17.337,23	0,00
Receivables from financial derivatives	**34.178,71**	**34.304,74**	**34.178,71**	**34.304,74**
Financial derivatives (liabilities)				
Forward contracts in US $ - Cash flow hedging	586,91	1.342,88	586,91	1.342,88
Commodities' swaps (jet fuel) - Cash flow hedging	3.147,29	59.117,38	3.147,29	59.117,38
Interest rate swaps - Cash flow hedging	593,93	1.035,66	593,93	1.035,66
Liabilities from financial derivatives	**4.328,13**	**61.495,92**	**4.328,13**	**61.495,92**

Financial derivatives are classified either as assets or liabilities. The total fair value of a financial derivative that is qualified as a hedging instrument is classified either as non-current item if the maturity of the hedged item is more than 12 months or as current item if the maturity of the hedged item is less than 12 months.

AEGEAN AIRLINES S.A. amounts in thousand €

(a) Forward contracts in US dollars (currency forwards & options)

The forward contracts are used for cash flow hedging of the risks arising from the movement in US dollar's exchange spot rates. On 31 December 2016, the Company had entered into forward contracts to hedge 51% of its expected needs in US dollars for 2017 and 44% for 2018 (future transactions). On 31 December 2015 the Company had entered into forward contracts to hedge 56% of the estimated annual requirements for payments in US dollars for 2016 and 21% for 2017.

The nominal amount as at 31.12.2016 of the open forward contracts was 443.980,65 (2015: € 363.736,57) (Level 2 Fair Values).

Maturity	Face Value $,000
2017	252.000
2018	216.000
Total	**468.000**

(b) Commodity swaps (Jet fuel swaps)

On 31 December 2016 the Company has signed jet fuel swaps amounted to contracts for a total quantity of 345 thousand metric tons which account for approximately 74% of the projected jet fuel needs in 2017 (future transactions) and 20% in 2018.
On 31 December 2015 the Company had signed jet fuel swaps amounted to contracts for a total quantity of 352,2 thousand metric tons which account for approximately 66% of the projected jet fuel needs in 2016 (future transactions) and 29% in 2017.

The specific derivative contracts are used for cash flow hedging of the risks arising from the increase in the fuel prices.

The nominal value of the open contracts as at 31.12.2016 was € 162.895,74 (2015: € 189.480,60) thousand (Level 2 Fair Values).

Maturity	Metric Tons
2017	273.000
2018	72.000
Total	**345.000**

(c) Interest rate swaps

Interest rate swaps (IRS) are used as hedging instruments for the cash flow hedging of floating rate financial liabilities for the 43% (2015: 44%) of the finance leases obligations.
The nominal value of the open IRS contracts as at 31.12.2016 was € 20.711,04 (2015: € 25.419,57) (Level 2 Fair Values).

The derivatives are valued at their fair value. The fair value are provided by the financial institutions and they represent, in good faith, assumption and estimations of the abovementioned institutions based on the available information for the market trends. The parameters used to calculate the fair value differ depending on the type of derivative.

5.45 Revenue

Revenue refers to proceeds from tickets sales, sales of goods and other services.

AEGEAN AIRLINES S.A. amounts in thousand €

Revenue per service category is analyzed as follows:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Income from scheduled flights	721.033,61	766.573,93	870.352,62	827.383,26
Income from charter flights	63.908,40	47.008,73	41.375,04	45.749,47
Other operating income	106.592,48	108.127,43	108.585,72	109.830,88
Total	**891.534,49**	**921.710,09**	**1.020.313,38**	**982.963,61**

5.46 Other income

This category includes income created by ancillary activities and is analyzed as follows:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Greek Manpower Employment Organization (OAED) subsidies	30,15	303,06	30,15	303,06
Services rendered to third parties	18.402,32	15.244,33	11.536,51	8.369,62
Income from Training	311,29	311,29	782,12	904,01
Rental income	177,00	0,00	509,88	823,41
Other income	951,37	4.631,34	1.366,91	8.427,52
Total	**19.872,14**	**20.490,02**	**14.225,58**	**18.827,62**

5.47 Consumption of materials and services

These amounts refer to the operating expenses of the Company and the Group and they are analyzed as follows:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Aircraft fuel	176.546,11	210.796,12	197.274,94	216.255,29
Aircraft maintenance	91.263,89	74.594,21	118.597,49	97.595,68
Overflight Expenses	62.698,24	65.256,90	68.293,51	67.089,21
Handling charges	51.840,03	55.464,14	63.745,10	60.436,70
Airport charges	47.262,92	48.673,88	55.991,06	50.744,10
Catering costs	27.436,66	23.825,56	28.368,64	24.364,60
Distribution costs	70.016,43	71.366,10	78.754,95	73.772,06
Marketing costs	15.107,03	14.264,78	15.858,70	14.613,75
Aircraft & spare engines leasing	121.178,43	126.732,14	130.079,87	106.105,79
Inventories' consumption	1.520,70	1.262,88	1.520,70	1.262,88
Other operating expenses	67.399,76	62.229,18	79.693,75	68.947,31
Total	**732.270,19**	**754.465,89**	**838.178,71**	**781.187,37**

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

Further analysis of "Other operating expenses" is the following:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Third party fees	11.151,49	9.609,74	12.031,40	10.804,48
Board of Directors remuneration	1.500,00	1.500,00	1.500,00	1.500,00
Cargo expenses	1.331,24	1.601,41	1.389,80	1.617,80
Personnel training	3.892,72	2.864,86	4.948,21	3.106,25
Mail & Telecommunications expenses	2.500,56	2.219,93	2.700,95	2.504,56
Rents	3.683,54	2.369,49	3.978,84	3.658,02
Insurance premiums	2.436,02	2.578,16	2.781,85	2.962,78
Maintenance for building and equipment	3.180,04	2.720,42	3.400,54	2.986,84
Travel expenses	3.758,90	2.901,91	5.170,19	3.404,90
Stationary	1.748,23	1.645,04	1.871,03	1.748,95
Subscriptions	3.546,23	3.265,69	4.137,36	4.116,15
Other overhead costs	28.670,79	28.952,53	35.783,58	30.536,61
Total	**67.399,76**	**62.229,18**	**79.693,75**	**68.947,31**

5.48 Employee Costs

Employee costs include salaries as well as provisions for retirement benefits.

