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Abridged Interim Financial Statement

**Enter Air S.A. Group for the period:
from 1 January 2017 to 30 September 2017**

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**Abridged Interim Financial Statement of the Enter Air S.A. Group
for the period from 1 January 2017 to 30 September 2017**

The elements of the abridged consolidated interim financial statement have been presented in this document in the order presented below.

Abridged consolidated interim statement of financial condition as of:

30 September 2017 which demonstrates the amount of PLN 823,579,000 under assets and liabilities

Abridged consolidated interim statement of comprehensive income for the reporting period:

from 1 January to 30 September 2017, demonstrating the comprehensive income of PLN 47,487,000.

Abridged interim statement of changes in consolidated equity in the reporting period:

from 1 January to 30 September 2017

Abridged consolidated interim cash flow statement for the reporting period:

from 1 January to 30 September 2017

Notes for the abridged consolidated interim financial statement

Management Board Member
Grzegorz Polaniecki

Management Board Member
Mariusz Olechno

Management Board Member
Marcin Kubrak

Management Board Member
Andrzej Kobielski

Warsaw, 14 November 2017

1. Selected financial data including the basic items of the abridged consolidated interim financial statement

	For the period: from 1 January 2017 to 30 September 2017 in PLN thousand	For the period: from 1 January 2016 to 30 September 2016 in PLN thousand	For the period: from 1 January 2017 to 30 September 2017 in EUR thousand	For the period: from 1 January 2016 to 30 September 2016 in EUR thousand
Statement of Comprehensive Income				
Net sales revenues	774.305	651.379	181.907	149.098
Sales gross profit (loss)	84.074	74.678	19.751	17.093
Gross profit (loss) from operating activities	64.131	61.274	15.066	14.025
Profit for financial year from continued operations	47.487	44.285	11.156	10.137
Cash Flow Statement				
Net cash flows from operating activities	72.117	74.726	16.942	17.104
Net cash flows from investment activities	-27.123	-2.307	-6.372	-528
Net cash flows from financial activities	-63.361	-89.089	-14.885	-20.392
Total net cash flows	-18.367	-16.670	-4.315	-3.816
	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand	Condition as of 30 September 2017 in EUR thousand	Condition as of 31 December 2016 in EUR thousand
Statement of Financial Condition				
Property, plant and equipment	424.534	346.945	98.520	78.423
Current assets	237.642	244.133	55.149	55.184
Share capital	17.544	17.544	4.071	3.966
Equity	255.024	217.187	59.183	49.093
Long-term liabilities	348.939	296.453	80.977	67.010
Short-term liabilities	219.616	203.332	50.966	45.961

Rules of converting selected financial data

For converting the above items, there was applied the PLN/EUR exchange rate specified by the National Bank of Poland on 30 September 2017, i.e. 4.3091 PLN/EUR, and the comparable data as of 31 December 2016, i.e. 4.4240 PLN/EUR.

The respective items of the statement of comprehensive income and cash flow statement were converted based on the exchange rate constituting the arithmetic mean of the average exchange rates published by the National Bank of Poland on the last day of each month of the reporting period, i.e. 4.2566 PLN/EUR for the period of 9 months ending on 30 September 2017, and the comparable data for the period of 9 months ending on 30 September 2016 – 4.3688 PLN/EUR.

2. Abridged consolidated interim financial statement for the period from 1 January 2017 to 30 September 2017

2.1. Abridged consolidated interim statement of financial condition

	Note	Consolidated data of the Enter Air S.A. Group	Consolidated converted data of the Enter Air S.A. Group
		Condition as of 30 September 2017 PLN thousand	Condition as of 31 December 2016 PLN thousand
Fixed assets			
Property, plant and equipment	8	424.534	346.945
Intangible and legal assets	9	20	52
Assets on account of deferred income tax	19	26.723	13.341
Commercial and other receivables	10	123.783	112.501
Total fixed assets		575.059	472.839
Current assets			
Inventories	11	4.991	2.376
Commercial and other receivables	12	110.657	91.149
Current tax assets	13	4.278	202
Cash and cash equivalents	14	100.242	118.437
Prepayments	15	17.474	31.969
Total current assets		237.642	244.133
Assets classified as earmarked for disposal			
Total assets	16	10.877	-
Fixed assets		823.579	716.972
Equity			
Share capital	17	17.544	17.544
Spare capital	18	228.750	187.978
Merger settlement		(38.655)	(38.655)
Retained profits		(100)	149
Period result		47.487	50.173
Exchange rate differences resulting from conversions for foreign units		(1)	(1)
Equity for owners of dominant entity		255.024	217.187
Non-controlling shares		-	-
Total equity capitals		255.024	217.187
Long-term liabilities			
Bank credits and loans	22	-	3.634
Liabilities on account of deferred income tax	19	29.873	20.462
Long-term provisions	23	1.357	1.357
Long-term liabilities on account of financial leasing	21	264.352	252.318
Accruals	24	53.358	40.608
Total long-term liabilities		348.939	318.378
Short-term liabilities			
Commercial and other liabilities	20	65.534	97.710
Liabilities on account of income tax		13.753	17.214
Short-term liabilities on account of financial leasing	21	42.017	37.271
Short-term loans and bank credits	22	3.638	817
Short-term provisions	23	45.537	2.064
Accruals	24	49.136	26.331
Total short-term liabilities		219.616	181.407
Liabilities directly associated with the fixed assets classified as earmarked for disposal		-	-
Total liabilities		823.579	716.972

