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 2017)

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

TABLE OF CONTENTS

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 2017 to 31 December 2017, 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, 15 March 2018

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 2017 to 31 December 2017

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 (01/01/2017 – 31/12/2017) 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 Group 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 has targeted to achieve leading role in Greek market. In addition, the Group's target is to further expand the international network and to provide and develop added value services. At the same time, the Group has a strong cost management & reduction culture that allows it to remain competitive at international level.

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 oriented philosophy .
- Focus on the high quality offered products and services.
- Investment in innovation and continuous improvement.
- Contribution to improvement of the Greek tourism
- 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 2017

The successful evaluation of the third economic adjustment program for Greece and the gradual improvement in key economic indicators, mainly within the third quarter of the year, contributed to improved economic conditions over the previous year (especially in 2nd half) and led to the first substantial signs of recovery after a prolonged period of economic recession.

More specifically, the Economic Sentiment Indicator (ESI) was 101 units in December 2017 compared to 95.1 in December 2016. The Consumer Price Index was increased by 1.1% in 2017 versus last year. The rate of unemployment has decreased to 20.8% in 2017, compared to 23.4% in 2016, which is the lowest level of the last five years. Based on Hellenic Statistical Authority's estimation, GDP rose to €187.1bil, increased by 1.4% compared to previous year, lower than budgeted, but still positive after many years.

This improvement was significantly influenced by the tourism industry contribution. The travel inflows (based on Bank of Greece data) were increased by 10.5% until the 3rd quarter of 2017 compared to the relevant period of 2016.

At EU level, GDP has increased by 2.5% vs. last year both for the 28 countries zone but also the 19 countries zone, while ECB has continued the Quantitative Easing program in an ongoing effort to boost the economy and inflation. At the same time, the increase of interest rates in USA was not enough to strengthen the dollar rate, so euro has increased versus the dollar by over 14% YOY.

The domestic airline market which is mainly affected by the level of income of Greek travelers, had two previous years of high growth due to increased capacity & lower fares that supported demand. For 2017 domestic traffic increased by 4% on the basis of provisional HCAA data for the period January 2017 to December 2017.

Despite the increased competition, the Group has increased domestic passenger by 3%. This was the result of regular attractive fare offers, which led to increased load factors.

International passenger traffic performed well throughout the year and based on provisional HCAA data it recorded an increase of 12% compared to 2016. In Athens and Thessaloniki airports, traffic increased by 12% and 19% respectively. Other important touristic destinations also performed well, with Rhodes at +7%, Heraklion at +11%, Chania at +5% and Corfu at +6% versus last year. Furthermore part of the previous years' reduced international traffic for the islands that were affected by refugee flows in 2016, such as Kos, Samos and Lesvos was recovered in 2017. Travel revenue from Eurozone countries has grown by 11% until the 3rd quarter of the year, as measured by the Bank of Greece, with significant contributions from countries such as Germany, while revenue from US and Canada were also increased.

In 2017 the Group recorded an increase of 6% in total passenger traffic, carrying 13.2 million passengers. It is worth mentioning that the passengers increase derives entirely from the improved network development, as the number of flights operated in 2017 was decreased by 3.3% and total block hours flown by 1.3%.

In the international network, which continues to be the key driving force for growth, total traffic amounted to 7.3 million passengers, recording an annual increase of 9%. The Group invested for another year in enhancing its Athens' hub, whose efficient operation is a competitive advantage of the company. AIA's international passenger traffic increased by 12%, while total traffic increased by 9% with Aegean exceeding 10 million passengers.

In 2017, the Group achieved historically high load factors resulting from its successful commercial policy and network management, which has created a gradual improvement through the years despite growing competition. In particular, FY 2017 average load factor for domestic and international network was 82% from 77% the previous year.

By the end of 2017 the Group had a fleet of 58 aircrafts, 46 jets and 12 turboprops.

Group key operating and financial data for 2017 were as follows:

- Total offered capacity increased by 1.7% in ASKs compared to 2016. This change took place thanks to improved utilization of jet aircraft fleet and increased average sector length.
- Total number of passengers for 2017 was 13.2 million, increased by 6% compared to 2016.
- Total flights for the Group were 108.977 decreased by 3.3% compared to 2016.
- Average load factor increased by 5.3% reaching 83.2% (2016: 77.4%). This was a result of both successful commercial policies and effective network management.
- Total Sales for 2017 amounted to € 1.127,6 million from € 1.020,30 million in 2016, representing an increase of 11%.
- Fuel cost reached € 204.5 million from € 197.3 million in 2016.
- Earnings before Interest, Tax, Depreciation and Amortization and Rents (EBITDAR) were € 257.3 million from € 206.9 million in 2016. This comes as a result of both increased revenue per flight and increased load factors.
- Aircraft leasing costs amounted to € 137.5 million from € 130.1 million in 2016.
- Earnings before Interest, Tax and Depreciation and Amortization (EBITDA) amounted to € 119.8 million from € 76.8 million in 2016.
- Earnings Before Tax (EBT) were € 85.8 million from € 51.6 million in 2016.
- Cash inflows from operating activities were € 119.9 million.
- The healthy balance sheet structure was maintained, with zero bank debt and liabilities from financial leasing contracts amounting to € 31.6 million, while cash and cash equivalents (€ 293.7 million), restricted cash (€7.2 million) along with the financial assets available for sale (€7 million) amounted to € 307.9 million.

Prospects, key risks and uncertainties

In addition to the progressive improvement in macroeconomic conditions, a number of major development projects that have recently been completed or are underway over a 2-4 year horizon, are expected to contribute positively to both GDP and the upgrading of the country's touristic offering. Such examples include, among others, the development of the coastal front of Athens, further investments in major hotel units, investments in the Piraeus Port and of course the real estate development of the former Athens airport of Hellinikon.

While the abovementioned developments boost optimism about the long-run prospects of the economy a long list of issues related to the fourth evaluation of the economic adjustment 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.

Apart from developments in Greek economy, growth in key European economies is also supportive to Greek tourism. But at the same time geopolitical developments in the region remain a risk.

Fuel prices will continue to be an important issue for 2018, and it remains to be seen if will be the effects of the reduction of production from OPEC countries or the reduced extraction costs will surpass. Although the Group 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 obvious increase of aircraft fuel prices.

The operational quality and competitiveness of Greek airports remains particularly important for the Group. The expected improvement of the quality of services of the airports operated by Fraport, after a transitional period, will further improve the attractiveness of the destinations and the operational aspects of flights to and from these airports, but of course with a gradual increase in costs. In this respect, it is positive that many of the categories of charges are determined by the relevant concession agreement and are significantly lower than those of AIA.

As far the demand is concerned, the first signs for the summer period are positive for 2018. However, the airline market continues to show seasonality, with the Group remaining significantly dependent on the course of arrivals in the second and third quarters of the year, with the first and last quarter of the year remaining the weakest ones.

As far as the competitive environment is concerned, the capacity of other airlines is expected to be increased for 2018, both in domestic and international routes which may affect average fares if demand is not high enough to offset the extra capacity.

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

- The improvement of product differentiation in all phases of services and in particular regarding the high quality of in-flight service levels, which is the main competitive advantage and awarded.
- The further strengthening of the Athens base by adding new destinations that improve passenger choices and network flows
- The effort to progressively improve fleet utilization in the low season months and at the same time increase the passengers load factors with relevant positive agreements.
- Strengthening Athens as a hub, which could contribute to a partial mitigation of seasonality
- Maintaining a competitive cost structure with particular emphasis on the long-term aircraft utilization cost.
- Further increase of the ancillary revenues from the unbundling of additional services offering more options to the passengers and targeting increased sales of third parties services.
- The further development and enhancement of the loyalty program, with significant new partnerships such as banks and other large organizations that provide benefits to passengers and additional revenue for the company

In addition, the Group is in the final stage of negotiations with the two major new generation jet aircraft manufacturers. The upcoming re-fleeting planning will set the basis for the fleet for the next decade. This decision is expected in the near future, with the group aiming at a significant upgrading of its product and services by investing in new technology aircraft with significant benefits in terms of fuel cost savings and maintenance as well as further abilities for penetration in new markets.

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

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)

- Passenger yield

The above indicators for 2017 compared with the previous year were:

(in € cents)	2017	2016
RASK	6,85	6,31
CASK – EBT level	6,33	6,00
CASK – EBT level (excluding fuel cost)	5,11	4,80
Passenger Yield	8,24	8,14

RASK has increased by 9% compared to 2016 mainly due to the improvement in average fares and CASK increased by 6% versus last year mainly due to the increase of aircraft leasing and maintenance costs and the negative impact of the higher dollar rate.

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. At 31 December 31 2017 the company has entered onto agreements to hedge the 58% of its estimated annual US dollar needs for 2018 and 21% of estimated needs for 2019

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. At 31 December 31 2017 the company has adopted a policy of hedging to cover its interest rate risk at 40% of the total liabilities of the finance leases.

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

- **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. At 31 December 31 2017 the company had futures contracts for the purchase of aircraft fuel covering 58% of the projected fuel needs for 2018 and 1% of estimated needs for 2019.

- **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. This risk in the current circumstances has increased in relation to the past.

- **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.

Related Parties' Transactions

The Company's transactions with related parties during 2017 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:

	Revenue	Expenses	Receivables	Liabilities
OLYMPIC AIR S.A.	43.702,13	184.949,73	9.658,09	0,00
AUTOHELLAS HERTZ S.A.	1.055,06	1.737,67	86,96	192,36
AUTOTECHNICA S.A.	126,02	42,81	29,76	0,86

The Group directors and Board of Directors' members remuneration for the period 1/1-31/12/2017 was € 5.756,19, while the relevant amount for the Group was €5.962,31. As of 31/12/2017 the obligations towards the Group Directors were € 936,33 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 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

- ✓ 3.537 trainings, amounting to 29.419 hours took place inside and outside the company in 2017.
- ✓ Trainings of Aegean pilots in corporate with Hellenic Air Force on aircraft handling in unusual situations
- ✓ No fatal incident.
- ✓ 28 accidents, of which 16 occurred at the workplace and 12 at the workplace. Missing from the workplace by 570 calendar days on a total of 569.158
- ✓ No events of illegal child labor or obligatory labor
- ✓ Rejection of more than 47.600 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.

AEGEAN AIRLINES S.A. amounts in thousand €

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

Results of the above policies and non- financial performance indices

- ✓ Total yearly reduction of energy consumption at the technical base by 6%.
- ✓ Yearly reduction of electricity consumption at the technical base by 152.000 kWh.
- ✓ Reduction of fuel consumption up to 3% through investment in new aircraft A320ceos with "Sharklets".
- ✓ Management of 87.6 tons of hazardous waste
- ✓ Annual reduction of carbon footprint by 20.460 tons CO_2 with further analysis

Energy	Monthly reduction CO2	Annual reduction CO2
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

SOCIETY

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.

Particular emphasis is placed on business continuity and readiness. The type, volume and complexity of activities require that a high level of operational readiness is maintained. On a yearly basis, a risk plan is prepared and evaluated with the corresponding safety-risk controls, with a view to their adequate management. Emphasis is also is given to preventive measures to prevent the occurrence of potential risk. Particular emphasis on the availability of flights as well as the smooth and uninterrupted operation of information systems.

In 2017 the Company initiates n new project which refer to the design and implementation of a Disaster Recovery Plan. The plan concerns the process of restoring IT and infrastructure systems after a partial or total disaster (physical or voluntary) and is an integral part of the Group's business continuity.

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).

European Data Protection Regulation 679/2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data

Under the European Regulation, the data protection of individuals with regard to the processing of personal data is a fundamental right and every individual has the right to the protection of personal data concerning him / her. The regulation sets new data and requirements against which the company must respond and comply.

Participation in the European Fraud Prevention Group

The purpose of the organization is to cooperate and coordinate between Europe's airlines, travel agencies and systems, to exchange knowledge and propose solutions to tackle the phenomenon of fraud and further protect passengers. The organization participates in conferences and workshops with Europol.

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 .

Aegean has expanded its international network with flights from regional bases in order to improve connections as well as incoming tourism.
In 2017 the strengthening of the Athens network was the main investment area for the year.
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 such as a) channel "enter greece", b) BLUE magazine, c) action «Closser to Greece», d) specially dyed aircraft of our fleet for site promotion, e) active participation and cooperation with agencies for the development of tourism, f) complete communication plans.

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. The Group supports:

- Together with passengers, Aegean supports SOS Childrens' Villages from 2008.
- Support of various NPO's mission by providing tickets.
- 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.
- 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" and supports Hellenic Federation of Golf and Greek PGA.