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Salaries and wages	85.458,68	77.240,95	96.731,31	88.309,30
Employers' contribution	19.133,03	17.464,96	21.824,70	20.151,22
Provision for retirement benefits	845,53	779,12	964,83	929,14
Total	**105.437,24**	**95.485,03**	**119.520,84**	**109.389,66**

The number of employees is the following:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Employees	2.093	2.121	2.334	2.344

5.49 Financial income / expense

Financial income / expense analysis is as follows:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Interest and expenses from long term liabilities	1.110,59	732,29	1.110,59	732,29
Interest and expenses from short	1.838,76	2.721,63	1.839,16	2.721,68

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

term liabilities				
Letters of Guarantee commissions	1.176,92	1.337,11	1.242,63	1.381,47
Finance leases interest	832,38	667,33	832,38	667,33
Foreign exchange losses	42.243,24	29.819,88	44.685,05	32.887,02
Other financial expenses	577,18	360,22	1.441,20	614,08
Total financial expenses	**47.779,06**	**35.638,46**	**51.151,01**	**39.003,87**
Other interest income	911,87	1.102,83	1.118,09	1.133,75
Foreign exchange gains	40.109,40	36.102,36	42.776,51	40.982,82
Total financial income	**41.021,27**	**37.205,19**	**43.894,61**	**42.116,57**

The significant amounts in exchange differences (Gains & Losses) derive from the fact that the Company and the Group have a significant number of transactions in foreign currencies (inflows & outflows).

5.50 Income tax

Income tax is analyzed below:

	Company		**Group**	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Current tax	(8.353,53)	(21.480,55)	(8.353,53)	(21.480,55)
Deferred tax	(7.411,21)	(5.367,19)	(11.034,50)	(10.441,96)
Total Tax	**(15.764,74)**	**(26.847,74)**	**(19.388,03)**	**(31.922,51)**
Profit /(loss) before taxes	**50.017,76**	**81.095,06**	**51.598,60**	**100.316,89**
	29%	**29%**	**29%**	**29%**
Tax estimated on existing tax rate	(14.505,15)	(23.517,57)	(14.963,59)	(29.091,90)
Tax on expenses not deductible for tax purposes	(1.247,00)	(870,00)	(2.301,67)	(1.705,70)
Recognition of subsidiary's deferred tax	0,00	(2.460,17)	(1.849,24)	(4.723,45)
Other permanent differences	(12,59)	0,00	(273,58)	3.598,54
Income Tax	**(15.764,74)**	**(26.847,74)**	**(19.388,03)**	**(31.922,51)**

5.51 Commitments

Commitments for the Company and the Group arise mainly from leased aircraft and spare engines.

	Company		**Group**	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Up to 1 year	123.123,85	112.091,48	142.405,32	131.530,44
Between 1 and 5 years	324.463,79	343.911,08	398.523,05	416.257,43
More than 5 years	41.432,74	49.740,02	64.338,96	94.380,20
Total	**489.020,38**	**505.742,59**	**605.267,32**	**642.168,08**

5.52 Contingent assets and liabilities

Legal or in arbitration disputes

AEGEAN AIRLINES S.A. amounts in thousand €

The pending legal or in arbitration disputes and other contingent future events are not expected to have a material effect in the financial position or the operation of the Company and the Group.

Contingent liabilities

Total third party legal claims from the Company amount to € 440,99 thousand, while for the Group amounted to € 739,46 thousand.

The Company's management based on previous court decisions as well as on the fact that the trial procedures have not been finalized yet, estimates that their outcome would not have a material impact on its financial position and operation.

An analysis of the pending legal cases follows:

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Labor disputes	165,76	80,76	240,76	715,30
Accidents	0,00	15,00	94,50	109,50
Other	333,90	345,23	404,20	393,73
Total	**499,66**	**440,99**	**739,46**	**1.218,53**

5.53 Finance leases liabilities

In the current period the Company has repaid the amount of € 10.096,67 (2015: € 9.726,54) which refers to financial leases capital.

5.54 Related parties transactions & balances

The most significant transactions of the Company with related parties according to IAS 24, appear on the following table:

	Company	
Transactions with other companies owned by the major shareholder	**31/12/2016**	**31/12/2015**
Receivables (End of period balance from sale of goods- services)	93,93	99,37
Payables (End of period balance from purchase of goods- services)	183,52	194,11
Income – Services provided from the Company	259,71	746,20
Expenses – Services the Company received	417,18	1.670,94
Transactions with subsidiaries		
Receivables (End of period balance from sale of goods- services)	5.424,98	666,70
Payables (End of period balance from purchase of goods- services)	0,00	8.370,78
Income – Services provided from the Company	16.498,73	76.330,89
Expenses – Services the Company received	91.876,33	15.064,16

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

The transactions above with companies owned by the major shareholder of the Company relate mainly to leases and services provided or received. The transactions with the subsidiary are mainly related with aircraft leases and other services. All transactions are on arm's length basis.

