AMEDEO AIR FOUR PLUS LIMITED

Consolidated Half-yearly
Financial Report (Unaudited)
From 1 April 2018 to 30 September 2018

2018

Contents

Summary Information

Listing	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	107.5p (as at 30 September 2018) 105.5p (as at 7 December 2018)
Market Capitalisation	GBP 690 million (as at 30 September 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

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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 of the UK's Financial Conduct Authority.

The Company's shares were first admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market (the "**Exchange**") 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 Exchange of an additional 440,250,000 Shares at issue prices in the range of 100 pence to 104 pence.

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**".

As at 7 December 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 105.5 pence per Share.

Investment Objective

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**").

Investment Policy

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, as well as manage future cashflow, whilst maintaining its target investor returns of a quarterly dividend of 2.0625 pence per share and a double digit total return.

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.

Company Overview (continued)

Investment Portfolio
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	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 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 two dividends of 2.0625 pence per Share during the period 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 28.

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.

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 half year financial report covering the period from 1 April 2018 to 30 September 2018.

This half year has been less eventful than hitherto. Each of our lessees has continued to meet its obligations and so dividends have been maintained at the target level.

With respect to further investment , in pursuit of the Company's business objective of growth and diversification of risk, this half year has been challenging for reasons set out in the Asset Manager's report.

I mentioned in my statement accompanying the 2018 annual report that lease rate factors had fallen as capital continued to flow into the asset class. Whilst it is pleasing that this asset class is so well supported, there continues to be downwards pressure on returns and we are advised that this is likely to be the case for some time. Thus, whilst we actively encourage Amedeo to seek new investment opportunities for our shareholders, any such investment would have to meet the existing business objectives and we have not in the past half year been able to recommend any new transactions for shareholders to consider. Whilst some shareholders may be disappointed that we have not been able to maintain the previous rate of growth of the Company, the Board believes that we should be patient, even as we continue to review potential future transactions.

If, in the view of the Board, it is in the interests of the Company to acquire any further aircraft, taking into account the maintenance of the Company's target income distributions, opportunities for capital growth, the diversification of the Company's portfolio, and risk profile, the Board will seek shareholders' approval of those proposed acquisitions.

On 30 September 2018 the Company had 642,250,000 shares in issue which, at the then market price of 107.5 pence equated to a market capitalisation in excess of £690,418,750 million.

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

During this half 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.

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 losses of £116,420,989 (30 September 2017: gains of £110,703,611). When viewed on a per Share basis this equates to a (18.13) pence reduction (30 September 2017: 18.4 pence) resulting in a reported NAV per Share of 92.43 pence per Share (30 September 2017: 100.06 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) are matched to floating rate loan repayments fixed at the outset of 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. The Thai leases are floating rate.

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

Chairman's Statement (continued)

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.

Finally, the Board is always keen to speak with shareholders, as indeed I have done so during the year to date, and we welcome the opportunity to meet more shareholders in the future as your Board very much welcomes an open dialogue. Please do not hesitate to contact Nimrod Capital 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.

Robin Hallam
Chairman

Date: 11 December 2018

Asset Manager's Report

On the invitation of the Directors of the Company, the following commentary has been provided by Amedeo Limited 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

Total Utilisation

Lessee	Model	MSN	REG	Lease Start Date	Lease Expiry Date	Flight Hours	Flight Cycles	Last Inspection	Upcoming Inspection[1]
Emirates	A380-861	157	A6-EEY	04/09/2014	04/09/2026	17348	2780	19/11/2017	19/02/2019
	A380-861	164	A6-EOB	03/11/2014	03/11/2026	16996	2705	18/03/2018	18/03/2019
	A380-861	187	A6-EOM	03/08/2015	03/08/2027	16073	1489	19/11/2017	19/02/2019
	A380-861	201	A6-EOQ	27/11/2015	27/11/2027	11855	1870	19/11/2017	19/02/2019
	A380-861	206	A6-EOV	19/02/2016	19/02/2028	11094	1767	18/03/2018	18/03/2019
	A380-861	208	A6-EOX	13/04/2016	13/04/2028	10262	1621	18/03/2018	18/03/2019
	777-300ER	42334	A6-EPO	28/07/2016	28/07/2028	9229	2338	27/06/2018	27/06/2019
	777-300ER	42336	A6-EPQ	19/08/2016	19/08/2028	9470	2096	27/06/2018	27/06/2019
Etihad	A380-861	233	A6-API	24/03/2017	24/03/2029	8028	828	03/07/2018	03/07/2019
	A380-861	237	A6-APJ	24/05/2017	24/05/2029	7118	708	-	18/09/2018
Thai	A350-900	123	HS-THF	13/07/2017	13/07/2029	5405	884	-	18/09/2018
	A350-900	130	HS-THG	31/08/2017	31/08/2029	4988	753	-	18/09/2018
	A350-900	142	HS-THH	22/09/2017	22/09/2029	4604	703	-	18/09/2018
	A350-900	177	HS-THJ	26/01/2018	26/01/2030	2782	464	-	18/09/2018

The utilisation figures above represent the totals for each aircraft from first flight to 31 August 2018

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

During the year to date the following aircraft and records inspections have been performed:

1. Annual inspections planned at Emirates for the year: 5 and completed: 5

   A380: March 2018:
   MSN: 164, 206 and 208.
   777-300ER: June 2018:
   MSN: 42334 and 42336.

2. Annual inspections planned at Etihad for the year: 2 and completed: 2

   A380: July 2018
   MSN: 233
   A380: September 2018:
   MSN: 237

3. Annual inspections planned at Thai for the year: 4 and completed: 4

   A350-900: September 2018
   MSN: 123, 130, 142 and 177

These are the first annual inspections performed at Thai since entry into service.

1 Aircraft inspections are scheduled in order to preserve the lessee's right to quiet enjoyment of the asset under lease. Inspections may be rescheduled so as not to disrupt pre-planned network timetables. In addition, due to the time required to review inspections already undergone, some inspections may be listed as upcoming when have already been performed. In such instances, inspection dates will be updated in subsequent reports.

