

## PROSPECTUS

This document comprises a Prospectus relating to AerFinance PLC. ("the Company") prepared in accordance with the Prospectus Rules of the Financial Services Authority made under Section 73A of the Financial Services and Markets Act 2000 ("FSMA"). The Prospectus will be made available to the public in accordance with the Prospectus Rules.

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ACTION.** If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

The Company and the Director's, whose names appear in Part XVI – Directors of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect its import.



**AerFinance PLC**  
(incorporated and registered in England and Wales, registered number 598 90 34)  
ISIN: - GB00B42V2T10

**Offer for Subscription of up to  
3,199,999 new Ordinary Shares of nominal value  
5p each**

and simultaneously, for admission to trading on the non-regulated New Connect Market of the Warsaw Stock Exchange, of all of the issued Shares of the Company each Share having a nominal value of 5p and carrying full dividend rights as of 01 May 2010, for the year ending 30<sup>th</sup> April 2011

The Maximum price per share is PLN 4, the final Offer Price per Share will be determined by the Issuer, after the book building stage and will be published on the Company Website.

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<b>Authorised</b>		<b>Ordinary Share Capital on Admission</b>	<b>Issued and fully paid</b> <small>(assuming the offer is fully subscribed)</small>	
<b>Number</b>	<b>Amount</b>		<b>Number</b>	<b>Amount</b>
14 310 050	£ 715,502	<b>Ordinary Shares of 5p each</b>	7 510 049	£ 375,502

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Investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information, representations must not be relied upon as having been so authorised by the Company.

For a discussion of certain risks and other factors that should be considered in connection with an investment in the Shares, please refer to "Part II – Risk Factors"–.

This document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The distribution of this document and the offer of Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company to permit a public offering of the Shares or to permit the possession or distribution of this document in the UK, where action for that purpose may be required. Accordingly, neither this document nor any advertisement or any other offering may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Offering shall be made only in the territory of Poland in accordance with the Polish law of 25 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies (as amended from time to time) (the "Public Offering Act"). The Shares of the Company will be registered (and the Offer Shares will be registered) with the CRESTCo Limited ("CrestCo"). The delivery of the Offer shares will be made through the Euroclear Bank link to the National Depository for Securities of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) (the "KDPW").

In connection with the Offering and the issuance of New Shares, the Company shall apply for listing of all its shares, including the New Shares (together, the "Shares"), on NewConnect (the "NewConnect"). Securities issued by the Company currently are not admitted to trading on a regulated market. It is expected that the trading of the Shares on NewConnect will start in March 2011

#### **NOTICE TO UNITED KINGDOM INVESTORS**

The Shares will not be offered to the Public in the United Kingdom.

Accordingly, this Prospectus may only be communicated in the United Kingdom to (A) persons (i) who have professional experience in matters relating to investments falling within article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) ("the FSMA") Order 2005 ("the Order") or (ii) who fall in within Article 49 (2)(a) to (d) of the Order and (B) in each case such person is also a "qualified investor" for the purposes of Part VI of the FSMA (all such persons being referred to as "relevant persons"). This Prospectus must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES**

The shares offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended ("Securities Act"), and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Company may, through US broker-dealers offer or resale shares only to qualified institutional buyers in reliance on Rule 144A, or another exemption from or in a transaction not subject, to the registration requirements of the Securities Act.

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*This summary should be read as an introduction to Prospectus. Any decision to invest in the Shares should be based on the Prospectus as a whole by the investor.*

*Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant EEA state, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

*Civil liability attaches to those persons who are responsible for the summary, including any translations of the summary, but only if the summary is misleading, inaccurate, or inconsistent when read together with other parts of the Prospectus.*

## **1. Business**

AerFinance PLC is a holding company, incorporated in November 2006. The Company became listed on the Frankfurt Open Market and German Stock Exchange in February 2008. Due to the very limited amount of free-float and that there is no business link to Germany at the moment, the last General Meeting resolved to de-list from the Frankfurt Exchange on 30<sup>th</sup> December 2010 and to list in near future on the New Connect Market of the Warsaw Stock Exchange, which is more appropriate for the region in which the Group operates.

The Company's general investment strategy is to manage and acquire a portfolio of airline, aircraft maintenance, flight training and other aviation related companies with proven concepts, market experience and future potential for further development and capital growth in emerging markets especially in eastern Europe where there is an increasing demand for air transportation and related services. Our software business Air Market S.A. and AerSoftware Sp. z o.o. , both received grants from the European Union for Innovation which helped to contribute to own investments made into these subsidiaries.

In this year, AerFinance plc intends to establish itself into the aircraft leasing and trading business by acquiring largely discounted / distressed corporate or regional aircraft from Western European or United States banks or leasing companies or even individual owners, utilizing the management's experience and relationship to vendors and customers and valuation and maintenance capabilities of its portfolio company AvTech Aviation & Engineering plc.

AerFinance plc currently own shares in the following companies:

Company Name	Business Description	Stake	Location of Company
Air Market S.A.	Aircraft Charter Marketplace (www.charterly.com), listed on the New Connect (Warsaw Stock Exchange)	91 %	Warsaw, Poland
AerSoftware Sp. z o.o.	Electronic flight management, scheduling system provider	100 %	Warsaw, Poland
AvTech Aviation & Engineering PLC	Aircraft Maintenance Company	12.5 %	Biggin Hill, UK
"Direct Fly" UAB	Executive Airline	70 %	Vilnius, Lithuania
IMW sp.zo.o.	Business Incubator providing venture capital to start-ups in the aviation & IT sector and in the progress of setting up the first Flight Simulator Center in Poland	67 %	Warsaw, Poland
AlertFinansowy.pl Sp. z o.o.	Media (Financial) – Community for consumer financial products.	22,5 %	Warsaw, Poland

### *Investment Strategy and Prospects*

Following Admission, the cash held by the Company together with the net proceeds of any subsequent share issue will be placed on deposit with the Company's bankers. Thereafter, the proceeds will be primarily used to acquire the first aircraft, spare-parts and tools for resale or lease-out. and to provide additional working capital for the Group. The Directors will continuously be seeking additional company acquisitions with the objective to producing long-term capital growth and increasing dividend. The target companies should be profitable or

have significant asset values, and the owners of the business should accept a large part of the consideration for any acquisition in new Ordinary Shares or other securities issued by the Company.

The Directors will also on an exceptional basis consider loss making targets where, in the Directors view, there is a clear opportunity to develop a profitable and attractive business. While the Directors expect to concentrate their efforts in Poland and Eastern Europe, a broader range of potential investments may be considered should appropriate opportunities arise.

Whenever the Directors identifying a new opportunity and arrange an aircraft purchase for investment purposes, a new limited-liability company (special purpose company) is set up to hold the asset. The aircraft is then leased to financially trustworthy airlines on a long-term lease agreement that fully covers the aircraft investment company's operations. The special purpose companies are eventually sold out of AerFinance with the attached leasing contract when market conditions are right, yielding a profit.

## 2. Summary Financial Information

The selected results for the year ended 30<sup>th</sup> April 2010, 2009 and 2008 set out below are extracted without material adjustment from “PART XXIV – Auditors Report and Financial Information on the Company”. The Company produced for 30<sup>th</sup> April 2010 the first consolidated accounts and for this reason the Auditors Report is qualified to the following affect:

- a.) The auditors were unable to determine whether adequate accounting records have been kept
- b.) The auditors have nothing to report in respect of the following matters where the Companies Act 2006 requires to report to the directors:
  - c.) Returns adequate for our audit have not been received from branches not visited by us; or
  - d.) The parent company financial statements are not in agreement with the accounting records and returns; or
- e.) Certain disclosure of directors’ remuneration specified by law are not made.

### For the Company

	year ended on 30/04/2010	year ended on 30/04/2009	year ended on 30/04/2008
Revenue	£ 249 920	£ 0	£ 18 841
Operating Profit	£ 108 715	£ -133 018	£ -54 742
Profit for the Year	£ 108 715	£ -133 572	£ -54 742
Total Assets	£ 264 904	£ 92 351	£ 197 959
Current Assets	£ 59 888	£ 80 256	£ 197 959
Cash and equivalents	£ 865	£ 156	£ 2 026
Equity	£ 178 388	£ 69 673	£ 161 449
Total Liabilities	£ 86 516	£ 22 678	<u>£ 36 510</u>

### Consolidated for the Group

Total Assets	£ 513 217
Current Assets	£ 279 125
Cash and equivalents	£ 108 348
Equity	£ 197 923
Total Liabilities	£ 315 294

### 3. Risk factors

**Investors should be aware of the risks associated with an investment in the Company. In particular, the following risk factors should be considered:**

- the value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment.
- the market price may not reflect the underlying value of the Company
- the Company's future success will depend *inter alia* on its Directors and future management team. The retention of their services or the services of any future management team cannot be guaranteed.
- the Company is undertaking the Offer to provide additional working and development capital to all its lines of business, but may require further external financing in the future which may not be available to it at that time.
- **Exchange rate risk:** The Group will be exposed to several exchange rate related risks.
- The Group is working in internet based markets which are rapidly changing and subject to significant technological development and risk. The Group may develop, use or procure new technologies.
- E-Commerce & Software: Ineffectively or fail to adapt to meet market acceptance.
- the Group has a small management team and the loss of a key individual could affect the Group's business.

**An investment in the Company may not be suitable for all recipients of this document. Potential investors are accordingly advised to consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising in investments of this kind before making any investment decisions.**

## PART II RISK FACTORS

*Any investment in the Ordinary Shares is subject to a number of risks. Prospective investors should carefully consider the risk factors set out below as well as the other information contained in this Prospectus before making a decision whether to invest in the Ordinary Shares. The risks described below are not the only risks that the Group faces. Additional risks and uncertainties that the Directors are not aware of or that the Directors currently believe are immaterial may also impair the Group's operations. Any of these risks may have a material adverse effect on the Group's business, financial condition, results of operations or prospects. In that case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.*

- the value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment.
- The market price may not reflect the underlying value of the Company
- The commencement of trading in the Ordinary shares is subject to KDPW, the Polish Depository accepting the registration of Ordinary Shares and the Warsaw Stock Exchange to approve the listing.
- the Company's future success will depend *inter alia* on its Directors and management team. The retention of their services or the services of any future management team member cannot be guaranteed.
- The Group has a small management team and the loss of a key individual could affect the Group's business.
- The holding company structure means that the company's ability to pay dividends is dependent on distributions received from its subsidiaries

*Since the Company is a holding company, its operating results and financial condition are entirely dependent on the performance of members of the Group. Although there is no current intention to pay dividends, the Company's ability to pay dividends in the future will depend on the level of distributions, if any, received from the Company's subsidiaries.*

- *Technology risks*  
The software business of the Group involves new technologies and new products, and requires the management of the risks associated with such enterprises. In particular, the Group is working in internet-based markets which are rapidly changing and subject to significant technological development and risk. The future success of the Group will depend on its ability to enhance its existing products and services, address the changing needs and demands of its customers, and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. If competitors introduce new products or if existing industry and government standards and practices change or new industry and government standards and practices change emerge, the Group's existing products and services may become obsolete. Developing the Group's technology and product range entails significant technical and business risks. The Group may develop, use or procure new technologies ineffectively or fail to adapt to meet customer requirements. If the Group faces material delays in introducing new products, services or enhancements, it may be at a significant competitive disadvantage. Any of these events would have a material adverse effect on the Group's business and prospects.
- *Uncertainty of market acceptance*  
There is no certainty that the Group's software and e-commerce products and services will continue to be commercially acceptable business offerings or that the Group will have adequate financial and human resources to maintain the rate of product development required by the markets in which it operates. Companies with innovative technologies can overestimate the speed of market acceptance after initial successes. The rate of market penetration by smaller companies dominated by larger suppliers is frequently protracted as it is often difficult to achieve market recognition.



- *Potential infringement by the Group*  
 There is a possibility that third parties could claim that the Group's current or future technologies or processes, or infringe or misappropriate their patents or other proprietary rights. Although the Directors do not believe that the Group is currently infringing or misappropriating any proprietary rights of others, legal action claiming infringement or misappropriating could be commenced against the Group at any time and the Group may not be able to successfully defend such litigation given the complex technical issues and inherent uncertainties in such litigation. Any claims, with or without merit, could result in costly litigation and operational changes, which could adversely affect the business of the Group, financial condition and operating results, and may force the Group to enter into royalty or licensing agreements, which may not be available on terms normally acceptable to the Group. Any such claims may result in the Group having to indemnify customers or obtain replacement products or functionality for customers, to significantly increase development efforts and resources to redesign products as a result of these claims, and to discontinue the sale of some or all of the Group's technologies or products.
- *Politic and / or regulatory risk*  
 The value of the Group's assets may be affected by uncertainties such as international political development, changes in government policies in Poland, changes in taxation in Poland, Lithuania and the UK, currency fluctuations of the Polish Zloty against the British Pound and other developments in the laws and regulations of Poland, Lithuania and the UK.
- *De-Listing / Suspension of Trade in Ordinary Shares*  
 The Warsaw Stock Exchange may suspend trading of AerFinance shares in case of:

(i) the transferability of the securities has become restricted, (ii) the Polish Financial Supervision Authority requests such delisting, (iii) the securities are no longer in book entry form, or (iv) the securities have been delisted from another regulated market by a competent supervisory authority. In addition, the management board of the WSE may also delist securities from trading if: (i) the securities no longer meet the requirements for admission to trading on the WSE, (ii) the issuer is persistently in breach of the regulations of the WSE, (iii) the issuer has so requested, (iv) the issuer has declared bankruptcy or the petition for bankruptcy is dismissed by a court because the issuer's assets are insufficient to cover the cost for the bankruptcy proceeding, (v) the WSE considers it necessary to protect the interests of the trading participants, (vi) within the last three months, no trading was effected in the financial instruments, (vii) the issuer is involved in a business that is illegal under applicable laws, or (viii) the issuer is in liquidation proceedings.
- *Exchange rate risk*  
 The Group will be exposed to several exchange rate related risks. The Company is raising funds in Polish Zloty pursuant to this Offer. The Group's development expenses are in US\$ and marketing and general administration expenses will be incurred in Polish Zloty or Euro and the sale of its product will generally be denominated in US\$. Exchange rate fluctuations could have a material adverse effect on the Group's profitability or the price competitiveness of its product. There can be no guarantee that the Group would be able to compensate or hedge against such adverse effects and therefore negative exchange rate effects could have a material adverse effect on the Group's business and prospects and its financial performance.
- *Additional financing requirements*  
 The Company is undertaking the Offer to provide working and development capital to all its lines of business and does not currently have any plans to raise further financing. However, if the Company continues its strong growth over several years, as is the goal of the board, like all growing companies it may require further external financing. The Directors recognise that the Company, should it find itself in a situation where it wants or needs further external financing, it may not be able to obtain such financing on acceptable terms, or at all. In addition, the terms of any such financing may be dilutive to, or otherwise adversely affect, Shareholders. If the Group does not obtain access to such additional capital it may be hindered or delayed in its further growth.

### **Risks relating to the aviation industry and the Company generally**

- Aviation companies in general are exposed to risks associated with aviation fuel trends, which leads to increasing operating costs, which could have significant impact on airlines and owners of aircraft.
- Terrorist attacks and their aftermath had material adverse effect on the global aviation industry in the recent past and may do so again.
- The aviation industry is characterized by high fixed costs, this relates mainly to airlines, who need to operate with low-margins, employ number of staff, have high costs for aircraft rental and on the other side very fluctuating incomes. The AerFinance plc Group currently not operate in this area directly, but may have a trade partners in the future related to aircraft leasing or software sales and it could have impact on the income and fulfilment of contractual obligations.
- AerFinance may be exposed to risks associated with the limitation on greenhouse gas emissions and other not yet known governmental restrictions or taxes to be placed on specific aircraft types which the Group may own or operate in the future New regulations could have a negative impact on Groups costs, performance and business model.

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### **PART III DEFINITIONS**

The following definitions apply throughout this document, unless the context requires otherwise:-

“Act”	the companies Act 1985, as amended
“Admission”	admission of all the issued Ordinary Shares (including the New Ordinary Shares) to the New-Connect not-regulated market of the Warsaw Stock Exchange
“Articles”	the Articles of Association of the Company
“Board” or “Directors”	the board of directors of the Company
“Company” or “AerFinance”	AerFinance PLC
“Document”	this document
“Enlarged Share Capital”	the issued Ordinary Share capital immediately following Admission, comprising the Existing Ordinary Shares and the Subscription Shares
“FSA”	Financial Service Authority
“FSMA”	Financial Services Market Act 2000
“Group”	the Company and its subsidiary undertakings
"KNF"	Polish Financial Supervision Authority
“KDPW”	National Depository for Securities of Poland (Krajowy Depozyt Papierów Wartościowych S.A.)
"Maximum Price"	The Offer Price shall not exceed the Maximum Price. The Maximum Price per Offer Share will be determined by the Issuer, before the beginning of the book-building stage. The Maximum Price will be based on (i) the current and anticipated assessment of the growth prospects, risk factors and other information relating to the Issuer’s activities. The Maximum Price will be announced in Poland in a manner compliant with applicable regulations as well as market practices in Poland
"NewConnect"	New Connect market on Warsaw Stock Exchange
"New Ordinary Shares"	up to 3 199 999 new Ordinary Shares to be subscribed in the offer for subscription.
“Official List”	the official list of the United Kingdom Listing Authority
“Ordinary Shares”	ordinary shares of 5p each in the capital of the Company
“Offer Price”	The final Offer Price will be determined by the Issuer upon agreement with the Adviser and the Offering Broker, based on the following criteria and rules: (i) size and price sensitivity of demand from the Institutional investors as indicated during the book-building process, (ii) the current and anticipated situation on the Polish and international capital markets and (iii) assessment of the growth prospects, risk factors and other information relating to the Issuer’s activity.
“Maximum Price”	The Maximum Price, 4 PLN per Ordinary Share.

“Shareholders”	holders of Ordinary Shares
“UK”	United Kingdom of Great Britain and Northern Ireland
“Share Option Scheme”	the share option scheme adopted by the Company, further details of which are set out in paragraph 7, PART XXV of this document
“WSE”	Warsaw Stock Exchange
“PLN”	Polish Zloty Currency

## **PART IV FORWARD LOOKING STATEMENTS**

This Prospectus includes forward-looking statements. Such forward-looking statements are based on the best judgment of the Director's knowledge and refer to current expectations and projections about future events. Certain statements are based on belief as well as assumptions and information currently available to Directors'. Any forward-looking statements included in this Prospectus are subject to risks, uncertainties and assumptions about the future operations of the Group, the macro-economic environment and other similar factors.

Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "may", "plan", "will", "anticipate", "predict", "should" or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Part I and II of this document.

The forward-looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Company are specifically described in Part II of this document headed "Risk factors". If one or more of these risk factors or uncertainties materialises or if the underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward looking statements. Any forward-looking statements included in this Prospectus are subject to risks, uncertainties and assumptions about the future operations of the Group, the macro-economic environment and other similar factors.

These forward looking statements speak only as at the date of this document. Neither the directors nor the Company undertake any obligation to update forward looking statements or Risk factors other than required by Financial Services Market Act 2000 the Warsaw Stock Exchange rules or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

**PART V  
DIRECTORS, SECRETARY AND ADVISERS**

**Directors** **Kolja Leo (Chief Executive Office, Chairman)**  
**Bartłomiej Krzysztof Herodecki (Director)**

**Company Secretary:** **Kolja Leo**

**Registered Office of AerFinane PLC** **Maritime House, Basin Road North,  
Hove, East Sussex,  
BN41 1WR, United Kingdom**

**Telephone number:** **+44 (0) 1273 384912**

**Fax number:** **+44 (0) 1273 921710**

**Auditors and Reporting Accountants:** **Allan Steinberg & Co.  
25A York Road  
Ilford, Essex, IG1 3AD  
United Kingdom**

**Previous Auditors:**

Wilkins Kennedy  
Bridge House  
London Bridge  
SE1 9QR, London  
(not re-appointed)

**Share Registrars:** **Share Registrars Limited**

Suite E, First Floor,  
9 Lion and Lamb Yard,  
Farnham,  
Surrey,  
GU9 7LL

Telephone: 01252 821390

Facsimile: 01252 719232

## **PART VI THE OFFER**

### **Description of the Offer**

The offer is being made by means of: (i) a Public Offer in the Republic of Poland and other parts of the European Union, except the United Kingdom; (ii) in the United States to persons reasonable believed to be QIBs in reliance on Rule 144A or another exemption from, or transaction not subject, to the registration requirements of the Securities Act.

There will no public offer of Shares in the United Kingdom.

The offer will comprise the issue by the Company of new Shares

### **Details of the Offering**

Shares being offered; Offering Price      The sale by us to the public of up to 3 199 999 new Ordinary Shares at the Offer Price.

Terms of the offering      The offering will commence effective the date of publication. The offering will terminate upon the earlier of the sale of all the shares of common stock being offered or 180 business days after the date hereof.

It is an explicit condition of the offer that tightly defined minimum net proceeds to be raised. Details on the minimum proceeds are set out in PART XXV, Para 15.3. If this condition is not met, the offer will lapse and the proceeds will be returned to the investors within 10 business days. This condition can only be waived through the production of a supplementary prospectus, which will provide an updated working capital position based on actual proceeds received under the offer.

(The Offer cont'd)

<b>Subscription statistics</b>	
Offer Price	To be determined during book-building
Maximum Price	The maximum price is 4.00 PLN (Polish Zloty) per Ordinary Share
Existing Ordinary Shares	4 310 050
Number of new Ordinary Shares being issued under the offer for subscription	3 199 999
Number of Ordinary Shares in issue following the offer for subscription (assuming the offer is fully subscribed)	7 510 049
Percentage of enlarged issued share capital being subscribed	45.06 %
Market Capitalization at Maximum Price	30,040,196 PLN
Minimum total proceeds of the Offer	500 000 PLN
Estimated cost of the offer	6,20 % of expected proceeds assuming the offer is fully subscribed. .

<b>Expected Timetable</b>	<b>2011</b>
Admission and dealing commence in the Ordinary Shares on WSE	<u><b>1<sup>st</sup> April 2011</b></u>
KDPW accounts credited effective	<b>21<sup>st</sup> – 25<sup>th</sup> Feb 2011</b>



## **Participation in the Offer for Subscription**

Up to 3,199,999, new Ordinary Shares are being offered for subscription at the Offer Price. The offer price is depending upon various conditions, details for determining the Offer Price are described in PART XXVI, if only the Minimum Amount is received the Offer will raise approximately PLN 500 000 before expenses.

The Offer, which is not underwritten, is conditional upon valid applications being received for the Minimum Amount. Details on the minimum proceeds are set out in PART XXV, Para 15.3. If this condition is not met, the offer will lapse and the proceeds will be returned to the investors within 14 business days by wire transfer at the risk and cost of the applicant. This condition can only be waived through the production of a supplementary prospectus, which will provide an updated working capital position based on actual proceeds received under the offer.

Applications can be made either on the Application Form (a copy of which is at the rear of this document) or could be found on the website of AerFinance ([www.aerfinance.com](http://www.aerfinance.com)), or could be directly subscribed through participating financial brokers in the Republic of Poland. Details of the terms and conditions of application and the procedure for application are set out in PART XXVI of this document. The Directors reserve the right to reject in whole or in part or to scale down any application.

The subscription list will open when the publication of this prospectus becomes effective and after the Offer Price has been published and may be closed at any time thereafter, but no later than 180 business days afterwards unless extended by the Directors. The Offer Price is established during book building but will not exceed the Maximum Price and payable in full after allotment; The results of the offer will be made public on the company's website after the offer has been closed.

The Ordinary Shares will, following allotment, rank *pari passu* in all respects with the existing issued Ordinary Shares and will have the right to receive all dividends and other distributions hereafter declared or made in respect of the issued ordinary share capital of the Company.

## **Reasons for the Offer**

Assuming full subscription at the Maximum Price, the offer will raise net proceeds of approximately 12,000,000 PLN. The offer is made to enable the Company to start a new line of business, whereas the company acquires hugely discounted or distressed aircraft or aircraft related assets for immediate resale or short to long term lease out. A small part of the assumed offer proceeds (500k PLN), will be used to fund further research and development to enhance the products and services offered by the Company.

The Directors believe that the benefits of the Offer include:

- the ability of the Company to capitalize on distressed/discounted aviation asset opportunities.
- to strengthen the financial position of the Group

The Directors believe that the benefits of the Admission to the New Connect of the Warsaw Stock Exchange include:

- Assist the Company in raising additional capital should this be required;
- will help to raise the profile of the Company including its future subsidiaries as well as helping it to attract and retain key employees whom the Company will be able to incentivise through share schemes.
- the opportunity to make acquisitions, should suitable opportunities arise, through *inter alia*, the issue of shares.

## **Significant gross change.**

Assuming that offer is fully subscribed, there will be significant gross change in the value of the company's net assets and equity. Both values will increase by the amounts of funds raised. It is likely that the proceeds resulting from the Offer for Subscription will also positively impact the profitability and earnings ratio of the company,

**Listing**

It is expected that the Company will apply to have its Shares listed on the non-regulated NewConnect market of the Warsaw Stock Exchange on or around 1<sup>st</sup> of April 2011.

**Part VII**  
**INFORMATION ABOUT THE AVIATION INDUSTRY**

**Directors, that are responsible for the content of this Prospectus, confirm that this information sourced from a third party, has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.**

Aviation and Air transport is a modern and rapidly growing industry. Aircraft are used both for transporting passengers mail and cargo.

The first commercial flights took place prior World War II, however the real development of the civil aviation is dated right after 1945 and mainly took place in Europe and North America. Now, more than 50-years later, the aviation and air transport industry became an important part of the global economy.

According to IATA 2010:

- 2,4 billion passengers transported
- 43 million tons of cargo transported
- 32 million people employed
- low accident ratio of statistically just 1 accident in 1,4 million flights
- contribute only 2% of world's CO<sub>2</sub> emission
- 545 billion USD of turnover
- during 80's economy breakdown in the 80's , the air transport sector turnover decreased by 81 billion USD what accounted to 10 billion USD of aggregated loss as at 2009.

*(Source: 66<sup>th</sup> IATA Annual General Meeting and World Air Transport Summit, Berlin, Germany)*

According to forecasts prepared by Boeing for the period between 2010 and 2029 increase of RPK (Revenue Passenger Kilometres) factor in the period between 2009 and 2029 will account for 5,3% of CAGR and at the end of the period will amount 12,596 billion USD RPK as compared to 4,519 billion USD RPK in 2009.

