

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

**Strategic Report, Directors' Report and Financial
Statements**

Financial period from 1 December 2014 to 31 March 2016



Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Contents

31 March 2016

	Page
Directors and other information	1
Strategic report	2
Directors' report	5
Independent auditor's report	8
Income statement and statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13
1. General information	13
2. Summary of significant accounting policies	13
2.1 Basis of presentation	13
2.2 Changes in accounting policy and disclosures	14
2.3 Foreign currency	15
2.4 Segment	15
2.5 Revenue recognition	15
2.6 Lease expense	16
2.7 Interest income and expense	16
2.8 Income tax and deferred income tax	16
2.9 Trade and other receivables	17
2.10 Receivables and payables with related parties	17
2.11 Cash and cash equivalents	17
2.12 Maintenance reserves	17
2.13 Security deposits	17
2.14 Trade and other payables	18
2.15 Financial assets	18
3. Critical accounting estimates and judgements	18
3.1 Critical accounting estimates	18
3.2 Critical judgements in applying the Company's accounting policies	18
4. Rental of flight equipment	19
5. Lease expense	19
6. Service fees	19
7. Income tax	20
8. Other assets	20
9. Common stock	20
10. Security deposits	20
11. Receivables and payables with related parties	20
12. Trade and other payables	20
13. Commitments and contingencies	21
14. Directors' emoluments	21
15. Ultimate holding company undertaking	21
16. Events after the balance sheet date	21

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Directors and other information

Directors at 13.12. 2016

John R. Willingham
Timothy S. Durham
Gregg M. Walker

Secretary

From 1 July 2015 to present:
Carter Backer Winter Trustees Limited

Prior to 1 July 2015:
TMF Corporate Administration Services Limited

Registered Office

From 1 July 2015 to present:
66 Prescott Street
London, England, E1 8NN
United Kingdom

Prior to 1 July 2015:
5th Floor
6 St. Andrew Street
London, England, EC4A 3AE
United Kingdom

Registration Number

8934031

Auditor

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Solicitors

From 1 July 2015 to present:
Vedder Price LLP
4 Coleman Street
London EC2R 5AR

Prior to 1 July 2015:
Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Bankers

From 1 July 2015 to present:
Citibank, N.A.
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Strategic report

The Directors present herewith their Strategic report for the financial period from 1 December 2014 to 31 March 2016.

Business review and principal activity

Macquarie Aerospace Finance 6140-2 Limited (hereafter "the Company"; "we", "us" or "our") was incorporated on 11 March 2014, and is a wholly owned subsidiary of Macquarie Aerospace Finance Limited ("MAFL"), a company incorporated in the Cayman Islands. The ultimate holding company is Macquarie Group Limited ("MGL" and, together with its direct and indirect subsidiaries, the "Macquarie Group"), a diversified financial institution regulated in Australia with shares traded on the Australian Stock Exchange with the ticker MQG. MGL's financial statements can be obtained at www.Macquarie.com. The Company is incorporated in the United Kingdom.

At the start of the financial period, the Company was owned by AWAS Aviation Capital Limited (together with its direct and indirect subsidiaries, the "AWAS Group"). During the financial period, the Company was involved in a series of transactions whereunder it ceased to be a member of the AWAS Group and was acquired by and became an indirect subsidiary of Macquarie Aerospace Finance (UK) Limited ("MAFU") and a member of the Macquarie Group. As part of these transactions, the Company entered into servicing arrangements with Macquarie Aircraft Leasing Services (UK) Limited (the "UK Servicer"), an affiliate of the Company and a member of the Macquarie Group and changed its name from "AWAS 6140 UK Limited" to "Macquarie Aerospace Finance 6140-2 Limited".

The principal activity of the Company is the operating lease in and operating onward leasing of commercial aircraft.

The Company leased one aircraft under an operating lease to an Asian airline during the period.

Principal risks and uncertainties

The Company's activities expose it to a variety of risks which are primarily market risk and credit risk.

From a Macquarie Group standpoint, responsibility for management of these risks lies with the individual businesses giving rise to them, which in this case is the Corporate Asset Finance Transportation Finance Team. Within Macquarie Group, it is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks.