The consolidated statement of financial condition should be analyzed together with the notes for the financial statement which constitute its integral part.

2.2. Abridged consolidated interim statement of comprehensive income

		Consolidated data of the Enter Air S.A. Group	Consolidated data of the Enter Air S.A. Group	Consolidated data of the Enter Air S.A. Group	Consolidated data of the Enter Air S.A. Group
		For the period: from 1 January 2017 to 30 September 2017	For the period: from 1 July 2017 to 30 September 2017	For the period: from 1 January 2016 to 30 September 2016	For the period: from 1 July 2016 to 30 September 2016
Note		in PLN thousand	in PLN thousand	in PLN thousand	in PLN thousand
Continued activities					
Sales revenues	1	774.305	409.302	651.379	365.526
Cost of goods sold	2	(690.231)	(353.685)	(576.701)	(318.226)
Sales gross profit (loss)		84.074	55.617	74.678	47.300
Sales costs	2	(1.386)	(450)	(159)	(35)
General management costs	2	(18.733)	(6.658)	(13.268)	(4.550)
Other operating revenues	3	726	480	96	84
Other operating costs	4	(550)	-	(73)	(6)
Profit (loss) from operating activities		64.131	48.989	61.274	42.793
Net financial costs/revenues	5	(4.989)	(3.514)	(5.889)	(2.174)
Profit (loss) before taxation		59.142	45.475	55.384	40.618
Income tax	6	(11.655)	(8.694)	(11.100)	(7.823)
Net profit (loss) from continued activities		47.487	36.781	44.284	32.795
Results of discontinued activities		-	-	-	-
Net profit (loss) for the financial period		47.487	36.781	44.284	32.795
Other comprehensive incomes					
Items which may be transferred to the result					
Exchange rate differences resulting from conversions for foreign units		-	1	-	(1)
		-	1	-	(1)
Other comprehensive income/losses for the financial period		-	1	-	(1)
Total comprehensive income		47.487	36.782	44.284	32.794
Net profit (loss) to					
shareholders of dominant entity		47.487	36.781	44.284	32.795
non-controlling shareholders		-	-	-	-
Comprehensive income for:					
shareholders of dominant entity		47.487	36.782	44.284	32.794
non-controlling shareholders		-	-	-	-
Net profit/loss per 1 stock/share in PLN, for the shareholders of dominant entity					
normal and diluted (in PLN)		2,7067	2,0965	2,5242	1,8693

The consolidated statement of comprehensive income should be analyzed together with the notes for the financial statement which constitute its integral part.

2.3. Abridged consolidated interim statement of changes in equity

		Share capital	Spare capital	Merger settlement	Retained profits	Period result	Exchange rate differences resulting from conversions	Equity for owners of dominant entity	Non-controlling shares	Total equity capitals
	Note	in PLN thousand	in PLN thousand	in PLN thousand	in PLN thousand	in PLN thousand	in PLN thousand	in PLN thousand	in PLN thousand	in PLN thousand
Balance as of 1 January 2016		17.544	157.811	(38.655)	5	33.779	(2)	170.481	-	170.481
Changes in equity in 2016										
Increase in share capital	17	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	(3.509)	-	-	(3.509)	-	(3.509)
Non-controlling shares as of date of purchase		-	-	-	-	-	-	-	-	-
Settlement of the result of minority shareholders		-	-	-	-	-	-	-	-	-
Transfer to retained profits and spare capital	17, 18	-	30.166	-	3.652	(33.779)	-	39	-	39
Period result		-	-	-	-	50.173	1	50.174	-	50.174
Exchange rate differences resulting from conversions		-	-	-	-	-	-	-	-	-
Balance as of 31 December 2016		17.544	187.978	(38.655)	149	50.173	(1)	217.187	-	217.187
Changes in equity in 2017										
Increase in share capital		-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	(9.649)	-	(9.649)	-	(9.649)
Non-controlling shares as of date of purchase		-	-	-	-	-	-	-	-	-
Settlement of the result of minority shareholders		-	-	-	-	-	-	-	-	-
Transfer to retained profits and spare capital	17, 18	-	40.772	-	(249)	(40.524)	-	-	-	-
Period result		-	-	-	-	47.487	-	47.487	-	47.487
Exchange rate differences resulting from conversions		-	-	-	-	-	(1)	(1)	-	(1)
Balance as of 30 September 2017		17.544	228.750	(38.655)	(100)	47.487	(1)	255.024	-	255.024

The consolidated statement of changes in equity should be analyzed together with the notes for the consolidated financial statement which constitute its integral part.