*(Source: [http://www.boeing.com/commercial/cmo/world\\_regions.html](http://www.boeing.com/commercial/cmo/world_regions.html))*

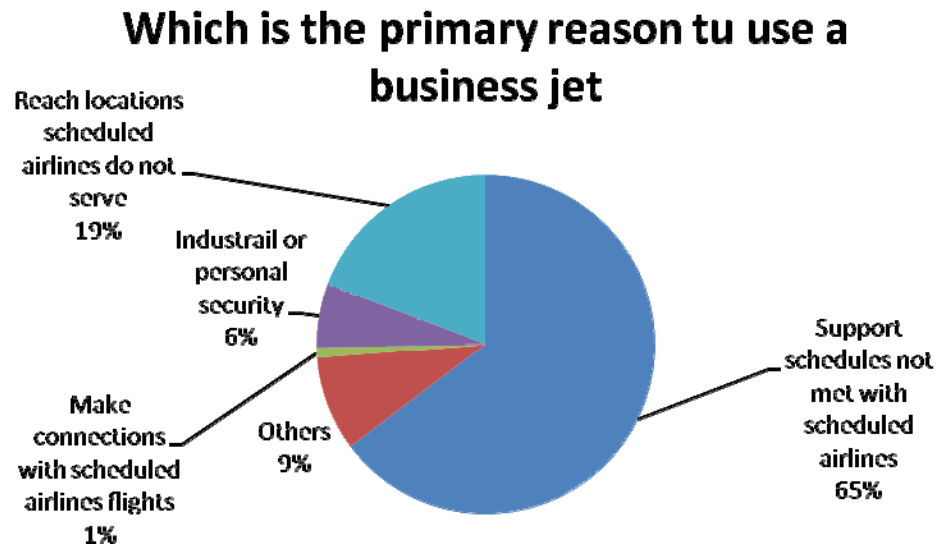
According to data provided by ZINNOV in coming years regions with increasing importance on aviation map will be China, Asia-Pacific region, South and Central America, Middle-East and Africa. Share of Europe and United States of America in global aviation market will be decreasing from 61% in 2009 to 52% in 2025.

<b>Region</b>	<b>Global Air Traffic Distribution (2003)</b>	<b>Global Air Traffic Distribution (2025)</b>
China	7 %	10 %
Middle East	4 %	5 %
Russia	2 %	2 %
Latin America	4 %	5 %
Asia/Pacific	20%	24 %
Africa	2 %	2 %
Europe	24 %	21 %
US, Canada and Carribean	37 %	31 %
<i>Source: www.zinnov.com</i>		

## 2. Executive Aviation Sector

Business aviation sector combines commercial flights (including corporate flights) on demand (full aircraft charter), typically provided on General Aviation class aircrafts.

Most of the passengers use business jet (executive aviation) as a support to schedules that can't be met with scheduled airlines.



(Source: Embraer Day, Executive Aviation Overview, March 19th 2010)

Since its popularization in mid-1990s and early 2000s executive jet charters became increasingly common. Executive aviation has won itself a permanent place among the world's corporation and lead to creation of charter operators and charter companies who charter flights not only for companies and its executives but also individual private travellers. Development of this market segment was caused mainly by demand for jet charter vacations. Many experienced and semi-experienced travellers consider charter to be easier and much cheaper than owning a private jet.

Executive aviation makes it possible for business travellers to avoid limitations of regular flights such as inefficient schedules or limited airline service. This allows business travellers to increase limit time related to flights and therefore increase productivity and effectiveness both theirs and their employees.

Development of executive aviation was possible mainly to advancements in aviation technology and the development of civil aviation as a whole. The biggest influence on development of this sector is however attributable to popularisation of the internet. This allowed charter companies to reach wider audiences. With this media access to information about aircrafts availability and their location together with charter prices is easily available potential customers.

Executive aviation is one of the most important aspects of commercial aviation industry. It will stay recognizable now and in the foreseeable future for its role in facilitating significant advances in domestic and international commerce. Forecasts show that executive aviation will more than double in United States in next two decades.

### 3. Jet Market

Jet Manufacturers will benefit from a strong demand for business aircraft over the next 10 years. The global economic slowdown should only affect business jet orders in the short term. A strong order backlog, new aircraft programs and the emergence of new non-traditional offerings should support the industry over the long run. Prosperous individuals and corporations and the emergence of business aviation in countries like Russia, China and India should sustain the growth of business aviation and generate new opportunities for business jet manufacturers.

The business jet market should continue to experience strong growth, with deliveries of 13 200 aircraft, representing a revenue stream value at \$300 billion, over the next 10 years. The larger end of the market segmentation (the Large Jet to Converted Airliner segments) is expected to expand faster than the other segments.

The prospect that the business jet market has reached a new level of activity should foster new opportunities for manufacturers and operators, driving innovation both in terms of the design and technology of aircraft and in terms of the solutions offered to business jet owners and travelers. As the size of the business jet market grows, its relative importance inside the global aerospace industry will expand as well as its impact on OEMs home based economies.

The following segmentation highlights the various aircraft offered on the business jet market. It is based on a combination and performance specifications, primarily price, cabin volume, speed, range and takeoff field length.

#### Business Jet Market Segmentation

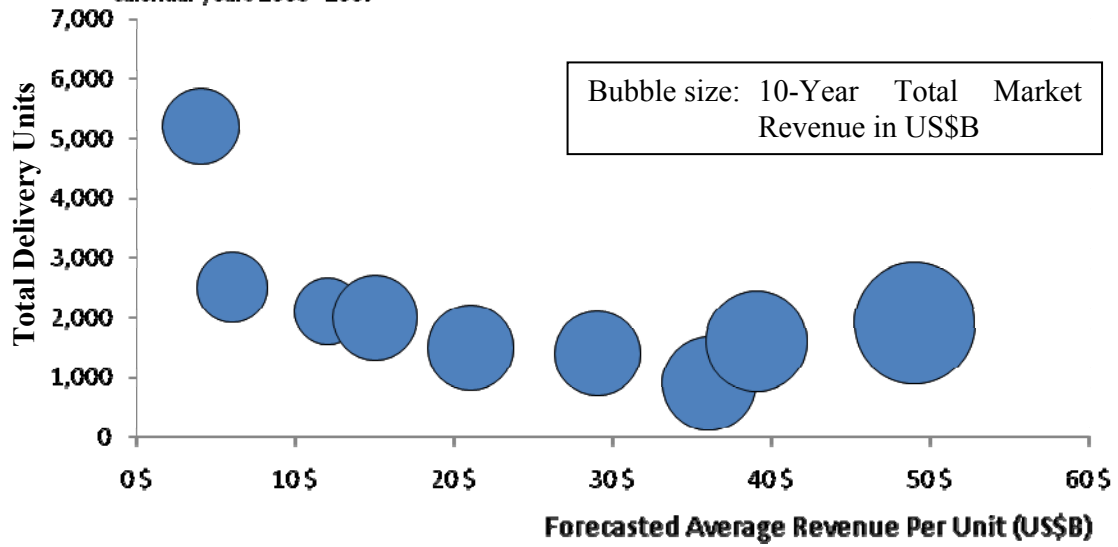
	Very Light Jet	Light Jet	Super Light Jet	Midsize Jet	Super Midsize Jet	Large Jet	Super Lager Jet	Ultra Long-Range Jet	Converted Airliners
<b>Bombardier</b>		L40XR	L45XR	L60XR	CL-300	CL-605	G5000	GEX-XRS	CL-800 series
	Mustang	CJ3	XLS+	Sovereign	CX	Columbus			
<b>Cessna</b>	CJ1+	CJ4							
	CJ2+	Encore+							
<b>Dessault</b>						F2000DX	F9000DX	F7X	
						F2000EX/LX	F9000EX/LX		
<b>Gulfstream</b>				G150	G200	G350	G450	G500	
								G500	
								G650	
<b>Hawker Beechcraft</b>	Premier 1A/II	H400XP	H750	H850HP	H4000				
				H9000XP					
<b>Embraer</b>	Phenom 100	Phenom 300	Legacy 450	Legacy 500					Legacy
<b>Others</b>	Eclipse	SJ30-2							BBJ-series
	HondaJet	Grob-SPn							ACJ-series

Table 1: Source: Bombardier

The larger end of the market segmentation (the Large Jet to Converted Airlines segments) is expected to expand faster than the other segments. The recent shift in demand toward more international customers has driven the sales of larger aircraft. Contrary to U.S. customers, who generally enter the market from the bottom and trade up, most international customers purchase their first aircraft within the larger segments.

## Business Jet Forecast by Segment

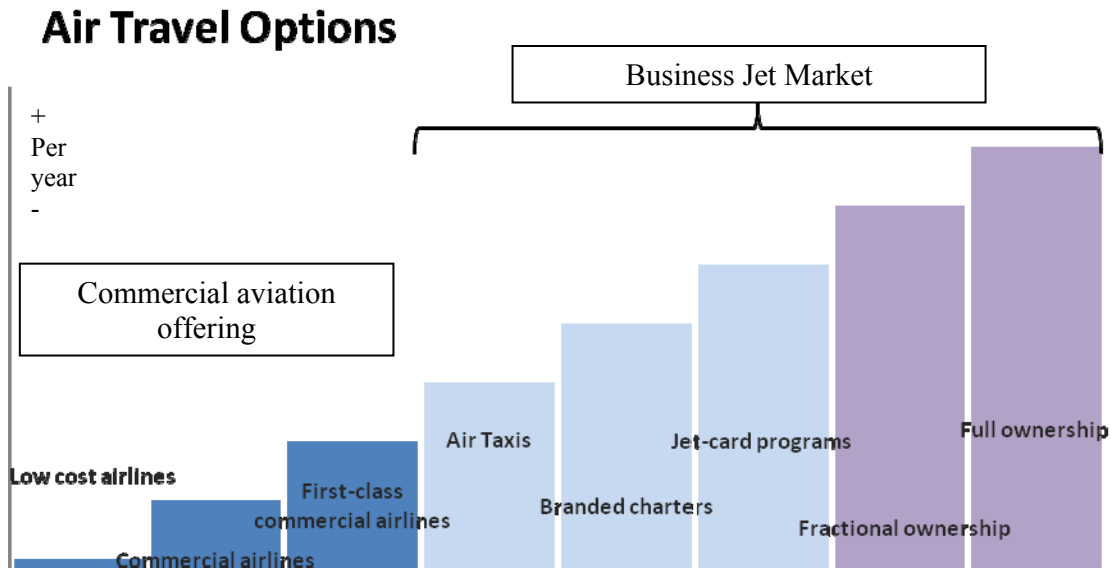
Delivery units, avg. revenue per unit, total market revenue (US\$B), constant 2008 \$, calendar years 2008 - 2007



Source: Bombardier analysis. Revenues estimated from GAMA and B&CA list price

### Business Jet market Drivers

New business models have addressed the value proposition gap between traditional jet operations and commercial-airline offerings. Branded Charters and Air Taxis have now joined jet-card and fractional – ownership programs as non-traditional corporate aviation business models.



Source: Bombardier, *Business Aircraft Market Forecasts 2008-2017*

- Personalized service +

### Orders & Backlogs:

The order backlog indicates the potential for deliveries in the upcoming years. The greater the backlog, the higher the deliveries. OEMs (Other Equipment Manufacturers) adjust their prediction rate based on their current backlog levels and their expectations regarding the number of orders they can obtain in the future. The backlog level fluctuates greatly over time as each OEM attempts to maintain aircraft availability while avoiding drastic changes in production rates.

2007 was a record year in terms of business jet industry orders, with close to 1850 orders for the Light Jet to converted Airliner segment. Compared to 2006, orders increased by 56 % year over year. Since orders have been consistently higher than deliveries during 2004-2008, the industry backlog has reached an estimated 2,5 years of production on average. In dollar terms the industry backlog is equivalent to approximately \$63 billion, the highest it has ever been. The backlog provides the industry with an added level of resilience. Even if the market anticipates a decrease in the number of orders in 2008 and 2009, OEMs are expected to manage the drop of orders without reducing production.

### The Pre-Owned Market

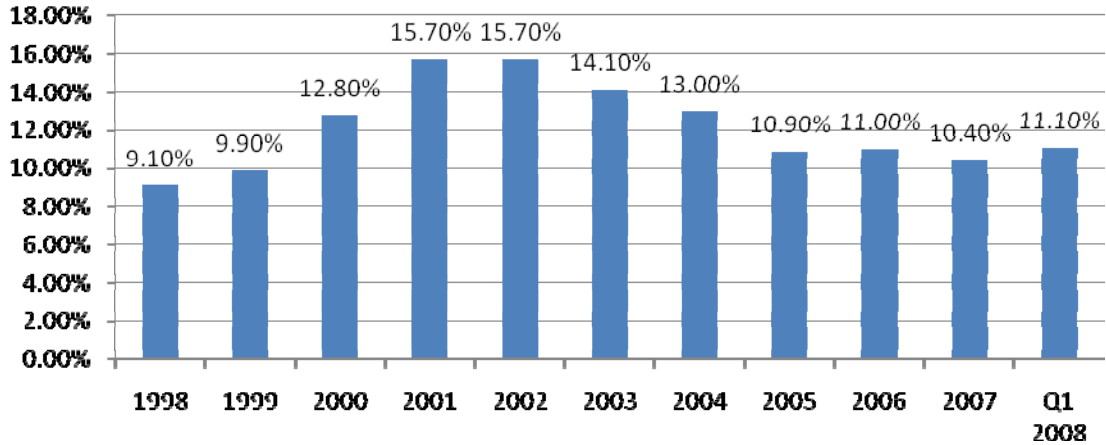
Over 90 % of the orders for new business aircraft are replacement aircraft for current owners. The demand for new aircraft is stimulated by the conditions prevailing on the pre-owned market. The pre-owned market is considered healthy when residual values are high and when the inventor of pre-owned aircraft is low.

At the end of the 1990s the percentage of the overall business jet fleet for sale on the pre-owned market started to increase rapidly. Many aircraft owners experienced difficulty selling their pre-owned aircraft, which, in turn, made them less likely to purchase replacement aircraft. The accumulation of aircraft on the pre-owned market was a leading indicator of the new business aircraft market downturn that occurred in 2001-2003

Between 2002 and 2007 the pre-owned aircraft inventory, as a percentage of the fleet, decrease from 15,7 % to 10,4 %. As of the first quarter of 2008 the pre-owned inventory had risen to 11,1 %.

## Pre-Owned Aircraft Inventory as a % of the Fleet

%, calendar years 1998-Q1 2008

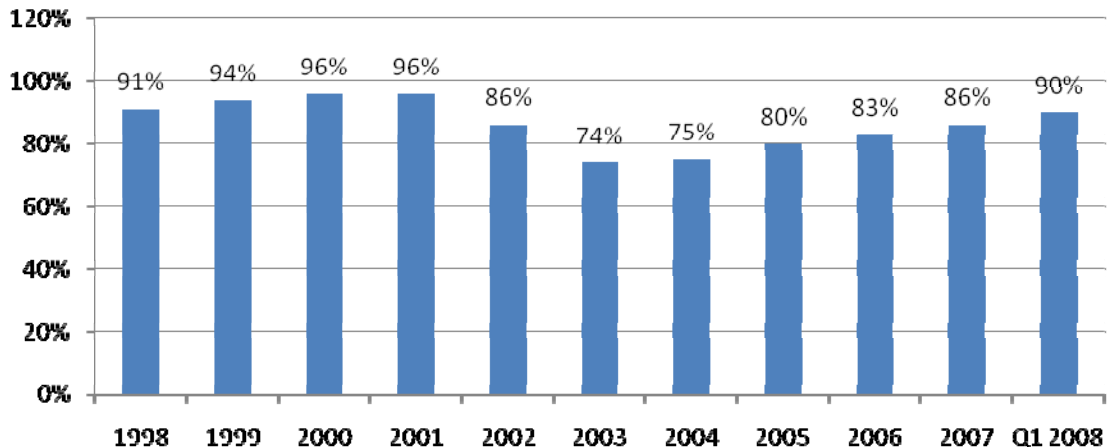


*Sources: Aircraft Inventory and fleet from JETNET. Excluding Very Light Jet segment*

On a positive note, residual values continue to firm up. In the first quarter of 2008 the average residual values for five year old aircraft were at 90 % of their original list price. Moreover, the backlog accumulation has created a longer waiting list. Therefore, aircraft on the pre-owned market have built interest, creating an upward pressure on residual values. As a result, the residual values of many models may be higher than the original list price of aircraft as old as 5 years.

## 5-Year Residual Value as a % of the Original B&CA List Price

%, calendar years 1998-Q1 2008



*Sources: Residual Values from Aircraft Bluebook Price Digest,*

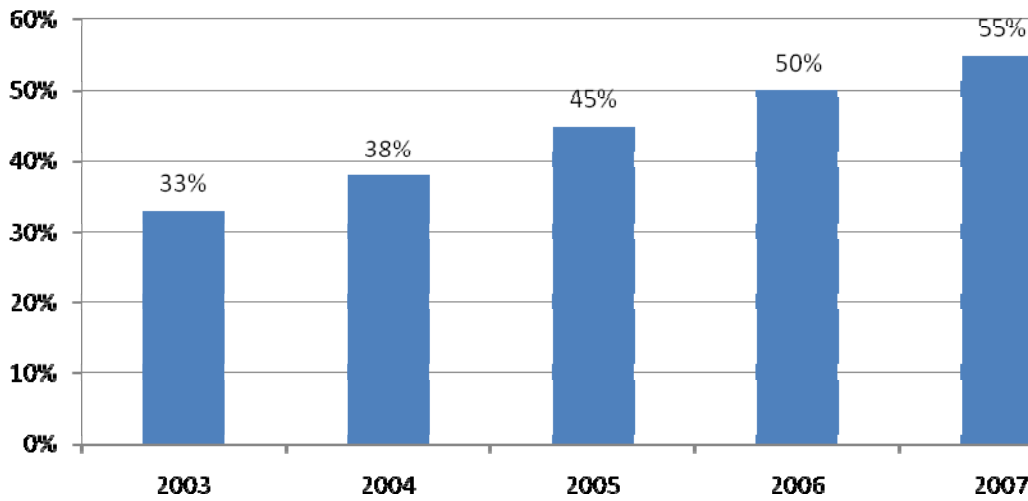
### International Market

Historically, non-US orders accounted for only a small share of the total business jet orders. However, international orders have increased dramatically over the past four years. While the international market accounted for 30 %, it represented 55 % in 2007. Outside the US the most important market for the business jet industry is Europe



## Non-US orders as a % of the Worldwide Market Orders

%, estimated, calendar years 2003-2007



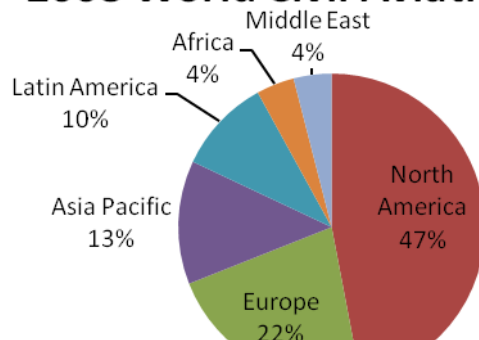
European business jet orders are expected to average 490 over the 2008-2017 period. After reaching a low of 380 units in 2009, orders are forecasted to grow to 540 units by 2017.

Following the development of the business jet industry in Europe at the end of the '90s and in the mid 2000's respectively, China and India will probably be the next two markets to experience major growth in their level of business jet orders.

### 1. MRO (Maintenance and Repair Organization) market

According to data from AeroStrategy/OAG Aviation, The World jet Powerem civil aviation fleet consist of over 77 000 aircraft flying approximately 77 million hours per year. Nearly half of the fleet is located in North America (US and Canada), with approximately 37 000 aircraft. Europe is the net largest market with 16,800 aircraft, followed by Asia Pacific with nearly 10 000 aircraft.

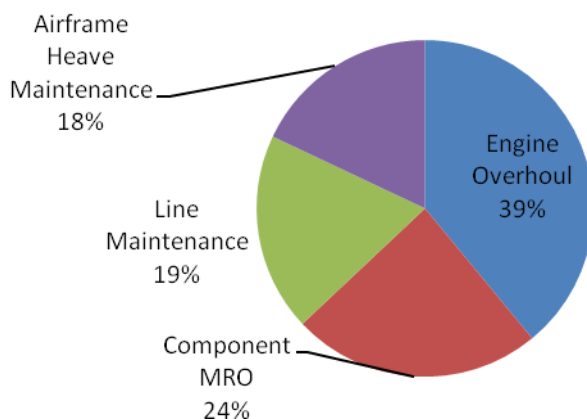
### 2008 World Civil Aviation Fleet



*Source: [www.arsa.org](http://www.arsa.org)*

The civil aviation maintenance, preventive maintenance and alteration (MRO) market is divided into four distinct market segments: airframe, heavy maintenance, engine overhaul, component MRO and line maintenance. Spending in the MRO market is in excess of \$50B; North America represents the largest geographic market – estimated at \$19,4B (2008)

## 2008 World Civil MRO Market



Source: [www.arsa.org](http://www.arsa.org)

- Airframe Heavy Maintenance – a detailed inspection of the airframe and components – including any applicable corrosion prevention programs and comprehensive structural inspection of the aircraft
- Engine Overhaul – Off-wing repair and replacement of parts to restore the engine to designed operational condition, to guidelines, established by the engine manufacturer. Typically, the engine is disassembled, inspected, parts are repaired or replaced as a necessary, re-assembled and tested
- Component MRO – maintenance, including repair and overhaul of aircraft components, which provide the basic functionality for aircraft flight including aircraft control and navigation, communication, control surface movement, cab air conditioning, electrical power and braking
- Line Maintenance – light, regular maintenance checks that are carried out to ensure the aircraft is fit for flight – including trouble shooting, defect rectification, overnight maintenance and component replacement.

The world civil market is estimated at over \$50B. Engine overhaul is the largest segment at \$19.3B followed by component MRO at \$12,2B. Line maintenance and airframe heavy maintenance are over \$9B each.

Approximately 480 000 employees in more than 4 800 firms worldwide participate in the civil MRO supply chain (Federal Aviation Authority Database). Nearly 80 percent of firms are small or medium sized enterprises (SMEs). Globally, there are over 290 000 technicians.

As the world fleet to grow, new less maintenance intensive aircraft are showing their influence. According TeamSai analysis ([www.teamsai.com](http://www.teamsai.com)) the average MRO costs per aircraft per year has fallen from \$ 2,4 m USD (2008) to \$ 2,1 m USD (2010).

Global growth of MRO Industry is expected to maintain a 4,4 CAGR through 2020 when it is expected to reach \$65,3B.

	<b>North America</b>	<b>Western Europe</b>	<b>Africa</b>	<b>Asia Pacific</b>	<b>China</b>	<b>India</b>	<b>Middle East</b>	<b>Latin America &amp; Caribbean's</b>	<b>Eastern Europe</b>
<b>Market Share (2010)</b>	33 %	26 %	4 %	16 %	6 %	1 %	6 %	5 %	4 %
<b>CAGR (2010-20)</b>	1,6 %	3,6 %	3,5 %	5,3 %	9,6 %	9,4 %	5,3 %	6,6 %	9,8 %

*Source: www.teamsai.com*

## Part VIII INFORMATION ON THE GROUP

### 1. Overview

AerFinance PLC is an independent aviation holding company incorporated in the UK in November 2006, with a diversified portfolio of companies. The Group's primary business consists of development of services in companies operating connected with the aviation industry.

The Company became listed on the Frankfurt Open Market and German Stock Exchange in February 2008. Due to the very limited amount of free-float and no further links of the Company to Germany, the Company decided to de-list as per 30<sup>th</sup> December 2010 and to move the listing to the New Connect market of the Warsaw Stock Exchange.

The AerFinance Group lately successfully started co-financing projects with the help of European Union grants, which are available for Polish companies in various regional programmes until 2013. Our subsidiary IMW received a preliminary positive result for the Aviation & IT Incubator project co-financed by approx. 2.3m Euros to be received for investing in other start up companies. The final grant allocation notification for this project is expected to be announced in February 2011. For additional projects such as the creation of a flight training center featuring the first full flight simulator in Poland has been prepared and will be submitted as soon as the application period officially opens.

At the date of this Prospectus, the majority of our portfolio companies are in the early stage of development, which is potentially more risky, but also can generate more profits in the near future. Even though the company prepares consolidated accounts, the management treats each subsidiary company totally independent and each subsidiary need to ensure its own profitability and working capital requirements are fulfilled. One of our best example is Air Market S.A., which received approximately EUR 200 k in grants from European Union funds and a further EUR 100 k in equity via private placement of new shares, followed by joining the Warsaw Stock Exchange.

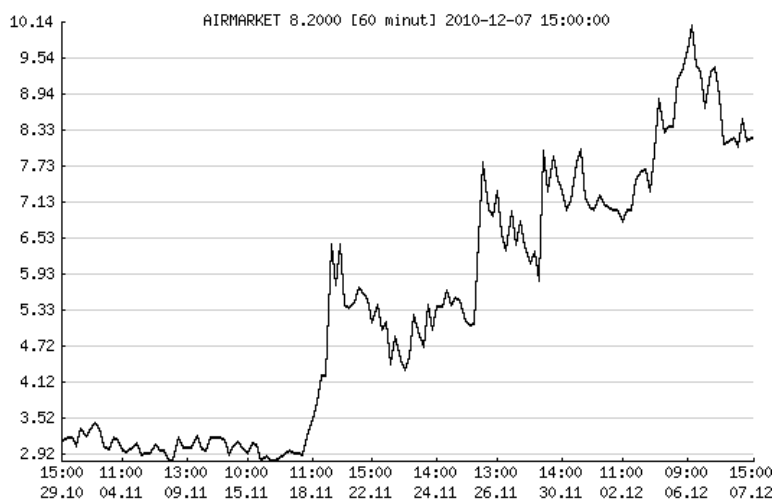


Chart: Air Market S.A. (Warsaw Sotck Exchange) 07.12.2010

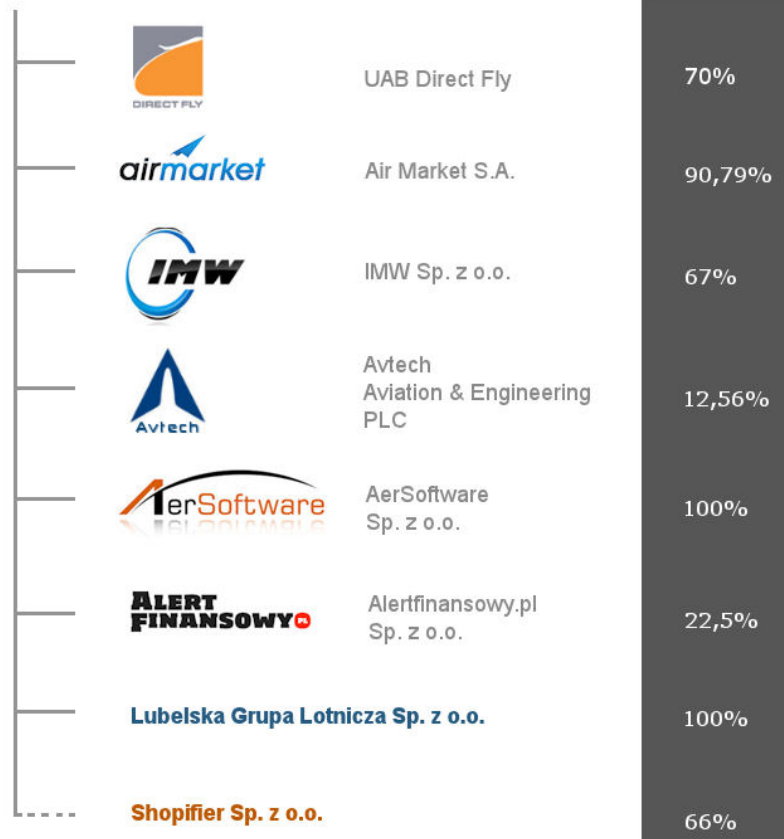
As shown in the example of Air Market S.A. above, the AerFinance Group already applied and implemented successfully co-financing through funds available from the regional programs setup by the Polish Government with help of European Union funds. As this has proved to be an ideal instrument to reduce the capital requirements especially for large projects, our subsidiary company IMW applied on 8<sup>th</sup> March 2010 for an Aviation & IT related Incubator project, to be co-financed with 9.8m Polish Zloty by European Union funds for Innovative Economy. Additionally IMW is preparing to setup the first Full Flight Simulator in the Republic of Poland, for which it applied on 27<sup>th</sup> December 2010 grants in the amount of 20 million Polish Zloty. The Company has no influence on the allocation of grants and allocation is subject to various conditions set by the government authorities being fulfilled by the applicant. The notification of any grant will be sent by the administrating authority directly to the applicant. The final results for the incubator project are expected sometime in February 2011 and for the flight simulator project in the 3<sup>rd</sup> Quarter of 2011. Currently the Group is working also on R&D projects which are at planning stage and the application phase for these projects is expected to open in March 2011.

