Amedeo Air Four Plus Limited

Consolidated Annual Financial Report (audited)

For the year ended 31 March 2018

CONTENTS

SUMMARY INFORMATION

Trading	The Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	AA4
SEDOL ISIN LEI	BWC53H4 GG00BWC53H48 21380056PDNOTWERG107
Reporting Currency	Sterling
Launch Date / Share Price	13 May 2015 / 100p
Share Price	107p (as at 31 March 2018) 107p (as at 16 July 2018)
Market Capitalisation	GBP687 million (as at 31 March 2018)
Target Dividend	Current dividends are 2.0625p per Share per quarter (8.25p per annum)
Dividend Payment Dates	January, April, July, October
Year End	31 March
Stocks & Shares ISA	Eligible
Aircraft Registration Numbers	A6-EEY, A6-EOB, A6-EOM, A6-EOQ, A6-EOV, A6-EOX, A6-EPO, A6-EPQ, A6-API, A6-APJ, HS-THF, HS-THG, HS-THH, HS-THJ
Website	www.aa4plus.com

KEY ADVISERS AND CONTACT INFORMATION

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Registrar, Paying Agent and Transfer Agent Anson Registrars Limited Anson House Havilland Street St Peter Port Guernsey GY1 2QE Telephone: +44 (0)1481 711301	**UK Transfer Agent** Anson Registrars (UK) Limited 3500 Parkway Whiteley Fareham Hampshire England PO15 7AL

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COMPANY OVERVIEW

Amedeo Air Four Plus Limited ("**AA4**" or the "**Company**") is a Guernsey company incorporated on 16 January 2015. The Company operates under The Companies (Guernsey) Law, 2008, as amended (the "**Law**") and the Disclosure Guidance and Transparency Rules (the "**DGTRs**") of the UK's Financial Conduct Authority (the "**FCA**").

The Company's shares were first admitted to trading on the Specialist Fund Segment ("**SFS**") of the London Stock Exchange's Main Market on 13 May 2015 upon the admission of 202,000,000 redeemable ordinary shares ("**Shares**") at an issue price of 100 pence per Share. Subsequently, the Company has conducted six additional placings, resulting in the issue and admission to trading on the SFS of an additional 440,250,000 Shares at issue prices in the range of 100 pence to 104 pence. The latter two placings were undertaken in the year under review.

On 5 June 2017 shareholder approval was obtained for the acquisition of four Airbus A350-900 aircraft leased to Thai Airways. On 13 June 2017 the Company published its latest prospectus to launch a further one year placing programme intended to raise additional equity for investment by the issue of up to a maximum of 500,000,000 Shares. The initial placing under this latest programme closed on 20 June 2017 with the issue and admission to trading on the SFS of an additional 134,650,000 Shares at an issue price of 104 pence to fund the purchase of three A350-900 aircraft leased to Thai Airways. On 1 November 2017 the Company announced the launch of the Second Placing to acquire a fourth Airbus A350-900 leased to Thai Airways. The Second Placing closed on 27 November 2017 with the issue and admission to trading on the SFS of an additional 40,350,000 Shares at an issue price of 104 pence.

As at 16 July 2018, the last practicable date prior to the publication of this report, the Company's total issued share capital was 642,250,000 Shares trading at 107 pence per Share.

Investment Objectives and Policy

The Company's investment objective is to obtain income returns and a capital return for its shareholders by acquiring, leasing and then selling aircraft (each an "**Asset**" and together "**Assets**").

To pursue its investment objective, the Company seeks to use the net proceeds of placings and/or other equity capital raisings, together with debt facilities (or instruments), to acquire aircraft which will be leased to one or more major airlines.

The Company's Articles of Incorporation (the "**Articles**") provide that the Company may only acquire further aircraft with the approval of the Company's shareholders by ordinary resolution in relation to each proposed acquisition. Where such approval for a new acquisition is obtained, it is the current intention of the Board of directors of the Company (the "**Board**") to offer shareholders the opportunity to participate in any equity financing of such further acquisitions on a broadly pre-emptive basis, although other approaches to the equity financing may also be considered and pursued if the Board consider it appropriate to do so in order to diversify the funding sources of the Company.

In accordance with the investment policy, it is the Board's intention that, subject to finding suitable deals and obtaining subsequent shareholder approval, the Company be grown into a larger vehicle owning a range of aircraft leased to more airlines. The aim of such a strategy is to diversify the risk profile of the Company's portfolio of Assets and lease credits whilst maintaining its target investor returns of a quarterly dividend of 2.0625 pence per share and a double digit total return.

The Board, in discussions with its advisors, Amedeo Limited ("**Amedeo**" or the "**Asset Manager**") and Nimrod Capital LLP ("**Nimrod**"), is considering further acquisitions to be completed over the next 12 months.

Investment Portfolio

As at the financial reporting date the Company had sixteen wholly-owned subsidiaries, see Note 1 for further details. Together the Company and its subsidiaries are known as the "**Group**".

The table below details the Assets held by the Group at the reporting date:

Manufacturer	Aircraft Type	Manufacturer's Serial Number ("MSN") and Registration	Date of Acquisition / Lease	Lessee*	Initial Lease Duration
Airbus	A380-800	157 - A6-EEY	19-May-15	Emirates	12 years
Airbus	A380-800	164 - A6-EOB	19-May-15	Emirates	12 years
Airbus	A380-800	187 - A6-EOM	03-Aug-15	Emirates	12 years
Airbus	A380-800	201 - A6-EOQ	27-Nov-15	Emirates	12 years
Airbus	A380-800	206 - A6-EOV	19-Feb-16	Emirates	12 years
Airbus	A380-800	208 - A6-EOX	13-Apr-16	Emirates	12 years
Boeing	777-300ER	42334 - A6-EPO	28-Jul-16	Emirates	12 years
Boeing	777-300ER	42336 - A6-EPQ	19-Aug-16	Emirates	12 years
Airbus	A380-800	233 - A6-API	24-Mar-17	Etihad	12 years
Airbus	A380-800	237 - A6-APJ	24-May-17	Etihad	12 years
Airbus	A350-900	123 - HS-THF	13-Jul-17	Thai	12 years
Airbus	A350-900	130 - HS-THG	31-Aug-17	Thai	12 years
Airbus	A350-900	142 - HS-THH	22-Sep-17	Thai	12 years
Airbus	A350-900	177 - HS-THJ	26-Jan-18	Thai	12 years

* "**Emirates**" means Emirates Airline;
"**Etihad**" means Etihad Airways PJSC;
"**Thai**" means Thai Airways International Public Company Limited.

Distribution Policy

The Company aims to provide shareholders with an attractive total return comprising income from distributions through the period of the Company's ownership of the Assets and a capital gain upon the sale, or other disposition of the Assets.

The Company receives income in the form of lease payments. Income distributions are made to shareholders quarterly, subject to compliance with applicable laws and regulations. The Company currently targets and has achieved to date a distribution to shareholders of 2.0625 pence per Share per quarter.

There can be no guarantee that dividends will be paid to shareholders and, if dividends are paid, as to the timing and amount of any such dividend. There can also be no guarantee that the Company will, at all times, satisfy the statutory solvency test (the "**Solvency Test**") required to be satisfied pursuant to section 304 of the Law prior to any declaration of a dividend by the Board.

In the event that the Company is wound-up pursuant to a shareholders' resolution, shareholders may also receive a capital return from the net proceeds of a sale of the Assets.

Performance Overview

All payments by the Lessees have to date been made in accordance with the terms of the respective leases.

In accordance with the Distribution Policy, the Company declared four dividends of 2.0625 pence per Share during the year under review and one dividend of 2.0625 pence per Share was declared after the end of the reporting period. Further details of dividends declared and paid can be found on page 21.

Return of Capital

Following the sale of an Asset the Board may, as it deems appropriate at its absolute discretion, either return to shareholders all or part of the net capital proceeds of such sale (subject to satisfaction of the Solvency Test), or re-invest the proceeds in accordance with the Company's investment policy.

The Asset Manager regularly monitors the market valuations of the Assets and, subject to any lease obligations, will consider the most appropriate time for the sale of any one or more of the Assets. The Board will consider any recommendation from the Asset Manager as to the sale of any Asset and proceed as the Board considers appropriate.

Liquidation Resolution

Although the Company does not have a fixed life, the Articles require that the Board convenes a Liquidation Proposal Meeting in 2029 or such other date as shareholders may approve by ordinary resolution.

CHAIRMAN'S STATEMENT

I am pleased to present shareholders with the Group's full year financial report covering the period from 1 April 2017 to 31 March 2018.

It has again been a very busy period for your Company with further activity raising new monies, acquiring more aircraft and diversifying the portfolio. On 20 June 2017 we announced the completion of the initial placing under the new placing programme, which was significantly oversubscribed, issuing 134,650,000 shares at 104 pence to acquire the first three of four Airbus A350-900 aircraft leased to Thai Airways International Public Company Limited ("**Thai**"), each for a period of twelve years from delivery. Deliveries of the three A350-900 aircraft occurred on 13 July, 31 August and 22 September 2017, fully deploying the initial placing proceeds ahead of target. A second placing of 40,350,000 shares at 104 pence occurred on 27 November 2017 to fund the delivery of the fourth A350-900 leased to Thai also for a lease term of twelve years and the aircraft was delivered on 26 January 2018.

The Company has now acquired eight Airbus A380 aircraft, six on lease to Emirates Airline ("**Emirates**") and two to Etihad Airways PJSC ("**Etihad**"), two Boeing 777-300ER aircraft leased to Emirates and four Airbus A350-900 aircraft leased to Thai. At the time of writing the Company has a market capitalisation in excess of £687 million based on 642,250,000 shares in issue. The increase in the overall market capitalisation of the Company following the acquisition of the latest aircraft has increased the attractiveness of the Company's shares to a wider investor base.

The Company's Asset Manager, Amedeo, continues to monitor the leases and reports regularly to the Board. Nimrod, the Company's Corporate and Shareholder Adviser, continues to liaise between the Board and shareholders.

During the year the Company has continued to declare quarterly dividends of 2.0625 pence per share, representing a yearly distribution of 8.25 pence per share and your Board are hopeful of continuing to pay such dividends for the foreseeable future.

Since its inception, in accordance with its investment policy, it has been the intention that the Company should be grown into a larger vehicle, owning a range of wide-body and other aircraft which are leased to a number of different airline counterparties. The aim of this strategy is to diversify the risk profile of the Company's portfolio of assets as well as to potentially increase its target annualised total return. Since its launch some three years ago we believe the Company has and continues to achieve its objectives in this regard and the Board are pleased to have reached these milestones.

The Board will also consider further acquisitions of aircraft for leasing to a variety of major airlines over the next 12 months and beyond. If, in the view of the Board, it is in the interests of the Company to acquire such further aircraft (taking into account the maintenance of the Company's target income distributions, opportunities for capital growth, and the diversification of the Company's portfolio), the Board will continue to seek shareholders' approval of those proposed acquisitions. Over the course of the year lease rate factors have fallen as capital continued to flow into the asset class, and the Board actively considers such movement in the context of assessing new investments.

IATA forecast 2018 to be another year of strong passenger growth with passenger volumes currently moving upwards at rates between 5.0% and 5.6% per annum. Despite the slower start to the year in January, February's figures show a rebound to the start of the year's performance. Strong economic drivers, favourable business confidence indictors and continued capacity expansion are likely to encourage passenger growth over the course of the next year. Notwithstanding oil prices up 16% year-on-year in February 2018, airlines are indicating strong earnings with EBITDA profit margin results at 8.6% of revenues for the third quarter of 2017, with particularly strong results from Asia Pacific and Latin American carriers.

News flow relating to the Airbus A380, which forms a large part of your Company's portfolio, has been widespread over the period and the Board keeps a close eye on such developments, receiving regular market updates from the Company's Asset Manager. The confirmation of a new order from Emirates in January 2018 was accompanied by a public commitment by Airbus to produce the A380 at least for another ten years. This order underlines the importance of the A380 to Emirates business model. With 102 A380s now flying as part of the Emirates fleet, it is a key aircraft and likely is to be so for many years to come. Airbus have also stated that they are confident of further orders for the A380 now that production certainty has been achieved. More recently, news that two A380's owned by German funds managed by Dr Peters Group are to be sold for parts is disappointing. Whilst providing a positive result for investors, according to Dr Peters, it is noted that this outcome is the product of unique circumstances which are unlikely to be repeated. More positively, Hi Fly, is planning to start operating at least one second hand A380, which represents an important milestone in the model's lifecycle. The Company's existing long lease periods offer some stability and a suitable time horizon in which to assess such market developments.

Emirates, Etihad and Thai continue to perform well and are fully servicing their obligations. Further details on each operator can be found in the Company's quarterly report for Q1 2018 as well as their respective websites: www.emirates.com, www.etihad.com and www.thaiairways.com.

Regulatory change has continued apace during the period and the Board continues to monitor and respond to these changes. In particular, the turn of the year saw the introduction of MiFID II and PRIIPS. This EU regulation requires the Company to prepare a Key Information Document ('**KID**') which is available on our website. Investors should note that the procedures for calculating the costs, risks and potential returns are prescribed by this regulation, and the figures in the KID may not reflect the results investors will experience in the future. As a result, it is recommended that the KID is not considered in isolation but is read in conjunction with the Company's financial statements and quarterly reports.

I encourage shareholders to view the Company's quarterly reports which now provide a breakdown of the implied future total return of the Company through both dividends and a potential return of capital based on the latest appraised portfolio residual value. I hope these regular reports, in addition to the communication you receive from the Company's Corporate and Shareholder Adviser, are useful and informative and I welcome shareholders feedback.

Our underlying leases with respect to Emirates and Etihad include monthly lease rentals paid in US Dollars (matched in currency and amount to interest and regular principal loan repayments) and Sterling (to cover operating costs and dividend payments). In the case of Thai, the entire monthly lease rental is denominated in US Dollars.

The financial statements do not in the Board's view properly convey the economic reality due to the accounting treatment for foreign exchange, rental income, finance costs and residual debt. International Financial Reporting Standards require that transactions denominated in US Dollars (including, most importantly, the cost of the aircraft) are translated into Sterling at the exchange rate ruling at the date of the transaction whilst monetary items (principally the outstanding borrowings) are translated at the rate prevailing on the reporting date. The resultant variations may sometimes produce very large mismatches and these are reported in the Consolidated Statement of Comprehensive Income as foreign exchange gains of £184,771,192 (2017: losses of £118,664,321). When viewed on a per Share basis this equates to a 28.8 pence gain (2017: 25.4 pence loss) resulting in a reported NAV per Share of 109.58 pence per Share (2017:73.48 pence per Share).

On an on-going basis and assuming the lease and loan payments are made as anticipated, such exchange differences will not reflect the commercial substance of the situation in the sense that the key transactions denominated in US Dollars are in fact fairly matched. Rental income received in US Dollars is used to pay loan interest and regular capital repayments of debt (but excluding any bullet or balloon repayment of principal), which are likewise denominated in US Dollars. US Dollar lease rentals and loan repayments, with the exception of the four Thai aircraft which incorporate floating rate lease rentals – matched to floating rate loan repayments, are furthermore fixed at the outset of the each lease's life and are very similar in amount and timing save for the repayment of bullet repayments of principal due on the final maturity of a loan.

In addition to this, rental income receivable is credited evenly to the Consolidated Statement of Comprehensive Income over the planned life of each lease. Conversely, the methodology for accounting for interest costs means that the proportion of the loan repayments which is treated as interest and is debited to the Consolidated Statement of Comprehensive Income varies over the course of the loan – so that the differential between rental income and interest cost (as reported in the Consolidated Statement of Comprehensive Income) reduces over the course of each twelve year lease. In reality however, the amount of rental income is fixed, except from the four Thai aircraft where floating lease rental payments are matched to floating rate loan repayments, so as to closely match the loan interest and capital repayments, save for the repayment of any bullet payment of principal due on the final maturity of a loan.

Furthermore, we have for this reporting period and the future altered our approach to calculating the book value/carry cost of each asset so as to more accurately reflect IAS 16 and as a consequence of doing so will now only disclose the net aggregated figures for all assets rather than, as previous, disclose these figures on an aircraft by aircraft basis. Such detailed disclosure is not required by the relevant Accounting Standard and your Board consider it not commercially prudent to be so transparent when there is no need to be so. Further, your Asset Manager has asked that we keep such knowledge confidential so as not to impair their ability to successfully negotiate the disposal of any aircraft when the time is deemed right so to do.

Finally, the Board is always keen to meet shareholders, as was the case last year, and we welcome the opportunity to meet more shareholders in this coming year as your Board very much welcomes an open dialogue. Please do not hesitate to contact the Board or Nimrod to request a meeting.

On behalf of the Board, I would like to thank our service providers for all their help and all shareholders for their continuing support of the Company and I look forward to keeping all shareholders up to date with further progress.

Robin Hallam
Chairman

Date: 20 July 2018

ASSET MANAGER'S REPORT

On the invitation of the Directors of the Company, the following commentary has been provided by Amedeo as Asset Manager of the Company and is provided without any warranty as to its accuracy and without any liability incurred on the part of the Company, its Directors and officers and service providers. The commentary is not intended to constitute, and should not be construed as, investment advice. Potential investors in the Company should seek their own independent financial advice and may not rely on this communication in evaluating the merits of an investment in the Company. The commentary is provided as a source of information for shareholders of the Company but is not attributable to the Company.

THE ASSETS

Lessee	Model	MSN	REG	Delivery Date	Lease Expiry Date	Flight Hours	Flight Cycles	Last Inspection	Upcoming Inspection
Emirates	A380-800	157	A6-EEY	19/05/2015	04/09/2026	16,073	2,577	19/11/2017	19/02/2019
	A380-800	164	A6-EOB	19/05/2015	03/11/2026	15,049	2,403	18/03/2018	18/03/2019
	A380-800	187	A6-EOM	03/08/2015	03/08/2027	14,156	1,309	19/11/2017	19/02/2019
	A380-800	201	A6-EOQ	27/11/2015	27/11/2027	9,984	1,577	19/11/2017	19/02/2019
	A380-800	206	A6-EOV	19/02/2016	19/02/2028	9,736	1,549	18/03/2018	18/03/2019
	A380-800	208	A6-EOX	13/04/2016	13/04/2028	8,649	1,344	18/03/2018	18/03/2019
	777-300ER	42334	A6-EPO	28/07/2016	28/07/2028	7,361	1,861	-	18/06/2018
	777-300ER	42336	A6-EPQ	19/08/2016	19/08/2028	7,482	1,668	-	18/06/2018
Etihad	A380-800	233	A6-API	24/03/2017	24/03/2029	5,636	576	-	18/06/2018
	A380-800	237	A6-APJ	24/05/2017	24/05/2029	4,757	476	-	18/06/2018
Thai	A350-900	123	HS-THF	13/07/2017	13/07/2029	3,531	548	13/07/2018	01/10/2018
	A350-900	130	HS-THG	31/08/2017	31/08/2029	2,895	419	31/08/2017	01/10/2018
	A350-900	142	HS-THH	22/09/2017	22/09/2029	2,585	363	22/09/2017	01/10/2018
	A350-900	177	HS-THJ	26/01/2018	26/01/2030	808	124	26/01/2018	01/10/2018

As of 31st March 2018

During the lifetime of each lease, the respective airline bears all costs of the aircraft including maintenance, repair and insurance.

