Group Strategic Report, Report of the Directors and

Audited Consolidated Financial Statements for the Year Ended 31 December 2014

for

Aerfinance SE

Aerfinance SE (Registered number: SE000082)

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for the Year Ended 31 December 2014

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Aerfinance SE

Company Information
for the Year Ended 31 December 2014

DIRECTORS:	Mr B Herodecki Mr D Ilski
SECRETARY:	Mr B Herodecki
REGISTERED OFFICE:	Armstrong House First Avenue Robin Hood Airport Doncaster South Yorkshire DN9 3GA
REGISTERED NUMBER:	SE000082 (England and Wales)
SENIOR STATUTORY AUDITOR:	Mr E Johnson
AUDITORS:	E Johnson & Associates Chartered Certified Accountants and Registered Auditors 637 Green Lanes London N8 0RE
BANKERS:	Alior Bank Spolka Akcyjna Al. Jerozolimskie 94 00-807 Warszawa
SOLICITORS:	Kancelaria Ostrowski i Wspólnicy sp. K Grudziadzka 110-114 87-100 Torun

Group Strategic Report
for the Year Ended 31 December 2014

The directors present their strategic report of the company and the group for the year ended 31 December 2014.

REVIEW OF BUSINESS

During the year under review the Company focused on two main projects:

Capital Engagements made by its subsidiary: AerFinance Ventures sp. z o.o. (Warsaw, Poland), where project were financed by EU grant. The main objective of the project was identification and investment in several innovative start-ups. The investment limit of start-up was not to exceed 200,000 euro per engagement.

The Company is monitoring on a continuous basis Central European market in search of new investment opportunities.

The Company and the Capital Group has accomplished a year end with higher level of assets and investment, lower indebtedness and enough cash resources to secure foreseeable future of the company.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risk remains the inherent risks associated with expected development of the group's portfolio of emerging entities. These start-ups do not generate yet positive cash-flow and there are no guarantees that the Company or its subsidiaries will be able to recognise a profit from the investment in the short term.

FURTHER DEVELOPMENT AND RESEARCH AND DEVELOPMENT

On 31 January 2014 AerFinance Ventures sp. z o.o. accomplished EU-co-financed project, described hereinabove.

In April 2014 a new strategy of the group for 2014 - 2015 has been released, where new 3 areas have been brought into attention for further development:

- small PPP projects (Private-Public Partnership)
- corporate strategy advisory services
- portfolio's company development

The holding company has also started a process of converting to SE (Societas Europea) with objective to change its office from Doncaster, UK to Warsaw, Poland.

As at 31 December 2014 the Company has not conducted any research and development projects.

As at 31 December 2014 the Company held interest in the following portfolio companies:

Direct investment of AerFinance PLC
- AerFinance Ventures sp. z o.o. - 67 % of shareholding
- Avio 21 sp. z o.o. - 46 %
- Termfloor sp. z o.o - 46 %
- Mala Infrastruktura Energetyczna sp. z o.o. - 32,7 %
- SmartWash : 0,1 %
- HPS Group sp. z o.o - 44,41 %
- Alert Finansowy - 24, 5 %
- Shopifier sp. z o.o. : 1,5 %

Direct Investment of AerFinance Ventures sp. z o.o.:

- Sfera Finansów S,A, 49 %
- Avio 21 sp. z o.o. - 49 %
- Indata Software S.A. - 6,23 %
- Seoway sp. z o.o. - 40 %
- AirRec sp. z o.o. - 39,5 %
- Termfloor sp. z o.o. - 49 %
- Mala Infrastruktura Energetyczna sp z o.o. 49,99 %
- Positive Technology sp. z o.o.: 25,00 %
- Smart Wash sp. z o.o. : 49,90 %
- HPS Group sp. z o.o. : 48,12 %
  - o Planthouse 100 % HPS Group sp. z o.o.
  - o Shopifier sp. z o.o. 97,5 % HPS Group sp. z o.o.
- Zabawkomat sp. z o. 49,99 %

INFORMATION ABOUT COMPANY'S POLICY AND PRACTISE ON THE PAYMENTS OF CREDITORS

The company has not implemented any specific payment practise. All creditors are paid in line with negotiated business terms. All corporate documentation can be obtained at the Company's registered office upon prior written request. The Company does not identify any other classes of suppliers.