In addition to above, AerFinance identified a current window of opportunity to acquire distressed or largely discounted aviation assets such as for example aircraft, aircraft spare parts and tools mainly in Western Europe or the United States, where such assets, mainly distressed, can be purchased directly from banks or leasing companies. Such acquisition will generate additional income for AerFinance plc from the further sale or lease out of such assets. Due to AvTech Aviation & Engineering plc is part of our portfolio companies, we have access to engineers and technicians to check and inspect aircraft in order to estimate the value. Also if required AvTech Aviation & Engineering will provide AerFinance with the required manpower to repair or refurbish any purchased aircraft. The aim is to finance any acquisition with the help of the proceeds to which this offer relates, as external financing i.e. banks are normally not willing or have a lengthy application process to acquire distressed assets from another institution.

For the mid to long term future it is expected that income is derived by trade and lease incomes as well as dividends declared by portfolio companies. If an opportunity arises income can also be generated by selling shares in any of our subsidiaries to for example an institutional investor but also via the stock market.

## 2. History and Structure of the Group

Date	Significant Events
November 2006	Incorporation of the Company
August 2007	Conversion in into AerFinance PLC
November 2007	1 <sup>st</sup> Prospectus Approved by FSA
January 2008	Listing on the “Open Market” of the Frankfurt Stock Exchange
April 2008	Acquisition of Direct Fly sp. z o.o.
September 2008	Formation of AerTech sp. z o.o. followed by successful fundraising or AerTech sp.zo.o, by private placement.
June 2009	Acquisition of stake in Avtech Aviation & Engineering Ltd (12,56 %)
September 2009	Setup of UAB “Direct Fly”
October 2009	Acquisition of Air Market sp. z o.o. and AerSoftware sp. o.o.
November 2009	Selling the entire share capital in Direct Fly sp. z o.o.
December 2009 / January 2010	Selling the entire stake in AerTech sp. z o.o.
February 2010	Acquisition of 67 % in the share capital of IMW sp. z o.o
February 2010	Acquisition 70 % of Direct Fly UAB
May 2010	Conversion of Air Market sp. z o.o. into Air Market S.A. (Public Limited Company)
July 2010	Acquisition of 100 % of Lubelska Grupa Lotnicza sp. z o.o.
July 2010	Acquisition of 22.5 % in AlertFinansowy.pl Sp. z o.o.
October 2010	Air Market S.A. goes public on the Warsaw Stock Exchange
December 2010	Avtech Aviation & Engineering PLC starting private placement in Poland.



### **3. Key strengths**

#### **AerFinance is small and agile company**

One of the foundations of Company's current and possibly future success is high agility in terms of changing business environment. Company's Directors act fast and decisively, without unnecessary delay (the Company has short decision-making process). Thanks' to that the Company may quickly take advantage of any possible investment opportunity to the same extend as it will react to any potential risks or threats.

#### **AerFinance operates on numerous markets exploiting local competitive advantages**

AerFinance does not limit its operations to one national market but constantly monitors any arising on European markets investment opportunities. On that basis the Company may exploit any investment opportunities arising in remote locations and also take advantage of local law provisions granted by different countries in relation to aviation related business.

#### **Growing economy in Eastern Europe**

After accession of the 10 EEC States to EU Union most of New members developed by average faster than western EU Member states. There is also limited number of competition in new EU members as the aviation market just starts to catch up with western European patterns and saturation level. That creates ongoing opportunities for a new business venture both either as start-ups or acquisition of current market.

#### **Positive track record**

The Company has been incorporated in 2006 and it proved to be flexible enough to tackle the world credit crunch followed by an economy downturn. The Company managed to list its subsidiary Air Market S.A. on the New Connect market of the Warsaw Stock Exchange and successfully helped raising funds in a private placement for AvTech Aviation & Engineering PLC, a UK based aircraft Maintenance Company, in which AerFinance invested in 2009.

## **4. Strategy**

### **Aircraft Lease & Trade Operations**

In order to diversify income, AerFinance intend to launch the business of acquiring largely discounted, distressed commercial or corporate aircraft, aircraft spare parts or tools below fair market and book values in order to generate profits from resale or lease out . The company will utilize an extensive network of contacts to identify good trade/investment opportunities and will capitalize on the up and downturn cycles of the aviation industry by investing in undervalued or distressed aircraft assets, which value is considered to be secured by the value of engines and major airframe components. Before any acquisition is made it would prior be valued and inspected by our portfolio company AvTech Aviation & Engineering PLC, which is an UK CAA approved aircraft maintenance company.

The Company plans to establish good business relations with banks, investment companies, airlines, maintenance companies and aviation brokers to establish itself at the forefront within this segment and in the Eastern European market. The Company intend to finance purchasing of aircraft mainly by its own available cash which will inter-alia strengthen the negotiation basis. Avoidance of external financing such as bank loans, will further more eliminate excessive cost of financing and will allow for more flexibility during the purchase price negotiation and later in the sales process for an asset.

### **Further development of holding activity**

The Company will extend its holding activities by indentifying attractive investment possibilities mainly in the aviation sector where it has the most experience. Previously AerFinance acquired the first time shares in a company called AlertFinansowy.pl sp.zo.o., which is a non-aviation related company, providing advisory about financial products to retail customers. Further investments into non-aviation related companies may be exercised as long as there is a clear opportunity and the directors of AerFinance believe and understand the underlying business model of such business. As of the date of this prospectus, AerFinance has not identified any additional non-aviation business opportunity.

For each of our subsidiary, the exit strategies are not clearly defined yet, but in general the company intent to keep a controlling stake in every investment. Any shares in subsidiaries could be sold via public market or privately if opportunity arises.

### **Joint Venture R&D Activities.**

In 2011, the Republic of Poland is intending to grant financial subsidies to Companies conducting Research & Developments (R&D). AerFinance plc has reached understanding with AXIS – Flight Training Systems GmbH, to setup a joint venture company conducting R&D work in the area of Full Flight Simulator Technology and supportive equipment. Once final agreement has been reached it is anticipated that Poland will open the application phase in the 2<sup>nd</sup> Quarter of 2011 and financing available will be up to 70 % of the total project value. The project realization is subject of successfully applying for the R&D grant.



**PART IX  
GROUP STRUCTURE**

The Company is a holding company and invests mainly in portfolio companies in Eastern Europe.

**1. Air Market S.A (Warsaw, Poland)**

**The company name :** Air Market SA  
**Localization:** Warsaw, Poland  
**Official registry number:** 0000322372  
**Website address :** www.airmarketsa.com

Air Market S.A. is a company which has developed Charterly.com, an online air charter marketplace where brokers can search worldwide charter aircraft, get instant prices estimates and flying times for many hundred of airlines and airplanes types and for any route, connecting more than 30.000 airports and airfields worldwide. Online estimates will be confirmed within minutes by the connected airline partners and the charter flight can be finalized online.

Air Market received approximately. 200 00 Euro in EU grants for development of innovative technology. In early October 2010 Air Market launched its flagship Charterly from the NBAA in Atlanta, U.S. and at the moment the company is looking in extending the product and to become a leader in the market segment.

On 25<sup>th</sup> of October 2010 Air Market became first traded on the Warsaw Stock Exchange (New Connect market) after successfully accomplishing a private placement. The board of AerFinance has agreed at commencement of the private placement to keep at least 98 % of its current shareholding of Air Market S.A. for at least 24 months, counting from the 25<sup>th</sup> October 2010, the first day of trading. In respect to the remaining 2 % of shares, AerFinance agreed not to sell below the price level of 2,90 PLN per share, for at least the same period of time.

<b>Detailed information of shares in possession of AerFinance PLC</b>							
Acquisition date	Amount of shares	Purchase price per shares	Acquisition Cost & Investment	Nominal value of 1 share	Total stake in a company	% of voting rights	Market Cap. as per 07/12/2010
October 20 <sup>th</sup> , 2009	1 500 000	0,1 PLN	150 000 PLN	0,1 PLN	90,79 %	90,79 %	10,000,000 PLN

**2. AerSoftware Sp. z o.o. (Warsaw, Poland)**

**The company name :** AerSoftware sp. z o.o.  
**Localization:** Warsaw, Poland  
**Official registry number:** 0000322411  
**Website address :** www.aersoftware.eu

AerSoftware provides internet hosted applications for airlines around the world to manage workflows around the aircraft operations. Moreover the application helping airlines to stay current with latest regulations and to communicate and monitor important changes in regulations to their staff members

AerSoftware received equivalent to approx. 200 000 Euro as co-finance in form of grant from the European Union funds designated to Innovative Technology.

<b>Detailed information of shares in possession of AerFinance PLC</b>						
Acquisition date	Amount of shares	Purchase price per shares	Total purchase price	Nominal value of 1 share	Total stake in a company	% of voting rights
October 20 <sup>th</sup> , 2009	10	12 720 PLN	127 200 PLN	12 720 PLN	100 %	100 %

### 3. Avtech Aviation & Engineering PLC (Biggin Hill, United Kingdom)

**The company name :** Avtech Aviation & Engineering PLC  
**Localization:** Biggin Hill  
**Official registry number:** 06925650  
**Website address :** www.avtechaviation.co.uk

Since 1974 Avtech Ltd has offered a range of aircraft services ranging from maintenance to management, all from Biggin Hill Airport, near to the City of London. AvTech decided to open a maintenance facility in Poland to facilitate the business demand from continental Europe and Eastern Europe. The facility is expected to be opened in 2011 and will attract also customers from Germany and other parts of Western Europe and will benefit from the lower labour cost than compared to all Western European countries. Avtech Aviation & Engineering PLC is in the progress of becoming listed on the Warsaw Stock Exchange.

Maintenance Capabilities:

The organization is approved by EASA & Cayman CAA for Base and Line:

Maintenance as follows:

- All aircraft up to 5 700 kg
- BAe 125-1000
- HS 125 series (1-800)
- BAe 146 series
- Cessna 500 / 525 / 525A / 525B / 550 / 551 / 560 /650 series
- Dassault Falcon 10 / 100 series
- Dassault Falcon 20 and 50
- Learjet 24,25,28, 29, 31, 35, 36, 55 and 60
- Additionally Avtech has "In house" IA and A&P certificated personnel – to provide maintenance support for American registered aircraft.

Detailed information of shares in possession of AerFinance PLC						
Acquisition date	Amount of shares	Purchase price per shares	Total purchase price	Nominal value of 1 share	Total stake in the company	% of voting rights
June 10th, 2010	800 000	0,05 GBP	40 000 GBP	0,05 GBP	12,56 %	12,56 %

### 4. Direct Fly UAB (Vilnius, Lithuania)

**The company name :** Direct Fly UAB  
**Localization:** Vilnius, Lithuania  
**Official registry number:** 302432517  
**Website address :** www.directfly.org

Direct Fly is an aircraft management company located in Vilnius, Lithuania and is approved by EU-OPS (European Airline Regulations) and EASA PART M for maintenance. The company managers corporate jet's and turbo props in behalf of their owners and re-market spare capacity under its own brand to the international charter market, sharing the profits with the aircraft owners

Unlike other executive and traditional airlines, Direct Fly does only provide management services and charter sales without having to pay monthly leasing fee's for the equipment. In circumstances such as a weak market, Direct Fly is protected by fixed monthly to be paid management fees, covering most of the fixed cost within the Company.

There is more and more strong demand for Direct Fly services as many companies require either aircraft chartering or planning to buy their aircraft, without to knowledge how to operate, maintain or to generate additional revenue from their asset.

Detailed information of shares in possession of Aerfinance PLC						
Acquisition date	Amount of shares	Purchase price per shares	Total purchase price	Nominal value of 1 share	Total stake in a company	% of voting rights
February 22 <sup>nd</sup> , 2010	2 450	0,27 GBP	666 GBP	100 LT	70 %	70 %

## 5. AlertFinansowy.pl Sp. z o.o. (Warsaw, Poland)

**The company name :** AlertFinansowy Sp. z o.o.  
**Localization:** Warsaw, Poland  
**Official registry number:** 0000315457  
**Website address:** www.alertfinansowy.pl

The Company is located in Warsaw / Poland. AlertFinansowy Sp. z o.o. will receive approximately in co-finance in form of grants from the European Union funds for Innovative Economy .

The Company operates AlertFinansowy.pl which is a financial website with an element of social network. The platform is open to users who can inform about special problems with financial institutions or other financial offers.

<b>Detailed information of shares in possession of Aerfinance PLC</b>						
<b>Acquisition date</b>	<b>Amount of shares</b>	<b>Purchase price per shares</b>	<b>Total purchase price</b>	<b>Nominal value of 1 share</b>	<b>Total stake in a company</b>	<b>% of voting rights</b>
<b>July 7th, 2010</b>	<b>450</b>	<b>0,5 PLN</b>	<b>225 PLN</b>	<b>50 PLN</b>	<b>22,5 %</b>	<b>22,5 %</b>

## 6. IMW sp. z o.o. (Warsaw, Poland)

**The company name:** IMW sp. z o.o.  
**Localization:** Warsaw, Poland  
**Official registry number:** 0000265774  
**Website address :** www.imw.pl

IMW is a business development company established as a platform to facilitate growth and to capitalize on new investment projects. By the memorandum of association the company is obliged to reinvest all its profits into statutory activity. The company applied on 08<sup>th</sup> of March 2010 for 9.8m Polish Zloty for an IT & Aviation Incubator project for assisting start-up companies with project finance. Results and notification of grant is expected to be announced in February 2011 by the administrating authority.

Additionally IMW is participating in another project regarding the establishment of the first full flight simulator in Poland which will be also partly co-financed by the European Union with 20 million Polish Zloty's. The grant notifications for this project are expected to be announced in the 3<sup>rd</sup> Quarter of 2011.

<b>Detailed information of shares in possession of Aerfinance PLC</b>						
Acquisition date	Amount of shares	Purchase price per shares	Total purchase price	Nominal value of 1 share	Total stake in a company	% of voting rights
February 19 <sup>th</sup> , 2010	67	149 PLN	10 000 PLN	500 PLN	67 %	67 %

## 7. Lubelska Grupa Lotnicza (Wrocław, Poland)

Lubelska Grupa Lotnicza (Lublin Aviation Group) has currently no business activity and is planned to be used for R&D projects in the future.

<b>Detailed information of shares in possession of Aerfinance PLC</b>						
Acquisition date	Amount of shares	Purchase price per shares	Total purchase price	Nominal value of 1 share	Total stake in a company	% of voting rights
July 13 <sup>th</sup> , 2010	100	450 PLN	45 000 PLN	500 PLN	100 %	100 %

## **Part X USE OF PROCEEDS**

Historically the Group has financed its development through cash flows from business, loans from related parties, grants and capital contributions. The purpose of the Offering is to attract additional capital and ensure the successful implementation of the development strategies.

Assuming full subscription at the Maximum Price, the offer will raise gross proceeds of approx. 12.8 mln. Polish Zloty , .

Note:

In case the offer is not fully subscribed, or the total amount of proceeds is less than anticipated above, the Company will only scale down the Variable Budget, available to acquire aircraft related assets accordingly. The fixed budget is covered by the Minimum Proceeds of the Offer.

### **Variable Budget:**

11.5 million Polish Zloty to acquire distressed/largely discounted aviation related assets, mainly aeroplanes, aircraft spare parts or tools, which are purchased for refurbishment and/or immediately resale or lease out to trustworthy lessees.

### **Fixed Budget:**

- 0.5 million Polish Zloty will be used for further research and development to enhance the products and services offered by the Group.
- 1,5 % of the total amount of proceeds to pay UK Stamp Duty/ Stamp Duty reserve Tax.

## **PART XI DIVIDEND POLICY**

The declaration and payment by the Company of any future dividends will depend on the results of Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time and having regard to the need to retain sufficient funds to finance the developments of the Group's activities. The Company's ability to declare dividends will also depend on the Group's future financial performance which is dependent on the other risk factors described in this Part II.

The Company is a holding company which operates its business through its subsidiaries. Therefore, the availability of funds to AerFinance to pay dividends to Shareholders depends in part, upon dividends received from these subsidiaries.

The Directors' current intention is to re-invest funds directly into the Company rather than to fund the payment of dividends, for at least until the end of the first full financial year following the Offer. The Board will continue to review its dividend policy as the Group develops.

## PART XII CAPITAL RESOURCES

### Overview & Capital Resources

In general the business of the Company is capital intensive. AerFinance is investing into subsidiary companies in developing stage. In the past activities were financed from proceeds of share issues, retained profit, loans provided by Directors and shareholders and EU grants received for the subsidiary company Air Market S.A. and AerSoftware sp.zo.o.

The consolidated AerFinance balance sheet as of 30<sup>th</sup> April 2010 reflects assets of £ 513,217 (consolidated accounts) and total equity of GBP 172,652. The debt equity ratio as per 30/04/2010 is 1,83 (consolidated accounts) and 0,48 (non-consolidated) compared to 30/04/2009 0,32 (non-consolidated), 30/04/2008 0,22 (non-consolidated). The latest consolidated ratio of 1,83 for the last accounting period is significant higher due to the accounting requirements for EU Grants of our subsidiaries Air Market and AerSoftware. The grants received are accounted as intra period accounts on the liability side and they are offset against ongoing depreciation of the non-current assets that has been acquired with help of EU Grants.

The Company has not prepared consolidated accounts before financial year ending on 30/04/2010.

For the period beyond 12 months, to which the working capital statement in Part XXV 12 – refers, the Company's existing resources and cash provided by operations is sufficient to meet current and future obligations arising from the business operation of the Group. There is neither necessity for borrowings, no seasonality need for borrowings nor any undrawn committed borrowings.

The Company's existing resources will be used to cover for the expenses of setting up the new subsidiary specializing in the trade of commercial aircrafts.

Nearly all of the cash held by the Group is held in Polish Zloty currency. There was no hedging activity in the history of the Group.

AerFinance currently have no other agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources.

AerFinance intends to try and raise capital through the offer proceeds, from the offer for subscription, to which this document relates in order to finance the start-up of the aircraft trading and leasing activity, which is identified by the directors as an opportunity for the company to grow and capitalize on aircraft acquisitions, aircraft leasing and trading. Assuming full subscription, at maximum price, the net proceeds of the offer will be approximately 12 million Polish Zloty. The offer proceeds will be used to acquire aircraft or aircraft parts for supporting the development of starting the aircraft/parts leasing/trading business and to provide additional capital for research and development on current products of the company. =

There can be no assurance that additional capital will be available to the Company or that the offer will be fully subscribed, in such case, the Company would scale down only its the aircraft trading and leasing plans

**PART XIII**  
**CAPITALISATION AND INDEBTEDNESS**

The following table set forth the Group's actual capitalisation and its indebtedness as at 30th April 2009 and 30<sup>th</sup> April 2010 (being the date in respect of which the financial information on the Company has been audited).

The Company's capitalisation will change after the Offer.

The information in the following table is derived from the accounts of AerFinance PLC for the period ending 30<sup>th</sup> April 2009, and from the most recent audited accounts of AerFinance PLC for the 30th April 2010, both prepared in accordance with IFRS.

Capitalisation

	<u>As of 30<sup>th</sup> April</u> <u>(consolidated)</u>	<u>As of 30<sup>th</sup> April 2010</u> <u>(non-consolidated)</u>	<u>As of 30<sup>th</sup> April 2009</u>
	£	£	£
Total Current debt	-	-	-
- Guaranteed	-	-	-
- Secured	-	-	-
- Unguaranteed / Unsecured	314,294	86,516	22,678
Total Non-Current debt	-	-	-
- Guaranteed	-	-	-
- Secured	-	-	-
- Unguaranteed / Unsecured	-	-	-
Shareholder's equity			
a..... Share Capital	215,502	215,502	215,502
b..... Legal Reserve	-	-	-
c..... Other Reserves	-42,850	-37,114	-145,829
Total	<u>486,946</u>	<u>264,904</u>	<u>92,351</u>

Indebtedness

	<u>As of 30<sup>th</sup> April 2010</u> <u>(consolidated)</u>	<u>As of 30<sup>th</sup> April 2010</u> <u>(non-consolidated)</u>	<u>As of 30<sup>th</sup> April 2009</u>
	£	£	£
A – Cash	108,348	865	156
B – Cash equivalent	-	-	-
C – Trading securities	-	-	-
D – Liquidity (A) + (B) + (C)	108,348	865	-
E – Current Financial Receivable	130,777	19,023	-
F – Current Bank debt	-	-	-
G - Current portion of non current debt	-	-	-
H – Other Current financial debt	48,703	48,703	9058
I – Current Financial Debt (F) + (G) + (H)	48,703	48,703	9058
J- Net Current Financial Indebtedness (I) – (E) – (D)	(190,422)	28,815	8902
K – Non Current Bank loans	-	-	-
L – Bonds Issued	-	-	-
M – Other non current loans	-	-	-
N – Non current Financial Indebtedness (K) + (L) + (M)	-	-	-
O – Net Financial Indebtedness (J) + (N)	(190,422)	(56,343)	8902

The Company has no indirect or contingent indebtedness.

**PART XIV  
SELECTED FINANCIAL DATA**

The selected financial information set out below should be read in conjunction with AerFinance income statement and balance sheet included in the Auditor's report set out in "Part XXIV – Auditors Report and Financial Information of this Prospectus, which are prepared in accordance with IFRS.

The basis of presentation is set out in the Auditor's report. The selected results for the year ended 30<sup>th</sup> April 2010 set out below are extracted without material adjustment from "PART XXIV – Auditors Report and Financial Information on the Group". Due to the fact that the Company produced consolidated accounts including all its subsidiaries, the Auditors report is qualified to the following affect:

- a.) The auditors were unable to determine whether adequate accounting records have been kept
- b.) The auditors have nothing to report in respect of the following matters where the Companies Act 2006 requires to report to the directors:
- c.) Returns adequate for our audit have not been received from branches not visited by us; or
- d.) The parent company financial statements are not in agreement with the accounting records and returns; or
- e.) Certain disclosure of directors' remuneration specified by law are not made.

**BALANCE SHEET**

GBP	year ended on 30/04/2010 (consolidated)	year ended on 30/04/2009 (non consolidated)	year ended on 30/04/2008 (non consolidated)
	£	£	£
Revenue	249,920	0	18,841
Operating Profit	18,258	-133,018	-54,742
Profit for the Year	17,266	-133,572	-54,742
<b>Total Assets</b>	<b>513,217</b>	<b>92,351</b>	<b>197,959</b>
<b>Current Assets</b>	<b>279,125</b>	<b>80,256</b>	<b>197,959</b>
Cash and equivalents	108,348	156	2,026
Equity	172,652	69,673	161,449
Total Liabilities	<u>315,294</u>	22,678	<u>36,510</u>
<b>Non Consolidated Accounts</b>			
	year ended on 30/04/2010 (non consolidated)		
Total Assets	264,904		
Current Assets	59,888		
Cash and equivalents	865		
Equity	178,388		
Total Liabilities	<u>86,516</u>		





## PART XV INFORMATION ON THE BUSINESS

Aer Finance PLC is a company, incorporated in November 2006.

AerFinance's general investment strategy is to acquire and manage a portfolio of airline, aircraft maintenance and flight training companies in emerging markets especially in eastern Europe where there is a increasing demand for air transportation and related services. Additionally the Company is planning to setup a fully integrated business unit active in the purchasing, selling and leasing of commercial aircrafts. Whenever the Directors identifying a new opportunity and arrange an aircraft purchase for investment purposes, a new limited-liability company (special purpose company) is set up to hold the asset. The aircraft is then leased to financially trustworthy airlines on a long-term lease agreement that fully covers the aircraft investment company's operations. The special purpose companies are eventually sold out of AerFinance with the attached leasing contract when market conditions are right, yielding a profit.

The Directors believe that their broad collective experience in the areas of aviation, mergers and acquisitions, accounting, corporate and financial management in relation to small and medium sized businesses will assist them in the identification and evaluation of acquisition opportunities. As appropriate, the Company will engage third party accountants and other professional advisers to assist in the due diligence on potential targets.

The Directors will be seeking acquisitions and/or investments with the objective to produce long term capital growth.

In general the target companies should be profitable or have significant asset values, and the owners of the business should accept a large part of the consideration for any acquisition in new Ordinary Shares or other securities issued by the Company.

The Directors will also on an exceptional basis consider loss making target companies where, in the Directors view, there is a clear opportunity to develop a profitable and attractive business. While the Directors expect to concentrate their efforts in Poland and Eastern Europe, a broader range of potential investments may be considered should appropriate opportunities arise.

### *Latest market achievements & Operating Results:*

The company has been incorporated in November 2006 and started its business activity in 2007. In December 2007 the company concluded a private placement among institutional investors, followed by a listing on the Open Market of the Frankfurt Stock Exchange. In April 2008 the company has acquired its first subsidiary Direct Fly sp. z. o.o., a company incorporated under the laws of Poland with place of business in Warsaw, Poland. Subsequently Direct Fly became a licensed airline operator in Poland with main focus on executive passenger air transport. Thereafter the worldwide economical conditions changed dramatically "Credit Crunch" with direct impact on the aviation sector. The global financial market crises increased financing cost of aircraft significantly and demand and revenues for executive charter flights shrunk by more than 60 % percent. As a result AerFinance plc sold all shares in Direct Fly sp.zo.o. in the 3<sup>rd</sup> Quarter of 2009 and as part of the purchase agreement, write off all capital investments including the loans provided to Direct Fly sp.zo.o. This event mainly contributed to the net loss for the year 2008/2009.

