

SASOF II (G) Aviation Ireland Limited

Directors' report and financial statements

For the financial year ended 31 December 2023

Registered Company number: 534221

SASOF II (G) Aviation Ireland Limited

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SASOF II (G) Aviation Ireland Limited

Directors and other information

Directors

Mark Gordon (Irish)
Julian Dunphy (Irish)
John McMahon (Irish) - resigned effective 19 November 2025

Registered office

32 Molesworth Street
Dublin 2

Company secretary

MFD Secretaries Limited
32 Molesworth Street
Dublin 2

Independent auditor

KPMG
1 Harbourmaster Place
IFSC
Dublin 1

Bankers

Bank of Ireland
2 Burlington Plaza
Dublin 4

Legal advisor

Maples and Calder
75 Stephen's Green
Dublin 2

Managing agent

Maples Fiduciary Services (Ireland) Limited
32 Molesworth Street
Dublin 2

Servicer

Carlyle Aviation Management Limited
Connaught House
1 Burlington Road
Dublin 4

Registered number of Incorporation

534221

SASOF II (G) Aviation Ireland Limited

Directors' report

The Directors present their annual report and financial statements for the financial year ended 31 December 2023.

Principal activities, business review and future developments

SASOF II (G) Aviation Ireland Limited (the "Company") was incorporated in Ireland on 17 October 2013. The Company's activities include the leasing of aircraft together with associated support services. The Company's registered address is 32 Molesworth Street, Dublin 2.

There were no other significant transactions during the year apart from the usual activities of the Company. The Directors have no plans to change the activities and operations of the Company in the foreseeable future.

Going concern

The Company is currently in a profit making and net assets position. According to the terms of the amended and restated trust indenture at the AASET 2014-1 International Limited ("Ultimate Parent") level, the Company's obligations are limited to monies received or recovered from the collateral (being the aircraft). The Directors are satisfied that the realisable value of the aircraft will be sufficient to discharge the liabilities and obligations of the Company upon maturity of the loans.

In determining the going concern basis of preparation of the financial statements, the Directors have considered the impact of the COVID-19 situation on the Company, its aircraft portfolio and its customers. The Company has one aircraft on lease and twenty three aircraft component assets under consignment agreement. The Directors have considered the available resources to the Company through AASET 2014-1 International Limited ("Ultimate Parent") and related forecasts, which show that based on current information that the Company would continue as a going concern for the foreseeable future. The Directors continue to keep the situation and the impact on the Company under review, with the support of the key service providers. On the basis of the above factors, the Directors are satisfied that the going concern basis continues to be appropriate.

Principal risks and uncertainties

The Company operates as a lessor to an Asian airline. The Company's ability to succeed is dependent on the financial strength of its lessee, their ability to compete effectively in the marketplace and to manage the competitive environment in which they operate.

The lessee is responsible for ensuring that the aircraft has adequate insurance cover, and the Directors have put appropriate monitoring systems in place to ensure that the lessee remains compliant.

The Company also has entered into consignment arrangements with 5 consignees for the sale of part-out assets. Under these arrangements the Company retains ownership of the goods until they are sold. The risks associated with this arrangement relate to effective management and proper recording of consignment stock movement, value of stock becoming obsolete, credit risk related to the exposure to the consignee stock management and cash cycle, and these risks are managed, as part of the consignment agreements, by the consignee who are experts in the field of aircraft consignment sales.

SASOF II (G) Aviation Ireland Limited

Directors' report

Principal risks and uncertainties (continued)

The Company is subject to various risks. The key risks facing the Company and the manner in which these risks have been dealt with are disclosed in note 16 to the financial statements.

The COVID-19 Pandemic has significantly impacted the air travelling industry. The Directors, in conjunction with the Managing Agent and the Servicer, continue to monitor the risk that the impact of COVID-19 has had and continues to have on the Company. The Directors also note Russia's ongoing invasion of Ukraine and the following economic sanctions imposed on Russia. As a result of these sanctions, the Company has fully complied with the sanctions. There has been no financial impact of these sanctions on the Company as there was no aircraft leased in Russia.

Results for the financial year ended 31 December 2023

The Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2023 and the Statement of Financial Position at that date are set out on pages 10 and 11, respectively. The profit before taxation amounted to \$4,567,478 (2022: loss before taxation of \$5,062,592). The retained deficit amounted to \$5,463,772 (2022: retained deficit of \$9,351,653).

Issue of shares

Authorised share capital consists of 1,000 ordinary shares divided into 1,000 shares with a par value of \$1 each. The registered holder of the Company's ordinary share capital is AASET Luxembourg 2014-1 S.a.r.l., a private limited liability company governed by the laws of Luxembourg. The ultimate holding company is AASET 2014-1 International Limited, a limited liability exempted company incorporated under the laws of the Cayman Islands.

Key performance indicators

During the year,

- the Company made a profit after tax of \$3,887,881 (2022: loss of \$4,253,538)
- the Company's consignment sales were \$12,997,469 (2022: \$9,133,026).
- the Company's lease revenue for the year was \$1,128,453 (2022: \$1,151,687).

Political and charitable contributions

The Electoral Act 2012 requires companies to disclose all political donations over USD 213/EUR 200 in aggregate made during the financial period. The Directors have satisfied themselves that no such donations have been made during the financial year.

Changes in Directors and Company Secretary

The names of the Directors and Secretary are set out on page 2. Unless otherwise stated, the Directors and Secretary served throughout the financial year.

The Directors and Secretary who held office at 31 December 2023 do not have any direct or beneficial interest in the shares, deferred shares, share options and debentures of the Company, or any group company at that date or during the financial year requiring disclosure pursuant to Section 329 of the Companies Act 2014.

Transactions involving directors

There were no loans advanced to the Directors at any time during the financial year. During the year the Directors did not receive any emoluments for services provided to the Company. John McMahon received all emoluments from AASET 2014-1 International Limited in respect of his duties for this Company.

The managing agent and administration services (which include the provision of Directors) is incurred and paid by AASET 2014-1 International Limited. Julian Dunphy and Mark Gordon, as employees of the Managing Agent, had an interest in this fee.

There were no other contracts or arrangements in relation to the business of the Company in which the Directors had any interest, as defined by the Companies Act 2014, at any time during the financial year.

Accounting records

The Directors are responsible for ensuring that adequate accounting records are kept by the Company. To achieve this, the Directors have appointed the Managing Agent to provide accounting services, who report to the Board and ensure that the requirements of Sections 281 to 285 of the Companies Act 2014, are complied with. The accounting records of the Company are maintained at its registered office.

SASOF II (G) Aviation Ireland Limited

Directors' report

Auditors

KPMG, Chartered Accountants and Statutory Audit Firm, as the Company's auditors have indicated their willingness to continue in office.