Results of the above policies and non- financial performance indices

- ✓ 83% consistency of departure of flights , which left within 15 minutes of the scheduled departure time
- ✓ No incidents of risk of flight safety or passenger safety.
- ✓ Awarded by SKYTRAX for the 7th continuous year as the Best Regional Airline in Europe and 8 awards in total since 2009
- ✓ In October 207 the Company awarded as Fast Travel Gold Award by International Air Transport Association (IATA) for innovative and flexible solutions which are offered in order to simplify and accelerate the passengers experience.
- ✓ The Company awarded as the company with higher increase in passanger traffic at the "Eleftherios Venizelos" airport for 2017
- ✓ The Company awarded as the most popular airline for 2017 among European passengers at Athens Airport
- ✓ 1,98 complaints per 1.000 passengers and 0,89 complaints for baggage, per 1.000 passengers.
- ✓ Survey of passenger satisfaction, in a scale with max 5, average rate 4,3.

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.

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, the Company 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, absolute transparency in procurement, asset protection and corporate assets securing transactions and personal data protection.

The Company has developed the Code of Ethics for Procurement based on the principles of the UN Global Compact, the Universal Declaration of Human Rights, the United Nations Guiding Principles, and the OECD Guidelines for Multinational Enterprises. The Code of Ethics defines minimum standards of ethical and responsible conduct that must be respected by suppliers, in the context of ethics and absolute transparency.

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.
- The General meeting of directors at 10/05/2017 approved total remunerations for Audit Committee members for the year 2017 amounted to €36.000.

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 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.

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 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. Konstantinos Kalamatas - 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.
The General meeting of directors at 10/05/2017 approved total remunerations for Audit Committee members for the year 2017 amounted to €36.000.

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 31.12.2017 the following investors held more than 5% of the Company's voting rights: Theodore Vassilakis 35.40% (23.74% through Evertrans 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 57 locations within Greece and abroad.

Kifissia, March 15th 2018

Aegean Airlines S.A.
Chief Executive Officer

Dimitrios Gerogiannis

ERNST & YOUNG (HELLAS)
Certified Auditors – Accountants S.A.
8B Chimarras str., Maroussi
151 25 Athens, Greece

Tel: +30 210 2886 000
Fax:+30 210 2886 905
ey.com

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 Audit of the Consolidated Financial Statements

Opinion

We have audited the separate and consolidated financial statements of Aegean Airlines S.A. (the "Company"), which comprise the separate and consolidated statement of financial position as at 31 December 2017, the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly in all material respects the financial position of the company Aegean Airlines S.A. and its subsidiaries ("the Group") as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as incorporated in Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report. We remained independent of the Company and the its subsidiaries throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated in Greek Law, together with the ethical requirements that are relevant to the audit of the separate and consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters and the related risks of material misstatement, were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Provision for aircraft maintenance (separate and consolidated financial statements)	
The Group and the Company operate aircrafts, under operating lease agreements. Based on the terms of the agreements as agreed with the lessor at the inception of each lease, the aircrafts have to be returned upon expiration of the agreements in a certain condition. At year-end, a provision is made with the estimated amounts required to be paid in the future for the fulfilment of the contractual commitments. The calculation of the related amounts requires by management the use of judgements, estimates and assumptions which may be changed in the future. The provision for aircraft maintenance as at 31 December 2017 amounted to €9,6m and to €4,8m for the Group and the Company, respectively. We have identified the provision of aircraft maintenance as a key audit matter because of the high degree of uncertainty of the judgements and the estimates made and the assumptions used by the management in the process to determine the related amounts. The Group's and the Company's disclosures relevant to the accounting policy, the judgements, the estimates and the assumptions on the provision for aircraft maintenance can be found in notes 5.5 and 5.38 of the separate and consolidated financial statements.	The audit procedures that we performed, among others, have as follows: We assessed the design of management controls over the calculation of the provision for aircraft maintenance. We assessed whether the management uses methodologies, judgements, estimates and assumptions in the calculation of the provision for aircraft maintenance consistently compared to prior periods. We re-calculated the amounts included in the model used by the management for the calculation of the provision for aircraft maintenance and compared the judgements, estimates and assumptions used to internal and external sources and data. Also, we assessed the sufficiency of related disclosures in the separate and consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition and loyalty programs (separate and consolidated financial statements)	
Revenues for the year ended 31 December 2017 amounted to €1.128m and €933m for the Group and the Company respectively, and refer to sales of flight tickets and products and services rendered. Flight ticket sales which represent the main revenue source comprise direct ticket sales, ticket sales through agents and interline ticket sales. Revenues related to flight ticket sales are accounted for upon the issuance of the ticket and at each year-end an amount is established as deferred revenue for the non-flown tickets, since the service has not yet been provided. This amount is subsequently recognised as revenue when the flight has taken place. This amount as at 31 December 2017 amounted to €116m and to €110m for the Group and the Company,	Our audit procedures included the testing of general IT controls of systems and applications supporting the significant classes of transactions related to revenue such as logical access, change and IT operation management control. In addition, for cases where the information systems of third parties are used, and the audit if such systems is performed by other auditors, we obtained and evaluated the assurance report issued by the auditors of the third parties on the operating effectiveness of the information technology general controls, which are managed by a third party provider. We audited reconciliations between accounting and commercial systems. For direct ticket sales

respectively. In addition, the Group and the Company have a loyalty program that is treated as a separate component of the sales transaction and requires delivery in the future, when the miles are redeemed. The management makes judgements, estimates and assumptions with a high degree of uncertainty and uses statistical methods and historical data and information for the quantification of the fair value of the miles offered to customers and the percentage of miles which are not expected to be redeemed. This amount as at 31 December 2017 amounted to €33m for the Group and the Company, respectively. We have identified the revenues from ticket sales and deferred revenues as a key audit matter due to the level of the related accounts, the amount of transactions involved and the volume of information processed in various IT systems, the inherent risk of recognizing revenues in the wrong period, the amount of time needed to audit these accounts and the judgements, estimates and assumptions used by the management for the calculation of the related amounts. The Group's and the Company's disclosures relevant to the accounting policy, the judgements, the estimates and the assumptions used for the revenues from ticket sales and for deferred revenues can be found in notes 5.5, 5.8 and 5.44 of the separate and consolidated financial statements.	we tested a sample in order to confirm proper recording of revenues in the system upon issuance and the classification when the tickets were flown. We have also reconciled the data from the invoicing program with general ledger. For the sales through agents we received the monthly sales analysis per country from the revenue system and we audited the reconciliation of the accounts involved to general ledger. We selected a representative sample of reports from agents and tested the reconciliation of basic fare, VAT and taxes to the relevant accounts in the general ledger. For the interline revenue which relates to the tickets flown by the Group or the Company but issued by other companies, we received the monthly clearance by IATA and we audited the reconciliation them with the revenue accounts in the general ledger. We identified non-financial information that enabled us to draw conclusions for the variation of the value of sales performed. Regarding the Miles and Bonus loyalty program, we tested the calculation of the part of the revenue that is deferred to next year, we assessed the reasonableness of the Company's estimate of the fair value of the miles awarded and the assumptions with respect to the percentage of awarded miles not expected to be redeemed through the use of historical trends. Also, we tested on a sample basis the appropriate cut-off procedures for tickets not flown yet. In addition, we assessed the sufficiency of related disclosures in the separate and consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Impairment of goodwill (consolidated financial statements) and intangible assets (separate and consolidated financial statements)	
The amount of goodwill of €40m which was recognized upon acquisition of Olympic in the consolidated financial statements is tested for impairment annually or more frequently if impairment indicators are present. The impairment assessment involves judgements, estimates and assumptions with respect to the future (forecasted) cash flows of	The audit procedures that we performed, among others, have as follows: We obtained the impairment test performed by management and assessed the judgements, estimates and assumptions used in this process with respect to future (forecasted) cash flows of the Group, the future growth rates, the future prices of oil and foreign exchange rates, the

the Group, the future growth rates, the discount rate used, considering the Group as one Cash Generating Unit (CGU) and using projected results for a period of five years onwards (2018-2022) as well as terminal value. Other intangible asset include the brand name of Olympic whose net book value at 31 December 2017 amounted to €17m as is amortized up to 2059 (amortization period of 49 years). The management believes that the there are no reasons for which the brand name may have been impaired. Furthermore, the Group has timeslots in foreign airports with indefinite life of €22m which are not amortised. Timeslots are tested for impairment annually or more frequently if impairment indicators are present. We have identified the testing of goodwill, the brand name and the time-slots for impairment as a key audit matter due to the level of the amounts and the nature of the accounts involved and due to inherent uncertainty involved in the judgements, estimates and assumptions used by the management during the impairment test of these accounts. The Group's and the Company's disclosures relevant to the accounting policy, the judgements, the estimates and the assumptions used during the assessment on whether the goodwill and the intangible assets have been impaired can be found in notes 5.3, 5.5, 5.9 and 5.22 of the separate and consolidated financial statements.	discount rate used, considering the Group as one Cash Generating Unit (CGU) and using projected results for a period of five years onwards as well as terminal value. In our assessment we also used historical information and available data. We assessed the consistency between periods of the methods, the assumptions and the calculations used by the Group as well as whether events of the period or changes in the environment or changes in the facts and circumstances have been taken into consideration in the assumptions used or in changes in the business practices, the accounting principles which may have affected the calculations. In the above assessment we also included the carrying amount of the brand name of Olympic in the consolidated financial statements. For timeslots we tested the Group's impairment test by comparison to their fair market value based on evidence obtained from the management from similar transactions. Also, we assessed the sufficiency of related disclosures in the separate and consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Derivative contracts (separate and consolidated financial statements)	
At 31 December 2017 the Group and the Company had recognized an asset of €17,4m and a liability of €26,0m from the valuation of derivative contracts. The Group and the Company enters into derivative contracts to hedge risks arising from the variation of prices in fuel, interest rates and foreign exchange. The contracts are made on the basis of business needs (expected cash flows, expected fuel consumption etc.). Derivatives are considered by the management as cash flow hedges and any change in their fair value is transferred to Other Comprehensive Income. We have identified the valuation and recognition	The audit procedures that we performed, among others have as follows: We tested the transactions by confirming the fair value with the counterparties as well as with independent third parties for all open contracts as at 31 December 2017. We audited the classification of derivative assets and liabilities in the statement of financial position of the Group and the Company. We included in our team derivative experts specialized in the valuation of derivative contracts and in assessing these contracts on the basis of the applicable accounting framework.

of derivative contracts as a key audit matter due to the level and the nature of the related accounts as well as the complexity of the accounting treatment, the hedging relationships and the uncertainties surrounding the judgements, estimates and assumptions used by the management for the calculation of the related amounts. The Group's and the Company's disclosures relevant to the accounting policy, the judgements, the estimates and the assumptions used for the calculation of the value of derivatives can be found in notes 5.5, 5.13 and 5.43 of the separate and consolidated financial statements.	We assessed the effectiveness of the derivative contacts, by category of contract, on the basis of the applicable accounting framework and the related effectiveness criteria. We recalculated for a sample of contracts the fair value calculated by third parties and we compared the fair values with the amounts recognized in the financial statements. Also, we assessed the sufficiency of related disclosures in the separate and consolidated financial statements.

Other information

Management is responsible for the other information of the Annual Financial Report. The other information, include the Board of Directors Report for which reference is also made in section Report on Other Legal and Regulatory Requirements, the Statements of the Members of the Board of Directors, and other complementary information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance for the separate and consolidated financial statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal control 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.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (art. 44 L. 4449/2017) of the Company is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated in Greek Law, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, as incorporated in Greek Law, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

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 4336/2015 (part B), we report that:

a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information 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 consolidated financial statements for the year ended 31 December 2017.
c) Based on the knowledge and understanding concerning the company Aegean Airlines S.A. and its environment, gained during our audit, we have not identified information included in the Board of Directors' report that contains a material misstatement.

2. Additional Report to the Audit Committee

Our opinion on accompanying separate and consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Company, in accordance with Article 11 of the EU Regulation 537/2014.

3. Provision of Non-audit Services

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014. Non-audit services provided by us to the Company and its subsidiaries during the year ended December 31, 2017, are disclosed in note 5.59 of the separate and consolidated financial statements.

4. Appointment of the Auditor

We were first appointed as auditors of the Group by the General Assembly on May 12, 2015. Since then our appointment has been uninterruptedly renewed for a total period of 3 years based on the General Assembly decisions of each year.