Besides the above mentioned, it should be also noted that the Annual General Meeting has approved, according to par. 2 L.2190/20 the agreement between the Company and the company "TEMES SA", whose chairman of BoD and shareholder is a member of the Company's BoD and shareholder of the Company, Mr. Achilleas Konstantakopoulos. The agreement relates to the performance of scheduled flights to/from Kalamata with agreed frequencies and capacity, with Airbus A320 and A319 aircraft, according to the relevant terms.

5.55 Transactions with directors and Board of Directors members

Compensation to directors and BoD members is analyzed below:

	Company		**Group**	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
BoD members fees	1.500,00	1.500,00	1.500,00	1.500,00
Directors' salaries	2.809,75	2.926,57	2.980,42	3.089,91
Directors' social insurance expenses	167,00	162,73	191,20	186,70
Material benefits and other payments to directors	300,50	270,17	316,43	278,59
Total	**4.777,25**	**4.859,47**	**4.988,05**	**5.055,20**
Obligations to directors'	968,08	796,28	982,26	796,28

There are no other transactions, receivables or liabilities with the directors or the BoD members.

5.56 Earnings per share

Earnings per share were based on the weighted average outstanding number of shares out of the total number of shares and are analyzed as follows:

	Group	
	31/12/2016	**31/12/2015**
Profit / (loss) before tax	**51.598,60**	**100.316,92**
Income tax	(19.388,03)	(31.922,51)
Profit / (loss) after tax	**32.210,57**	**68.394,41**
Attributable to:	71.417.100	71.417.100
Basic earnings / (loss) per share (euros / share)	**0,4510**	**0,9577**

5.57 Risk management

The Group is exposed to multiple risks. The risk management policy of the Group aims to reduce the negative impact on outcome resulting from the unpredictability of financial markets and the variations in costs and sales.
The Group uses financial derivative instruments to hedge its exposure to certain types of risk.

The risk management policy is executed by the Financial Department of the Group. The procedure is the following:
- Evaluation of risks associated with the activities and operations of the Group
- Design of a methodology and selection of appropriate financial products to reduce risks

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

• Execution / implementation, in accordance with the procedure approved by the management

Foreign currency risk
The Group due to the nature of the industry is exposed to variations in foreign currency exchange rate which arise mainly from US Dollar.
This kind of risk arises mainly from transactions in foreign currency. The Group's exposure to foreign exchange risk varies during the period according to the seasonal volume of transactions in foreign currency.
To manage this kind of risk the Group enters into forward currency exchange contracts with financial organizations.

Interest rate risk
The Group's policy is to minimize interest rate cash flow risk exposure on long – term financing.
With relation to the above risk the Group has hedged a portion of its financial leases obligations.

Jet fuel risk
The Group is exposed to the fluctuations of the price of oil which directly influences the price of jet fuel. To manage this risk the Group enters into derivative contracts on oil products in order to hedge part of its projected jet fuel needs.

The following tables present:

- The sensitivity of the period's result as well as of the equity's if a reasonable movement of +/- 50 basis points in the Euro / USD exchange rate takes place.
- The sensitivity of the period's result as well as of the equity's in a reasonable movement of +/- 10 basis points in the interest rates.
- The sensitivity of the period's result as well as of the equity's in a reasonable movement of +/- $75/MT in the Jet fuel price.

Company 31/12/2016	Balance Sheet value	Foreign exchange risk		Interest rate risk		Fuel price risk	
		+50 bps	-50 bps	+10 bps	-10 bps	+75 USD/MT	-75 USD/MT
Financial Assets Available for sale	3.952,74	-	-	(6,96)	6,99	-	-
Receivables	23.867,94	(80,00)	80,77	-	-	-	-
Cash and cash equivalents	94.967,79	(318,32)	321,36	-	-	-	-
Derivatives	29.850,58	(1.412,33)	1.425,63	25,97	(26,04)	17.428,37	(17.428,37)
Liabilities	(69.736,72)	233,75	(235,98)				
Net earnings after tax/Equity		**(164,58)**	**166,14**	**0,00**	**0,00**	**0,00**	**0,00**
Total comprehensive income after tax/Equity		(1.412,33)	1.425,63	19,01	(19,05)	17.428,37	(17.428,37)

Company 31/12/2015	Balance Sheet value	Foreign exchange risk		Interest rate risk		Fuel price risk	
		+50 bps	-50 bps	+10 bps	-10 bps	+75 USD/MT	-75 USD/MT
Financial Assets Available for sale	19.316,81	(29,83)	30,11	(11,31)	11,35		-
Receivables	22.855,60	(74,19)	74,87	-	-	-	-

AEGEAN AIRLINES S.A. amounts in thousand €

Restricted Cash	36.392,03	(118,12)	119,21	-	-	-	-
Cash and cash equivalents	39.307,89	(127,59)	128,77	-	-	-	-
Derivatives	(27.191,17)	(1.160,00)	1.170,61	180,17	(181,28)	17.225,89	(17.225,89)
Liabilities	(74.381,70)	241,43	(243,66)	-	-	-	-
Net earnings after tax/Equity	-	**(78,46)**	**79,19**	**0,00**	**0,00**	**0,00**	**0,00**
Total comprehensive income after tax/Equity	-	(1.189,84)	1.200,72	168,86	(169,94)	17.225,89	(17.225,89)