Relevant audit information

The Directors believe they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

Events after the reporting year

There have been no significant events after year end that would require adjustment or disclosure in these financial statements.

Approved by the board and authorised for issue on 20 January 2026.

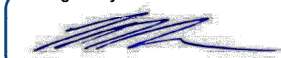
DocuSigned by:



Mark Gordon
Director

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Signed by:



Julian Dunphy
Director

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SASOF II (G) Aviation Ireland Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

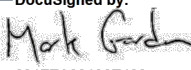
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing the 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;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

Approved by the board and authorised for issue on 20 January 2026.

DocuSigned by:

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Mark Gordon
Director

Signed by:

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Julian Dunphy
Director



KPMG

Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SASOF II (G) AVIATION IRELAND LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SASOF II (G) Aviation Ireland Limited ('the Company') for the year ended 31 December 2023 set out on pages 10 to 31, which comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, statement of cash flows and related notes, including the summary of significant accounting policies set out in note 3.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SASOF II (G) AVIATION IRELAND LIMITED (Continued)

not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, those parts of the directors' report specified for our review, which does not include sustainability reporting when required by Part 28 of the Companies Act 2014, have been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SASOF II (G) AVIATION IRELAND LIMITED (Continued)

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

21 January 2026

A handwritten signature in black ink that reads 'Killian J. Croke'. The signature is written in a cursive style and is positioned above a horizontal line.

Killian Croke
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5

SASOF II (G) Aviation Ireland Limited

Statement of Profit of Loss and Other Comprehensive Income
for the financial year ended 31 December 2023

		Year ended 31 December 2023	Year ended 31 December 2022
	Note	\$	\$
Revenue			
Lease revenue	4	1,128,453	1,151,687
Other Income	5	230,634	736,217
Consignment sales	10	12,997,469	9,133,026
		14,356,556	11,020,930
Expenses			
Cost of goods sold	10	(3,996,322)	(3,346,461)
Write-down on inventories	10	(1,091,223)	(8,252,308)
Operating expenses	7.b	(1,654,257)	(2,247,836)
Loss on sale of noncurrent assets	9	-	(5,020)
		(6,741,802)	(13,851,625)
Finance expense			
Interest expense	6	(2,471,929)	(1,782,377)
Re-measurement of PPL	12	(575,347)	(449,520)
Net finance cost		(3,047,276)	(2,231,897)
Profit/(Loss) before taxation	7.a	4,567,478	(5,062,592)
Income tax (credit)/expense	8	(679,597)	809,054
Profit/(Loss) after taxation		3,887,881	(4,253,538)
Other comprehensive income	7	-	-
Total comprehensive profit/(loss) for the year		3,887,881	(4,253,538)

The Company has not recognised gains or losses in the financial year other than those included within the Statement of Profit or Loss and Other Comprehensive Income. All items relate to continuing operations.

The accompanying notes form an integral part of these financial statements.

SASOF II (G) Aviation Ireland Limited

Statement of Financial Position
as at 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Non-current assets			
Aircraft & related components	9	3,597,348	4,697,403
Deferred tax asset	8.4	530,605	1,210,202
		4,127,953	5,907,605
Current assets			
Inventories	10	10,654,892	15,742,437
Cash and cash equivalents		1,488,885	1,635,180
Trade and other receivables	11	3,579,166	3,488,931
Current tax asset		7,872	7,872
		15,730,815	20,874,420
Total assets		19,858,768	26,782,025
Non-current liabilities			
Loans and borrowings	12	15,332,801	26,942,240
Trade and other payables	13	2,884,379	2,248,487
Deferred tax liability	8.4	-	-
		18,217,180	29,190,727
Current liabilities			
Trade and other payables	13	466,374	303,965
		466,374	303,965
Total liabilities		18,683,554	29,494,692
Equity			
Called up share capital	14	1	1
Capital contribution	14	6,638,985	6,638,985
Retained deficit		(5,463,772)	(9,351,653)
Total equity/(deficit)		1,175,214	(2,712,667)
Total equity and liabilities		19,858,768	26,782,025

The accompanying notes form an integral part of these financial statements.

Approved by the board and authorised for issue on 20 January 2026.


DocuSigned by:



Mark Gordon
Director

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Signed by:



Julian Dunphy
Director

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SASOF II (G) Aviation Ireland Limited

Statement of Changes in Equity
for the financial year ended 31 December 2023

	Called up share capital \$	Retained deficit \$	Capital contribution \$	Total equity/(deficit) \$
Balance at 1 January 2022	1	(5,098,115)	353,733	(4,744,381)
Capital contribution	-	-	6,285,252	6,285,252
Total comprehensive loss for the year	-	(4,253,538)	-	(4,253,538)
Balance at 31 December 2022	1	(9,351,653)	6,638,985	(2,712,667)
Capital contribution	-	-	-	-
Total comprehensive income for the year	-	3,887,881	-	3,887,881
Balance at 31 December 2023	1	(5,463,772)	6,638,985	1,175,214

The accompanying notes form an integral part of these financial statements.

SASOF II (G) Aviation Ireland Limited

Statement of Cash Flows
for the financial year ended 31 December 2023

		31 December 2023	31 December 2022
	Note	\$	\$
Cash flows from operating activities			
Profit/(Loss) before tax for the year		4,567,478	(5,062,592)
<i>Adjustment for</i>			
Depreciation expense	9	1,100,055	1,058,057
Loss on sale of noncurrent assets	9	-	5,020
Write-down on inventories	10	1,091,223	8,252,308
Interest expense	6	2,471,929	1,782,377
Re-measurement of PPL	12	575,347	449,520
Increase in trade and other receivables	11	(90,236)	(2,437,465)
Decrease/(increase) in consignment inventory	10	3,996,322	(13,613,238)
Increase in trade and other payables	13	798,302	22,443,787
Net cash inflow from operating activities		14,510,420	12,877,774
Cash flows from investing activities			
Sale of airframe		-	399,980
Net cash inflow from investing activities		-	399,980
Cash flows from financing activities			
Interest payment		(2,177,978)	(5,534,912)
Repayment of loans payable		(12,478,737)	(7,794,079)
Net cash outflow from financing activities		(14,656,715)	(13,328,991)
Net decrease in cash and cash equivalents		(146,295)	(51,237)
Cash and cash equivalents at the beginning of the year		1,635,180	1,686,417
Cash and cash equivalents at the end of year		1,488,885	1,635,180

The accompanying notes form an integral part of these financial statements.

SASOF II (G) Aviation Ireland Limited

Notes to the financial statements

1. General information

SASOF II (G) Aviation Ireland Limited (the "Company") was incorporated in Ireland on 17 October 2013. The Company's activities include the purchasing, leasing and disposal of aircraft.