IATA ECONOMIC ANALYSIS

- July posted a strong start to the peak passenger demand season with revenue passenger kilometres ("**RPKs**") growing by 6.2% in year-on-year terms. As a result of the continued passenger demand since the start of the year, 2018 is set to be another year of above trend growth for industry wide passenger traffic.
- 2018 remains on track to be another year of above trend growth for passenger traffic, however IATA predicts a moderate slowdown in demand growth for 2018 compared to the previous year. Increasing airline input costs have translated into slower demand growth from lower airfares. In addition, whilst the economic backdrop and business confidence indicators remain solid, heightened uncertainly around protectionist trade restrictions and regional issues have moderated business sentiment.
- Asian Pacific Carriers topped the charts in terms of passenger traffic demand with year-on-year growth at 7.5%. Supported by a combination of robust regional economic growth and ongoing increases in the number of options for travellers, the region continues to post the fastest passenger growth.
- Year on year International RPKs growth flown by airlines based in the Middle East more than halved between July and June to 4.8%, from 11.2%. However, this was mainly due to volatility in last year's passenger demand resulting from the number of policy measures that impacted Emirates, including the ban on portable electronic devices and travel restrictions.
- In seasonally adjusted terms, demand is trending upwards slightly faster than capacity. Industry wide passenger load factors increased by 0.6 percentage points to a record high for the month of July of 85.2%. At the same time available seat kilometres ("**ASKs**") grew by 5.5% year-on-year in July.

International Air Transport Association, 2018. Air Passenger Market Analysis (July 2018) © All Rights Reserved.

AVIATION INFRASTRUCTURE IN ASIA PACIFIC AND EUROPE

The number of unique city pairs served by airlines grew to over 20,000 connections in 2017. This figure increased by 1,351 more connections compared with 2016 and double the 10,000 city pairs served in 1996. Europe and the Asia Pacific region facilitate a significant amount of this connectivity and as a result experience some of the strongest traffic demand today. As a result of the continually growing demand, these regions are now experiencing higher than ever levels of capacity constraints which is giving rise to an ever-growing need for improved ground and air infrastructure.

IATA forecast airlines within Asia Pacific are to see profits of US$9 billion in 2018 (up from US$8.3 billion in 2017). Driven by robust regional economic expansion and an increase in route options for travellers, carriers posted annual demand growth of 9.4% for the year compared with 2016. New low-cost market entrants in the Association of Southeast Asian Nations region are intensifying competition and making air travel accessible to more of the population. China, India and Japan's domestic markets have strengthened, while developing markets such as Vietnam, the Philippines and Myanmar have experienced above average growth compared to the rest of the region.

In 2016 Vietnam overtook the Philippines in terms of traffic movement and is projected to be one of the fastest growing aviation markets in the region. With traffic movements growing by 227% in the past decade, Vietnam's aviation authority estimates an investment of US$20bn is required for the country to fulfil its aviation development plans and facilitate a projected average annual traffic growth rate of 10.2% p.a. over the next twelve years.

In Europe, demand and profitability follow much the same narrative. EU carriers are expected to deliver a net profit of US$11.5 billion in 2018 (up from US$9.8 billion in 2017). European airlines are benefiting from a strong economic recovery in home markets, a rebound from unfortunate terrorist events in 2016, and some consolidation following the failure of several regional airlines. International traffic growth reached 8.2% in 2017 compared to the previous year and capacity rose by 6.1% resulting in load factors of 84.4%, which was the highest for any region that year. Eurocontrol forecasts traffic demand for European countries to grow at an average rate of 1.9% p.a. between now and 2040. This moderate projection will result in a 53% increase in the number of European flights by 2040. The major European airports are aware congestion is impeding growth and are finally initiating their plans to increase capacity. Currently 111 airports in the region are planning to upgrade their infrastructure to collectively facilitate up to 4 million more aircraft arrivals or departures a year. Of these 111 airports, the top 20 EU airports as ranked in terms of traffic movement plan to facilitate 60% of this additional capacity, which translates to 2.4 million more arrivals or departures a year.

Despite this, Eurocontrol predict these airport capacity expansion plans (even if they can be delivered) are not sufficient. Although the region has become more aware to the congestion and resulting issues, with more expansion comes more traffic

Asset Manager's Report (continued)

growth. Moderate forecasts show that by 2040 there will be 1.5 million flights more in demand than can be accommodated. This equates to 160 million passengers unable to fly in an ever swelling and increasingly congested network. The number of 'Heathrow-like' airports operating near capacity will rise from 6 in 2016 to a conservative forecast of 16 in 2040.

Aircraft order books today show Asia Pacific to have the most aircraft on order by region, with Europe following. What's more, Asia Pacific is somewhat obstructed by the absence of an integrated air traffic management body that could better coordinate regional traffic movement and pave the way for more bilateral cooperation between nations. However, in contrast, whilst airlines in Europe are able to avail of an open market and an established air traffic management network, the region is faced with some of the most congested airports and routes in the world. In addition, EU passengers are currently enjoying unprecedented levels of choice and competition in air travel as 30% of European routes are now operated by two or more carriers.

Overall, with the driving theme among the European and Asia Pacific region being demand growth, capacity constraints and route congestion are forecast only to increase amidst a high aircraft order book and growing city pair connectivity.

International Air Transport Association, 2018. 2017 Marked by Strong Passenger Demand, Record Load Factor © All Rights Reserved.

RoutesOnline. Global city pairs top 20,000 for the first time. © 2018 UBM (UK) Ltd., All Rights Reserved.

International Air Transport Association, 2018. Strong Airline Profitability Continues in 2018 © All Rights Reserved.

Eurocontrol - European Aviation In 2040 - Challenges Of Growth. © Eurocontrol - 2018

CAPA - Centre for Aviation © 2018. Aviation infrastructure: Crisis in Europe and Asia

2018 FARNBOROUGH AIRSHOW OVERVIEW

The number of orders, memorandums of understanding and options agreed during this year's Farnborough air show totalled 1,464 aircraft. Exceeding any major air shows' total figures since the 2013 Paris air show, commitments at the 2018 event were valued at over US$190 billion. The magnitude of these commitments is both a testament to the growth and development of the aviation industry in addition to providing insight into how today's airlines and lessors are trying to maintain and grow their presence in this ever more competitive sector.

The latest technology aircraft were in high demand at this year's event with airlines and lessors placing orders for the larger variants of the narrowbody Neo and Max programmes as well as the newly rebranded A220 (formerly the Bombardier CSeries). In the widebody sector, Boeing's 777-300ER and 787 family were favoured and Airbus' A350 and A330 Neo aircraft were highly sought after. Despite recent delays to the A330neo programme, AirAsia enhanced their original order for 66x A330neos by placing additional orders for 34 more of the A330-900 type. Upon closing Air Asia's CEO, Tony Fernandes added "We have looked at every aspect of the A330neo from technical performance and reliability to passenger comfort and it is clearly the right aircraft for us to expand efficiently our fast-growing long-haul network."