In 2009 AerFinance PLC continued to work on the start-up of new investments: Air Market sp. z o.o., AerSoftware sp. z o.o., AerTech sp. zo.o., UAB Direct Fly, Avtech Aviation & Engineering ltd. Air Market and AerSoftware both received European Union Grants for the development of Innovative E-Commerce applications, which contributed to the financing needs of these companies.

Although the economic environment was challenging during 2009, AerFinance PLC has managed to increase the value of its assets and has recorded a positive net result for the 2009/2010 accounting period.

In 2010 the company has continued to follow its development strategies. All our investments generating growing business and where additional capital was required, it has been sourced by conducting private equity placements between our subsidiary company and private investors. As a result of strict cash management, AerFinance PLC has recorded growing profitability, increase of equity, growth of total assets level and positive net result both in consolidated and non-consolidated accounts. Above mentioned events are compliant with the long term strategy AerFinance, that is growth of our portfolio value.

**PART XVI**  
**DIRECTORS / MAJOR SHAREHOLDERS**

**Executive Directors:**

***Kolja Leo (aged 28) Chairman, CEO***

Kolja has spend most parts of his working live within the aviation industry and beside his studies he had his first job with the Gruner & Jahr editing company in Germany to work on a start up project for internet based travel agency travelchannel.de. After graduation he absolved his internship with Hapag Lloyd Travel Management and started work for a British Airways subsidiary. Later, Kolja started his own aircraft brokerage business and was working on various aviation projects including re-structuring passenger airlines and advisory of investment companies on various aviation related topics.

***Bartlomiej Herodecki (aged 29), Director***

Bartlomiej graduated with a master in international relations and is holding a post graduate diploma in corporate finance and accounting. After his graduation he absolved his internship with the Alternative Investment Services and started its own business with water appliances, before he joined the Ilski Investment Group, where he became a project manager. Later Bartlomiej became an analyst for Secus Asset Management and been elected as a board member of DirectFly z.o.o. a polish regional airline. Bartlomiej joined AerFinance on 2008 and became a significant shareholder.

**Shareholders structure as per 15-11-2010**

<b>Shareholder</b>	<b>Amount of shares</b>	<b>% of share at the date of this document</b>
Ikenga Investment Corporation Ltd,	1 088 646	25,26 %
Wisent Investment & Finance Limited	1 088 646	25,26 %
Huntingdon Blue Limited	1 000 000	23,20 %
Red Wisent Limited	1 000 000	23,20 %
Vidacos Nominees Limited	67 288	1,56 %
Others	65 470	1,52 %
<b>TOTAL</b>	<b>4 310 050</b>	<b>100 %</b>

**Conflict of Interest**

The company is not aware of any potential conflict of interests between any of the directors and the Company.

## **PART XVII**

### **CORPORATE GOVERNANCE**

The Directors are committed to the highest standards of corporate governance. The Directors intend to comply with the UK Corporate Governance Code in such respects as are appropriate for a company of its size and nature. Due to the size the Directors did not elect any non-executive directors in the current and previous financial year, but for this departure from the Combined Code, the company otherwise complied with the Combined Code in the last financial year and to the date of this document. The Company intend to elect at least two non-executive directors, to establish an audit committee and a remuneration committee (each comprising a majority of non-executive directors) to be established to operate with effect from Admission. Additionally, the Company intend to comply with Code of Best Practice for companies listed on the New Connect of the Warsaw Stock Exchange from the date of first trading commences.

The audit committee will meet at least twice each year. The audit committee will be responsible for ensuring that the financial performance of the Group is properly monitored and reported on. It will have the opportunity to meet the auditors without executive Board members being present and will review reports relating to accounts and internal control systems.

The remuneration committee will review the performance of executive directors and set their remuneration. The remuneration committee will also make recommendations to the full Board concerning remuneration and the allocation of share options to directors and employees. The remuneration and terms of appointment of non-executive directors will be set by the Board.

**PART XVIII**  
**RELATED PARTY TRANSACTIONS**

The Parties are considered related when one party has the possibility to control the other one or have significant influence over the party in making financial and operating decisions.

Up to 30/04/2008

- during the year, fees of GBP 17801 were charged to Direct Fly sp. z o.o., for consultancy fees.

Between 01/05/2008 and 30/04/2009

- the Company has granted loans to its subsidiaries in total of 208 154 PLN. The loans were provided at a market condition with various maturity dates and with interest ranging between 5-8 %. The loans were denominated in PLN

Between 01/05/2009 and 30/04/2010

- the Company has granted loans to its subsidiaries in total of 1 100 979,29 PLN. The loans were provided at a market condition with various maturity dates and with interest ranging between 6-9 %. The loans were denominated in PLN and in GBP

In October 2009

- the shares of Air Market sp. z o.o. and AerSoftware sp. z o.o. were acquired from Mr Bartłomiej Herodecki at nominal value.

In February 2010

- the 70 % of shares of Direct Fly UAB has been acquired by the company from Mr Kolja Leo for payment of 600 GBP.

*Transactions stated above are all the related party transactions entered into by the company in accordance with the definition in regulation (EC) No 1606/2002 during the period covered by the three years financial information and up to the date of this document.*

**PART XIX**  
**LOCK IN AND ORDERLY MARKETING ARRANGEMENTS**

The major shareholders of the Company, jointly representing 96 % of the total issued share capital at the date of this prospectus, Wisent Investment & Finance Limited, Ikenga Investment Corporation Limited, Huntingdon Blue Limited and Red Wisent Limited, have agreed that for the period of 6 months beyond the date of admission of the Company to the New Connect market of the Warsaw Stock , they will not (and will procure in so far as he is able that any person with whom he is connected for the purposes of section 346 of the Act will not), dispose any Ordinary Shares in excess of 5.00 % of their individual holding, calculated on the day of this prospectus. (the “Lock-in Agreement”).

## **PART XX CREST / KDPW**

### **CREST System**

CREST acts as a securities depository for the Admission Shares in the UK. CREST is an uncertificated share settlement system operated by CRESTCo. The CREST system eliminates the need for physical movement of share certificates. Settlement of trades occurs throughout the day, with the CREST system offering effective delivery versus payment (DVP).

Only CREST members are able to hold stock in accounts within the CREST system and appear on the register of members of the Company (share register) as the legal owner of the securities. A CREST member must have a contract with a bank that in turn is under contract to make and receive payments in respect of the member's activities in CREST. The CREST member is linked up to CREST by computer network and must have the technical capacity to interface directly with CREST. The CREST member holds shares as nominee for the underlying beneficial owners, so the name of the CREST member, rather than the beneficial owner, is entered into the register of members of the Company as the legal owner

Each CREST member may open a separate number of designated member accounts if it requires several legal entities to be recognized on the register of members of the Company (share register) and will establish sponsored memberships to facilitate this. Each member account appears as a designated account on the register of members and must be set up by the CREST member before it can be used for any CREST settlement activity. The member account facility enables CREST members to segregate holdings of individual holdings or funds.

The contents of each member account are mirrored on the register of members of the Company (share register). Whenever there is a transfer of stock to or from a member's account, CREST instructs the registrar to amend the register of members (share register) by sending an electronic register update record (RUR). The register of members (share register) is updated usually within two hours of the RUR being made available by CREST.

Only registered holders of Shares will be treated by the Company as the owners of such Shares and will be entitled to exercise rights incidental to the ownership of such Shares, including the right to vote, receive proxies, notices, distributions and dividends. Beneficial owners of shares may only exercise rights incidental to share ownership in accordance with the procedures and arrangements in effect from time to time between CREST and its members, subject to any statutory or regulatory requirements as may be in effect from time to time.

Any redemption proceeds, distributions or dividend payments paid with respect to the Admission Shares will be paid to CREST members, or such other nominee of CREST as may be requested by an authorized representative of CREST, as the registered holder. Disbursement of such payments to the beneficial owners is the responsibility of the CREST members.

In instances where a vote of the Shareholders is required, only registered holders will be entitled to vote. Holders of the Admission Shares (CREST members) are notified through the CREST proxy voting service that a general meeting of the Shareholders is to take place. CREST members complete and submit proxy appointments (including voting instructions) to the Company's registrars electronically. The Company (through its registrars) notifies CREST members of the outcome of resolutions voted on at the meeting and details of the proxy votes cast.

### **KDPW System**

Pursuant to the Act on Public Offers, securities which are offered in a public offering or admitted to trading on a regulated market in Poland exist in un-certificated form as of the date of their registration under the relevant depository agreement concluded with the KDPW (dematerialization). Such agreement should be concluded before the commencement of a public offering or the submission of an application for admission of securities to trading on a regulated market. In the case of securities issued outside of Poland, such as the Shares, only those securities which are offered in a public offering or which are to be admitted to trading on the regulated market may be registered with the depository. Before concluding an agreement with the KDPW, an issuer is obliged to place such securities into a deposit maintained in Poland or to register such securities with an entity which serves as a central securities registry or a securities transaction clearing system in the relevant foreign

jurisdiction. With respect to the Admission Shares, this requirement is met when the Shares are registered with the CREST. Share deposit certificates evidencing the title to the Shares may be issued at the request of the account holder. Pursuant to Article 9 of the Act on Trading in Financial Instruments, a share deposit certificate confirms the title to exercise all rights arising from the securities which are not or cannot be exercised purely on the basis of entries in a securities account. The investors should note, however, that they will not be able to exercise the rights vested in them under the Admission Shares by using a share deposit certificate. In particular, the provisions of the Act on Trading in Financial Instruments authorising a shareholder to exercise certain of its rights with the use of a deposit certificate constitute part of a Polish corporate law regulation which does not apply to the Company.

Pursuant to the Act on Trading in Financial Instruments, the rights attached to dematerialised securities accrue as of the moment such securities are first registered in a securities account and inure to the benefits of the account holder. Under an agreement on the transfer of dematerialized securities, such securities are transferred as of the moment the relevant entry is made in the securities account. The relevant entry is made after the transfer of securities is registered on the appropriate accounts of the KDPW members. If the date establishing the rights of the holders of dematerialized securities falls on or after the date on which the transaction should be cleared at the depository for securities, and the securities continue to be registered in the transferor's account, the benefits inure to the benefit of the transferee and accrue as of the moment the securities are registered in the securities account of the transferee. If dematerialized securities are acquired by mere operation of the law, such securities are registered in the transferee's account at his request.



## **PART XXI TAXATION IN POLAND**

*The information below summarizes the advice received by the Directors. This summary is not intended to constitute a complete analysis of the tax consequences of the acquisition, ownership and disposal of the Shares by the Investors. The Investors should, therefore, consult their own tax advisers on the tax consequences of such acquisition, ownership and disposal, including, in particular, the tax consequences under Polish law, the law of United Kingdom the law of the jurisdiction of their residence and the tax treaty between their country of residence and United Kingdom. When determining the principles of taxation, treaties on the avoidance of double taxation (tax treaties), if any, entered into by United Kingdom and the country of which the given corporate person or individual is resident, should be taken into account. These agreements may provide for lower rates of taxation on dividends received by corporate persons or individuals, or even exclude taxation in United Kingdom altogether.*

*An investment in the Company involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Company has or will have investments or in United Kingdom (or in any other country in which a subsidiary of the Company through which investments are made, is located), or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Company to Investors.*

### **Income earned on the disposal of securities by individual who are Polish tax residents**

In accordance with Article 3, section 1 of the Personal Income Tax Act, natural persons, provided that they reside within the territory of the Republic of Poland, are liable to pay tax on all of their income (revenue) regardless of the location of the source of revenues (unlimited tax obligation). A person residing within the territory of the Republic of Poland is any natural person who (i) has the centre of their personal or economic interests (centre of life interests) within the territory of Poland; or (ii) resides within the territory of Poland for more than 183 days in any tax year.

According to Article 13, section (2) of Polish- UK tax treaty, gains from the alienation of shares may be taxed in either Poland or in United Kingdom.

Pursuant to Article 30b, section 1 of the Personal Income Tax Act, income earned in Poland on the transfer of the ownership of securities (including the Shares) in exchange for consideration is taxed at a flat rate of 19%. Taxable income is computed as the difference between the proceeds from the disposal of securities and the tax-deductible costs, including the expenditure relating to the acquisition of these securities. Such income is subject to taxation as income due, even if not actually yet received. It is not aggregated with the other income of the individual and is taxed separately.

Entities intermediating in the sale of securities by an individual (e.g. brokerage houses) are required to deliver to that person and the appropriate tax office, information on the amount of income earned by that person, by the end of February of the year immediately following the year in which the gains are made (or losses are incurred) by such person on the disposal of securities. There is no requirement to pay tax advances during the tax year.

An individual who obtains gains (or incurs losses) on the sale of securities is required to calculate and pay the tax due, as well as submit, by 30 April of the calendar year immediately following the year in which such gains are obtained (or losses incurred), a separate tax return identifying the amount of the gains or losses. The tax return is to be submitted to the tax office competent for the place of residence of such taxpayer on the last day of the tax year, and if such person ceased to reside in Poland before that date, to the tax office competent for the person's last place of residence within the territory of Poland.

The above regulations shall not apply if a sale of securities for a consideration is a consequence of performance of any business activities, as in such case the revenues from the sale of securities should be qualified as originating from the performance of such activities and should be settled according to general terms. The potential double taxation of income is avoided on the basis of Polish tax law which allows individuals who earn income from the disposal of securities in Poland and/or abroad, to deduct the tax paid in another country, if any, from the tax payable in Poland on the total amount of such income (Article 30b, section 5a and 5b of the Personal Income Tax Act)

### **Income earned on the disposal of securities by individuals who are not polish tax residents**

In accordance with Article 3, section 2a of the Personal Income Tax Act, natural persons, if they do not reside within the territory of the Republic of Poland, are liable to pay tax exclusively on income (revenue) obtained within the territory of the Republic of Poland (limited tax obligation).

Income from the disposal of shares in a foreign entity by an individual who is not a Polish tax resident cannot be classified as income obtained in Poland and as a result is not taxed in Poland. In such case, the tax law of United Kingdom and of the country of residence of the individual should be applied, modified in accordance with the tax treaty between United Kingdom and the country of residence, if any.

However, in certain circumstances income earned by a non-Polish resident from the disposal of shares in a foreign company may be taxed in Poland, provided that such shares are held by a permanent establishment of the non-resident, which is located in Poland, and income from the disposal of these shares can be ascribed to the permanent establishment. The Polish tax law defines a permanent establishment as:

(i) a permanent facility through which an entity which has its registered seat or management board within the territory of one country carries out all or part of its operations within the territory of another country, including without limitation a branch, a representative office, an office, a factory, a workshop or a location for mining natural resources;

(ii) a building site, construction, assembly or installation conducted within the territory of one country by an entity having its registered seat or management board within the territory of another country;

(iii) a person who, acting for and on behalf of an entity having its registered seat or management board within the territory of one country, operates within the territory of another country, provided that such person has a power of attorney to enter into agreements on behalf of such entity, and that such power of attorney is truly exercised, unless any treaty on the avoidance of double taxation to which the Republic of Poland is a party, provides otherwise.

Income earned by the non-resident through a permanent establishment is taxed according to the general rules, which can be modified by the tax treaty between Poland and the country of residence of the individual.

#### **Dividends and Other Income from a Share in Profits of Legal Persons Earned by Individuals Who Are Polish Tax Residents.**

In light of Polish tax law, income from a share in the profits of legal persons is the income actually generated from such a share, including inter alia, income from redemption of shares, from the disposal of shares of the company in exchange for consideration with a view to redeeming the shares, the value of the assets received in connection with the liquidation of the legal person, income intended for a share capital increase, and income is the equivalent of the amounts contributed to the share capital from other funds of the legal person.

Taxation of the dividend income obtained by an individual who is a Polish resident from a company resident in the United Kingdom, is regulated by the provisions of the Polish-United Kingdom tax treaty. Pursuant to the Article 10 of the treaty, dividends paid by a company which is a resident of United Kingdom to a resident of Poland may be taxed in Poland. These dividends may also be taxed in the United Kingdom. But additional provision of Polish – United Kingdom treaty apply

Pursuant to Article 30a, section 1 point 4 of the Polish Personal Income Tax Act, dividend income and other income from a share in the profits of legal persons is not aggregated with income from any other sources, and is subject to taxation at flat rate of 19% of the income earned.

#### **Dividends and Other Income from a share in the Profits of Legal persons Earned by Individuals who are not Polish Tax Residents**

Dividend income paid by a UK company to a non-Polish tax resident is not taxed in Poland. The tax treaty between the United Kingdom and the Country of residence of the individual should be applied.

#### **Income earned on the disposal of securities by corporate persons who are Polish tax residents**

In accordance with Article 3, section 1 of the Corporate Income Tax Act, taxpayers having their seat or a management board within the territory of the Republic of Poland, are liable to pay tax on all of their income, irrespective of the location of the source of revenues. Thus, income from the disposal of the Shares earned by Polish residents is taxed in Poland.

Gains on the disposal of securities (including the Shares) by a corporate person having their seat (management board) within Poland are subject to taxation under the general rules stipulated in the Corporate Income Tax Act. Taxable income is the difference between the proceeds from the disposal of securities and the tax-deductible costs, including the expenditure relating to the acquisition of these securities. The income thus computed is aggregated with the other income of the corporate person. The income of a corporate person is taxed at a rate of 19% of the taxable income.

Pursuant to Article 25 of the Corporate Income Tax Act, a corporate person which has disposed of securities is required to pay the due tax prepayment into the account of the appropriate tax office. The tax prepayment is calculated as the difference between the tax due on the income earned since the beginning of a given tax year and the aggregate tax prepayments due for the previous months of this year. The taxpayer is required to submit their annual tax return by the end of the third month of the year immediately following the year in which the gains are made.

### **Income Earned on the Disposal of Securities by Corporate Persons Who Are Not Polish Tax Residents**

Foreign corporate persons taxed on the principles set forth below are legal persons, companies in organization, as well as non-corporate organizations other than partnerships, which have their registered office or management board outside the territory of the Republic of Poland. In accordance with Article 3, section 2 of the Corporate Income Tax Act, taxpayers, if they do not reside within the territory of the Republic of Poland, are liable to pay tax exclusively on income obtained within the territory of the Republic of Poland.

Income from the disposal of shares in an entity resident in United Kingdom by a corporate person who is not a Polish tax resident cannot be classified as income obtained in Poland, and as a result is not taxed in Poland. The tax treaty between United Kingdom and the country of residence of the company should be applied.

However, in certain circumstances income earned by a non-Polish resident from the disposal of shares in a foreign company may be taxed in Poland, provided that such shares are held by a permanent establishment of the non-resident, which is located in Poland, and income from the disposal of these shares can be ascribed to the permanent establishment. The Polish tax law defines a permanent establishment as:

- (i) a permanent facility through which an entity which has its registered seat or management board within the territory of one country carries out all or part of its operations within the territory of another country, including without limitation a branch, a representative office, an office, a factory, a workshop or a location for mining natural resources;
- (ii) a building site, construction, assembly or installation conducted within the territory of one country by an entity having its registered seat or management board within the territory of another country;
- (iii) a person who, acting for and on behalf of an entity having its registered seat or management board within the territory of one country, operates within the territory of another country, provided that such person has a power of attorney to enter into agreements on behalf of such entity, and that such power of attorney is truly exercised, unless any treaty on the avoidance of double taxation to which the Republic of Poland is a party, provides otherwise.

Income earned by the non-resident through a permanent establishment is taxed according to the general rules, which can be modified by the tax treaty between Poland and the country of residence of the corporate person

### **Dividends and other income from a share in the profits of legal persons earned by corporate persons who are Polish tax residents**

As a rule, dividend income and other income from a share in the profits of legal persons is subject to taxation at a flat rate of 19 %. However this rule is modified by the provision of the Polish-United Kingdom tax treaty, according to which that dividends of a company registered in United Kingdom paying to residents of Poland may be taxed in United Kingdom under further provisions of the treaty.

### **Dividend and Other Income from a Share in the Profits of Legal Persons Earned by corporate Person who are not Polish Tax Residents**

Dividend income paid by a UK company to a non-Polish tax resident is not taxed in Poland. The tax treaty between the United Kingdom and the country of residence of the individual should be applied.

## PART XXII UNITED KINGDOM TAXATION

### General

*The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis or listing of all potential UK tax consequences of the acquisition, holding or disposal of New Shares. In particular, this section does not deal with any potential inheritance tax consequences of the acquisition, holding or disposal of New Shares. Prospective acquirers of New Shares are advised to consult their own professional advisers concerning the tax consequences of the acquisition, ownership and disposal of New Shares. The following statements are based on current UK legislation and what is understood to be the current practice of HM Revenue & Customs as at the date of this Prospectus, both of which may change, possibly with retroactive effect. They apply only to corporate holders of New Shares who are resident in (and only in) the United Kingdom for UK tax purposes (except in so far as express reference is made to the treatment of non-UK residents), who hold their Shares as investments and not as trading stock and who are the absolute beneficial owners of both their Shares and any dividends paid on them.*

Other than the statements contained in the section of this Prospectus headed “UK stamp duty/stamp duty reserve tax (“SDRT”)” of this Part XXII, the statements are in addition not applicable to all categories of holders of Shares and, in particular, are not addressed to (i) holders of 10% or more of the issued share capital in the Company, (ii) special classes of holders such as (but not limited to) persons acquiring their Shares in connection with employment, dealers in securities, broker-dealers, insurance companies, collective investment schemes and investment companies, (iii) holders who hold Shares as part of hedging or conversion transactions and (iv) holders who hold Shares in connection with a trade, profession or vocation carried on in the United Kingdom (whether through a permanent establishment or otherwise).

**Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own professional advisers.**

### Taxation of dividend

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend on the individual circumstances of a Shareholder.

Legislation has recently been enacted that has made significant changes to the corporation tax treatment of dividends with effect from 1 July 2009, including the corporation tax treatment of dividends paid to UK-resident companies by companies not resident in the United Kingdom (such as the Company which is expected to be Polish tax resident). Based on the legislation, it appears likely that dividends paid on New Shares to UK resident corporate Shareholders would generally (subject to anti-avoidance rules) fall within one or more categories of dividend qualifying for exemption from corporation tax.

Assuming that any dividend paid by the Company would fall within one or more of the exempt categories, the holder would not be entitled to claim relief by way of credit in the United Kingdom in respect of any tax paid by the holder under the laws of Poland, either directly or by deduction, in respect of that dividend (see “Taxation of dividend income” in “Part XXI — Taxation in the Federal Republic of Poland”). Shareholders within the charge to corporation tax are advised to consult their independent professional tax advisers in relation to the implications of the legislation.

### Taxation of capital gains

A disposal of Shares by a holder which is resident in the United Kingdom for tax purposes, or a holder which is not resident in the United Kingdom for tax purposes but carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom in connection with which the Shares are used, held or acquired, may, depending on the holder’s individual circumstances (including the availability of exemptions, reliefs or allowable losses) give rise to a chargeable gain or an allowable loss for the purposes of UK taxation on chargeable gains.

### UK stamp duty/stamp duty reserve tax (“SDRT”)

Following the recent European Court of Justice judgment in *HSBC Holdings plc v HMRC* (the “HSBC judgment”), HMRC have confirmed that they will no longer seek to apply the 1.5% SDRT charge that would previously have been payable on the issuance of New Shares into the a non UK electronic clearance system.

However, based on the HSBC judgment, HMRC are not expected to accept that the equivalent charge on the transfer of New Shares into the non-UK based electronic clearance system is also invalid. Consequently, any such transfer is expected to be subject to ad valorem stamp duty and/or SDRT at the rate of 1.5% (rounded up, if necessary, in the case of stamp duty, to the nearest multiple of £5) of the amount or value of the consideration for the transfer of the New Shares or, in certain circumstances, the value of the New Shares when transferred into the non-UK based electronic clearance system. The Company will meet the cost of any stamp duty and/or SDRT arising on the transfer of New Shares into any non-UK based clearance system.

Subsequent transfers of Shares within the KDPW electronic clearance system can currently be made free of SDRT. A transfer on sale of Shares within KDPW that is effected by a written instrument of transfer will strictly be liable to ad valorem stamp duty at the rate of 0.5% (rounded up, if necessary, to the nearest multiple of £5) of the amount or value of the consideration given but such stamp duty will not be required to be paid, in the case of a written instrument of transfer executed outside the United Kingdom, unless and until such written instrument is brought into the United Kingdom (in which event interest may be payable in addition).

A transfer on sale of Shares outside the electronic clearing system will generally be liable to ad valorem stamp duty on the instrument of transfer at the rate of 0.5% (rounded up, if necessary, to the nearest multiple of £5) of the amount or value of the consideration given. An unconditional agreement to transfer Shares outside the electronic clearing will generally also be subject to SDRT at the rate of 0.5% of the amount or value of the consideration payable. If, however, within the period of six years from the date of the agreement or, in the case of a conditional agreement, the date on which it becomes unconditional, an instrument of transfer is executed pursuant to the agreement which transfers the Shares to the purchaser under the agreement and stamp duty is paid on that instrument, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled. Stamp duty is normally paid by, and SDRT is normally the liability of, the purchaser or transferee. An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. Higher rates of ad valorem stamp duty and/or SDRT may apply in certain circumstances, such as a transfer of Shares into an electronic clearance system or a depositary receipt system.

The statements in the section above apply to any holders of Shares irrespective of their residence, summarise the current UK stamp duty and SDRT position and are intended as a general guide only. Special rules apply to agreements made by, among others, intermediaries.

**PART XXIII**  
**SECURITIES MARKET REGULATION OF POLAND**

The summary of the securities market regulations applicable to the Company set forth below is intended for general information only and contains certain significant issues which could be relevant in connection with the listing of the Shares on the WSE. The summary does not purport to be a comprehensive description of all the topics described below.

**Disclosure of information**

**Polish requirements**

An issuer whose securities are sought to be admitted to trading on a regulated market, or are admitted to trading on such a market, should simultaneously provide the following information to the Polish Financial Supervision Authority and to the WSE and, 20 minutes thereafter, also make it available to the public:

(i) inside information (any information of a precise nature relating directly or indirectly to one or more issuers of financial instruments, one or more financial instruments, or the acquisition or disposal of such instruments, which has not been made public and which, if made public, would be likely to have a significant effect on the prices of financial instruments or related derivative financial instruments);

(ii) current and interim information.

**Disclosure requirements for acquisitions and disposals of Ordinary Shares (Polish requirements)**

In accordance with Article 69, paragraph 1 of the Act on Public Offers, anyone who:

(i) has reached or exceeded the threshold of 5%, 10%, 20%, 25%, 33%, 50% or 75% of the total vote in a public company; or

(ii) holds at least 5%, 10%, 20%, 25%, 33%, 50% or 75% of the total vote in such a company and, as a result of reducing this share, holds respectively 5%, 10%, 20%, 25%, 33%, 50% or 75% or less of the total vote,

(iii) is obliged to notify the Polish Financial Supervision Authority within four days of the date of change in the share of the total vote or from the date on which such person learned of such change or could have learned of such change had such person applied due care.