2. Basis of preparation

2.1 Statement of compliance

The financial statements are prepared in accordance with the Companies Act 2014 and International Financial Reporting Standards as adopted by the European Union ("IFRS").

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis.

2.3 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The principal uses of judgement and sources of estimation of uncertainty arise with respect to the measurement of aircraft and certain financial liabilities at amortised cost using effective interest method.

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

- Aircraft and engine impairment

The aircraft owned by the Company have been placed on operating lease with airlines around the world. Due to the economic disruption caused by the COVID-19 coronavirus pandemic, the Company has granted concessions to several of its airline customers. The highly uncertain economic outlook for the period has (i) impacted the appraised values for the Company's aircraft due to market disruption caused by the COVID-19 pandemic, which resulted in reduced transactional activity; lower sale proceeds achieved on transfer of aircraft and reduced rental rates, and (ii) may have a material adverse effect on certain airlines' operations, the viability of their business and their ability to meet their rental obligations. This uncertainty has been factored into the determination of the significant inputs into the recoverable amount of the Company's aircraft specifically in estimating future replacement/uncontracted rental payments, down time between leases, lessor contributions, residual values and discount rates.

In accordance with IAS 16 - Property, Plant and Equipment, the Company's owned and leased aircraft are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the aircraft may not be recoverable. An impairment review involves consideration as to whether the carrying amount of an aircraft is not recoverable and is in excess of its fair value. In such circumstances, an impairment charge is recognised as a write-down of the carrying amount of the aircraft to the higher of value in use or fair value less cost to sell.

This process involves the use of judgements and estimates. Estimates are utilised in determining the recoverable amount and fair value. The estimates and assumptions used are based on historical trends as well as future expectations. Due to the global impact of COVID-19 on the Company's airline customers, the Company has utilised the trends in cash receipts from its airline customers from the onset of COVID-19 in March 2020 up to the current period to estimate the anticipated lessee cash inflows for the first twelve months of its value in use calculations. The Company assumed that shortfalls in contractual lease rentals in the first twelve months of the value in use calculations are deemed to be repaid in full over the remainder of the contractual lease periods. For some of these estimates, the Company utilises the services of independent valuation firms to determine the appropriate values.

The Company has utilised judgement in evaluating whether there are indicators of impairment. In this regard, the Directors rely on market conditions and the operational performance of the leased assets. The estimated residual values are based on estimates received from independent appraisers or management's view when supporting transaction data exists. Changes in global and regional economic and political conditions, government regulations, technological changes and other factors could cause the Company to revise the residual value assumptions. The Company evaluates the appropriateness of these judgements and assessments each reporting period.

SASOF II (G) Aviation Ireland Limited

Notes to the financial statements

2. Basis of preparation (continued)

- Residual value and useful economic life of aircraft and engines

Estimates and judgements are used in determining the residual value and useful economic life of aircraft and engines. Residual values are zero inflated and based on estimates received from independent appraisers adjusted for the expected maintenance condition of aircraft at re-delivery date. The useful economic life is based on the contractual lease expiry date or the ARD date (seventh anniversary of the Initial Closing Date) which is on 1 February 2025, whichever is earlier. After which it has been assumed that the aircraft will be sold. The Company evaluates the appropriateness of these judgements and assessments each reporting period. During the year, the Company revised its estimated residual value with reference to the maintenance adjusted future base values (uninflated) obtained from independent appraisers. As the future depreciation can be affected by several factors, it is not practicable to estimate the effect of the changes on the future periods.

- Effective interest rate on financial liabilities

Estimates and judgements have also been made in relation to expected cash flows for the purpose of measuring financial liabilities at amortised cost using the effective interest method. Expected cash flows are based on the Company's expectation of interest and principal payments to be made over the term of the financial instrument. Due to the limited recourse nature of the instruments, payments will only be made subject to sufficient funds being available from the leasing and subsequent disposal of the aircraft. In prior years, interest payments arising on the Company's profit participating loan cannot be reliably estimated prior to the relevant determination date. During the year, the Company performed a review of the future estimated cashflows in accordance with IFRS 9, B5.4.6. The Directors were able to reasonably and reliably measure these estimates. In order to determine the future cash flows, various assumptions were used which are in line with the assumptions used for aircraft impairment. The assumed cashflows are based on the currently contracted loan cashflows, senior loan interest, aircraft management and an assumed residual value of the aircraft at the end of the lease based on the average three appraisers.

- Deferred tax

The Company's accounting policy is to recognise deferred tax assets to the extent that they are viewed as being highly probable in terms of recoverability in future periods. The deferred tax asset has been recognised to the extent of deferred tax liability in the current period. However, net deferred tax asset is recognised to the extent of estimated future taxable profits.

- Expected credit loss

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECLs ("Expected Credit Loss"). When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. Lifetime losses are estimated by comparing the outstanding receivables at year-end, with post year-end collections and security deposits. Any deficit is 100% provided for as an estimate of lifetime losses. The carrying amount of the asset shall be reduced directly. The amount of the loss shall be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

2.4 Functional and presentation currency

These financial statements are presented in United States Dollars (\$) which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

SASOF II (G) Aviation Ireland Limited

Notes to the financial statements

2. Basis of preparation (continued)

2.5 Going concern

The Company is currently profit making and in a net asset position. According to the terms of the amended and restated trust indenture at the AASET 2014-1 International Limited ("Ultimate Parent") level, the Company's obligations are limited to monies received or recovered from the collateral (being the aircraft). The Directors are satisfied that the realisable value of the aircraft will be sufficient to discharge the liabilities and obligations of the Company upon maturity of the loans.

In determining the going concern basis of preparation of the financial statements, the Directors have considered the impact of the COVID-19 situation on the Company, its aircraft portfolio and its customers. The Company has one aircraft on lease and twenty-three aircraft component assets under consignment agreement. The Directors have considered the available resources to the Company through AASET 2014-1 International Limited ("Ultimate Parent") and related forecasts, which show that based on current information that the Company would continue as a going concern for the foreseeable future. The Directors continue to keep the situation and the impact on the Company under review, with the support of the key service providers. On the basis of the above factors, the Directors are satisfied that the going concern basis continues to be appropriate.

3. Significant accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The comparative information presented in these financial statements is for the year ended 31 December 2022.

3.1 New standard, amendment or interpretations not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company is currently assessing the impact of such changes on the consolidated financial statements.

The following amended standards and interpretations are not expected to have significant impact on the Company's financial statements:

Amendments to	Description	Effective for annual periods beginning on or after
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
IAS & IFRS 7	Disclosures: Supplier Finance Arrangements	1 January 2024
IAS 21	Lack of exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Indefinitely deferred

SASOF II (G) Aviation Ireland Limited

Notes to the financial statements

3. Significant accounting policies (continued)

3.2 New standard, amendment or interpretations adopted during the year

The following amended standards and interpretations are effective during the year did not have a significant impact on the Company's financial statements:

- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

3.3 Aircraft and engines

Aircraft and engines are measured at cost less accumulated depreciation and impairment losses.