Athens, 15 March 2018

Vassilios Kaminaris
SOEL R.N. 2041

ERNST & YOUNG (HELLAS)
Certified Auditors – Accountants S.A.
8B Chimarras, Maroussi,
151 25, Greece
Company SOEL R.N. 107

D. ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD
1 JANUARY TO 31 December 2017
(amounts in thousands euros)

TABLE OF CONTENTS

AEGEAN AIRLINES S.A. amounts in thousands €

1.1 Statement of Financial Position of the Company as at 31.12.2017

	Note	31/12/2017	31/12/2016
ASSETS			
Non-current assets			
Intangible assets	5.22	27.863,32	29.170,80
Tangible assets	5.23	94.326,38	100.915,74
Advances for assets acquisition		305,62	387,33
Investments in subsidiaries	5.24	72.416,56	72.416,56
Deferred tax assets	5.25	610,91	0,00
Other long term assets	5.26	20.956,22	23.309,95
Hedging derivatives	5.43	59,36	9.339,23
Financial Assets available for sale	5.27	525,00	1.025,00
Total non-current assets		**217.063,37**	**236.564,61**
Current assets			
Inventories	5.28	8.964,05	8.974,90
Customers and other trade receivables	5.29	103.522,29	89.130,18
Advances	5.30	18.638,20	23.690,22
Financial Assets Available for Sale	5.27	6.983,58	3.952,74
Hedging derivatives	5.43	17.323,94	24.839,48
Restricted Cash	5.31	7.207,93	0,00
Cash and cash equivalents	5.31	215.195,95	194.454,36
Total current assets		**377.835,94**	**345.041,87**
TOTAL ASSETS		**594.899,31**	**581.606,48**
EQUITY			
Share capital	5.32	46.421,11	46.421,11
Share premium account	5.33	72.775,98	72.775,98
Other reserves	5.34	4.042,41	29.931,74
Retained earnings		73.283,16	65.368,31
Total equity		**196.522,65**	**214.497,13**
LIABILITIES			
Long term liabilities			
Finance lease contracts liabilities	5.35	21.753,29	35.838,01
Derivative contracts liabilities	5.43	9.074,45	1.180,84
Liabilities for retirement benefits obligations	5.36	10.878,52	9.614,80
Provisions	5.38b	4.757,48	6.092,66
Other long term liabilities	5.39	18.034,54	14.221,24
Deferred Tax Liabilities	5.25	(0,00)	11.018,84
Total long term liabilities		**64.498,28**	**77.966,39**
Short term liabilities			
Trade and other payables	5.37	53.853,30	68.476,97
Long term finance leases liabilities payable next year	5.35	9.867,68	10.894,43
Other short term liabilities	5.40	93.938,38	85.056,70
Liabilities from tickets sold but not flown	5.41	110.223,07	94.415,36
Accrued expenses	5.42	37.546,58	26.918,24
Hedging derivatives	5.43	16.900,23	3.147,29
Income Tax Payable		11.080,16	(0,00)
Provisions	5.38a	468,97	233,97
Total short term liabilities		**333.878,39**	**289.142,96**
Total liabilities		**398.376,67**	**367.109,35**
TOTAL EQUITY AND LIABILITIES		**594.899,31**	**581.606,48**

AEGEAN AIRLINES S.A. amounts in thousands €

1.2 Statement of Financial Position of the Group as at 31.12.2017

	Note	31/12/2017	31/12/2016
ASSETS			
Non-current assets			
Intangible assets	5.22	45.113,82	47.046,73
Goodwill	5.22	39.756,30	39.756,30
Tangible assets	5.23	94.191,86	100.768,20
Advances for assets acquisition		305,62	387,33
Financial Assets available for sale	5.27	525,00	1.025,00
Other long term assets	5.26	25.475,03	29.158,20
Hedging derivatives	5.43	59,36	9.339,23
Total non-current assets		**205.426,99**	**227.480,99**
Current assets			
Inventories	5.28	15.193,25	16.079,85
Customers and other trade receivables	5.29	115.556,86	104.466,75
Advances	5.30	20.634,42	24.732,82
Financial Assets Available for Sale	5.27	6.983,58	4.684,24
Hedging derivatives	5.43	17.323,94	24.839,48
Restricted Cash	5.31	7.207,93	0,00
Cash and cash equivalents	5.31	293.723,58	248.477,75
Total current assets		**476.623,57**	**423.280,88**
TOTAL ASSETS		**682.050,56**	**650.761,87**
EQUITY			
Share capital	5.32	46.421,11	46.421,11
Share premium account	5.33	72.775,98	72.775,98
Other reserves	5.34	4.042,41	30.118,18
Retained earnings		124.700,81	94.955,78
Total equity		**247.940,31**	**244.271,05**
LIABILITIES			
Long term liabilities			
Finance lease contracts liabilities	5.35	21.753,29	35.838,01
Derivative contracts liabilities	5.43	9.074,45	1.180,84
Liabilities for retirement benefits obligations	5.36	11.324,64	9.998,18
Provisions	5.38b	9.633,85	15.236,24
Other long term liabilities	5.39	18.034,54	14.221,24
Deferred Tax Liabilities	5.25	1.618,71	10.612,69
Total long term liabilities		**71.439,48**	**87.087,20**
Short term liabilities			
Trade and other payables	5.37	72.975,64	87.106,19
Long term finance leases liabilities payable next year	5.35	9.867,68	10.894,43
Other short term liabilities	5.40	100.650,47	90.903,84
Liabilities from tickets sold but not flown	5.41	115.855,00	100.948,13
Accrued expenses	5.42	31.511,58	25.928,98
Hedging derivatives	5.43	16.900,23	3.147,29
Income Tax Payable		14.320,07	0,00
Provisions	5.38a	590,08	474,75
Total short term liabilities		**362.670,77**	**319.403,62**
Total liabilities		**434.110,25**	**406.490,82**
TOTAL EQUITY AND LIABILITIES		**682.050,56**	**650.761,87**

AEGEAN AIRLINES S.A. amounts in thousands €

2.1 Statement of Comprehensive Income of the Company for the period that ended at 31.12.2017

	Note	01/01 - 31/12/2017	01/01 - 31/12/2016
Revenue	5.44	**933.318,80**	**891.534,49**
Other operating income	5.45	21.491,57	19.872,14
Personnel expenses	5.47	(111.301,09)	(105.437,24)
Depreciation	5.22, 5.23	(18.411,63)	(16.923,64)
Consumption of goods and services	5.46	(753.727,81)	(732.270,19)
Finance income	5.48	20.419,02	41.021,27
Finance expense	5.48	(33.745,57)	(47.779,06)
Profit before tax		**58.043,29**	**50.017,76**
Income tax	5.49	(19.479,48)	(15.764,74)
Profit after tax		**38.563,81**	**34.253,01**

		01/01 - 31/12/2017	01/01- 31/12/2016
Other comprehensive income			
(a) Transferred to the income statement			
Cash flow hedging	5.43		
Reclassification of Profit / (Loss)		1.307,84	21.589,55
Net change in fair value of cash flow hedges		(39.749,79)	35.769,29
Income tax		11.148,17	(16.634,06)
Available for sale financial assets	5.27		
Reclassification of Profit / (Loss)		0,00	0,00
Net change in fair value of financial assets		(434,09)	(177,31)
Income tax		125,89	51,42
Total (a)		**(27.601,99)**	**40.598,88**
(b) Non-transferred in the income statement			
Net actuarial profit/ (loss) on defined benefit plans	5.36	(520,37)	(756,75)
Deferred tax		150,91	219,46
Total (b)		**(369,47)**	**(537,29)**
Other comprehensive income/ (losses) for the year net of tax		**(27.971,46)**	**40.061,59**
Total comprehensive income/(losses) for the year net of tax		**10.592,35**	**74.314,60**

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 31.12.2017

	Note	01/01 - 31/12/2017	01/01 - 31/12/2016
Revenue	5.44	**1.127.625,32**	**1.020.313,38**
Other operating income	5.45	13.966,14	14.225,58
Personnel expenses	5.47	(124.985,08)	(119.520,84)
Depreciation	5.22, 5.23	(19.402,96)	(17.984,42)
Consumption of goods and services	5.46	(896.802,56)	(838.178,71)
Finance income	5.48	21.252,60	43.894,61
Finance expense	5.48	(35.868,52)	(51.151,01)
Profit before tax		**85.784,93**	**51.598,60**
Income tax	5.49	(25.419,61)	(19.388,03)
Profit after tax		**60.365,32**	**32.210,57**

		01/01-31/12/2017	01/01-31/12/2016
Other comprehensive income			
(a) Transferred to the income statement			
Cash flow hedging	5.43		
Reclassification of Profit / (Loss)		1.307,84	21.589,55
Net change in fair value of cash flow hedges		(39.749,79)	35.769,29
Income tax		11.148,17	(16.634,06)
Available for sale financial assets	5.27		
Reclassification of Profit / (Loss)		(262,50)	(581,00)
Net change in fair value of financial assets		(434,09)	350,45
Income tax		202,01	98,76
Total (a)		**(27.788,37)**	**40.592,99**
(b) Non-transferred in the income statement			
Net actuarial profit/ (loss) on defined benefit plans	5.36	(480,10)	(725,29)
Deferred tax		139,23	210,34
Total (b)		**(340,87)**	**(514,96)**
Other comprehensive income/ (losses) for the year net of tax		**(28.129,24)**	**40.078,03**
Total comprehensive income/(losses) for the year net of tax		**32.236,08**	**72.288,59**
Basic and diluted earnings per share in €	5.55	0,8453	0,4510
Weighted Average 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 31.12.2017

	Issued capital	Share premium	Cash flow hedging reserves (Note 5.34)	Reserves (other)(Note 5.34)	Available for Sale(Note 5.34)	Accumulated Profit / (Loss)	Total equity
Balance at 1 January 2016	**46.421,11**	**72.775,98**	**(19.677,05)**	**5.797,72**	**499,78**	**84.356,98**	**190.174,52**
Profit for the year						34.253,01	34.253,01
Other comprehensive income/ (losses)			40.724,77		(125,89)	(537,29)	40.061,59
Total comprehensive income/ (losses)			**40.724,77**		**(125,89)**	**33.715,72**	**74.314,60**
Dividends Paid (Note 5.58)						(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**
Balance on 1 January 2017	**46.421,11**	**72.775,98**	**21.047,72**	**8.510,14**	**373,89**	**65.368,30**	**214.497,13**
Profit for the year						38.563,81	38.563,81
Other comprehensive income/ losses			(27.293,79)		(308,21)	(369,47)	(27.971,46)
Total comprehensive income/ losses			**(27.293,79)**	**-**	**(308,21)**	**38.194,34**	**10.592,35**
Dividends Paid (Note 5.58)						(28.566,83)	**(28.566,83)**
Reserves				1.712,65		(1.712,65)	**-**
Balance on 31 December 2017	**46.421,11**	**72.775,98**	**(6.246,06)**	**10.222,79**	**65,68**	**73.283,16**	**196.522,65**

AEGEAN AIRLINES S.A. amounts in thousands €

3.2 Statement of changes in Equity of the Group for the period ended at 31.12.2017

	Issued capital	Share premium	Cash flow hedging reserves (Note 5.34)	Reserves (other)(Note 5.34)	Available for Sale(Note 5.34)	Accumulated Profit / (Loss)	Total equity
Balance at 1 January 2016	**46.421,11**	**72.775,98**	**(19.677,04)**	**5.797,71**	**692,04**	**115.964,62**	**221.974,43**
Profit for the year						32.210,57	32.210,57
Other comprehensive income/ (losses)			40.724,77		(131,80)	(514,96)	40.078,03
Total comprehensive income/ (losses)			**40.724,77**		**(131,80)**	**31.695,61**	**72.288,59**
Dividends Paid (Note 5.58)					-	(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**
Balance on 1 January 2017	**46.421,11**	**72.775,98**	**21.047,73**	**8.510,13**	**560,25**	**94.955,84**	**244.271,05**
Profit for the year						60.365,32	60.365,32
Other comprehensive income/ (losses)_			(27.293,79)	0,00	(494,58)	(340,87)	(28.129,24)
Total comprehensive income/ (losses)			**(27.293,79)**	**-**	**(494,58)**	**60.024,45**	**32.236,09**
Dividends Paid (Note 5.58)			-		-	(28.566,83)	**(28.566,83)**
Reserves			-	1.712,65	-	(1.712,65)	**-**
Balance on 31 December 2017	**46.421,11**	**72.775,98**	**(6.246,06)**	**10.222,78**	**65,68**	**124.700,81**	**247.940,31**

AEGEAN AIRLINES S.A. amounts in thousands €

4.1 Cash Flow Statement of the Company for the period ended at 31.12.2017

	31/12/2017	31/12/2016
Cash flows from operating activities		
Profit before tax	**58.043,29**	**50.017,76**
Adjustments for:		
Depreciation of tangible assets (Notes 5.22-5.23)	18.411,63	16.923,66
Provisions for aircraft maintenance , bad debts and other provision (Notes 5.29-5.36-5.37-5.38b)	2.931,32	(12.273,76)
Losses/(gains) from foreign exchange differences (Note 5.48)	10.552,55	2.133,83
(Profit) / loss from investing activities	(754,55)	153,14
Finance Cost (Note 5.48)	3.479,91	5.392,93
Cash flows from operating activities before changes in working capital	**92.664,15**	**62.347,56**
Changes in working capital		
(Increase)/Decrease in inventories (Note 5.28)	10,85	(358,94)
Increase/ (Decrease) in liabilities	(7.392,56)	(13.283,66)
Increase/ (Decrease) in liabilities	17.228,48	16.522,05
Total changes in working capital	**9.846,77**	**2.879,45**
Interest expenses paid	(2.496,14)	(3.367,91)
Income tax paid	(4.507,82)	(24.505,22)
Net cash flows from operating activities	**95.506,96**	**37.353,88**
Cash flows from investing activities		
Purchases of tangible assets (Notes 5.22-5.23)	(4.709,28)	(4.580,97)
Sales of tangible assets	164,13	0,00
Advances for the acquisition of tangible assets	0,00	32.957,28
Purchases of financial assets	(3.417,18)	0,00
Sales of financial assets	598,49	36.708,16
Investments in subsidiaries (Note 5.40)	(10.400,01)	(10.400,01)
Capital return from subsidiary's share capital reduction	0,00	20.000,00
Interest and other financial income received	1.090,36	156,98
Net cash flows from investing activities	**(16.673,50)**	**74.841,44**
Cash flows from financing activities		
Dividends paid	(28.525,21)	(49.889,00)
Financial leases capital paid (Note 5.52)	(10.243,73)	(10.096,67)
Net cash flows from financing activities	**(38.768,94)**	**(59.985,67)**
Net (decrease)/increase in cash and cash equivalents	**40.064,52**	**52.209,65**
Cash, cash equivalents & restricted cash at the beginning of the period (Note 5.31)	194.454,36	142.046,68
Net foreign exchange differences	(12.115,00)	198,03*
Cash, cash equivalents & restricted cash at the end of the period	**222.403,88**	**194.454,36**

* Part of the amount related to the effects of exchange differences is reclassified for fair presentation and comparison purposes.