Pursuant to Article 69, paragraph 2 of the Act on Public Offers, the duty to notify the Polish Financial Supervision Authority and the relevant publicly traded company also applies if the shares of a company traded on the official exchange market representing at least 2% of the total vote at a shareholders' meeting are purchased or sold by any shareholder who already owns shares representing more than 10% of the total vote at a general meeting. The duty to notify the Polish Financial Supervision Authority and the relevant publicly traded company also arises in the case where any person holding shares representing more than 33% of the total vote at a general meeting purchases or sells shares of this public company representing at least 1% of the total vote at a general meeting.

**Insider trading**

The Act on Trading in Financial Instruments in Poland defines "confidential information as any information of a precise nature, relating, directly or indirectly, to one or more issuers of financial instruments, or acquisitions or disposal of such instruments, which has not been made public and which, if made public, would be likely to have a significant effect on the prices of financial instruments or related derivative financial instruments.

Anyone who gains confidential information by virtue of membership of the governing bodies of a company, by virtue of an interest in the share capital of the company, or as a result of having access to confidential information in connection with employment, or a mandate or any other contract or any legal relationship of a similar nature, is prohibited from using such information. The actions regarded as prohibited use of confidential information, include:

(i) acquiring or disposing of, for their own account or for the account of a third party, any of the issuer's shares, derivative rights attached thereto or other financial instruments related to such shares;

(ii) recommending or inducing other persons to acquire or dispose of any financial instruments affected by the confidential information;

(iii) enabling or facilitating the confidential information regarding one or more issuers of shares, or the issuer of any other financial instruments, to be obtained by an unauthorized person. Under the Act on Trading in Financial Instruments, any person who makes publicly available or who uses inside information in breach of the law, may be subject to a fine or imprisonment, or both of these sanctions. The maximum fine that can be imposed is PLN 5,000,000; whereas, the length of imprisonment depends on the type of offence and can range from three months to eight years.

## **PART XXIV – AUDITORS REPORT & HISTORIC FINANCIAL INFORMATION**

The information below are historic financial information of the Issuer. The issuer prepared first time for the year April 2010 consolidated accounts. AerFinance plc as a holding company operates in different countries of Europe, subsidiary companies have by law a different accounting reference date, than the one of the Issuer. For reasons of time and costs involved preparing audits for all the subsidiaries, the current auditor report of AerFinance is qualified to the following extend:

The auditors have not obtained all the information and explanations that we considered necessary for the purpose of our audit;

- f.) The auditors were unable to determine whether adequate accounting records have been kept
- g.) The auditors have nothing to report in respect of the following matters where the Companies Act 2006 requires to report to the directors:
- h.) Returns adequate for our audit have not been received from branches not visited by us; or
- i.) The parent company financial statements are not in agreement with the accounting records and returns; or
- j.) Certain disclosure of directors' remuneration specified by law are not made.



## **Report of the Independent Auditors to the Members of**

### **AERFINANCE PLC**

We have audited the financial statements of Aerfinance PLC for the year ended 30<sup>th</sup> April 2010 which comprise the Group and Parent Company Statements of Financial Position, the Parent Company Statement of Comprehensive Income, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and related notes on pages 14 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable laws and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB) Ethical Standards for Auditors.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion: disclaimer on view given by the financial statements**

The audit evidence available to us was limited because the financial statements of the material overseas subsidiaries had not been fully prepared or available for audit. Opening balances could not be verified as group financial statements were not prepared in the previous period. Future budgets and cash flow statements of the overseas subsidiaries or parent company had not been made available to us. As a result of the foregoing, we have been unable to obtain sufficient appropriate audit evidence concerning the results, opening balances or fair values of the overseas subsidiaries to support the amounts shown in the group and parent company financial statements, nor have we been able to confirm the appropriateness of the going concern basis of the preparation of the group financial statements for a period of 12 months from the date of this report.

Because of the possible significant effect of the limitations in evidence available to us, we are unable to form an opinion as to whether the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30<sup>th</sup> April 2010 and the group's and the parent company's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In view of our disclaimer of an opinion on the view given by the financial statements, we are also unable to form an opinion concerning the consistency of the information given in the Directors' Report for the financial year for which the financial statements are prepared.

#### **Matters on which we are required to report by exception**

In respect solely of the limitations of our work referred to above

- We have not obtained all the information and explanations that we considered necessary for the purpose of our audit,
- We were unable to determine whether adequate accounting records have been kept.

**Report of the Independent Auditors to the Members of**

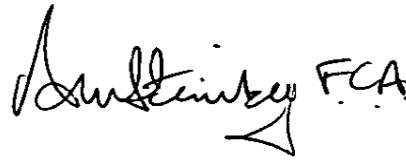
**AERFINANCE PLC**

**- Continued**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosure of directors' remuneration specified by law are not made

Allan M Steinberg FCA (Senior Statutory Auditor)  
for and on behalf of Allan Steinberg & Co , Statutory Auditors  
Chartered Accountants  
& Registered Auditors  
25a York Road  
Ilford  
Essex  
IG1 3AD

A handwritten signature in black ink, appearing to read 'A Steinberg FCA', with a stylized flourish at the end.

Date 17 December 2010

**AERFINANCE PLC**

**Consolidated Income Statement  
for the year ended 30th April 2010**

	Notes	£
<b>CONTINUING OPERATIONS</b>		
Revenue		249,920
Cost of sales		<u>(88,401)</u>
<b>GROSS PROFIT</b>		
Other operating income		130,965
Administrative expenses		(267,514)
Other operating expenses		<u>(6,712)</u>
<b>OPERATING PROFIT</b>		
		18,258
Finance costs	3	<u>(992)</u>
<b>PROFIT BEFORE INCOME TAX</b>		
	4	17,266
Income tax	5	<u>-</u>
<b>PROFIT FOR THE YEAR</b>		
		<u>17,266</u>
Profit attributable to Owners of the parent		22,130
Non-controlling interests		<u>(4,864)</u>
		<u>17,266</u>

**AERFINANCE PLC**

**Consolidated Statement of Comprehensive Income  
for the year ended 30th April 2010**

	Notes	£
<b>PROFIT FOR THE YEAR</b>		17,266
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>17,266</u></u>
Total comprehensive income attributable to		
Owners of the parent		22,130
Non-controlling interests		<u>(4,864)</u>
		<u><u>17,266</u></u>
<b>Profit per share</b>		
Basic	6	<u>0 008p</u>
Diluted		<u>0 006p</u>

AERFINANCE PLC

Registered in England and Wales No: 5989034

Consolidated Statement of Financial Position  
30th April 2010

	Notes	£
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	7	217,500
Plant and equipment	8	16,592
Investments	9	-
		<u>234,092</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	10	130,777
Investments	11	40,000
Cash and cash equivalents	12	<u>108,348</u>
		<u>279,125</u>
<b>TOTAL ASSETS</b>		<u><u>513,217</u></u>
<b>EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Called up share capital	14	215,502
Share premium	15	35,384
Other reserves	15	110,871
Retained earnings	15	(189,105)
		172,652
Non-controlling interests	13	<u>25,271</u>
<b>TOTAL EQUITY</b>		<u>197,923</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	16	266,591
Financial liabilities - borrowings		
Interest bearing loans and borrowings	17	<u>48,703</u>
		<u>315,294</u>
<b>TOTAL LIABILITIES</b>		<u>315,294</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>513,217</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on  
signed on its behalf by

Director

17/12/2010

and were

The notes form part of these financial statements  
Page 9

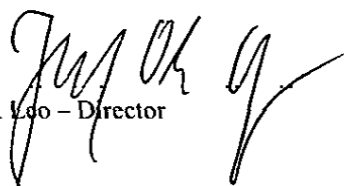
**AERFINANCE PLC**

Registered in England and Wales No. 5989034

**Company Statement of Financial Position  
30th April 2010**

	Notes	2010 £	2009 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments	9	63,022	12,095
Amounts owed by group undertakings	10	<u>141,994</u>	<u>-</u>
		<u>205,016</u>	<u>12,095</u>
<b>CURRENT ASSETS</b>			
Inventories		-	80,000
Trade and other receivables	10	19,023	-
Investments	11	40,000	100
Cash and cash equivalents	12	<u>865</u>	<u>156</u>
		<u>59,888</u>	<u>80,256</u>
<b>TOTAL ASSETS</b>		<u>264,904</u>	<u>92,351</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	14	215,502	215,502
Share premium	15	35,384	35,384
Retained earnings	15	<u>(72,498)</u>	<u>(181,213)</u>
<b>TOTAL EQUITY</b>		<u>178,388</u>	<u>69,673</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	37,813	13,620
Financial liabilities - borrowings			
Interest bearing loans and borrowings	17	<u>48,703</u>	<u>9,058</u>
		<u>86,516</u>	<u>22,678</u>
<b>TOTAL LIABILITIES</b>		<u>86,516</u>	<u>22,678</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>264,904</u>	<u>92,351</u>

The financial statements were approved and authorised for issue by the Board of Directors on *17/12/2010* and were signed on its behalf by

  
K Loo - Director

The notes form part of these financial statements

**AERFINANCE PLC**

**Statement of Changes in Equity  
for the year ended 30<sup>th</sup> April 2010**

	<b>Group £</b>	<b>Company £</b>
Profit for the financial year	17,266	108,715
Addition to shareholders' funds	180,657	-
Net addition to shareholders' funds	<u>197,923</u>	<u>108,715</u>
Opening shareholders' funds	-	69,673
	<u>197,923</u>	<u>178,388</u>

The notes form part of these financial statements

**AERFINANCE PLC**

**Statement of Cash Flows  
for the year ended 30th April 2010**

		<b>Group</b>	<b>Company</b>
		2010	2010
		£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	297,018	160,303
Interest paid		<u>-</u>	<u>-</u>
Net cash from operating activities		<u>297,018</u>	<u>160,303</u>
 <b>Cash flows from investing activities</b>			
Purchase of intangible assets		(217,500)	-
Purchase of plant and equipment		(16,592)	-
Purchase of fixed asset investments		-	(63,022)
Purchase of current asset investments		(40,000)	(40,000)
Sale of fixed asset investments		<u>11,777</u>	<u>11,777</u>
Net cash from investing activities		<u>(262,315)</u>	<u>(91,245)</u>
 <b>Cash flows from financing activities</b>			
New loans in year		48,703	48,703
Loan repayments in year -		(9,058)	(9,058)
Amounts owed by group undertakings		-	(141,994)
Amount introduced by directors		34,000	34,000
Share issue		<u>-</u>	<u>-</u>
Net cash from financing activities		<u>73,645</u>	<u>(68,349)</u>
 <b>Increase/(Decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year	2	<u>-</u>	<u>156</u>
Cash and cash equivalents at end of year	2	<u>108,348</u>	<u>865</u>

The notes form part of these financial statements



**AERFINANCE PLC**

**Notes to the Statement of Cash Flows  
for the year ended 30th April 2010**

**1 RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	Group 2010 £	Company 2010 £
Profit/(loss) before income tax	17,266	108,715
Loss on disposal of fixed assets	418	418
Reserves on consolidation	122,791	-
Minority interests	<u>(25,271)</u>	<u>-</u>
	115,204	109,133
Decrease/(Increase) in inventories	80,000	80,000
(Increase)/Decrease in trade and other receivables	(130,777)	(19,023)
Decrease in trade and other payables	<u>232,591</u>	<u>(9,807)</u>
<b>Cash generated from operations</b>	<u><u>297,018</u></u>	<u><u>(160,303)</u></u>

**2 CASH AND CASH EQUIVALENTS**

The amounts disclosed on the cash flow in respect of cash and cash equivalents are in respect of these balance sheet amounts

**Year ended 30th April 2010**

	Group £	Company £
Cash and cash equivalents	<u>108,348</u>	<u>865</u>

**Year ended 30th April 2009**

	Group £	Company £
Cash and cash equivalents	<u>-</u>	<u>156</u>

The notes form part of these financial statements

## AERFINANCE PLC

### Notes to the Consolidated Financial Statements for the year ended 30th April 2010

#### 1 ACCOUNTING POLICIES

##### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the assumption that the Group is a going concern.  
The financial statements show a profit for the year of £17,266 and net current liabilities of £36,169.

At the date of the financial statements the Group's ability to continue as a going concern reflects the net funds available to the Group at the year end and the forecasts for the current financial year. On that basis, in the opinion of the Directors, the financial statements have been prepared on the assumption that the Group is a going concern.

##### **Companies Act s408 exception**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £108,715.

##### **Basis of consolidation**

The consolidated financial statements include the results of the Company and all of its subsidiary undertakings. A subsidiary is an entity controlled, directly or indirectly by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The results of subsidiaries have been included from the date of acquisition using the purchase method of accounting as appropriate.

The group financial statements consolidate the financial statements of the company and its subsidiaries for financial year ended 30th April 2010.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

No consolidated accounts were prepared for 2009 and consequently no comparative figures are available.

##### **Investments in subsidiaries**

Fixed asset investments in subsidiary undertakings are shown at cost.

##### **Plant and equipment**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and equipment for the Polish entities 30% per annum on cost

##### **Intangible assets**

Subject to amortisation

This represents the cost of an aviation related I T feasibility study which is being amortised over five years.

Not subject to amortisation

This represents specialised aviation industry software developed by the group which has not been amortised.

The notes form part of these financial statements

## AERFINANCE PLC

### Notes to the Consolidated Financial Statements - continued for the year ended 30th April 2010

#### Financial instruments

##### Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired

**Trade and other receivables:** These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment, if appropriate

**Cash and cash equivalents** These include cash in hand, deposits held at call with banks and bank overdrafts

##### Financial liabilities

The Group classifies its financial liabilities as

**Trade and other payables:** These are initially recognised at fair-value and then carried at amortised cost, if appropriate. They arise principally from the receipt of goods and services.

##### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duty. Revenue arising from the provision of services is recognised when and to the extent that the Group obtains the right to consideration in exchange for the performance of its contractual obligations

##### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

##### Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date

## 2 EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 30th April 2010

Directors' remuneration	£
	<u>          -</u>

## 3 NET FINANCE COSTS

Finance costs	£
Bank interest	<u>          992</u>

The notes form part of these financial statements

**AERFINANCE PLC**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 30th April 2010**

**4 PROFIT BEFORE INCOME TAX**

The profit before income tax is stated after charging/(crediting)

	£
Cost of inventories recognised as an expense	88,401
Depreciation - owned assets	3,181
Profit on disposal of fixed assets	(128,193)
Computer software amortisation	8,888
Auditors' remuneration	750
Auditors' remuneration for non audit work - accountancy	1,750
Foreign exchange differences	(1,749)

**5 INCOME TAX**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year

**Factors that may affect the future tax charge**

Unrelieved tax losses of approximately £78,280 are available to offset against future taxable profits of the Group

**6 PROFIT PER SHARE**

a) The calculation of the basic profit per share arising is based upon the profit after tax attributable to ordinary shareholders of £17,266 and a weighted average number of shares in issue for the year of 2,155,025 ordinary shares of 10p each

b) The diluted profit per share takes into account the directors' share options totalling 400,000 ordinary shares of 10p each in addition to the 2,155,055 shares already in issue

The notes form part of these financial statements

**AERFINANCE PLC**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 30th April 2010**

**7 INTANGIBLE ASSETS**

<b>Group</b>	Not amortised £	Amortised £	Totals £
<b>COST</b>			
At 1st May 2009 and 30 <sup>th</sup> April 2010	173,056	71,110	244,166
<b>AMORTISATION</b>			
At 1 <sup>st</sup> May 2009	-	17,778	17,778
Amortisation for the year	<u>-</u>	<u>8,888</u>	<u>8,888</u>
At 30th April 2010	<u>-</u>	<u>26,666</u>	<u>26,666</u>
<b>NET BOOK VALUE</b>			
At 30th April 2010	<u>173,056</u>	<u>44,444</u>	<u>217,500</u>
At 30th April 2009	<u>173,056</u>	<u>53,332</u>	<u>226,388</u>

**8 PLANT AND EQUIPMENT**

<b>Group</b>	Plant and equipment £
<b>COST</b>	
At 1st May 2009 and 30th April 2010	<u>19,773</u>
<b>DEPRECIATION</b>	
Charge for year	<u>3,181</u>
At 30th April 2010	<u>3,181</u>
<b>NET BOOK VALUE</b>	
At 30th April 2010	<u>16,592</u>
At 30th April 2009	<u>19,773</u>

The notes form part of these financial statements

**AERFINANCE PLC**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 30th April 2010**

**9 INVESTMENTS**

**Group**

	Shares in group undertakings £	Unlisted investments £	Totals £
<b>COST</b>			
At 1st May 2009	(28,267)	12,095	(16,172)
Additions	28,267	-	28,267
Disposals	<u>-</u>	<u>(12,095)</u>	<u>(12,095)</u>
At 30th April 2010	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET BOOK VALUE</b>			
At 30th April 2010	<u>-</u>	<u>-</u>	<u>-</u>
At 30th April 2009	<u>(28,267)</u>	<u>12,095</u>	<u>(16,172)</u>

**Company**

	Shares in group undertakings £	Unlisted investments £	Totals £
<b>COST</b>			
At 1st May 2009	-	12,095	12,095
Additions	63,022	-	63,022
Disposals	<u>-</u>	<u>(12,095)</u>	<u>(12,095)</u>
At 30th April 2010	<u>63,022</u>	<u>-</u>	<u>63,022</u>
<b>NET BOOK VALUE</b>			
At 30th April 2010	<u>63,022</u>	<u>-</u>	<u>63,022</u>
At 30th April 2009	<u>-</u>	<u>12,095</u>	<u>12,095</u>

The notes form part of these financial statements

**AERFINANCE PLC**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 30th April 2010**

**9 INVESTMENTS - continued**

The company held investments in the share capital of subsidiary companies are as follows

	Holding %	Cost £
<b>Air Market S.A.</b>		
Country of incorporation Poland		
Nature of business e-commerce platform for business airlines		
Class of shares ordinary shares full rights	100	31,867
<b>AerSoftware sp.zo.o</b>		
Country of incorporation Poland		
Nature of business electronic flight bag solutions		
Class of shares ordinary shares full rights	100	28,267
<b>UAB "Direct Fly"</b>		
Country of incorporation Lithuania		
Nature of business electronic flight bag solutions		
Class of shares ordinary shares full rights	70	666
<b>IMW sp zo.o</b>		
Country of incorporation Poland		
Nature of business venture capital, incubator company		
Class of shares ordinary shares full rights	67	2,222
		<u>63,022</u>

**10 TRADE AND OTHER RECEIVABLES**

	Group £	Company £
Current		
Other debtors	<u>130,777</u>	<u>19,023</u>
Non-current		
Amounts owed by group undertakings	<u>-</u>	<u>141,994</u>

There were no trade and other receivables that were past due or considered to be impaired. The trade and other receivables balances are categorised as trade and other receivables. There is no significant difference between the fair value of the trade and other receivables and the values stated above. All amounts due from inter-group companies are considered to be fully recoverable.

**11 INVESTMENTS**

	Group £	Company £
Unlisted investments	<u>40,000</u>	<u>40,000</u>

The notes form part of these financial statements

AERFINANCE PLC

Notes to the Consolidated Financial Statements - continued  
for the year ended 30th April 2010

12 CASH AND CASH EQUIVALENTS

	<b>Group</b>	<b>Company</b>
	£	£
Bank accounts	<u>108,348</u>	<u>865</u>

13 NON-CONTROLLING INTERESTS

	<b>Group</b>	<b>Company</b>
	£	£
Share capital and reserves	30,135	-
Retained earnings	(4,864)	-
	<u>25,271</u>	<u>-</u>

14 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid		Nominal	
Number	Class	value	£
2,155,025	Ordinary	10p	<u>215,502</u>

15 RESERVES

Group	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1st May 2009	(211,235)	35,384	-	(175,851)
Profit for the year	22,130			22,130
Reserves arising on consolidation	<u>-</u>	<u>-</u>	<u>110,871</u>	<u>110,871</u>
At 30th April 2010	<u>(189,105)</u>	<u>35,384</u>	<u>110,871</u>	<u>(42,850)</u>
Company		Retained earnings £	Share premium £	Totals £
At 1st May 2009		(181,213)	35,384	(145,829)
Profit for the year		<u>108,715</u>		<u>108,715</u>
At 30th April 2010		<u>(72,498)</u>	<u>35,384</u>	<u>(37,114)</u>

The notes form part of these financial statements



**Notes to the Consolidated Financial Statements - continued  
for the year ended 30th April 2010**

**16 TRADE AND OTHER PAYABLES**

	<b>Group</b>	<b>Company</b>
	£	£
Current		
Other creditors	33,230	-
Accruals and deferred income	198,486	2,938
Directors' current accounts	<u>34,875</u>	<u>34,875</u>
	<u>266,591</u>	<u>37,813</u>

**17 FINANCIAL LIABILITIES - BORROWINGS**

	<b>Group</b>	<b>Company</b>
	£	£
Current		
Other loans	<u>48,703</u>	<u>48,703</u>
Terms and debt repayment schedule		
<b>Group</b>		1 year or less
		£
Other loans		<u>48,703</u>
<b>Company</b>		1 year or less
		£
Other loans		<u>48,703</u>

At 30<sup>th</sup> April 2010 there was an unsecured loan of £40,000 which was due for payment within one year or less. An interest rate of 8% p a is payable on this loan which has not been accrued for in these accounts. The loan has now been discharged. In addition there was a second unsecured loan of £8,703 (Euro 10,000), which was also due for payment within one year or less. An interest rate of 8% is payable on this loan which is not been accrued for in these accounts. The loan has now been discharged.

**18 FINANCIAL INSTRUMENTS**

**a) Market Risk**

The company's financial instruments comprise equity investments, cash, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial contracts is to finance the company's operations.

The main risk arising from the company's financial instruments are liquidity risks and foreign exchange differences on foreign currency assets and liabilities.

**b) Currency risk**

The company is subject to foreign exchange risk in respect of its transactions in foreign currencies.

The company does not undertake any foreign currency hedging activities at present but keeps the risk exposure under review. The directors consider that there is no significant interest rate risk to warrant hedging activities.

**c) Interest rate risk**

The company finances its operations through the issue of equity share capital. There is no borrowing and therefore interest rate risk exposure is restricted to deposits. Deposits are kept under regular review with reference to future expenditure requests and to maximise interest receivable. The directors do not consider the impact of any potential change in interest rate on the company's profit and loss to be material.

The notes form part of these financial statements

**AERFINANCE PLC**  
**Notes to the Consolidated Financial Statements - continued**  
**for the year ended 30th April 2010**

**d) Credit risk**

Cash investments are entered into only with major financial institutions

**e) Liquidity risk**

The company aims to manage financial risk to ensure that sufficient funds are available to meet foreseeable needs. Where appropriate the Board will raise additional funds from the issue of share capital

**f) Fair value**

The fair value of the company's financial instrument is defined as the amount at which the instrument could be exchanged in an arm's length transaction between willing parties. There is no significant difference between the carrying amounts shown in the balance sheet and the fair values of the company financial instruments. For current trade and other receivables/payables the carrying amount is deemed to reflect the fair value. As explained in note 11 the company's investments in unquoted companies are measured at cost less amounts written off.

**g) Principal risks and uncertainties**

The majority of investments are with younger companies which can be considered as start ups with no financial track record and which may carry a higher risk, but at the same time offering a potentially higher return at a later stage. AerFinance plc group companies are trading in different currencies other than the British Pound. The exchange rates may therefore have an impact on the results of the Company.

**19 RELATED PARTY TRANSACTIONS**

- a) At 30<sup>th</sup> April 2010 there were two loans outstanding due to Wisent Investment & Finance Limited, a company incorporated in Cyprus, and shareholder of the parent company, totalling £48,703 ( see note 17)
- b) Directors' loans outstanding at 30<sup>th</sup> April 2010 amounted to £34,875 ( see note 16)
- c) The directors did not draw any remuneration during the year under review

The notes form part of these financial statements

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
AERFINANCE PLC**

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We have audited the financial statements of Aerfinance plc for the year ended 30 April 2009 on pages six to sixteen. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted for use in the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

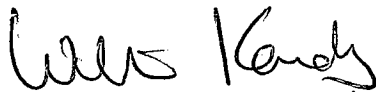
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Robin Haslam (Senior Statutory Auditor)  
for and on behalf of Wilkins Kennedy  
Registered Auditors  
Bridge House  
London Bridge  
London  
SE1 9QR

Date: 26 November 2009

**AERFINANCE PLC**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 APRIL 2009**

	Notes	2009 £	2008 £
<b>CONTINUING OPERATIONS</b>			
Revenue		-	18,841
Other operating income		4,573	4,922
Administrative expenses		<u>(137,591)</u>	<u>(78,505)</u>
<b>OPERATING LOSS</b>		<b>(133,018)</b>	<b>(54,742)</b>
Finance costs	3	<u>(554)</u>	-
<b>LOSS BEFORE INCOME TAX</b>	4	<b>(133,572)</b>	<b>(54,742)</b>
Income tax	5	-	-
<b>LOSS FOR THE YEAR</b>		<b><u>(133,572)</u></b>	<b><u>(54,742)</u></b>
Earnings per share expressed in pence per share:			
Basic	6	-6.20	-4.64
Diluted		<u>-6.20</u>	<u>-3.97</u>

The notes form part of these financial statements

AERFINANCE PLC

STATEMENT OF RECOGNISED INCOME AND EXPENSE  
FOR THE YEAR ENDED 30 APRIL 2009

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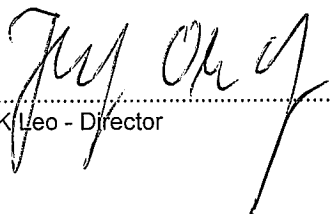
	2009 £	2008 £
LOSS FOR THE FINANCIAL YEAR	<u>(133,572)</u>	<u>(54,742)</u>
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR	<u>(133,572)</u>	<u>(54,742)</u>

AERFINANCE PLC

BALANCE SHEET  
30 APRIL 2009

	Notes	2009 £	2008 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments	7	<u>12,095</u>	-
<b>CURRENT ASSETS</b>			
Inventories	8	80,000	-
Trade and other receivables	9	-	166,298
Investments	10	100	29,635
Cash and cash equivalents	11	156	2,02
		<u>80,256</u>	<u>197,959</u>
<b>TOTAL ASSETS</b>		<u><b>92,351</b></u>	<u><b>197,959</b></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	12	215,502	182,593
Share premium	13	35,384	26,497
Retained earnings	13	(181,213)	(47,641)
<b>TOTAL EQUITY</b>		<u><b>69,673</b></u>	<u><b>161,449</b></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	13,620	36,510
Financial liabilities - borrowings			
Interest bearing loans and borrowings	15	<u>9,058</u>	-
		<u>22,678</u>	<u>36,510</u>
<b>TOTAL LIABILITIES</b>		<u><b>22,678</b></u>	<u><b>36,510</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>92,351</b></u>	<u><b>197,959</b></u>

The financial statements were approved by the Board of Directors on 26-11-09 and were signed on its behalf by:

  
K Leo - Director

## AERFINANCE PLC

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 APRIL 2009

	Notes	2009 £	2008 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(40,075)	(133,044)
Interest paid		<u>(554)</u>	<u>-</u>
Net cash from operating activities		<u>(40,629)</u>	<u>(133,044)</u>
<b>Cash flows from investing activities</b>			
Purchase of current asset investments		<u>(12,095)</u>	<u>-</u>
Net cash from investing activities		<u>(12,095)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
New loans in year		84,367	-
Loan repayments in year		(75,309)	100,000
Amount introduced by directors		-	710
Share issue		<u>41,796</u>	<u>34,195</u>
Net cash from financing activities		<u>50,854</u>	<u>134,905</u>
<b>(Decrease)/Increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year	2	<u>2,026</u>	<u>165</u>
Cash and cash equivalents at end of year	2	<u><u>156</u></u>	<u><u>2,026</u></u>

The notes form part of these financial statements

AERFINANCE PLC

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 APRIL 2009

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2009	2008
	£	£
Loss before income tax	(133,572)	(54,742)
Impairment of investment	29,535	-
Services paid for in shares	-	7,200
Increase in share options	-	7,101
Finance costs	<u>554</u>	<u>-</u>
	<b>(103,483)</b>	<b>(40,441)</b>
Increase in inventories	(80,000)	-
Decrease/(Increase) in trade and other receivables	166,298	(98,603)
(Decrease)/Increase in trade and other payables	<u>(22,890)</u>	<u>6,000</u>
<b>Cash generated from operations</b>	<b><u>(40,075)</u></b>	<b><u>(133,044)</u></b>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow in respect of cash and cash equivalents are in respect of these balance sheet amounts:

Year ended 30 April 2009

	30/4/09	1/5/08
	£	£
Cash and cash equivalents	<u>156</u>	<u>2,026</u>

Year ended 30 April 2008

	30/4/08	1/5/07
	£	£
Cash and cash equivalents	<u>2,026</u>	<u>165</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2009**

**1. ACCOUNTING POLICIES****Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

**Exemption from preparing consolidated financial statements**

The financial statements contain information about Aerfinance plc as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 398 of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

The company's subsidiary, Direct Fly sp zo.o was sold shortly after the year end.