Aircraft and engines are assessed for recoverability at each reporting date or whenever events or changes in circumstances indicates that their carrying value may not be recoverable. For the purposes of measuring an impairment loss, each aircraft is tested individually by comparing its carrying amount to the higher of value in use and fair value less cost to sell. Value in use is determined as the total cash flows expected to be generated by an aircraft assuming disposal of the aircraft at the end of the current lease, discounted at a market rate. Fair value is determined based on estimates received from independent appraisers adjusted for the maintenance condition of aircraft at the reporting period end.

Depreciation is calculated using the straight line method to residual value over the contractual lease term. Residual values are based on estimates received from independent appraisers adjusted for the expected maintenance condition of aircraft at re-delivery date. The determination of residual values and useful economic life involve significant judgements and estimates. The Company evaluates the appropriateness of these judgements and assessments each reporting period. Depreciation is recognised in the Statement of Profit or loss and other Comprehensive Income.

Modifications or improvements to aircraft and engines are normally expensed. Where such modifications or improvements materially improve the value of the asset or extend its useful life, these are capitalised and depreciated on a straight line basis over the economic life of the asset.

In instances where the purchase of aircraft includes consideration which can be allocated to either the maintenance condition or the value of an acquired lease containing above or below market terms, such allocated costs are recognised as an intangible asset or liability. Intangible lease assets are classified under intangible assets and amortised on a straight-line basis over the term of the related lease as amortisation in the Statement of Profit or Loss and Other Comprehensive Income. Intangible maintenance assets and liabilities are classified under intangible assets or intangible liabilities and assessed for impairment at each period end. Intangible maintenance assets and liabilities are released in the Statement of Profit or Loss and Other Comprehensive Income at the expiry of the current lease.

Engines are recognised as a separate depreciable asset when not on the aircraft.

SASOF II (G) Aviation Ireland Limited

Notes to the financial statements

3. Significant accounting policies (continued)

3.4 Financial instruments

Recognition

The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Classification and measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial instruments. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in a transferred financial asset that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or have expired.

SASOF II (G) Aviation Ireland Limited

Notes to the financial statements

3. Significant accounting policies (continued)

3.5 Financial instruments (continued)

Impairment

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and debt investments measured at FVOCI. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. Lifetime leases are estimated by comparing the outstanding receivables at year end, with post year end collections and security deposits. Any deficits identified are 100% provided for as estimate of lifetime losses. The carrying amount of the asset shall be reduced directly. The amount of the loss shall be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

For the Company, adopting IFRS 9 has resulted in changes to accounting policies, reclassification of certain financial assets, and changes to the impairment model applied. In accordance with the transition provisions set out in IFRS 9, comparative figures have not been restated. There was no material change to the underlying accounting treatment for financial assets and liabilities.

3.6 Revenue

Lease revenues are recognised on a straight line basis over the term of the lease. Amortisation of lease incentive assets is recognised as a reduction of total lease revenue on a straight line basis over the term of the lease.

The Company, as lessor, leases aircraft principally under operating leases and records rental income rateably over the life of the lease as it is earned. The Company accounts for lease rental income under lease agreements on a straight line basis. For past-due rentals on all leases, a bad debt provision may be established on the basis of management's assessment of collectability and to the extent such rentals exceed related security deposits held and would be recorded as an expense in the Statement of Profit or Loss and Other Comprehensive Income. The Company's lease contracts require payment in advance. Rentals received, but unearned under these lease agreements, are recorded as deferred income on the Statement of Financial Position.

Revenue from consignment sales is recognized when the consignee sells the consigned assets to the end customers. A sale occurs once the risks and rewards of ownership have transferred to the end customers. Consignment stock delivered to a consignee pursuant to a consignment arrangement are not considered sales, and do not qualify for revenue recognition. Once it is determined that substantial risk of loss, rewards of ownership, as well as control of the asset have transferred to the consignee, revenue recognition would then be appropriate, assuming all other criteria for revenue recognition have been met.

3.7 Maintenance reserves

Under certain leases, the Company requires lessees to make regular additional rent payments based on aircraft utilisation. These payments are recorded as lease maintenance reserves on the Statement of Financial Position. In all cases the leases require the lessees to be responsible for maintenance and repairs, including major airframe and engine overhauls (major maintenance events) over the term of the lease.

Under the terms of some leases, the Company is obliged to reimburse the lessee for the cost of major maintenance events (up to the amount of supplemental rent paid).

Maintenance costs incurred when an aircraft is off lease or in excess of maintenance reserves received are recognized as an expense in the period incurred, with the exception of major engine overhauls that increase the value of the asset which are then capitalized.

These maintenance reserves are recorded as non-current liabilities, initially at fair value and subsequently measured at amortised cost, as the scheduled maintenance charges are typically expected to be incurred in more than 12 months from the Statement of Financial Position date.

SASOF II (G) Aviation Ireland Limited

Notes to the financial statements

3. Significant accounting policies (continued)

3.8 Security deposits

Security deposits on leased aircraft are generally paid by the lessee on the execution of the lease and are non-refundable during the term of the lease. The amounts are held as security for the timely and faithful performance by the lessee of its obligations during the lease and are included on the Statement of Financial Position. The deposit may be applied against amounts owing from the lessee for rent or returned to the lessee on the termination of the lease. The lease deposits are classified as financial liabilities initially measured at fair value and subsequently at amortised cost.

3.9 Interest income and expense

Interest income and expense is recognised in the Statement of Profit or Loss and Other Comprehensive Income on an effective interest basis on financial instruments carried at amortised cost. Please see Note 2.3 for more details in relation to this estimate.

3.8 Taxation

Corporation tax is provided on taxable profits at current rates applicable to the Company's activities. Deferred taxation is accounted for, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the reporting date except as otherwise required by IAS 12 'Income Tax'. Provision is made at the tax rates which are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised only to the extent that is considered more likely than not that they will be recovered.

3.10 Foreign currency

Transactions, including income and expenditure, in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

3.11 Consignment Stock

Consignment stock consists of aircraft and engine parts removed from the lease portfolio to be parted out. Consignment stock is stated at the lower of cost and net realisable value (NRV). Cost for each consigned asset is determined based on the sales cashflow forecast provided by the consignee. Net realisable value is the amount expected to be received based on the eventual sale or disposal of the consignment parts after deducting any associated costs. Any write-down to NRV will be recognised as an expense in the year in which the write-down occurs. Under the consignment arrangements the Company retains control of the stock until it is sold to the end customer at which point the company recognises revenue from the sale.