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

4.2 Cash Flow Statement of the Group for the period ended at 31.12.2017

	31/12/2017	31/12/2016
Cash flows from operating activities		
Profit before tax	**85.784,93**	**51.598,60**
Adjustments for:		
Depreciation of tangible assets (Notes 5.22-5.23)	19.402,96	17.984,43
Provisions for aircraft maintenance , bad debts and other provision (Notes 5.29-5.36-5.37-5.38b)	0,00	0,00
Losses/(gains) from foreign exchange differences (Note 5.48)	(1.518,30)	(8.987,34)
(Profit) / loss from investing activities	11.859,59	1.908,53
Finance Cost (Note 5.48)	(923,90)	177,06
Cash flows from operating activities before changes in working capital	3.621,26	5.517,68
	118.226,54	**68.198,96**
Changes in working capital		
(Increase)/Decrease in inventories (Note 5.28)		
Increase/ (Decrease) in liabilities	886,60	(2.898,18)
Increase/ (Decrease) in liabilities	(4.655,23)	(14.407,51)
Total changes in working capital	12.626,74	36.842,41
Interest expenses paid	**8.858,11**	**19.536,72**
Income tax paid	(2.637,49)	(3.486,50)
Net cash flows from operating activities	(4.507,82)	(24.506,50)
	119.939,34	**59.742,68**
Cash flows from investing activities		
Purchases of tangible assets (Notes 5.22-5.23)		
Sales of tangible assets	(5.088,19)	(4.671,13)
Advances for the acquisition of tangible assets	164,13	0,00
Purchases of financial assets	0,00	32.957,28
Sales of financial assets	(3.417,18)	0,00
Investments in subsidiaries (Note 5.40)	1.457,53	41.294,35
Capital return from subsidiary's share capital reduction	(10.400,01)	(10.400,01)
Interest and other financial income received	1.132,17	181,88
Net cash flows from investing activities	**(16.151,56)**	**59.362,37**
Cash flows from financing activities		
Dividends paid	(28.525,21)	(49.889,00)
Financial leases capital paid (Note 5.52)	(10.243,73)	(10.096,67)
Net cash flows from financing activities	**(38.768,94)**	**(59.985,67)**
Net (decrease)/increase in cash and cash equivalents	**65.018,84**	**59.119,38**
Cash, cash equivalents & restricted cash at the beginning of the period (Note 5.31)	248.477,75	189.324,88
Net foreign exchange differences	(12.565,08)	33,50*
Cash, cash equivalents & restricted cash at the end of the period	**300.931,51**	**248.477,75**

* Part of the amount related to the effects of exchange differences is reclassified for fair presentation and comparison purposes.

5. Notes to the 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 2017 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 15th 2018 and are subject to approval of the General Shareholders Meeting that will take place within the first half of 2018.

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 (value in use) 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. More specifically the value in use is determined by using discounting future cash flows with an appropriate discount rate. An impairment loss recognized for goodwill is not reversed in subsequent periods. 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 5.24)

5.4 Standards, Interpretations and amendments to existing standards

A) Changes in accounting policies and disclosures

The accounting principles and calculations used in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the prior year, except for the following amended IFRS's which have been adopted by the Group as of 1 January 2017.

- **IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses**

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. The above amendment did not have a significant impact on the consolidated financial statements for the year ended 31 December 2017.

- **IAS 7 Disclosure initiative (Amendment)**
  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. The above amendment did not have a significant impact on the consolidated financial statements for the year ended 31 December 2017.

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The improvement did not have an effect on the Group's consolidated financial statements for the year ended 31 December 2017.

- **IFRS 12 "Disclosures 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

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.

  The Group will apply the new Standard without restated the comparative amounts. Major categories anticipated effect is analyzed as follows:
  - Classification and measurement of Group's financial assets will not be materially affected from the IFRS 9 adoption
  - No significant effect is expected in Group's financial obligations, given that these are measured at amortized cost and not at fair value
  - Group's equity investments should be measured at fair value with value changes being recognized through profit or loss, instead of reflected in Other Comprehensive Income as previously required by IAS 39, when the option to designate an equity instrument as Fair Value Through Other Comprehensive Income has not been chosen by the management. The anticipated effect is not considered to be material.
  - The new impairment approach for assessing credit loss of financial assets will affect the provision established in group financial statements. Following the Group management assessment, an immaterial increase id expected in the Group doubtful debt provision.
  - Group management assessed that all existing hedge relationships will continue to qualify for hedge accounting under IFRS 9 and no significant impact is expected on Group's financial statements.

- **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.

The Standard will be applied in the consolidated financial statements of the fiscal year starting January 1st 2018 and the cumulative effect will be recognized at the transition date in the Retained earnings based on the modified retrospective approach. The Group considers the following as the major effects expected by the new Standard adoption:

1) Certain types of ancillary services (such as excess baggage fee, rebooking/reissue fee etc) are currently recognized on the sales date under IAS 18. According to IFRS 15, an entity shall recognize revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. The said services are highly dependent on the service of providing the flight and therefore should be recognized on the flight date. The Group anticipates a cumulative negative effect in the January 1st 2018 retained earnings of 4%-6% of current year Other operating income.
2) Currently the Group recognizes the expected breakage amount from tickets that remain unused, when the likelihood of the passengers exercising their remaining rights becomes remote. Under IFRS 15, the breakage amount should be recognized in proportion to the pattern of rights exercised by the passengers, using historical trend information. The anticipated cumulative positive effect in the January 1st 2018 retained earnings will reach the 14%-16% of total Liabilities from tickets sold but not flown as at 31/12/2017.
3) The Company has a loyalty program to award its frequent flyers, where members are able to earn points (miles) by flying on Group's or other 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 will determine the fair value of this deferred revenue through actuarial study, using the expected cost plus margin approach. The cumulative positive effect in the January 1st 2018 retained earnings is expected to reach the 15%-17% of total deferred revenue from "Miles&Bonus" program as at 31/12/2017.

- **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.

  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 recognized 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 2017 amounted to €423,54 m (Note 5.50). 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.

- **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.

- **IFRS 9 Prepayment features with negative compensation (Amendments)**
  The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. 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 28 Long-term Interests in Associates and Joint Ventures (Amendments)**
  The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU.

- **IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These Amendments have not yet been endorsed by the EU. Management has assessed that this interpretation 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 2018 for IFRS 12 Disclosure of Interests in Other Entities and on or after 1 January 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. 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.

- **IFRIC Interpretation 23 Uncertainty over income tax treatments:**
  The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. 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 (2015 – 2017 Cycle**), which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU. Management has assessed that these interpretations will not affect significantly the Group financial statements

- **IFRS 3 "Business Combinations and IFRS 11 Joint Operations:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

- **IAS 12 "Income Taxes":** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.

- **IAS 23 "Borrowing Costs":** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

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 5.35

Accounting treatment of liabilities (provisions) regarding aircraft maintenance

The Group is committed to satisfy certain maintenance obligations as prescribed by the contract terms upon lease termination. During the lease period the Group is obliged to follow the maintenance program required by the airframe and engine constructors. The estimated maintenance cost is charged in group expenses within the lease period, based on the expected maintenance for the airframe, engines and limited life parts using the flight hours or flight cycles. This estimation is based on Group maintenance program and the relevant contracts agreed with maintenance providers. See note 5.38b

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 Group 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 5.24.

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 product redeemable on the basis of actual redemptions. On December 31st 2017 the estimated liability for unredeemed miles amounted to € 33.396,64 thousand (2016: € 26.335,60 thousand). See note 5.39

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 5.38 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 5.43.

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 5.51.

Useful life of depreciable assets

The Company's management evaluates the useful life of depreciable assets in every period. On December 31^{st} 2017 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 5.36)

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 5.29)

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

The accounting policies used for the preparation of the 2017 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. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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.

5.9 Intangible assets

Intangible assets include airports slots, software licenses, Olympic Air brand and goodwill. Airport slots are assets with an indefinite useful life, given that with minimum use, they remain available for future use and therefore not depreciated but subject to an impairment test annually. Reasonable control is mainly based on available slots trading data. 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	2-20 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. 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.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Net selling price is considered as the possible proceeds from the sale of an asset in an arm's length transaction in which the parties have full knowledge and adhere voluntarily after deducting any additional direct cost of disposal of the asset, while value in use is the present value of the estimated future cash flows expected to be realized by the continuing use of an asset and its disposal at the end of its estimated useful life.
If an entity is unable to estimate the recoverable amount of an asset for which there is an indication of impairment, it determines the recoverable amount of the cash-generating unit to which the asset belongs.

Reversal of an impairment loss on the value of assets recognized in prior years is made only when there is sufficient evidence that the impairment no longer exists or has decreased. In such cases the above reversal is recognized as income.
Management estimates that there is no indication of impairment of the Group's fixed assets.

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 5.38b.

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.

Deferred tax

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 31.12.2017 the Company held intangible assets amounting to € 27.863,32 thousand and the Group €45.113.82 thousand. The changes in the aforementioned amounts are analyzed as follows:

Company	Brand name	Slots	Software	Other	Total
Cost of acquisition					
Balance January 1st 2016	**0,00**	**22.030,00**	**13.049,79**	**2.651,31**	**37.731,10**
Additions	0,00	0,00	1.973,71	45,37	2.019,08
Disposals	**0,00**	0,00	0,00	0,00	0,00
Balance December 31st 2016	**0,00**	**22.030,00**	**15.023,50**	**2.696,68**	**39.750,18**
Depreciations					
Balance January 1st 2016	**0,00**	**0,00**	**7.210,80**	**1.547,14**	**8.758,00**
Depreciations	0,00	0,00	1.570,63	250,76	1.821,38
Disposals	0,00	0,00	0,00	0,00	0,00
Balance December 31st 2016	**0,00**	**0,00**	**8.781,43**	**1.797,90**	**10.579,38**
Net Book value at 31 December 2016	**0,00**	**22.030,00**	**6.242,07**	**898,78**	**29.170,80**
Cost of acquisition					
Balance January 1st 2017	**0,00**	**22.030,00**	**15.023,50**	**2.696,68**	**39.750,18**
Additions	0,00	0,00	1.111,55	0,00	1.111,55
Disposals	0,00	0,00	-83,76	0,00	-83,76
Balance December 31st 2017	**0,00**	**22.030,00**	**16.051,30**	**2.696,68**	**40.777,98**
Depreciations					
Balance January 1st 2017	**0,00**	**0,00**	**8.781,43**	**1.797,95**	**10.579,38**
Depreciations	0,00	0,00	2.080,74	254,54	2.335,28
Disposals	0,00	0,00	0,00	0,00	0,00
Balance December 31st 2017	**0,00**	**0,00**	**10.862,17**	**2.052,49**	**12.914,66**
Net Book value at 31 December 2017	**0,00**	**22.030,00**	**5.189,13**	**644,19**	**27.863,32**

AEGEAN AIRLINES S.A. amounts in thousands €

Group	Brand name	Slots	Software	Other	Total
Cost of acquisition					
Balance January 1st 2016	**21.750,05**	**22.039,00**	**18.771,31**	**2.651,31**	**65.211,67**
Additions	0,00	0,00	2.008,71	45,37	2.054,08
Disposals	**0,00**	0,00	0,00	0,00	0,00
Balance December 31st 2016	**21.750,05**	**22.039,00**	**20.780,02**	**2.696,68**	**67.265,75**
Depreciations					
Balance January 1st 2016	**3.895,73**	**0,00**	**12.166,67**	**1.547,14**	**17.609,59**
Depreciations	412,84	0,00	1.945,84	250,76	2.609,43
Disposals	0,00	0,00	0,00	0,00	0,00
Balance December 31st 2016	**4.308,57**	**0,00**	**14.112,51**	**1.797,90**	**20.219,02**
Net Book value at 31 December 2016	**17.441,49**	**22.039,00**	**6.667,51**	**898,78**	**47.046,73**
Cost of acquisition					
Balance January 1st 2017	**21.750,05**	**22.039,00**	**20.780,02**	**2.696,68**	**67.265,75**
Additions	0,00	0,00	1.220,80	0,00	1.220,80
Disposals	0,00	0,00	-83,76	0,00	-83,76
Balance December 31st 2017	**21.750,05**	**22.039,00**	**21.917,06**	**2.696,68**	**68.402,79**
Depreciations					
Balance January 1st 2017	**4.308,57**	**0,00**	**14.112,51**	**1.797,95**	**20.219,02**
Depreciations	412,84	0,00	2.402,57	254,54	3.069,95
Disposals	0,00	0,00	0,00	0,00	0,00
Balance December 31st 2017	**4.721,40**	**0,00**	**16.515,08**	**2.052,49**	**23.288,97**
Net Book value at 31 December 2017	**17.028,65**	**22.039,00**	**5.401,98**	**644,19**	**45.113,82**

Group Intangible assets as of 31.12.2017 include "Olympic" brand amounting € 17.028,65 thousand, airport slots amounting € 22.039,00 thousand, software licenses amounting € 3.489,87 thousand and other intangible assets amounting € 2.556,30 thousand.