Group 31/12/2016	**Balance Sheet value**	**Foreign exchange risk**		**Interest rate risk**		**Fuel price risk**	
		+50 bps	**-50 bps**	**+10 bps**	**-10 bps**	**+75 USD/MT**	**-75 USD/MT**
Financial Assets Available for sale	3.952,74	0,00	0,00	(6,96)	6,99	-	-
Receivables	30.226,20	(101,32)	102,28	-	-	-	-
Cash and cash equivalents	99.703,45	(334,20)	337,38	-	-	-	-
Derivatives	29.850,58	(1.412,33)	1.425,63	25,97	(26,04)	17.428,37	(17.428,37)
Liabilities	(71.301,56)	239,00	(241,27)	-	-	-	-
Net earnings after tax/Equity	-	**(196,52)**	**198,39**	**0,00**	**0,00**	**0,00**	**0,00**
Total comprehensive income after tax/Equity	-	(1.412,33)	1.425,63	19,01	(19,05)	17.428,37	(17.428,37)

Group 31/12/2015	**Balance Sheet value**	**Foreign exchange risk**		**Interest rate risk**		**Fuel price risk**	
		+50 bps	**-50 bps**	**+10 bps**	**-10 bps**	**+75 USD/MT**	**-75 USD/MT**
Financial Assets Available for sale	19.316,81	(29,83)	30,11	(11,31)	11,35	-	-
Receivables	31.596,97	(102,56)	103,51	-	-	-	-
Restricted Cash	36.392,03	(118,12)	119,21	-	-	-	-
Cash and cash equivalents	40.122,82	(130,23)	131,43	-	-	-	-
Derivatives	(27.191,17)	(1.160,00)	1.170,61	180,17	(181,28)	17.225,89	(17.225,89)
Liabilities	(74.601,75)	242,15	(244,38)	-	-	-	-
Net earnings after tax/Equity	-	**(108,77)**	**109,77**	**0,00**	**0,00**	**0,00**	**0,00**

Total comprehensive income after tax/Equity	-	(1.189,84)	1.200,72	168,86	(169,94)	17.225,89	(17.225,89)

		Fair value hierarchy levels		
Company 31/12/2016	**Derivative type**	**Level 1**	**Level 2**	**Level 3**
Assets				
Forward contracts in USD	(FWD)	-	16.841,48	-
Jet fuel commodity swaps	(FWD)	-	17.337,23	-
Interest rate swaps	(IRS)	-	0,00	-
Bonds (commercial portfolio)		4.977,74	**-**	-
Total assets		**4.977,74**	**34.178,71**	**-**
Liabilities				
Forward contracts in USD		-	586,91	-
Jet fuel commodity swaps	(FWD)	-	3.147,29	-
Interest rate swaps	(FWD)	-	593,93	-
Total liabilities	(IRS)		**4.328,13**	**-**

		Fair value hierarchy levels		
Company 31/12/2015	**Derivative type**	**Level 1**	**Level 2**	**Level 3**
		€000	€000	€000
Assets				
Forward contracts in USD	(FWD)	-	33.987,66	-
Jet fuel commodity swaps	(FWD)	-	0,00	-
Interest rate swaps		-	317,08	-
Bonds (commercial portfolio)	(IRS)	42.510,20		-
Total assets		**42.510,20**	**34.304,74**	**-**
Liabilities				
Forward contracts in USD	(FWD)	-	1.342,88	-
Jet fuel commodity swaps	(FWD)	-	59.117,38	-
Interest rate swaps	(IRS)	-	1.035,66	-
Total liabilities			**61.495,91**	-

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

	Fair value hierarchy levels			
Group 31/12/2016	**Derivative type**	**Level 1**	**Level 2**	**Level 3**
Assets				
Forward contracts in USD	(FWD)	-	16.841,48	-
Jet fuel commodity swaps	(FWD)	-	17.337,23	-
Interest rate swaps	(IRS)	-	0,00	-
Bonds (commercial portfolio)		5.709,24	**-**	-
Total assets		**5.709,24**	**34.178,71**	**-**
Liabilities				
Forward contracts in USD		-	586,91	-
Jet fuel commodity swaps	(FWD)	-	3.147,29	-
Interest rate swaps	(FWD)	-	593,93	-
Total liabilities	(IRS)		**4.328,13**	-

	Fair value hierarchy levels			
Group 31/12/2015	**Derivative type**	**Level 1**	**Level 2**	**Level 3**
Assets				
Forward contracts in USD	(FWD)	-	33.987,66	-
Jet fuel commodity swaps	(FWD)	-	0,00	-
Interest rate swaps	(IRS)	-	317,08	-
Bonds (commercial portfolio)		48.510,93		-
Total assets		**48.510,93**	**34.304,74**	**-**
Liabilities				
Forward contracts in USD		-	1.342,88	-
Jet fuel commodity swaps	(FWD)	-	59.117,38	-
Interest rate swaps	(FWD)	-	1.035,66	-
Total liabilities	(IRS)		**61.495,91**	-

Level 1 values refer to published prices and Level 2 values are based on measurement techniques.
In particular, bonds and shares are traded in active markets and they are valued at their market value according to the balance sheet date. Derivatives are valued using as a reference international pricing platforms.