ON BEHALF OF THE BOARD:

Mr B Herodecki - Director

26 June 2015

Aerfinance SE (Registered number: SE000082)

Report of the Directors
for the Year Ended 31 December 2014

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of development of holdings within Venture Capital industry. The principal activities of its subsidiary undertakings this year were software, service providing or combination, car wash business and organic food wholesale.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2014.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 January 2014 to the date of this report.

The directors shown below were in office at 31 December 2014 but did not hold any interest in the Ordinary shares of 0.05 each at 1 January 2014 or 31 December 2014.

Mr B Herodecki
Mr D Ilski

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Aerfinance SE (Registered number: SE000082)

Report of the Directors
for the Year Ended 31 December 2014

AUDITORS
Due to the fact that the company is in the process of moving its base from the United Kingdom to Poland, the board will propose to appoint a Warsaw based auditors for the next Financial year.

The current auditors, E Johnson and Associates will not be seeking reappointment.

ON BEHALF OF THE BOARD:

Mr B Herodecki - Director

26 June 2015

Report of the Independent Auditors to the Shareholders of Aerfinance SE (Registered number: SE000082)

We have audited the financial statements of Aerfinance SE for the year ended 31 December 2014 on pages eight to twenty six. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Report of the Independent Auditors to the Shareholders of Aerfinance SE (Registered number: SE000082)

Matters on which we are required to report by exception

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

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

Mr E Johnson (Senior Statutory Auditor)
for and on behalf of E Johnson & Associates
Chartered Certified Accountants
and Registered Auditors
637 Green Lanes
London
N8 0RE

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Chartered Certified Accountants
637 Green Lanes, London N8 0RE
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26 June 2015

Aerfinance SE (Registered number: SE000082)

Consolidated Statement of Profit or Loss for the Year Ended 31 December 2014

	Notes	31.12.14 £	31.12.13 £
CONTINUING OPERATIONS			
Revenue	2	97,858	78,921
Cost of sales		(223,280)	(120,982)
GROSS LOSS		(125,422)	(42,061)
Other operating income		519,874	535,227
Administrative expenses		(386,418)	(577,703)
Other operating expenses		(142,143)	-
OPERATING LOSS BEFORE EXCEPTIONAL ITEMS		(134,109)	(84,537)
Exceptional items		-	(78,626)
OPERATING LOSS		(134,109)	(163,163)
Finance costs	4	(24,585)	(8,609)
Finance income	4	(53,240)	(327,740)
LOSS BEFORE INCOME TAX	5	(211,934)	(499,512)
Income tax	6	-	-
LOSS FOR THE YEAR		(211,934)	(499,512)
Loss attributable to:			
Owners of the parent		(141,603)	(499,512)
Non-controlling interests		(70,331)	-
		(211,934)	(499,512)

The notes form part of these financial statements

Aerfinance SE (Registered number: SE000082)

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2014

	31.12.14 £	31.12.13 £
LOSS FOR THE YEAR	(211,934)	(499,512)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss:		
Reserves from discontinued operation	-	314,450
Minority Interest	(70,331)	31,588
Income tax relating to items of other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	(70,331)	346,038
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(282,265)	(153,474)
Total comprehensive income attributable to:		
Owners of the parent	(211,934)	(185,062)
Non-controlling interests	(70,331)	31,588
	(282,265)	(153,474)

The notes form part of these financial statements

Aerfinance SE (Registered number: SE000082)