During the event the Portuguese wet-lease operator, Hi Fly, displayed their newly acquired A380 at the air show. The ACMI operator announced this year that it would be leasing two of the super jumbos for almost a six year term which will enable other airlines and governments to employ the aircraft through short terms leases complete with crew, insurance and maintenance. Formerly operated by Singapore Airlines, the refurbished Hi Fly aircraft will expand the accessibility of the A380 programme through enabling international carriers to capture passenger traffic in high demand markets without having to commit to long term leases.

In other news, a topic of frequent discussion at this year's air show was the recent protectionist views adopted by many countries internationally and the potential implications on the aviation industry. Relying heavily on the benefits globalisation and liberalisation affords the industry, from manufacturing and trade to the freedom of air passenger travel, industry stakeholders voiced their concerns on the importance of potential trade barriers and economic policy that may arise due to the political talks and negotiations that are affecting multiple regions of the world. In a bid to attenuate media and market preconceptions, an unusually high number of commitments placed with Airbus and Boeing were to 'undisclosed' customers. At nearly one third of the total commitments placed, customers were conscious towards the risk of being caught in the crossfires of intercountry trade disputes.

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The Royal Aeronautical Society © 2018

© Airbus S.A.S. 2018, AirAsia X orders 34 more A330neo

Asset Manager's Report (continued)

EMIRATES GROUP

- As of September 2018, Emirates had 271 aircraft in its fleet with a combined average age of 5.9 years. Emirates operates two passenger aircraft types and has additional A380 and B777 aircraft on order as well as an agreement to purchase 40 B787-10 aircraft delivering from 2022.
- 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.
- The airline posted revenue of AED 92.3 billion (US$ 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 (US$ 7.3 billion), up 12% from 2016-17.
- Emirates' 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 (US$ 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.
- Whilst Emirates and Flydubai have now embarked on their codeshare partnership that enables Flydubai to feed into Emirates' long-haul flights, Emirates has also announced developments to further strengthen its codeshare agreements in other countries around the world. Emirates and JetBlue Airways have received regulatory approval to operate a codeshare on services between Dubai and San Jose, via the US. This move will enable Emirates to not only expand its operations in South America, but also build on and utilise its partnership with its current US codeshare airlines.

FlightGlobal.; Reed Business Information Limited Copyright © 2018. ANALYSIS: How Gulf giants have rethought capacity moves

CAPA - Centre for Aviation © 2018. Aviation infrastructure: Emirates, JetBlue Airways receive approval to codeshare on Dubai-US-San Jose routes

ETIHAD AIRWAYS

- As of September 2018, the airline had 126 aircraft in its fleet comprising a mix of narrow and wide-body aircraft with an average age of 6.1 years. The airline operates 4 passenger aircraft types and has A350, B787, B777 and A320 neo aircraft on order.
- The airline boasts an extensive international network of 80 destinations across 49 countries with its three largest markets ranked as the UK, Australia, and the US in terms of seats.
- Etihad posted an annual loss of US$ 1.5 billion for the financial year ending 2017 as it dealt with the impact of terrorism in the EU, rising fuel costs and the entry into administration of Alitalia and AirBerlin. Etihad's CEO, Tony Douglas said the airline is "improving the quality of its revenues and streamlining its cost base. These are solid first steps in an ongoing journey to transform this business into one that is positioned for financially sustainable growth over the long term".
- Although Etihad posted annual losses for the financial year 2017-2018, the carrier claims a reduction in its core operational losses of 22% year-on-year as a result of its ongoing transformation efforts. Through exercising capacity discipline in some of its markets, Etihad has focused on their point-to-point traffic.

FlightGlobal.; Reed Business Information Limited Copyright © 2018. ANALYSIS: How Gulf giants have rethought capacity moves

FlightGlobal.; Reed Business Information Limited Copyright © 2018. Etihad claims overhaul progress but losses remain high

THAI AIRWAYS INTERNATIONAL

- For the second quarter of 2018 Thai Airways posted an operating loss of Bt 2,807 million (US$85.1 million) due to rising oil prices and intense competition. Compared to the previous year, revenue for the quarter ending 30 June rose 4.6% to Bt 47,239 million (US$1,431.9 million) whilst operating expenses for the quarter increased 6.4% Bt 50,046 million (US$1,517.0 million). Despite the average price of jet fuel rising by over 36.5% compared to last year's Q2, the carriers effective fuel hedging policy resulted in fuel costs increasing by 15.3%.

  Load factors decreased during the quarter (compared to last year) by 2.7 points to 75.8% whilst the carrier's passenger traffic increased by 1.6% to 17.28 billion RPKs (Revenue Passenger Kilometres) and total its capacity increased 5.3%

to 22.8 billion ASK's. As of June 2018, the group's fleet stood at 105 aircraft and fleet replacement continued with the addition of 1 Airbus A350-900 in May 2018.

- For 2018 Thai received three awards from Skytrax: World's Best Economy Class, Best Economy Class Onboard Catering and World's Best Airline Lounge Spar. In addition, THAI ranked as one of the top 10 World's Best Airlines for 2018.
- Thai Airways announced that Mr. Sumeth Damrongchaitham was appointed as the new company president as of September. Thai Airways confirms Mr Sumeth will continue with the airlines strategy on reform and enhancing competitiveness. The news follows the announcement of Mr. Ekniti Nitihanprapas, who has held various positions within the country's government, being appointed company Chairman in July.

Thai Airways International Public Company Limited. Management's Discussion and Analysis for three months ended June 30, 2018.;

FlightGlobal.; Reed Business Information Limited Copyright © 2018. ANALYSIS: Thailand country report June-August 2018.

FlightGlobal.; Finance executive named as new Thai Airways chairman

Bangkok Post Public Company Limited. © All rights reserved. Sumeth appointed Thai Airways boss

N.B.: USD/THB = 32.99 FX rate as of 30-Jun-18.

This report has been prepared for the Company by Amedeo Limited in its capacity as Asset Manager to the Company and is for the sole benefit of the Company. We agree to the disclosure of this report by the Company in its reports to shareholders on the basis that in doing so Amedeo does not assume any responsibility or liability to any person other than the Company. Neither Amedeo nor any of its directors, officers or employees shall be responsible for any loss or damage suffered by any person, other than the Company, as a result of placing reliance on the contents of this report.

Directors

Robin Hallam (age 65) (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 became a partner in 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 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 the International Society of Transport Aircraft Trading and was ranked Band 1 for Asset Finance in Chambers UK 2015.

David Gelber (age 71) (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 on whose boards he serves. In addition he is a non-executive director of SAXO Bank Capital Markets, a provider of a multi-asset trading platform and Singapore Life Ltd, a recently formed online insurance company. 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 67) (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 67) (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.