Credit risk

The maximum exposure to credit risk without taking into consideration security deposits and letters of guarantee are:

AEGEAN AIRLINES S.A. amounts in thousand €

	Company		Group	
Classes of assets	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Cash and cash equivalents	194.454,36	142.046,68	248.477,75	189.324,88
Financial Assets available for sales	4.977,74	42.510,20	5.709,24	48.510,93
Receivables from derivative contracts	34.178,71	34.304,75	34.178,71	34.304,75
Trade and other receivables	90.641,11	111.712,32	105.977,69	104.475,88
Total	**324.251,91**	**330.573,95**	**394.343,39**	**376.616,44**

The management considers that all the above financial assets that have not been impaired in previous reporting dates under review are of high credit quality.
In order to be protected against the credit risk, the Group monitors on a regular basis its trading receivables and whenever necessary, assesses the insurance of the receivables collection, mainly through factoring.

Possible credit risk also exists in cash and cash equivalents and in forward contracts. The risk may arise from the possibility of the counterparty becoming unable to meet its obligations towards the Group. To minimize this risk the Group examines regularly its degree of exposure to every individual financial institution. As far as it concerns its deposits the Group is dealing only with reputable financial institutions which have high credit ratings.

Liquidity risk

Liquidity risk is managed effectively by maintaining sufficient cash levels. The Group manages its liquidity by maintaining adequate cash levels as well as ensuring the provision of credit facilities not only from financial institutions but also from suppliers, always in relation to its operating, investing and financing requirements. It is noted that as at 31.12.2016 the Group had a cash position of € 248,47 m. and had also secured an adequate amount of committed credit facilities ensuring the servicing of its short and medium term liabilities.

The financial obligations maturities of the Company as at 31 December 2016 are analyzed as follows:

31.12.2016	**Short term**		**Long term**	
	Within 6 months	**6 – 12 months**	**1-5 years**	**More than 5 years**
Finance lease obligations	5.462,56	5.431,88	35.034,27	803,75
Trade payables	56.362,60	12.114,38	0,00	0,00
Other short term liabilities	76.458,95	33.776,78	0,00	0,00
Financial derivatives	1.666,99	1.480,31	1.180,84	0,00
Other long term liabilities	0,00	0,00	14.221,23	0,00
Total	**139.951,08**	**52.803,34**	**50.436,33**	**803,75**

The relevant maturities as at 31 December 2015 of the Company are analyzed as follows:

31.12.2015	**Short term**		**Long term**	
	Within 6 months	**6 – 12 months**	**1-5 years**	**More than 5 years**
Finance lease obligations	5.382,46	5.408,74	43.110,81	4.697,65
Trade payables	69.271,10	9.110,01	0,00	0,00
Other short term liabilities	70.212,63	30.403,31	0,00	0,00

AEGEAN AIRLINES S.A. amounts in thousand €

Financial derivatives	22.927,04	24.977,60	12.555,61	1.035,66
Other long term liabilities	0,00	0,00	20.249,99	0,00
Total	**167.793,23**	**69.899,66**	**75.916,41**	**5.733,31**

The financial obligations maturities of the Group as at 31 December 2016 are analyzed as follows:

31.12.2016	**Short term**		**Long term**	
	Within 6 months	**6 – 12 months**	**1-5 years**	**More than 5 years**
Finance lease obligations	5.462,56	5.431,88	35.034,27	803,75
Trade payables	74.991,81	12.114,38	0,00	0,00
Other short term liabilities	89.334,05	27.498,77	0,00	0,00
Financial derivatives	1.666,99	1.480,31	1.180,84	0,00
Other long term liabilities	0,00	0,00	14.221,23	0,00
Total	**171.455,40**	**46.525,33**	**50.436,33**	**803,75**

The relevant maturities as at 31 December 2015 of the Group are analyzed as follows:

31.12.2015	**Short term**		**Long term**	
	Within 6 Months	**6 – 12 months**	**1 -5 years**	**More than 5 years**
Finance lease obligations	5.382,46	5.408,74	43.110,81	4.697,65
Trade payables	68.013,20	9.110,01	0,00	0,00
Other short term liabilities	77.607,05	25.706,37	0,00	0,00
Financial derivatives	22.927,04	24.977,60	12.555,61	1.035,66
Other long term liabilities	0,00	7.582,84	20.249,99	0,00
Total	**173.929,75**	**72.785,56**	**75.916,41**	**5.733,31**

The above periods' maturities reflect the gross cash flows.

Policies and procedures on capital management

Primary target of the capital management is to ensure preservation of the high ranking credit rating as well as solid equity ratios so as to support and expand the operations and maximize shareholders' value.
The Company monitors managed capital based on shareholders' total equity plus subordinated loans less cash and cash equivalents as they appear on the balance sheet.

Managed capital for 2016 and 2015 financial periods is analyzed as follows:

	Company		**Group**	
	2016	**2015**	**2016**	**2015**
Shareholders' total equity	214.497,13	190.174,50	243.677,81	221.974,44
Plus: Loans	46.732,45	55.371,95	46.732,45	55.371,95
Less: Cash and cash equivalents (included restricted cash)	(194.454,36)	(142.046,68)	(248.477,75)	(189.324,88)
Managed capital	**66.775,21**	**103.499,77**	**41.932,51**	**88.021,51**

Shareholders' total equity	214.497,13	190.174,50	243.677,81	221.974,44
Plus: Loans	46.732,45	55.371,95	46.732,45	55.371,95
Total capital	**261.229,58**	**245.546,45**	**290.410,26**	**277.346,39**
Managed capital / Total capital ratio:	**0,26**	**0,42**	**0,14**	**0,32**

The Company's target is to maintain the above ratio of "managed capital" (as defined above) over "total capital" (equity plus loans) less than 0.50.