2.4. Abridged consolidated interim cash flow statement

	Consolidated data of the Enter Air S.A. Group For the period: from 1 January 2017 to 30 September 2017 in PLN thousand	Consolidated data of the Enter Air S.A. Group For the period: from 1 January 2016 to 30 September 2016 in PLN thousand
Cash flows from operating activities		
Net profit (loss)	47.486	44.284
Total adjustments		
Amortization	34.504	26.485
Paid income tax	(19.047)	(3.071)
Profits (losses) on account of foreign exchange differences	(23.213)	(3.528)
Interest and shares in profits (dividends)	7.781	6.075
Change in balance of provisions	52.884	32.097
Change in balance of inventories	(2.615)	(1.294)
Change in balance of receivables	(23.844)	(40.246)
PDP Boeing	(11.022)	(48.032)
Change in balance of short-term liabilities, except for loans and credits	(16.589)	34.643
Change in balance of prepayments and accruals	36.667	27.273
Other adjustments	(10.877)	39
	<u>24.631</u>	<u>30.442</u>
Net cash from operating activities	<u>72.117</u>	<u>74.726</u>
Cash flows from investment activities		
Receipts		
Disposal of intangible and legal assets, as well as property, plant and equipment	163	-
From financial assets, including:	139	382
in related entities	-	-
in other entities	139	382
interest	139	382
	<u>302</u>	<u>382</u>
Expenses		
Acquisition of intangible and legal assets, as well as tangible fixed assets	(27.425)	(2.689)
	<u>(27.425)</u>	<u>(2.689)</u>
Net cash from investment activities	<u>(27.123)</u>	<u>(2.307)</u>
Cash flows from financial activities		
Receipts		
	-	-
	<u>-</u>	<u>-</u>
Expenses		
Dividends and other payments to owners	(9.649)	(3.509)
Repayment of credits and loans	(814)	(37.676)
Payments of liabilities on account of financial leasing except for interest	(45.285)	(41.447)
Interest	(7.613)	(6.458)
	<u>(63.361)</u>	<u>(89.089)</u>
Net cash from financial activities	<u>(63.361)</u>	<u>(89.089)</u>
Increase/(Decrease) in net cash and their equivalents	<u>(18.367)</u>	<u>(16.670)</u>
Cash and their equivalents as of the beginning of the reporting period	118.437	145.063
Impact of changes in foreign exchange rates on the balance of cash in foreign currencies	172	980
Cash and their equivalents as of the end of the reporting period	<u>100.242</u>	<u>129.373</u>

The consolidated cash flow statement should be analyzed together with the notes for the financial statement which constitute its integral part.

2.5. Notes for the abridged consolidated interim financial statement drawn up for the reporting period from 1 January to 30 September 2017

Note 1 - Sales revenues

The Group's sales revenues are as follows:

	For the period: from 1 January 2017 to 30 September 2017 in PLN thousand	For the period: from 1 July 2017 to 30 September 2017 in PLN thousand	For the period: from 1 January 2016 to 30 September 2016 in PLN thousand	For the period: from 1 July 2016 to 30 September 2016 in PLN thousand
Revenues from sales of goods	32.991	17.117	24.626	14.706
Revenues from sales of services	741.314	392.185	626.753	350.820
	774.305	409.302	651.379	365.526

The character of the sales revenues generated by the Group is seasonal to a high degree. The Group generates the highest revenues in Q2 and Q3 of the year, and lower revenues in Q1 and Q4. That phenomenon is typical for the whole sector of charters, and results from the seasonal character of tourist services. The Poles take most trips to tourist destinations during summer season, i.e. from April to October.

The increase in revenues in Q3 2017, in comparison with Q3 2016, was associated with a significant increase in the operations made and 3,055 million seat kilometers in 2017, in comparison with 2,760 million in 2016.

When analyzing the level of sales revenue, it is necessary to take into account the volatility of exchange rates and the price of aviation fuel. In the 3rd quarter of 2017, the average USD / PLN exchange rate was 3.6250 while in the corresponding period of 2016 the exchange rate was 3.89. In 2016, the price of fuel ranged between \$ 390 and \$ 469 / tonne, while in 2017 the price of jet fuel was between \$ 460 and \$ 570 / tonne.