During Q1 2018, Amedeo performed a records and physical survey inspection as per the underlying lease agreements on three of the aircraft in the portfolio. The aircraft were made available for physical inspection during a day stop while access to records was provided in electronic format. The aircraft were found in good physical condition and maintained to a very high commercial standard.

IATA ECONOMIC ANALYSIS

- The strong growth in global passenger traffic for 2017 continues into 2018 as RPK's (revenue passenger kilometres) grew by 7.6% year-on-year in February. Up from a growth rate of 4.6% for January, the difference in passenger volumes for the first two months of 2018 occurred due to the late timing of the Lunar New Year resulting in the surge in passenger demand to fall in February.

- Industry wide passenger capacity increased by 6.3% year-on-year in February 2018. Whilst capacity outpaced passenger demand for January, figures for February show passenger load factors to have increased to 80.4%
- Most notably from February's performance, South American carriers posted the highest rate of international RPK traffic growth for the month at 9.8%. At the same time, India's year-on-year passenger demand growth (RPKs) was 22.9% for February making this the 42nd month in a row of double digit growth for the country.
- 2018 is forecast to be a year of strong growth with passenger volumes currently moving upwards at rates between 5.0% and 5.6% per annum. Despite the slower start to the year, February's figures show a rebound to the initial year's performance. Strong economic drivers, favourable business confidence indicators and continued capacity expansion are likely to encourage passenger growth over the course of 2018.
- Despite oil prices up 16% year-on-year for February 2018, airlines are indicating strong earnings with EBIT profit margin results at 8.6% of revenues for the third quarter of 2017, with particularly strong results from Asia Pacific and Latin American carriers.

Source: IATA (International Air Transport Association).

AIRLINE MARKET DEVELOPMENTS

Air travel has developed considerably over the past few decades. Most noticeably, air fares have become more and more affordable. Continuous technological improvements are being implemented in new aircraft and the adoption of supportive government policies has allowed air travel to become a significant economic driver in a growing number of countries. As a result, air travel has become ever more accessible to consumers in developing regions, whilst other countries have established themselves as the 'super connectors' in international travel. Overall, the landscape of commercial air travel is not the same as it was almost two decades ago when air traffic growth was once led by Europe and North America. Today, it is being driven by the rapid growth in the Asia Pacific, Middle East and South American markets that are forecast to continue to grow.

In 2017, the United States, China and Japan, retained top positions for the world's busiest airline markets in terms of seats. While the US has stayed at the top of the podium with Hartfield-Jackson Atlanta being the only airport to carry over 100 million passengers a year, China's Beijing Capital International Airport has set another record high in terms of passengers carried (95.8 million passengers in 2017). Traffic between Beijing and Shanghai is now the eighth busiest route in the world and is only superseded by other city pairs within the Asia Pacific region.

China continues to close the gap to overtake the US and with Beijing's new airport opening in 2019, the capital will gain some of the additional infrastructure needed to support the forecast rise in traffic expected in the region. Beijing's growth emulates that of the wider Chinese market for which IATA has revised its latest growth forecasts and predicts China to displace the US as the world's largest market by 2022, a full two years ahead of the original forecast.

Busiest Markets in 2017			Fastest Market Growth Between 2010-2017	
United States	1,070,100,055	1	Vietnam	171%
China	712,989,906	2	Turkey	142%
Japan	212,469,385	3	Thailand	123%
India	182,584,269	4	Indonesia	123%
United Kingdom	174,299,976	5	Saudi Arabia	118%
Indonesia	159,317,716	6	Qatar	108%
Germany	152,400,212	7	India	96%
Spain	142,203,047	8	China	95%
Brazil	128,594,126	9	Peru	94%
France	108,931,307	10	United Arab Emirates	85%

As measured by market seat capacity *Source: Diio*

In terms of market potential, the majority of the world's fastest growing markets in the past eight years can be located within Asia and the Middle East. Countries such as India and Indonesia are experiencing rapid levels of growth, whilst also being listed as some of the biggest markets in the world. To compare, India has overtaken the UK as the fourth busiest market in terms of seat capacity. Whilst London Heathrow's passenger numbers grew by 1.7% in 2017 (year-on-year), Delhi saw a 15.1% increase during the same period. India's lead on the UK is only set to continue as

Delhi's airport is to expand existing terminals and build a new runway, whilst London Heathrow has only recently been able to secure government approval for a vital third runway.

Infrastructure constraints are a global issue. With the forecast rise in passenger traffic, the industry must plan for future capacity and whilst some areas such as China, Singapore and India are able to expand their airports and traffic capacity accordingly, other regions of the world need additional government support and investment in order to facilitate future growth. Regions such as the Americas, where facilities can be up to fifty years old, require planning that can accommodate the next 25 years of passenger travel. For the Latin American aviation industry, this is a necessity as it continues to grow with above average passenger traffic growth of 6.1% (RPK's) for January 2018. It is estimated that US$100bn of investment is required in North America alone, to modernise existing facilities. With insufficient investment to date, some markets are constrained in their own operations.

As forecast by IATA, the Asia Pacific region is expected to be the origin of more than half of the world's new passengers within the next 20 years. With the world's number of city pairs now exceeding 20,000, where nearly 45% of the increased connectivity in the past year came from new routes within Asia, it is certain that the Asia Pacific region is becoming the epicentre of air traffic demand. What's more, the rising levels of connectivity between cities makes markets more open in terms of tourism, trade and investment.

As Asia's network expands, it is expected the region will need between fourteen to sixteen thousand new aircraft in order to support regional growth through trade and tourism over the coming decades. By today's standards, where 48% of the world's aircraft in service are leased, Asia will rely on the leasing industry to fund almost half of the new aircraft to be delivered over the next 20 years.

Source: Airbus, Airports Council International, Ascend, Boeing, CAPA, Diio, IATA, Routes (UBM UK).

EMIRATES GROUP

- As of March 2018, the airline had 268 aircraft in its fleet with a combined average age of 5.7 years. Emirates operates two passenger aircraft types and has additional A380 and B777-300ER aircraft on order as well as an agreement to purchase forty B787-10 aircraft delivering from 2022.
- Emirates total passenger and cargo capacity for the year was 61.4 billion available tonne kilometres, making Emirates the world's largest international carrier. The flag carrier posted a record of 58.5 million passengers carried (up 4% year-on-year), and achieved an average passenger load factor of 77.5% (up 0.4% year-on- year). During the year, Emirates launched two new passenger destinations to Cambodia and Croatia, as well as increasing its capacity on 15 existing destinations.
- For 2018-19, Emirates has announced new routes to London Stansted, Santiago, Edinburgh and an additional flight between Dubai and Auckland via Bali, aside from capacity increases across existing destinations.
- Emirates also grew its global connectivity and customer proposition through strategic partnerships. During 2017-18, Emirates entered into significant partnerships with flydubai and Cargolux, expanding the choice of air services on offer to passenger and cargo customers respectively. Emirates also received authorisation to extend its partnership with Qantas until 2023.
- The airline posted revenue of AED 92.3 billion (USD 25.2 billion) for the financial year ending March 2018. Revenue generated from across Emirates' six regions continues to be well balanced, with no region contributing more than 30% of overall revenues. Europe was the highest revenue contributing region with AED 26.7 billion (USD 7.3 billion), up 12% from 2016-17.
- The Carrier's operating costs increased by 7% in comparison to the previous year, with the implications of rising oil prices being a significant driver of this increase. Fuel accounted for 28% of the airline's operating costs, compared with 25% in 2016-17, and remains the biggest cost component for Emirates.
- Despite the political challenges in the region, intense competition in the form of airfare pricing and rising fuel costs, Emirates posted a net profit of AED 2.8 billion (USD 762 million). With a net profit increase of 124% year-on-year, and with a profit margin of 3.0%, the airline has displayed the ability to successfully manage strong competitive pressures across all markets.

Source: Emirates, Ascend.

ETIHAD AIRWAYS

- As of March 2018, the airline had 113 aircraft in its fleet comprising a mix of narrow and wide-body aircraft with an average age of 6.9 years. The airline operates 4 passenger aircraft types and has A350, B787, B777 and A320 neo aircraft on order. During the quarter the carrier reduced its in service fleet from 122 aircraft at the start of the year due to management's decision to withdraw from its cargo operations and scale back capacity on its North America routes over the next year.
- The airline boasts an extensive international network of 83 destinations across 51 countries with its three largest markets currently being India, the UK, and Saudi Arabia in terms of seats.
- Etihad posted an annual loss of US$ 1.87bn for the financial year ending March 2017 as it dealt with the impact of terrorism in the EU and the implications of low oil prices on the region's economy. A total of US$ 808m of the annual loss was attributed to a write down in the value of its investment in Air Berlin and Alitalia. The Gulf carrier remains 100% owned by the Abu Dhabi government and therefore we anticipate no impact on the receipt of AA4's lease rental payments or compliance with the terms of the leases.
- Reports have been published in 2018 as to a potential US$ 1.2bn bond default linked to Etihad. Issued by EA Partners, a bankruptcy remote special purpose company created to issue the bond, in 2015, the proceeds were used to enter into debt obligations with Alitalia, Air Berlin and Etihad. Following the insolvency of Air Berlin and Alitalia, liquidity facilities have been exercised to ensure bond holders are being repaid. Whilst Etihad is yet to comment on the matter, a recent report has announced that EA Partners are to auction their claims on the two insolvent airlines. A covenant within the bond documents triggers a 'remarketing event' when the liquidity pool falls below 75% of the initial reserves whereby only claims on the insolvent airlines are to be auctioned.

Source: Etihad, Ascend, CAPA, Reuters, Financial Times, Gulf Times

THAI AIRWAYS INTERNATIONAL

- For 2017 Thai Airways' total revenue grew by 5.01% year-on-year to THB 190,535m (USD 5,868m) due to increased demand across the company's passenger, freight and ancillary services.
- The group's operating performance improved year-on-year with a 10.3% increase in the number of passengers carried to 24.56m, whilst demand (RPK's at 71,634m) increased more than Thai's capacity (ASK's at 90,498m) resulting in a load factor increase of 5.8% to 79.2% for the year.
- During the period, the group expanded its operations throughout Asia and Europe and launched a direct route to Vienna. In total Thai Airways currently serves 64 destinations within Asian, Europe and the Middle East.
- At the end of 2017 the group's in-service fleet stood at 100 aircraft and fleet replacement continued with the addition of 7 new aircraft during the year. Comprising five Airbus A350-900 XWBs and two Boeing 787-9s all under lease, these next generation technology aircraft are to be operated on the group's intercontinental and regional routes such as Bangkok - Rome, Bangkok - Brussels, Bangkok - Auckland, and Bangkok - Singapore.
- Operating expenses for the year increased by 5.8% to THB 193,430m. An increase in fuel expenses can be attributed to a rise in jet fuel prices during 2017, however this was marginally offset by an appreciating THB against the USD. At the same time lease rental expenses also increased year-on-year due to the airline's fleet replacement program.
- The group posted an operating loss of THB 2,895m (USD 89m) and net loss of THB 1,555m (USD 49m) for the year due to increased operating expenses and extraordinary losses from the impairment of older assets and the revaluation of foreign currency liabilities due to FX movements.

Source: Thai Airways International Public Company Limited, Ascend. N.B.: USD/THB = 32.58 FX rate as of 31/12/17.

A380 MARKET UPDATE

- Hi Fly, a charter operator, has announced plans to introduce an A380 aircraft into its fleet by mid - 2018. The Portuguese company will become the first wet lease operator of the A380 and enable other airlines and governments to employ the aircraft through short term leases. Hi Fly's unprecedented move to begin wet lease operations using an A380 will enable operators whose business models may not suit longer term leases or cannot bear the cost of ownership to take advantage of the aircraft's size, technology and consumer appeal with minimal operational risk.
- In other news, Airbus reported that the main sections for the first A380 to be delivered to Japan's All Nippon Airways ("**ANA**") had arrived in the manufacturer's Toulouse facility for final assembly. Due for delivery in early 2019, ANA's first of three ordered A380s will be operated on the airline's Tokyo to Honolulu route. Once delivered, ANA will become the fifteenth operator of the A380, which includes Hi Fly.
- It has been reported that a German lessor, Dr Peters Group, will part out two A380s returned from Singapore Airlines. There were a number of unique circumstances that came together to force this outcome and it is not expected that this outcome will be repeated.

A350 MARKET UPDATE

- Airbus delivered a total of 78 A350-900 aircraft in 2017, surpassing its target of 75 deliveries.
- The A350-900 entered service in early 2015 and Airbus has delivered over 160 of the aircraft as of Q2 2018, including eight to Delta Airlines, making it the first North American A350 operator.
- A primary supporter of the new technology aircraft, Singapore Airlines will introduce a Regional variant of the A350-900 in late 2018 to complement its 787-10, but "will be configured in a manner that will allow us to stretch the distance a little longer than the 787-10", says the chief executive Goh Choon Phong.
- In addition, Airbus is to modify the current -900 to introduce a ULR (Ultra Long Range) version. Currently in flight-testing and delivering in late 2018 to Singapore Airlines as the launch customer for seven -900ULRs, the aircraft will enable the carrier to operate 19 hour journeys such as Singapore to New York non-stop.

B777-300ER MARKET UPDATE

- The B777-300ER continues to be the bestselling widebody variant to date in the Boeing 777 family with over 800 sold and 70 still on backlog as of Q2 2018.
- The Boeing 777-300ER is the core long-haul type worldwide and is especially popular in Asia Pacific and Middle East.
- In addition to its passenger operations, airlines see the cargo benefit of the 777-300ERs belly-hold capacity. By operating passenger and cargo operations across services, many carriers have pivoted focus from dedicated cargo operations to belly capacity on passenger routes to streamline costs and enhance efficiency.

Source: Airbus, Ascend, AirFinance Journal, CAPA (Centre for Aviation), Hi Fly, Independent Digital News & Media

DIRECTORS

Robin Hallam (age 64) (Chairman) (independent non-executive)

Until 31 December 2015, Robin Hallam was a partner and co-head of Asset Finance at international law firm Hogan Lovells LLP, where he was a partner since 1995 specialising in aircraft finance, particularly leasing, export credit and structured financing. Between January and December 2016, Robin was a consultant at Hogan Lovells LLP. He is currently a consultant at Bird & Bird LLP in their aviation finance team. He has represented financial institutions, operating lessors, investors, airlines and export credit agencies. Robin holds a degree in law from Trinity College, Cambridge, is a member of International Society of Transport Aircraft Trading ("ISTAT") and is currently ranked Band 1 for Asset Finance in Chambers UK 2015.

David Gelber (age 70) (independent non-executive)

David Gelber began his career with Citibank in London in 1974. Over the course of the next twenty years he held a variety of trading roles in foreign exchange, fixed income and derivatives at Citibank, Chemical Bank and HSBC where he was Chief Operating Officer of HSBC Global Markets. In 1994 he joined ICAP, an inter-dealer broker, as COO and oversaw two mergers and a number of acquisitions. He is currently the non-executive Chairman of Walker Crips PLC, a stock broker and wealth manager; and a non-executive director of IPGL, a holding company with investments in a number of companies. In addition he is a non-executive director of DDCAP Ltd, a leading arranger of Islamic compliant financial transactions, Exotix LLP, an investment banking boutique specialising in frontier markets and SAXO Bank Capital Markets, a provider of a multi-asset trading platform. David holds a BSc in Statistics and Law from the University of Jerusalem and an MSc in Computer Science from the University of London.

John Le Prevost (age 66) (independent non-executive)

John Le Prevost is the Chief Executive Officer of Anson Group Limited and Chairman of Anson Registrars Limited (the Company's Registrar). He has spent over forty years working in offshore fund, trust and investment businesses during which time he has been a managing director of subsidiaries in Guernsey for County NatWest Investment Management, The Royal Bank of Canada and for Republic National Bank of New York. He is a Full Member of the Society of Trust and Estate Practitioners. He is a director of a number of other companies associated with Anson Group's business as well as being a trustee of the Guernsey Sailing Trust. John is currently also a non-executive director of Doric Nimrod Air One Limited, Doric Nimrod Air Two Limited and Doric Nimrod Air Three Limited (each of which is an aircraft leasing investment vehicle). He is resident in Guernsey.

Laurence Barron (age 66) (independent non-executive)

Having begun his career as a commercial lawyer in Paris and then in Tokyo, where he first became involved in aircraft financing transactions, Laurence joined Airbus in 1982 as an in-house lawyer specialising in aircraft finance. He subsequently moved to the business side when, in 1984, he was appointed Sales Finance Director North America, becoming Head of Sales Finance in 1985, and then, in 1987, Vice President of Customer Finance. In 1994, he was asked to set up the Asset Management Organisation within Airbus and that year became Vice President and Head of Asset Management. Airbus Asset Management has full responsibility for all used aircraft transactions at Airbus and acts as an in-house leasing company for the used Airbus aircraft owned or controlled by the Airbus group of companies. In 2001 he was promoted to Senior Vice President of Airbus before assuming the role of President of Airbus China in 2004, with responsibility for Airbus' overall activities in the People's Republic of China. In January, 2013, Laurence was appointed Chairman of EADS China, now rebranded Airbus China. Laurence retired from salaried Airbus employment at the end of April 2016 and was non-executive Chairman of Airbus China until the end of 2017. He holds an LLB from Bristol University Law Faculty.

MANAGEMENT AND THE DELEGATION OF FUNCTIONS

The Directors, whose details are set out on page 17, are responsible for managing the business affairs of the Group in accordance with the Articles and have overall responsibility for the Group's activities, including investment activity and performance. Each of the Directors is a non-executive director and is independent. The Group has delegated management of the Assets to Amedeo, which is a company incorporated in Ireland. The Directors delegate secretarial and administrative functions to JTC Fund Solutions (Guernsey) Limited ("**JTCFSL**" or the "**Secretary"** or the **"Administrator**") which is a company incorporated in Guernsey and licensed by the Guernsey Financial Services Commission for the provision of administration services. The Company has appointed Nimrod as the Company's Corporate and Shareholder adviser and Anson Registrars Limited ("**Anson**") as the Company's Registrar, Transfer Agent and Payment Agent.

Asset Manager, Agency Services and Liaison Agent

Amedeo has been appointed by the Company to provide asset management services to the Group. Pursuant to the Asset Management Agreement dated 30 April 2015, Amedeo will: (i) monitor and, to the extent required pursuant to the terms and conditions set out in each lease, administer each relevant lessee's performance of its obligations under the relevant lease (including such lessee's obligations relating to the insurance of the Assets); (ii) as the Group's exclusive remarketing agent in respect of the Assets, use all reasonable endeavours to solicit offers to lease or sell each of the Assets on the best terms reasonably obtainable having due regard to the then current market conditions (including current industry and market practice); (iii) carry out mid-lease inspections of the Assets; (iv) provide the Group with information and analysis with respect to each Asset, including a quarterly asset monitoring report which will include recent developments and a forward looking statement including inspection results, events, any material information, significant changes, decisions which have been or need to be made, events affecting distributions, and other major or pending events, issues or outcomes as far as known to Amedeo; and (v) if requested by the Group, acting reasonably, provide a financial model that would allow the Board to prepare or re-assess target distributions based on the Asset Manager's view of projected cash flows and liabilities.