Interim Management Report

A description of important events that have occurred during the period under review (the "**Period**"), 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 Period and are likely to affect the Group's likely future development are included in the Company Overview, the Chairman's Statement, the Asset Manager's Report and the Notes to the consolidated financial statements contained on pages 21 to 45 and are incorporated herein by reference.

During the period the Board undertook a review of the audit function. The audit committee recommended we appoint KPMG Ireland as the Company's new auditor, which the Board accepted. Deloitte Guernsey resigned as auditor to the Company on 24 October 2018.

There were no events or changes in the related parties and transactions with those parties during the Period which had or could have had a material impact on the financial position and performance of the Group, other than those disclosed in this consolidated half-yearly financial report.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Group are unchanged from those disclosed in the Group's annual financial report for the year ended 31 March 2018.

Going Concern

The Group's principal activities are set out within the Company Overview on pages 6 to 7. The financial position of the Group is set out on page 18. 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.

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 interim management report (including the information incorporated by reference) includes a fair review of:

- i. 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 for the next six months; and
- ii. the Company's related party transactions and changes therein.

Signed on behalf of the Board of directors of the Company on 11 December 2018

John Le Prevost

Consolidated Statement of Comprehensive Income

for the period from 1 April to 30 September 2018

	Notes	1 Apr 2018 to 30 Sep 2018 GBP	1 Apr 2017 to 30 Sep 2017 GBP
Income			
US Dollar based rent income	4	102,649,840	79,019,443
British Pound based rent income	4	22,749,168	21,997,802
Bank interest received		67,442	225,967
		125,466,450	101,243,212
Expenses			
Operating expenses	5	(3,387,084)	(2,932,130)
Net depreciation of Aircraft	9	(67,483,785)	(39,262,818)
		(70,870,869)	(42,194,948)
Net profit for the period before finance costs and foreign exchange (losses)/ gains		54,595,581	59,048,264
Finance costs	10	(21,906,032)	(27,058,128)
Unrealised foreign exchange (losses)/gains	17b	(116,420,989)	110,703,611
Income tax expense	22	(32,773)	(8,024)
(Loss) /gain for the period		(83,764,213)	142,685,723
Other Comprehensive Income			
Translation adjustment on foreign operations		161,521	(81,831)
Total Comprehensive (loss) / income for the period		(83,602,692)	142,603,892

		Pence	Pence
(Loss) / earnings per Share for the period – Basic and Diluted	8	(13.04)	26.42

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

The Notes on pages 21 to 45 form an integral part of these consolidated financial statements.

Financial Statements

Consolidated Statement of Financial Position

as at 30 September 2018

	Notes	30 Sep 2018 GBP	31 Mar 2018 GBP
NON-CURRENT ASSETS			
Aircraft	9	2,168,869,311	2,236,341,901
Financial assets at fair value through profit and loss	16	41,097,004	26,913,163
		2,209,966,315	2,263,255,064
CURRENT ASSETS			
Accrued income		18,000,127	15,746,823
Receivables	12	168,308	165,648
Cash and cash equivalents	19	76,231,462	58,848,615
		94,399,897	74,761,086
TOTAL ASSETS		2,304,366,212	2,338,016,150
CURRENT LIABILITIES			
Payables	13	172,227	182,424
Deferred income		37,984,091	35,309,651
Borrowings and Ijarah Financing	14	116,372,086	107,044,378
		154,528,404	142,536,453
NON-CURRENT LIABILITIES			
Security deposits and maintenance reserves	20	34,180,193	21,104,285
Borrowings and Ijarah Financing	14	1,516,377,861	1,461,065,080
Deferred income		5,627,532	9,562,608
		1,556,185,586	1,491,731,973
TOTAL LIABILITIES		1,710,713,990	1,634,268,426
TOTAL NET ASSETS		593,652,222	703,747,724
EQUITY			
Share Capital	15	647,638,697	647,638,697
Foreign Currency Translation Reserve		65,402	(96,119)
Retained Earnings		(54,051,877)	56,205,146
		593,652,222	703,747,724

	Pence	Pence
Net Asset Value Per Share based on 642,250,000 (31 March 2018: 642,250,000) shares in issue	92.43	109.58

The financial statements were approved by the Board of Directors and authorised for issue on 11 December 2018 and are signed on its behalf by:

John Le Prevost, Director

The Notes on pages 21 to 45 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the period from 1 April 2018 to 30 September 2018

	Notes	1 Apr 2018 to 30 Sep 2018 GBP	1 Apr 2017 to 30 Sep 2017 GBP
OPERATING ACTIVITIES			
(Loss) /gain for the period		(83,764,213)	142,685,723
Movement in accrued and deferred income		(3,616,634)	47,036
Interest received		(67,442)	(225,967)
Net depreciation of Aircraft	9	67,483,785	39,262,818
Taxation expense	22	32,773	8,024
Loan and Ijarah financing interest payable and fair value adjustments on financial assets	10	20,964,481	26,375,844
(Decrease)/ increase in payables	13	(10,197)	1,034,690
Maintenance reserves received		11,741,599	–
Security deposit received		–	9,715,201
(Increase) /decrease in receivables	12	(2,660)	878,044
Foreign exchange movement		116,420,989	(110,703,611)
Amortisation of debt arrangement costs	10	941,551	682,284
NET CASH FROM OPERATING ACTIVITIES		130,124,032	109,760,086
INVESTING ACTIVITIES			
Acquisition costs/purchase of Aircraft	9	(11,195)	(654,273,079)
Interest received		67,442	225,967
NET CASH RECEIVED FROM /(USED IN) INVESTING ACTIVITIES		56,247	(654,047,112)
FINANCING ACTIVITIES			
Dividends paid	7	(26,492,810)	(22,051,218)
Repayments of capital on senior loans and Ijarah financing	21	(56,092,363)	(42,678,759)
Payments of interest on senior loans and Ijarah financing	21	(27,347,153)	(21,392,890)
Payments of interest on junior loans	21	(6,362,158)	(5,783,707)
Security trustee and agency fees		(118,756)	(110,786)
Share issue proceeds		–	140,036,000
Share issue costs		–	(1,659,761)
New debt raised on senior loans and Ijarah financing	21	–	464,692,468
Costs associated with debt issued		–	(6,285,520)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES		(116,413,240)	504,765,827
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		58,848,615	82,685,031
Increase/(decrease) in cash and cash equivalents		13,767,039	(39,521,199)
Exchange rate adjustment		3,615,808	324,406
CASH AND CASH EQUIVALENTS AT END OF PERIOD	19	76,231,462	43,488,238

The Notes on pages 21 to 45 form an integral part of these consolidated financial statements.