RMG is independent of all other areas of the Macquarie Group, reporting directly to the Managing Director and the Board of Macquarie Group Limited ("MGL"). The Head of RMG is a member of the Executive Committee of MGL. RMG authority is required for all material risk acceptance decisions. RMG identifies, quantifies and assesses all material risks and sets prudential limits. Where appropriate, these limits are approved by the Executive Committee and the Board of MGL.

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Strategic report

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and asset prices, will affect the Company's results or value of its holdings of financial and non-financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Interest rate risk

The Company has both financial assets and liabilities which may earn or incur interest charges. Financial assets primarily consist of receivables from other Macquarie Group. Financial liabilities are primarily payables to other Macquarie Group undertakings. Both of these balances may earn or incur interest based on variable rates under the MGL policy for managing intercompany balances.

(b) Currency risk

The Company has foreign exchange exposures which include amounts receivable from and payable to other Macquarie Group undertakings and/or external parties which are denominated in non-functional currencies. This exposure is largely limited to incidental payments relating to lease transitions since all significant costs, including finance costs and major maintenance events are payable in USD. Any non-functional currency exposures are managed by applying a group wide process of minimising exposure at group and at an individual company level.

Credit risk

Credit risk is the risk that a counterparty is unable to pay or perform its obligations in due time and the primary exposure to the Company is from lessees.

Overall, credit exposures, approvals and limits are controlled within the Macquarie Group's credit framework, as established by RMG. Specifically, the Company has a risk management team that monitors and manages lessee credit risk. Lessee creditworthiness is assessed on a regular basis. The assessment process takes into account qualitative and quantitative information about the lessee including, but not limited to, business plans, ownership structure, management team, financial performance, competitive environment, access to capital and liquidity.

The Company also mitigates lessee credit risks through a combination of rental payments in advance, security deposits in the form of cash and letters of credit, and the regular review of past due receivables.

The Company may from time to time be the beneficiary of a letter of credit. Letters of credit give rise to credit risk from the issuing financial institution.

Liquidity risk

Liquidity risk is the risk of an entity encountering difficulty in meeting obligations with financial liabilities. The Directors have adopted the risk model used by the Macquarie Group, as approved by RMG. This model is incorporated into the Macquarie Group's risk management systems to enable the Company to manage this risk effectively.

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Strategic report

Capital risk management

The Company is not a regulated entity and therefore there are no capital requirements or capital ratios to be adhered to. However, the ultimate holding company, MGL, is a regulated. The Company's objectives when managing capital include safeguarding the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders, and to maintain an optimal capital structure.

Key performance indicators ("KPI")

Given the straightforward nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the production of KPI in this report is not necessary for an understanding of the development, performance or position of the business. KPI are monitored at the Macquarie Group level.

Results for the financial period and state of affairs at 31 March 2016

The profit for the financial period ended 31 March 2016 was US\$33 thousand (financial period ended 30 November 2014: loss of US\$5 thousand).

The change in profit between current financial period and the prior comparative period were driven by

- extended current period as compared to prior year; and
- lower administrative costs in current financial period.

On behalf of the board



Director

Date

15.12.16

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Directors' report

The Directors present herewith their Annual Report with the audited financial statements for the financial period from 1 December 2014 to 31 March 2016.

Directors

The names of the persons who were directors at any time between 1 December 2014 and the date of signing these accounts are set out below.

John R. Willingham (appointed 1 July 2015)
Gregg M. Walker (appointed 1 July 2015)
Timothy S. Durham (appointed 1 July 2015)
Neil Arthur (resigned 1 July 2015)
Mark Elgar (resigned 1 July 2015)
Simon Glass (resigned 1 July 2015)

Secretary

The name of the person who was secretary at any time between 1 December 2014 and the date of signing these accounts is set out below.

Carter Backer Winter Trustees Limited (appointed 1 July 2015)
TMF Corporate Administration Services Limited (resigned 1 July 2015)

Results for the financial period and state of affairs at 31 March 2016

The profit for the financial period ended 31 March 2016 was US\$33 thousand (financial period ended 30 November 2014: loss of US\$5 thousand).

Dividends

The Directors of the Company do not propose the payment of a dividend for the financial period.

State of affairs

Macquarie Aerospace Finance 6140-2 Limited (hereafter "the Company"; "we", "us" or "our") was incorporated on 11 March 2014, and is a wholly owned subsidiary of Macquarie Aerospace Finance Limited ("MAFL"), a company incorporated in the Cayman Islands. The ultimate holding company is Macquarie Group Limited ("MGL" and, together with its direct and indirect subsidiaries, the "Macquarie Group"), a diversified financial institution regulated in Australia with shares traded on the Australian Stock Exchange with the ticker MQG. MGL's financial statements can be obtained at www.Macquarie.com. The Company is incorporated in the United Kingdom.