Amedeo has further undertaken that it will dedicate sufficient time and resources as they reasonably believe is sufficient from time to time to fulfil any contractual arrangements it enters into with the Group.

Amedeo has also been appointed as Agency Services provider by the Company, pursuant to the Agency Agreement dated 30 April 2015, to assist the Group, and act as the Group's agent, in relation to the arrangement, negotiation, review, and, following the approval and execution by the Group, the management of the acquisition of Assets, the borrowings of the Group relating to the acquisition of the Assets (including any Financing Documentation), each lease and ensuring that Material Agreements are consistent with market practice in the aviation industry.

Amedeo Services (UK) Limited has been appointed as Liaison and Administration Oversight Agent by the Company, pursuant to the Liaison and Administration Oversight Agreement dated 30 April 2015, to: (i) co-ordinate the provision of services by service providers to the Group under the Asset Management Agreement, the Agency Agreement and the Administration Agreement; (ii) facilitate communication between the Group and its service providers in relation to the services provided under the Administration Agreement, Asset Management Agreement and Agency Agreement; (iii) in relation to the acquisition of any Asset, monitor and review the timing or payments and any currency exchanges to be effected in order to ensure payments are made in a timely maker; (iv) monitor the on-going budget of the Group and the payment of recurring and certain non-recurring costs, fees and expenses, and (v) assist the Administrator in monitoring the balances in the bank accounts of the Group and, where appropriate, provide the Administrator with any assistance it might reasonably require with respect to making payments, transferring balances or entering into currency exchanges as appropriate. Amedeo Services (UK) Limited is authorised and regulated by the Financial Conduct Authority.

The Amedeo group is primarily involved in the operating lease and management of wide-body aircraft. The aircraft portfolio currently managed by the Amedeo group is valued at over USD8 billion and consists of 50 aircraft under management. These aircraft include commercial airliners including A380, A350, A330, A321 and Boeing 777, 787 and 747-F. Amedeo is a member of ISTAT, the International Society of Transport Aircraft Trading, and is a Strategic Partner of the International Air Transport Association ("**IATA**").

Corporate and Shareholder Adviser

Nimrod, which is authorised by the Financial Conduct Authority, has been appointed as the Corporate and Shareholder adviser by the Company pursuant to the Corporate and Shareholder Advisory Agreement dated 30 April 2015. In such a capacity Nimrod maintains a regular dialogue with shareholders as and when they deem it appropriate to do so in order to ensure that any significant developments in relation to the Group are communicated appropriately to shareholders.

Nimrod was founded in 2008 as an entirely independent organisation which specialises in generating and sourcing interesting investment funds, themes and solutions managed by experts in their fields for the professional investor marketplace. Nimrod has launched nine listed investment companies since its formation and it also provides investment, marketing, distribution and advisory services to investment companies and their board of directors and managers.

Secretary and Administrator

JTCFSL is an independent provider of institutional and private client services to clients in numerous jurisdictions and is a member of the JTC Group. See the JTC Group's website at www.jtcgroup.com.

JTCFSL is a Guernsey incorporated company, which is licensed by the Guernsey Financial Services Commission. JTCFSL provides administration and secretarial services to the Group pursuant to the Administration Agreement dated 30 April 2015, as amended. In such capacity, JTCFSL is responsible for the general secretarial functions required by the Law and assists the Group in its compliance with its continuing legal and regulatory obligations, as well as providing advice on good corporate governance and best practice for a publicly traded company.

The Administrator is also responsible for the Group's general administrative functions and for the preparation of unaudited half-yearly and audited annual financial reports, subject to the direction and oversight of the Company's Board of directors.

Registrar

Anson has been appointed as registrar, transfer agent and paying agent by the Company pursuant to a Registrar's Agreement dated 30 April 2015. Anson performs all the usual duties of a registrar, transfer agent and paying agent in relation to the Shares and the maintenance of the Company's Share register.

Review

The Board keeps under review the performance of the Asset Manager, Corporate and Shareholder Adviser, the Secretary and Administrator and the Registrar and the powers delegated to each service provider. In the opinion of the Board the continuing appointments of the current service providers on the terms agreed is in the interest of the Company and its shareholders as a whole.

A full list of the Group's service providers is set out on pages 4 and 5.

MANAGEMENT REPORT

A description of important events that have occurred during the financial year, their impact on the financial statements and a description of the principal risks and uncertainties facing the Group, together with an indication of important events that have occurred since the end of the financial year and are likely to affect the Group's likely future development are included in the Company Overview, the Chairman's Statement, Asset Manager's Report, Statement of Principal Risks and Uncertainties, Audit Committee Report and the notes to the consolidated financial statements contained on pages 50 to 81 and are incorporated herein by reference.

There were no events or changes in the related parties during the financial year which had or could have had a material impact on the financial position of the Group, other than those disclosed in this consolidated annual financial report.

Responsibility Statement

The Directors jointly and severally confirm that to the best of their knowledge:

(a) the consolidated financial statements, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

(b) this management report (including the information incorporated by reference) includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

John Le Prevost
Director

DIRECTORS' REPORT

The Directors present their consolidated annual financial report of the Group for the financial year ended 31 March 2018.

Principal Activities and Business Review

The principal activity of the Group is to acquire, lease and then sell aircraft. The Directors do not envisage any change in these activities for the foreseeable future. A description of the activities of the Group in the year under review is given in the Chairman's Statement on pages 9 to 11.

Status

The Company is a Guernsey domiciled company with registered number 59675, the shares of which have been admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market.

Results and Dividends

The financial results of the Group for the financial year are set out on pages 46 to 49.

The Company declared and paid the following dividends during the financial year:

Announcement Date	Payment Date	Dividend per Share (pence)
11 April 2017	28 April 2017	2.0625
12 July 2017	28 July 2017	2.0625
11 October 2017	27 October 2017	2.0625
11 January 2018	31 January 2018	2.0625

The Company declared and paid the following dividend after the financial year end:

Announcement Date	Payment Date	Dividend per Share (pence)
12 April 2018	30 April 2018	2.0625

The Company aims to continue for the time being to pay quarterly dividends of 2.0625 pence per Share in accordance with the distribution policy subject on each occasion to the Company's satisfaction of the statutory solvency test. There is no guarantee that any future dividends will be paid.

Directors

The Directors in office are shown on page 17 and all Directors remain in office as at the date of approval of this consolidated annual financial report. Further details of the Directors' responsibilities are given on pages 23 to 24.

At each annual general meeting of the Company, all the directors who held office at the two preceding annual general meetings and did not retire shall be eligible for re-election at the same meeting.

Anson is the Company's Registrar, Transfer Agent and Paying Agent. John Le Prevost is a director and controlling shareholder of Anson Group Limited, the holding company of Anson.

Other than the above, no Director has a contract of service with the Group, nor are any such contracts proposed.

The interests in Shares of the Company held by persons discharging managerial responsibility and their persons closely associated are shown below:

	Number of Shares held as at 31 March 2018	Number of Shares held as at the date of this report
Robin Hallam	44,669	44,669
Amanda Hallam	44,669	44,669

John Le Prevost	50,000	50,000
David Gelber	316,518	316,518
Vivienne Gelber	33,945	33,945
Laurence Barron	-	-

Other than the above shareholdings and Mr Le Prevost's interest in Anson, none of the Directors nor any persons connected with them had a material interest in any of the Company's transactions, arrangements or agreements during the year and none of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Group during the reporting year.

As at the year end and as at the date of this report, there were no outstanding loans or guarantees between the Group and any Director.

There were no material related party transactions which took place in the year, other than those disclosed in this Directors' Report and in Note 24 to this consolidated annual financial report.

As Amedeo was operating as principal in the Thai transaction as well as advisor to the Company, Amedeo notified the Board of the potential conflict of interest. The Board carefully considered the acquisitions with this issue in mind. The Board took into account independent appraisals from BK Associates, IBA and MBA as to the current value of the aircraft and the future value of the aircraft, after expiry of the leases. It also engaged a firm of accountants and MBA separately to provide analytical assistance and, with the assistance of Nimrod, conducted its own analysis of the cash flows relating to the new assets. The Board believes that the acquisitions will be accretive to the Company's earnings. Accordingly, the Board considers the acquisitions and the estimated purchase price, of the new assets to be fair and reasonable so far as the Shareholders of the Company are concerned.

Substantial Shareholdings

As of the date of this report, the following shareholders had notified the Company that they held or controlled 5% or more of the total voting rights of the Company in issue:

Holder	% Total Voting Rights	Number of Shares
Legal & General Investment Management Limited	5.01%	32,200,000
Newton Investments Management Limited	6.21%	39,909,866

Corporate Governance

Statement of Compliance with The UK Corporate Governance Code April 2016, as published in June 2016 (the "Code")

The Company is committed to complying with the corporate governance obligations which apply to Guernsey registered companies. As a Guernsey incorporated company and under the DGTRs, the Company was not, for the year under review, required to comply with the Code. However, the Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and have therefore chosen voluntarily to comply with the provisions of the Code to the extent that they are considered relevant to the Group.

Having reviewed the Code the Board considers that it has maintained procedures during the year to ensure that it has complied with the Code, other than the following exceptions:

- There is no chief executive position within the Company, which is not in accordance with provision A.1.2 of the Code. The Company has no requirement for a chief executive as all directors are non-executive and each share responsibilities in running the business of the Group.
- There is no senior independent director, which "position" is recommended in provision A.4.1 of the

Code. Taking into account the nature of the Company and the fact that all directors are non-executive and independent this position is not seen as necessary.

- There is no remuneration committee, which is not in accordance with provision D.2.1 of the Code. The Company has no requirement for a remuneration committee given the small size of the exclusively non-executive and independent Board, and instead, the full Board performs this function.
- There is no nomination committee, which is not in accordance with provision B.2.1 of the Code. The Company has no requirement for a nomination committee given the small size of the exclusively non-executive and independent Board, and instead, the full Board performs this function.
- There is no internal audit function within the Group. Under provision C.3.6 of the Code the Audit Committee considers that, as all of the Group's administrative functions have been delegated to independent third parties, there is no need for the Group to have an internal audit facility.

Subject to the areas of non-compliance explained above, the Company complied with the other recommendations of the Code during the year. The Code is available on the UK Financial Reporting Council's website: www.frc.org.uk

Board Evaluation

The Board has conducted a performance evaluation of itself, its committees and each of the Directors, as required by Provision B.6.1 of the Code. The process was led by the Board and consisted of each Director completing questionnaires regarding the performance of the Board as a whole, the Chairman and the committees. Each Director also completed a self assessment questionnaire.

The completed questionnaires were sent to, reviewed and discussed by the entire Board, which agreed that the Board was effectively constituted and that each committee and individual Director was contributing effectively to the Group's ongoing operations and governance, such that no changes to the Board's composition or that of any of its committees was considered necessary or desirable at this juncture.

Board Responsibilities

The Board comprises four Directors and their biographies appear on page 17 demonstrating the wide range of skills and experience they each bring to the Board. All the Directors are non-executive and independent, with Robin Hallam acting as Chairman. To date no director of the Company has resigned. Directors are able and encouraged to provide statements to the Board of their concerns and ensure that any items of concern are recorded in the Board minutes.

All Directors receive an annual fee, payable quarterly in arrears, and there are no share options or other performance related benefits available to them. During the financial year the Board performed a review of their remuneration and it was concluded that the remuneration of the Chairman and the Chairman of the Audit Committee should be revised with effect from 1 January 2018.

Until 31 December 2017, the Chairman was paid £65,000 per annum, the Chairman of the Audit Committee was paid £64,000 per annum and each of the other two Directors was paid a fee of £60,000 per annum. With effect from 1 January 2018, the Chairman's fee was increased to £75,000 per annum and the Chairman of the Audit Committee's fee was increased to £67,500 per annum and each of the three Directors was paid a fee of £60,000 per annum.

The Board meets at least four times per year to consider the business and affairs of the Group for the previous quarter and the outlook for the coming quarter and beyond, at which meetings the Directors review the Company's Assets and all other important issues to ensure control is maintained. At two of these meetings the Board considers and, if deemed appropriate, approves the Group's financial statements.

In the past financial year the Directors held 13 board meetings and 2 Audit Committee meetings in order to carry out their duties. As the Company's portfolio increases in size and diversity, it is likely that the Directors will need to devote more time to the Company's affairs.

Between these regular meetings the Board keeps in contact by email and telephone as well as meeting to consider specific matters of a transactional nature. Additionally, the Directors hold strategy meetings with relevant advisors as appropriate.

The Directors are kept fully informed by the Asset Manager of all matters concerning the Assets and their financial arrangements and by the Secretary of all matters that are relevant to the business of the Group and which should be brought to the attention of the Directors and/or shareholders. All Directors have direct access to the Secretary who is responsible for ensuring that Board procedures are followed and that there are effective information flows both within the Board and between the Board and its Asset Manager.

The Directors also have access to the advice and services of the Corporate and Shareholder Adviser as required. The Directors may also, in the furtherance of their duties, take independent professional advice at the Group's expense.

The other significant commitments of the current Chairman are detailed in his biography on page 17. The Board was satisfied during the year and remains satisfied that the Chairman's other commitments do not interfere with his day-to-day performance of his duties to the Group and that he had the commitment and time to make himself available at short notice should the need arise.

During the year the number of full Board meetings and committee meetings attended by the Directors were as follows:

Director	Full Board Meetings	Audit Committee	Dividend Committee
Robin Hallam	11 of 13	2 of 2	0 of 5
David Gelber	12 of 13	2 of 2	0 of 5
John Le Prevost	13 of 13	2 of 2	5 of 5
Laurence Barron	13 of 13	2 of 2	0 of 5

Board Committees:

Audit Committee

All Directors are members of the Audit Committee, with John Le Prevost acting as Chairman. The Audit Committee has regard to the Guidance on Audit Committees published by the Financial Reporting Council in September 2012. The Audit Committee examines the effectiveness of the Group's and its service providers' internal control systems as appropriate, the annual and half-yearly reports and financial statements, the auditor's remuneration and engagement, as well as the auditor's independence and any non-audit services provided by them.

The Audit Committee considers the nature, scope and results of the auditor's work and reviews it annually prior to providing a recommendation to the Board on the reappointment or removal of the auditor. When evaluating the external auditor, the Audit Committee has regard to a variety of criteria including industry experience, independence, reasonableness of audit plan, ability to deliver constructive criticism, effectiveness of communication with Board and the Group 's service providers, quality control procedures, effectiveness of audit process and added value beyond assurance in audit opinion.

Auditor independence is maintained through limiting non-audit services to specific audit-related work that falls within defined categories; for example, the provision of advice on the application of International Financial Reporting Standards or formal reports for any Stock Exchange purposes. All engagements with the auditor are subject to pre-approval from the Audit Committee and fully disclosed within the consolidated annual financial report for the relevant period. A new lead audit partner will be appointed every five years and the Audit Committee ensures the auditor has appropriate internal mechanisms in place to ensure its independence.

The Audit Committee will, if appropriate, consider arranging for the external audit contract to be tendered in 2025 (being 10 years from the initial appointment) with the aim of ensuring a high quality and effective audit.

The Audit Committee meets at least twice a year, shortly before the Board meets to consider the Group's half-yearly and annual financial reports, and reports to the Board with its deliberations and recommendations and also holds an annual audit planning discussion with the auditor. The ultimate responsibility for reviewing and approving the half-yearly and the annual financial report remains with the Board.

The Audit Committee also operates within clearly defined terms of reference based on the Institute of Chartered Secretaries and Administrators recommended terms and provides a forum through which the Group's external auditor reports to the Board. The Audit Committee can request information from the Company's service providers with the majority of information being directly sourced from the Asset Manager, Secretary and Administrator and the external auditor. The terms of reference of the Audit Committee are available on the Company's website and on request from the Secretary.

Each year, the Board examines the Audit Committee's performance and effectiveness, and ensures that its tasks and processes remain appropriate. Key areas covered include the clarity of the committee's role and responsibilities, the balance of skills among its members and the effectiveness of reporting its work to the Board. The Board is satisfied that all members of the Audit Committee have relevant financial experience and knowledge and ensure that such knowledge remains up to date. Overall the Board considers that the Audit Committee has the right composition in terms of expertise and has effectively undertaken its activities and reported them to the Board during the year.

During the financial year the Audit Committee met to consider the annual financial report for the year ended 31 March 2017 and the half-yearly financial report for the period ended 30 September 2017

Dividend Committee

The Dividend Committee consists of any one Director, who has been given full power and authority to consider and, if thought suitable, declare and approve the payment of a dividend in accordance with the Company's Distribution Policy.

Internal Control and Financial Reporting

The Board is responsible for establishing and maintaining the Group's system of risk management and internal controls, which is reviewed fully for effectiveness on an annual basis. Internal controls are designed to meet the particular needs of the Group and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The key procedures which have been established to provide effective internal controls are as follows:

- The Board is responsible for the Group's systems of risk management and internal controls and for reviewing their effectiveness. The Board confirms that there is an on-going process for identifying, evaluating and monitoring the significant risks faced by the Group. The internal controls are designed to meet the Group's particular needs and the risks to which it is exposed.
- The Board clearly defines the duties and responsibilities of their service providers. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved and the Board monitors their on-going performance and contractual arrangements.
- The Board regularly reviews the performance of and contractual arrangements with the Group's agents and advisers.
- Asset management services are provided to the Group by Amedeo.
- Corporate and shareholder advisory services are provided to the Group by Nimrod.
- Administration and secretarial services are provided to the Group by JTCFSL.
- The duties of asset management, accounting and custody of assets are segregated. The procedures of the individual parties are designed to complement one another.
- Investment transactions and expense payments are approved by the Board in accordance with delegated authorities approved in advance by the Board.
- The Board reviews financial information produced by the Administrator on a regular basis.
- The Board also specifies which matters are reserved for a decision by the Board and which matters may be delegated to its service providers.

Bribery

The Directors have undertaken to operate the business in an honest and ethical manner and accordingly take a zero-tolerance approach to bribery and corruption. The key components of this approach are implemented as follows:

- the Board is committed to acting professionally, fairly and with integrity in all its business dealings and relationships;
- the Group will implement and enforce effective procedures to counter bribery; and
- the Group requires all its service providers and advisors to adopt equivalent or similar principles.

Data Protection

The Group has implemented measures designed to ensure its compliance with the EU General Data Protection Regulation (EU) 2016/679 and associated legislation in Guernsey and in other jurisdictions. The Company has also issued a privacy notice explaining the data it holds, how the data is processed and its procedures etcetera. This notice is available for review and download at the Company's website.

Dialogue with Shareholders

All shareholders have the right to receive notice of, and attend, general meetings of the Company, at which one or more members of the Board will be available to discuss issues affecting the Group.

The primary responsibility for shareholder relations lies with the Company's Corporate and Shareholder Adviser. In addition, the Directors are always available to enter into dialogue with shareholders and the Chairman is always willing to meet shareholders, as the Company believes such communication to be important. Shareholders also have the opportunity to address questions to the Chairman and the Committees of the Board at the Company's annual general meeting. The Directors can be contacted via correspondence sent to the Group's registered office or via the Secretary.