The Group conducts continuous cost optimization and sales optimization. The seasonal character of the revenues constitutes a phenomenon that depends on many factors, including on the calendar arrangement of public holidays, winter holidays and mass events in Poland and abroad. The objective of the Group is to adapt and manage the resources so as to make use of the demand that provides the most optimum margins. The Group adapts its activities to demand in the market of air transportation due to flexibility and operating model, which constitutes one of the main advantages of the business model of the Group in comparison with traditional models.

Note 2 - Costs by type

	For the period: from 1 January 2017 to 30 September 2017 in PLN thousand	For the period: from 1 July 2017 to 30 September 2017 in PLN thousand	For the period: from 1 January 2016 to 30 September 2016 in PLN thousand	For the period: from 1 July 2016 to 30 September 2016 in PLN thousand
Amortization of tangible and intangible assets	34.504	12.430	26.485	10.095
Consumption of materials and energy	230.992	122.042	184.603	107.295
Outsourced services	379.957	191.179	326.574	179.256
Taxes and fees	870	175	1.178	246
Remunerations	17.804	7.774	14.446	6.256
Employee benefits	1.388	137	575	148
Social insurances	2.865	1.142	2.301	912
Business trips	3.429	1.524	3.524	1.612
Other costs	15.978	10.613	18.407	11.250
Value of goods and materials sold	23.324	10.943	12.865	6.211
Exchange rate differences	(761)	2.833	(830)	(470)
	710.350	360.793	590.129	322.812

Sales costs	1.386	450	159	35
General management costs	18.733	6.658	13.268	4.550
Value of goods and materials sold	23.324	10.943	12.865	6.211
Costs of producing the sold products and services	666.908	342.742	563.836	312.015
	<u>710.350</u>	<u>360.793</u>	<u>590.129</u>	<u>322.812</u>

The Group included the amortization of tangible and intangible assets in full under the costs of producing the sold products and services.

Note 3 - Other operating revenue

	For the period: from 1 January 2017 to 30 September 2017 in PLN thousand	For the period: from 1 July 2017 to 30 September 2017 in PLN thousand	For the period: from 1 January 2016 to 30 September 2016 in PLN thousand	For the period: from 1 July 2016 to 30 September 2016 in PLN thousand
Granted compensations and penalties	437	371	96	84
VAT reimbursement abroad	290	110	-	-
Total	<u>726</u>	<u>480</u>	<u>96</u>	<u>84</u>

Note 4 - Other operating costs

	For the period: from 1 January 2017 to 30 September 2017 in PLN thousand	For the period: from 1 July 2017 to 30 September 2017 in PLN thousand	For the period: from 1 January 2016 to 30 September 2016 in PLN thousand	For the period: from 1 July 2016 to 30 September 2016 in PLN thousand
Write-offs of receivables	-	-	-	-
Costs of repairs	550	-	73	6
Total	<u>550</u>	<u>-</u>	<u>73</u>	<u>6</u>

Note 5 - Financial revenues and costs

Financial revenues:	For the period: from 1 January 2017 to 30 September 2017 in PLN thousand	For the period: from 1 July 2017 to 30 September 2017 in PLN thousand	For the period: from 1 January 2016 to 30 September 2016 in PLN thousand	For the period: from 1 July 2016 to 30 September 2016 in PLN thousand
Interest on bank accounts	139	119	482	139
Exchange rate differences	3.730	-	679	181
Other financial revenues	-	57	11	-
	<u>3.869</u>	<u>176</u>	<u>1.172</u>	<u>320</u>

Financial costs:	For the period: from 1 January 2017 to 30 September 2017 in PLN thousand	For the period: from 1 July 2017 to 30 September 2017 in PLN thousand	For the period: from 1 January 2016 to 30 September 2016 in PLN thousand	For the period: from 1 July 2016 to 30 September 2016 in PLN thousand
Costs of interest on:				
Bank credits	170	20	741	152
Financial leasing	7.683	2.618	5.628	2.121
Others	4	61	208	99
Exchange rate differences	-	741	-	-
Discount on receivables	-	-	-	-
Credit commissions	853	119	484	122
Other financial costs	148	130	-	-
	8.858	3.689	7.061	2.494
Total net financial costs/revenues	(4.989)	(3.513)	(5.889)	(2.174)

Note 6 - Income tax

	For the period: from 1 January 2017 to 30 September 2017 in PLN thousand	For the period: from 1 July 2017 to 30 September 2017 in PLN thousand	For the period: from 1 January 2016 to 30 September 2016 in PLN thousand	For the period: from 1 July 2016 to 30 September 2016 in PLN thousand
Current tax	15.626	14.750	9.521	5.774
Deferred tax	(3.971)	(6.056)	1.579	2.049
	11.655	8.694	11.100	7.823

The applied income tax rate (current and deferred part) in all of the presented periods, was 19%.