The Group performs its annual impairment test of goodwill every year end amounted to €40 mil (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 31/12/2017 and 31/12/2016.

5.23 Tangible assets

(a) The Company's fleet as at 31.12.2017 consisted of 46 aircrafts (31.12.2016: 47), as analyzed below:

- 37 Airbus A320
- 8 Airbus A321
- 1 Airbus A319

(b) The Group's fleet as at 31.12.2017 consisted of 58 aircrafts (31.12.2016: 62), as analyzed below:

- 37 Airbus A320
- 8 Airbus A321
- 1 Airbus A319
- 8 Bombardier Q400
- 2 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 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 1 January 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**
Depreciation	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 31 December 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**
Net Book value at 31 December 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**
Cost of acquisition									
Balance January 1st 2017	**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**
Additions	1.613,09		232,80	6.048,43	134,75	297,38	211,00	1.192,47	9.729,92
Disposals	(127,34)				(260,33)	(0,20)	(278,89)	(95,01)	(761,77)
Balance December 31st 2017	**12.203,30**	**6.475,32**	**69.956,21**	**74.733,32**	**35.270,39**	**2.066,59**	**1.057,61**	**11.844,12**	**213.606,87**
Depreciations									
Balance January 1st 2017	**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**
Depreciations	1.067,13	323,77	3.147,78	8.424,97	2.557,53	76,77	107,91	370,49	16.076,35
Disposals	(108,15)				(49,52)		(278,89)	(82,28)	(518,84)
Balance December 31st 2017	**6.270,53**	**3.642,35**	**27.990,79**	**55.402,82**	**14.370,36**	**1.627,31**	**513,74**	**9.462,59**	**119.280,50**
Net Book value at 31 December 2017	**5.932,77**	**2.832,97**	**41.965,42**	**19.330,50**	**20.900,03**	**439,28**	**543,86**	**2.381,53**	**94.326,38**

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 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 1 January 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**
Depreciation	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 31 December 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**
Net Book value at 31 December 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**
Cost of acquisition									
Balance January 1st 2017	**10.717,55**	**6.475,32**	**69.723,41**	**68.684,89**	**34.446,06**	**1.769,41**	**1.302,42**	**15.238,92**	**208.357,99**
Additions	1.613,09	-	232,80	6.048,43	134,75	297,38	211,00	1.462,14	9.999,59
Disposals	(127,34)	-	-	-	(260,33)	(0,20)	(278,89)	(95,01)	(761,77)
Balance December 31st 2017	**12.203,30**	**6.475,32**	**69.956,21**	**74.733,32**	**34.320,48**	**2.066,59**	**1.234,53**	**16.606,05**	**217.595,80**
Depreciations									
Balance January 1st 2017	**5.311,55**	**3.318,59**	**24.843,01**	**46.977,85**	**11.829,04**	**1.550,54**	**842,20**	**12.916,98**	**107.589,76**
Depreciations	1.067,13	323,77	3.147,78	8.424,97	2.462,54	76,77	110,53	719,52	16.333,01
Disposals	(108,15)	-	-	-	(49,52)	-	(278,89)	(82,26)	(518,82)
Balance December 31st 2017	**6.270,53**	**3.642,35**	**27.990,79**	**55.402,82**	**14.242,06**	**1.627,31**	**673,84**	**13.554,24**	**123.403,95**
Net Book value at 31 December 2017	**5.932,77**	**2.832,97**	**41.965,42**	**19.330,50**	**20.078,42**	**439,28**	**560,69**	**3.051,83**	**94.191,86**

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

5.24 Investments in subsidiaries

Investments in subsidiaries are analyzed as follows:

Company	Country of activity	Participation	31/12/2017	31/12/2016
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.

5.25 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:

	31/12/2017		31/12/2016	
Company	**Asset**	**Liability**	**Asset**	**Liability**
Revaluation of assets and depreciation/amortization	530,74	(5.339,71)	515,28	(4.664,37)
Finance leases	9.170,08	(18.410,92)	13.552,41	(19.944,13)
Receivables	4.138,70	(4.968,52)	4.621,24	(6.667,01)
Provisions for employee retirement benefits	3.154,77	0,00	2.788,29	0,00
Liabilities from financial derivatives	2.491,50	0,00	0,00	(8.656,67)
Bonds	0,00	(29,32)	0,00	(155,20)
Other short term liabilities	43.268,64	(33.395,06)	36.739,78	(29.148,46)
Total for offsetting	**62.754,44**	**(62.143,52)**	**58.217,00**	**(69.235,84)**
Balance	**610,91**		**(11.018,84)**	

	31/12/2017		31/12/2016	
Group	**Asset**	**Liability**	**Asset**	**Liability**
Revaluation of assets and depreciation/amortization	5.658,84	(11.565,62)	515,28	(5.742,13)
Finance leases	9.170,08	(18.410,92)	13.552,41	(19.944,13)
Receivables	4.138,70	(5.784,81)	4.621,24	(6.783,59)
Provisions for employee retirement benefits	3.284,15	0,00	2.899,47	0,00
Liabilities from financial derivatives	2.491,50	(76,13)	0,00	(8.656,67)
Bonds	0,00	(29,32)	0,00	(155,20)
Other short term liabilities	43.494,48	(33.989,67)	37.700,72	(29.148,46)
Tax Loss	0,00	0,00	528,37	0,00
Total for offsetting	**68.237,74**	**(69.856,45)**	**59.817,49**	**(70.430,18)**
Balance	**(1.618,71)**		**(10.612,69)**	

AEGEAN AIRLINES S.A. amounts in thousand €

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

5.26 Other long term assets

The other long term assets are analyzed as follows:

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Security deposits for lease agreements	19.279,53	21.303,95	23.437,41	27.152,20
Other long term assets	1.676,69	2.006,00	2.037,62	2.006,00
Total	**20.956,22**	**23.309,95**	**25.475,03**	**29.158,20**

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..

"Other long term assets" refers not only to disputed claims against the Greek State but also to long term receivable from sales of assets.

Part of "Customers and other trade receivables" amounting to € 1.510, referring to the sale of fixed assets agreed with the buyer to be settled in over one year period in the previous fiscal year, was reclassified the current fiscal year, for better presentation and comparability purposes to "Other long term assets".

5.27 Financial Assets available for Sale

The amount of €6.983 thousand (2016:€3.952,74),relates to Company's investment in corporate bonds traded in primary and secondary markets.

The amount of €1.025 relates to investments of Company and Group which are traded in secondary markets. The management decided to proceed with an impairment of amount €500 in year end 31.12.2017 results. The impairment is mainly due to low and volatile capital adequacy ratios with a narrow buffer vs required capital and to relatively lower ability to access the market or issue capital in case that capital injections are needed

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

Within 2017 the Company and the Group sold financial assets available for sales amounting €598,48 thousand euro and €1.457,53 thousand euro respectively and disposals of available-for-sale financial assets amounted to € 3,417.18 thousand.

During the period ended in December 31, 2017, no transfers of financial assets between Level 1 and Level 2 Hierarchies were made.

AEGEAN AIRLINES S.A. amounts in thousand €

5.28 Inventories

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

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	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Goods	760,21	659,25	760,21	659,25
Aircraft spare parts	8.203,84	8.315,65	14.433,04	15.420,60
Total	**8.964,05**	**8.974,90**	**15.193,25**	**16.079,85**

The changes in the inventories are analyzed as below:

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Goods				
Opening balance	**659,25**	**723,81**	**659,25**	**723,81**
Purchases for the period	1.815,02	1.456,14	1.815,02	1.456,14
Consumption for the period	(1.714,06)	(1.520,70)	(1.714,06)	(1.520,70)
Closing balance	**760,21**	**659,25**	**760,21**	**659,25**
Aircraft spare parts				
Opening balance	**8.315,65**	**7.892,15**	**15.420,60**	**12.457,86**
Purchases for the period	7.053,56	6.250,22	9.708,96	10.902,36
Spare parts consumption for the period	(7.165,37)	(5.826,72)	(10.696,51)	(7.939,62)
Closing balance	**8.203,84**	**8.315,65**	**14.433,04**	**15.420,60**
Total inventories	**8.964,05**	**8.974,90**	**15.193,25**	**16.079,85**

AEGEAN AIRLINES S.A. amounts in thousand €

5.29 Customers and other trade receivables

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

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Domestic customers	6.203,59	8.887,24	5.790,79	11.370,29
Foreign customers	4.561,54	6.592,33	7.784,02	7.182,49
Greek State	1.411,49	375,73	1.710,00	9.716,41
Other miscellaneous debtors	42.745,41	40.166,65	62.117,54	46.327,05
Accrued income receivable	32.904,87	28839,23	30.586,54	25.304,27
Prepayments to suppliers	15.695,39	4.268,99	7.567,97	4.566,23
Total	**103.522,29**	**89130,18**	**115.556,86**	**104.466,75**

"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 2017 financial year which were invoiced within January 2018 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	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Expected collection time:				
Less than 3 months	85.338,90	84.183,27	96.390,52	83.959,32
Within 3 and 6 months	18.183,39	4.644,72	18.867,84	18.201,43
Within 6 months and 1 year	0,00	302,18	298,50	1.371,93
More than a year	0,00	0,00	0,00	934,07
Total	**103.522,29**	**89.130,18**	**115.556,86**	**104.466,75**

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 31.12.2017 made a bad debt provision amounting to € 1.755,17 thousand (2016: 758,85 thousand)and collected an amount of € 104,83 thousand (2016: €85,07 thousand) from customers for whom bad debt provisions had been made in previous years. The amounts have affected this year's result.
Respectively, the Group collected €111,43 thousand (2016: €122,93 thousand) from customers for which a provision for impairment was established in previous years

Part of "Customers and other trade receivables" amounting to € 1.510, referring to the sale of fixed assets agreed with the buyer to be settled in over one year period in the previous fiscal year, was reclassified the current fiscal year, for better presentation and comparability purposes to "Other long term assets".

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

5.30 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:

	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Advances to employees	0,00	0,00	1,75	8,86
Employees prepaid expenses	0,13	0,13	0,13	0,13
Other prepayments	118,48	108,89	118,47	508,58
Greek State	47,04	8.574,96	47,04	8.574,96
Prepaid expenses	16.019,27	12.695,39	18.013,74	13.329,44
Fixed assets orders prepayments	2.453,28	2.310,85	2.453,28	2.310,85
Total	**18.638,20**	**23.690,22**	**20.634,42**	**24.732,82**

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.

5.31 Cash and cash equivalents and Restricted Cash

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

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Cash	363,03	930,95	407,72	977,26
Current accounts	129.994,73	162.036,65	156.290,67	194.044,65
Short term bank deposits	84.838,20	31.486,77	137.025,19	53.455,84
Total	**215.195,95**	**194.454,36**	**293.723,58**	**248.477,75**

The Group's restricted cash as at 31.12.2017 amounted at €7.207,93 thousands euro, concerning cash given to third parties as security for fuel hedging contracts.

As at 31.12.2016 there was no restricted cash in Group as there was no obligation to pay guarantees based on the terms of the hedging contracts based on the current fuel prices at the time.

5.32 Share capital

The Company's share capital at 31.12.2017 and 31.12.2016 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.

5.33 Share premium

The share premium at 31.12.2017 and 31.12.2016 resulted at € 72.775,98.