At the start of the financial period, the Company was owned by AWAS Aviation Capital Limited (together with its direct and indirect subsidiaries, the "AWAS Group"). During the financial period, the Company was involved in a series of transactions whereunder it ceased to be a member of the AWAS Group and was acquired by and became an indirect subsidiary of Macquarie Aerospace Finance (UK) Limited ("MAFU") and a member of the Macquarie Group. As part of these transactions, the Company entered into servicing arrangements with Macquarie Aircraft Leasing Services (UK) Limited (the "UK Servicer"), an affiliate of the Company and a member of the Macquarie Group and changed its name from "AWAS 6140 UK Limited" to "Macquarie Aerospace Finance 6140-2 Limited".

The Company's registration number is 8934031.

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Directors' report

Events since the end of the financial period

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2016 not otherwise disclosed in this report.

Likely developments, business strategies and prospects

The Directors believe that no significant changes are expected other than those already disclosed in this report.

Indemnification and insurance of directors

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The ultimate holding company purchased and maintained throughout the financial period directors' liability insurance in respect of the Company and its directors.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, 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, the Directors have prepared the financial statements in accordance with applicable law and UK accounting standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

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 state of affairs of the Company and of the profit or loss of the Company for that financial year.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Directors' report

The Directors are responsible for keeping adequate accounting records that are sufficient to

- correctly record and explain the transactions of the company;
- enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2006 and enable the financial statements to be audited.

The Directors 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.

Disclosure of information to auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor are unaware. The Directors have taken all the steps necessary in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

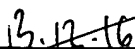
Pursuant to Section 487(2) of the Companies Act 2006, the auditor of the Company is deemed re-appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment. As at the date of these financial statements, the Directors are not aware of any resolution to terminate the appointment of the auditor.

On behalf of the board



Director

Date:





Independent auditors' report to the members of Macquarie Aerospace Finance 6140-2 Limited

Report on the financial statements

Our opinion

In our opinion, Macquarie Aerospace Finance 6140-2 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the 16 month period (the "period") then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Strategic report, directors' report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 March 2016;
- the income statement and statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1, Ireland, I.D.E. Box No. 137
T: +353 (0) 1 792 6000, F: +353 (0) 1 792 6200, www.pwc.com/ie



Independent auditors' report to the members of Macquarie Aerospace Finance 6140-2 Limited - continued

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the directors' responsibilities statement set out on pages 6 and 7, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Ivan McLoughlin (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin

13 December 2016

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Income statement and statement of comprehensive income
For the financial period ended 31 March 2016

(All amounts are in thousands of US Dollars unless otherwise stated)

	Note	2016⁽¹⁾	2014⁽²⁾
Revenues			
Rental of flight equipment	4	4,156	1,386
Total revenues		4,156	1,386
Expenses			
Lease expense	5	(4,115)	(1,372)
Service fees	6	-	(20)
Total expenses		(4,115)	(1,392)
Operating profit		41	(6)
Profit before income tax		41	(6)
Income tax expense	7	(8)	1
Profit for the financial period		33	(5)
Profit attributable to owners of the holding company		33	(5)
Other comprehensive income:			
Other comprehensive income for the financial period, net of tax		-	-
Total other comprehensive income		-	-
Total comprehensive income for the financial period		33	(5)
Total comprehensive income attributable to owners of the holding company for the financial period		33	(5)

⁽¹⁾ For the financial period from 1 December 2014 to 31 March 2016

⁽²⁾ For the financial period from 11 March 2014 (date of incorporation) to 30 November 2014

The accompanying Notes are an integral part of these financial statements.