Note 7 - Net exchange rate profits/losses

The exchange rate differences referred to the total income statement, were taken into account under the following items:

	For the period: from 1 January 2017 to 30 September 2017 in PLN thousand	For the period: from 1 July 2017 to 30 September 2017 in PLN thousand	For the period: from 1 January 2016 to 30 September 2016 in PLN thousand	For the period: from 1 July 2016 to 30 September 2016 in PLN thousand
Cost of goods sold	761	(2.833)	830	470
Net financial costs/revenues	3.730	(741)	679	181
	4.491	(3.574)	1.509	651

Note 8 - Property, plant and equipment

	Buildings and structures in PLN thousand	Means of transport and devices in PLN thousand	Tangible assets under construction in PLN thousand	Equipment and other assets in PLN thousand	Total in PLN thousand
Period from 1 January 2016 to 31 December 2016					
Net book value as of the start of period	6.739	169.221	23	36	176.019
Increases	2.259	324.631	317.243	249	644.382
Decreases	-	(120.645)	(317.266)	-	(437.911)
Amortization	(319)	(35.047)	-	(179)	(35.545)
Net book value as of the end of period	8.679	338.159	-	107	346.945
Condition as of 31 December 2016					
(Gross) cost	9.244	361.451	-	496	371.192
Redemption and total previous write-offs on account of loss of value	(566)	(23.292)	-	(389)	(24.247)
Net book value as of the end of period	8.679	338.159	-	107	346.945
Period from 1 January 2017 to 30 September 2017					
Net book value as of the start of period	8.679	338.159	-	107	346.945
Increases	-	112.979	12.038	33	125.050
Decreases	(32)	(1.438)	(11.520)	-	(12.990)
Amortization	(370)	(34.077)	-	(25)	(34.471)
Net book value as of the end of period	8.276	415.623	518	116	424.534
Condition as of 30 September 2017					
(Gross) cost	9.183	471.775	518	529	482.006
Redemption and total previous write-offs on account of loss of value	(907)	(56.152)	-	(414)	(57.472)
Net book value as of the end of period	8.276	415.623	518	116	424.534

The significant increase in the level of property, plant and equipment, which took place in 2017, resulted from purchasing a 737-800 Boeing airplane under leaseback, initial value – PLN 86,276,000

On account of the change in the manner of settling the repairs and renovations of the airplanes subject to financial leasing, which change was specified in note, in 2017 the Group recognized the assets of PLN 15,259,000 tantamount to the costs of renovations made in the first half of 2017.

The Group regularly analyzes the need to establish a write-off on account of permanent loss of assets' value. As a result of the analyses conducted in 2017, there was determined no need to establish a write-off on account of the permanent loss of value of any of the Group's assets. The securities established on the tangible fixed assets are as follows:

The owner of 3 Boeing 737-400 airplanes is PKO Leasing S.A., and the owner of 1 Boeing 737-800 airplane is BZWBK Leasing S.A., while Enter Air Sp. z o.o. is their user based on the financial leasing agreement. After the end of the agreement, the airplanes will be owned by Enter Air Sp. z o.o.

Note 9 – Intangible assets

	Software and licenses in PLN thousand
Period from 1 January 2016 to 31 December 2016	
Net book value on the beginning of a period	74
Increases	30
Reductions	-
Depreciation	(51)
Net book value on the end of a period	<u>52</u>
As of 31 December 2016	
Cost (gross)	194
Depreciation and total previous write-offs due to impairment	(141)
Net book value on the end of a period	<u><u>52</u></u>
Period from 1 January 2017 to 30 September 2017	
Net book value on the beginning of a period	52
Increases	-
Reductions	-
Depreciation	(33)
Net book value on the end of a period	<u>20</u>
As of 30 September 2017	
Cost (gross)	194
Depreciation and total previous write-offs due to impairment	(174)
Net book value on the end of a period	<u><u>20</u></u>

Due to the low value of the used licenses, their redemption took place upon purchasing.

There are no intangible or legal assets produced by the Company. The Group has no intangible or legal assets with the undetermined period of economic usefulness.

Note 10 - Commercial and other receivables – long-term

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Deposits – use of airplanes under operating leasing	28.595	26.745
PDP Boeing	94.753	85.606
Security deposits under office lease agreements	133	150
Others	302	-
	<u><u>123.783</u></u>	<u><u>112.501</u></u>

Note 11 - Inventories

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Goods – on-board sales	4.991	2.376
	<u><u>4.991</u></u>	<u><u>2.376</u></u>

The cost of inventories recognized under the “Costs of sold products, goods and materials” item amounted to PLN 23,324,000.

The Group regularly analyzes the need to establish a write-off on account of permanent loss of assets' value. As a result of the analyses conducted in 2017, there was determined no need to establish a write-off on account of the permanent loss of value of any of the Group's assets.