Going Concern

The Group's principal activities are set out within the Company Overview on pages 6 to 8. The financial position of the Group is set out on page 47. In addition, Note 17 to the consolidated financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

The fixed rental income under the relevant operating leases means that the rents received should be sufficient to repay the senior debts and provide surplus income to pay for the Group's expenses and permit payment of dividends. The bullet repayment of junior debt is expected to be financed out of the disposal proceeds of the relevant aircraft. The declaration of dividends may need to be suspended if the Board considers that the Company will not be able to repay the junior debt through the sale, refinancing or other disposition of the Assets.

After making reasonable enquiries, and as described above the Directors have a reasonable expectation that the Group has adequate resources to continue in its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Viability Statement

As required by provision C.2.1 of the Code, the Directors confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, and that are reported elsewhere in the consolidated annual financial report.

Provision C.2.2 of the Code recommends that companies publish a viability statement and this statement is intended to meet that requirement.

The Directors regularly consider the viability of the Company and the Group and are required by the Law to do so on every occasion that any distribution is to be declared. Under the Law, there is no limit on the period of time for which the Directors are required to consider the Company's future solvency and the directors consider future cash flows for at least the next quarter following the date of declaration of each dividend and any contingent liabilities on the assumption that lease income will continue to flow. However, for the purposes of this annual financial report, the Directors have considered the prospects of the Company and the Group over a three year period to March 2021.

The Directors, in assessing the viability of the Group, have paid particular attention to the principal risks faced by the Group as disclosed in the Audit Committee Report, the Statement of Principal Risks and Uncertainties and the notes to the consolidated financial statements, reviewing the risks faced and ensuring that any mitigation measures in place are functioning correctly.

In addition, the Directors have considered a detailed cash flow forecast for the running costs of the Group, which is updated regularly, and have assumed that Emirates, Etihad and Thai are each a going concern and will continue to remain going concerns for the foreseeable future. Based on all financial and other information available, including the cash flow forecast, the Directors believe that unencumbered cash held and forecast cash receipts will be sufficient to cover all forecast operating costs of the Group for the period up to at least March 2021 and that the Group will therefore be able to meet its debts as they fall due during that period.

The Directors believe that their assessment of the viability of the Group over the period chosen was sufficiently robust and as a result of their review, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. The Law requires Directors to prepare financial statements for each financial year. Under the Law, they have elected to prepare the Group's financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union.

The financial statements are required by Law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Law. They are also responsible for safeguarding the assets of the Company and Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- the consolidated annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm in accordance with the provisions of Section 249 of the Law that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Signed on behalf of the Board on 20 July 2018

John Le Prevost

Director

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

Summary

The Board has undertaken a robust assessment of the principal risks facing the Group and has undertaken a detailed review of the effectiveness of the risk management and internal control systems. The Board is comfortable that the risks are being appropriately monitored and the documentation to support these processes undergoes review and enhancement with each new acquisition.

The risks set out below are those which are considered by the Board to be the material risks relating to the Company and the Group. Additional risks and uncertainties of which the Group is presently unaware or that the Group currently believes are immaterial may also adversely affect its business, financial condition, results of operations or the value of Shares.

Risk	Explanation/Mitigation
Operational risk	There is a risk that the Group will not achieve its investment objective and that the value of a shareholder's investment could decline substantially or entirely as a consequence. The Board is ultimately responsible for all operational aspects of performance, including cash management, asset management and legal and regulatory obligations. The Group has no employees and so the Company enters into legal agreements with service providers to ensure that all operational functions are fulfilled. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Group and could adversely affect the ability of the Company to meet its investment objective. This risk has been mitigated by the Company using well established, reputable and experienced service providers. The Board assess service providers' continued performance on an annual basis.
Key Personnel at Asset Manager	The ability of the Company to achieve its investment objective is significantly dependent upon the expertise of certain key personnel at Amedeo. The exact impact of the departure of a key individual from Amedeo on the ability of the Company to achieve its investment objective cannot be determined and may depend on the ability of Amedeo to recruit a new individual of a similar level of experience and calibre. There can be no guarantee that Amedeo would be able to do so and this could adversely affect the ability of the Company to meet its investment objective. The service provision agreements in place seek to ensure that the level of service remains continuous.
Investment risk	The Group will only enter into leases on terms which stipulate that the cost of repair and maintenance of the Assets will be borne by the lessee. However, upon expiry or termination of leases, the cost of repair and maintenance will fall upon the Group. Upon expiry of leases, the Company may therefore bear higher costs and the terms of any subsequent leasing arrangements may be adversely affected, which may reduce the distributions paid to the shareholders from such point. Repair and maintenance issues may adversely affect the price of the Assets upon sale. Further, if the Company were to dispose of the Assets at the end of the lease terms, there is a risk that indicative values may not be realised on disposal. This could affect the ability of the Company to meet its investment objective.

Insurance risks	The lease for each Asset requires that the Lessee insures the Asset. However, inflation, changes in ordinances, environmental consideration and other factors may make the insurance proceeds insufficient to repair or replace the Assets if they are damaged or destroyed. If the insurance proceeds are insufficient to repair or replace the Assets if they are damaged or destroyed, this may affect the ability of the Company to meet its investment objective. If a lease is terminated, the Group will have to insure the relevant Asset directly which will cause additional expenses to be incurred.
Return of the Assets at the end of the Leases	At the end of each of the leases, the relevant Asset must, subject to certain conditions, be redelivered in full-life physical condition to the Group by the lessee or alternatively by a combination of a specified minimum physical condition, as set out in the relevant lease, plus a cash compensation (payable by the lessee) which together with the Asset sale proceeds amounts to the appraised (forecast) asset value in full-life condition. Any redelivery of an Asset in a condition other than contracted condition may impact upon the amount that can be realised upon any subsequent sale or re-lease of such Asset, including that it may create additional, unforeseen expenses, such as re-fitting, storage and insurance costs, for the Group at that time. The Asset Manager performs regular checks of the Assets and updates the Board of any material developments.
Airline industry related risks	The airline industry is particularly sensitive to changes in economic conditions. Unfavourable economic conditions can also impact the ability of airlines to raise fares to counteract increase in fuel, labour and other costs. The airline industry is also subject to other risks including competition between airlines, dependency on rapidly evolving technology, inability to obtain additional equipment or support for aircraft and engine suppliers, availability and price of fuel, staff and employee related issued (including employee strikes), security concerns and the threat of terrorism, airport capacity constraints, air traffic control inefficiencies, changes in or additional governmental regulations relating to air travel and acts of God (including adverse weather and natural disasters). There is also a risk that the behaviour of airline competitors could restrict the lessees activities in certain jurisdictions. Any of these risks could materially affect the ability of the lessees to comply with payment obligations. Furthermore, a general downturn in the airline industry would have an impact on attainable leasing rates in the event of any termination or at expiry of the leases as well as on attainable sales revenue for the Assets.
Valuation of Assets	The Group's net asset value for accounting purposes is calculated in accordance with IFRS and may not properly reflect the actual realisable value of the Assets at any particular point of time. Valuations of the Assets by Independent Expert Valuers ("**IEV**") will be considered in any valuation of the Group's Assets. The Board will consider these valuations and shall, if there are indicators that would suggest a permanent diminution in book value of one or more of the Assets, determined in consultation with the Administrator, the auditor and the Asset Manager, there will be an appropriate adjustment for accounting purposes to the Net Asset Value and Net Asset Value per

Share of the Group.

Valuations (including valuations provided by any IEV), and in particular valuations of assets for which market quotations are not readily available, are inherently uncertain. Valuations may therefore fluctuate over short periods of time and may be based on estimates.

Valuations of an Asset (including valuations provided by any IEV) will not constitute a guarantee of value and may not necessarily reflect the prices at which that Asset could be, or could have been, purchased or sold at any given time, which may be subject to significant volatility and uncertainty, and depend on various factors beyond the control of the Group, Amedeo and the IEV. Therefore, there can be no guarantee that the Assets could ultimately be realised at the Group's valuation.

The Group has a robust audit process to ensure that valuations accurately reflect the requirements of IFRS. The IEV will be engaged to report on fair value on an annual basis.

Borrowings and financing risk

There is a risk that the Group is exposed to fluctuations in market interest rates and foreign exchange rates.

This risk has been partially mitigated by ensuring that loan repayments are made from lease rental revenues received in the matching currency and by fixing the interest rate on loans and lease rentals. In the case of the four Thai aircraft, the floating rate lease rentals are well matched to floating rate loan repayments.

Should the lessees default on the rental payments it is unlikely the Group will be able to meet it targeted dividends or, in the case of ongoing default, continue as a going concern. Should an Asset not be sold at the end of the lease, steps would need to be taken to refinance the Asset or the Company.

The Asset Manager provides the Board with a report on the performance of the lessees and of the Assets which is considered by the Board on a quarterly basis.

An expense budget is also reviewed on a quarterly basis to ensure that adequate reserves are maintained to meet operational expenses.

Lessee risk

The Group's airline lessees are responsible for all maintenance and safety checks. The requirement for each airline lessee to service and maintain the aircraft are set out in the lease agreements. There is a risk that airlines may not properly maintain aircraft which may lead to an impairment of the aircraft's value. In order to mitigate against this risk the Group closely monitors each airline's usage of aircraft and their compliance with agreed maintenance schedules.

In certain cases, the Group requires lessees to pay maintenance reserve payments in order to ensure that there is adequate funding at all times for proper maintenance of the aircraft.

The credit quality and risk of lease transactions with counterparty airlines is evaluated upon conception of the transaction. In addition, ongoing updates as to the operational and financial stability of the airlines are provided by the Company's Asset Manager in its quarterly reports to the Company. Given the full or partial sovereign ownership status of all underlying lessees, the credit quality of these airlines would be regarded as some of the highest ranked in the world.

Downturns in the aviation industry on a systemic level could weaken the financial stability of the Company's lessees and result in the increased risk that they could default on lease obligations. If a significant number of lessees are not able to meet their obligations to the Company, our cash flows and financial results could be adversely affected.

Regulatory risk

The Group is required to comply with the Law, LSE the DGTRs and various European Union regulations and directives. Any failure to comply with applicable laws and regulations or to respond in a timely manner to changes could lead to criminal or civil proceedings.

The Group is also a member of The Association of Investment Companies (the "**AIC**") which is the trade body for closed-ended investment companies. Amongst other things, the AIC keeps its member companies up-to-date with legal and regulatory changes and provides guidance and advice on how to comply with them.

The Board receives periodic updates from the Company's external auditor, legal advisers and other professionals.

Although responsibility ultimately lies with the Board, the Secretary also monitors and assists the Board with compliance with its legal and regulatory obligations.

AUDIT COMMITTEE REPORT

Membership

John Le Prevost – Chairman of the Audit Committee
Robin Hallam – Chairman of the Board
David Gelber – Non-executive Director
Laurence Barron – Non-executive Director

Key Duties

The Audit Committee's key duties are as follows:

- reviewing and monitoring the integrity of the Group's financial statements and financial results announcements and monitoring compliance with relevant statutory and listing requirements;
- reporting to the Board on the appropriateness of the Group's accounting policies and practices including critical accounting policies and practices;
- advising the Board on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- overseeing the relationship with the external auditor and reviewing the effectiveness of the external audit process;
- make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- monitoring the systems of internal controls and risk management operated by the Group and by the Group's principal service providers;
- monitoring and reviewing the effectiveness of the Group's internal audit function;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditor; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and
- reporting to the Board on how it has discharged its responsibilities.

Audit Committee Meetings

The Audit Committee (the "**Committee**") meets at least twice a year. The Committee reports to the Board on its activities and on matters of particular relevance to the Board in the conduct of its work.

Main Activities of the Committee during the Year

The Committee assisted the Board in carrying out its responsibilities in relation to financial reporting requirements, compliance and the assessment of internal controls. The Committee also managed the Group's relationship with the external auditor.

Fair, Balanced and Understandable

In order to comply with the Code, the Board has requested that the Committee advise them on whether it believes that the Group's annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Financial Reporting and Significant Issues

The Committee's primary role in relation to financial reporting is to review, with its service providers and the external auditor, the appropriateness of the half-yearly and annual financial reports, the significant financial reporting issues and accounting policies and disclosures in the financial statements. The Committee has considered the key risks identified as being significant to this consolidated annual financial report and the most appropriate treatment and disclosure of any new significant issues identified during the audit, as well as any recommendations or observations made by the external auditor, Deloitte LLP ("**Deloitte**"). To aid its review, the Committee considered reports prepared by external service providers and reports from Deloitte on the outcome of their annual audit.

The significant issues considered by the Committee in relation to this consolidated annual financial report and how these were addressed were as follows:

Significant issues for the year	How the Committee addressed these significant issues
Residual value of aircraft Assets The Assets of the Group comprise eight Airbus A380-800 aircraft, two Boeing 777-300ER aircraft and four Airbus A350-900 aircraft (the "**Assets**"). An annual review is required of the residual value of the Assets as per IAS 16 *Property, Plant and Equipment,* which defines residual value as *"the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life".* The Group's estimation technique is to make reference to the current forecast market value (excluding inflation) which the Group believes is a reasonable application of the IAS 16 definition. This approach has been taken because current market values in today's prices for twelve year old A380 and A350's do not exist at the reporting date. It should be noted that in relation to B777-300 ERs residual values, there is minimal to no public secondary market trading data available. As such the Group has made reference to current forecast market values (excluding inflation) in determining residual values for the B777-ERs.	At the time of purchase of each Asset, the Group engaged three internationally recognised expert appraisers to provide the Group with third party consultancy valuation services. All appraisers have used similar methodologies to derive their opinions on the current market values and future values. In the absence of used sales data for similar assets, appraisers are heavily reliant on databases containing historical data points of aircraft sales relating to large commercial aircraft. Interpretation of historical data is the basis for the current market value and provides, together with the expected developments in the future, the foundation for their opinions on future values. Furthermore, the appraisers' valuations take into account specific technical and economic developments as well as general future trends in the aviation industry and the macro-economic outlook. The Group has hitherto used the average of the three future values with inflation provided by the three appraisers as a guide to determine the residual value. However, following discussions between the Directors and the Auditors for the year ended 31 March 2018, it was determined that the strict application of IAS 16 be applied to the assets of the Company and that the use of forecast market values excluding inflation best approximates residual value as required per IAS 16 Property, Plant and Equipment. This has resulted in a reduction in USD terms in the anticipated residual values of the aircraft since the prior financial year or when they were acquired. This together with the effect of foreign exchange fluctuations on the residual values has resulted in an adjustment made to depreciation, details of which have been disclosed in Note 9. Apart from the aforementioned, the Asset Manager has confirmed in the year ending 31 March 2018 that there were no other required changes to the methodology used to determine the residual values. As updated investment valuations of all Assets as at the year end were commissioned and received from third party professional valuers and analysed by Amedeo and the directors, the Committee believes that those valuations are appropriate for use in preparing the financial statements. Therefore, the aggregate residual value excluding inflation used in the accounts is based on these appraisals. Upon review of the advice they have received from Amedeo and the appraisers, the Committee is of the opinion that, the current estimates of the residual values excluding inflation of the Assets are reasonable approximations of the residual values of the aircraft within the IAS 16 definition.
Recording foreign exchange gains/losses IFRS require that certain transactions denominated in US Dollars (including, most importantly, the cost of the Assets) are translated into Sterling at the	In assessing foreign exchange, the Committee has considered the issue at length and are of the opinion that, on an on-going basis and assuming the lease and loan payments are made as anticipated, such exchange differences do not reflect the commercial substance of the situation in the sense that the key transactions denominated in US Dollars are in fact closely matched save for junior debt

exchange rate ruling at the date of the transaction whilst monetary items (principally the outstanding borrowings) are translated at the rate prevailing on the reporting date. The resultant figures sometimes show very large mismatches which are reported as unrealised foreign exchange differences.

bullet repayments. Rental income received in US Dollars is used to pay senior loan repayments due and junior loan interest, which are likewise denominated in US Dollars. US Dollar lease rentals, senior loan repayments and junior interest payments are furthermore fixed at the outset of each Lease period and are very similar in amount and timing.

The Committee concluded that the matching of the lease rentals to settle senior loan repayments and junior interest payments, therefore partially mitigates risks by foreign exchange fluctuations.

During the year the Group has recorded significant foreign exchange rate gains due to the appreciation of Sterling against US Dollars from 1.255 to 1.4018 and the consequent decrease in the Sterling value of the US Dollar denominated debt.

The Committee has carefully considered the disclosure in Note 17(b) to the financial statements to ensure that the reality of the Group's foreign exchange risk exposure is properly explained.

Risk of default by Lessee on lease rentals receivable

Should the Lessees default on the rental payments, it is unlikely the Group will be able to meet its targeted dividends or, in the case of ongoing default, continue as a going concern.

The Committee receives quarterly reports from Amedeo which comment on the economic performance of the Lessees. Amedeo have advised that economically, Emirates, Etihad and Thai have continued to perform well, flying more passengers than ever before. Passenger load factors remain high.

The Committee concluded that it wishes to continue to receive quarterly reports from Amedeo on the performance of the Lessees and would continue to monitor the Lessees' overall performance.

The Committee has carefully considered the disclosure in Note 17(c) to the financial statements to ensure that this concentration of credit risk is properly reflected.

Consideration of any triggers for impairment

IAS 36 *Impairment of Assets* requires that a review for impairment be carried out by the Group when there is an indication of impairment of an asset and if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The review will compare the carrying amount of the asset with its recoverable amount, which is the higher of its value if sold (if known) and its value in use.

The Committee has considered the issue at length and are of the opinion that, that there is no indication of an impairment loss for the current year. Accordingly, no impairment review has been undertaken.

As detailed in note 3, the Committee has considered various factors such as: a lack of conclusive comparable current market data for the A380 and A350 aircraft, the lack of publically available secondary market data for the Boeing 777-300ER aircraft, the nature of the operations of the Group being aircraft leasing as opposed to an airline operating business, as well as other mitigating factors such as the close monitoring by the Group of each airline's usage of aircraft and their compliance with agreed maintenance schedules.

Recognition of the derivative financial instruments in respect of the interest rate swaps IAS 39 Financial Instruments: Recognition and Measurement requires that separately identifiable derivative financial instruments such as interest rate swaps are carried at fair value at the reporting date and are accounted for separately in the financial statements. These derivative financial instruments are recorded at mark-to-market fair values as either a financial asset or a financial liability.	In assessing the accounting recognition of the interest rate swaps entered into during the year, the Committee has considered the issue at length and are of the opinion that, on an on-going basis, the variable loan and corresponding interest rate swap will gives rise to cash flows which, in combination will match the lease income. The fair value of the interest rate swaps on a mark-to-market basis represents the net present value of the estimated differential between the fixed and variable interest rates that will arise given the market "assessment" of interest rates over the balance of the interest rate swap contracts. This financial instrument will have a zero value at the end of the swap contracts.

We note that the auditor also considers the recognition of lease rental income and accounting for debt within the key audit matters section. These items have been considered by the Committee in the current year but, as there have been no significant changes in respect of these risks, they have not been a primary focus area of the Committee in the current year.