4. Lease revenue

Lease revenue of \$1,128,453 (2022: \$1,151,687) comprises of rentals from operating leases is recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight line basis over the lease term. The Company had contracted to receive the following minimum cash lease rentals under the lease agreement.

	31 Dec 2023	31 Dec 2022
	\$	\$
No later than 1 year	1,041,600	1,041,600
Due between one and two years	173,600	1,041,600
Due between two and three years	-	173,600
Due between three and four years	-	-
Due between four and five years	-	-
Due after five years	-	-
	1,215,200	2,256,800

Distribution of aircraft revenues

	2023			2022		
	Lease Revenue (\$)	%	Total (\$)	Lease Revenue (\$)	%	Total (\$)
Asia Pacific	1,128,453	100%	1,128,453	1,151,687	100%	1,151,687
	1,128,453	100%	1,128,453	1,151,687	100%	1,151,687

SASOF II (G) Aviation Ireland Limited

Notes to the financial statements

5. Other income

	31 Dec 2023	31 Dec 2022
	\$	\$
Component assets' part sales	223,969	734,965
Other income	6,665	1,252
	230,634	736,217

Component assets' part sales during the year and prior year are direct sale of asset parts to external party.

6. Interest expense

	31 Dec 2023	31 Dec 2022
	\$	\$
Interest expense on loans	2,177,978	1,782,377
Interest expense on PPL	293,951	-
	2,471,929	1,782,377
Remeasurement of PPL	575,347	449,520
	575,347	449,520

Refer to Note 12 for further details on senior loans and PPLs.

7.a Profit before taxation

The profit on ordinary activities before taxation is stated after charging:

	31 Dec 2023	31 Dec 2022
	\$	\$
Audit of financial statements	33,078	24,839
Other assurance services	-	-
Tax advisory services	5,097	15,035
Other non-audit services	-	-
	38,175	39,874

The Company had no employees during the year (2022: Nil). Maples Fiduciary Services (Ireland) Limited (the "Managing Agent") acts as a corporate administrator to the Company. Pursuant to Section 305 A(1)(a) of the Companies Act 2014 (as amended), Maples Fiduciary Services (Ireland) Limited received a single managing agent and administration fees, including the making available of individuals to act as directors of the Company. The individuals acting as directors do not receive any fee for acting or having acted as directors of the Company. During the year, the Company incurred a fee of \$34,000 (2022: \$34,000) relating to administration services provided by the Managing Agent. Pursuant to Section 305 A(1)(a) of the Companies Act 2014 (as amended), Maples Fiduciary Services (Ireland) Limited received 10% (2022: 10%) as consideration for the making available of individuals to act as Directors of the Company

7.b Operating expenses

	31 Dec 2023	31 Dec 2022
	\$	\$
Depreciation expense	1,100,055	1,058,057
Maintenance and repairs	242,297	450,232
ECL provision expense	(354,457)	354,457
Audit and audit related services	38,175	39,874
Professional fees	173,989	165,721
Other expenses	454,198	179,495
	1,654,257	2,247,836

SASOF II (G) Aviation Ireland Limited

Notes to the financial statements

8. Tax on profit on ordinary activities

8.1 Analysis of tax charge for the year

	31 Dec 2023	31 Dec 2022
	\$	\$
Current tax		
Deferred tax	679,597	(809,054)
Income tax expense/(credit)	<u>679,597</u>	<u>(809,054)</u>

8.2 Factors affecting current tax charge for the year

The reconciliation of tax on profit on ordinary activities at the standard rate of Irish corporation tax to the Company's actual tax charge is analysed as follows:

	31 Dec 2023	31 Dec 2022
	\$	\$
Profit/(Loss) before taxation	4,567,478	(5,062,592)
Profit/(Loss) on ordinary activities multiplied by the standard rate of Irish corporation tax of 12.5%	570,935	(632,824)
<i>Effects of:</i>		
Non-deductible expenses	108,662	56,817
Origination and reversal of temporary differences	-	(627)
Recognition of previously unrecognized tax losses	-	(232,420)
Income tax charge/(credit)	<u>679,597</u>	<u>(809,054)</u>

8.3 Circumstances affecting current and future tax charges

Tax is chargeable in future years unless group relief is available. To the extent losses are incurred in the future, these can be carried forward. From 1 January 2024, the corporation tax rate is expected to remain at its current rate of 12.5%.

8.4 Deferred tax

Deferred tax represents the amount of tax recoverable in respect of tax losses available in the current year which are available for carry forward against future taxable profits, temporary timing differences and an excess of capital allowances over accounting depreciation.

The reconciliation of deferred tax assets and liabilities for the year is as follows:

Deferred tax (assets)/liabilities

	31 Dec 2023	31 Dec 2022
	\$	\$
Opening balance	(1,210,202)	(401,147)
Origination and reversal of temporary differences	679,597	(809,054)
Closing balance	<u>(530,605)</u>	<u>(1,210,202)</u>

Management have exercised judgment over the decision as to whether a deferred tax asset should be recognised for the year ended 31 December 2023 and concluded that it should be recognised at this point in time. Any deferred tax asset will arise due to unrelieved trading losses and is available to offset against future taxable income of the Company. In order for the Company to recognise these assets, it must be probable that sufficient future taxable profits will be available against which the losses can be utilised. In light of the Company's plan of selling the remaining aircraft in the future which will result to profit, the Directors have concluded that it is probable that the Company will have sufficient profits against which these losses could be utilised.

SASOF II (G) Aviation Ireland Limited

Notes to the financial statements

9. Aircraft and related components

	31 December 2023			31 December 2022		
	Aircraft	Airframe	Total	Aircraft	Airframe	Total
	\$	\$	\$	\$	\$	\$
<i>Cost</i>						
At beginning of year	12,636,477	-	12,636,477	13,041,477	-	13,041,477
Additions	-	-	-	-	-	-
Disposals	-	-	-	(405,000)	-	(405,000)
Reclassification	-	-	-	-	-	-
At end of year	12,636,744	-	12,636,744	12,636,477	-	12,636,477
<i>Accumulated depreciation</i>						
At beginning of year	7,939,074	-	7,939,074	6,881,017	-	6,881,017
Depreciation	1,100,055	-	1,100,055	1,058,057	-	1,058,057
Impairment	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
At end of year	9,039,129	-	9,039,129	7,939,074	-	7,939,074
Net book value	3,597,348	-	3,597,348	4,697,403	-	4,697,403

The aircraft are leased to Mongolian airline. In the assessment of impairment, the Company has considered both the aircraft's and engines' current appraised maintenance adjusted market value and its value in use. In determining the aircraft's value in use, consideration is given to contractual cash flows expected to be received under the current lease arrangements, as well as future proceeds expected from disposal activities at end of lease. For the year ended 31 December 2023, there was no impairment recognised in the Statement of profit or loss and other comprehensive income (2022: \$nil). Impairment arises in the year due to certain aircraft's recoverable amount being less than the carrying amount. Recoverable amount has been determined based on the recoverable amount being the value in use, please refer to Note 2.3 for the valuation techniques used.