Note 12 – Short-term commercial and other receivables

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Trade receivables	105.876	87.079
Write-off of receivables	(38)	(38)
Net commercial receivables	105.838	87.042
Prepayments	-	-
Other receivables	4.819	4.108
	110.657	91.149

The Management Board of the Group believes that the net book value of the receivables is similar to their fair value.

The main credit risk of the Group is mainly associated with commercial receivables. The amounts presented in the statement of financial condition are net values, after reduction by write-offs, estimated by the Group management on the basis of past experience and the assessment of the current business situation.

The concentration of credit risk in the Group is relatively low, due to the need by the clients to make prepayments towards the performance of flight operations.

The time structure of commercial receivables is as follows:

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Current	101.501	80.669
Overdue:		
up to 3 months	2.159	3.159
between 3 and 6 months	659	1.360
between 6 and 12 months	48	87
over 12 months	1.471	1.767
	105.838	87.042

The balance sheet values of the commercial and other receivables are expressed in the following currencies:

Waluta	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
USD	50.005	24.711
GBP	5.797	3.769
EUR	42.530	27.993
PLN	10.136	32.443
Others	2.190	2.234
	110.657	91.149

The remaining items of the commercial and other receivables do not include items of reduced value.

The Group has deposits contributed by the clients, for security of the possessed receivables and for the realization of the signed contracts, which deposits are recognized under Commercial and other receivables. The table below presents the level of the deposits received as of the end of the respective reporting periods:

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Deposits from Tour Operators	17.907	10.870

Note 13 - Current tax assets

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
VAT tax surcharge	4.119	23
Settlements with the customs office	159	167
Settlement of VAT charged	-	12
	<u>4.278</u>	<u>202</u>

Note 14 - Cash and cash equivalents

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Cash in hand and at bank	50.670	113.175
Short-term bank deposits	49.572	5.262
	<u>100.242</u>	<u>118.437</u>

Due to the low interest rates in the market, and to the maintenance of cash mainly in foreign currencies, the available interest rate of deposits was close to 0%.

The currency structure of cash as of 30 September 2017 was as follows:

Currency	Condition as of 30 September 2017 in PLN thousand
USD	88.241
GBP	363
EUR	4.335
PLN	7.229
Others	74
	<u>100.242</u>

For the purposes of the cash flow statement, cash includes:

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Cash in hand and at bank	50.670	113.175
Short-term bank deposits	49.572	5.262
	<u>100.242</u>	<u>118.437</u>

Note 15 - Accruals and prepayments

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Leasing settlement	9.334	24.145
Settlement of aircraft insurance	514	1
Charged VAT settlement	1.068	1.162
Other cost settlements	6.558	6.661
	<u>17.474</u>	<u>31.969</u>

The amount of PLN 9,334,000 refers to the invoices received from leasing companies, associated with October and November.

The remaining settlements mainly cover the advance invoices issued by the providers of services after reception of the advances towards the services provided in future periods. As of the end of the 3rd quarter year of 2017, the total of those invoices amounted to PLN 4,027,000. PLN 1,970,000 is the value of the CO2 emission certificates purchased by the Group,

Note 16 - Assets classified as held for sale

In August 2017, the group purchased a Boeing 737-400 aircraft from its operating lease and used it to carry out operations during the rest of the summer. In the fourth quarter after the end of the season, the aircraft was sold to an airline dealing with cargo.

Note 17 - Share capital

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Issued and paid up share capital:	17.544	17.544
number of stocks	17.543.750	17.543.750
nominal value of one stock in PLN	1,0	1,0
Nominal value of all stocks in PLN	<u>17.543.750</u>	<u>17.544</u>

Series	Number	Registration date
Condition as of 30 September 2017, including		
A – Share capital	100,000	
B – for the shares of Enter Air Sp. z o.o.	10.443.747	9/02/2015
B – for the trademark	3	
C – Public offering	7.000.000	30/12/2015
Total	<u>17.543.750</u>	

All the stocks issued by the dominant entity are common stocks without any preference as to participation in distribution of profits.

Note 18 - Spare capital

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Opening balance	187.978	157.811
Surplus of issue price over the nominal price of stocks	-	-
Costs of issuing stock capital	-	-
Transferring the profit from the previous period to spare capital	40.772	30.166
As of end of period	<u>228.750</u>	<u>187.978</u>

Note 19 – Deferred tax

Changes in the gross level of the deferred income tax are as follows:

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Condition as of start of period	7.121	13.243
Encumbrance of financial result	(3.971)	(6.122)
Condition as of end of period	<u>3.149</u>	<u>7.121</u>

The change in the level of assets and liabilities on account of the deferred income tax during the year, were presented in the following tables.