Financial Statements

Consolidated Statement of Changes in Equity
for the period from 1 April 2018 to 30 September 2018

	Notes	Share Capital GBP	Retained Earnings GBP	Foreign Currency Translation Reserve GBP	Total GBP
Balance as at 1 April 2018		647,638,697	56,205,146	(96,119)	703,747,724
Total Comprehensive Loss for the period		–	(83,764,213)	161,521	(83,602,692)
Dividends paid	7	–	(26,492,810)	–	(26,492,810)
Balance as at 30 September 2018		647,638,697	(54,051,877)	65,402	593,652,222

	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 period		–	142,685,723	(81,831)	142,603,892
Share issue proceeds		140,036,000	–	–	140,036,000
Share issue costs		(1,659,761)	–	–	(1,659,761)
Dividends paid	7	–	(22,051,218)	–	(22,051,218)
Balance as at 30 September 2017		606,265,419	(3,917,942)	(81,831)	602,265,646

The Notes on pages 21 to 45 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the period ended 30 September 2018

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 London Stock Exchange's Main Market (the "**Exchange**").

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.

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 statements have been prepared in conformity with the International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union ("**EU**"), and applicable Guernsey law. The financial statements have been prepared on a historical cost basis under International Financial Reporting Standards.

This report is to be read in conjunction with the annual report for the year ended 31 March 2018 which is prepared in accordance with the International Financial Reporting Standards as adopted by the EU and any public announcements made by the Company during the interim reporting period.

The comparative period for the Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and the related notes was from 1 April 2017 to 30 September 2017. The accounting policies adopted are consistent with those of the previous financial period and corresponding half-yearly reporting period, except for the adoption of new and amended standards as set out overleaf:

2. ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

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 except where stated otherwise.

IFRS 9, 'Financial Instruments – Classification and Measurement, Impairment of Financial Assets, Hedge Accounting'. Effective for accounting periods commencing on or after 1 January 2018 and is endorsed by the EU.

IFRS 15 and amendments to IFRS 15 Revenue from contracts with customers – The standard and amendments are effective for annual periods beginning on or after 1 January 2018 and is endorsed by the EU.

The impact of the adoption of the above standards and the new accounting policies are disclosed in Note 24.

IFRIC 22 'Foreign currency transactions and advance consideration' – this IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice, is effective for annual periods beginning on or after 1 January 2018 and is endorsed by the EU.

The following Standards or Interpretations that are expected to affect the Group have been issued but not yet adopted by the Group. Other Standards or Interpretations issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") are not expected to affect the Group.

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. This standard is effective for annual periods beginning on or after 1 January 2019 and is endorsed by the EU.

The Directors have considered the above and are of the opinion that the above Standards and Interpretations are not expected to have an impact on the Group's financial statements except for the presentation of additional disclosures and changes to the presentation of components of the financial statements. These items will be applied in the first financial period for which they are required.

(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.

2. ACCOUNTING POLICIES (continued)

(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.

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 30 September 2018 period 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.

(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 linked to the 3 month LIBOR rate which are treated as contingent rent. Contingent rent is recognised in the period in which it is earned.

2. ACCOUNTING POLICIES (continued)

(k) Leasing and rental income (continued)

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 30 September 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. 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 resulted in a reduction in USD terms in the anticipated residual values of the aircraft in 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.

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.

2. ACCOUNTING POLICIES (continued)

(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.

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 8 to 9 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.

KEY SOURCES OF ESTIMATION UNCERTAINTY

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 period, 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 resulted in a reduction in USD terms in the anticipated residual values of the aircraft since the 2017 financial year or when they were acquired. Apart from the aforementioned, the Asset Manager confirmed in the year ending 31 March 2018 that there were no other required changes to the methodology used to determine the residual value at 31 March 2018 year end and they believe that the values of the aircraft, apart from the 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. Estimated residual value may fall as a result of a strengthening of GBP against USD or a reduction in the USD estimated residual value or a combination of these two factors. If the estimate of residual value in GBP terms, had for instance, decreased by 20% with effect from the beginning of this period, the net profit for the period and closing shareholders' equity would have been decreased by approximately £11.45 million (30 September 2017: £9.4 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 period 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.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

CRITICAL ACCOUNTING JUDGEMENTS (continued)

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.

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 2018 to 30 September 2018 period (none for the 1 April 2017 to 30 September 2017 period). 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 April 2018 to 30 Sep 2018 GBP	1 Apr 2017 to 30 Sep 2017 GBP
US Dollar based rent income	99,058,898	78,764,318
Revenue earned but not yet received	5,319,876	2,527,392
Revenue received but not yet earned	(3,610,933)	(4,154,266)
	100,767,841	77,137,444
Amortisation of advance rental income (US Dollar)	1,881,999	1,881,999
	102,649,840	79,019,443
British Pound based rent income	22,723,476	22,299,963
Revenue earned but not yet received	75,002	75,002
Revenue received but not yet earned	(49,310)	(377,163)
	22,749,168	21,997,802
Total rental income	125,399,008	101,017,245

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 Apr 2018 to 30 Sep 2018 GBP	1 Apr 2017 to 30 Sep 2017 GBP
Corporate and shareholder adviser fee	1,160,307	971,807
Asset management fee	1,658,255	1,404,611
Administration fees	183,023	203,075
Bank interest and charges	5,351	1,548
Accountancy fees	17,581	24,348
Registrar's fee	8,177	11,036
Audit fee	53,500	41,250
Directors' remuneration	131,250	164,500
Directors' and Officers' insurance	22,632	22,107
Legal and professional expenses	57,465	38,943
Annual fees	12,600	6,311
Travel costs	–	(251)
Sundry costs	69,827	35,206
Other operating expenses	7,116	7,639
	3,387,084	2,932,130

6. DIRECTORS' REMUNERATION

Under their terms of appointment, each Director is paid a fee of £60,000 per annum (1 April 2017 to 30 September 2017: £60,000 per annum) by the Company except for the Chairman, who receives £75,000 per annum (1 April 2017 to 30 September 2017: £65,000 per annum). The Chairman of the Audit Committee receives £67,500 per annum (1 April 2017 to 30 September 2017: £64,000 per annum). In addition, each Director was paid a documentation and diligence fee at the admission of the new shares issued in June 2017 (as per note 15 and 25) of £10,000.