Significant judgment is required when evaluating the inputs into the recoverable amount of the Company's aircraft. Reasonable possible changes at the reporting date to one of the significant inputs, while holding others constant, would have affected the impairment charge recorded by the amounts shown below.

Reasonable possible changes at the reporting date to one of the significant inputs, while holding the others constant, was considered for the variables set out below:

- Discount rate applied +/- 0.5%
- Residual values +/- 10%

Changing any of the above noted significant inputs will not result to a significant impairment change.

The average remaining period of leases is 1.17 years (2022: 2.17 years).

SASOF II (G) Aviation Ireland Limited

Notes to the financial statements

10. Inventories

	31 Dec 2023	31 Dec 2022
	\$	\$
Opening balance	15,742,437	10,381,507
Purchases of inventories during the year	-	16,959,699
Reclassification from aircraft	-	-
Cost of inventories sold during the year	(3,996,322)	(3,346,461)
Write-down on inventories	(1,091,223)	(8,252,308)
Balance at end of year	10,654,892	15,742,437

During the year, consigned assets amounting to \$3,996,322 (2022: \$3,346,461) were sold for a total revenue of \$12,997,469 (2022: \$9,133,026).

Write-down on inventories resulted from net realizable value (NRV) testing on the inventories amounting to \$983,337 (2022: \$4,906,332) and writing off inventory items which are deemed unsellable as assessed by the consignee amounting to \$107,886 (2022: \$3,345,976).

11. Trade and other receivables

	31 Dec 2023	31 Dec 2022
	\$	\$
Related party receivables	2,884,380	2,248,486
Consignment receivables	-	610,275
Rent income receivables	694,787	984,627
ECL provision	-	(354,457)
	3,579,167	3,488,931

Trade and other receivables are repayable on demand and noninterest bearing. Related party receivables represent amount held with AASET 2014-1 International Limited that will be used to pay security deposit and lease maintenance obligations arise, net of any trading expense paid by AASET 2014-1 International Limited. Please refer to Note 16.1 Credit risk for the movement of expected credit loss provision of rent income receivables.

12. Loans and borrowings

	31 Dec 2023	31 Dec 2022
	\$	\$
Opening balance	26,942,240	4,323,604
New loans	-	29,963,195
PPL accrued interest for the year	293,951	-
Re-measurement of PPL	575,347	449,520
Repayments	(12,478,737)	(7,794,079)
Closing balance	15,332,801	26,942,240

Nominal value	Interest rate	Contractual maturity	31 Dec 2023	31 Dec 2022
			\$	\$
AASET Luxembourg 2014-1 S.a.r.l - Series B	7.25%	Dec 2063	-	-
AASET Luxembourg 2014-1 S.a.r.l - Series C	18.00%	Dec 2063	-	-
AASET Luxembourg 2014-1 S.a.r.l – New loan	SOFR 1M + 3.25%	Jan 2052	14,013,983	26,492,720
AASET Luxembourg 2014-1 S.a.r.l - PPL	1% + variable	Dec 2063	1,318,818	449,520
			15,332,801	26,942,240

On 10 December 2014, the Company borrowed \$12,337,575 from AASET 2014-1 Luxembourg S.a.r.l. Principal payments on the PPL loan are subordinate to the Senior C loan, and principal payments on the Senior C loan are subordinate to the Senior B loan.

During 2022 the Company entered into an intercompany financing arrangement with AASET 2014-1 Luxembourg S.a.r.l. (immediate parent entity), whereby intercompany payables from the prior year and during the year were restructured into a combination of a loan amounting to \$29,963,195 and a capital contribution of \$6,285,252 (see note 14). The funds were used for the purchase of several aircraft components from the Company's related parties. The aircraft components are recorded as inventories which are intended to be sold on consignment.

Further during the year, PPL has been remeasured resulting to a loss of \$575,347 (2022: loss of \$449,520). The loss represents an increase in the estimated future cash flows available for repayment of PPL.

SASOF II (G) Aviation Ireland Limited

Notes to the financial statements

12. Loans and borrowings (continued)

The repayments on the facilities are:

	31 Dec 2023	31 Dec 2022
	\$	\$
Within 1 year	-	-
Between 1 and 2 years	-	-
More than 2 years but less than 5 years	15,332,801	-
Later than five years	-	26,942,240
Total	15,332,801	26,942,240

On initial recognition, PPL are fair valued and subsequently measured at amortised cost. As noted in the estimates and judgement section of the financial statements, directors are able to estimate future cash flows in the current period as they are able to determine the future plan with respect to aircraft portfolio and related income and costs. As a result of the cash flow projection, EIR rate of 65.39% was determined based on which interest has been accrued. In order to estimate the future cash flows, directors used the following approach/information:

Valuation techniques	Significant inputs	Relationship between significant inputs and carrying amount re-measurement
Discounted cash flows: The re-measurement of the E Note considers the discounted cash outflows expected to be paid taking into account changes in contracted in contracted lease rates, future projected lease rates, net maintenance flows, downtime between leases, transition costs, estimated residual values, economic conditions and technological development, and forecasted cash flows from consignment sales. The expected cash outflows are discounted at the original EIR as determined at the issuance of the E Note.	<ul style="list-style-type: none"> - Contracted lease rates reflect all concessions granted during the financial year. - Future lease rates (where the re-lease scenario is assumed) and estimated residual values are based on the average of three external independent appraisers' estimates for these amounts. - Down time between leases and transition costs are based on historical experience observed by the Managing Agent (with input from the Servicer as appropriate). - With respect to AOG, the inputs used reflect the Servicer's best estimate of when the aircraft will be back on lease and their best estimate of the re-lease rate and term. - The timing and the expected cost of maintenance events have been estimated based on the forecasts provided by the external independent maintenance evaluator (with input from the Servicer as appropriate). - Forecasted cash flows from consignment sales was determined by the consignee and agreed with the Company upon signing of the consignment agreement. - EIR rate applied was 65.39% 	<p>Carrying amount if the E Note would increase/(decrease) if:</p> <ul style="list-style-type: none"> - Lease rates collected were higher/(lower) than currently contracted. - Future lease rates and/or residual values grow more/(less) than expected. - Downtime between leases and transition costs are less/(more) than expected.

Significant judgment is required when evaluating the inputs into the re-measurement of the E Note. Reasonable possible changes at the reporting date to one of the significant inputs, while holding others constant, would have affected the re-measurement charge recorded by the amounts shown below. The effect of the COVID-19 pandemic has meant that the range of possible changes is wider for 2023 than for the comparative financial period.