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Balance sheet

31 March 2016

(All amounts are in thousands of US Dollars unless otherwise stated)

	Note	2016 ⁽¹⁾	2014 ⁽²⁾
Assets			
Other assets	8	-	4
Current tax receivable		-	1
Receivables from related parties	11	2,400	1,282
Cash and cash equivalents		-	2
Total assets		2,400	1,289
Equity			
Common stock	9	-	-
Retained earnings		28	(5)
Total equity		28	(5)
Liabilities			
Security deposits	10	245	245
Current tax liability		6	-
Payables to related parties	11	1,952	887
Trade and other payables	12	169	162
Total liabilities		2,372	1,294
Total equity and liabilities		2,400	1,289

⁽¹⁾ For the financial period from 1 December 2014 to 31 March 2016

⁽²⁾ For the financial period from 11 March 2014 (date of incorporation) to 30 November 2014

On behalf of the board



Director

The accompanying Notes are an integral part of these financial statements.

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Statement of changes in equity
31 March 2016

(All amounts are in thousands of US Dollars unless otherwise stated)

	Common stock presented as equity	Retained earnings	Total equity
Balance at 11 March 2014	-	-	-
Issuance of stock	*	-	-
Loss for the financial period ⁽¹⁾	-	(5)	(5)
Other comprehensive income	-	-	-
Total comprehensive loss for the financial period all attributable to owners of the holding company	-	(5)	(5)
Balance at 30 November 2014	*	(5)	(5)
Profit for the financial period ⁽²⁾	-	33	33
Other comprehensive income	-	-	-
Total comprehensive income for the financial period all attributable to owners of the holding company	-	33	33
Balance at 31 March 2016	*	28	28

* Denotes 1 share at GBP 1 per share

⁽¹⁾ For the financial period from 11 March 2014 (date of incorporation) to 30 November 2014

⁽²⁾ For the financial period from 1 December 2014 to 31 March 2016

The accompanying Notes are an integral part of these financial statements.

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Notes to the financial statements

31 March 2016

(All amounts are in thousands of US Dollars unless otherwise stated)

1. General information

Macquarie Aerospace Finance 6140-2 Limited (hereafter "the Company"; "we", "us" or "our") was incorporated on 11 March 2014, and is a wholly owned subsidiary of Macquarie Aerospace Finance Limited ("MAFL"), a company incorporated in the Cayman Islands. The ultimate holding company is Macquarie Group Limited ("MGL" and, together with its direct and indirect subsidiaries, the "Macquarie Group"), a diversified financial institution regulated in Australia with shares traded on the Australian Stock Exchange with the ticker MQG. MGL's financial statements can be obtained at www.Macquarie.com. The Company is incorporated in the United Kingdom.

At the start of the financial period, the Company was owned by AWAS Aviation Capital Limited (together with its direct and indirect subsidiaries, the "AWAS Group"). During the financial period, the Company was involved in a series of transactions whereunder it ceased to be a member of the AWAS Group and was acquired by and became an indirect subsidiary of Macquarie Aerospace Finance (UK) Limited ("MAFU") and a member of the Macquarie Group. As part of these transactions, the Company entered into servicing arrangements with Macquarie Aircraft Leasing Services (UK) Limited (the "UK Servicer"), an affiliate of the Company and a member of the Macquarie Group and changed its name from "AWAS 6140 UK Limited" to "Macquarie Aerospace Finance 6140-2 Limited".

The principal activity of the Company is the operating lease in and operating onward leasing of commercial aircraft.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the financial period presented, unless otherwise stated.

2.1 Basis of presentation

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006 ("the Act") as applicable to companies using FRS 101 and on the historical cost basis.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101, which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 1 gives details of the Company's ultimate holding company and from where its consolidated financial statements, prepared in accordance with IFRS, may be obtained.

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Notes to the financial statements
31 March 2016

(All amounts are in thousands of US Dollars unless otherwise stated)

These are the first financial statements of the company prepared in accordance with FRS 101. The Company's date of transition to FRS 101 is 11 March 2014. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions availed of by the Company in these financial statements.

The Company previously prepared its financial statements in accordance with UK Generally Accounting Principles ("UK GAAP").

There was no impact as a result of the adoption of FRS 101 to the shareholders' equity as at the date of transition, as at 30 November 2014 and on the profit or loss for the financial period ended 30 November 2014 from the these amendments to the company's previously adopted accounting policies in accordance with UK GAAP.

In accordance with FRS 101, the Company has availed of an exemption from the following paragraphs of IFRS

- The requirements of IFRS 7 'Financial Instruments: Disclosures'.
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures).
- The requirements of IAS 7 'Statement of Cash Flows'.
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation).
- The requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.