7. DIVIDENDS IN RESPECT OF SHARES

	1 Apr 2018 to 30 Sep 2018	
	GBP	Pence per Share
First dividend	13,246,405	2.0625
Second dividend	13,246,405	2.0625
	26,492,810	4.1250

	1 Apr 2017 to 30 Sep 2017	
	GBP	Pence per Share
First dividend	9,637,030	2.0625
Second dividend	12,414,188	2.0625
	22,051,218	4.1250

8. (LOSS)/EARNINGS PER SHARE

(Loss)/ Earnings per Share ("EPS") is based on the loss for the period of £83,764,213 and 642,250,000 shares (30 September 2017: gain of £142,685,723 and 540,093,443 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 2018	2,414,868,310
Acquisition costs as at 1 April 2018	10,265,805
Additions – aircraft	–
Additions – acquisition costs	11,195
Cost as at 30 September 2018	2,425,145,310

	Aircraft GBP
ACCUMULATED DEPRECIATION AND AMORTISATION	
As at 1 April 2018	188,792,214
Amortisation of acquisition costs on aircraft acquired	459,171
Depreciation charge on all aircraft for the period	67,024,614
Net depreciation charge on all aircraft for the period	67,483,785
Accumulated depreciation as at 30 September 2018	256,275,999
Carrying amount as at 31 March 2018	2,236,341,901
Carrying amount as at 30 September 2018	2,168,869,311

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 £346,116,273 at period end, which have balloon capital payments on maturity, and a junior loan, with a balance of £20,931,477 at period 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 Apr 2018 to 30 Sep 2018 GBP	1 Apr 2017 to 30 Sep 2017 GBP
Amortisation of debt arrangements costs	941,551	682,284
Interest payable on loan and costs of *Ijarah* financing	35,029,566	28,234,058
Security trustee and agency fees	118,756	110,786
Fair value adjustment on financial assets at fair value through profit and loss (see Note 16)	(14,183,841)	(1,969,000)
	21,906,032	27,058,128

11. OPERATING LEASES

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

30 Sep 2018	Next 12 Months GBP	2 to 5 Years GBP	After 5 Years GBP	Total GBP
US Dollar based rent income	205,589,607	815,418,608	994,401,970	2,015,410,185
British Pound based rent income	34,876,028	139,504,112	149,643,968	324,024,108
	240,465,635	954,922,720	1,144,045,938	2,339,434,293

30 Sep 2017	Next 12 Months GBP	2 to 5 Years GBP	After 5 Years GBP	Total GBP
US Dollar based rent income	181,351,114	724,752,885	956,181,043	1,862,285,042
British Pound based rent income	27,407,813	122,306,297	158,135,456	307,849,566
	208,758,927	847,059,182	1,114,316,499	2,170,134,608

The fourteen assets all have a lease term of twelve years with lease end dates ranging from September 2026 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

	30 Sep 2018 GBP	31 Mar 2018 GBP
Prepayments	168,308	158,167
Vat receivable	–	7,481
	168,308	165,648

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

13. PAYABLES

	30 Sep 2018 GBP	31 Mar 2018 GBP
Accrued administration fees	34,075	31,525
Accrued audit fee	66,000	77,000
Accrued registrar fee	1,082	762
Other accrued expenses	249	38,479
Taxation payable	70,821	34,658
	172,227	182,424

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

14. BORROWINGS AND *IJARAH* FINANCING

	30 Sep 2018 GBP	31 Mar 2018 GBP
Borrowings		
Bank loans	1,490,873,870	1,432,888,319
Associated costs	(16,720,161)	(17,385,834)
	1,474,153,709	1,415,502,485
Ijarah financing		
Finance liability	160,330,456	154,422,796
Associated costs	(1,734,218)	(1,815,823)
	158,596,238	152,606,973
Total borrowings and *Ijarah* financing	1,651,204,326	1,587,311,115
Total associated costs	(18,454,379)	(19,201,657)
	1,632,749,947	1,568,109,458

	30 Sep 2018 GBP	31 Mar 2018 GBP
Consisting of:		
Senior loans ($1,603,147,538 at 30 September 2018, $1,666,818,905 at 31 March 2018)	1,230,256,725	1,189,056,145
Ijarah finance ($206,666,757 at 30 September 2018, $213,924,455 at 31 March 2018)	158,596,238	152,606,973
Junior loans ($317,822,160 at 30 September 2018, $317,432,479 at 31 March 2018)	243,896,984	226,446,340
	1,632,749,947	1,568,109,458
Borrowings		
Non-current portion	1,369,766,804	1,319,371,167
Current portion (senior loans only)	104,386,905	96,131,318
	1,474,153,709	1,415,502,485
Ijarah financing		
Non-current portion	146,611,057	141,693,913
Current portion (senior loans only)	11,985,181	10,913,060
	158,596,238	152,606,973
Total Borrowings and *Ijarah* financing		
Non-current portion	1,516,377,861	1,461,065,080
Current portion (senior loans only)	116,372,086	107,044,378
	1,632,749,947	1,568,109,458

Notes to the Consolidated Financial Statements (continued)

for the period ended 30 September 2018

14. BORROWINGS AND *IJARAH* FINANCING (continued)

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.

	30 Sep 2018 GBP	31 Mar 2018 GBP
Borrowings: Amount due for settlement within 12 months	165,210,264	152,183,645
Ijarah finance: Amount due for settlement within 12 months	18,934,276	17,601,124
	184,144,540	169,784,769
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	150,727,170	138,738,044
Ijarah finance covered by lease rental receipts (capital and interest)	18,934,276	17,601,124
Repayments of junior debt covered by lease rental receipts (interest only except for B1 Junior loan)	14,483,094	13,445,601
	184,144,540	169,784,769
Borrowings: Amount due for settlement after 12 months and before 60 months	660,569,645	609,470,306
Ijarah finance: Amount due for settlement after 12 months and before 60 months	75,737,104	70,404,495
	736,306,749	679,874,801
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	602,598,322	555,567,118
Ijarah finance covered by lease rental receipts (capital and interest) before 60 months	75,737,104	70,404,495
Repayments of junior debt covered by lease rental receipts (interest only except for B1 Junior loan)	57,971,323	53,903,188
	736,306,749	679,874,801

	30 Sep 2018 GBP	31 Mar 2018 GBP
Borrowings: Amount due for settlement after 60 months	1,070,757,468	1,052,687,506
Ijarah finance: Amount due for settlement after 60 months	107,294,232	108,540,263
	1,178,051,700	1,161,227,769
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest) and uncovered senior loans (for balloon payment at maturity)	767,711,968	779,609,577
Ijarah finance covered by lease rental receipts (capital and interest)	107,294,232	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)	303,045,500	273,077,929
	1,178,051,700	1,161,227,769

14. BORROWINGS AND *IJARAH* FINANCING (continued)

No breaches or defaults occurred in the period. Loans with an outstanding balance of £1,286,633,674 (31 March 2018: £1,237,439,035) have fixed interest rates over the term of the loans. Loans with an outstanding balance of £655,206,971 (31 March 2018: £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 £346,116,273 (31 March 2018: £330,670,423) at period 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 £20,931,477 (31 March 2018: £20,130,387) at period 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.