Reasonable possible changes at the reporting date to one of the significant inputs, while holding the others constant, were considered for the variables set out below:

- EIR rates +/- 5%

Changing EIR rate of the PPL by +/-5% resulted to a fluctuation of interest expense by \$29k.

SASOF II (G) Aviation Ireland Limited

Notes to the financial statements

13. Trade and other payables

	31 Dec 2023	31 Dec 2022
Current	\$	\$
Consignment advances	234,862	-
Deferred income	214,984	287,437
Accrued liabilities	16,528	16,528
	466,374	303,965
Non-current	\$	\$
Security deposit	480,000	480,000
Lessee maintenance reserves	2,404,379	1,768,486
	2,884,379	2,248,486

These maintenance and security deposits are split between current and non-current liabilities based on the contractual lease expiry.

14. Called up share capital

	31 Dec 2023	31 Dec 2022
	\$	\$
<i>Authorised</i>		
1,000 ordinary shares of \$1 each	1,000	1,000
<i>Allocated, called up and fully paid</i>		
1 ordinary share of \$1	1	1

The share capital of the Company is held by AASET Luxembourg 2014-1 S.a.r.l., a private limited liability company governed by the laws of Luxembourg. The ultimate holding company is AASET 2014-1 International Limited, a limited liability exempted company incorporated under the laws of the Cayman Islands.

In 2022, the Company received a capital contribution of \$6,285,252 from AASET Luxembourg 2014-1 S.a.r.l. which was used for the purchase of several aircraft components from the Company's related parties. This contribution was recognized as an increase in the Equity.

15. Related party transactions

At the end of the year, the Company held a net receivable balance with AASET 2014-1 International Limited of \$2,844,380 (2022: \$2,248,486), no payable balance with AASET Luxembourg 2014-1 S.a.r.l. (2022: nil). Loans payable, as further outlined in note 12, and interest accrued are due to the Company's immediate holding company.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly of that entity. Key management personnel for the Company are the Directors. During the year, the Company incurred a fee of \$34,000 (2022: \$34,000) relating to administration services provided by the Managing Agent. Pursuant to Section 305A(1)(a) of the Companies Act 2014 (as amended), Maples Fiduciary Services (Ireland) Limited received \$10% (2022: 10%) as consideration for the making available of individuals to act as Directors of the Company.

There were no other related party transactions during the year.

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Notes to the financial statements

16. Financial risk management

The Company has exposure to the following risks:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Asset risk

16.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company operates as an aircraft lessor. If a lessee experiences financial difficulties, this may result in defaults or the early termination of the leases. The Directors mitigate this risk by putting in place appropriate settlement conditions in the event of default or early termination of the lease by the Lessees, as detailed in the lease agreements. The Company monitors the performance of the Lessees on an ongoing basis and the lease receivable balances were nil at the end of the accounting year. The Company manages its exposure to credit risk by placing all cash with Bank of Ireland, a recognised financial institution.

The Company's exposure to credit risk arising from its leasing arrangements with its airline customers is influenced by the strategic, financing and operating characteristics of each airline-lessee customer. The Board, with input from the Servicer, considers these characteristics and other factors that may affect the credit risk of its airline-lessee customer base including risk associated with the country, countries and/or geographic regions in which they operate.

The Servicer analyses and assesses the creditworthiness of existing and new airline-lessee customers of the Company. This analysis includes consideration of external ratings (where available), financial statements, industry and other information. The Company manages the creditworthiness of its airline-lessee customers by collecting security deposits of varying amounts as appropriate.

The Company applied IFRS 9 simplified approach to measuring expected credit losses ("ECLs") for trade receivables which uses a lifetime expected loss allowance for all trade receivables from rental of aircraft. The letters of credit and security deposits from lessees are considered an integral part of the model and calculation of impairment. For trade receivables from aircraft on lease, a lifetime expected loss allowance reversal of \$354,457 (2022: loss allowance of \$354,457) was recognized for the year ended 31 December 2023. This amount represents the Company's expectation of credit losses on amounts receivable at the reporting date, net of security deposits and letters of credit held by the Company. There was also no expected credit loss provision recognized on the consignment receivables as the receivable amount is immaterial and have been collected post yearend. As per the accounting policy, lease maintenance reserves are recorded as a liability in the Statement of Financial Position. Any related supplemental rental receivable at year end is not subject to credit risk because of the Company's obligation to pay from the lease maintenance reserves to the extent of the cash collected from the lessee.

The table below shows the exposure to credit risk for rent income receivables by geographic region (after the application of expected credit loss provisions):

The table below sets out the movement in the expected credit loss provision of rent income receivable.

	As at 31 December 2023	%	As at 31 December 2022	%
Asia Pacific	694,787	100%	984,627	100%
	694,787	100%	984,627	100%

	As at 31 December 2023	As at 31 December 2022
Opening provision	354,457	-
ECL provision	(354,457)	354,457
Written-off	-	-
Closing balance	-	354,457

The simplified approach is adopted for all related party receivables. Management has concluded that any ECL is immaterial.

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Notes to the financial statements

16. Financial risk management (continued)

16.2 Market risk

Market risk is the risk that changes in market prices, such as aircraft value, foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. Market risk of this Company is more related to asset risk in aircraft values. The aircraft value is managed through the limited recourse of subordinated debt.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of the aviation industry is predominantly U.S. dollars. The Company's exposure to currency risk as at 31 December 2023 and 31 December 2022 is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not bear any significant interest rate risk as the Series A, Series B and Series C Notes as these loans bear fixed rate of interest and the Company receives fixed rental income from the Lessee under the lease agreement. The interest rate risk on Series PPL is passed to the noteholder since interest is limited by taxable profits over the life of the instrument.

The interest rate profile of the Company's financial assets and liabilities at 31 December 2023 and 31 December 2022 was:

31 December 2023

	Fixed rate \$	Floating rate \$	Non-interest bearing \$	Total \$
Financial assets				
Cash and cash equivalents	1,488,885	-	-	1,488,885
Trade and other receivables	-	-	3,579,167	3,579,167
	1,488,885	-	3,579,167	5,068,052
Financial liabilities				
Loans and borrowings	-	(15,332,801)	-	(15,332,801)
Trade and other payables	-	-	(3,350,753)	(3,350,753)
	-	(15,332,801)	(3,350,753)	(18,683,554)
Net interest position	1,488,885	(15,332,801)	228,414	(13,615,502)

31 December 2022

	Fixed rate \$	Floating rate \$	Non-interest bearing \$	Total \$
Financial assets				
Cash and cash equivalents	1,635,180	-	-	1,635,180
Trade and other receivables	-	-	3,488,931	3,488,931
	1,635,180	-	3,488,931	5,124,111
Financial liabilities				
Loans and borrowings	-	(26,942,240)	-	(26,942,240)
Trade and other payables	-	-	(2,552,451)	(2,552,451)
	-	(26,942,240)	(2,552,451)	(29,494,691)
Net interest position	1,635,180	(26,942,240)	936,480	(24,370,580)

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Notes to the financial statements

16. Financial risk management (continued)

16.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations that are settled by delivering cash or another financial asset. The Company's objective when managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions (such as those currently being experienced as a consequence of the impact that the COVID-19 pandemic is having on the Company's airline-lessee customers), without incurring unacceptable losses or damaging the Company's reputation.