Going Concern

After making enquiries, the Committee has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being the next three financial years. The Committee believes the Group is well placed to manage its business risks successfully as the interest on the Group's loans has been fixed, and the fixed rental income under the operating leases ensures rents should be sufficient to repay the senior loans, but not the junior loans, and provide surplus income to pay for the Group's expenses and permit payment of dividends.

Accordingly, the Committee has adopted the going concern basis in preparing the financial information. As regards the US$18.5 million to US$40 million of junior debt per aircraft to be bullet repaid, the Board is comfortable for the time being that the residual disposable value of each aircraft will be sufficient to cover such debt.

Internal Controls

The Committee has made due enquiry of the internal controls of the Administrator. The Committee is satisfied with the controls currently implemented by the Administrator and will continue to review them regularly. The Committee has also requested the Secretary keeps the Group informed of any in-house developments and improved internal control procedures effected.

Internal audit

The Group has no employees and operates no systems of its own, relying instead on the employees and systems of its external service providers. The Board has therefore taken the decision that it would not be of any material benefit for the Group to appoint an internal auditor.

External Audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The Committee received from Deloitte, a detailed audit plan, identifying their assessment of the key risks. For the year the primary risks identified were in respect of valuation and ownership of the aircraft Assets; the recognition of lease rental income; the accuracy and disclosure of asset management and advisory fees; accounting for fixed rate debt using the effective interest rate method and management override of controls.

Using its collective skills, the Committee evaluated the effectiveness of the audit process in addressing the matters raised through the reporting it received from Deloitte at the conclusion of the audit.

In particular the Committee formally appraise Deloitte against the following criteria:

- Independence
- Ethics and Conflicts
- Knowledge and Experience
- Challenge
- Promptness
- Cost
- Overall quality of service

In addition the Committee sought feedback from the Administrator on the effectiveness of the audit process.

For the year, the Committee were satisfied that there had been appropriate focus on the primary areas of audit risk and assessed the quality of the audit process to be good. The Committee discussed their findings with Deloitte and will consider how future external audits could be improved.

The Committee holds meetings with the external auditor to provide additional opportunity for open dialogue and feedback from the auditor. If felt necessary, Committee members meet with the external auditor without the Administrator and Asset Manager being present. Matters typically discussed include the residual valuation of aircraft, the auditor's assessment of business risks and management activity thereon, the transparency and openness of interactions with the Administrator, confirmation that there has been no obstruction of the auditor by the Administrator or undue influence on the independence of their audit and how they have exercised professional scepticism.

Appointment and Independence

The Committee considers the reappointment of the external auditor, including the rotation of the audit partner, each year and also evaluate their independence on an on-going basis.

The external auditor is required to rotate the audit partner responsible for the audit every five years. The current lead audit partner has been in place since January 2015.

Deloitte has been the Group's external auditor since January 2015. The Committee met during the year under review and recommended to the Board the reappointment of Deloitte as external auditor for the year ended 31 March 2018, which was subsequently approved at the Company's annual general meeting held on 4 October 2017. The Committee is currently considering the reappointment of Deloitte and will in advance of the Company's 2018 annual general meeting put a recommendation to the Board.

There are no contractual obligations restricting the Committee's choice of external auditor. The Committee continues to consider the audit tendering provisions outlined in the Code, of which it is supportive.

Non-Audit Services

To further safeguard the objectivity and independence of the external auditor, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. No changes have been made to this policy during the year. This policy specifies that Deloitte should only be engaged for non-audit services where there is considered to be no material threat to the auditor's independence.

Deloitte is prohibited from providing non-audit services without the Committee's prior approval. In considering the proposed provision by Deloitte of any such services the Committee will take into consideration whether it is in the best interests of the Group that such services should be supplied by the Group's external auditor (rather than another service provider) and, if so whether any safeguards regarding auditor objectivity and independence in the conduct of the audit should be put in place, whether these would be effective and how such safeguards should be disclosed.

Committee Evaluation

Our activities formed part of the review of Board effectiveness performed in January 2018.

An internal evaluation of our effectiveness will be carried out in 2018.

John Le Prevost

Chairman of the Audit Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMEDEO AIR FOUR PLUS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- **give a true and fair view of the state of the Group's affairs as at 31 March 2018 and of the Group's profit for the year then ended;**
- **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and**
- **have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.**

We have audited the financial statements of Amedeo Air Four Plus Limited (the 'Company') and its subsidiaries (the 'Group') which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Cash Flows;
- the Consolidated Statement of Changes in Equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Valuation and ownership of aircraft; • Recognition of lease rental income; and • Accounting for debt using the effective interest method. All key audit matters are consistent with the prior year.
Materiality	The materiality we used in the current year was £14,752,000 which was determined on the basis of 2% of the forecasted shareholders' equity. This is consistent with the prior year.
Scoping	The Consolidated Financial Statements of the Group incorporate: • its special purpose subsidiaries through which aircraft are held and through which debt finance has been obtained; and • its leasing-in leasing-out subsidiaries through which lease rental income is received from lessees and paid over to four special purpose subsidiaries. Whilst statutory audits of the financial statements of each of these subsidiaries are not required, they are included within the scope of our

	audit of the Consolidated Financial Statements. Audit work to respond to the risks of material misstatement was performed by the same audit engagement team.
Significant changes in our approach	There has been no significant changes in our approach from prior year.

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the directors' statement in note 2(j) to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Group's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 29-32 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation on page 27 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on pages 26 and 27 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We also report on whether the directors' statement relating to the prospects of the Group as set out in Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and ownership of aircraft

Key audit matter description

Included on the Group's consolidated statement of financial position as at 31 March 2018 are aircraft assets of £2.24 billion (2017: £1.57 billion) as disclosed in Note 9 to the consolidated financial statements. As explained in Note 2(n), the Group's accounting policy is to measure its aircraft assets at depreciated historic cost less impairment. The assets are being depreciated on a straight-line basis over the terms of the lease to an estimated residual value at the end of that period. As stated in Note 3, estimation of aircraft residual value is a source of uncertainty and is a key determinant in preparing the consolidated financial statements. Refer to the considerations by the audit committee on residual value as discussed on page 34.

Our key audit matter relates to the following areas as there are risks that:

- the selected useful life or residual values used in determining depreciation are not appropriate as the estimation of aircraft useful life and residual values is a key judgement;
- an indicator of impairment of the assets might arise in which case an impairment review should be performed and the value of the assets written down to recoverable amount if less than carrying value; and
- the assets do not belong to the Group.

How the scope of our audit responded to the key audit matter

Our procedures included:

- critically assessing the conclusions reached by the Board on the appropriateness of selected residual values and evaluating their consistency with available market information, including forecast valuations obtained by the Group from expert aircraft valuers and the terms of the aircraft lease agreements. We have considered the qualifications and experience of the valuers engaged by management. We have also considered the adequacy of the disclosure related to this estimation uncertainty set out in Note 3;
- engaging our internal aircraft valuation specialists in reviewing the Board and Asset Manager's conclusions on the assessments made on residual values used at year end;
- reviewing and challenging the Board's conclusion on asset impairment assessment by reviewing for both internal and external factors which might be indicators of impairment;
- tracing amounts capitalised in respect of the acquisitions to relevant purchase documentation and challenging the appropriateness of other capitalised costs in line with evidence from our inspection of purchase documentation;
- reviewing the original purchase agreements for consistency with assets owned and obtaining certificates of registration directly from 'The International Registry for International Interests in Mobile Equipment' to confirm ownership. In addition, we also assessed the economic substance of an asset acquired by way of an Ijarah transaction.

Key observations

Having carried out the procedures, we conclude that the useful life selected, residual values used and the Board's assessment that no impairment review is required were appropriate.

We conclude that the assets recorded in the consolidated financial statements are owned by the Group either legally or through the economic substance of transactions. Costs incurred in bringing the aircraft to intended operating conditions were appropriately capitalised.

Recognition of lease rental income

Key audit matter description

The Group's leases have been classified as operating leases and as such rental income which amount to £191 million (2017: £141 million) should be recognised on a straight-line basis over the lease term, which differs

	from the profile of actual rental payments. In addition rental income which amount to £28million (2017:£nil) is variable rent and should be recognised when earned. As set out in Note 4 of the financial statements, a significant portion of these lease rentals are receivable in US Dollars and must be appropriately translated into the Sterling functional and presentation currency. The recognition of revenue also requires consideration of all terms of the signed lease contracts. As stated in Note 3, classification of leases as operating leases is a key source of uncertainty in preparing the financial statements. The risk is that revenue is not properly recorded in accordance with these requirements and the related deferred or accrued income in not correctly calculated.
How the scope of our audit responded to the key audit matter	Our procedures included: • consideration on whether the classification of the leases as operating is appropriate with reference to the lease terms, the nature of assets and the requirements of IAS 17: Leases; • developing independent expectations of lease income for the year based on total lease rentals receivable, the lease term and the applicable foreign exchange rates during the year. We also traced a sample of rental income receipts to bank statements; • recalculating deferred and accrued rental income recognised in the Consolidated Statement of Financial Position and testing accuracy of related translation differences; and • tracing a sample of rental income receipts to bank statements.
Key observations	Having performed the procedures above, we conclude that the classification of the leases is appropriate and that revenue recognition is in line with the terms of the signed lease contracts and is in line with IAS17:Leases. We also conclude that deferred and accrued income balances recorded were appropriate.
Accounting for debt using the effective interest method	
Key audit matter description	In order to part-finance the acquisition of assets, the Group has obtained fixed and floating rate debt. As at 31 March 2018 the value of the total debt held by the Group was £1.57 billion (2017: £1.29 billion) as disclosed in Note 14 to the Consolidated Financial Statements. Part of the debt is made up of senior loans which are amortising over the loan repayment period and junior loans which are interest only, with the actual loan balances being payable at the end of the loan period. As set out in Note 2(n) to the Consolidated Financial Statements, the debt instruments are carried at amortised cost with interest expense recognised at the effective interest rate. The risk exists that the debt is not properly accounted for using the effective interest rate method or that adequate disclosure is not made in the Consolidated Financial Statements. Floating rate debt have related swaps entered into to hedge the cash flow interest rate risk. There is risk that related swaps are not properly carried out at fair vaue in the Consolidated Financial Statements. An additional risk is in relation to the inappropriate classification of an asset acquired by way of an Ijarah transaction.
How the scope of our audit responded to the key audit matter	Our procedures included: • reviewing the debt amortisation schedules prepared by management to recalculate the effective interest rates on the loans and checked whether they are consistent with the repayment schedules; • obtaining direct confirmation from the lead arranger of each loan facility of the principal balance outstanding and recalculating accrued interest using the effective interest rate; • developing an expectation of the interest charges for the period using the average outstanding principal balances during the period

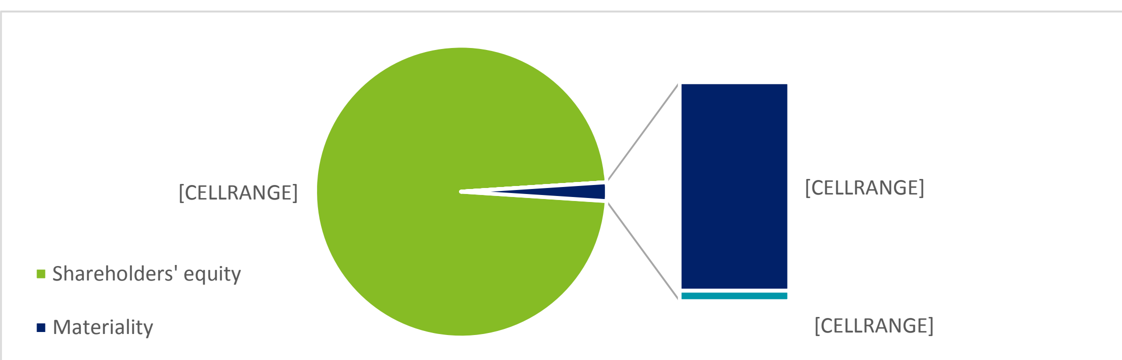
	and the effective interest rates; • utilising internal valuation specialists to perform independent valuations on swaps on the floating rate debt to determine if management's valuations fell within a reasonable range; and • assessing the accounting treatment of an asset acquired by way of an Ijarah transaction, through evaluation of the economic substance of the whole transaction involving the legal form of a lease.
Key observations	Having carried out the procedures, we conclude that the debt was appropriately valued in line with the effective interest rate method and related interest calculations were within our expectation. We conclude that the asset acquired by way of an Ijarah transaction was appropriately recognised and the corresponding Ijarah finance was appropriately classified as a borrowing, in line with the requirements of SIC27:*Evaluating the economic substance of a transaction involving the legal form of a lease.* We also conclude that the valuation of swaps was within our expectation.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£14,752,000 (2017: £6,364,000)
Basis for determining materiality	2% (2017: 2%) of forecasted shareholders' equity. The determined materiality represents [2.09%] of the shareholder's equity at 31 March 2018.
Rationale for the benchmark applied	Our materiality is based on shareholders' equity of the Group. Comprehensive income is significantly influenced by fluctuations in exchange rates, hence it will not be a stable benchmark to use in our determination of materiality. We consider shareholders' equity to be the most important balance on which the shareholders would judge the performance of the Group.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £737,600 (2017: £127,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. The change in the reporting threshold has been made following our reassessment of what matters require communicating. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

The Group is administered by a third party Guernsey regulated service provider, as part of our audit we assessed the design, implementation and operating effectiveness of controls established at the service provider for the purposes of our audit.

Whilst statutory audits of the financial statements of each of the subsidiaries are not required, they are included within the scope of our audit of the Consolidated Financial Statements. Audit work to respond to the risks of material misstatement was performed by the same audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

Fair, balanced and understandable – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

Audit committee reporting – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

Directors' statement of compliance with the UK Corporate Governance Code – the parts of the directors' statement relating to the Company's compliance with the UK Corporate

Governance Code containing provisions that for premium listed entities are specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Clacy FCA
For and on behalf of Deloitte LLP
Recognised Auditor
St Peter Port, Guernsey

20 July 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	1 Apr 2017 to 31 Mar 2018	1 Apr 2016 to 31 Mar 2017
		GBP	**GBP**
Income			
US Dollar based rent income	**4**	174,262,912	108,015,779
British Pound based rent income	**4**	44,622,657	33,147,270
Bank interest received		310,754	156,915
		219,196,323	141,319,964
Expenses			
Operating expenses	**5**	(6,409,953)	(4,773,159)
Depreciation of Aircraft	**9**	(118,829,217)	(48,507,678)
		(125,239,170)	(53,280,837)
Net profit for the period before finance costs and foreign exchange gains/ (losses)		93,957,153	88,039,127
Finance costs			
Finance costs	**10**	(50,222,982)	(26,810,657)
Unrealised foreign exchange gain/ (loss)	**17b**	184,771,192	(118,664,321)
Income tax expense	**22**	(35,959)	-
Gain/ (loss) for the year		228,469,404	(57,435,851)
Other Comprehensive Income			
Translation adjustment on foreign operations		(96,119)	-
Total Comprehensive income/ (loss) for the year		228,373,285	(57,435,851)
		Pence	**Pence**
Earnings/(loss) per Share for the year - Basic and Diluted	**8**	39.08	(16.09)

In arriving at the results for the financial year, all amounts above relate to continuing operations.

The notes on pages 50 to 81 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	Notes	31 Mar 2018 GBP	31 Mar 2017 GBP
NON-CURRENT ASSETS			
Aircraft	**9**	2,236,341,901	1,567,884,368
Financial assets at fair value through profit and loss	**16**	26,913,163	15,255,000
		2,263,255,064	1,583,139,368
CURRENT ASSETS			
Accrued income		15,746,823	15,610,085
Receivables	**12**	165,648	1,099,945
Cash and cash equivalents	**19**	58,848,615	82,685,031
		74,761,086	99,395,061
TOTAL ASSETS		2,338,016,150	1,682,534,429
CURRENT LIABILITIES			
Payables	**13**	182,424	310,615
Deferred income		35,309,651	19,772,871
Borrowings and *Ijarah* Financing	**14**	107,044,378	81,539,286
		142,536,453	101,622,772
NON-CURRENT LIABILITIES			
Security deposits and maintenance reserves	**20**	21,104,285	-
Borrowings and *Ijarah* Financing	**14**	1,461,065,080	1,212,569,894
Deferred income		9,562,608	25,005,030
		1,491,731,973	1,237,574,924
TOTAL LIABILITIES		1,634,268,426	1,339,197,696
TOTAL NET ASSETS		703,747,724	343,336,733
EQUITY			
Share Capital	**15**	647,638,697	467,889,180
Foreign Currency Translation Reserve		(96,119)	-
Retained Earnings		56,205,146	(124,552,447)
		703,747,724	343,336,733
		Pence	**Pence**
Net Asset Value Per Share based on 642,250,000 (2017:467,250,000) shares in issue		109.58	73.48

The financial statements were approved by the Board of Directors and authorised for issue on 20 July 2018 and are signed on its behalf by:

John Le Prevost, Director

The notes on pages 50 to 81 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 April 2017 to 31 March 2018

	Notes	1 Apr 2017 to 31 Mar 2018 GBP	1 Apr 2016 to 31 Mar 2017 GBP
OPERATING ACTIVITIES			
Gain / (loss) for the period		228,469,404	(57,435,851)
Decrease in accrued and deferred income		(1,334,965)	(10,586,990)
Interest received		(310,754)	(156,915)
Depreciation of Aircraft	**9**	118,829,217	48,507,678
Taxation expense	**22**	35,959	-
Loan and *Ijarah* financing interest payable and fair value adjustments on financial assets	**10**	48,655,936	25,887,544
Decrease in payables		(1,115,376)	(9,986)
Security deposits received		13,712,719	-
Maintenance reserves received		8,378,751	-
Decrease / (increase) in receivables		934,297	(1,061,676)
Foreign exchange movement		(184,771,192)	118,664,321
Amortisation of debt arrangement costs	**10**	1,567,046	923,113
NET CASH FROM OPERATING ACTIVITIES		**233,051,042**	**124,731,238**
INVESTING ACTIVITIES			
Purchase of Aircraft	**9**	(787,286,750)	(722,570,222)
Interest received		310,754	156,915
NET CASH USED IN INVESTING ACTIVITIES		**(786,975,996)**	**(722,413,307)**
FINANCING ACTIVITIES			
Advanced rental received		-	16,936,059
Dividends paid	**7**	(47,711,811)	(29,983,594)
Repayments of capital on senior loans and *Ijarah* financing	**21**	(93,189,603)	(57,069,855)
Payments of interest on senior loans and *Ijarah* financing	**21**	(47,516,327)	(28,625,741)
Payments of interest on junior loans	**21**	(11,216,557)	(9,695,870)
Security trustee and agency fees		(232,591)	(108,243)
Share issue proceeds	**15**	182,000,000	171,055,000
Share issue costs	**15**	(2,250,483)	(2,205,393)
New debt raised on senior loans and *Ijarah* financing	**21**	559,385,492	457,851,281
New debt raised on junior loans	**21**	-	102,448,422
Costs associated with debt issued		(7,713,807)	(6,409,759)
NET CASH FROM FINANCING ACTIVITIES		**531,554,313**	**614,192,307**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**82,685,031**	**64,625,569**
(Decrease) / increase in cash and cash equivalents		(22,370,641)	16,510,238
Exchange rate adjustment		(1,465,775)	1,549,224
CASH AND CASH EQUIVALENTS AT END OF YEAR	**19**	**58,848,615**	**82,685,031**

The notes on pages 50 to 81 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Notes	Share Capital GBP	Retained Earnings GBP	Foreign Currency Translation Reserve GBP	Total GBP
Balance as at 1 April 2017		467,889,180	(124,552,447)	-	343,336,733
Total Comprehensive Income for the year		-	228,469,404	(96,119)	228,373,285
Share issue proceeds	**15**	182,000,000	-	-	182,000,000
Share issue costs	**15**	(2,250,483)	-	-	(2,250,483)
Dividends paid	**7**	-	(47,711,811)	-	(47,711,811)
Balance as at 31 March 2018		647,638,697	56,205,146	(96,119)	703,747,724

	Notes	Share Capital GBP	Retained Earnings GBP	Foreign Currency Translation Reserve GBP	Total GBP
Balance as at 1 April 2016		299,039,573	(37,133,002)	-	261,906,571
Total Comprehensive Loss for the year		-	(57,435,851)	-	(57,435,851)
Share issue proceeds	**15**	171,055,000	-	-	171,055,000
Share issue costs	**15**	(2,205,393)	-	-	(2,205,393)
Dividends paid	**7**	-	(29,983,594)	-	(29,983,594)
Balance as at 31 March 2017		467,889,180	(124,552,447)	-	343,336,733

The notes on pages 50 to 81 form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

The consolidated financial information incorporates the results of Amedeo Air Four Plus Limited (the "Company"), AA4P Alpha Limited, AA4P Beta Limited, AA4P Gamma Limited, AA4P Delta Limited, AA4P Epsilon Limited, AA4P Zeta Limited, AA4P Eta Limited, AA4P Theta Limited, AA4P Iota Limited, AA4P Kappa Limited, AA4P Lambda Limited, AA4P Mu Limited, AA4P Nu Limited, AA4P Leasing Ireland Limited, AA4P Leasing Ireland 2 Limited and AA4P Xi Limited (each a "Subsidiary" and together the "Subsidiaries") (together the Company and the Subsidiaries are known as the "Group").