Consolidated Statement of Financial Position
31 December 2014

	Notes	31.12.14 £	31.12.13 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	8	64,947	119,189
Property, plant and equipment	9	17,627	135,757
Investment in associates	10	786,986	851,189
Investments	10	-	-
		869,560	1,106,135
CURRENT ASSETS			
Inventories	11	35,793	28,580
Trade and other receivables	12	277,442	358,460
Cash and cash equivalents	13	201,103	373,915
		514,338	760,955
TOTAL ASSETS		1,383,898	1,867,090
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	15	456,453	456,453
Share premium	16	1,333,414	1,333,414
Retained earnings	16	(1,545,268)	(1,403,665)
		244,599	386,202
Non-controlling interests	14	285,596	355,927
TOTAL EQUITY		530,195	742,129
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	17	260,436	993,773
CURRENT LIABILITIES			
Trade and other payables	17	593,267	131,188
TOTAL LIABILITIES		853,703	1,124,961
TOTAL EQUITY AND LIABILITIES		1,383,898	1,867,090

The financial statements were approved by the Board of Directors on 26 June 2015 and were signed on its behalf by:

Mr B Herodecki - Director

Mr D Ilski - Director

The notes form part of these financial statements

Aerfinance SE (Registered number: SE000082)

Company Statement of Financial Position
31 December 2014

	Notes	31.12.14 £	31.12.13 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	8	-	-
Property, plant and equipment	9	-	-
Investment in associates	10	10,109	9,805
Investments	10	486,436	486,436
		496,545	496,241
CURRENT ASSETS			
Trade and other receivables	12	85,055	114,261
Cash and cash equivalents	13	2,904	1,036
		87,959	115,297
TOTAL ASSETS		584,504	611,538
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	15	456,453	456,453
Share premium	16	1,333,414	1,333,414
Retained earnings	16	(1,220,196)	(1,194,123)
TOTAL EQUITY		569,671	595,744
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	14,833	15,794
TOTAL LIABILITIES		14,833	15,794
TOTAL EQUITY AND LIABILITIES		584,504	611,538

The financial statements were approved by the Board of Directors on 26 June 2015 and were signed on its behalf by:

Mr B Herodecki - Director

Mr D Ilski - Director

The notes form part of these financial statements

Aerfinance SE (Registered number: SE000082)

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2014

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2013	456,453	(1,218,603)	1,333,414
Changes in equity			
Total comprehensive income	-	(185,062)	-
Balance at 31 December 2013	456,453	(1,403,665)	1,333,414
Changes in equity			
Total comprehensive income	-	(141,603)	-
Balance at 31 December 2014	456,453	(1,545,268)	1,333,414

	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2013	571,264	324,339	895,603
Changes in equity			
Total comprehensive income	(185,062)	31,588	(153,474)
Balance at 31 December 2013	386,202	355,927	742,129
Changes in equity			
Total comprehensive income	(141,603)	(70,331)	(211,934)
Balance at 31 December 2014	244,599	285,596	530,195

Aerfinance SE (Registered number: SE000082)

Company Statement of Changes in Equity
for the Year Ended 31 December 2014

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2013	455,453	(1,039,889)	1,333,414	748,978
Changes in equity				
Issue of share capital	1,000	-	-	1,000
Total comprehensive income	-	(154,234)	-	(154,234)
Balance at 31 December 2013	456,453	(1,194,123)	1,333,414	595,744
Changes in equity				
Total comprehensive income	-	(26,073)	-	(26,073)
Balance at 31 December 2014	456,453	(1,220,196)	1,333,414	569,671

The notes form part of these financial statements

Aerfinance SE (Registered number: SE000082)

Consolidated Statement of Cash Flows
for the Year Ended 31 December 2014

	Notes	31.12.14 £	31.12.13 £
Cash flows from operating activities			
Cash generated from operations	1	(463,814)	(696,228)
Interest paid		(24,585)	(8,609)
Other cash flows		-	217,811
Tax paid		-	38,755
Net cash from operating activities		(488,399)	(448,271)
Cash flows from investing activities			
Purchase of goodwill		(8,629)	(178,784)
Purchase of tangible fixed assets		-	(253,536)
Purchase of fixed asset investments		1	(1,710,209)
Sale of intangible fixed assets		-	(20,088)
Sale of tangible fixed assets		(231,504)	183,136
Sale of fixed asset investments		(108,880)	82,717
Cash flow from cash and cash equivalent		717,839	2,091,989
Interest received		16,136	9,756
Dividends received		(69,376)	(337,496)
Net cash from investing activities		315,587	(132,515)
Decrease in cash and cash equivalents		(172,812)	(580,786)
Cash and cash equivalents at beginning of year	2	373,915	954,701
Cash and cash equivalents at end of year	2	201,103	373,915