The Company has presented the balance sheet on a liquidity basis, from least liquid to most liquid, as this provides reliable and more relevant information than the current and non-current presentation.

Prior financial period comparatives have been reclassified to be in line with current financial period presentation in relation to the presentation of certain items in the balance sheet and the income statement.

2.2 Changes in accounting policy and disclosures

New standards, amendments and interpretations adopted by the Company

The Company has not adopted any new standards, amendments or interpretations in the current financial period.

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Notes to the financial statements
31 March 2016

(All amounts are in thousands of US Dollars unless otherwise stated)

2.3 Foreign currency

(a) Functional and presentation currency

The financial statements are expressed in United States Dollars ("USD"), which is the functional currency of the Company.

(b) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

2.4 Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Directors. The Directors are responsible for allocating resources and assessing performance of the operating segments. The Company has one operating segment.

2.5 Revenue recognition

(a) Rental of flight equipment

Rental of flight equipment consists of rental payments received in exchange for the lease of aircraft. A lease is classified as an operating lease where it does not transfer substantially all the risks and rewards incidental to the ownership. Operating lease income under fixed and floating rent leases is recorded as revenue on an accrual and straight-line basis, assuming no future changes in interest rates, over the term of the lease. Differences in revenue on floating rate leases due to changes in interest rates are recognised through an increase or decrease in rental of flight equipment revenue in the financial period when the change occurs. The Company has variable rent lease on its aircraft as of the reporting date.

All rental amounts received but unearned under the lease agreements are recorded as unearned income in Trade and other payables on the balance sheet until earned.

Past-due rentals are recognised on the basis of management's assessment of whether future economic benefit will flow to the entity. No revenues are recognised from a lease when future economic benefit is not reasonably assured. Estimating whether future economic benefit will flow to the entity requires some level of subjectivity and judgement. Future economic benefit is evaluated based on factors such as the lessee's credit rating, payment performance, and financial condition, requests for modifications of lease terms and conditions as well as security received from the lessee. When rent collections are in doubt, a provision is recorded against the related receivable.

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Notes to the financial statements

31 March 2016

(All amounts are in thousands of US Dollars unless otherwise stated)

(b) Supplemental rent

For the existing lease contract, the lessee is required to re-deliver the aircraft in a similar maintenance condition (normal wear and tear expected) as when accepted under the lease, with reference to major life-limited components of the aircraft. To the extent that such components are re-delivered in a different condition than at acceptance, there is an End-of-Lease ("EoL") compensation adjustment for the difference at re-delivery. Amounts received as part of these re-delivery adjustments are recorded as lease rental income at lease termination.

2.6 Lease expense

Lease expense consists of rental payments under leases of aircraft. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Operating lease rental expense under fixed and floating rate leases are recorded as expense on an accrual and straight-line basis, assuming no future changes in interest rates, over the term of the lease. Differences in expense on floating rate leases due to changes in interest rates are recognised through an increase or decrease in rental of flight equipment revenue in the period when the change occurs.

All rental out payments paid in advance are included as deferred rent in Trade receivables until incurred.

2.7 Interest income and expense

Interest income and interest expense are recognised using the effective interest method. Accrued interest is included in the Related party receivable and payable balances on the balance sheet.

2.8 Income tax and deferred income tax

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Notes to the financial statements

31 March 2016

(All amounts are in thousands of US Dollars unless otherwise stated)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Income tax liability is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous financial years.

Where allowed, the losses from individual entities are offset against gains in other entities within the same jurisdiction. The provision for income taxes incorporates assumptions that these allocations will be reimbursed through intercompany payments.

2.9 Trade and other receivables

Trade and other receivables are amounts due from customers for contractual lease revenues or services performed in the ordinary course of business. All trade and other receivables are considered current assets and are initially recognised at fair value and subsequently measured at amortised cost, less provision for impairment where it is considered that there is a significant risk of non-recovery.

2.10 Receivables and payables with related parties

Receivables from and payables to related parties are initially recognised at fair value and subsequently measured at amortised cost.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and time deposits. These are all highly liquid investments with maturities of three months or less.

2.12 Maintenance reserves

Lessees are responsible for aircraft maintenance during the lease.

As described in Note 2.5(b), the current lease has an EoL compensation arrangement. As a result, no reserves are booked in relation to maintenance until lease termination

2.13 Security deposits

Security deposits consist of deposits paid by the lessees to ensure lessee compliance during a lease term. They can be in the form of cash or letters of credit. The cash deposits are refundable to the lessees at the successful completion of a lease.