The Company was incorporated in Guernsey on 16 January 2015 with registered number 59675. Its share capital consists of one class of Redeemable Ordinary Shares ("Shares"). The Shares are admitted to trading on the Specialist Fund Segment ("SFS") of the London Stock Exchange's Main Market.

The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft.

Since the completion of its initial public offering on 13 May 2015, the Company has acquired eight Airbus A380, two Boeing 777-300ER and four Airbus A350-900 aircraft. Eight of these aircraft are leased to Emirates, two aircraft are leased to Etihad and four aircraft are leased to Thai Airways. All aircraft are leased for a period of 12 years from each respective delivery date. In order to complete the purchase of these aircraft, subsidiaries of the Company entered into debt financing arrangements which together with the equity proceeds were used to finance the acquisition of the fourteen aircraft.

In the current year, the Company acquired its eighth A380 aircraft on 24 May 2017 which was leased to Etihad Airways on a 12 year lease. On 13 July 2017, 31 August 2017, 22 September 2017 and 26 January 2018 the Company acquired its first four A350-900 aircraft which were leased to Thai Airways on 12 year leases (see note 9).

The Company Overview on pages 6 to 8 and note 15 Share Capital provides information in relation to the issue of Shares during the year to raise proceeds for the acquisition of the initial three A350-900 aircraft, as well as information in relation to the placing of new shares on 27 November 2017 to raise proceeds for the acquisition of the fourth Airbus A350-900 aircraft. The Company used the equity proceeds, in addition to the finance agreements, to finance the acquisition of these aircraft.

Rental income received in US Dollars is used to pay loan interest and regular capital repayments of debt (but excluding any bullet or balloon repayment of principal), which are likewise denominated in US Dollars. US Dollar lease rentals and loan repayments, with the exception of the four Thai aircraft which incorporate floating rate lease rentals, are furthermore fixed at the outset of the Company's acquisition of an aircraft and are very similar in amount and timing save for the repayment of bullet and balloon repayments of principal due on the final maturity of a loan to be paid out of the proceeds of the sale, re-lease, refinancing or other disposition of the relevant aircraft.

2. ACCOUNTING POLICIES

The significant accounting policies adopted by the Group are as follows:

(a) Basis of preparation

The consolidated financial information has been prepared in conformity with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") and applicable Guernsey law. The financial information has been prepared on a historical cost basis.

2. ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

The accounting policies adopted are consistent with those of the previous financial year, except for the new accounting policy in respect of Ijarah financing (note 2(p)), the change in the residual values (note 9) and the adoption of new and amended standards as set out below and overleaf.

Changes in accounting policies and disclosure

The following Standards or Interpretations have been adopted in the current period. Their adoption has not had any impact on the amounts reported in these consolidated financial statements and is not expected to have any impact on future financial periods.

Disclosure Initiative (Amendments to IAS 7 'Statement of Cash Flows') requires entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as unrealised foreign exchange gains or losses). The Group has provided the information for both current and comparative period in note 21.

The following Standards or Interpretations that are expected to affect the Group have been issued but not yet adopted by the Group as shown below. Other Standards or Interpretations issued by the IASB and IFRIC are not expected to affect the Group.

IFRS 9 Financial Instruments - finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. There is no mandatory effective date, however the IASB has tentatively proposed that this will be effective for accounting periods commencing on or after 1 January 2018 and has been endorsed by the EU.

The Group has assessed the impact of the standard and conclude there will be no material impact on its financial position or performance after adoption of the standard and it is expected that the Group will continue to classify its derivative financial assets at fair value and its financial liabilities at amortised cost. The majority of financial assets are cash, as well as derivatives which provide cash flows that do not represent payments of principal and interest on the principal outstanding and will therefore continue to be classified as fair value through profit or loss under IFRS 9. The Group will retrospectively apply IFRS 9 from 1 April 2018 in entirety.

The Group's financial assets and liabilities comprise of trade and other receivables, cash and cash equivalents, trade and other payables, borrowings and interest rate swaps.

Under IFRS 9, trade and other receivables, cash and cash equivalents, trade and other payables and borrowings would be classified and measured at amortised cost. This is in line with the current accounting policies already adopted for these financial instruments. Accordingly, no adjustments are expected with regards to the measure and classification of these financial instruments.

IFRS 15 Revenue from contracts with customers - deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations (and has been endorsed by the EU) and is effective for a period beginning on or after 1 January 2018.

As the majority of income is from leasing (which falls under IFRS 16- see below) the Directors are of the opinion that the above Standard is not expected to have an impact on the Group's financial information.

2. ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Changes in accounting policies and disclosure (continued)

IFRS 16 Leases - specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 (and has been endorsed by the EU) and is effective for annual periods beginning on or after 1 January 2019. As a result, it is not anticipated that this standard will result in restatement in the current period once the standard is adopted and becomes effective.

The Group does not consider the adoption of any new Standards or amendments, other than those noted above to be applicable to the Group.

(b) Basis of consolidation

The consolidated financial information incorporates the results of the Company and the Subsidiaries. The Company owns 100% of all the shares in the Subsidiaries and has the power to govern the financial and operating policies of the Subsidiaries so as to obtain benefits from their activities.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information.

(c) Taxation

The Company and the Guernsey Subsidiaries have been assessed for tax at the Guernsey standard rate of 0%. Since AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited are Irish tax resident trading Companies, they will not be subject to Guernsey tax, but their net lease rental income earned (after tax deductible expenditure) will be taxable as trading income at 12.5% under Irish tax regulations. Please refer to note 22 for more information.

(d) Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of Shares are recognised as a deduction from equity.

(e) Expenses

All expenses are accounted for on an accruals basis.

(f) Interest Income

Interest income is accounted for on an accruals basis.

(g) Foreign currency translation

The currency of the primary economic environment in which the Group operates (the functional currency) is Great British Pounds ("GBP") which is also the presentation currency.

Transactions denominated in foreign currencies are translated into GBP at the rate of exchange ruling at the date of the transaction.

2. ACCOUNTING POLICIES (continued)

(g) Foreign currency translation (continued)

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income.

The financial statements of each consolidated Group company are prepared in its functional currency. The functional currency is the currency of the principal economic environment in which it operates, and is generally the local currency.

At the 31 March 2018 year end, the Group had two foreign subsidiaries, being AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited, each with a functional currency of US Dollars (“USD”).

The financial statements of foreign subsidiaries whose functional currency is not GBP are translated into GBP as follows: statement of financial position items are translated into GBP at the period end exchange rate; statement of income items are translated into GBP at the exchange rates applicable at the transaction dates, as long as this is not rendered inappropriate as a basis for translation by major fluctuations in the exchange rate during the period; unrealized gains and losses arising from the translation of the financial statements of foreign subsidiaries are recorded under “Translation adjustment” in other comprehensive income to be recycled to income.

(h) Cash and cash equivalents

Cash at bank and short term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as call deposits, short term deposits with a term of no more than three months from the start of the deposit and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(i) Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being acquiring, leasing and selling aircraft (together the "Assets" and each an "Asset").

(j) Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors believe the Group is well placed to manage its business risks successfully despite the current economic climate as the loans have been fixed and the fixed rental income under the operating leases means that the rents should be sufficient to repay the debt and provide surplus income to pay for the Group's expenses and permit payment of dividends. Accordingly, the Directors have adopted the going concern basis in preparing the consolidated financial information. The Board is not aware of any material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

2. ACCOUNTING POLICIES (continued)

(k) Leasing and rental income

The leases relating to the Assets have been classified as operating leases as the terms of the leases do not transfer substantially all the risks and rewards of ownership to the lessee. The Assets are shown as non-current assets in the Consolidated Statement of Financial Position. Further details of the leases are given in note 11.

Rental income and advance lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased Asset and amortised on a straight-line basis over the lease term. The four A350-900 aircraft have variable lease rentals which are treated as contingent rent. Contingent rent is recognised in the period in which it is earned.

The deferred income liability represents the difference between actual payments received in respect of the lease income (including some received in full upfront) and the amount to be accounted for in the accounting records on a straight line basis over the lease terms. This liability will reduce over time as the leases continue and approach the end of the lease terms. In addition to the timing of receipt of the various rental income streams, the liability is impacted by the USD/GBP exchange rate at the period end and any new leases entered into from new aircraft acquisitions during the period.

(l) Maintenance reserve and security deposits liabilities

The maintenance reserve represents payments made by the lessee for usage of the aircraft and is offset against actual maintenance expenses as and when incurred on the aircraft. At the time of disposal of aircraft, the remaining balance of maintenance reserve is recognised as income in the consolidated statement of comprehensive income. Further details are given in note 20.

Security deposits represent amounts paid by the lessee as security in accordance with the lease agreements. The deposits are repayable to the lessees on the expiration of the lease agreements subject to satisfactory compliance of the lease agreements by the lessees. Further details are given in note 20.

(m) Property, plant and equipment - Aircraft

In line with IAS 16 Property Plant and Equipment, the Assets are initially recorded at the fair value of the consideration paid. The cost of the Asset is made up of the purchase price of the Assets plus any costs directly attributable to bringing it into working condition for its intended use. Costs incurred by the lessee in maintaining, repairing or enhancing the aircraft are not recognised as they do not form part of the cost to the Company. Accumulated depreciation and any recognised impairment losses are deducted from cost to calculate the carrying amount of the Assets.

Depreciation is recognised so as to write off the cost of each Asset less the estimated residual value over the lease term of the Asset of twelve years, using the straight line method. As at 31 March 2018, the estimated residual value of the fourteen Assets range from £37.9 million to £76.6 million. Residual values have been arrived at by taking the average amount of three independent external valuers and after taking into account disposition fees. Further, for the year ended 31 March 2018, it was determined that the use of forecast market values excluding inflation best approximates residual value as required by IAS 16 Property, Plant and Equipment. This has resulted in a reduction in USD terms in the anticipated residual values of the aircraft since the prior financial year or when they were acquired .

The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed annually in March and is an estimate of the fair amount the entity would receive today if the Asset were already of the age and condition they will be in at the end of the lease.

2. ACCOUNTING POLICIES (continued)

(m) Property, plant and equipment – Aircraft (continued)

Depreciation starts when the Asset is available for use. At each audited Consolidated Statement of Financial Position date, the Group reviews the carrying amounts of its Assets to determine whether there is any indication that those Assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the Asset is estimated to determine the extent of the impairment loss (if any). Further details are given in note 3.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the Asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an Asset is estimated to be less than its carrying amount, the carrying amount of the Asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the Asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the Asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(n) Financial assets and financial liabilities at fair value through profit or loss

(a) Classification

The Group classifies its derivatives i.e. the interest rate swaps, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are designated by the Board at fair value through profit or loss at inception. The Group does not classify any derivatives as hedges in a hedging relationship.

(b) Recognition/derecognition

Financial assets or liabilities are recognised on the trade date – the date on which the Group commits to enter into the transactions. Financial assets or liabilities are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

(c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Consolidated Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Consolidated Statement of Comprehensive Income in the period in which they arise.

(o) Financial liabilities

Financial liabilities consist of payables and borrowings. The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All financial liabilities are initially measured at fair value, net of transaction costs. All financial liabilities are recorded on the date on which the Group becomes party to the contractual requirements of the financial liability. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

2. ACCOUNTING POLICIES (continued)

(o) Financial liabilities (continued)

The effective interest method is a method of calculating the amortised cost of the financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Associated costs are subsequently amortised on a straight line basis over the life of the lease.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(p) *Ijarah* financing

Ijarah financing, a type of Islamic finance, where the Group has substantially all the risks and rewards of ownership, are included within Borrowings and *Ijarah* financing (notes 14 and 21). The *Ijarah* finance is capitalised at inception at the fair value of the aircraft or, if lower, the present value of the minimum payments. The corresponding rental obligations, net of finance charges, are included in short-term and long-term borrowings and *Ijarah* financing. Each payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Asset acquired under *Ijarah* financing is depreciated over the Asset's useful life or over the shorter of the Asset's useful life and the term if there is no reasonable certainty that the Group will obtain ownership at the end of the finance term.

(q) Net Asset Value

In circumstances where the Directors are of the opinion that the net asset value ("NAV") or NAV per Share, as calculated under prevailing accounting standards, is not appropriate or could give rise to a misleading calculation, the Directors, in consultation with the Administrator may determine, at their discretion, an alternative method for calculating the value of the Group and shares in the capital of the Company, which they consider more accurately reflects the value of the Group. Please refer to the Chairman's Statement on pages 9 to 11 for more information.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements and estimates that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial information.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Residual value of Aircraft

As described in note 2 (m), the Group depreciates the Assets on a straight line basis over the term of the lease after taking into consideration the estimated residual value. IAS 16 Property, Plant and Equipment requires residual value to be determined as an estimate of the amount that the Group would currently obtain from disposal of the Asset, after deducting the estimated costs of disposal, if it were of the age and condition expected at the end of the lease.

There are currently no A380 or A350 aircraft of a similar type of sufficient age for the Directors to make a direct market comparison in making this estimation. After consulting with the Asset Manager, the Directors have concluded that a forecast market value (determined annually) for the A380 and A350 aircraft at the end of the lease (excluding inflationary effects) best approximates residual value. In relation to the Boeing 777-300ER aircraft residual values, there is minimum to no public secondary market trading data available. In estimating residual value at the 31 March 2018 audited annual year end, the Directors have made reference to forecast market values (excluding inflationary effects) for the aircraft obtained from three independent expert aircraft valuers.

In the prior year, the residual values of the A380 and Boeing 777-300ER aircraft were determined using market values including inflationary effects. However, following discussions between the Directors and the Auditors for the year ended 31 March 2018, it was determined that the strict application of IAS 16 be applied to the assets of the Company and that the use of forecast market values excluding inflation best approximates residual value as required by IAS 16 Property, Plant and Equipment. This has resulted in a reduction in USD terms in the anticipated residual values of the aircraft since the prior financial year or when they were acquired. This, together with the effect of foreign exchange fluctuations on the residual values, has resulted in an adjustment made to depreciation, details of which have been disclosed in Note 9. Apart from the aforementioned, the Asset Manager has confirmed in the year ending 31 March 2018 that there were no other required changes to the methodology used to determine the residual value in the current year and they believe that the values of the aircraft are, absent the two factors explained above, do not differ substantially from those of the aircraft as appraised at 31 March 2017.

The estimation of residual value remains subject to uncertainty. If the estimate of residual value had been decreased by 20% with effect from the beginning of this year, the net profit for the period and closing shareholders' equity would have been decreased by approximately £13.08 million (31 March 2017: £12.5 million). An increase in residual value by 20% would have had an equal but opposite effect. This reflects the range of estimates of residual value that the Directors believe would be reasonable at this time.

CRITICAL ACCOUNTING JUDGEMENTS

Operating lease commitments - Group as lessor

The Group had entered into operating leases on fourteen Assets as at the year end (see note 11). The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these Assets and accounts for the contracts as operating leases.

The Group has determined that the operating leases on the Assets are for 12 years.

Impairment

As described in note 2(m), an impairment loss exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The Directors review the carrying amounts of the Assets at each audited Consolidated Statement of Financial Position date and monitor the Assets for any indications of impairment as required by IAS 16 Property, Plant and Equipment and IAS 36 Impairment of Assets.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

CRITICAL ACCOUNTING JUDGEMENTS

Impairment (continued)

Factors that are considered important which could trigger an impairment review include, but are not limited to, significant decline in the market value beyond that which would be expected from the passage of time or normal use, significant changes in the technology and regulatory environments, evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

The Group has considered the impairment triggers as set out under IAS 36 Impairment of Assets, in the context of the Company and determined that there is no indication of an impairment loss for the 1 April 2017 to 31 March 2018 year (none for the 1 April 2016 to 31 March 2017 year). This is due to various factors such as the following: a lack of conclusive comparable current market data for the A380 and A350 aircraft, the lack of publically available secondary market data for the Boeing 777-300ER aircraft, the nature of the operations of the Group being aircraft leasing as opposed to an airline operating business, as well as other mitigating factors such as the close monitoring by the Group of each airline's usage of aircraft and their compliance with agreed maintenance schedules. Accordingly, no impairment review has been undertaken.

4. RENTAL INCOME

	1 Apr 2017 to 31 Mar 2018 GBP	1 Apr 2016 to 31 Mar 2017 GBP
US Dollar based rent income	172,527,166	96,551,660
Revenue earned but not yet received	3,651,430	9,726,542
Revenue received but not yet earned	(5,669,398)	(1,814,758)
	170,509,198	104,463,444
Amortisation of advance rental income (US Dollar)	3,753,714	3,552,335
	174,262,912	108,015,779
British Pound based rent income	45,023,438	34,024,400
Revenue earned but not yet received	150,004	103,736
Revenue received but not yet earned	(550,785)	(980,866)
	44,622,657	33,147,270
Total rental income	218,885,569	141,163,049

Rental income is derived from the leasing of the Assets. US Dollar based rent represents rent received in USD and British Pound based rent represents rent received in "GBP". Rental income received in USD is translated into the functional currency (GBP) at the date of the transaction.