5.34 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:

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

	Statutory reserves	Extra ordinary reserves	Fair value reserves (cash flow hedging)	Available for sale	Total
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**
Change for the period	1.712,65		(27.293,79)	(308,21)	**(25.889,33)**
Balance at 31/12/2017	**9.866,27**	**356,50**	**(6.246,08)**	**65,67**	**4.042,41**

Group "Other reserves" are analyzed as follows:

	Statutory reserves	Extra ordinary reserves	Fair value reserves (cash flow hedging)	Available for sale	Total
Balance at 31/12/2015	**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**	**356,5**	**21.047,71**	**560,25**	**30.118,18**
Change for the period	1.712,65		(27.293,79)	(494,55)	**(26.075,68)**
Balance at 31/12/2017	**9.866,28**	**356,50**	**(6.246,08)**	**65,70**	**4.042,41**

The fair value reserves are presented net of deferred taxes.

5.35 Liabilities from finance leases

The analysis of four finance lease agreements is as follows:

	Company		**Group**	
Future Payments	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Up to 1 year	10.743,86	11.829,09	10.743,86	11.829,09
Between 1 to 5 years	23.150,75	37.224,70	23.150,75	37.224,70
More than 5 years	0,00	846,07	0,00	846,07
Total	**33.894,61**	**49.899,86**	**33.894,61**	**49.899,86**
Financial expense	**2.273,64**	**3.167,41**	**2.273,64**	**3.167,41**
Present value of future payments	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Up to 1 year	9.867,68	10.894,43	9.867,68	10.894,43
Between 1 to 5 years	21.753,29	35.034,27	21.753,29	35.034,27
More than 5 years	0,00	803,74	0,00	803,74
Total	**31.620,97**	**46.732,44**	**31.620,97**	**46.732,44**

The weighted average interest rate was calculated at s 1,1579% (2016 : 0,9206%).

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

5.36 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:

	31/12/2017	31/12/2016
Amounts recognized in the income statement		
Current service cost	653,05	675,49
Interest cost	173,28	170,04
Additional post retirement and termination benefits paid out, not provided for	251,57	248,11
Amounts recognized in the income statement	**1.077,89**	**1.093,64**
Service cost recognition	0,00	0,00
Total expense to the income statement	**1.077,89**	**1.093,64**
Changes in net obligation recognized in the balance sheet		
Net obligation at the start of the year	9.614,80	8.096,53
Benefits paid by the employer	(334,55)	(332,11)
Total expense recognized in the income statement	1.077,89	1.093,64
Amount recognized in other comprehensive income	520,37	756,75
Net obligation at the end of the year	**10.878,52**	**9.614,80**
Changes in the present value of the obligation		
Present value of the obligation - Opening period	9.614,80	8.096,53
Current service cost	653,05	675,49
Interest cost	173,28	170,04
Benefits paid by the employer	(334,55)	(332,11)
Additional payments	251,57	248,11
Actuarial loss	520,37	756,75
Present value at the end of fiscal year	**10.878,52**	**9.614,80**

Actuarial assumptions were:

	31/12/2017	31/12/2016
Discount rate	1,70%	1,80%
Expected salary increase percentage	2,00%	2,00%
Average years of working life	23,93	24,35

AEGEAN AIRLINES S.A. amounts in thousand €

The Group amounts are as follows:

	31/12/2017	31/12/2016
Amounts recognized in the income statement		
Current service cost	744,16	776,33
Interest cost	179,97	176,20
Additional post retirement and termination benefits paid out, not provided for	304,75	266,57
Amounts recognized in the income statement	**1.228,88**	**1.219,11**
Service cost recognition	0,00	0,00
Total expense to the income statement	**1.228,88**	**1.219,11**
Changes in net obligation recognized in the balance sheet		
Net obligation at the start of the year	9.998,18	8.405,35
Benefits paid by the employer	(394,14)	(351,57)
Total expense recognized in the income statement	1.228,88	1.219,11
Amount recognized in other comprehensive income	491,73	725,30
Net obligation at the end of the year	**11.324,64**	**9.998,18**
Changes in the present value of the obligation		
Present value of the obligation - Opening period	9.998,18	8.405,35
Current service cost	744,16	776,33
Interest cost	179,97	176,20
Benefits paid by the employer	(394,14)	(351,57)
Additional payments	304,75	266,57
Actuarial loss	491,73	725,30
Present value at the end of the year	**11.324,64**	**9.998,18**

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%	10.026,47	-8%
Discount rate decrease by 0,5%	11.828,19	9%
Expected salaries % increase by 0,5%	11.813,78	9%
Expected salaries % decrease by 0,5%	10.030,49	-8%

AEGEAN AIRLINES S.A. amounts in thousand €

5.37 Suppliers and other liabilities

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

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
State-owned entities	43,00	40,37	43,00	40,37
Abroad suppliers	20.236,08	34.109,60	21.645,05	36.952,13
Domestic suppliers	18.212,11	22.212,63	35.925,48	37.999,32
Liabilities from customers loyalty programs Note 5.39	15.362,11	12.114,38	15.362,11	12.114,38
Total	**53.853,30**	**68.476,97**	**72.975,64**	**87.106,19**

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.
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:

	31/12/2017	31/12/2016
Balance 01/01	**26.335,60**	**19.804,37**
Miles Accrual	12.704,32	11.353,77
Miles Redemption	(5.643,28)	(4.822,54)
Liability 31/12	**33.396,64**	**26.335,60**

5.38 Provisions

(a) Tax unaudited periods
The Company has been tax audited for the fiscal years 2012 - 2013 according to the par. 5 of Article 82 of L.2238/1994 and according to the Article 65A of L.4174/2013 for the fiscal years 2014-2016 by its certified auditor accountants. The company has made a provision for tax audit differences of €468,97.

The subsidiary Olympic Air S.A. has been tax audited for the fiscal years 2011 - 2013 according to the par. 5 of Article 82 of L.2238/1994 and according to the Article 65A of L.4174/2013 for the fiscal years 2014-2016 by its certified auditor accountants. The subsidiary has not established any tax provisions.

Olympic Air has received a tax audit announcement by the tax authorities for the fiscal year ended December 31, 2012. Currently, the management is unable to estimate the future outcome of such tax audit and therefore no provision has been established with respect to this issue.

For 2017 the Company and its subsidiary Olympic Air S.A., are being tax audited by the certified auditor accountants according to the Article 65A of the L.4174/2013. The audit is still ongoing and the relevant tax certificates are expected to be provided after 2017 financial statements issuance date. Any potential additional tax liabilities that may arise from the tax audit are not expected to have significant impact in the Group's financial statements.

AEGEAN AIRLINES S.A. amounts in thousand €

(b) Maintenance reserves

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

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Balance as at January 1st	**6.092,66**	**17.568,50**	**15.236,24**	**19.915,62**
Current period's provisions	129.801,88	91.263,89	133.505,87	104.409,86
Less: Provisions used	(131.137,06)	(102.739,74)	(139.108,26)	(109.089,25)
Balance as at December 31st	**4.757,48**	**6.092,66**	**9.633,85**	**15.236,24**

5.39 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**
Long-term portion of Miles and Bonus program (Note 5.37)	18.034,54	14.221,24	18.034,54	14.221,24
Total	**18.034,54**	**14.221,24**	**18.034,54**	**14.221,24**

5.40 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	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Deferred income	0,00	332,89	0,00	332,89
Social Security Organization	4.828,67	4.267,92	5.449,09	4.908,80
Other short term liabilities	15.812,81	9.700,28	20.145,33	10.715,04
Checks outstanding postdated	0,00	0,00	0,00	9,67
Customers advances	8.334,27	3.102,57	9.147,49	3.102,57
Tax – Stamp duty on employees' benefits	25.066,37	23.658,40	25.831,32	24.250,15
Airport taxes and charges	39.893,28	33.235,49	40.074,27	34.158,23
Vat payable	2,98	359,12	2,98	3.026,46
Payable installment for purchase of subsidiary	0,00	10.400,01	0,00	10.400,01
Total	**93.938,38**	**85.056,70**	**100.650,47**	**90.903,84**

"Airport taxes & charges" include all the airports taxes and fees payable.

AEGEAN AIRLINES S.A. amounts in thousand €

5.41 Liabilities from tickets sold but not flown

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

5.42 Accrued expenses

Accrued expenses are analyzed as follows:

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Agents' commissions	4.513,38	2.133,14	4.513,38	2.133,14
Use of software	288,51	509,90	2.525,81	509,90
Aircraft fuel	1.066,58	460,75	1.066,58	492,31
Aircraft maintenance expenses	12.938,30	10.618,30	12.503,92	10.882,99
Landing costs	9.510,71	8.887,40	9.846,79	8.887,40
Other Airlines Cost	6.985,14	2.571,68	286,24	90,12
Other fees payable	523,92	599,95	523,92	1.856,42
Other expenses	1.720,04	1.137,10	244,93	1.076,69
Total	**37.546,58**	**26.918,24**	**31.511,58**	**25.928,98**

5.43 Financial Derivatives

Financial derivatives are analyzed as follows :

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Financial derivatives (assets)				
Forward contracts in US $ - Cash flow hedging	161,58	16.841,48	161,58	16.841,48
Commodities' swaps (jet fuel) - Cash flow hedging	17.221,72	17.337,23	17.221,72	17.337,23
Receivables from financial derivatives	**17.383,30**	**34.178,71**	**17.383,30**	**34.178,71**
Financial derivatives (liabilities)				
Forward contracts in US $ - Cash flow hedging	25.780,66	586,91	25.780,66	586,91
Commodities' swaps (jet fuel) - Cash flow hedging	0,00	3.147,29	0,00	3.147,29
Interest rate swaps - Cash flow hedging	194,02	593,93	194,02	593,93
Liabilities from financial derivatives	**25.974,68**	**4.328,13**	**25.974,68**	**4.328,13**

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.

(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 2017, the Company had entered into forward contracts to hedge 58% of its expected needs in US dollars for 2018 and 21% for 2019 (future transactions). On 31 December 2016 the Company had entered into forward contracts to hedge 51% of the estimated annual requirements for payments in US dollars for 2017 and 44% for 2018.

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

The nominal amount as at 31.12.2017 of the open forward contracts was €345.201,37 (2016: € 443.980,65) (Level 2 Fair Values).

Maturity	Face Value $,000
2018	300.000
2019	114.000
Total	**414.000**

(b) Commodity swaps (Jet fuel swaps)

On 31 December 2017 the Company has signed jet fuel swaps amounted to contracts for a total quantity of 226.5 thousand metric tons which account for approximately 58% of the projected jet fuel needs in 2018 (future transactions) and 1% in 2019.
On 31 December 2016 the Company had 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.

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 31.12.2017 was € 98.531,35 (2016: € 162.895,74) thousand (Level 2 Fair Values).

Maturity	Metric Tons
2018	223.500
2019	3.000
Total	**226.500**

(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 40% (2016: 43%) of the finance leases obligations.
The nominal value of the open IRS contracts as at 31.12.2017 was € 13.187,93 (2016: € 20.711,04) (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.

5.44 Revenue

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

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

Revenue per service category is analyzed as follows:

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Income from scheduled flights	719.430,21	721.033,61	963.400,62	870.352,62
Income from charter flights	104.696,31	63.908,40	54.555,24	41.375,04
Other operating income	109.192,28	106.592,48	109.669,46	108.585,72
Total	**933.318,80**	**891.534,49**	**1.127.625,32**	**1.020.313,38**

5.45 Other income

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

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Greek Manpower Employment Organization (OAED) subsidies	25,65	30,15	25,65	30,15
Services rendered to third parties	20.750,84	18.402,32	10.454,85	11.536,51
Income from Training	311,29	311,29	798,13	782,12
Rental income	48,55	177,00	190,39	509,88
Other income	355,24	951,37	2.497,12	1.366,91
Total	**21.491,57**	**19.872,14**	**13.966,14**	**14.225,58**

5.46 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	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Aircraft fuel	162.398,01	176.546,11	204.467,20	197.274,94
Aircraft maintenance	129.801,88	91.263,89	153.752,32	118.597,49
Overflight Expenses	58.062,02	62.698,24	65.678,44	68.293,51
Handling charges	44.389,29	51.840,03	63.175,68	63.745,10
Airport charges	43.806,10	47.262,92	60.843,34	55.991,06
Catering costs	28.121,76	27.436,66	29.418,54	28.368,64
Distribution costs	66.768,98	70.016,43	84.083,88	78.754,95
Marketing costs	14.452,45	15.107,03	15.578,58	15.858,70
Aircraft & spare engines leasing	130.893,25	121.178,43	137.468,02	130.079,87
Inventories’ consumption	1.718,14	1.520,70	1.718,14	1.520,70
Other operating expenses	73.315,92	67.399,76	80.618,42	79.693,75
Total	**753.727,81**	**732.270,19**	**896.802,56**	**838.178,71**