The notes form part of these financial statements

Aerfinance SE (Registered number: SE000082)

Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 December 2014

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

	31.12.14	31.12.13
	£	£
Loss before income tax	(211,934)	(499,512)
Depreciation charges	65,249	90,745
Loss on disposal of fixed assets	257,895	-
Government grants	(517,656)	(535,227)
Finance costs	24,585	8,609
Finance income	53,240	327,740
	(328,621)	(607,645)
(Increase)/decrease in inventories	(7,213)	132,975
Decrease in trade and other receivables	81,018	791,384
Decrease in trade and other payables	(208,998)	(1,012,942)
Cash generated from operations	(463,814)	(696,228)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2014

	31.12.14	1.1.14
	£	£
Cash and cash equivalents	201,103	373,915

Year ended 31 December 2013

	31.12.13	1.1.13
	£	£
Cash and cash equivalents	373,915	954,701

1. ACCOUNTING POLICIES

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

Basis of consolidation
The Consolidated financial statements include the accounts of AerFinance Plc ('the Company') and all subsidiaries that fall under its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. All intercompany balances and transactions have been eliminated in the Consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations are accounted for using the acquisition method. Under the acquisition method, the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree are recognised as at the acquisition date, which is the date on which control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable.

The Company measures goodwill at the acquisition date as:

o The fair value of the consideration transferred; plus

o The recognised amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less

o The net recognised amount (fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Statement of income.
Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the Statement of income.

Loss of control
Upon the loss of control, the Company derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the Statement of income. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date the control is lost. Subsequently it is accounted for as an investment in associate or as an available-for-sale financial asset depending on the level of influence retained.

Associates
Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

continued...

The Company's share of the net income of these companies is included in results relating to associates in the Consolidated statements of income. When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term loans) is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of an associate. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in associates include loans from the Company to these investees.

Revenue recognition
Revenue from the sale of goods in the course of the ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and rebates. Revenue for sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, there is no continuing involvement with goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Goodwill
Measurement of goodwill at initial recognition is described under 'Basis of consolidation'. Goodwill is subsequently measured at cost less accumulated amortisation and impairment losses. In respect of investment in associates, the carrying amount of goodwill is included in the carrying amount of investment, and an impairment loss on such investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of investment in associates.
Goodwill is being amortised over a period of three years as the group intends to hold investment for a period of three years.

Intangible fixed asset and amortisation
Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life of 3 years.

Other intangible assets
Patents and licences represent share based payments to employees and is reclassified to the Statement of Profit or loss in accordance with IFRS 2 Share Based Payments.

Share-based payment:

The Company recognises the estimated fair value, measured as of grant date of equity instruments granted to employees as personnel expense over the vesting period on a straight-line basis, taking into account expected forfeitures.

No share options were outstanding at the year end.

Property, plant and equipment
Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and equipment owned by Avio 21 valued at £231,504 was seized by French Administrators on the liquidation of Aertech SAS. These assets were purchased by Avio 21 form Aertech SAS.

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.
Government grants relating to non-current assets are deferred and recognised in the Statements of income over the expected useful lives of the assets concerned. Other grants are credited to the Consolidated Statement of Profit or loss as the related expenditure is incurred.

continued...

1. **ACCOUNTING POLICIES - continued**

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

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

Research and development
Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies
Functional currency

The consolidated financial statements are presented in Pound Sterling but the company's functional currency is Polish Zloty. This is because the financial statements has historically been presented in sterling.

Foreign currency transactions

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

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the Statement of income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to GBP at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to GBP at average exchange rates.

Investments
(i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment.

(ii) Associated undertakings

Investments in associates are stated at the amount of the company's share of net assets. The Profit and loss account includes the company's share of the associated companies' profits after taxation using the equity accounting basis.

(iii) Other investments

Investments held as fixed assets are shown at cost less provision for impairment.

continued...