15. SHARE CAPITAL

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

Issued	30 Sep 2018 Ordinary Shares	31 Mar 2018 Ordinary Shares
Opening balance	642,250,000	467,250,000
Shares issued	–	175,000,000
Total number of shares as at period/year end	642,250,000	642,250,000

Issued	30 Sep 2018 Ordinary Shares GBP	31 Mar 2018 Ordinary Shares GBP
Ordinary Shares		
Opening balance	655,585,000	613,621,000
Shares issued	–	41,964,000
Share issue costs	(7,946,303)	(7,946,303)
Total share capital as at period/year end	647,638,697	647,638,697

The Company's total issued Share capital at 30 September 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.

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 a 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.

(c) Derivative financial instruments.

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:

	30 Sep 2018 GBP	31 Mar 2018 GBP
Financial assets		
Cash and cash equivalents	76,231,462	58,848,615
Financial assets at fair value through profit and loss	41,097,004	26,913,163
	117,328,466	85,761,778
Financial liabilities		
Payables, security deposits and maintenance reserves	34,352,420	21,286,709
Debt payable (including *Ijarah* financing)	1,651,204,326	1,587,311,115
	1,685,556,746	1,608,597,824

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.

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.

16. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)

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 30 September 2018 with comparatives as at 31 March 2018 based on the hierarchy set out in IFRS:

30 September 2018

Assets	Quoted Prices in active markets for identical assets (Level 1) 2018 GBP	Significant other observable inputs (Level 2) 2018 GBP	Significant unobservable inputs (Level 3) 2018 GBP	Total 2018 GBP
Financial assets at fair value through profit and loss				
Interest rate swaps	–	41,097,004	–	41,097,004

31 March 2018

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

Derivative financial instruments

The following table shows the Company's derivative position as at 30 September 2018 with a comparative table as at 31 March 2018:

	30 September 2018	31 March 2018
Financial assets at fair value (£)	41,097,004	26,913,163
Notional amount (USD)	851,916,537	875,953,879

The maturity dates range from 13 April 2028 to 24 May 2029 (31 March 2018: 13 April 2028 to 24 May 2029).

The movement in the fair value of the Interest Rate Swaps for the period of £14,183,841 (30 September 2017: £1,969,000) 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 £346,116,273 (31 March 2018: £330,670,423) as at period 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 £346,116,273 (31 March 2018: £330,670,423) as at period end and the principal bullet repayment of the junior loans at maturity.

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 £346,116,273 (31 March 2018: £330,670,423) as at period 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:

	30 Sep 2018 GBP	31 Mar 2018 GBP
Debt (USD) – Liabilities	(1,685,384,519)	(1,608,415,400)
Financial assets at fair value through profit and loss	41,097,004	26,913,163
Cash and cash equivalents (USD) – Asset	49,019,241	33,979,203

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

The following table details the Group's sensitivity to a 25% (31 March 2018: 25%) appreciation in GBP against the US dollar. 25% (31 March 2018: 25 %) 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 2018: 25%) change in foreign currency rates. A positive number below indicates an increase in profit and other equity where GBP strengthens 25% (31 March 2018: 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;

	30 Sep 2018 GBP	31 Mar 2018 GBP
Profit or loss	319,053,655	309,504,607
Change in value of assets	(18,023,249)	(12,178,473)
Change in value of liabilities	337,076,904	321,683,080
Excluding junior loans:		
Profit or loss	274,717,214	266,163,602
Change in value of assets	(13,580,293)	(10,230,210)
Change in value of liabilities	288,297,507	276,393,812

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:

	30 Sep 2018 GBP	31 Mar 2018 GBP
Cash and cash equivalents	76,231,462	58,848,615
Financial assets at fair value through profit and loss	41,097,004	26,913,163
	117,328,466	85,761,778

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 A2, Aa3, Aa3, A1 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 A1 and Aa3 respectively.

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.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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.

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:

30 September 2018	1-3 Months GBP	3-12 Months GBP	1-2 Years GBP	2-5 Years GBP	Over 5 Years GBP	Total GBP
Financial liabilities						
Payables	172,227	–	–	–	–	172,227
Security deposit liability	–	–	–	–	13,486,807	13,486,807
Maintenance reserve liability	–	–	–	16,818,934	3,874,452	20,693,386
Borrowings and *Ijarah* financing	42,912,436	141,232,104	184,075,867	552,230,882	1,178,051,700	2,098,502,989
	43,084,663	141,232,104	184,075,867	569,049,816	1,195,412,959	2,132,855,409

31 March 2018	1-3 Months GBP	3-12 Months GBP	1-2 Years GBP	2-5 Years GBP	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

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 £346,116,273 (31 March 2018: £330,670,423) as at period end entered into in the prior 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.

With the exception of loans with an outstanding balance of £346,116,273 (31 March 2018: £330,670,423) as at period 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 £655,206,971 (31 March 2018: £629,400,541) as at period 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:

30 September 2018	Variable interest GBP	Fixed interest GBP	Non–interest Bearing GBP	Total GBP
Financial Assets				
Receivables	–	–	168,308	168,308
Cash and cash equivalents	76,231,462	–	–	76,231,462
Total Financial Assets	76,231,462	–	168,308	76,399,770
Financial Liabilities				
Accrued expenses and reserves	–	–	172,227	172,227
Security deposit liability and maintenance reserve liability	–	–	34,180,193	34,180,193
Borrowings and *Ijarah* financing	508,321,104	1,124,428,843	–	1,632,749,947
Total Financial Liabilities	508,321,104	1,124,428,843	34,352,420	1,667,102,367
Total interest sensitivity gap	(432,089,642)	1,124,428,843		

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		

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 30 September 2018 would have been £175,770 (31 March 2018: £147,122) greater due to a increase in the amount of interest receivable on the bank balances.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

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 30 September 2018 would have been £175,770 (31 March 2018: £147,122) 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 £346,116,273 (31 March 2018: £330,670,423) as at period 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

	30 Sep 2018 GBP	31 Mar 2018 GBP
Bank balances	70,307,967	58,848,615
Short term investments	5,923,495	–
	76,231,462	58,848,615