AEGEAN AIRLINES S.A. amounts in thousand €

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

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Third party fees	12.580,31	11.151,49	12.884,96	12.031,40
Board of Directors remuneration	1.500,00	1.500,00	1.500,00	1.500,00
Cargo expenses	1.671,19	1.331,24	1.834,61	1.389,80
Personnel training	3.546,54	3.892,72	4.184,45	4.948,21
Mail & Telecommunications expenses	2.765,85	2.500,56	3.205,51	2.700,95
Rents	3.084,24	3.683,54	2.659,00	3.978,84
Insurance premiums	1.810,44	2.436,02	2.024,03	2.781,85
Maintenance for building and equipment	715,34	3.180,04	781,60	3.400,54
Travel expenses	3.590,97	3.758,90	6.084,38	5.170,19
Stationary	500,93	1.748,23	557,26	1.871,03
Subscriptions	3.150,70	3.546,23	3.665,23	4.137,36
Other overhead costs	38.399,41	28.670,79	41.237,39	35.783,58
Total	**73.315,92**	**67.399,76**	**80.618,42**	**79.693,75**

5.47 Employee Costs

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

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Salaries and wages	90.403,08	85.458,68	101.326,03	96.731,31
Employers' contribution	20.071,68	19.133,03	22.676,81	21.824,70
Provision for retirement benefits	826,33	845,53	982,25	964,83
Total	**111.301,09**	**105.437,24**	**124.985,08**	**119.520,84**

The number of employees is the following:

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Employees	2.285	2.093	2.493	2.334

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

5.48 Financial income / expense

Financial income / expense analysis is as follows:

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Interest and expenses from long term liabilities	293,51	1.110,59	293,51	1.110,59
Interest and expenses from short term liabilities	848,67	1.838,76	848,99	1.839,16
Letters of Guarantee commissions	921,86	1.176,92	1.063,21	1.242,63
Finance leases interest	930,78	832,38	930,78	832,38
Foreign exchange losses	29.765,66	42.243,24	31.864,48	44.685,05
Other financial expenses	485,09	577,18	367,57	1.441,20
Impairment of financial assets	500,00	0,00	500,00	0,00
Total financial expenses	**33.745,57**	**47.779,06**	**35.868,52**	**51.151,01**
Other interest income	1.211,40	911,87	1.253,20	1.118,09
Foreign exchange gains	19.207,63	40.109,40	19.999,40	42.776,51
Total financial income	**20.419,02**	**41.021,27**	**21.252,60**	**43.894,61**

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)

5.49 Income tax

Income tax is analyzed below:

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Current tax	(19.449,27)	(8.353,53)	(25.226,97)	(8.353,53)
Deferred tax	(30,21)	(7.411,21)	(192,64)	(11.034,50)
Total Tax	**(19.479,48)**	**(15.764,74)**	**(25.419,61)**	**(19.388,03)**
Profit /(loss) before taxes	**58.043,29**	**50.017,76**	**85.784,93**	**51.598,60**
	29%	**29%**	**29%**	**29%**
Tax estimated on existing tax rate	(16.832,55)	(14.505,15)	(24.877,63)	(14.963,59)
Tax on expenses not deductible for tax purposes	(2.411,93)	(1.247,00)	(2.877,11)	(2.301,67)
Recognition of subsidiary's deferred tax	0,00	0,00	2.537,79	(1.849,24)
Other permanent differences	(235,00)	(12,59)	(202,66)	(273,58)
Income Tax	**(19.479,48)**	**(15.764,74)**	**(25.419,61)**	**(19.388,03)**

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

5.50 Commitments

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

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Up to 1 year	106.034,76	123.123,85	122.608,42	142.405,32
Between 1 and 5 years	215.637,34	324.463,79	277.973,91	398.523,05
More than 5 years	16.303,24	41.432,74	22.964,33	64.338,96
Total	**337.975,33**	**489.020,38**	**423.546,66**	**605.267,32**

5.51 Contingent assets and liabilities

Legal or in arbitration disputes

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 € 452,46 thousand, while for the Group amounted to € 572,59 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	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Labor disputes	198,44	165,76	258,44	240,76
Accidents	0,00	0,00	0,00	94,50
Other	254,02	333,90	314,15	404,20
Total	**452,46**	**499,66**	**572,59**	**739,46**

5.52 Finance leases liabilities

In the current period the Company has repaid the amount of € 10.243,73 (2016: € 10.096,67) which refers to financial leases capital.

AEGEAN AIRLINES S.A. amounts in thousand €

5.53 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	**31/12/2017**	**31/12/2016**
Receivables (End of period balance from sale of goods- services)	116,72	93,93
Payables (End of period balance from purchase of goods- services)	193,22	183,52
Income – Services provided from the Company	1.181,08	259,71
Expenses – Services the Company received	1.780,48	417,18
Transactions with subsidiaries		
Receivables (End of period balance from sale of goods- services)	9.658,09	5.424,98
Payables (End of period balance from purchase of goods- services)	0,00	0,00
Income – Services provided from the Company	43.702,13	16.498,73
Expenses – Services the Company received	184.949,73	91.876,33

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.

5.54 Transactions with directors and Board of Directors members

Compensation to directors and BoD members is analyzed below:

	Company		Group	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
BoD members fees	1.500,00	1.500,00	1.500,00	1.500,00
Directors' salaries	3.677,97	2.809,75	3.849,92	2.980,42
Directors' social insurance expenses	259,12	167,00	283,38	191,20
Material benefits and other payments to directors	319,09	300,50	329,01	316,43
Total	**5.756,19**	**4.777,25**	**5.962,31**	**4.988,05**
Obligations to directors'	936,33	968,08	936,33	982,26

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

AEGEAN AIRLINES S.A. amounts in thousand €

5.55 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	
	31/12/2017	**31/12/2016**
Profit / (Loss) before tax	**85.784,93**	**51.598,60**
Income tax	(25.419,61)	(19.388,03)
Profit / (Loss) after tax	**60.365,32**	**32.210,57**
Attributable to:	71.417.100	71.417.100
Basic earnings / (Loss) per share (euros / share)	**0,8453**	**0,4510**

5.56 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
• 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.

amounts in thousand €

Company 31/12/2017	**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	6.983,58			(15,21)	15,28		
Receivables	20.941,87	(61,73)	62,25				
Cash and cash equivalents	47.484,84	(139,97)	141,15				
Derivatives	(8.591,38)	(934,31)	926,31	(11,18)	11,16	10.056,80	(10.056,80)
Liabilities	(40.279,72)	118,74	(119,73)				
Net earnings after tax/Equity		**(82,97)**	**83,67**	**0,00**	**0,00**	**0,00**	**0,00**
Total comprehensive income after tax/Equity		(934,31)	926,31	(26,39)	26,44	10.056,80	(10.056,80)

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	-	-	-	-
Restricted Cash	-	-	-	-	-	-	-
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)

AEGEAN AIRLINES S.A. amounts in thousand €

Group 31/12/2017	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	6.983,58	0,00	0,00	(15,21)	15,28		
Receivables	28.131,22	(82,92)	83,62				
Cash and cash equivalents	51.874,55	(152,91)	154,19				
Derivatives	(8.591,38)	(934,31)	926,31	(11,18)	11,16	10.056,80	(10.056,80)
Liabilities	(40.360,01)	118,97	(119,97)				
Net earnings after tax/Equity		**(116,87)**	**117,85**	**0,00**	**0,00**	**0,00**	**0,00**
Total comprehensive income after tax/Equity		(934,31)	926,31	(26,39)	26,44	10.056,80	(10.056,80)

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	-	-	-	-
Restricted Cash							
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)

	Fair value hierarchy levels			
Company 31/12/2017	**Derivative type**	**Level 1**	**Level 2**	**Level 3**
Assets				
Forward contracts in USD	(FWD)		161,58	-
Jet fuel commodity swaps	(FWD)		17.221,72	-
Interest rate swaps	(IRS)		0,00	-
Bonds (commercial portfolio)		7.508,58		-
Total assets		**7.508,58**	**17.383,31**	**-**
Liabilities				
Forward contracts in USD			(25.780,66)	-
Jet fuel commodity swaps	(FWD)		0,00	-
Interest rate swaps	(FWD)		(194,02)	-
Total liabilities	(IRS)		**(25.974,68)**	-

	Fair value hierarchy levels			
Company 31/12/2016	**Derivative type**	**Level 1**	**Level 2**	**Level 3**
		€000	€000	€000
Assets				
Forward contracts in USD	(FWD)		16.841,48	-
Jet fuel commodity swaps	(FWD)		17.337,23	-
Interest rate swaps			0,00	-
Bonds (commercial portfolio)	(IRS)	4.977,74		-
Total assets		**4.977,74**	**34.178,71**	**-**
Liabilities				
Forward contracts in USD	(FWD)		586,91	-
Jet fuel commodity swaps	(FWD)		3.147,29	-
Interest rate swaps	(IRS)		593,93	-
Total liabilities			**4.328,13**	-

AEGEAN AIRLINES S.A. amounts in thousand €

	Fair value hierarchy levels			
Group 31/12/2017	**Derivative type**	**Level 1**	**Level 2**	**Level 3**
Assets				
Forward contracts in USD	(FWD)		161,58	-
Jet fuel commodity swaps	(FWD)		17.221,72	-
Interest rate swaps	(IRS)		0,00	-
Bonds (commercial portfolio)		7.805,58		-
Total assets		**7.508,58**	**17.383,31**	**-**
Liabilities				
Forward contracts in USD			(25.780,66)	-
Jet fuel commodity swaps	(FWD)		0,00	-
Interest rate swaps	(FWD)		(194,02)	-
Total liabilities	(IRS)		**(25.974,68)**	-

	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**	-

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.

AEGEAN AIRLINES S.A. amounts in thousand €

Credit risk

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

	Company		Group	
Classes of assets	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Cash and cash equivalents	222.403,88	194.454,36	300.931,51	248.477,75
Financial Assets available for sales	7.508,58	4.977,74	7.508,58	5.709,24
Receivables from derivative contracts	17.383,31	34.178,71	17.383,31	34.178,71
Trade and other receivables	103.522,29	90.641,11	115.556,87	105.977,69
Total	**350.818,06**	**324.251,91**	**441.380,27**	**394.343,39**

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 2017 are analyzed as follows:

31.12.2017	**Short term**		**Long term**	
	Within 6 months	**6 – 12 months**	**1-5 years**	**More than 5 years**
Finance lease obligations	5.618,47	5.594,21	21.770,79	0,00
Trade payables	38.491,20	15.362,11	0,00	0,00
Other short term liabilities	99.214,72	32.270,24	0,00	0,00
Financial derivatives	8.569,97	8.330,26	9.074,45	0,00
Other long term liabilities	0,00	0,00	18.034,19	0,00
Total	**151.894,36**	**61.556,81**	**48.879,43**	**0,00**

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

The relevant maturities as at 31 December 2016 of the Company 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 financial obligations maturities of the Group as at 31 December 2017 are analyzed as follows:

31.12.2017	**Short term**		**Long term**	
	Within 6 months	**6 – 12 months**	**1-5 years**	**More than 5 years**
Finance lease obligations	5.618,47	5.594,21	21.770,79	0,00
Trade payables	57.613,53	15.362,11	0,00	0,00
Other short term liabilities	106.984,84	25.177,20	0,00	0,00
Financial derivatives	8.569,97	8.330,26	9.074,45	0,00
Other long term liabilities	0,00	0,00	18.034,19	0,00
Total	**178.786,82**	**54.463,77**	**48.879,43**	**0,00**

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

31.12.2016	**Βραχυπρόθεσμες**		**Μακροπρόθεσμες**	
	Εντός 6 μηνών	**6 έως 12 μήνες**	**1 έως 5 έτη**	**Μετά από 5 έτη**
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
Σύνολο	**171.455,40**	**46.525,33**	**50.436,33**	**803,75**

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.

amounts in thousand €

	Company		Group	
	2017	**2016**	**2017**	**2016**
Shareholders' total equity	196.522,65	214.497,13	247.940,31	243.677,81
Plus: Loans	31.620,98	46.732,45	31.620,98	46.732,45
Less: Cash and cash equivalents (included restricted cash)	(222.403,88)	(194.454,36)	(300.931,51)	(248.477,75)
Managed capital	**5.739,74**	**66.775,21**	**(21.370,23)**	**41.932,51**
Shareholders' total equity	196.522,65	214.497,13	247.940,31	243.677,81
Plus: Loans	31.620,98	46.732,45	31.620,98	46.732,45
Total capital	**228.143,62**	**261.229,58**	**279.561,28**	**290.410,26**
Managed capital / Total capital ratio:	**0,03**	**0,26**	**(0,08)**	**0,14**

Managed capital for 2017 and 2016 financial periods is analyzed as follows:

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.

5.57 Dividends

The General Meeting of Shareholders, which took place on May 10th 2017, approved the distribution of a dividend equal to € 0.40 per share, for a gross amount of € 28.566.840,00 which after the Law 4172 tax was € 26.123.968,82. Until 31.12.2017 the distributed amount was € 26.073.570,96 and the withholding tax was paid to the Greek State.