1. ACCOUNTING POLICIES - continued

Deferred taxation
Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is recognised in respect of the retained earnings of an overseas subsidiary, associate or joint venture only to the extent that there is a commitment to remit the earnings.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

Discontinued operations
Non-current assets (disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.
A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations; and (b) is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

Non-current assets held for sale and discontinued operations are carried at the lower of carrying amount or fair value less costs to sell. Any gain or loss from disposal of a business, together with the results of these operations until the date of disposal, is reported separately as discontinued operations. The financial information of discontinued operations is excluded from the respective captions in the Consolidated financial statements and related notes for all years presented.

2. TURNOVER BY GEOGRAPHICAL LOCATION

All turnover arose within the European Union excluding the United Kingdom.

3. EMPLOYEES AND DIRECTORS

	31.12.14	31.12.13
	£	£
Wages and salaries	67,882	201,465
Social security costs	3,863	12,181
	71,745	213,646

The average monthly number of employees during the year was as follows:

	31.12.14	31.12.13
Administration (Including directors)	16	8

	31.12.14	31.12.13
	£	£
Directors' remuneration	14,386	60,125

continued...

4. NET FINANCE COSTS

	31.12.14	31.12.13
	£	£
Finance income:		
Interest in associate undertakings	(30,939)	(100,237)
Revaluation of investments	(38,437)	(237,259)
Interest received	16,136	9,756
	(53,240)	(327,740)
Finance costs:		
Bank interest	24,585	8,609
Net finance costs	77,825	336,349

5. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	31.12.14	31.12.13
	£	£
Cost of inventories recognised as expense	223,280	120,982
Depreciation - owned assets	2,378	2,027
Loss on disposal of fixed assets	257,895	-
Auditors' remuneration	12,000	13,500
Foreign exchange differences	992	3,617

6. INCOME TAX

Analysis of tax expense
No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2014 nor for the year ended 31 December 2013.

7. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(26,073) (2013 - £(154,234)).

continued...

8. GOODWILL

Group

	£
COST	
At 1 January 2014	178,784
Additions	8,629
At 31 December 2014	187,413
AMORTISATION	
At 1 January 2014	59,595
Charge for year	62,871
At 31 December 2014	122,466
NET BOOK VALUE	
At 31 December 2014	64,947
At 31 December 2013	119,189

9. PROPERTY, PLANT AND EQUIPMENT

Group

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 January 2014	233,261	20,275	253,536
Disposals	(231,504)	-	(231,504)
At 31 December 2014	1,757	20,275	22,032
DEPRECIATION			
At 1 January 2014	115,752	2,027	117,779
Charge for year	351	2,027	2,378
Eliminated on disposal	(347,256)	-	(347,256)
Impairments	231,504	-	231,504
At 31 December 2014	351	4,054	4,405
NET BOOK VALUE			
At 31 December 2014	1,406	16,221	17,627
At 31 December 2013	117,509	18,248	135,757

continued...

10. INVESTMENTS

Group

	Interest in associate £
COST	
At 1 January 2014	851,189
Additions	(1)
Disposals	(33,263)
Share of profit/(loss)	(30,939)
At 31 December 2014	786,986
NET BOOK VALUE	
At 31 December 2014	786,986
At 31 December 2013	851,189

Interest in associate

Smartwash
The group held 33.53% of Smartwash. The group's share of losses in the year was £9,912 (2013: £51,118). This company does not form part of this group financial statements.

Sfera Finansow SA
The group held 33.00% of Sfera Finansow SA. The group's share of losses in the year was £12,407 (2013: £13,218). This company does not form part of this group financial statements.

SEOWAY
The group held 27.00% of SEOWAY. The group's share of losses in the year was Nil (2013: £36,786). This company does not form part of this group financial statements.

AirRec
The group held 26.00% of AirRec. The group's share of profit in the year was £447 (2013: £884). This company does not form part of this group financial statements.

Alert Finansowy sp z o.o.
The group held 16.49 % of the Alert Finansowy sp z o.o. The group's share of profit in the year was £3,102 (2013: Nil). This company does not form part of this group financial statements.