**Inventories**

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets on tax losses are only recognised when it is virtually certain that the losses will be recovered in future years.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Investments**

Investments are recorded at cost and are reviewed annually for impairment.

**Turnover**

Turnover represents amounts chargeable to customers for services provided during the year excluding value added tax.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand and bank deposits which are readily convertible to known amounts of cash and are subject to insignificant changes in value.

**2. EMPLOYEES AND DIRECTORS**

There were no staff costs in the year.

No directors remuneration was paid in the year.

**3. NET FINANCE COSTS**

	2009 £	2008 £
Finance costs:		
Loan interest	<u>554</u>	<u>-</u>

**4. LOSS BEFORE INCOME TAX**

The loss before income tax is stated after charging/(crediting):

	2009 £	2008 £
Auditors' remuneration	4,000	4,000
Auditors' remuneration for non audit work	2,595	6,765
Foreign exchange differences	<u>(4,573)</u>	<u>(4,080)</u>

AERFINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2009

5. INCOME TAX

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 30 April 2009 nor for the year ended 30 April 2008.

**Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2009 £	2008 £
Loss on ordinary activities before tax	<u>(133,572)</u>	<u>(54,742)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2008 - 20%)	(28,050)	(10,948)
Effects of: Tax losses carried forward	<u>28,050</u>	<u>10,948</u>
Total income tax	<u>-</u>	<u>-</u>

No deferred tax asset has been included in these financial statements in accordance with the accounting policy note. The deferred tax asset not recognised on its accumulated tax losses is £37,414 using a tax rate of 21%.

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	Earnings £	2009 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(133,572)	2,155,025	-6.20
Effect of dilutive securities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Diluted EPS</b>			
Adjusted earnings	<u>(133,572)</u>	<u>2,155,025</u>	<u>-6.20</u>

AERFINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2009

6. EARNINGS PER SHARE - continued

	Earnings £	2008 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(54,742)	1,180,968	-4.64
<b>Effect of dilutive securities</b>			
Share options	-	196,210	-
<b>Diluted EPS</b>			
Adjusted earnings	<u>(54,742)</u>	<u>1,377,178</u>	<u>-3.97</u>

7. INVESTMENTS

	Unlisted investments £
<b>COST</b>	
Additions	<u>12,095</u>
At 30 April 2009	<u>12,095</u>
<b>NET BOOK VALUE</b>	
At 30 April 2009	<u>12,095</u>

The investment represents the purchase of a 11.11% interest in Aertech sp zo.o.

8. INVENTORIES

	2009 £	2008 £
Software held for resale	<u>80,000</u>	<u>-</u>

9. TRADE AND OTHER RECEIVABLES

	2009 £	2008 £
Current:		
Trade debtors	-	17,801
Other debtors	-	28
VAT	-	774
Called up share capital not paid	-	67,695
Prepayments and accrued income	-	80,000
	<u>-</u>	<u>166,298</u>

**AERFINANCE PLC**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2009**

**10. INVESTMENTS**

	2009 £	2008 £
Unlisted investments net of impairment provision	<u>100</u>	<u>29,635</u>

As at 30 April 2009 the company held 100 % of the share capital of Direct Fly sp z o o, a company incorporated in Poland. The company's place of operations is Warsaw, Poland and its principal activity is the provision of private charter air travel.

The investment in Direct Fly sp z o o was sold for £100 shortly after the year end..

The unaudited net assets of that company as at 31 December 2008, the company's year end, was £10,700. The company made losses in the year of £(149,067). Polish company law does not require an audit of the company's financial statements.

**11. CASH AND CASH EQUIVALENTS**

	2009 £	2008 £
Bank accounts	<u>156</u>	<u>2,026</u>

**12. CALLED UP SHARE CAPITAL**

Allotted and issued: Number:      Class:	Nominal value:	2009 £	2008 £
2,155,025      Ordinary (2008 - 1,825,936)	10p	<u>215,502</u>	<u>182,593</u>

During the year some shares were issued at a premium of £8,887 giving rise to a share premium reserve at year end of £35,384.

During the year, 148,177 shares were issued to Wisent Investment & Finance Ltd; 148,177 shares were issued to Ikenga Investment Corporation Ltd; and 32,735 shares were issued to the Gudwoski's .

All of the ordinary shares held by external shareholders at 30 April 2009 were fully paid.

**13. RESERVES**

	Retained earnings £	Share premium £	Totals £
At 1 May 2008	(47,641)	26,497	(21,144)
Deficit for the year	(133,572)		(133,572)
Cash share issue	<u>-</u>	<u>8,887</u>	<u>8,887</u>
At 30 April 2009	<u>(181,213)</u>	<u>35,384</u>	<u>(145,829)</u>

AERFINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2009

14. TRADE AND OTHER PAYABLES

	2009	2008
	£	£
Current:		
Trade creditors	6,595	-
Other creditors	-	29,635
Accruals and deferred income	6,150	6,000
Directors' current accounts	<u>875</u>	<u>875</u>
	<u>13,620</u>	<u>36,510</u>

15. FINANCIAL LIABILITIES - BORROWINGS

At 30 April 2009, there were unsecured loans totalling £9,058 which were due for payment within one year or less. Loan interest of 8% p.a is payable on these loans.

16. ULTIMATE PARENT COMPANY

At 30 April 2009, there was no one party with overall control of the company.

17. RELATED PARTY DISCLOSURES

During the year the company wrote off a debt of £17,601; a loan of £19,850 and its investment in its subsidiary Direct Fly sp zo o of £29,535.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Loss for the financial year	(133,572)	(54,742)
Issued capital	32,909	82,593
Shares issued at premium	8,887	26,497
Share options vested in the year	<u>-</u>	<u>7,101</u>
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(91,776)</b>	<b>61,449</b>
Opening shareholders' funds	<u>161,449</u>	<u>100,000</u>
<b>Closing shareholders' funds</b>	<b><u>69,673</u></b>	<b><u>161,449</u></b>

19. SHARE-BASED PAYMENT TRANSACTIONS

Transactions in which shares are issued to third parties in return for services rendered are charged to the profit and loss account at fair value.

20. AVAILABLE FOR SALE FINANCIAL ASSETS

The investment in Direct Fly sp zo o has been classified as an available-for sale financial asset. The investment was disposed of shortly after the year end.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2009

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21. FINANCIAL INSTRUMENTS

a) Market Risk

The company's financial instruments comprise equity investments, cash, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial contracts is to finance the company's operations.

The main risk arising from the company's financial instruments are liquidity risks and foreign exchange differences on foreign currency assets and liabilities.

b) Currency risk

The group is subject to foreign exchange risk in respect of its transactions in foreign currencies. The group does not undertake any foreign currency hedging activities at present but keeps the risk exposure under review. The Directors consider that there is no significant interest rate risk to warrant hedging activities.

c) Interest rate risk

The company finances its operations through the issue of equity share capital. There is no borrowing and therefore interest rate risk exposure is restricted to deposits. Deposits are kept under regular review with reference to future expenditure requests and to maximise interest receivable. The Directors do not consider the impact of any potential change in interest rate on the company's profit and loss to be material.

d) Credit risk

Cash investments are entered into only with major financial institutions.

e) Liquidity risk

The company aims to manage financial risk to ensure that sufficient funds are available to meet foreseeable needs. Where appropriate the Board will raise additional funds from the issue of share capital.

f) Fair Value

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in an arm's length transaction between willing parties.

There is no significant difference between the carrying amounts shown in the balance sheet and the fair values of the company financial instruments. For current trade and other receivables/ payables the carrying amount is deemed to reflect the fair value. As explained in note 18 the company's investments in unquoted companies are measured at cost less amounts written off.

**AERFINANCE PLC**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 APRIL 2008**

	Notes	Year ended 30/4/08 £	Period 6/11/06 to 30/4/07 £
<b>CONTINUING OPERATIONS</b>			
Revenue		18,841	-
Other operating income		4,922	-
Administrative expenses		(78,505)	-
<b>OPERATING LOSS</b>		<u>(54,742)</u>	-
<b>LOSS BEFORE TAX</b>	3	(54,742)	-
Tax	4	-	-
<b>LOSS FOR THE YEAR</b>		<u>(54,742)</u>	-
Earnings per share expressed in pence per share:			
Basic	5	-4.64	-
Diluted		<u>-3.97</u>	<u>-</u>

The notes form part of these financial statements

**AERFINANCE PLC**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 30 APRIL 2008**

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**DIRECTORS**

The directors during the year under review were:

SIA Leo Holdings	- resigned 24.2.2008
K Leo	- appointed 3.8.2007
B K Herodecki	- appointed 1.9.2007

The directors holding office at 30 April 2008 did not hold any beneficial interest in the issued share capital of the company at date of appointment or 30 April 2008.

SIA Leo Holdings, a company controlled by K Leo held 1 000 000 ordinary shares of 10p each on 30 April 2008.

**COMPANY'S POLICY ON PAYMENT OF CREDITORS**

It is the company's normal practice to settle the terms of payment when agreeing the transaction, to ensure suppliers are aware of these terms and to abide by them. Trade creditor days based on creditors at 30 April 2008 are 15 days.

**PURCHASE OF AND INTEREST IN OWN SHARES**

During the year the company acquired by forfeiture 2,000,000 ordinary shares of 10p each which are held in treasury. No consideration was paid for the shares.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

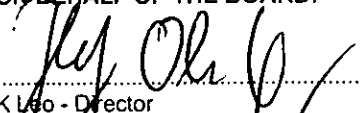
The directors are required to state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

ON BEHALF OF THE BOARD:

  
.....  
K Leo - Director

Date: 24 FEB 2009



**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
AERFINANCE PLC**

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We have audited the financial statements of Aerfinance plc for the year ended 30 April 2008 on pages five to eighteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted for use in the European Union are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted for use in the European Union, of the state of the company's affairs as at 30 April 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.



Wilkins Kennedy  
Registered Auditors  
Bridge House  
London Bridge  
London  
SE1 9QR

Date: 24 FEBRUARY 2008

**AERFINANCE PLC**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 APRIL 2008**

	Notes	Year ended 30/4/08 £	Period 6/11/06 to 30/4/07 £
<b>CONTINUING OPERATIONS</b>			
Revenue		18,841	-
Other operating income		4,922	-
Administrative expenses		(78,505)	-
<b>OPERATING LOSS</b>		<u>(54,742)</u>	-
<b>LOSS BEFORE TAX</b>	3	(54,742)	-
Tax	4	-	-
<b>LOSS FOR THE YEAR</b>		<u>(54,742)</u>	-
Earnings per share expressed in pence per share:			
Basic	5	-4.64	-
Diluted		<u>-3.97</u>	<u>-</u>

The notes form part of these financial statements

AERFINANCE PLC

STATEMENT OF RECOGNISED INCOME AND EXPENSE  
FOR THE YEAR ENDED 30 APRIL 2008

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	Year ended 30/4/08 £	Period 6/11/06 to 30/4/07 £
LOSS FOR THE FINANCIAL YEAR	<u>(54,742)</u>	-
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR	<u><u>(54,742)</u></u>	<u><u>-</u></u>

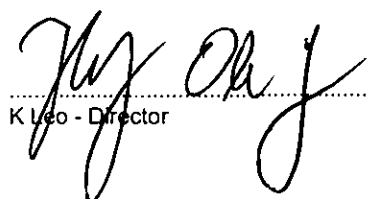
The notes form part of these financial statements

AERFINANCE PLC

BALANCE SHEET  
30 APRIL 2008

	Notes	Year ended 30/4/08 £	Period 6/11/06 to 30/4/07 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Loans and other financial assets	6	-	100,000
<b>CURRENT ASSETS</b>			
Trade and other receivables	7	166,298	-
Investments	8	29,635	-
Cash and cash equivalents	9	2,026	165
		<u>197,959</u>	<u>165</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	36,510	165
<b>NET CURRENT ASSETS</b>			
		<u>161,449</u>	-
<b>NET ASSETS</b>			
		<u>161,449</u>	<u>100,000</u>
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	11	182,593	100,000
Share premium	12	26,497	-
Retained earnings	12	(47,641)	-
<b>TOTAL EQUITY</b>			
		<u>161,449</u>	<u>100,000</u>

The financial statements were approved by the Board of Directors on 24 FEB 09 and were signed on its behalf by:

  
K Leo - Director

**AERFINANCE PLC**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 APRIL 2008**

	Notes	Year ended 30/4/08 £	Period 6/11/06 to 30/4/07 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(133,044)	(99,835)
Net cash from operating activities		<u>(133,044)</u>	<u>(99,835)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		100,000	-
Amount introduced by directors		710	-
Share issue		34,195	100,000
Net cash from financing activities		<u>134,905</u>	<u>100,000</u>
<b>Increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year	2	165	-
Cash and cash equivalents at end of year	2	<u>2,026</u>	<u>165</u>

The notes form part of these financial statements

AERFINANCE PLC

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 APRIL 2008

1. RECONCILIATION OF LOSS BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	Year ended 30/4/08 £	Period 6/11/06 to 30/4/07 £
Loss before tax	(54,742)	-
Increase in share options	7,101	-
Services paid for in shares	7,200	-
	(40,441)	-
Increase in trade and other receivables	(98,603)	(100,000)
Increase in trade and other payables	6,000	165
<b>Cash generated from operations</b>	<b>(133,044)</b>	<b>(99,835)</b>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow in respect of cash and cash equivalents are in respect of these balance sheet amounts:

<b>Year ended 30 April 2008</b>	<b>30/4/08</b>	<b>1/5/07</b>
	£	£
Cash and cash equivalents	2,026	165
<b>Period ended 30 April 2007</b>	<b>30/4/07</b>	<b>6/11/06</b>
	£	£
Cash and cash equivalents	165	-

AERFINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2008

1. ACCOUNTING POLICIES

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

**Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets on tax losses are only recognised when it is virtually certain that the losses will be recovered in future years.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Turnover**

Turnover represents amounts chargeable to customers for services provided during the year excluding value added tax.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand and bank deposits which are readily convertible to known amounts of cash and are subject to insignificant changes in value.

2. EMPLOYEES AND DIRECTORS

There were no staff costs in the year.

No directors remuneration was paid in the year.

3. LOSS BEFORE TAX

The loss before tax is stated after charging/(crediting):

	Year ended 30/4/08 £	Period 6/11/06 to 30/4/07 £
Auditors' remuneration	4,000	-
Auditors' remuneration for non audit work	6,765	-
Foreign exchange differences	(4,080)	-
	<u>          </u>	<u>          </u>

4. TAX

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 30 April 2008 nor for the period ended 30 April 2007.

**AERFINANCE PLC**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2008**

**4. TAX - continued**

**Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year ended 30/4/08 £
Loss on ordinary activities before tax	(54,742)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20%	(10,948)
Effects of: Tax losses carried forward	10,948
Total tax	-

**5. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	Earnings £	2008 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(54,742)	1,180,968	-4.64
<b>Effect of dilutive securities</b>			
Share options	-	196,210	-
<b>Diluted EPS</b>			
Adjusted earnings	(54,742)	1,377,178	-3.97
	Earnings £	2007 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Effect of dilutive securities	-	-	-
<b>Diluted EPS</b>			



AERFINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2008

6. LOANS AND OTHER FINANCIAL ASSETS

	Loans to group undertakings £
At 1 May 2007	100,000
Repayment in year	<u>(100,000)</u>
At 30 April 2008	<u>-</u>

7. TRADE AND OTHER RECEIVABLES

	2008 £	2007 £
Current:		
Trade debtors	17,801	-
Other debtors	28	-
VAT	774	-
Called up share capital not paid	67,695	-
Prepayments and accrued income	80,000	-
	<u>166,298</u>	<u>-</u>

8. INVESTMENTS

	2008 £	2007 £
Unlisted investments	<u>29,635</u>	<u>-</u>

On 30 April 2008, the company acquired 100 % of the share capital of Direct Fly Sp z o o, a company incorporated in Poland, for £29,635. The company's place of operations is Warsaw, Poland and its principal activity is the provision of private charter air travel.

The unaudited net assets of that company at 30 April 2008 and at 31 December 2007, the company's year end, were £70,914 and £(318,113). Its revenues and (loss) for the period ended 30 April 2008 were £19,701 and £(17,700) respectively and for the year ended 31 December 2007 were £405,881 and £(534,522) respectively. Polish company law does not require an audit of the company's financial statements. The company considers this acquisition to be a short term investment which it intends to dispose of within 12 months of its balance sheet date.

9. CASH AND CASH EQUIVALENTS

	2008 £	2007 £
Bank accounts	<u>2,026</u>	<u>165</u>

10. TRADE AND OTHER PAYABLES

	2008 £	2007 £
Current:		
Other creditors	29,635	-
Accruals and deferred income	6,000	-
Directors' current accounts	875	165
	<u>36,510</u>	<u>165</u>

**AERFINANCE PLC**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2008**

**11. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal value:	2008	2007
			£	£
8,000,000	Ordinary	10p	<b>800,000</b>	100,000
(2007 - 1,000)			<u>          </u>	<u>          </u>
Authorised:				
Number:	Class:	Nominal value:	2008	2007
			£	£
1,825,936	Ordinary	10p	<b>182,593</b>	100,000
(2007 - 1,000)			<u>          </u>	<u>          </u>

825,936 Ordinary shares of 10p each were allotted at par during the year.

During the year some shares were issued at a premium giving rise to a share premium reserve at year end of £26,497

All ordinary shares were converted from £100 ordinary shares to 10 pence ordinary shares.

During the year, 396,146 shares were issued to Wisent Investment & Finance Ltd; 396,146 shares were issued to Ikenga Investment Corporation Ltd; and 33,644 shares were issued to Vidacos Nominees Ltd.

In addition the company acquired by forfeiture 2,000,000 of its own shares in the year. They have not been included in the value of equity as no consideration was paid for the shares.

Of the 1,825,936 ordinary shares in held by external shareholders at 30 April 2008 282,702 were not fully paid. Full payment was received after the year end.

**12. RESERVES**

	Retained earnings £	Share premium £	Totals £
Deficit for the year	(54,742)		(54,742)
Cash share issue	-	26,497	26,497
Share options	7,101	-	7,101
	<u>          </u>	<u>          </u>	<u>          </u>
At 30 April 2008	<b>(47,641)</b>	<b>26,497</b>	<b>(21,144)</b>
	<u>          </u>	<u>          </u>	<u>          </u>

**13. ULTIMATE PARENT COMPANY**

At 30 April 2008, as in the prior year, SIA Leo Holdings, a company incorporated in Latvia, held over 50% of the share capital of AerFinance plc.

**14. OTHER FINANCIAL COMMITMENTS**

AERFinance plc is the guarantor for Direct Fly Ltd under a contract for jet fuel supplies. The maximum amount that the company may be liable for under this commitment is \$25,000 (equivalent to £12,614). This has not been provided for as there was no liability at the year end.

**15. RELATED PARTY DISCLOSURES**

During the year, fees of £17,801 were charged to Direct Fly Sp z o o, for consultancy fees. At the year end Direct Fly Sp z.o.o owed the company £17,801.

In addition an amount of £785 was owed to K Leo at the year end, a director of the company, for business expenses paid personally by him.

AERFINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2008

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Loss for the financial year	(54,742)	-
Issued capital	82,593	100,000
Shares issued at premium	26,497	-
Share options vested in the year	7,101	-
	<u>61,449</u>	<u>100,000</u>
Net addition to shareholders' funds	61,449	100,000
Opening shareholders' funds	100,000	-
	<u>161,449</u>	<u>100,000</u>
Closing shareholders' funds	161,449	100,000

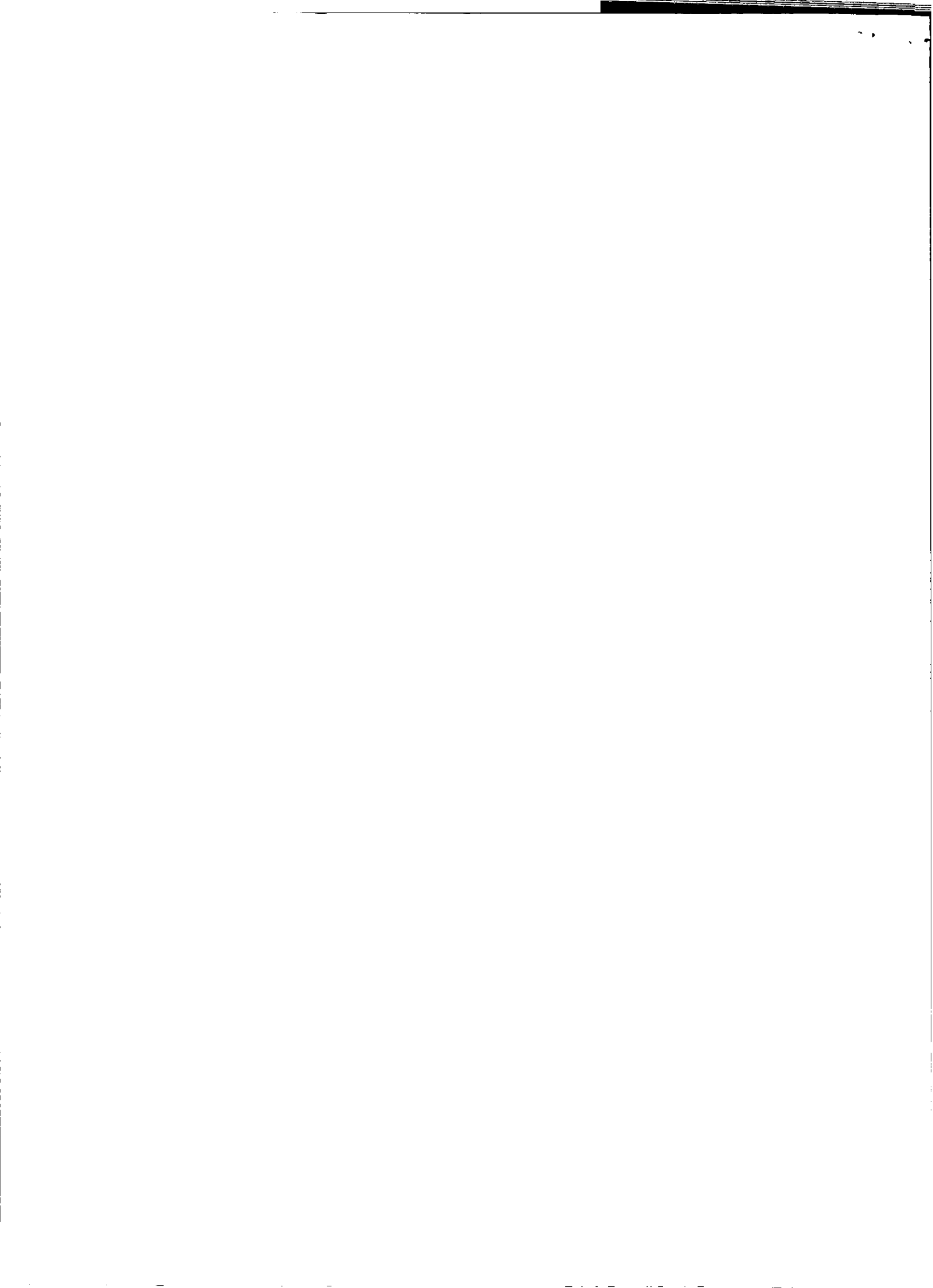
17. SHARE-BASED PAYMENT TRANSACTIONS

Transactions in which shares are issued to third parties in return for services rendered are charged to the profit and loss account at fair value.

18. AVAILABLE FOR SALE FINANCIAL ASSETS

The investment in Direct Fly z o o has been classified as an available-for sale financial assets. It has been included in current assets as management intends to dispose of the investment within 12 months of the balance sheet date.

The investment has been recognised at cost. Subsequent gains or losses arising from changes in fair value will be recognised in equity. The asset will be derecognised when the company has transferred substantially asll the risks and rewards of ownership. On sale of the investment, gains previously included in equity will be recognised in the income statement.



AERFINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2008

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19. FINANCIAL INSTRUMENTS

a) Market Risk

The company's financial instruments comprise equity investments, cash, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial contracts is to finance the company's operations.

The main risk arising from the company's financial instruments are liquidity risks and foreign exchange differences on foreign currency assets and liabilities.

b) Currency risk

The group is subject to foreign exchange risk in respect of its transactions in foreign currencies. The group does not undertake any foreign currency hedging activities at present but keeps the risk exposure under review. The Directors consider that there is no significant interest rate risk to warrant hedging activities.

c) Interest rate risk

The company finances its operations through the issue of equity share capital. There is no borrowing and therefore interest rate risk exposure is restricted to deposits. Deposits are kept under regular review with reference to future expenditure requests and to maximise interest receivable. The Directors do not consider the impact of any potential change in interest rate on the company's profit and loss to be material.

d) Credit risk

Cash investments are entered into only with major financial institutions.

e) Liquidity risk

The company aims to manage financial risk to ensure that sufficient funds are available to meet foreseeable needs. Where appropriate the Board will raise additional funds from the issue of share capital.

f) Fair Value

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in an arm's length transaction between willing parties.