5.58 Subsequent events

No events have occurred after the reporting period.

5.59 Auditor's remuneration

Auditors' remuneration for the period 2017 was € 175,00 thousand (2016: € 175,00 thousand). This remuneration includes the audit of financial statements and the provision of tax certificate for the fiscal year 2017. Also permitted non-audit services were provided in the amount of € 4,5 thousand.

The annual Financial Statements for the period of 2017 have been approved by the Board of Directors of "Aegean Airlines S.A." on 14.03.2017 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 15th 2018

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

E. Figures and Information for the period 01.01.2017 – 31.12.2017

AEGEAN AIRLINES S. A.

SUMMARY FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 DECEMBER 2017
(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 15th 2018

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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
ASSETS				
Tangible assets	94.326,38	100.915,74	94.191,86	100.768,20
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	27.863,32	29.170,80	45.113,82	47.046,73
Other non current assets	22.457,10	34.061,51	26.365,01	39.909,76
Inventories	8.964,05	8.974,90	15.193,25	16.079,85
Customers and other trade receivables	103.522,29	89.130,18	115.556,86	104.466,75
Cash and cash equivalents	215.195,95	194.454,36	293.723,58	248.477,75
Other current assets	50.153,65	52.482,43	52.149,87	54.256,53
TOTAL ASSETS	**594.899,31**	**581.606,48**	**682.050,56**	**650.761,87**
EQUITY AND LIABILITIES				
Share capital	46.421,11	46.421,11	46.421,11	46.421,11
Additional paid-in capital and reserves	150.101,55	168.076,03	201.519,19	197.849,94
Total shareholders' equity (a)	**196.522,66**	**214.497,14**	**247.940,31**	**244.271,05**
Long term bank loans	0,00	0,00	0,00	0,00
Long term financial lease obligations	21.753,29	35.838,01	21.753,29	35.838,01
Provisions and other long term liabilities	42.744,99	42.128,38	49.686,19	51.249,19
Short term bank loans	0,00	0,00	0,00	0,00
Long term financial leases' obligations payable next year	9.867,68	10.894,43	9.867,68	10.894,43
Other short term liabilities	324.010,69	278.248,52	352.803,09	308.509,19
Total liabilities (b)	**398.376,66**	**367.109,34**	**434.110,25**	**406.490,82**
EQUITY AND LIABILITIES (c) = (a) + (b)	**594.899,31**	**581.606,48**	**682.050,56**	**650.761,87**

STATEMENT OF COMPREHENSIVE INCOME

	Company		Group	
	01/01-31/12/2017	01/01-31/12/2016	01/01-31/12/2017	01/01-31/12/2016
Revenue	933.318,80	891.534,49	1.127.625,32	1.020.313,38
Gross profit	104.259,82	89.332,51	150.022,61	104.466,48
EBIT	71.369,84	56.775,55	100.400,86	58.855,00
Profit / (loss) before tax	**58.043,29**	**50.017,76**	**85.784,93**	**51.598,60**
Income tax	(19.479,48)	(15.764,74)	(25.419,61)	(19.388,03)
Profit / (loss) after tax (a)	**38.563,81**	**34.253,01**	**60.365,32**	**32.210,57**
Other Total Comprehensive Income (b)	(27.971,46)	40.061,59	(28.129,24)	40.078,03
Total Comprehensive Income (a)+(b)	**10.592,35**	**74.314,60**	**32.236,08**	**72.288,59**
Basic earnings after tax per share in €			0,8453	0,4510
EBITDA	89.781,47	73.699,19	119.803,81	76.839,41

STATEMENT OF CHANGES IN EQUITY

	Company		Group	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Equity balance at the year's beginning (1.1.2017 &1.1.2016 respectively)	214.497,13	190.174,52	244.271,04	221.974,43
Dividends paid	(28.566,83)	(49.991,99)	(28.566,83)	(49.991,99)
Profit / (Loss)	38.563,81	34.253,01	60.365,33	32.210,59
Other total comprehensive income after tax	(27.971,46)	40.061,59	(28.129,24)	40.078,02
Balance at the end of period (31.12.2017 & 31.12.2016 respectively)	**196.522,65**	**214.497,13**	**247.940,31**	**244.271,05**

CASHFLOW STATEMENT

	Company		Group	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Operating activities				
Profit / (loss) before taxes	**58.043,29**	**50.017,76**	**85.784,93**	**51.598,60**
Plus /(less) adjustments for:				
Depreciation	18.411,63	16.923,66	19.402,96	17.984,43
Impairment of tangible assets	0,00	0,00	0,00	0,00
Provisions	2.931,32	(12.273,76)	(1.518,30)	(8.987,34)
Foreign exchange differences	10.552,55	2.133,83	11.859,59	1.908,53
(Profit) / loss from investing activities	(754,55)	153,14	(923,90)	177,06
Finance Cost	3.479,91	5.392,93	3.621,26	5.517,68
Cash flows from operating activities before changes in working capital				
(Increase) / Decrease in inventories	10,85	(358,94)	886,60	(2.898,18)
(Increase) / Decrease in trade & other receivables	(7.392,56)	(13.283,66)	(4.655,23)	(14.407,51)
Increase / (Decrease) in payables (other than banks)	17.228,48	16.522,05	12.626,74	36.842,41
Interest expenses paid	(2.496,14)	(3.367,91)	(2.637,49)	(3.486,50)
Income tax payments	(4.507,82)	(24.505,22)	(4.507,82)	(24.506,50)
Net cash flows from operating activities (a)	**95.506,96**	**37.353,88**	**119.939,34**	**59.742,68**
Investing Activities				
Purchases of assets	(4.709,28)	(4.580,97)	(5.088,19)	(4.671,13)
Sales of tangible & intangible assets	164,13	0,00	164,13	0,00
Downpayments for purchases of tangible assets	0,00	32.957,28	0,00	32.957,28
Purchace of financial assets	(3.417,18)	0,00	(3.417,18)	0,00
Sale of financial assets	598,49	36.708,16	1.457,53	41.294,35
Investment in subsidiaries	(10.400,01)	(10.400,01)	(10.400,01)	(10.400,01)
Capital return from subsidiary share capital reduction	0,00	20.000,00	0,00	0,00
Interest and other financial income received	1.090,36	156,98	1.132,17	181,88
Net cash flows from investing activities (b)	**(16.673,51)**	**74.841,44**	**(16.151,56)**	**59.362,37**
Financing Activities				
Dividends paid	(28.525,21)	(49.889,00)	(28.525,21)	(49.889,00)
Changes in financial leases capital	(10.243,73)	(10.096,67)	(10.243,73)	(10.096,67)
Net cash flows from financing activities (c)	**(38.768,94)**	**(59.985,67)**	**(38.768,94)**	**59.985,67**
Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)	**40.064,51**	**52.209,65**	**65.018,84**	**59.119,38**
Cash and cash equivalents at the beginning of the period	**194.454,36**	**142.046,68**	**248.477,75**	**189.324,88**
Net foreign exchange differences	(12.115,00)	198,03	(12.565,08)	33,50
Cash and cash equivalents at the end of the period	**222.403,88**	**194.454,36**	**300.931,51**	**248.477,75**

ADDITIONAL DATA & INFORMATION

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

Name	Country	% of ownership	Consolidation Method
AEGEAN AIRLINES S.A.	GREECE	Parent	
OLYMPIC AIR S.A.	GREECE	100%	Full
AEGEAN AIRLINES CYPRUS LTD	CYPRUS	100%	Full

2. The Company has been audited for the fiscal years 2012 till 2016 by CertifiedAuditors Acccountants according to the tax legislation (POL 1159/2011 & POL 1124/2015). The Company has formed a tax provision of € 468,97 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 2017 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 2017 Annual Financial Reports.

3. Further to the provision mentioned above (par.2), the Company has formed an additional provision of € 4.757,48 thousand related to future aircraft maintenance obligations (Note 5.39b of the Annual Financial Reports).The relevant provision for the Group was € 9.633,85 thousand.
Additionally the Group has formed provisions amounting € 355,08 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 31/12/2017 was 2.285 for the Company and 2.493 for the Group and as at 31/12/2016 was 2.093 for the Company 2.334 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 10th 2017, has approved the distribution of a dividend € 0,40 per share, for a gross amount of € 28.566,84 thousand - The net amount after Law 4172 tax was € 26.123,97 thousand. Until 31/12/2017 the distributed amount was € 26.073,57 thousand.

8. According to I.A.S. 24, related party transactions for 2016 and receivables/ payables balances as at 31.12.2017 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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
(a) Transferred to income statement :				
Cash flow hedging				
Reclassification in the result for the period	1.307,84	21.589,55	1.307,84	21.589,55
Profit / (loss) for the period	(39.749,79)	35.769,29	(39.749,79)	35.769,29
Income tax	11.148,17	(16.634,06)	11.148,17	(16.634,06)
Available for sale financial assets				
Reclassification in the result for the period	0,00	0,00	(262,50)	(581,00)
Profit / (loss) for the period	(434,09)	(177,31)	(434,09)	350,45
Income tax	125,89	51,42	202,01	98,76
Total (a)	**(27.601,99)**	**40.598,88**	**(27.788,37)**	**40.592,99**
(b) Non transferred in income statement				
Profit / (loss) for the employee retirement benefits	(520,37)	(756,75)	(480,10)	(725,29)
Deffered tax	150,91	219,46	(480,10)	210,34
Total (b)	**(369,47)**	**(537,29)**	**139,23**	**(514,96)**
Other comprehensive income for the period after tax	**(27.971,46)**	**40.061,59**	**(28.129,24)**	**40.078,03**

Athens, March 15th 2018

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

amounts in thousand €

F. Company announcements as per Art.10 Law 3401/2005 published during fiscal year 2017

Aegean Airlines had disclosed the following information over the period beginning 01.01.2017 and ending 31.12.2017, 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	Web Site
10/11/2017	Nine Month 2017 Results	https://en.about.aegeanair.com/investor-relations/announcements/announcements
31/10/2017	Tax Audit 2016 and Tax Certificate Issuance	https://en.about.aegeanair.com/investor-relations/announcements/announcements
18/10/2017	Release date of Nine-Month 2017 trading update	https://en.about.aegeanair.com/investor-relations/announcements/announcements
12/09/2017	First Half 2017 results	https://en.about.aegeanair.com/investor-relations/announcements/announcements
05/09/2017	Conference Call Invitation	https://en.about.aegeanair.com/investor-relations/announcements/announcements
24/07/2017	Publication date of First Half 2017 financial results	https://en.about.aegeanair.com/investor-relations/announcements/announcements
23/05/2017	First Quarter 2017 Trading Update	https://en.about.aegeanair.com/investor-relations/announcements/announcements
19/05/2017	Announcemet	https://en.about.aegeanair.com/investor-relations/announcements/announcements
10/05/2017	Dividend distribution for Fiscal Year 2016	https://en.about.aegeanair.com/investor-relations/announcements/announcements
24/04/2017	Summary of revised Invitation to the Ordinary General Meeting of Shareholders	https://en.about.aegeanair.com/investor-relations/announcements/announcements
19/04/2017	First Quarter 2017 Passenger Traffic	https://en.about.aegeanair.com/investor-relations/announcements/announcements
18/04/2017	Invitation to the Ordinary General Meeting of Shareholders	https://en.about.aegeanair.com/investor-relations/announcements/announcements
07/04/2017	Release date of First Quarter 2017 trading update	https://en.about.aegeanair.com/investor-relations/announcements/announcements
23/03/2017	2016 Financial Results	https://en.about.aegeanair.com/investor-relations/announcements/announcements
14/03/2017	Financial Calendar 2017	https://en.about.aegeanair.com/investor-relations/announcements/announcements
02/02/2017	Publication date of 2016 Financial Results	https://en.about.aegeanair.com/investor-relations/announcements/announcements
02/02/2017	Conference Call Invitation	https://en.about.aegeanair.com/investor-relations/announcements/announcements

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

Additionally at website: https://el.about.aegeanair.com/ependytes/anakoinoseis/trade-acknowledgements (www.aegeanair.com, About Aegean / Investors, Financial Results/Announcements) and to the website of Athens Stock Echancge www.helex.gr

Announcements of Regulated Information according to Law 3556/2007 (Transaction Disclosure) were posted on the following dates:

Additionally in website https://el.about.aegeanair.com/ependytes/anakoinoseis/trade-acknowledgements (www.aegeanair.com,

Announcements of Regulated Information according to Law 3556/2007 (Transaction Disclosure) were posted on the following dates:

1	15/11/2017
2	13/09/2017
3	02/02/2017
4	27/07/2017
5	28/7/2017

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 31.12.2017 are posted on the Company's website www.aegeanair.com

Furthermore, the Data and Information and the Annual Financial Statements according to the International Financial Reporting Standards of 100% subsidiary Olympic Air are published in accordance with Law 2190 and posted on www.aegeanair.com and www.olympicair.com