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

	30 Sep 2018 GBP	31 Mar 2018 GBP
Security deposit liability	13,486,807	12,537,207
Maintenance reserve liability	20,693,386	8,567,078
	34,180,193	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

30 September 2018	Borrowings and *Ijarah* finance GBP
Balance at 1 April 2018	1,568,109,458
Cash flows	(89,801,674)
Add back payments of interest on loans and *Ijarah* financing	33,709,311
Interest accruals	7,724,862
Foreign exchange	113,007,990
Balance at 30 September 2018	1,632,749,947

21. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

30 September 2017	Borrowings and *Ijarah* finance GBP
Balance at 1 April 2017	1,294,109,180
Cash flows	(69,855,356)
Add back payments of interest on loans and *Ijarah* financing	27,176,597
New debt raised on loans	464,692,468
Interest accruals	6,803,381
Foreign exchange	(122,640,298)
Balance at 30 September 2017	1,600,285,972

22. TAX

	30 Sep 2018 USD	30 Sep 2017 USD
Profit/ (loss) before tax of AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited	349,292	86,001
Irish tax at 12.5%	43,661	10,750

	GBP	GBP
Tax expense (converted into GBP)	32,773	8,024

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. 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 £1,658,255 in total (31 March 2018: £6,505,102), split as follows:

(i) an upfront lease and debt arrangement fee of £Nil (31 March 2018: £3,383,000) (the "**Upfront Fee**") with no assets purchased during the period. These fees are capitalised to the aircraft as acquisition costs and are 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 £Nil (31 March 2018: £845,000 for the tenth asset and £634,500 each for the eleventh, twelfth, thirteenth and fourteenth assets).

(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). All fees relate to previous year/period aircraft acquisitions, as there were no aircraft purchases in the current period.

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%.

23. RELATED PARTY TRANSACTIONS (continued)

During the period, the Group incurred £1,658,255 (31 March 2018: £3,122,102) of expenses with Amedeo, of which £ Nil (31 March 2018: £Nil) was outstanding to this related party at 30 September 2018.

(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 £10,506 per annum (31 March 2018: £10,250 per annum) adjusted annually for inflation from 2017 onwards, at 2.5 % per annum, payable annually in advance. As at 30 September 2018 period end £Nil (31 March 2018: £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.

During the period, the Group incurred £1,160,307 (30 September 2017: £2,308,307) of fees due to Nimrod. £Nil (30 September 2017: £1,336,500) of these expenses related to Placing Fees (as referred above) have been deducted from equity. £1,160,307 (31 March 2018: £2,156,442) of these expenses related to corporate and shareholder advisory fees as shown in Note 5. £Nil (31 March 2018: £3,258) was outstanding to this related party at 30 September 2018. All fees relate to previous year/period aircraft acquisitions, as there were no aircraft purchases in the current period.

John Le Prevost is a director of Anson Registrars Limited ("**ARL**"), the Company's registrar, transfer agent and paying agent. During the period the Group incurred £8,177 (31 March 2018: £20,407) of costs with ARL, of which £1,082 (31 March 2018: £762) was outstanding as at 30 September 2018.

24. CHANGE IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

a) IFRS 9 'Financial Instruments – Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 'Financial Instruments' from 1 April 2018 only resulted in changes in accounting policies. The new accounting policies are set out in Note 24 (c) below. No adjustments were deemed necessary to the amounts recognised in the financial statements and accordingly there was no impact on the retained earnings as at 1 April 2018.

Classification Financial Assets and of Financial Liabilities

IFRS 9 contains three principal classification categories for financial assets and liabilities: measured at amortised cost, fair value through other comprehensive income ("**FVOCI**") and fair value through profit or loss ("**FVTPL**"). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

Based on the Group's assessment, this standard does not have a material impact on the classification of financial assets and financial liabilities of the Group. This is because:

– the interest rate swaps in the Group are currently measured at FVTPL due to it being designated into this category as it is managed on a fair value basis in accordance with a documented investment strategy. The interest rate swaps do not meet the SPPI criterion (solely payments of principal and interest) and accordingly it will be mandatorily measured at FVTPL under IFRS 9; and

– financial instruments currently measured at amortised cost are short-term investments, cash and cash equivalents, receivables, borrowings and payables. These instruments meet the solely principal and interest criterion and are held in a held-to-collect business model. Accordingly, they will continue to be measured at amortised cost under IFRS 9.

24. CHANGE IN ACCOUNTING POLICIES (continued)

a) IFRS 9 'Financial Instruments – Impact of adoption (continued)

Impairment of Financial Assets

IFRS 9 replaces the "incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group has chosen to apply the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Based on the Group's assessment, changes to the impairment model do not have a material impact on the financial assets of the Group. This is because:

– the interest rate swaps are measured at FVTPL and the impairment requirements do not apply to such instruments;

– the accrued income and receivables at amortised cost are short-term (i. e. no longer than 12 months) and considered to be of high credit quality as the Group selected lessees with strong balance sheet and financial outlook which have no history of defaulting on any rental payments. 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 Group may either choose to sell the Asset or lease the Assets to another party. Accordingly, the identified impairment losses on such assets are expected to be small; and

– while short-term investments and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is expected to be small as the instruments are held with regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies.

Hedge Accounting

The interest swaps are currently measured at FVTPL due to the Company designating it as such. Accordingly, the IFRS 9 hedge accounting-related changes do not have an impact thereon and it will continue to be measured at FVTPL under IFRS 9.

b) IFRS 15 'Revenue from Contracts with Customers' – Impact of adoption

IFRS 15 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', related interpretations. The only contractual receipts which the Group currently has are rental income from Emirates leasing its Aircraft. Rental income is currently recognised in accordance with IAS 17 (which will be replaced by IFRS 16 which is specifically excluded from IFRS 15. The adoption of IFRS 15 'Revenue from Contracts with Customers' from 1 April 2018 does thus not materially impact the financial statements.

c) IFRS 9 'Financial Instruments' – Accounting policies applied from 1 January 2018

Investments and other financial assets

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**"), or through profit or loss), and

– those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

24. CHANGE IN ACCOUNTING POLICIES (continued)

c) IFRS 9 'Financial Instruments' – Accounting policies applied from 1 January 2018 (continued)

Investments and other financial assets (continued)

(i) Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

– Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

– FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

– FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.

Equity instruments

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

25. SUBSEQUENT EVENTS

On 10 October 2018 the Directors of the Company declared a third interim dividend of 2.0625 pence per Share in respect of the 31 March 2019 financial year. This dividend was paid on 31 October 2018 to holders on record 19 October 2018.