There is no significant difference between the carrying amounts shown in the balance sheet and the fair values of the company financial instruments. For current trade and other receivables/ payables the carrying amount is deemed to reflect the fair value. As explained in note 18 the company's investments in unquoted companies are measured at cost less amounts written off.

**PART XXV**  
**ADDITIONAL INFORMATION**

**1. The Company**

The Company was incorporated in England and Wales on 06<sup>th</sup> November 2006 as a limited company under the Companies Act 1985 (the “Act”), registered with number 598 90 34. With resolution passed on 7<sup>th</sup> May 2007, at a general meeting of the Company it was resolved that the company’s name to be changed to AerFinance Limited. With resolution passed on 16<sup>th</sup> July 2007, at an extraordinary meeting of the Company it was resolved that the company re-register as a public limited company under the Act. Effective of 10<sup>th</sup> August 2007 the Company is registered as a public company.

The Company has joined Frankfurt Stock Exchange – OPEN MARKET / XETRA segment in February 2008. Due to the very limited amount of free-float, and the fact that AerFinance currently has currently no business connection to Germany, there was no significant trade in AerFinance shares on the Frankfurt Stock Exchange. For this reason a resolution passed on the 15<sup>th</sup> of October 2010 on the Annual Meeting of the Company, it was resolved that the company will de-list from Frankfurt Stock Exchange as per 30<sup>th</sup> December 2010 and will move to the New Connect of Warsaw Stock Exchange, combined with a new offering to enlarge the capital of the Company to enable enlarged free-float of it’s shares and to capitalize on new business opportunities.

The liability of the members of the Company is limited.

The Company’s principal place of business in the United Kingdom is at Maritime House, Basin Road North, Hove, East Sussex, BN41 1WR, United Kingdom.

The accounting reference date of the company is 30<sup>th</sup> of April.

**2. Share Capital**

- 2.1. At the date of the most recent balance sheet, the authorised share capital of the Company was £ 8,000,000 divided into 80,000,000 ordinary shares of £ 0,10 each of which 2 155 025 such shares were issued and are fully paid.
- 2.2. On 13<sup>th</sup> of December 2010 in a General Meeting of the Company, the following resolutions were passed:
  - a. That in accordance with the Companies Act 2006 the members generally and unconditionally authorise the directors to allot, or to grant any right to subscribe for or to convert any security into up to 10,000,000 ordinary shares of 5p each in the capital of the company provided that such authority shall expire 4 years from the date of the passing of this resolution and that the directors may make an offer or agreement before the expiry of such authority which would or might require shares to be allotted after the expiry of such authority;
  - b. That the Companies Act 2006, shall not apply to the allotment of shares pursuant to the general authority given above and the directors may allot, grant options over or otherwise dispose of such shares to such persons, on such terms and in such manner as they see fit.
  - c. The split of each share from 10p to 5p.
- 2.3. The Ordinary Shares are in book-entry form with full dividend and voting rights as per 01<sup>st</sup> May 2010. It is expected that all share certificates will be posted or credited to CREST or KDPW accounts within 7 days of the Minimum Amount being raised in cleared funds, or in respect of cleared funds received after the Offer becomes unconditional within 7 days of receipt of such cleared funds. No temporary documents of title will be issued. Share Registrars Ltd is the appointed registrar of the Company.

**3. History of share capital**  
(until the date of this document)

The Company was incorporated with an authorised share capital of £ 100,000 divided into 1000 ordinary shares of £ 100 each, of which 1000 subscriber shares were in issue.

By resolution dated 30<sup>th</sup> April 2007 the share capital was increased by £ 445,000 from £ 100,000

On 25 May 2007, 2000 shares of £100 each were allotted to Globus Investments Limited, a company incorporated in England and Wales, as a result of which Globus Investments Limited then held 66.66% of the

company's issued share capital. Payment for these shares is conditional upon the company's prospectus being approved.

On 23 August 2007 a resolution was passed to subdivide the share capital from £100 per share to 10 pence per share and on 28 August 2007 a resolution was passed to increase the authorised capital of the company from £545,000 to £8,000,000 by the creation of an additional 74,550,000 ordinary shares of 10p each.

On 30<sup>th</sup> August 2007, 28,500 shares of 10p each were allotted to Wisent Investment & Finance Limited, a company incorporated in Cyprus.

On 5<sup>th</sup> September 2007, 28,500 shares of 10p each were allotted to Ikenga Investment Corporation Limited, a company incorporated in Cyprus.

On 22<sup>nd</sup> April 2008, 592,708 shares of 10p each were allotted to Ikenga Investment and Wisent Investment & Finance Limited, for the share exchange agreement to acquire all shares of Direct Fly sp.zo.o.

On 22<sup>nd</sup> April 2008, 438,938 share of 10p each were allotted to Ikenga Investment and Wisent Investment & Finance Limited for cash consideration.

On 27<sup>th</sup> May 2008, on request of Globus Investment Limited, all shares previously allotted to have been cancelled and Globus Investment Limited has been released from any obligations.

On 26<sup>th</sup> of September 2008, 32 735 shares of 10p each were allotted to polish private investors.

On 13<sup>th</sup> of December 2010, a written resolution was passed to subdivide the share capital from 10 pence per share to 5 pence per share.

#### 4. Subsidiaries

<b>Detailed information of shares in possession of AerFinance PLC</b>				
<b>Name of the subsidiary</b>	<b>Registered office</b>	<b>Acquisition date (incorporation date)</b>	<b>Total % in the capital of subsidiary</b>	<b>Total % of votings right.</b>
Air Market S.A.	Warsaw, Poland	October 20 <sup>th</sup> , 2009	90,27 %	90,27 %
AerSoftware sp. z o.o.	Warsaw, Poland	October 20 <sup>th</sup> , 2009	100 %	100 %
Avtech Aviation & Engineering PLC	Biggin Hill, United Kingdom	June 10 <sup>th</sup> , 2009	12,56 %	12,56 %
IMW sp. Z o.o.	Warsaw, Poland	February 19 <sup>th</sup> , 2010	67 %	67 %
UAB Direct Fly	Vilnius Lithuania	February 22 <sup>nd</sup> , 2010	70 %	70 %
AlertFinansowy.pl sp. Z o.o.	Warsaw, Poland	July 7 <sup>th</sup> , 2010	22,5 %	22,5 %
Lubelska Grupa Lotnicza sp. Z o.o.	Warsaw, Poland	July 13 <sup>th</sup> , 2010	100 %	100 %

#### 5. Memorandum of Association

Replaced by Companies Articles of Association, as adopted by the Company to reflect the Companies Act 2006 changes.

#### 6. Articles of Association

The articles of association of the Company (the "Articles") include provisions to the following effect

## 6.1. *Votes of members*

### *Votes attaching to shares*

- (a) Subject to any special rights or restrictions as to voting attached by or in accordance with the Articles to any shares or class of shares, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

### *No voting rights where calls outstanding*

- (b) No member shall, unless the Board otherwise determines, be entitled to vote:
- i. if any call or other sum presently payable by him to the Company in respect of the shares remains unpaid.

## 6.2. *Transfer of Shares*

### *Transfer of securities without a written instrument*

- (a) Title to and interest in securities may be transferred without a written instrument in accordance with statutory regulations from time to time made under the Act.

### *Form of transfer*

- (b) Transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect of such shares.

### *Other rights to decline registration*

- a.) the share is not fully paid;
  - b.) the transfer is not lodged at the Company's registered office or such other place as the directors have appointed;
  - c.) the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;
  - d.) the transfer is in respect of more than one class of share; or
  - e.) the transfer is in favour of more than four transferees.
- f.) If the directors refuse to register a transfer of a share they shall, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of, and the reasons for, the refusal.
- g.) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

## 6.3. *Dividend*

### **Procedure for declaring dividends**

- a.) The Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- b.) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors and no dividend shall be paid in respect of any shares held by the Company as treasury shares.
- c.) No dividend may be declared or paid unless it is in accordance with members' respective rights.
- d.) Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.



- e.) If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- f.) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- g.) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

#### **Calculation of dividends**

Except as otherwise provided by the Articles or the rights attached to shares, all dividends must be:

- a.) declared and paid according to the amounts paid up on the shares on which the dividend is paid, and
- b.) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
- c.) If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.
- d.) For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

#### **No interest on distributions**

The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

- a.) the terms on which the share was issued, or
- b.) the provisions of another agreement between the holder of that share and the Company.

#### *6.4. Capitalisation of profits and reserves*

##### **Authority to capitalise and appropriation of capitalised sums**

Subject to the Articles, the directors may, if they are so authorised by an ordinary resolution:

- a.) resolve to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of any reserve or fund of the Company which is available for distribution or standing to the credit of the Company's share premium account or capital redemption reserve or other undistributable reserve; and
- b.) appropriate any sum which they so decide to capitalise (**capitalised sum**) to the persons who would have been entitled to it if it were distributed by way of dividend (**persons entitled**) and in the same proportions and unless the relevant resolution specifies otherwise, if on the relevant record date the Company holds as treasury shares any shares of the same class as those whose holders would be entitled to receive such notional distribution, then the Company is to be treated as if it were entitled to receive such distribution in respect of those treasury shares as would have been payable if a person other than the Company had held those treasury shares

#### *6.5. Overseas Members*

A member who (having no registered address within the United Kingdom) has not supplied to the Company an address within the United Kingdom for the service of notice shall not be entitled to receive notices from the Company. Notices will be however posted in the - Investor Relations section of the AerFinance Plc website.

## 6.6. *Share Capital*

### *Variation of rights*

- (a) The special rights attached to any class may, subject to the provisions of the Act, be varied either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class.

### *Increase in share capital*

- (b) The Company may from time to time by ordinary resolution increase its share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

### *Consolidation, subdivision and cancellation*

- (c) The Company may by ordinary resolution:
  - i. consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;
  - ii. subject to the provisions of the Act, sub-divide its shares.

### *Reduction or cancellation*

- (d) the Company may by special resolution reduce or cancel its share capital or any revaluation reserve or share premium account or any other reserve fund in any manner and with and subject to any confirmation or consent required by law.

### *Purchase of own shares*

- (e) Subject to the provisions of the Act, the Company may purchase or may enter into any contract under which it will or may purchase, any of its own shares.

## 6.7. *Forfeiture and Lien*

### *Notice on failure to pay a call*

- (a) If a member fails to pay in full any call or instalment of a call on the due date for payment the Board may at any time after the failure serve a notice on him requiring payment and shall state that in the event of non-payment in accordance with such notice the shares on which the call was made will be liable to be forfeited.

### *Lien on partly-paid shares*

- (b) the Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies (whether presently payable or not) called or payable at a fixed time in respect of such share.

### *Sale of shares subject to lien*

- (c) the Company may sell in such manner as the Board thinks fit any share on which the Company has a lien, fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell.

## 6.8. *Directors*

### *Number of directors*

- (a) Unless otherwise determined by ordinary resolution the Directors shall not be fewer than two nor more than ten in number.

### *Directors' fees*

- (b) The ordinary remuneration of the non-executive Directors shall from time to time be determined by the Board.

### *Other remuneration of directors*

- (c) Any Director who holds any executive office or who serves on any committee of the Board, or who otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the Board may determine.

*Directors' expenses*

- (d) The Board may repay to any director all such reasonable expenses as he may incur in attending meetings of the Board or of any committee of the Board or shareholders' meetings or otherwise in connection with the business of the Company.

*Directors' pensions and other benefits*

- (e) The Board has power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

*Age limit*

- (f) Any provision of the Act which, subject to the provisions of the articles, would have the effect of rendering any person ineligible for appointment or election as a director or liable to vacate office as a director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment or election of any Director over a specified age, shall not apply to the Company.

*Restrictions on voting*

- (g) A Director shall not vote (save as provided in the articles) in respect of any contract or arrangement or any other proposal whatsoever in which he or persons connected with him have a material interest. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is not entitled to vote.
- (h) Subject to the provisions of the Act, a director shall be entitled to vote (and be counted in the quorum) in respect of any resolution:
- (i) relating to the giving of any security guarantee or indemnity in respect of:
    - money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or
    - a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or part under a guarantee or indemnity or by the giving of security;
  - (ii) where the Company or any of its subsidiary undertakings is offering securities on which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
  - (iii) relating to another company in which he does not hold an interest in shares representing one per cent or more of either any class of the equity share capital, or the voting rights in such company;
  - (iv) relating to a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme which has been approved by the Inland Revenue or is conditional upon such approval or does not award him any privilege or benefit not awarded to the employee to whom such scheme relates; or
  - (v) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.

6.9. *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money, to give guarantees and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

6.10. *Untraceable members*

- (a) the Company shall be entitled to cease sending dividend warrants by post if such warrants have been returned undelivered or left uncashed, provided that his power may not be exercised until either such warrants have been so returned or left uncashed on two consecutive occasions or, following one such occasion, reasonable enquiries have failed to establish any new address of the registered holder.
- (b) the Company shall be entitled to sell subject to various notice requirements at the best price reasonably obtainable at the time of sale the shares of a member if during a period of 12 years no communication has been received by the Company from the member and no cheque or warrant sent by the Company in respect of the shares has been cashed and no fewer than three dividends in respect of the shares have become payable and no dividend in respect of those shares have been claimed.

6.11. *Annual general meetings*

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Statutes.

*Extraordinary general meetings*

Any general meeting of the Company other than an annual general meeting shall be called an extraordinary general meeting.

*Calling of general meetings*

The Board may whenever it thinks fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an extraordinary general meeting.

*Length of notice for general meetings*

An annual general meeting and an extraordinary general meeting at which it is proposed to pass a special resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by not fewer than twenty-one days' notice in writing and any other extraordinary general meeting by not fewer than fourteen days' notice in writing. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held. A general meeting, notwithstanding that it has been called by a shorter notice than that specified above, shall be deemed to have been duly called if it is so agreed:

- (a) in the case of an annual general meeting by all the members entitled to attend and vote at that annual general meeting; and
- (b) in the case of an extraordinary general meeting by a majority in number of the members having a right to attend and vote at that extraordinary general meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

**Directors' and other interests**

*6.12. Directors' and other significant interests in the Company's share capital*

- (a) At the date of this document and immediately following the Offer for Subscription, the interests of the Directors (including persons connected with them within the meaning of section 346 of the Act) in the issued share capital of the Company, which have been notified to the Company pursuant to sections 324 and 328 of the Act and which are shown in the register of Directors' interests maintained under section 325 of the Act, are as follows:

<b>Directors</b>	<b>At the date of this document</b>	<b>Immediately following the Offer for Subscription (assuming full subscription)</b>
<b>Mr. Kolja Leo</b>	23,20 %	13,31 %
<b>Mr Bartłomiej Herodecki</b>	23,20 %	13,31 %

In addition Options have been granted to Directors as follows:

<b>Name</b>	<b>No or Ordinary Shares under Option</b>	<b>Date of Grant</b>	<b>Expiry date of Option</b>	<b>Exercise price per Ordinary Share</b>
<b>Mr. Kolja Leo</b>	400,000	01 <sup>th</sup> July 2007	30 <sup>th</sup> June 2017	€ 0,175
<b>Mr. Bartłomiej Herodecki</b>	400,000	30 <sup>th</sup> August 2007	30 <sup>th</sup> August 2017	€ 0,20

- (b) All the above interests of the Directors are or will be beneficial.

- (c) At the date of this document and immediately following the Offer for Subscription, insofar as known to the Directors, the only persons who are interested directly or indirectly in 1% or more of the capital of the Company, together with the amount, expressed as a percentage, of each such person's interest other than the New Ordinary Shares are as follows:

<b>Shareholders</b>	<b>At the date of this document</b>	<b>Immediately following the Offer for Subscription</b>
Wisent Investment & Finance Limited	25,26%	14,49 %
Ikenga Investment Corporation Limited	25,26%	14,49 %
Huntingdon Blue Limited	23,20%	13,31 %
Red Wisent Limited	23,20%	13,31%

- (d) Save as described above, the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company. There are currently no procedures in place to prevent abuse of control.
- (e) All major shareholders have same voting rights as new ordinary shares..

#### 6.13. *Directors' remuneration and service agreements*

- (a) The aggregate remuneration and benefits in kind of the directors of AerFinance Group in respect of the financial year ended 2010 was equivalent to £ 15,000. The aggregate remuneration and benefits in kind of the directors of the Group in respect of the financial year ending 2011 under the arrangements in force at the date hereof is expected to be £ 61,000.
- (b) Service contracts (or in the case of the chairman and non-executive director, letters of appointment) have been entered into between the Company and the Directors, the principal terms of which are summarised below:

<b>Directors</b>	<b>Effective Date of Contract</b>	<b>Current Annual Remuneration</b>	<b>Position</b>
Kolja Leo	1/10/2007	72 500 PLN	Chairman
Bartłomiej Herodecki	1/10/2007	72 500 PLN	Director

- (c) Each Director retires from the office at the date of Annual Meeting of Shareholders.
- (d) All service agreements are terminable on 2 weeks notice by either party. Following admission, there will be no other existing or proposed service contracts between any of the Directors and any member of the Group.
- (e) There are no service agreements existing or proposed between the Directors and the Company or any of its subsidiaries which are not terminable within one year by the relevant company without payment of compensation (other than statutory compensation).
- (f) There is no arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.
- (g) The company will provide each of the Director with telecommunication equipment.
- (h) No amounts set aside or accrued by the issuer to provide pension , retirement or similar benefits.
- (i) All the directors have their business address at Maritime House, Basin Road North, Hove, East Sussex, BN41 1WR, United Kingdom.

6.14. *Loans and guarantees*

There are no loans or guarantees provided by any member of the Group for the benefit of any director at the date of this document.

There are no guarantees provided by the Company for the benefit of any subsidiary .

6.15. *Directors' interests in transactions*

Save as disclosed in this document, there are no potential conflicts of interests between any duties to the issuer, of the Company's director's and their private interests and or other duties.

6.16. *Directorships*

- (a) In addition to the Group of Companies, the Directors hold, and have previously held the following directorships in the previous five years:

**Kolja Leo (Chief Executive Officer)**

<u>Current directorships</u>	<u>Former directorships in previous five years</u>
Shopifier sp.zo.o.	
Home Care Europe Ltd	

**Bartłomiej Herodecki (Director)**

<u>Current directorships</u>	<u>Former directorships in previous five years</u>
Shopifier sp. z o.o.	Alternative Investment Services sp. z o.o.
Lubelska Grupa Lotnicza sp.z o.o.	
Inwestycje.pl S.A. (member of a Supervisory Board)	
5th Avenue Holding S.A. (member of a Supervisory Board)	

Save as disclosed above, none of the Directors has:

- (i) any convictions in relation to indictable offences or convictions to fraudulent offences in the previous five years;
- (ii) been declared bankrupt or been subject to any individual arrangement, or been associated with any bankruptcy, receivership or liquidation in his capacity as director or senior manager for the previous five years;
- (iii) been an executive director or senior manager of any company which, at the time of or within 12 months following his executive directorship, has been subject to a receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors;
- (iv) been a partner or senior manager in any partnership which, at the time of or within 12 months following his being a partner, has been subject to a compulsory liquidation, administration, or partnership voluntary arrangement;
- (v) owned any asset which have been subject to a receivership or been a partner in a partnership subject to a receivership where he was a partner at the time or within 12 months preceding such event;
- (vi) been subject to public criticism or any official public incrimination and/or sanctions by any statutory or regulatory authority (including recognised or designated professional bodies) or been disqualified by a court from acting as a director or member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs for any company for the previous five years.

## 7. Share Option Scheme

### 7.1. *The main features of the scheme*

The Board adopted the rules constituting the share option scheme by a resolution passed on 10th September 2007. The scheme is intended to motivate, retain and reward selected directors, employees and consultants who by their efforts are able to influence the performance and success of the Company's business. This scheme has not been approved by the Inland Revenue.

### 7.2. *Eligibility*

All employees, directors and consultants are eligible to participate. No eligible person is entitled to participate as of right. The selection of those eligible who are to participate is within the discretion of the board of directors.

### 7.3. *Limit on number of shares*

The Company may not grant an option under the share option scheme if, as a result, the number of shares issued or issuable in respect of all options granted under this share option scheme and any other share option scheme or employees' share scheme operated by the Company would, as a result of options or rights granted within the preceding ten year period, exceed 10% of the ordinary share capital of the Company.

### 7.4. *Acquisition price*

The price per ordinary share at which an option may be exercised under the scheme shall not be less than the greater of its nominal value, the Offer Price or its market value on the day the invitation to apply for an option was issued.

### 7.5. *Time at which invitations may be issued*

The Company may invite eligible employees to apply for an option within six weeks after either the date the scheme is adopted by the Company in general meeting or the date on which the annual or half-yearly results of the Company are announced, and in any event no later than the tenth anniversary of the date that the scheme is adopted by the Company.

### 7.6. *Exercise of options*

An option under the share option scheme cannot be exercised more than ten years after the date on which it was granted, nor can it normally be exercised less than three years after its grant. However, options may be exercised (whether the initial three year period has expired or not) in the following circumstances:

- (a) the participant is deceased, in which case his personal representatives may exercise the option within one year after the date of death, failing which the option will lapse;
- (b) the participant ceases to be employed by reason of injury, disability, redundancy, or retirement in which case a participant may exercise his option no later than three months from the date of such termination of employment failing which the option will lapse;
- (c) if the Company passes a resolution for voluntary winding up, any subsisting option may be exercised within six months after the date upon which the resolution is passed;
- (d) if the participant is adjudicated bankrupt, in which event the option will lapse immediately;  
or
- (e) if as a result of a general offer a third party obtains control of the Company, the option is exercisable for a period of six months after such control has been obtained, although with the consent of the acquiring company, the existing option may be replaced by a new option over shares in the acquiring company or some other qualifying company.



## 7.7. General

- (a) If the Company undertakes a capitalisation or rights issue or any consolidation, sub-division or reduction of its ordinary share capital, the number of shares subject to any option and the acquisition price of those shares shall be adjusted in such manner as the auditors of the Company confirm to be fair and reasonable.
- (b) Participation in the share option scheme does not afford to any participant any additional right to compensation on the termination of his employment.
- (c) Save in general for minor amendments designed to benefit the administration of the share option scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the scheme or for the Company, no alteration to the advantage of participants in the scheme may be made without the prior approval of shareholders in general meeting.

## 8. Premises

Details of the principal properties occupied by the Group are as follows:

Location	Annual Rent	Lease Expiry Date
Maritime House, Basin Road North, Hove, East Sussex, BN41 1WR	£ 450	NIL
Warsaw Branch Office	NIL	

## 9. Material Contracts

There are no material contracts (not being entered into in the ordinary course of business) which are, or may be, material and which have been entered into by AerFinance plc from the time of incorporation to the date of this document, which contain any provision under which any member of the Group has any obligation or entitlement which is material to AerFinance plc as at the date hereof:

The Company entered a Share Option Agreement with Mr. Bartłomiej Herodecki for purchase of 66% Shopifire Sp. z o.o. shares by the end of 2012 at the price of the nominal value of such shares.

## 10. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), since its incorporation which may have, or have had in recent past significant effects on the issuer and/or groups financial position or profitability.

## 11. Employees

At the time of this document, the Company had no employees other than the Director's on their service agreements.

## 12. Working Capital Statement

The Company is of the opinion, that the Group has sufficient working capital for its present requirements that is for at least the next 12 months from the date of publication of this document.

### **13. United Kingdom Taxation**

The following statements are intended only as a general guide to current United Kingdom tax legislation and to what is understood to be the current practice of the United Kingdom Inland Revenue (the “Inland Revenue”) and may not apply to certain classes of shareholder (such as dealers in securities). Any person who is in any doubt as to his tax position is strongly recommended to consult his professional advisers immediately.

#### **Taxation of Dividends**

There is no United Kingdom withholding tax on dividends. An individual Shareholder resident in the UK for tax purposes will be taxable on the total of any dividend received and the related tax credit (the “gross dividend”), which will be regarded as the top slice of the individual’s income.

The tax credit on dividends paid by the company is reduced to one-ninth of the dividend paid (or ten per cent of the gross dividend). However, individuals who are not liable to tax at the higher rate will have no further liability and for higher rate taxpayers, the higher rate is 32.5 per cent rather than 40 per cent. This means that a higher rate Shareholder receiving a dividend of £90 will be treated as having gross income of £100 (the net dividend of £90 plus a tax credit of £10) and after allowing for the tax credit of £10 will have a further £22.50 liability. The same procedure applies for UK resident trustees save that the rate applicable to trusts will be 25 per cent (as opposed to 32.5 per cent).

Generally, Shareholders are not entitled to reclaim the tax credit attaching to any dividends paid by the company. Certain transitional relief applies to dividends received by charities up to the tax year ended 5 April 2004.

Subject to certain exceptions for traders in securities, a Shareholder that is a company resident for tax purposes in the United Kingdom will not be chargeable to tax on dividends received from the Company.

UK pension funds are not entitled to reclaim any part of the tax credit associated with dividends paid by the Company.

Entitlement to claim repayment of any part of a tax credit for Shareholders not resident in the UK for tax purposes will depend, in general, on the existence and terms of any double tax convention between the United Kingdom and the country in which the holder is resident. Such Shareholders should not, however, that since 6 April 1999, most Shareholders who had previously been able to claim repayment of any part of the tax credit have either ceased to be able to claim such repayment or the amounts repayable are less than one per cent of the dividend. Shareholders who are not resident in the United Kingdom should consult their own tax advisers concerning their tax liability on dividends received, whether they are entitled to claim repayment of any part of the tax credit and, if so, the procedure for so doing.

#### **Stamp Duty / Stamp Duty Reserve Tax**

Under the issue arrangements, no stamp duty or stamp duty reserve tax (“SDRT”) will be payable by applicants on the issue of Ordinary Shares under the Offer for Subscription. Cost of SDRT for issuance into foreign clearance system will be paid by the issuer.

The conveyance or transfer on sale of Ordinary Shares will generally be liable to stamp duty on the instrument of transfer, at a rate of 50p per £100 (or part thereof) on the amount or value of the consideration. Where an unconditional agreement to transfer such shares is not completed by a duly stamped instrument of transfer a charge to SDRT (generally at the same rate) will arise. Stamp duty and SDRT are usually paid by the purchaser.

The statements made in the paragraphs above are intended as a general guide only to current UK taxation law and Inland Revenue practice and may not apply to certain classes of persons (such as dealers in securities).

Any person who is in any doubt as to his tax position, and in particular any person who is subject to taxation in a jurisdiction other than the United Kingdom is strongly advised to consult his professional adviser.