According to the existing legislation, specific provisions exist regarding the capital adequacy. (Article No 47 Law 2190/20). The Company complies fully with them.

5.58 Dividends

The General Meeting of Shareholders, which took place on May 11th 2016, approved the distribution of a dividend equal to € 0.70 per share, for a gross amount of € 49.991.970 which after the Law 4172 tax was € 47.081.720,42. Until 31.12.2016 the distributed amount was € 46.968.088,72.

5.59 Consequent events

No events have occurred after the reporting period.

5.60 Auditor's remuneration

Auditors' remuneration for the period 2016 was € 175,00 thousand (2015: € 175,00 thousand). This remuneration includes the financial audit and the provision of tax certificate for the fiscal year 2016. Except the above mentioned services there were no other services provided.

The annual Financial Statements for the period of 2016 have been approved by the Board of Directors of "Aegean Airlines S.A." on 22.03.2016 and are posted on the Company's website (www.aegeanair.com) for investors' reference, where they will remain for at least 5 years after their compilation and public announcement date.

Kifissia, March 22st 2017

Chairman	Chief Executive Officer	Chief Financial Officer	Chief Accountant
Theodore Vasilakis	Dimitrios Gerogiannis	Michael Kouveliotis	Maria Zannaki
I.D. no. AK031549	I.D. no. AB642495	I.D. no. P490629	I.D. no. Σ723984

E. Figures and Information for the period 01.01.2016 – 31.12.2016

AEGEAN AIRLINES S. A.

SUMMARY FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 DECEMBER 2016

(In accordance with Art. 4 of Law 4403/2016)

The following data and information aim at providing a general overview of the financial status and results of AEGEAN AIRLINES S.A. Consequently, it is recommended to the reader, before any investment decision and transaction with the Company, to refer to the Company's Website (www.aegeanair.com) where the financial statements are posted. (Amounts in thousand €)

COMPANY INFORMATION :

Address of head offices	: Viltanioti 31, 145 64 Kifisia
Societe Anonyme Reg. No.	: 32603/06/B/95/3
Certified Auditor	: Kaminaris Vassilios AM 20411
Auditing Company	: Ernst & Young (Hellas) SA
Review of Financial Information	: Unqualified opinion
Supervising Authority	: Ministry of Development
Website address	: www.aegeanair.com
Date of Approval of Financial Statements	: March 22nd 2017

BoD Members

1. Theodore Vassilakis	Chairman, Executive Member
2. Eftichios Vassilakis	Vice Chairman, Executive Member
3. Dimitrios Gerogiannis	Managing Director, Executive Member
4. Georgios Vassilakis	Non-Executive Member
5. Anastasios David	Non-Executive Member
6. Christos Ioannou	Non-Executive Member
7. Konstantinos Kalamatas	Independent non-executive Member
8. Achilleas Konstantakopoulos	Non-Executive Member
9. Panagiotis Laskaridis	Non-Executive Member
10. Alexandros Makridis	Independent non-executive Member
11. Nikolaos – Georgios Nanopoulos	Non-executive Member
12. Victor Pisante	Independent non-executive Member

FINANCIAL POSITION

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
ASSETS				
Tangible assets	100,915.74	103,867.93	100,768.20	103,937.97
Investments in subsidaries	72,416.56	72,416.56	0.00	0.00
Goodwill	0.00	0.00	39,756.30	39,756.30
Intagible assets	29,170.80	28,973.11	47,046.73	47,602.09
Other non current assets	32,550.57	66,218.83	38,398.83	82,860.65
Inventories	8,974.90	8,615.96	16,079.85	13,181.67
Customers and other trade receivables	90,641.11	111,712.32	105,977.68	104,475.87
Other current assets	246,936.79	228,495.89	302,734.29	277,019.48
TOTAL ASSETS	**581,606.48**	**620,300.60**	**650,761.87**	**668,834.02**
EQUITY AND LIABILITIES				
Share capital	46,421.11	46,421.11	46,421.11	46,421.11
Additional paid-in capital and reserves	168,076.03	143,753.41	197,849.94	175,553.32
Total shareholders' equity (a)	**214,497.14**	**190,174.52**	**244,271.05**	**221,974.43**
Long term bank loans	0.00	0.00	0.00	0.00
Provisions and other long term liabilities	77,966.39	103,645.99	87,087.20	113,884.78
Short term bank loans	0.00	0.00	0.00	0.00
Other short term liabilities	289,142.95	326,480.09	319,403.62	332,974.81
Total liabilities (b)	**367,109.34**	**430,126.08**	**406,490.82**	**446,859.59**
EQUITY AND LIABILITIES (c) = (a) + (b)	**581,606.48**	**620,300.60**	**650,761.87**	**668,834.02**

STATEMENT OF COMPREHENSIVE INCOME

	Company		Group	
	01/01-31/12/2016	**01/01-31/12/2015**	**01/01-31/12/2016**	**01/01-31/12/2015**
Revenue	891,534.49	921,710.09	1,020,313.38	982,963.61
Gross profit	89,332.51	111,084.37	104,466.48	133,844.38
EBIT	56,775.55	79,528.34	58,855.00	97,204.19
Profit / (loss) before tax	**50,017.76**	**81,095.06**	**51,598.60**	**100,316.92**
Income tax	(15,764.74)	(26,847.74)	(19,388.03)	(31,922.51)
Profit / (loss) after tax (a)	**34,253.01**	**54,247.32**	**32,210.57**	**68,394.41**
Other Total Comprehensive Income (b)	40,061.59	(15,687.23)	40,078.03	(15,419.44)
Total Comprehensive Income (a)+(b)	**74,314.60**	**38,560.09**	**72,288.59**	**52,974.97**
Basic earnings after tax per share in €			0.4510	0.9577
EBITDA	73,699.19	92,249.19	76,839.41	111,214.19