Zabawkomat SP
The group held 33 % of Zabawkomat SP. The group's share of loss in the year was £12,168 (2013: Nil). This company does not form part of this group financial statements.

continued...

10. **INVESTMENTS - continued**

Company

	Shares in group undertakings £	Interest in associate £	Totals £
COST			
At 1 January 2014	486,436	9,805	496,241
Additions	-	304	304
At 31 December 2014	486,436	10,109	496,545
NET BOOK VALUE			
At 31 December 2014	486,436	10,109	496,545
At 31 December 2013	486,436	9,805	496,241

Interest in associate

Smartwash
The group held 33.53% of Smartwash. The group's share of losses in the year was £9,912 (2013: £51,118). This company does not form part of this group financial statements.

Sfera Finansow SA
The group held 33.00% of Sfera Finansow SA. The group's share of losses in the year was £12,407 (2013: £13,218). This company does not form part of this group financial statements.

SEOWAY
The group held 27.00% of SEOWAY. The group's share of losses in the year was Nil (2013: £36,786). This company does not form part of this group financial statements.

AirRec
The group held 26.00% of AirRec. The group's share of profit in the year was £447 (2013: £884). This company does not form part of this group financial statements.

Alert Finansowy sp z o.o.
The group held 16.49 % of the Alert Finansowy sp z o.o. The group's share of profit in the year was £3,102 (2013: Nil). This company does not form part of this group financial statements.

Zabawkomat SP
The group held 33 % of Zabawkomat SP. The group's share of loss in the year was £12,168 (2013: Nil). This company does not form part of this group financial statements.

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

continued...

10. **INVESTMENTS - continued**

Company

HPS Group
Country of incorporation: Poland
Nature of business: Herbal products holding company

Class of shares:	% holding
Ordinary	76.57

	31.12.14	31.12.12
	£	£
Aggregate capital and reserves	-	226,819
Loss for the year	-	(18,401)

Avio21 Sp. Z o. o.
Country of incorporation: Poland
Nature of business: Aircraft logistic support

Class of shares:	% holding
Ordinary	78.83

	31.12.14	31.12.13
	£	£
Aggregate capital and reserves	-	229,340
Loss for the year	-	(63,190)

Termfloor
Country of incorporation: Poland
Nature of business: Auto cleaning

Class of shares:	% holding
Ordinary	78.81

	31.12.14	31.12.13
	£	£
Aggregate capital and reserves	-	155,019
Loss for the year	-	(155,181)

11. **INVENTORIES**

	Group	
	31.12.14	31.12.13
	£	£
Stocks	35,793	28,580

continued...

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.14	31.12.13	31.12.14	31.12.13
	£	£	£	£
Current:				
Trade debtors	177,622	253,822	4,413	-
Amounts owed by group undertakings	-	-	80,642	114,261
Other debtors	19,951	30,463	-	-
Prepayments	79,869	74,175	-	-
	277,442	358,460	85,055	114,261

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.14	31.12.13	31.12.14	31.12.13
	£	£	£	£
Bank accounts	201,103	373,915	2,904	1,036

14. NON-CONTROLLING INTERESTS

The minority interest charge to profit for the financial year has been calculated on the basis of the Group's effective ownership of the subsidiaries in which it does not own 100 per cent of the ordinary equity.

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.14 £	31.12.13 £
9,129,059	Ordinary	0.05	456,453	456,453

16. RESERVES

Group

	Retained earnings £	Share premium £	Totals £
At 1 January 2014	(1,403,665)	1,333,414	(70,251)
Deficit for the year	(141,603)		(141,603)
At 31 December 2014	(1,545,268)	1,333,414	(211,854)

Company

	Retained earnings £	Share premium £	Totals £
At 1 January 2014	(1,194,123)	1,333,414	139,291
Deficit for the year	(26,073)		(26,073)
At 31 December 2014	(1,220,196)	1,333,414	113,218

continued...