Liabilities on account of deferred income tax

Liabilities on account of deferred income tax:	balance sheet appraisal	balance sheet settlement of airplane lease	tax amortization above balance sheet amortization	initial fees	notes – balance sheet revenue	others	Total
	000' PLN	000' PLN	000' PLN	000' PLN	000' PLN	000' PLN	000' PLN
Condition as of 1 January 2016	1.907	2.688	12.134	3.576	1.587	540	22.431
Effect on financial result	1.389	553	(7.964)	3.442	190	420	(1.970)
Effect on equity	-	-	-	-	-	-	-
Condition as of 31 December 2016	3.296	3.242	4.170	7.018	1.777	959	20.462
Effect on financial result	474	(3.106)	11.798	138	(447)	553	9.411
Effect on equity	-	-	-	-	-	-	-
Condition as of 30 September 2017	3.770	136	15.968	7.156	1.330	1.512	29.873

Assets on account of deferred income tax

Assets on account of deferred income tax:	contributions to the Social Insurance Institution (ZUS) to be paid in the next month	remunerations to be paid in the next month	balance sheet appraisal	reserve for leaves	tax loss for	financial leasing settled over time	others	Total
	000' PLN	000' PLN	000' PLN	000' PLN	000' PLN	000' PLN	000' PLN	000' PLN
Condition as of 1 January 2016	79	40	3.050	226	8	3.480	2.305	9.188
Effect on financial result	22	5	(179)	32	119	950	3.204	4.153
Effect on equity	-	-	-	-	-	-	-	-
Condition as of 31 December 2016	101	45	2.871	258	127	4.430	5.509	13.341
Effect on financial result	45	130	(832)	-	(25)	6.675	7.390	13.382
Effect on equity	-	-	-	-	-	-	-	-
Condition as of 30 September 2017	146	175	2.039	258	102	11.105	12.899	26.723

Note 20 - Commercial and other liabilities

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Commercial liabilities	43.250	37.712
Deposits from Tour Operators	17.907	10.870
Liabilities on account of remunerations	2.375	1.303
Liabilities on account of VAT	147	47.089
Other tax liabilities, including in favor of the Social Insurance Institution	1.722	560
Other liabilities	134	176
	<u>65.535</u>	<u>97.710</u>

The average time limit of payment of commercial liabilities is 30 days. The Group has rules of financial risk management that allow it to settle its liabilities within the designated time limits.

The Management Board of the Group believes that the book value of the financial liabilities is similar to their fair value.

Note 21 - Liabilities on account of financial leasing

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Liabilities on account of financial leasing, due and payable within:		
one year	51.724	45.909
two to five years	223.916	237.672
over five years	70.480	43.046
	<u>346.120</u>	<u>326.627</u>
Decreased by future interest:	<u>(39.752)</u>	<u>(37.038)</u>
Current value of future liabilities	<u>306.369</u>	<u>289.589</u>

No conditional fees appear in the concluded agreements.

The increase in the value of that item results from signing the financial lease agreement associated with purchasing the Boeing 737-800 airplane of the total value of USD 25,799,000 plus interest.

The agreement contains the provisions that are consistent with the standards for that type of agreements, and, among others, encumbers the user with the obligation to pay the leasing installments in a timely manner. The owner of the planes is BZWBK Leasing S.A. and PKO Leasing S.A., while Enter Air Sp. z o.o. is their user based on the financial leasing agreement. Additional security constitutes the blank promissory notes issued by the user, together with the blank promissory note agreement and the power of attorney to use a bank account. The agreement was concluded until 31 March 2025.

The fair value of the Group's leasing liabilities is not significantly different from their book value. The Group's liabilities on account of leasing are secured in favor of the lessor in the form of a registered pledge on the leased tangible assets.

Note 22 - Credits and loans

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Long-term		
Bank credits	-	3.634
Loans	-	-
	<u>-</u>	<u>3.634</u>

Short-term		
Overdrafts	-	-
Credit for purchasing real properties	3.638	817
Loans	-	-
	<u>3.638</u>	<u>817</u>
Total credits and loans	<u>3.638</u>	<u>4.451</u>

In 2015, Enter Air Services sp. z o.o. signed a credit agreement for purchasing the real property that is going to be the registered office of the company. Upon signing, the value of the agreement amounted to EUR 1,384,197.83, and the duration of the agreement was agreed to be until 31 January 2018.

As of the balance sheet date of 30 September 2017, the value of the debt on that account was PLN 3,638,000.

The bank credit for purchasing the real property bears the interest as per variable interest rate, which exposes the Group to the risk of changes in value of cash flows depending on the changes in interest rates.

In the credit agreement, the parties agreed a standard set of securities for that type of transaction, including a power of attorney to the current account and other accounts, assignments of the existing receivables and the receivables under future lease agreements, provision of catering services and joint mortgage for the amount of EUR 2,100,000.