An adjustment has been made to spread the actual total income receivable over the term of the lease on an annual basis. In addition, advance rentals received have also been spread over the full term of the leases.

5. OPERATING EXPENSES

	1 April 2017 to 31 Mar 2018 GBP	1 April 2016 to 31 Mar 2017 GBP
Corporate and shareholder adviser fee	2,156,442	1,659,137
Asset management fee	3,122,102	2,269,026
Administration fees	322,909	220,618
Bank interest and charges	8,568	7,005
Accountancy fees	39,325	31,994
Registrar’s fee	20,407	18,346
Audit fee	122,252	47,000
Directors' remuneration	252,375	239,217
Directors' and Officers' insurance	46,470	19,105
Public offering insurance	-	1,539
Legal and professional expenses	225,449	50,619
Travel costs	(251)	4,855
Sundry costs	77,106	188,848
Other operating expenses	16,799	15,850
	6,409,953	4,773,159

6. DIRECTORS' REMUNERATION

Under their terms of appointment, each Director is paid a fee of £60,000 per annum (2017: £60,000 per annum) by the Company. Until 31 December 2017, the Chairman was paid £65,000 per annum, the Chairman of the Audit Committee was paid £64,000 per annum and each of the other two Directors was paid a fee of £60,000 per annum.

With effect from 1 January 2018, the Chairman’s fee was increased to £75,000 per annum (2017: £65,000) and the Chairman of the Audit Committee’s fee was increased to £67,500 per annum (2017: £64,000).

7. DIVIDENDS IN RESPECT OF SHARES

	1 Apr 2017 to 31 Mar 2018	
	GBP	Pence per Share
First interim dividend	9,637,030	2.0625
Second interim dividend	12,414,188	2.0625
Third interim dividend	12,414,188	2.0625
Fourth interim dividend	13,246,405	2.0625
	47,711,811	8.2500

7. DIVIDENDS IN RESPECT OF SHARES (CONTINUED)

	1 Apr 2016 to 31 Mar 2017 GBP	Pence per Share
First interim dividend	6,228,750	2.0625
Second interim dividend	7,058,906	2.0625
Third interim dividend	7,058,906	2.0625
Fourth interim dividend	9,637,032	2.0625
	29,983,594	8.2500

8. EARNINGS/(LOSS) PER SHARE

Earnings/(Loss) per Share ("EPS") is based on the gain/ (loss) for the year of £228,469,404 (2017: loss of £57,435,851) and 584,620,000 shares (2017: 356,936,126 shares) being the weighted average number of Shares in issue during the period.

There are no dilutive instruments and therefore basic and diluted Earnings per Share are identical.

9. PROPERTY, PLANT AND EQUIPMENT - AIRCRAFT

	Aircraft GBP
COST	
Aircraft purchases as at 1 April 2017	1,631,681,713
Acquisition costs as at 1 April 2017	6,165,652
Additions- aircraft	783,186,597
Additions- acquisition costs	4,100,153
Cost as at 31 March 2018	2,425,134,115

9. PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT (CONTINUED)

	Aircraft GBP
ACCUMULATED DEPRECIATION AND AMORTISATION	
As at 1 April 2017	69,962,997
Depreciation for the current year based on previous residual values	66,213,155
Adjustment due to movement in USD residual values*	19,373,723
Adjustment due to FX movement on residual values*	6,338,456
Net depreciation charge on aircraft held at 1 April 2017	91,925,334
Depreciation charge for the year on aircraft acquired	26,699,478
Amortisation of acquisition costs on aircraft acquired	204,405
Net depreciation charge on all aircraft for the year	118,829,217
Accumulated depreciation as at 31 March 2018	188,792,214
Carrying amount as at 31 March 2017	1,567,884,368
Carrying amount as at 31 March 2018	2,236,341,901

* Following review of the aircraft's projected residual value, using the values and methodology set out in note 2(m), for the year ended 31 March 2018, it was determined that the strict application of IAS 16 be applied to the assets of the Company and that the use of forecast market values excluding inflation best approximates residual value as required by IAS 16 Property, Plant and Equipment. This has resulted in a reduction in USD terms in the anticipated residual values of the aircraft since the prior financial year or when they were acquired. The combined effect of translating residual values at the Sterling / US Dollar exchange rate prevailing at 31 March 2018 of 1.4018 (31 March 2017: 1.255) and a 24 per cent. reduction in average appraised residual values in USD terms (when comparing uninflated residual values at March 2018 with inflated values at March 2017) resulted in a £25,712,179 increase in the annual depreciation charge for the current year.

The Group acquired its eighth Airbus A380 on 24 May 2017 (being MSN 237 under *Ijarah* financing as detailed in note 14) and four A350-900 aircraft on 13 July 2017, 31 August 2017, 22 September 2017 and 26 January 2018.

In order to complete purchases of the aircraft, subsidiaries of the Company have entered into debt financing agreements with a senior fully amortising loan (see note 14). The Company used the equity proceeds (see note 15) in addition to the finance agreements to finance the acquisition of the aircraft. Subject to the below, rentals under each lease are sufficient to pay the senior loan payment (being capital and interest including the Kappa *Ijarah* finance as detailed in note 14) and junior loan payments due (being interest only), also in USD. Exceptions to the above include senior loans with an outstanding balance of £330,670,423 at year end, which have balloon capital payments on maturity, and a junior loan, with a balance of £20,130,387at year end which has capital and interest. Any junior loan principal and senior loan capital due at maturity, will be repaid at lease expiry out of the proceeds of the sale, re-lease, refinancing or other disposition of the relevant Asset.

The Group can sell the Assets during the term of the leases (with the lease attached and in accordance with the terms of the transfer provisions contained therein).

Under IAS 17 the direct costs attributed in negotiating and arranging the operating leases have been added to the carrying amount of the leased Asset and recognised as an expense over the lease term.

10. FINANCE COSTS

	1 April 2017 to 31 Mar 2018 GBP	1 April 2016 to 31 Mar 2017 GBP
Amortisation of debt arrangements costs	1,567,046	923,113
Interest payable on loan and costs of *Ijarah* financing	60,081,508	41,034,301
Security trustee and agency fees	232,591	108,243
Fair value adjustment on financial assets at fair value through profit and loss (see note 16)	(11,658,163)	(15,255,000)
	50,222,982	26,810,657

11. OPERATING LEASES

The amounts of minimum lease receipts at the reporting date under non cancellable operating leases are detailed below:

31 March 2018	Next 12 Months GBP	2 to 5 Years GBP	After 5 Years GBP	Total GBP
US Dollar based rent income	187,802,884	749,640,959	926,544,212	1,863,988,055
British Pound based rent income	29,633,466	132,748,452	160,278,898	322,660,816
	217,436,350	882,389,411	1,086,823,110	2,186,648,871

31 March 2017	Next 12 Months GBP	2 to 5 Years GBP	After 5 Years GBP	Total GBP
US Dollar based rent income	118,811,361	475,378,289	596,212,057	1,190,401,707
British Pound based rent income	33,522,919	132,706,604	235,245,077	401,474,600
	152,334,280	608,084,893	831,457,134	1,591,876,307

11. OPERATING LEASES (continued)

The first nine assets all had a lease term of twelve years with lease end dates ranging from September 2026 to March 2029.

New leases entered into during the current year:

The tenth to fourteenth assets acquired during the current year all had a lease term of twelve years with lease end dates ranging from May 2029 to January 2030.

At the end of each lease the lessee has the right to exercise an option to purchase the Asset if the Company chooses to sell the Asset. If a purchase option event occurs the Company and the lessee will be required to arrange for a current market value appraisal of the Asset to be carried out by three independent appraisers. The purchase price will be equal to the average valuation of those three appraisals.

12. RECEIVABLES

	31 Mar 2018 GBP	31 Mar 2017 GBP
Prepayments	158,167	1,017,207
Accrued interest	-	82,738
Vat receivable	7,481	-
	165,648	1,099,945

The above carrying value of receivables is equivalent to the fair value.

13. PAYABLES

	31 Mar 2018 GBP	31 Mar 2017 GBP
Accrued administration fees	31,525	30,093
Accrued audit fee	77,000	27,000
Accrued directors' remuneration	-	597
Accrued legal fees	-	250,060
Accrued registrar fee	762	800
Other accrued expenses	38,479	2,065
Taxation payable	34,658	-
	182,424	310,615

The above carrying value of payables is equivalent to the fair value.

14. BORROWINGS AND *IJARAH* FINANCING

	31 Mar 2018 GBP	31 Mar 2017 GBP
Borrowings		
Bank loans	1,432,888,319	1,306,909,182
Associated costs	(17,385,834)	(12,800,002)
	1,415,502,485	1,294,109,180
***Ijarah* financing**		
Finance liability	154,422,796	-
Associated costs	(1,815,823)	-
	152,606,973	-
Total borrowings and *Ijarah* financing	1,587,311,115	1,306,909,182
Total associated costs	(19,201,657)	(12,800,002)
	1,568,109,458	1,294,109,180

14. BORROWINGS (continued)

	31 Mar 2018 GBP	31 Mar 2017 GBP
Consisting of:		
Senior loans ($1,666,818,905 at 31 March 2018, $1,303,562,712 at 31 March 2017)	1,189,056,145	1,038,695,387
Ijarah finance ($213,924,455 at 31 March 2018, $ nil at 31 March 2017)	152,606,973	-
Junior loans ($317,432,479 at 31 March 2018, $320,544,310 at 31 March 2017)	226,446,340	225,413,793
	1,568,109,458	1,294,109,180
Borrowings		
Non-current portion	1,319,371,167	1,212,569,894
Current portion (senior loans only)	96,131,318	81,539,286
	1,415,502,485	1,294,109,180
***Ijarah* financing**		
Non-current portion	141,693,913	-
Current portion (senior loans only)	10,913,060	-
	152,606,973	-
Total Borrowings and *Ijarah* financing		
Non-current portion	1,461,065,080	1,212,569,894
Current portion (senior loans only)	107,044,378	81,539,286
	1,568,109,458	1,294,109,180

The tables below detail the future contractual undiscounted cash flows in respect of the senior and junior loans and the *Ijarah* financing, including both the principal and interest payments, and will not agree directly to the amounts recognised in the Consolidated Statement of Financial Position.

	31 Mar 2018 GBP	31 Mar 2017 GBP
Borrowings: Amount due for settlement within 12 months	152,183,645	132,487,846
Ijarah finance: Amount due for settlement within 12 months	17,601,124	-
	169,784,769	132,487,846

14. BORROWINGS (continued)

	31 Mar 2018 GBP	31 Mar 2017 GBP
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	138,738,044	117,448,578
Ijarah finance covered by lease rental receipts (capital and interest)	17,601,124	-
Repayments of junior debt covered by lease rental receipts (interest only except for B1 Junior loan)	13,445,601	15,039,268
	169,784,769	132,487,846
Borrowings: Amount due for settlement after 12 months and before 60 months	609,470,306	529,971,904
Ijarah finance: Amount due for settlement after 12 months and before 60 months	70,404,495	-
	679,874,801	529,971,904
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	555,567,118	469,794,314
Ijarah finance covered by lease rental receipts (capital and interest) before 60 months	70,404,495	-
Repayments of junior debt covered by lease rental receipts (interest only except for B1 Junior loan)	53,903,188	60,177,590
	679,874,801	529,971,904
Borrowings: Amount due for settlement after 60 months	1,052,687,506	777,499,907
Ijarah finance: Amount due for settlement after 60 months	108,540,263	-
	1,161,227,769	777,499,907
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest) and uncovered senior loans (for balloon payment at maturity)	779,609,577	687,310,825
Ijarah finance covered by lease rental receipts (capital and interest)	108,540,263	-
Repayments of junior debt covered by lease rental receipts (interest only except for one of the junior loans) and uncovered (capital repaid at maturity)	273,077,929	90,189,082
	1,161,227,769	777,499,907

14. BORROWINGS (continued)

New *Ijarah* financing entered into during the current year:

The *Ijarah* finance to Kappa was arranged with Dubai Islamic Bank (DIB) under an Ijarah structure for USD 228,500,000. The *Ijarah* facility will run for 12 years until May 2029. The loan is secured by a letter of credit from Standard Chartered and is valid until 24 May 2019.

Under the *Ijarah* structure, an *Ijarah* finance structure is used under which Amedeo A380 AOE 3 Limited (the "Owner"), an exempted company set up by DIB with limited liability and existing under the applicable laws of the Cayman Islands, purchased the Asset (being MSN 237) and holds legal title for the term of the financing. A head-lease was entered into with Kappa (the "Lessor") under which Kappa will pay rent over 144 months from the commencement date (being immediately after delivery of the Asset to the Lessor on 24 May 2017) to the Owner according to the rental schedule in the head-lease. These rental payments will be the equivalent of the principal and interest payable under the MSN 237 senior facility from DIB.

As a result of the *Shari'a* compliant *Ijarah*, the Lessor is responsible for insurance and major structural maintenance of the Asset, with the Owner appointing the Lessor as its servicing agent to perform and/or pay for such obligations. At the end of the term, title will then pass to Kappa for a nominal sum. Separate standalone purchase and sale undertakings will be required in order to allow for the Asset to be transferred by the Owner to the Lessor on the final maturity date or in an acceleration scenario, in each case, in exchange for a cash payment equal to any amounts due under the senior financing. In addition, the aircraft mortgage has been provided by the Owner rather than Kappa, with an additional security assignment from Kappa to the Owner, which has been on-assigned to DIB as security trustee. Furthermore, the Owner's rights in the servicing agency agreement have been assigned to the security trustee, with a share pledge over the shares of the Owner (as well as Kappa).

No breaches or defaults occurred in the year. Loans with an outstanding balance of £1,237,439,035 have fixed interest rates over the term of the loans. Loans with an outstanding balance of £629,400,541, although having variable rate interest, also have associated interest rate hedging contracts issued by the lenders in effect fixing the loan interest over the terms of the loans. Loans with an outstanding amount of £330,670,423 at year end are variable rate with no associated hedge of the interest exposure, although the related lease rentals are also floating rate to match, and each senior loan has a USD 15,000,000 balloon capital payment on maturity. Senior loans have both interest and capital repayments whereas junior loans only have interest repayments with the capital to be repaid on maturity (except for a junior loan with a balance of £20,130,387 at year end that has both interest and capital repayments).

Transaction costs of arranging the loans have been deducted from the carrying amount of the loans and will be amortised over their respective lives. In the Directors' opinion, the above carrying values of the bank loans are approximate to their fair value.

For the year ended 31 March 2018

15. SHARE CAPITAL

The Share Capital of the Company is represented by an unlimited number of redeemable ordinary shares of no par value.

Issued	31 March 2018 Ordinary Shares	31 March 2017 Ordinary Shares
Shares issued at incorporation	1	1
Shares issued at placing 13 May 2015	201,999,999	201,999,999
Shares issued at placing 15 December 2015	47,000,000	47,000,000
Shares issued at placing 11 March 2016	53,000,000	53,000,000
Shares issued at placing 7 July 2016	40,250,000	40,250,000
Shares issued at placing 16 January 2017	125,000,000	125,000,000
Shares issued at placing 20 June 2017	134,650,000	-
Shares issued at placing 27 November 2017	40,350,000	-
Total number of shares as at 31 March 2018	642,250,000	467,250,000

Issued	Ordinary Shares GBP	Ordinary Shares GBP
Ordinary Shares		
Shares issued at incorporation	-	-
Shares issued at placing 13 May 2015	202,000,000	202,000,000
Shares issued at placing 15 December 2015	47,000,000	47,000,000
Shares issued at placing 11 March 2016	53,530,000	53,530,000
Shares issued at placing 7 July 2016	41,055,000	41,055,000
Shares issued at placing 16 January 2017	130,000,000	130,000,000
Shares issued at placing 20 June 2017	140,036,000	-
Shares issued at placing 27 November 2017	41,964,000	-
Share issue costs	(7,946,303)	(5,695,820)
Total share capital as at 31 March 2018	647,638,697	467,889,180

On 20 June 2017 the Company issued an additional 134,650,000 redeemable ordinary shares of no par value at an issue price of 104 pence per new share.

Pursuant to the Supplementary Prospectus issued on 17 November 2017, the Company issued 40,350,000 new shares on 27 November 2017 under the Second Placing at an issue price of 104 pence per Share. Following this transaction, the Company's total issued Share capital at 31 March 2018 was 642,250,000 Shares, none of which were held in treasury.

Therefore the total number of voting rights in issue was 642,250,000.

15. SHARE CAPITAL (continued)

Members holding Shares are entitled to receive, and participate in the following: any dividends out of income attributable to the Shares; other distributions of the Company available for such purposes and resolved to be distributed in respect of any accounting period; or other income or right to participate therein.

On winding up of the Company, shareholders are entitled to the surplus assets attributable to the Share class remaining after payment of all the creditors of the Company.

16. FINANCIAL INSTRUMENTS

The Group's main financial instruments comprise:

(a) Cash and cash equivalents that arise directly from the Group's operations; and

(b) Debt secured on non-current assets.

The Group's objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft.

The following table details the categories of financial assets and liabilities (and the *Ijarah* financing included in note 14) held by the Group at the reporting date:

	31 Mar 2018 GBP	31 Mar 2017 GBP
Financial assets		
Cash and cash equivalents	58,848,615	82,685,031
Financial assets at fair value through profit and loss	26,913,163	15,255,000
	85,761,778	97,940,031
Financial liabilities		
Payables, security deposits and maintenance reserves	21,286,709	310,615
Debt payable (including *Ijarah* financing)	1,587,311,115	1,306,909,182
	1,608,597,824	1,307,219,797

Fair value of financial instruments

The Company has adopted IFRS 13, 'Fair value measurement' and this standard requires the Company to price its financial assets and liabilities using the price in the bid-ask spread that is most representative of fair value for both financial assets and financial liabilities. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The level of the fair value hierarchy of an instrument is determined considering the inputs that are significant to the entire measurement of such instrument and the level of the fair value hierarchy within those inputs are categorised.

16. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1: Quoted price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs.

The interest rate swaps are considered to be level 2 in the Fair Value Hierarchy. The following tables show the Company's financial assets and liabilities as at 31 March 2018 based on the hierarchy set out in IFRS:

31 March 2018	**Quoted Prices in active markets for identical assets**	**Significant other observable inputs**	**Significant unobservable inputs**	
	(Level 1)	**(Level 2)**	**(Level 3)**	**Total**
	2018	**2018**	**2018**	**2018**
Assets	**GBP**	**GBP**	**GBP**	**GBP**
Financial assets at fair value through profit and loss				
Interest rate swaps	-	26,913,163	-	26,913,163

31 March 2017	**Quoted Prices in active markets for identical assets**	**Significant other observable inputs**	**Significant unobservable inputs**	
	(Level 1)	**(Level 2)**	**(Level 3)**	**Total**
	2017	**2017**	**2017**	**2017**
Assets	**GBP**	**GBP**	**GBP**	**GBP**
Financial assets at fair value through profit and loss				
Interest rate swaps	-	15,255,000	-	15,255,000

16. FINANCIAL INSTRUMENTS (continued)

Derivative financial instruments

The following table shows the Company's derivative position as at 31 March 2018 with a comparative table as at 31 March 2017:

	31 March 2018	31 March 2017
Financial assets at fair value (£)	26,913,163	15,255,000
Notional amount (USD)	875,953,879	698,500,000

The maturity dates range from 13 April 2028 to 24 May 2029 (31 March 2017:13 April 2028 to 26 March 2029).