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Notes to the financial statements
31 March 2016

(All amounts are in thousands of US Dollars unless otherwise stated)

2.14 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and deferred rent. Trade and other payables are considered current liabilities and are initially recognised at fair value and subsequently measured at amortised cost.

2.15 Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's receivables comprises 'Receivables from related parties' and 'Cash and cash equivalents'.

(b) Recognition and measurement

Regular purchases and sale of financial assets are recognised on the trade-date, the date on which we commit to purchase or sell the asset. All financial assets are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.2 Critical judgements in applying the Company's accounting policies

Collectability of trade receivables

Evaluating collectability of trade receivables requires some level of subjectivity and judgement. When collectability of rental payments is not deemed probable, revenue is recognised when cash payments are received. Collectability is evaluated based on factors such as the lessee's credit rating, payment

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Notes to the financial statements

31 March 2016

(All amounts are in thousands of US Dollars unless otherwise stated)

performance, financial condition and requests for modifications of lease terms and conditions as well as security received from the lessee in the form of guarantees and/or letters of credit.

4. Rental of flight equipment

	2016	2014
Operating lease revenue	4,156	1,386

Future minimum contracted rental under leases, assuming no future changes to LIBOR, at 31 March 2016, were as follows:

	Total
2017	3,207
2018	3,202
2019	3,198
2020	3,201
Thereafter	536
Total future minimum contracted rentals under operating leases	13,344

5. Lease expense

	2016	2014
Lease expense	(4,115)	(1,372)

Future minimum contractual operating lease expense at 31 March 2016 was as follows:

	Total
2017	(3,175)
2018	(3,170)
2019	(3,166)
2020	(3,169)
Thereafter	(531)
Total future minimum contractual operating lease expense	(13,211)

6. Service fees

Statutory audit expenses of \$6 (2014: \$11) were borne by related party. No remuneration for other services was payable to the statutory auditor (PricewaterhouseCoopers Ireland). No other services other than audit, were provided by the statutory auditor.

The Company has no employees and is administered by related parties.

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Notes to the financial statements

31 March 2016

(All amounts are in thousands of US Dollars unless otherwise stated)

7. Income tax

The reconciliation of the income tax expense at the United Kingdom ("UK") corporation tax rate to the Company's actual current tax charge is analysed as follows:

	2016	2014
Profit before tax	41	(6)
Tax calculated at the UK tax rate of 20%	(8)	1
Other	-	-
Income tax expense	(8)	1
Effective tax rate	20.00%	21.00%

8. Other assets

	2016	2014
Prepaid expenses	-	4
Total other assets	-	4

9. Common stock

At 31 March 2016, there was one ordinary shares authorised and one share issued and outstanding (2014: one share). These shares are valued at 1 GBP each.

10. Security deposits

	2016	2014
Security deposits	245	245

11. Receivables and payables with related parties

Receivables and payables with related parties are payable on demand and considered current. They are subject to an MGL process for managing intercompany balances which could result in interest charged/earned and settlement depending on their nature and the intercompany agreements in place. No interest was charged on the related party balances in the current period and prior financial year.

12. Trade and other payables

	2016	2014
Deferred rent	169	162
Total trade and other payables	169	162

Macquarie Aerospace Finance 6140-2 Limited (formerly AWAS 6140 UK Limited)

Notes to the financial statements
31 March 2016

(All amounts are in thousands of US Dollars unless otherwise stated)

13. Commitments and contingencies

Other than the operating lease commitments disclosed in Note 5, the Company had no commitments or contingencies as of 31 March 2016.

14. Directors' emoluments

The Directors received no remuneration from the Company or any other Macquarie Group company for their services as Directors of the Company.

15. Ultimate holding company undertaking

The immediate holding company undertaking of the Company is MAFL.

The ultimate holding company undertaking and controlling party of the Company is MGL. The largest group to consolidate these financial statements is MGL, a company incorporated in Australia. The smallest group to consolidate these financial statements is MBL, a company incorporated in Australia. Copies of the consolidated financial statements for MGL and MBL can be obtained from the Company Secretary, Level 6, 50 Martin Place, Sydney, New South Wales, 2000, Australia.

16. Events after the balance sheet date

As at the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2016.