STATEMENT OF CHANGES IN EQUITY

	Company		Group	
	31/12/2016	**31/12/0215**	**31/12/2016**	**31/12/0215**
Equity balance at the year's beginning (1.1.2016 &1.1.2015 respectively)	190,174.52	201,607.27	221,974.43	218,992.31
Dividends paid	(49,991.99)	(49,992.85)	(49,991.99)	(49,992.85)
Profit / (Loss)	34,253.01	54,247.32	32,210.59	68,394.41
Other total comprehensive income after tax	40,061.59	(15,687.22)	40,078.02	(15,419.44)
Balance at the end of period (31.12.2016 & 31.12.2015 respectively)	**214,497.13**	**190,174.52**	**244,271.05**	**221,974.43**

CASHFLOW STATEMENT

	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Operating activities				
Profit / (loss) before taxes	**50,017.76**	**81,095.06**	**51,598.60**	**100,316.89**
Plus /(less) adjustments for:				
Depreciation	16,923.66	12,720.86	17,984.43	14,010.00
Impairment of tangible assets	0.00	0.00	0.00	(326.27)
Provisions	(12,273.76)	(16,381.49)	(8,987.34)	(18,007.79)
Foreign exchange differences	2,133.83	(6,282.48)	1,908.53	(7,850.80)
(Profit) / loss from investing activities	153.14	(1,320.63)	177.06	(1,351.55)
Finance Cost	5,392.93	5,818.58	5,517.68	5,869.81
Cash flows from operating activities before changes in working capital				
(Increase) / Decrease in inventories	(358.94)	(151.34)	(2,898.18)	248.24
(Increase) / Decrease in trade & other receivables	(13,283.66)	(42,123.63)	(14,407.51)	(29,890.48)
Increase / (Decrease) in payables (other than banks)	16,720.08	42,251.31	36,875.91	28,217.95
Interest expenses paid	(3,367.91)	(2,901.22)	(3,486.50)	(2,853.76)
Income tax payments	(24,505.22)	(18,429.30)	(24,506.50)	(18,429.30)
Net cash flows from operating activities (a)	**37,551.91**	**54,295.72**	**59,776.18**	**69,952.95**
Investing Activities				
Purchases of assets	(4,580.97)	(20,090.62)	(4,671.13)	(20,236.51)
Sales of tangible & intangible assets	0.00	172.15	0.00	1,980.71
Downpayments for purchases of tangible assets	32,957.28	30,622.38	32,957.28	30,622.38
Purchace of financial assets	0.00	(43,501.27)	0.00	(43,501.27)
Sale of financial assets	36,708.16	12,301.60	41,294.35	12,301.60
Investment in subsidiaries	(10,400.01)	(60,400.01)	(10,400.01)	(10,400.01)
Capital return from subsidiary share capital reduction	20,000.00	40,000.00	0.00	0.00
Interest and other financial income received	156.98	703.96	181.88	734.87
Net cash flows from investing activities (b)	**74,841.43**	**(40,191.81)**	**59,362.37**	**(28,498.23)**
Financing Activities				
Dividends paid	(49,889.00)	(49,885.33)	(49,889.00)	(49,885.33)
Changes in financial leases capital	(10,096.67)	(9,726.55)	(10,096.67)	(9,726.55)
Net cash flows from financing activities (c)	**(59,985.67)**	**(59,611.88)**	**(59,985.67)**	**(59,611.88)**
Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)	**52,407.67**	**(45,507.97)**	**59,152.88**	**(18,157.15)**
Cash and cash equivalents at the beginning of the period	**142,046.68**	**187,554.65**	**189,324.88**	**207,482.03**
Cash and cash equivalents at the end of the period	**194,454.36**	**142,046.68**	**248,477.75**	**189,324.88**

ADDITIONAL DATA & INFORMATION

1. The following companies are included in the consolidated financial statements :

Name	Country	% of ownersip	Consolidation method
AEGEAN AIRLINES S.A.	GREECE	Parent	
OLYMPIC AIR A.E.	GREECE	100%	Full
AEGEAN AIRLINES CYPRUS LTD	CYPRUS	100%	Full

2. The Company has been audited for the fiscal years 2012 till 2015 by CertifiedAuditors Acccountants according to the tax legislation (POL 1159/2011 & POL 1124/2015). The Company has formed a tax provision of €233,97 thousand. The subsidiary Olympic AirSA has been tax audited for the fiscal years 2011 till 2015 by Certified AuditosrAccountants according to the tax legislation (POL 1159/2001 & POL 1124/2015). The subsidiary has not formed any tax provisions due to significant cumulative tax losses. (Note 5.39a of the Financial statements) For the fiscal year 2016 the Company and its subsidiary Olympic Air S.A.,are being tax audited by Certified Auditors Accountants according to Art.82 par. 5 of Law 2238/1994. The tax auditstare still ongoing and the relevant tax certificates are expected to be issued after the publication of 2016 Annual Financial Reports.

3. Further to the provision mentioned above (par.2), the Company has formed an additional provision of € 6.092,66 thousand related to future aircraft maintenance obligations (Note 5.39b of the Annual Financial Reports).The relevant provision for the Group was € 15.236,24 thousand. Additionally the Group has formed provisions amounting € 1.067,05 thousand regarding legal cases and bad debts write offs.

