SMBC AVIATION CAPITAL

Directors' Report and Consolidated Financial Statements 2019

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Directors and Other Information

DIRECTORS
P Barrett (Irish)
C A Ennis (Irish)
B Flannery (Irish)
D Swan (Irish)
B Harvey (American)
S Hayashida (Japanese)
M Tachibana (Japanese)
E Ishida (Japanese; appointed 23 April 2018)
M Oshima (Japanese; appointed 23 April 2018)
K Tanaka (Japanese; appointed 23 April 2018)
S Watanabe (Japanese; appointed 23 April 2018)
S Oka (Japanese; appointed 28 February 2019)

SECRETARY
C A Ennis

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Ireland

INDEPENDENT AUDITOR
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Chartered Accountants
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Directors' Report

The Directors present their report and the audited consolidated financial statements of SMBC Aviation Capital Limited ("the Company") and its subsidiaries (together "the Group") for the year ended 31 March 2019. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

PRINCIPAL ACTIVITIES

The principal business activities of the Group and Company include acting in the capacity of principal, agent or broker, the financing of aircraft, plant, equipment, machinery, engines, vehicles or other modes of transport and their components and parts, by way of loan, hire purchase, lease rental, credit sale or other appropriate methods of finance, and the sale or purchase, ownership, leasing or management or in any other way dealing with aircraft, plant, equipment, machinery, engines, vehicles or other modes of transport and their components parts. The Group and Company also provides financial solutions and brokerage services to the airline and airline related industry in connection with financing and refinancing.

The Group and Company's activities and those of the aircraft industry are undertaken predominantly in US Dollars and this is the functional currency of the Company. The consolidated financial statements are therefore presented in US Dollars.

The Group and Company is a member of the Japanese consortium of Sumitomo Mitsui Financial Group ("SMFG") and Sumitomo Corporation ("SC") (the "Consortium"). The annual reports of these entities can be obtained at:
Sumitomo Corporation – http://www.sumitomocorp.com/en/jp/ir
Sumitomo Mitsui Financial Group – http://www.smfg.co.jp/english/investor/financial/latest_statement.html.

PERFORMANCE AND STRATEGY

The Group and Company's strategy is to work closely and build strong relationships with its airline and investor customers to meet their specific requirements, while owning and leasing the most modern, efficient and desirable aircraft. The Group and Company continues to actively manage the profile of its aircraft portfolio and, as a result, have maintained a young fleet with an average weighted age of 4.2 years as at 31 March 2019 (31 March 2018: 4.5).

At the end of the financial year, the financial position showed total assets of $12,566 million (31 March 2018: $10,702 million). The net book value of property, plant and equipment, including aircraft classified as held for sale of $127 million (31 March 2018: $194 million), was $11,874 million at the year-end (31 March 2018: $10,268 million).

The Directors do not recommend the payment of a dividend (31 March 2018: $nil).

FINANCING

The Group and Company continues to benefit from its ownership structure noted above, which combines one of the world's largest financial institutions with one of the world's largest trading companies. This brings substantial financial strength and scale to the Group and Company's offering, as demonstrated on 28 November 2018 when the Group's shareholders contributed $1 billion in additional investment to the Group as part of an overall reorganisation of the SMFG and SC joint leasing partnership whereby the primary leasing vehicle between both companies, Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL"), became a 50:50 joint venture. The additional investment consisted of $700 million equity capital from SMFL and Sumitomo Mitsui Banking Corporation ("SMBC") and an additional $300 million subordinated loan from SMBC to the Company.

The Group's financial strength is also reflected in the Group and Company's credit rating of A- from both Fitch Ratings and Standard & Poor's (31 March 2018: Fitch: A-; Standard & Poor's: BBB+). Standard & Poor's raised its rating on 29 November 2018, noting the additional capital from the Group's shareholders and that the Group has one of the youngest and most liquid aircraft portfolios in the aircraft leasing industry. This affirms the Group and Company's position as one of the highest rated aircraft leasing companies in the industry, positioning us well to execute on our growth plans in the coming years.

In addition to the Group and Company's existing funding from parent group undertakings and third party Japanese financial institutions, the Group successfully closed the sale of $500 million of its 4.125% senior unsecured notes due 2023 on 30 July 2018 and $500 million of its 3.55% senior unsecured notes due 2024 on 15 April 2019, in both instances through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, after similar offerings during 2016 and 2017.

The Group is also focussed on ensuring that it has sufficient available liquidity to meet its obligations as they fall due. As at 31 March 2019, the Group had put in place in excess of $3.8 billion of available capacity through a combination of undrawn shareholder funding ($2.2 billion), third party availability ($1.2 billion) and unrestricted cash balances.

OPERATIONAL

The Group has 86 airline customers in 40 countries. The Group's fleet consists of 729 owned, managed and committed aircraft.