The movement in the fair value of the Interest Rate Swaps for the year of £11,658,163 (31 March 2017: £15,255,000) is reflected in Finance Costs in note 10.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are capital management risk, foreign currency risk, credit risk, liquidity risk and interest rate risk. The Board regularly review and agrees policies for managing each of these risks and these are summarised below:

(a) Capital management

The Group manages its capital to ensure ability to continue as a going concern while maximising return to Shareholders through the optimisation of debt and equity balances.

The capital structure of the Group consists of debt, which includes borrowings disclosed in note 14, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

The Group's Board of Directors reviews the capital structure on a bi-annual basis.

Equity includes all capital and reserves of the Company that are managed as capital

(b) Foreign currency risk

The Group's accounting policy under IFRS requires the use of a GBP historic cost of the Assets and the value of the US dollar debt as translated at the spot exchange rate on every Consolidated Statement of Financial Position date. In addition USD operating lease receivables are not immediately recognised in the Consolidated Statement of Financial Position and are accrued over the period of the leases. The Directors consider that this introduces an artificial variance due to the movement over time of foreign exchange rates. In actuality, the USD lease rentals should offset the USD payables on amortising debt on the loans (including the Kappa *Ijarah* finance), apart from the loans with an outstanding balance of £330,670,423 as at year end which have balloon capital payments on maturity (refer to note 14). The foreign exchange exposure in relation to the bank loans (capital and interest) and the Kappa *Ijarah* finance is thus largely hedged, apart from the foreign exchange exposure unhedged in respect of the balloon capital portion of the loans with an outstanding balance of £330,670,423 as at year end and the principal bullet repayment of the junior loans at maturity.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

The potential future value or the potential sale proceeds of the aircraft upon maturity of the junior loans and senior loans with an outstanding balance of £330,670,423 as at year end (all of which are in USD), should, however, reduce this foreign exchange risk.

Lease rentals (as detailed in notes 4 and 11) are received in USD and GBP. Rental income received in USD is used to pay loan interest and regular capital repayments of debt (but excluding any bullet or balloon repayment of principal), which are likewise denominated in US Dollars. USD lease rentals and loan repayments are furthermore fixed at the outset of the Company’s life and are very similar in amount and timing save for the repayment of bullet and balloon repayments of principal due on the final maturity of a loan to be paid out of the proceeds of the sale, re-lease, refinancing or other disposition of the relevant aircraft.

The matching of lease rentals to settle these loan repayments therefore mitigates risks caused by foreign exchange fluctuations.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	31 Mar 2018	**31 Mar 2017**
	GBP	**GBP**
Debt (USD) - Liabilities	(1,608,415,400)	(1,306,909,182)
Financial assets at fair value through profit and loss	26,913,163	15,255,000
Cash and cash equivalents (USD) - Asset	33,979,203	81,092,144

The following table details the Group's sensitivity to a 25 % (31 March 2017: 25 per cent) appreciation in GBP against the US dollar. 25 % (31 March 2017:25 per cent) represents the Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 25 % (31 March 2017: 25 %) change in foreign currency rates. A positive number below indicates an increase in profit and other equity where GBP strengthens 25 % (31 March 2017: 25 %) against the USD. For a 25 % weakening of the GBP against the USD, there would be a comparable but opposite impact on the profit and other equity;

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

	31 Mar 2018 GBP	31 Mar 2017 GBP
Profit or loss	309,504,607	242,112,408
Change in value of assets	(12,178,473)	(19,269,429)
Change in value of liabilities	321,683,080	261,381,837
Excluding junior loans:		
Profit or loss	266,163,602	194,788,919
Change in value of assets	(10,230,210)	(15,466,289)
Change in value of liabilities	276,393,812	210,255,208

On the eventual sale of the Assets, the Group may be subject to foreign currency risk if the sale was made in a currency other than sterling. Transactions in similar assets are typically priced in USD.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The credit risk on cash transactions are mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies.

The Group's financial assets exposed to credit risk are as follows:

	31 Mar 2018 GBP	31 Mar 2017 GBP
Cash and cash equivalents	58,848,615	82,685,031
Financial assets at fair value through profit and loss	26,913,163	15,255,000
	85,761,778	97,940,031

Surplus cash in the Group is held with Barclays, HSBC, Lloyds, RBSI and Bank of Ireland, which have credit ratings given by Moody's of A1, Aa2, A1, Ba1 and A3 respectively. Surplus cash in the Subsidiaries is held in accounts with RBSI and Westpac, which have credit ratings given by Moody's of Ba1 and Aa2 respectively.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit Risk (continued)

There is a potential credit risk arising from the possibility that the lessee may default on the lease payments. This risk is mitigated, as under the terms of the lease agreements between the lessee and the Group, any non payment of the lease rentals constitutes a Special Termination Event, under which the lease terminates and the Company may either choose to sell the Asset or lease the Asset to another party.

At the inception of each lease, the Company selected a lessee with a strong Statement of Financial Position and financial outlook. The financial strength of Emirates, Etihad and Thai Airways is regularly reviewed by the Directors and the Asset Manager.

(d) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments such as capital repayments of junior debt at the end of the lease. The Group's main financial commitments are its ongoing operating expenses and repayments on loans.

The fixed rental income under the relevant leases means that the rents received should be sufficient to meet the loan interest and regular capital repayments of debt scheduled during the life of each loan and provide surplus income to pay for the Group's expenses and finance payments of dividends. Where balloon and bullet repayments of debt exist, these are expected to be financed out of the disposal proceeds of the relevant aircraft. Declarations of dividends may need to be suspended if the Board considers that the Company will not be able to repay any balloon and bullet repayments of debt falling due through the sale, refinancing or other disposition of an Asset.

Ultimate responsibility for liquidity risk management rests with the Board of Directors.

The Group manages liquidity risk through the timings of lease rentals and debt repayments, by maintaining adequate reserves, banking facilities and borrowing facilities, by monitoring forecast and actual cash flows, and by matching profiles of financial assets and liabilities.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity Risk (continued)

The table below details the residual contractual maturities of financial liabilities (and the Ijarah financing included in note 14). The amounts below are contractual undiscounted cash flows, including both the principal and interest payments, and will not agree directly to the amounts recognised in the Statement of Financial Position:

31 March 2018	1-3 Months GBP	3-12 Months GBP	1-2 Years GBP	2-5 Years	Over 5 Years GBP	Total GBP
Financial liabilities						
Payables	182,424	-	-	-	-	182,424
Security deposit liability	-	-	-	-	12,537,207	12,537,207
Maintenance reserve liability	-	-	-	7,053,367	1,513,711	8,567,078
Borrowings and *Ijarah* financing	42,426,235	127,358,534	169,855,723	510,019,078	1,161,227,769	2,010,887,339
	42,608,659	127,358,534	169,855,723	517,072,445	1,175,278,687	2,032,174,048

31 March 2017	1-3 Months GBP	3-12 Months GBP	1-2 Years GBP	2-5 Years	Over 5 Years GBP	Total GBP
Financial liabilities						
Payables	310,615	-	-	-	-	310,615
Borrowings and *Ijarah* financing	33,066,796	99,421,050	132,466,939	397,504,965	777,499,907	1,439,959,657
	33,377,411	99,421,050	132,466,939	397,504,965	777,499,907	1,440,270,272

(e) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. It is the risk that fluctuations in market interest rates will result in a variation in deposit interest earned on bank deposits held by the Group.

The loans with an outstanding balance of £330,670,423 as at year end entered into in the current year are variable rate (with no associated interest rate swap contract issued by the lender to fix the loan interest over the term of the loans) although the related rentals are also floating rate to match.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

With the exception of loans with an outstanding balance of £330,670,423 as at year end, as mentioned above, the Group mitigates interest rate risk by fixing the interest rate on the bank loans (as well as in respect of loans with an outstanding balance of £629,400,541 as at year end, which have an associated interest rate swap to fix the loan interest). The lease rentals are also fixed.

The following table details the Group's exposure to interest rate risks:

31 March 2018	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Receivables	-	-	165,648	165,648
Cash and cash equivalents	58,848,615	-	-	58,848,615
Total Financial Assets	58,848,615	-	165,648	59,014,263
Financial Liabilities				
Accrued expenses and reserves	-	-	182,424	182,424
Security deposit liability and maintenance reserve liability	-	-	21,104,285	21,104,285
Borrowings and *Ijarah* financing	405,438,134	1,162,671,324	-	1,568,109,458
Total Financial Liabilities	405,438,134	1,162,671,324	21,286,709	1,589,396,167
Total interest sensitivity gap	(346,589,519)	1,162,671,324		

31 March 2017	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Receivables	-	-	1,099,945	1,099,945
Cash and cash equivalents	82,685,031	-	-	82,685,031
Total Financial Assets	82,685,031	-	1,099,945	83,784,976

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

31 March 2017	Variable interest	Fixed interest	Non-interest Bearing	Total
	GBP	GBP	GBP	GBP
Financial Liabilities				
Accrued expenses	-	-	310,615	310,615
Bank loans	-	1,294,109,180	-	1,294,109,180
Total Financial Liabilities	-	1,294,109,180	310,615	1,294,419,795
Total interest sensitivity gap	82,685,031	1,294,109,180		

If interest rates had been 25 basis points higher throughout the period and all other variables were held constant, the Group's net assets attributable to shareholders as at 31 March 2018 would have been £147,122 (31 March 2017: £206,713) greater due to a increase in the amount of interest receivable on the bank balances.

If interest rates had been 25 basis points lower throughout the period and all other variables were held constant, the Group's net assets attributable to shareholders as at 31 March 2018 would have been £147,122 (31 March 2017: £206,713) lower due to a decrease in the amount of interest receivable on the bank balances.

Since the capital repayments are unchanged in respect of the variable interest loans with an outstanding balance of £330,670,423 as at year end (only the interest payments vary) when there is a change in rates, there would be no change to net assets as a result. This will however affect future cash flows as explained above.

18. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors, the Company has no ultimate controlling party.

19. CASH AND CASH EQUIVALENTS

	31 March 2018	31 March 2017
	GBP	GBP
Bank balances	58,848,615	12,538,659
Short term deposits	-	70,146,372
	58,848,615	82,685,031

Included in the cash and cash equivalents are cash deposits in respect of maintenance reserves. Refer to note 20 for more information on maintenance reserve liabilities.

20. SECURITY DEPOSITS AND MAINTENANCE RESERVES

	31 Mar 2018 GBP	31 Mar 2017 GBP
Security deposit liability	12,537,207	-
Maintenance reserve liability	8,567,078	-
	21,104,285	-

The above carrying value of payables is equivalent to the fair value.

The Security deposit and Maintenance reserve liabilities are held in relation to funds received at the period end for the timely and faithful performance of the lessees' obligations under the lease agreements for the four A350-900 aircraft. Security deposits are contractually bound to be repaid if not utilised. Amounts accumulated in the maintenance reserve will be repaid only as re-imbursements for actual maintenance expenses incurred by the lessee. Refer to note 2(l) for accounting policies adopted on the maintenance reserves and security deposits.

21. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

31 March 2018	**Borrowings and *Ijarah* finance** **GBP**
Balance at 1 April 2017	1,294,109,180
Cash flows	(151,922,487)
Add back payments of interest on loans and *Ijarah* financing	58,732,884
New debt raised on loans and *Ijarah* financing	559,385,492
Interest accruals	6,866,775
Foreign exchange	(199,062,386)
Balance at 31 March 2018	1,568,109,458

31 March 2017	**Borrowings and *Ijarah* finance** **GBP**
Balance at 1 April 2016	673,675,910
Cash flows	(95,391,466)
Add back payments of interest on loans and *Ijarah* financing	38,321,611
New debt raised on loans	560,299,703
Interest accruals	5,685,685
Foreign exchange	111,517,737
Balance at 31 March 2017	1,294,109,180

22. TAX

	31 March 2018	31 March 2017
	USD	USD
Profit before tax	389,003	-
Irish tax at 12.5%	48,625	-
	GBP	GBP
Tax expense (converted into GBP)	35,959	-

Irish tax is charged at 12.5% on each of the AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited subsidiaries. The Company and the Guernsey Subsidiaries have been assessed for tax at the Guernsey standard rate of 0%. Since AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited are Irish tax resident trading Companies, they will not be subject to Guernsey tax, but their net lease rental income earned (after tax deductible expenditure) will be taxable as trading income at 12.5% under Irish tax regulations.

23. SUBSEQUENT EVENTS

On 12 April 2018 the Directors of the Company declared an interim dividend of 2.0625 pence per Share in respect of the 31 March 2019 financial year. This dividend was paid on 30 April 2018 to holders on record 20 April 2018.

On 11 July 2018 the Directors of the Company declared a second interim dividend of 2.0625 pence per Share in respect of the 31 March 2019 financial year. This dividend is payable on 31 July 2018 to holders on record 20 July 2018.

24. RELATED PARTY TRANSACTIONS

Amedeo Limited ("Amedeo") has been appointed as the Group's Asset Manager and Agent (the agent is appointed to assist with the purchase of the aircraft, the arrangement of suitable equity and debt finance and the negotiation and documentation of the lease and financing contracts).

During the current period, the Group paid Amedeo £6,505,102 in total (31 March 2017: £4,661,544), split as follows:

(i) an upfront lease and debt arrangement fee of £3,383,000 (31 March 2017: £2,238,000) (the "Upfront Fee") for the assets purchased during the period. These fees have been capitalised to the aircraft as acquisition costs and will be depreciated over the life of the leases.

In consideration for providing the services pursuant to the Agency Agreement, the Company (itself and on behalf of each Lessor), upon each "Admission" (being the admission to trading on the SFS becoming effective in accordance with the LSE Admission Standard), paid to Amedeo during the period an upfront lease and debt arrangement fee of £845,000 for the tenth asset and £634,500 each for the eleventh, twelfth, thirteenth and fourteenth assets (2017: £ 609,600 for the sixth asset and £391,700 each for the seventh and eight assets and £845,000 for the ninth asset).

(ii) In addition, Amedeo receives, in consideration for providing services to the Group, a management and advisory fee (included under “asset management fee” in note 5). Included in the fees are the following for the aircraft purchased in the current year:

£247,500 per annum for each of the first four assets (adjusted annually for inflation commencing from 1January 2016 onwards at 2.5 %per annum),

24. RELATED PARTY TRANSACTIONS (continued)

- £250,000 per annum for each of the fifth and sixth assets (adjusted annually for inflation commencing
from 1 January 2016 onwards at 2.5% per annum),

- £279,082 for the first six months and £170,727 per annum thereafter for each of the seventh and eighth assets (adjusted annually for inflation commencing from 1 January 2018 onwards at 2.5 % per annum),

- £266,500 per annum for each of the ninth and tenth assets (adjusted annually for inflation commencing
from 1 January 2018 onwards at 2.5 % per annum).

-$256,250 per annum for each of the eleventh, twelfth and thirteenth assets (adjusted annually for inflation commencing from 1 January 2018 onwards at the lower of RPI and 2.5 %. per annum).

-$262,656 per annum for the fourteenth asset (adjusted annually for inflation commencing from 1 January 2019 onwards at the lower of RPI and 2.5 % per annum).

All fees are payable monthly in arrears (the "Annual Fee") and accrue from the date of admission.

Following the disposal of the "IPO Assets" (being collectively the first four assets purchased), the Company shall pay to Amedeo disposition fees calculated as detailed in the prospectus, which can be found on the Group's website. These are fees in the range of 2.5 to 4% of sale value. The fee for the further aircrafts purchased is 3%.

During the year, the Group incurred £6,505,102 (31 March 2017: £4,661,544) of expenses with Amedeo, of which £ Nil (31 March 2017: £Nil) was outstanding to this related party at 31 March 2018. £3,383,000 (31 March 2017: £2,238,000 of expenses have been added to the plane costs and will be depreciated over the life of the leases).

During the year the Group acquired four aircraft for $695,062,790 in total from Amedeo which were leased to Thai Airways

(iii) Amedeo Services (UK) Limited ("Amedeo Services") has been appointed as Liaison and Administration Oversight Agent to the Group. In consideration for this service, the Group pays Amedeo Services £10,250 per annum (31 March 2017: £10,000 per annum) adjusted annually for inflation from 2017 onwards, at 2.5 % per annum, payable annually in advance. As at 31 March 2018 year end £Nil (31 March 2017: £Nil) was outstanding. This fee is under “asset management fee” in note 5.

Nimrod Capital LLP ("Nimrod") is the Company's Placing Agent and Corporate and Shareholder Adviser.

In consideration for Nimrod acting as placing agent in the Initial Placing Programme in June 2017 (the proceeds of which were used to fund the equity portion of the acquisition costs of the eleventh, twelfth and the thirteenth assets respectively), the Company agreed to pay Nimrod a placing commission of £1,336,500 (being equal to 0.95 % of the IPO Placing Proceeds).

In consideration for Nimrod acting as placing agent in the Subsequent Placing in November 2017 (the proceeds of which were used to fund the equity portion of the acquisition costs of the fourteenth asset), the Company agreed to pay Nimrod a placing commission of £445,500 (being equal to 0.95 % of the Subsequent Placing Proceeds).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

24. RELATED PARTY TRANSACTIONS (continued)

During the year, the Group incurred £3,938,442 (31 March 2017: £3,395,137) of fees due to Nimrod. £1,782,000 (31 March 2017: £1,736,000) of these expenses (as referred above) have been deducted from equity. £2,156,442 (31 March 2017: £1,659,137) of these expenses related to corporate and shareholder advisory fees as shown in Note 5. £Nil (31 March 2017: £Nil) was outstanding to this related party at 31 March 2018.

Included in these fees are the following for the aircraft purchased in the current year:

-£702,128 per annum, for the first four Assets (adjusted annually for inflation from 2016 onwards, at 2.5 % per annum),

- £175,532 per annum for the fifth and sixth Assets (adjusted annually for inflation from 2016 onwards, at 2.5 % per annum),

- £391,947 for the first two quarters, and then £ 245,737 per annum for the seventh and eighth Assets, (adjusted annually for inflation from 2018 onwards, at 2.5 % per annum),

- £365,106 per annum for the ninth and tenth Assets (adjusted annually for inflation from 2018 onwards, at 2.5 % per annum).

-$550,995 per annum for eleventh, twelfth and the thirteenth assets (adjusted annually for inflation from 2018 onwards, at 2.5 % per annum).

-$184,418 per annum for the fourteenth asset (adjusted annually for inflation from 2019 onwards, at 2.5 % per annum).

John Le Prevost is a director of Anson Registrars Limited (“ARL”), the Company’s registrar, transfer agent and paying agent. During the year the Group incurred £20,407 (31 March 2017: £18,346) of costs with ARL, of which £762 (31 March 2017: £800) was outstanding as at 31 March 2018.