Aerfinance SE (Registered number: SE000082)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2014

17. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.14	31.12.13	31.12.14	31.12.13
	£	£	£	£
Current:				
Trade creditors	39,102	10,886	2,833	2,294
Amounts owed to group undertakings	-	7,074	-	-
Amounts owed to associates	-	55,186	-	-
Social security and other taxes	-	15,322	-	-
Payroll liabilities	17,107	22,739	-	-
Other creditors	2,743	6,481	-	-
Accrued expenses	42,969	13,500	12,000	13,500
Deferred government grants	491,346	-	-	-
	593,267	131,188	14,833	15,794
Non-current:				
Deferred government grants	260,436	993,773	-	-
	260,436	993,773	-	-
Aggregate amounts	853,703	1,124,961	14,833	15,794

18. RELATED PARTY DISCLOSURES

There were no related party transactions order than inter-company transactions which are omitted for consolidated accounts purpose.

19. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the directors of the holding company by virtue of controlling the largest shareholdings of the company with a holding in excess of 38% of the ordinary shares via Red Wisent Limited and Ikenga Investment Corporation Ltd. Both companies are under the control of the directors of the holding company.

20. USE OF ESTIMATES

The preparation of the Consolidated financial statements in conformity with IFRS requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.
These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the Consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. We evaluate these estimates and judgments on an ongoing basis and base our estimates on experience, current and expected future conditions, third-party evaluations and various other assumptions that we believe are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results may differ from these estimates.

Estimates significantly impact goodwill and other intangibles acquired, tax on activities disposed, impairments, financial instruments, revenue recognition, other provisions and contingencies. The fair values of acquired identifiable intangibles are based on an assessment of future cash flows. Impairment analyses of goodwill is performed annually and whenever a triggering event has occurred to determine whether the carrying value exceeds the recoverable amount. These analyses are based on estimates of future cash flows.

Aerfinance SE (Registered number: SE000082)

Consolidated Income Statement Summaries for the Year Ended 31 December 2014

	31.12.14	31.12.13
	£	£
REVENUE		
Sales	97,858	78,921
	97,858	78,921
COST OF SALES		
External services	161,607	85,121
Consumption of materials and energy	21,863	3,079
Taxes & excise duty	39,810	3,659
Amortisation of intangible fixed assets Goodwill	-	29,123
	223,280	120,982
OTHER OPERATING INCOME		
Sundry receipts	2,218	-
Subsidies	517,656	535,227
	519,874	535,227
ADMINISTRATIVE EXPENSES		
Establishment costs		
Directors' salaries	14,386	60,125
Wages	53,496	141,340
Social security	3,863	12,181
Administrative expenses		
Travelling	-	20,621
Sundry expenses	120,680	59,889
Auditors' remuneration	12,000	13,500
Foreign exchange losses	992	3,617
Amortisation of intangible fixed assets Goodwill	62,871	-
Depreciation		
Goodwill	-	59,595
Plant and machinery	351	-
Motor vehicles	2,027	2,027
Profit/loss on sale of assets		
Plant and machinery	115,752	-
Impairment losses		
Development costs	-	89,056
Plant and machinery	-	115,752
	386,418	577,703
OTHER OPERATING EXPENSES		
Profit/loss on sale of fixed asset investments	142,143	-
	142,143	-

This page does not form part of the statutory financial statements

Aerfinance SE (Registered number: SE000082)

Consolidated Income Statement Summaries
for the Year Ended 31 December 2014

	31.12.14 £	31.12.13 £
EXCEPTIONAL ITEMS		
Impairment on fixed asset		
Investment	-	78,626
	-	78,626
FINANCE COSTS		
Bank interest	24,585	8,609
	24,585	8,609
FINANCE INCOME		
Interest in associate undertakings	(30,939)	(100,237)
Revaluation of investments	(38,437)	(237,259)
Interest received	16,136	9,756
	(53,240)	(327,740)

This page does not form part of the statutory financial statements

Aerfinance SE (Registered number: SE000082)

Areas which should be reviewed
on Auditors' Report
for the Year Ended 31 December 2014

Possible qualifications or references required
** CURRENT LIABILITIES EXCEED CURRENT ASSETS
Audit report may need to be amended - please refer to client screens.