4. There are no pending judicial cases or court decisions, which may have a material impact on the financial status of the Company or the Group. The Company has not formed any provisions as such.

5. Total number of employees as at 31/12/2016 was 2.093 for the Company and 2.334 for the Group and as at 31/12/2015 was 2.121 for the Company and 2.344 for the Group.

6. The company does not hold own shares at the end of the current period.

7. The General Meeting of Shareholders, which took place on May 11th 2016, has approved the distribution of a dividend €0,70 per share, for a gross amount of € 49.991,97 thousand - The net amount after Law 4172 tax was € 47.081,72 thousand. Until 31/12/2016 the distributed amount was €46.968.088,72 thousand.

8. According to I.A.S. 24, related party transactions for 2016 and receivables/ payables balances as at 31.12.2016 are analyzed below:

Amounts in thousand €

	Company	Group
a) Revenue	16,758.44	259.71
b) Expenses	92,293.51	417.18
c) Receivables	5,518.91	93.93
d) Payables	183.52	183.52
e) Management and Board of Directors' remuneration	4,777.25	4,988.05
f) Payables to Management and Board of Directors	968.08	982.26

9. The statement of total income is analyzed as follows :

Amounts in thousand €	Company		Group	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
(a) Transferred to income statement :				
Cash flow hedging				
Reclassification in the result for the period	21,589.55	26,799.64	21,589.55	26,799.64
Profit / (loss) for the period	35,769.29	(48,765.39)	35,769.29	(48,765.39)
Income tax	(16,634.06)	6,536.34	(16,634.06)	6,536.34
Available for sale financial assets				
Reclassification in the result for the period	0.00	0.00	(581.00)	0.00
Profit / (loss) for the period	(177.31)	915.60	350.45	1,231.33
Income tax	51.42	(265.52)	98.76	(388.99)
Total (a)	**40,598.88**	**(14,779.33)**	**40,592.99**	**(14,587.07)**
(b) Non transferred in income statement				
Profit / (loss) for the employee retirement benefits	(756.75)	(1,181.97)	(725.29)	(1,037.47)
Deffered tax	219.46	274.08	210.34	205.10
Total (b)	**(537.29)**	**(907.89)**	**(514.96)**	**(832.37)**
Other comprehensive income for the period after tax	**40,061.59**	**(15,687.22)**	**40,078.03**	**(15,419.43)**

Athens, March 22nd 2017

Chairman of the BoD	**Chief Executive Officer**
Vassilakis Theodoros	**Gerogiannis Dimitrios**
Chief Financial Officer	**Head of Accounting Dept**
Kouveliotis Michalis	**Zannaki Maria**

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

F. Company announcements as per Art.10 Law 3401/2005 published during fiscal year 2016

Aegean Airlines had disclosed the following information over the period beginning 01.01.2015 and ending 31.12.2015, which are posted on the Company's website (www.aegeanair.com) as well as the website of Athens Exchange (www.athex.gr) and www.helex.gr.

Date	Subject	Link
11.11.2016	Nine Month 2016 Trading Update	https://en.about.aegeanair.com/investor-relations/announcements/announcements/
04.10.16	Tax Audit 2015 and Tax Certificate Issuance	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
04.10.16	Publication date of Nine-Month 2016 financial results	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
19.09.2016	First Half 2016 Results	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
09.08.2016	Conference Call Invitation	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
28.07.2016	Publication date of First Half 2016 Results	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
11.07.2016	Announcement Invitation	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
08.06.2016	Payment of withholding tax amount of Fiscal Year 2015 Dividend following the amendment of Law□	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
26.05.2016	First Quarter 2016 Results	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
13.05.2016	Release date of First Quarter 2016 trading update	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
11.05.2016	Dividend distribution for Fiscal Year 2015	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
10.05.2016	Amendment of Financial Calendar 2016	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
25.04.2016	Announcement for the Member State of Origin	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
17.04.2016	Announcement	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
13.04.2016	Invitation to the Ordinary General meeting of Shareholders	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
06.04.2016	Change in the composition of the Board of Directors	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
24.03.2016	2015 Financial Results	http://en.about.aegeanair.com/investor-relations/announcements/announcements/

AEGEAN A STAR ALLIANCE MEMBER AEGEAN AIRLINES S.A. amounts in thousand €

24.03.2016	Financial Calendar 2016	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
08.03.2016	Reschedule of publication date of 2015 Financial Results	https://en.about.aegeanair.com/investor-relations/announcements/announcements/
02.03.2016	Announcement	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
10.02.2016	Conference call invitation	http://en.about.aegeanair.com/investor-relations/announcements/announcements/
10.02.2016	Publication date of 2015 Financial Results	https://en.about.aegeanair.com/investor-relations/announcements/announcements/

In addition, in the following page: http://en.aegeanair.com/investor-relations/announcements/trade-acknowledgements/ as well as on Athens Exchange website www.helex.gr announcements of regulated information in accordance with Law 3556/2007 were posted on the following dates:

1	25.05.2016
2	24.05.2016
3	23.05.2016
4	11.05.2016
5	04.03.2016
6	29.02.2016
7	12.02.2016
8	11.02.2016
9	09.02.2016
10	08.01.2016
11	07.01.2016

G. Website for the publication of the Annual Financial Statements

The Company's financial statements, the independent auditors' report and the Board of Directors' report for the annual period ended on 31.12.2016 are posted on the Company's website www.aegeanair.com