The agreement contains the provisions standard for that type of agreements, including the provisions associated with the obligation to use the credit in accordance with its dedication, for Enter Air Sp. z o.o. and Enter Air Services sp. z o.o. to maintain specific financial indices at the level specified in the agreement, as well as the obligation to provide the bank with specified information on the company's financial condition.

The agreement also contains limitations with regard to payment of dividends. Enter Air Sp. z o.o. and Enter Air Services sp. z o.o. undertook not to pay dividends without a written consent from the bank.

In the period covered by the statement, no contractual provisions of the credit agreements were violated, and there occurred no difficulties in settlement of the liabilities under the credit agreements.

Note 23 – Provisions

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 Converted data in PLN thousand
Long-term	1.357	1.357
Short-term	45.537	2.064
	<u>46.894</u>	<u>3.421</u>

Structure of the total amount of provisions:

	For leaves in PLN thousand	Service costs in PLN thousand	Total in PLN thousand
Condition as of 31 December 2015	1.191	6.090	7.280
Condition as of 1 January 2016	1.191	6.090	7.280
Included in the consolidated total income statement			
- establishment of additional provisions	166	6.566	6.732
- termination of unused provisions	-	-	-
Provisions used during the year	-	(10.591)	(10.591)
Condition as of 31 December 2016 (converted data)	1.357	2.064	3.421
Condition as of 1 January 2017	1.357	2.064	3.421
Included in the consolidated total income statement	-	-	-
- establishment of additional provisions	-	43.483	43.483
- release of unused provisions	-	(10)	(10)
Provisions used during the year	-	-	-
Condition as of 30 September 2017	1.357	45.537	46.894

Provisions for costs of services include provisions related to costs of air operations performed in 2017 and estimated costs of surveys and overhauls of planes depending on a raid and other services.

Note 24 - Accruals and prepayments

	Condition as of 30 September 2017 PLN thousand	Condition as of 31 December 2016 Converted data PLN thousand
Long-term:		
Settlement of profit from the leaseback transactions	53.358	40.608
	53.358	40.608
Short-term:		
Revenues in future periods on account of transportation	43.522	17.553
Settlement of profit from the leaseback transactions	5.386	8.708
Others	228	70
	49.136	26.331

Note 25– Employee benefits

As of the balance sheet date, the liabilities on account of employee benefits include:

	Condition as of 30 September 2017 PLN thousand	Condition as of 31 December 2016 PLN thousand
remunerations payable in the next month	2.375	1.303
	2.375	1.303

On account of employee benefits, the following amounts were recognized in the total income statement:

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Current employment costs	17.804	19.703
Social insurance costs	2.865	3.122
Other employee benefits	1.388	797
	22.057	23.623

The table below presents the information on the average employment (taking into account the management board):

	09.2017	2016
	Number of employees	Number of employees
Management Board	4	4
Operating employees	238	265
Accounting and administration	137	99
	<u>379</u>	<u>368</u>

Note 26 - Conditional liabilities

Below please find the list of open letters of credit as of 30 September 2017:

Beneficiary	amount	currency	closing date	objective
LIFT_Maroco(Gecas)	920.000	USD	30-03-2018	securing the delivery of an airplane
GE Capital	350.000	USD	18-07-2018	securing the delivery of an airplane from AFT Trust-Sub
CIT	800.000	USD	04-01-2018	securing the delivery of an airplane
CIT	700.000	USD	09-01-2018	securing the delivery of an airplane

Contingent liabilities resulting from the signed agreements:

1. financial leasing included in note 21,
2. credit liabilities included in note 22,

Apart from the agreements on purchasing new Boeing planes, as of the date of drawing up the statement there are no future liabilities on account of purchasing tangible assets.

Note 27 - Operating lease agreements

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
Minimum leasing fees on account of operating lease, recognized in the total income statement for the current period	77.136	102.250

As of the balance sheet date, the Group was having liabilities on account of operating lease agreements in the period not subject to termination, the current value of which, amounted to (divided into payment terms):

	Condition as of 30 September 2017 in PLN thousand	Condition as of 31 December 2016 in PLN thousand
up to one year	123.011	95.702
between 2 and 5 years	373.213	262.937
over 5 years	23.723	7.585
	<u>519.947</u>	<u>366.224</u>

The subject of the lease agreements is 13 Boeing 737-800 airplanes.

The agreements contain the provisions that are consistent with the standards for that type of agreements, and, among others, encumber the user with the obligation to pay the leasing installments and provide a guarantee deposit in a timely manner. The extension of the operating lease agreements is not guaranteed in the signed agreements. The agreements do not provide for the options to repurchase the subject of lease after their expiry. Some of the agreements provide the right of preemption if the owner of the airplane decides to sell it.

The agreements are concluded for a specified period of time, there is the possibility to extend them by negotiating their new terms and conditions.