## **15. General**

15.1 No person has:

(a) received, directly or indirectly, from the Company within the 12 months preceding the application for Admission to;

(b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission

any of the following:

(i) fees totalling £10,000 or more;

(ii) securities in the Company where these have a value of £10,000 or more calculated by reference to the Offer Price; or

(iii) any other benefit with the value of £10,000 or more at the date of Admission.

15.2 The estimated amount of the expenses of the Offer which are all payable by the Company, assuming the Offer is fully subscribed, is 6,2% (excluding VAT). This amount includes an estimated commission of 4.5 % payable by the Company to any person (i.e. brokers) in consideration of his agreeing to subscribe for securities to which the prospectus relates or of his procuring or agreeing to procure subscriptions for such securities and an estimated total of 1,7 % payable by the Company for SDRT Tax, vetting fee's, legal opinion and auditor report.

15.3 The minimum amount of 500 000 PLN , must in the opinion of the Directors, be raised by the Offer for Subscription in order to provide the sums required to be provided in respect of each of the following:

(a) Provide additional capital for Research and Development for the Group.

No amounts are to be provided in respect of the matters mentioned in this paragraph otherwise than out of the proceeds of the Offer for Subscription.

15.4 Allan Steinberg & Co. 25A York Road, Ilford, Essex, IG1 3AD, United Kingdom, the auditors of the Company, have given and have not withdrawn their written consent to the inclusion of their reports in this document and accept responsibility for them and have stated that they have not become aware, since the date of any report, of any matter affecting the validity of that report at that date.

15.5 There has been no significant change in the financial or trading position of the Company since 30<sup>th</sup> April 2010, the date to which the last audited financial statements of Aerfinance plc were made up to.

15.6 The Offer is not underwritten or guaranteed.

15.7 Save as disclosed in this document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.

15.8 The net proceeds assuming full subscription are estimated at 12,000,000 Polish Zloty for the Company.

15.9 The current accounting reference period of the Company will end on 30<sup>th</sup> April 2011.

**16. Publication**

Copies of this document will be available free of charge to the public at the offices of the Company at Maritime House, Basin Road North, Hove, East Sussex, BN41 1WR, from the date of this document until at least the end of the period during which the Offer for Subscription remains open or if later for one month.

Additionally copies of this document will be available on the same basis also in Warsaw branch office on 58 Sabaly Street, Warsaw 02-174.

**17. Documents Available for Inspection**

Copies of the following documents may be viewed at the issuers website [www.aerfinance.com](http://www.aerfinance.com):

- (a) Articles of Association of the Company;
- (b) the option agreement referred to at paragraph 2.3 above;
- (c) the Directors' service agreements and letter of appointment referred to in paragraph 6.2 (b) above;
- (d) the Share Option Scheme;

Date: 24<sup>th</sup> January 2011

**PART XXVI**  
**TERMS AND CONDITIONS OF APPLICATION**

**1. General Information**

The Issuer is offering for subscription up to 3,199,999 newly issued ordinary registered Shares of the Issuer. The Offer Shares are being offered at the Offer Price, which shall be determined through a book building process and after taking into account other conditions, described herein.

This Offering consists of a public offering in Poland to both natural and legal persons.

No public offering in United Kingdom will take place.

The Offer Price will be published after the bookbuilding and will be published on the AerFinance PLC website. Final results of the offer will be published on the website of the Issuer [www.aerfinance.com](http://www.aerfinance.com).

**Corporate Resolutions**

On 13<sup>th</sup> December 2010, by resolution passed during a General Meeting of the Company:

- a.) That in accordance with the Companies Act 2006 the members generally and unconditionally authorise the directors to allot, or to grant any right to subscribe for or to convert any security into up to 10,000,000 ordinary shares of 5p each in the capital of the company provided that such authority shall expire 4 years from the date of the passing of this resolution and that the directors may make an offer or agreement before the expiry of such authority which would or might require shares to be allotted after the expiry of such authority.
- b.) That the Companies Act 2006, shall not apply to the allotment of shares pursuant to the general authority given above and the directors may allot, grant options over or otherwise dispose of such shares to such persons, on such terms and in such manner as they see fit.

**Place of Subscription**

Subscriptions will be accepted as of the date, when the Offer Price is made public, via e-mail, web-application, fax or at the AerFinance plc branch office located at ul. Sabaly 58, 02-174 Warsaw.

For information on detailed rules governing the placement of subscription orders, in particular: the documents required if an order is placed by a statutory representative, proxy or any other person acting on behalf of an Investor the Investor should contact the Company.

The Company reserves the right to establish a distribution consortium. If such a consortium is created, it will be publicly announced in compliance with applicable regulations. In such a case, an updated list of points accepting subscriptions will also be made available on the aforesaid website.

Single- and Multiple Subscriptions via Internet, by phone, facsimile or other communication are allowed in accordance with the regulations of the entities accepting subscriptions, providing that the content and signature of such subscriptions cannot be manipulated in any form.

## 2. Expected timetable of the Offering

The expected timetable below lists expected key dates relating to the Offering on or around which the events listed below should occur. The Issuer reserves the right to change the timetable of the Offering. Should the Issuer decide to materially adjust the dates set out in the timetable, the Issuer will provide the FSA with the relevant supplement to the Prospectus for the approval and publish such information (upon the approval of supplement) in compliance with applicable regulations, as well as market practices in Poland

1 <sup>st</sup> of February 2011 – 1st of March 2011	Road Show & Book-building
2nd of March 2011	Announcement of the Final Offer Price
2 <sup>th</sup> March 2011 – 23th March 2011	Opening for Subscriptions and Allotment of Shares
24 <sup>th</sup> March 2011	Crediting of shareholder accounts
April 2011	Commencement of trading on New Connect

## 3. Book-building

Before the start of subscriptions, the book-building process will be conducted, during which selected institutional investors, who have been invited by the Issuer through the Offering Broker, will make declarations as to the acquisition of the Offer Shares. In their declarations, the Investors will determine the total number of the Offer Shares they would like to buy and the price they are willing to pay for the Offer Shares. The invitations can be made in any form.

In order to obtain more detailed information as to the participation in the book-building process, Investors interested should contact the Company or the Offering Broker.

On the basis of declaration as to the acquisition of the Offer Shares, the Issuer, following the Offering Broker's recommendations, will determine the Offer Price and will preliminarily allot the Offer Shares. The book building results will not be made public.

## 4. Subscription Procedure

Any investor may subscribe for a minimum amount of 1,000 Offer Shares per subscription, multiple subscription are not permitted, earliest at the time the Offer Price has been made public. Subscriptions will be accepted on a subscription form in Polish or in English. At the time of placing a subscription order, Investors are required to make an irrevocable instruction for depositing the Offer Shares in a securities account maintained in their name and to pay the amount due for their subscription order, assuming that it would be fully accepted.

By placing a subscription order, each Investors is deemed to have read this Prospectus and the Company's Articles of Association and accepted their content, as well as has read the terms of the Offering, consented to being allotted a lower number of Offer Shares than the number specified in such Investor's subscription orders, or not being allotted any Offer Shares at all, pursuant to the terms and conditions set forth in the Prospectus.

More detailed information concerning the identification of Investors, including requirements concerning documents submitted and the rules for acting through authorized representatives, can be obtained by Investors from the entities accepting subscription orders. Any consequences of a form of subscription for the Offer Shares being incorrectly filled out will be borne by the Investor.

## 5. Conditions of Offering Withdrawal or Suspension

The Issuer may cancel the Offering, upon recommendation on its own initiative, at any time prior to the Settlement Date without disclosing any reason for doing so. The Issuer may also change the dates of opening and closing of the book-building and Subscription Periods for the Retail Investors, or decide that the Offering will be postponed and that new dates of the Offering will be provided by the Issuer later

The Issuer may cancel the Offering, upon recommendation of the Adviser or the Offering Broker if the Issuer considers it impracticable or inadvisable to proceed with the Offering. Such reasons include, but are not limited to: (i) suspension or material limitation of trading in securities generally on the WSE, as well as any other official stock exchange in the EU and the United States; (ii) sudden and material adverse change in the economic or political situation in, Poland, any other jurisdictions in which the Group operates or worldwide; (iii) a material loss or interference with the Issuer's or its Group's business; (iv) any material change or

development in or affecting the general affairs, management, financial position, shareholders' equity or results of the Issuer's operations or the operations of the Group, or (v) an insufficient, in the Issuer's opinion, expected free float of the Issuer's Shares on the WSE taking into account preliminary results of the book-building or of the subscriptions. In such an event, subscriptions for the Offer Shares that have been made will be disregarded, and any subscription payments made will be returned without interest or any other compensation. Any decision on cancellation, the postponement or changes of dates of the Offering will be published by way of a press release in Poland and in a manner compliant with applicable regulations, as well as market practices in Poland. Information on the suspension of the Offering will be published in the form of a supplement to the Prospectus. In this supplement, the Issuer will include information on the validity of orders placed by Investors

If a decision on the suspension of the Offering is taken while subscription orders are accepted, subscription orders, declarations submitted and payments made will be deemed to be still valid, however, Investors can withdraw subscriptions and declarations made by submitting a relevant statement to that effect within two business days after the supplement to the Prospectus has been made public. If a decision on the suspension of the Offering is taken after the book-building but before subscriptions start, the Issuer, may once again run the book-building process, however, in such a case they must decide whether declarations previously made will or will not remain valid. Such information will be made public in the form of a supplement to the Prospectus. If it is decided that earlier declarations remain valid, the Investors will be able to withdraw declarations made by submitting a statement to that effect within two business days from the date of the publication of the supplement to the Prospectus. All dealings in the Offer Shares prior to the commencement of the official trading on the WSE will be at the sole risk of the Investor concerned, irrespective of whether or not the Investor concerned has been notified of the number of Shares allotted to him.

### **5.1. Settlement of Payments**

If the total number of shares subscribed for exceeds the number of shares offered, then the subscriptions will be subject to proportionate reduction.

The returns of payments in connection with the allotment of a lower number of the Offer Shares than subscribed for, non-allotment of any Offer Shares at all or potential overpayments will start no later than 14 days after the date of the Offer Shares allotment. The return of payments will be made in accordance with the details provided on the subscription form.

If the Offering is cancelled or suspended, the Investors who have placed subscription orders and paid for the subscription, will have their payments back.

- If the offering is cancelled – within three business days after the public announcement by the Company of the Offering cancellation
- If the Offering is suspended – within three business days after the date on which the Investor has made a statement cancelling his subscription.

The timely repayment of money paid will be without any interest or compensation.

### **6. Date by which Subscriptions can be Withdrawn**

A subscription for the Offer Shares is irrevocable except when after the start of the Offering, a supplement is made public concerning an event or circumstances occurring before the allotment of the Offer Shares, of which the Issuer became aware before the allotment. The Investor who has made a subscription before the publication of the supplement may withdraw such subscription by submitting a written statement to the institution where the subscription was made, within two business days from the date of the publication of the supplement. The repayments will be made in accordance with the subscription form within three business days after making the statement on the subscription cancellation. The right referred to above will also be vested in Investors who have made declarations as to the acquisition.

## **7. Procedure and Dates for Payment for the Offer Shares**

Subscription for the Offer Shares should be paid in full and clear funds by wire transfer on the day of subscription, to the account of the Issuer. Full payment means a payment equal to the number of the Offer Shares indicated in the subscription order multiplied by the Offer Price, which has been determined during book-building and made public on the website of AerFinance PLC ([www.aerfinance.com](http://www.aerfinance.com)). All monetary amounts used in the Offering will be expressed in PLN (Polish Zloty). In particular, the Offer Price and the book building process will be carried out in PLN.

Payments for the Offer Shares are interest free. A legal consequence of non-payment on time for the Offer Shares will be the invalidity of the entire subscription, A partial payment will be valid only for the number of shares for which the payment has been made, ignoring fractional entitlements.

**8. Delivery of the Offer Shares** An application will be made for the Offer Shares to be accepted for delivery through the book-entry facilities of the KDPW, either directly as a participant of that system or indirectly through participants of the KDPW. Investors should note that in order to trade the Shares on the WSE the Shares must be in book entry form.

All of the Shares of the Issuer are and will generally be ordinary registered shares. All Shares will be registered with CREST and will be transferred to KDPW and will be held by shareholders in a book entry form with a custodian bank or an Investment firm as a participant of the KDPW. Delivery of the Offer Shares will be made in accordance with settlement instructions placed by the Investors upon subscription, through the facilities of CREST and the KDPW, by registration of the Offer Shares on the Investors' securities accounts indicated by such Investors. Delivery of the Offer Shares is expected to take place no longer than 2 weeks after the Settlement Date, barring unforeseen circumstances, by appropriate entry on the Investors' securities accounts held through members of the KDPW. The exact delivery dates will depend on timing of (i) the registration of capital increase of the Company with the Companies House, (ii) registration of the Offer Shares in the facilities of the KDPW. After the successful closing of the Offering, the Offer Shares will be held in book entry form in the KDPW. Bearing the above in mind, the Issuer does not envisage any delivery of documents concerning the Offer Shares acquired. Notices of the recording of the Offer Shares in the Investor's securities account will be delivered to Investors in accordance with the rules of a given investment firm and custodian bank. However, the date of the delivery of such notice to the Investors will not have any impact on the date of starting the listing of the Issuer's Shares, including the Offer Shares, on the WSE as the notices may be delivered to the Investors after the listing commenced

## **9. Public Announcement of the Offering Results**

Information on the results of the Offering will be announced within two weeks from its closing on the website of the Issuer ([www.aerfinance.com](http://www.aerfinance.com))

## **10. The Offer Price**

The Offer Shares are being offered at the Offer Price, which shall be determined through a book-building process and after taking into account other conditions as specified below and will be published by public announcement. The Offer price will not exceed the maximum price of 4.00 Polish Zloty per share.

The Offer price will be based on (i) the current and anticipated situation on the Polish and international capital markets, and (ii) assessment of the growth prospects, risk factors and other information relating to the Issuer's activities.

During a book-building process, invited Investors will indicate the number of the Offer Shares they will be willing to acquire and the price, they will be willing to pay per one Offer Share.

The final Offer Price will be determined by the Issuer based on the following criteria and rules: (i) size and price sensitivity of demand from the Investors as indicated during the book-building process, (ii), the current and anticipated situation on the Polish International markets and (iii) assessment of the growth prospects, risk factors and other information relating to the Issuer's activities.

The Offer price will be expressed in Polish Zloty (PLN)

The Issuer will announce the Offer Price prior to commencement of the subscription period via public announcement.



### **11. Maximum Price**

The maximum price per offer share is 4.00 Polish Zloty. The final offer price is determined through book-building, see para. 3 above.

### **12. Change of Terms of the Offering**

In accordance with the relevant regulation in force in Poland applicable to public offerings and the admission of securities to trading on New Connect, any significant change to the Prospectus, as defined in the aforementioned regulations, will be communicated through a supplement to the Prospectus, if required. The supplement to the Prospectus, will need to be approved by the FSA, notified to KNF and published in the same manner as the Prospectus. If the supplement is published after approval of the Prospectus by the KNF relates to events or circumstances which occurred prior to the Allotment Date and about which the Issuer have learnt prior to the allotment, Investors who have placed their subscription orders before publication of the supplement will have a right to withdraw their subscriptions within two days from the publication of the supplement to the Prospectus.

In such a case, if necessary, the Settlement Date will be adjusted in order to enable Investors to withdraw their subscription.

Moreover, according to Article 52 section 2 of the Public Offering Act, information resulting in changes to the content of the Prospectus or supplements already made available to the public in respect of the organization or conduct of subscription of Offer Shares or their admission to trading on the WSE, which do not require publication of the supplement, will be published in the same manner as the Prospectus in compliance with applicable regulations. Such an information will be simultaneously submitted to the KNF. In such a case, the Investors do not have a right to withdraw their subscriptions.

### **13. Admission of Shares to Trading on New Connect market**

The issuer intends to apply for admission to listing and trading on the New Connect market of Warsaw Stock Exchange of all the Shares, including the Offer Shares, immediately after the settlement Date.

The Issuer expects that the trading in the Shares on the New Connect will commence in March 2011.

In connection with the planned listing of the Shares on the New Connect, all the Offer Shares will be registered with and cleared through the KDPW which is the central clearinghouse and depository of securities in Poland, including those listed on the New Connect.

Investors trading on the New Connect should consider that under the Laws of United Kingdom the registration of allotted shares must be registered by the Companies House. Thus, the New Shares will be eligible for the listing application upon their payment by Investors and aforementioned registration.

After admission of the Shares on the NewConnect all the Issuer's report and regulated information shall be communicated via the EBI and ESPI system in Poland. The Issuer's reports will be available to the public on the Issuer's website ([www.aerfinance.com](http://www.aerfinance.com))

The Issuer may consider in the future a listing of the Shares at any other stock exchange other than Warsaw Stock Exchange.

### **14. Deposit of Shares**

The Shares, including the Offer Shares will be registered with CREST in the UK, which will act as a depository of the Shares, including the Offer Shares.

### **15. Dealings prior to the issue of shares**

Dealings prior to the issue of share certificates will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.

## **16. Money Laundering Regulations**

It is a term of the Offer for Subscription that, to ensure compliance with the Money Laundering Regulations 1993 the Company and/or the Receiving Agent is entitled to require, at its absolute discretion, verification of identity from any applicant for Ordinary Shares including, without limitation, any applicant who either (i) tenders payment by way of a cheque or money transfer on an account in the name of a person or persons other than the applicant or (ii) appears to the Company or the to be acting on behalf of some other person. Pending the provision of evidence satisfactory to the Company as to the identity of the applicant and/or any person on whose behalf the applicant appears to be acting, the Company may, in its absolute discretion, retain an Application Form lodged by an applicant and/or the cheque or other remittance relating thereto and/or not enter the applicant on the register of members or issue any certificate in respect of Ordinary Shares allotted to the applicant.

If verification of identity is required, this may result in a delay in dealing with an application and in rejection of the application. The Company reserves the right, in its absolute discretion, for it to reject any application in respect of which the Company considers that, having requested verification of identity, it has not received evidence of such identity satisfactory to it by such time as may be specified in the request for verification of identity or in any event within a reasonable period. In the event of an application being rejected in any such circumstances, the Company reserves the right in its absolute discretion, but shall have no obligation, to terminate any contract of allotment relating to or constituted by the Application Form (in which event the money payable or paid in respect of the application will be returned (without interest) to the account of the bank from which such sums were original debited) and/or to endeavour to procure other subscribers for the Ordinary Shares in question (but in each case without prejudice to any rights the Company may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid). The submission of an Application Form will constitute a warranty and undertaking by the applicant to provide promptly to the Company or the Receiving Agent such information as may be specified by it as being required for the purpose of the Money Laundering Regulations 1993.

Neither the Company nor any Receiving Agent shall be responsible or have any liability for loss or damage (whether actual or alleged) arising from the election by the Company or the Receiving Agent to treat an application in respect of Ordinary Shares lodged by any applicant as invalid or to terminate the contract of allotment as a result of the Company or the Receiving Agent not having received evidence as to the identity of the applicant reasonably satisfactory to it within a reasonable time of having requested such information.

## **17. General terms**

By completing and delivering an Application Form, you, as the applicant (and, if you sign the Application Form on behalf of somebody else or a corporation, that person or corporation, except as referred to in paragraphs (f) and (h) below):

- a) offer to subscribe for the number of New Ordinary Shares specified in your Application Form (or such lesser number for which your application is accepted) at the Offer Price on the terms of and subject to the Prospectus;
- b) warrant that your payment for subscribed shares will be made on the due date and agree that if it is not you will not be entitled to receive a share certificate in respect of the shares applied for or to enjoy or receive any rights or distributions in respect of such shares unless and until you make payment in cleared funds for such shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such later payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe such shares and may allot such shares to some other person, in which case you will not be entitled to any payment in respect of such shares other than the refund to you at your risk of any proceeds of the cheque accompanying your application, without interest;
- c) agree that, in respect of those New Ordinary Shares for which your application has been received and is not rejected, acceptance of your application shall be constituted by notification of acceptance thereof to the Company;

- d) agree that any moneys returnable to you may be retained by the Company pending clearance of your remittance and that such moneys will not bear interest;
- e) authorise the Company and Company Registrar to send share certificate(s) in respect of the number of New Ordinary Shares for which your application is accepted and/or a payment to your bank account, without interest, at the risk of the person(s) entitled thereto, to the address of the person (or in the case of joint holders the first-named person) named as an applicant in the Application Form and to procure that your name (together with the name(s) of any other joint applicant(s)) is/are placed on the register of members of the Company in respect of such New Ordinary Shares;
- f) warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation, and such person or corporation will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained herein and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
- g) agree that all applications, acceptances of applications and contracts resulting there from under the Offer shall be governed by and construed in accordance with English law, and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- h) confirm that, in making such application, neither you nor any person on whose behalf you are applying are relying on any information or representation in relation to the Company other than the information contained in the Prospectus;
- i) authorise the Company or any person authorised by them, as your agent, to do all things necessary to effect registration of any New Ordinary Shares subscribed by you into your name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such Ordinary Shares has been transferred and authorise any representative of the Receiving Agents to execute any document required there for;
- j) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations concerning the Company and the Ordinary Shares contained therein;
- k) confirm that you have reviewed the restrictions contained in paragraph 12 below and warrant as provided therein;
- l) confirm that you are not under the age of 18;
- m) agree, on request by the Company or at its discretion on behalf of the Company, to disclose promptly in writing to it, any information which it may reasonably request in connection with your application and authorise it to disclose any information relating to your application as it considers appropriate; and
- n) warrant that no other application has been made by you for your own account or by another person on your behalf or for your benefit and with your knowledge for such purpose or, if you are applying as agent or nominee of another person, that no other application is being made by you (not being an application as aforesaid) as an agent or nominee for another person and that such other person is not, to your knowledge, acting in concert with any other person or persons as aforesaid.

## **18. Non-EU applicants**

No person receiving a copy of this Prospectus or an Application Form in any territory other than the European Union, excluding the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the EU or the UK wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes requires to be paid in such territory.

## **19. United States**

The New Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) and, subject to certain exceptions, the New Ordinary Shares may not be offered, sold, transferred or delivered, directly or indirectly, in the United States or to any US Person. Persons subscribing for New Ordinary Shares (unless they satisfy the Company that New Ordinary Shares can be allotted without breach of United States securities laws) represent and warrant to the Company that they are not a person in the United States and they are not subscribing for New Ordinary Shares for the account of any such person and will not offer, sell, renounce, transfer or deliver, directly or indirectly, such New Ordinary Shares in the United States or to any such person. As used herein, "United States" means the United States of America (including the States thereof and the District of Columbia), its territories and possessions and "US Person" means any person or entity defined as such in Rule 902(o) under the Securities Act of 1933 and, without limiting the generality of the foregoing, US Person includes a natural person resident in the United States (including any State thereof) and an estate or trust, if any executor, administrator or trustee is a US Person, but shall not include a branch or agency of a US Person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located. The Company has not been and will not be registered under the United States Investment Company Act of 1940 (as amended).

## **20. Definitions used in the Application Form**

Save where the context otherwise requires, words and expressions defined in the Prospectus have the same meanings when used in the Application Form and any explanatory notes in relation thereto.

**PART XXVII**  
**HOW TO COMPLETE THE APPLICATION FORM**

Before making any application to acquire Ordinary Shares, you are recommended to consult an independent financial adviser authorised under the Financial Services and Markets Act 2000. The following instructions should be read in conjunction with the Application Form and the terms and conditions of application set out in this document.

1. **Insert in Box 1 (in figures) the number of Ordinary Shares for which you are applying.**
2. **Insert in Box 2 (in figures) the amount of your bank transfer.**
3. **Insert your full name and BLOCK Capital letters.**
4. **Insert your full address.**
5. **Insert your brokerage account details in the Republic of Poland.**
6. **Insert your banking details for any partly or full refunds.**

7. **Date & Signature**

The Application Form may be signed by another person on your behalf (and/or on behalf of any joint applicant(s)) if that person is duly authorised to do so, but the power(s) of attorney (or (a) copy(ies) thereof duly certified by a solicitor) or form(s) of authority must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity must be stated.

**Send the completed Application Form by post or by hand to AerFinance PLC (ref: Applications) duly completed.**

**PART XXVIII  
APPLICATION FORM  
AERFINANCE PLC**

**IMPORTANT:** Before completing this Application Form you should read the above terms and conditions of application and the above notes on how to complete the Application Form. . Applications must be for a minimum of 1,000 Ordinary Shares. .

**WAŻNE:** *Przed wypełnieniem poniższego formularza zapisu na akcje Inwestor powinien przeczytać warunki oferty oraz informacje dotyczące sposobu wypełnienia niniejszego formularza. Minimalny pakiet akcji możliwy do objęcia przez pojedynczego Inwestora wynosi 1000 sztuk.*

**PLEASE RETURN YOUR COMPLETED APPLICATION FORM BY E-MAIL, FAX FOLLOWED BY POST, OR DELIVER IT TO, AERFINANCE PLC (ref: APPLICATIONS),**

**PROSZĘ O PRZESŁANIE WYPEŁNIONEJ APLIKACJI POPRZEZ EMAIL, FAX I PRZESŁANIE ORYGINAŁY DROGĄ POCZTOWĄ DO SIEDZIBY AERFINANCE PLC**

Amount of shares to be subscribed <i>Liczba akcji do objęcia</i>	1
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in AerFinance PLC on the terms and subject to the conditions of application set out in the Prospectus of which this Application Form is part of.

*Spółki AerFinance PLC zgodnie z warunkami przedstawionymi w Prospekcie, którego niniejsza aplikacja jest integralną częścią*

Please, submit payments to AerFinance bank account/ *Proszę o dokonywanie przelewów za akcje wg poniższych danych.*

**AerFinance PLC, PL05 2490 0005 0000 4530 7336 0801, Alior Bank, SWIFT: ALBPPLPW**

I/We attach bank transfer confirmation for the amount payable, namely <i>Załączam(y) potwierdzenie przelewu na kwotę za objęcie akcji w wysokości</i>	PLN	2
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**PLEASE USE BLOCK CAPITALS / WYPEŁNIĆ CZYTELNICIE LITERAMI DRUKOWANYMI**

Mr./Mrs./Miss or Title <i>Pan/Pani lub inny tytuł</i>		Forename(s) (in full) <i>Imię</i>		Surname <i>Nazwisko</i>		3
Address (in full) ( <i>Adres zameldowania</i> )						4
Brokerage Account Details: <i>Biuro Maklerskie, numer rachunku maklerskiego:</i>						5

Bank Account for any full/partial refunds: <i>Nr rachunku w przypadku zwrotu części lub całości środków</i>	6
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I confirm that I have read the section headed “Terms and conditions of application” in Part XVII and the section headed “Risk Factors” in Part II of the Prospectus.

*Potwierdzam, że zapoznałem(am) się z warunkami zapisów w Rozdziale XVII a także z częścią “Risk Factors” (Rozdział II) niniejszego Prospektu*

Date <i>Data</i>		Signature <i>Podpis</i>		7
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