In accordance with the terms of the Company's borrowings with its parent, all amounts due on the Series B, Series C and PPL Notes are recourse only to the available assets of the Company.

The table below shows the undiscounted expected contractual cash flows of the Company's financial liabilities as at 31 December 2023:

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Greater than 5 years \$	Total cash flows \$	Total carrying value \$
31 December 2023						
Financial liabilities						
Loans and borrowings		(15,332,801)	-	-	(15,332,801)	(15,332,801)
Trade and other payables	(466,374)	(2,884,379)	-	-	(3,350,753)	(3,350,753)
Total	(466,374)	(18,217,180)	-	-	(18,683,554)	(18,683,554)
31 December 2022						
Financial liabilities						
Loans and borrowings	-	-	(26,942,240)	-	(26,942,240)	(26,942,240)
Trade and other payables	(303,965)	-	(2,248,486)	-	(2,552,451)	(2,552,451)
Total	(303,965)	-	(29,190,726)	-	(29,494,691)	(29,494,691)

The Company's exposure to liquidity risk is mitigated as the notes are limited recourse.

Credit Facilities

On 1 February 2018 the Company's Ultimate Parent entered into a revolving credit agreement to provide additional funds for the payment of certain liabilities if and to the extent that insufficient funds are available in the form of periodic revenues. The Company benefits from the revolving credit agreement through support from its Ultimate Parent that can provide the proceeds of any drawdowns as required by the Company to meet its obligations as they fall due.

Under the terms of the Revolving Credit Agreement with the Company's Ultimate Parent, MUFG Bank, Ltd., as Liquidity Provider, has provided a credit facility to the Company's Ultimate Parent of up to \$1.5 million (as at 31 December 2023) which may be drawn upon, subject to certain conditions, to pay interest on the Series A and B Notes and certain other expenses. Upon each drawing under the Liquidity Facility, the Company's Ultimate Parent will be required to reimburse the Liquidity Facility Provider for the amount of such drawing in accordance with the priority of payments specified in the Trust Indenture. The repayment of the liquidity facility amounts is junior to the payment of interest on the Series A and B Notes on subsequent payment dates for the Company's Ultimate Parent. No amount has been drawn under this liquidity facility by the Company's Ultimate Parent as of 31 December 2023 or as of the date of approval of these financial statements.

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Notes to the financial statements

16. Financial risk management (continued)

16.4 Operational risk

Operational risk is the risk of indirect or direct loss arising from a wide variety of causes associated with the Company's operations. The Company's objective is to manage operational risk and does so primarily by outsourcing all administration functions to a professional service provider.

The Company was incorporated with the purpose of engaging in those activities outlined in the Directors' Report. All administration functions are outsourced to the Managing Agent.

Technical maintenance and environmental risk

Technical, maintenance and environmental risk is the risk that a lessee undertakes responsibility for ensuring that the aircraft complies with current environmental, technical and maintenance regulations and statutory obligations as applicable. The Directors monitor these risks in conjunction with the Servicer under a servicing agreement.

Public liability risk

Public liability risk is the risk that a lessee is responsible for ensuring that the aircraft has adequate insurance cover, and the Directors have put appropriate monitoring systems in place, through the servicing agreement, to ensure that the lessee remains compliant.

16.5 Asset risk

The Company bears the risk of re-leasing or selling the aircraft at the end of its lease term. If demand for aircraft decreases or the average fleet age increases, or market lease rates decrease, this could affect market value. The Directors have engaged the Servicer as asset and leasing manager, who has appropriate experience of the aviation industry, to manage, remarket or sell the aircraft as required in order to reduce this risk. The Directors note that the Covid-19 outbreak may impact the operations of the Company. However, the lessee has committed to lease agreement which secures cash flow for the medium term. The Directors will continue to monitor the impact of the outbreak on the activities of the Company.

16.6 Consignment Stock risk

The Company has entered into consignment arrangements with 5 consignees for the sale and part out of assets. Under these arrangements the Company retains ownership of the goods until they are sold. The risks associated with this arrangement relate to effective management and proper recording of consignment stock movement, value of stock becoming obsolete, credit risk related to the exposure to the consignee stock management and cash cycle, and these risks are managed, as part of the consignment agreements, by the consignee who are experts in the field of aircraft consignment sales.

Please refer to Note 10 for further information on consignment activity during the year.

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Notes to the financial statements

17. Fair value

The fair value of a financial asset and liability is the amount at which it could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced sale or liquidation. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable outputs).

The fair value of the financial liabilities is determined by reference to the value of the Company's assets less the value of all other liabilities and equity of the Company. Since the notes issued are of limited recourse, the amounts ultimately repayable to the lender are restricted to the excess of the assets, excluding accumulated retained profits, over the other liabilities and equity of the Company. As such, the fair value of the financial liabilities is equal to the excess of the value of the assets of the Company, excluding accumulated retained profits, over the value of its liabilities. In determining the value of the Company's assets, the Directors have considered the current appraised maintenance adjusted market value of each aircraft and engine. As such, the fair value of financial liabilities is considered to be Level 3 on the fair value hierarchy.

For the years ended 31 December 2023 and 31 December 2022, cash and cash equivalents was classified as level 1, intercompany receivables, other receivables and other payables were classified within level 2 of the fair value hierarchy. These financial assets and financial liabilities carrying values approximate to fair value due to short term in maturity. Carrying values of security deposits and lease maintenance reserves approximate to fair value due to the Company's obligation to return or offset these liabilities upon lessee's request.

31 December 2023	Level 1	Level 2	Level 3	Fair value	Carrying value
	\$	\$	\$	\$	\$
Financial liabilities					
Loans and borrowings	-	-	14,172,419	14,172,419	15,332,801
Net interest position	-	-	14,172,419	14,172,419	15,332,801

31 December 2022	Level 1	Level 2	Level 3	Fair value	Carrying value
	\$	\$	\$	\$	\$
Financial liabilities					
Loans and borrowings	-	-	20,179,866	20,179,866	26,942,240
Net interest position	-	-	20,179,866	20,179,866	26,942,240

18. Subsequent events

There have been no significant events after year end that would require adjustment or disclosure in these financial statements.

19. Approval of financial statements

The Board of Directors approved these financial statements on 20 January 2026.