The Group placed an additional 47 aircraft from our order book across a diversified mix of customers in Europe, Africa, Asia as well as North and South America, reflective of strong global demand for new aircraft technology.

It was also a positive year for sale and leaseback business. During the period, the Group committed to 40 sale and leasebacks where the Group competed successfully using our scale, our broader product offering such as pre-delivery payment financing ("PDP"), our order book and our strong existing relationships.

Furthermore, in December 2018 the Group placed an order for 65 aircraft comprising 50 additional A320neo aircraft and 15 additional A321neo aircraft which has allowed us to secure product at attractive pricing to sustain access to a pipeline of the most technologically advanced aircraft in the 2023-2025 period.

The Group continued to take advantage of opportunities to trade older aircraft and disposed of 30 owned aircraft with an average age of 9.5 years realising gains on disposal of $29.2 million during the year. This disposal activity together with deliveries of new aircraft resulted in a reduction in the weighted average age of the portfolio from 4.5 years to 4.2 years over the 12 month period, while the average remaining lease term has increased from 6.5 years to 6.9 years over the same period.

The Group continue to transition the portfolio into new technology aircraft with the delivery of $2.0 billion of new technology aircraft in the period. In conjunction with our trading activity, this resulted in 37% of our portfolio now consisting of the newest technology aircraft, compared to 22% as at March 2018.

PEOPLE

The Group continue to develop our team to service the increased activity within our expanding aircraft operating lease base, resulting in an average number of people in the organisation during the year of 188 (2018: average of 173), consisting of both direct employees and representatives. The quality and commitment of staff in the Group - at all levels of the organisation - has been a key driving factor behind its ongoing growth and success.

PRINCIPAL RISKS AND UNCERTAINTIES

The airline industry is cyclical and highly competitive. The Group and Company's aircraft are under operating leases where the cost of the aircraft is expected to be substantially recovered over the term of the leases. The oversupply of a specific type of aircraft in the market could depress aircraft lease rates and values, which would affect re-lease rates. The supply and demand of aircraft is affected by various cyclical factors including:

— passenger air travel and air cargo demand
— fuel prices
— maintenance costs
— technological innovation and the introduction of a new generation of aircraft types
— government and environmental regulations

Management also continues to monitor the potential impact of the recent grounding of the Boeing 737 MAX fleet on Company's remaining order of Boeing 737 MAX 8 aircraft (see note 30). For further detail on the principal financial risks and the Group and Company's policy for minimising these financial risks, refer to note 22.

GOING CONCERN

The Group and Company's business activities, together with the factors likely to affect its future development, performance and position are set out above, along with the financial position of the Group and Company. In addition, also as noted above, note 22 to the financial statements includes: the objectives, policies and processes for managing capital; the financial risk management objectives; details of financial instruments and hedging activities; and the exposures to credit risk and liquidity risk, to the extent that these were in place at 31 March 2019 and the preceding year.

Risks are managed in line with guidance given by the Group's parent companies. Exposure to both interest rate risk and currency risk is minimised by the use of derivatives and fixed rate loans. The current economic conditions create risks and uncertainties associated with the airline industry. However, the Group has considerable long-term contracts with a number of customers. Past experience indicates that airline risk can be managed carefully and successfully.

The Directors, having made such enquiries as they considered appropriate, have prepared the financial statements on a going concern basis.

DIRECTORS' COMPLIANCE STATEMENT

The Directors of the Company acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in the Companies Act 2014 (the "2014 Act")) and, as required by section 225 of the 2014 Act, the Directors confirm that:

i. a compliance policy statement setting out the Company's policies with regard to complying with the relevant obligations under the 2014 Act has been prepared;
ii. arrangements and structures have been put in place that they consider sufficient to secure material compliance with the Company's relevant obligations; and
iii. a review of the arrangements and structures has been conducted during the financial year to which this Directors' report relates.

DIRECTORS AND SECRETARY

The present Directors and Secretary are listed on page 2. The following changes took place during the year:

Directors	Appointed
E Ishida	Appointed 23 April 2018
M Oshima	Appointed 23 April 2018
K Tanaka	Appointed 23 April 2018
S Watanabe	Appointed 23 April 2018
S Oka	Appointed 28 February 2019

Directors	Resigned
Y Kawamura	Resigned 23 April 2018
Y Kawasaki	Resigned 23 April 2018
T Murata	Resigned 23 April 2018
I Sakata	Resigned 23 April 2018

None of the Directors held an interest in the share capital or the loan capital of the Company, or in the shares or loan capital of any of the subsidiary undertakings of the Company.

None of the Directors held an interest of more than 1%, or had options to acquire an interest of more than 1%, in the shares of the parent undertakings of the Company.

ACCOUNTING RECORDS

The Directors believe that they have complied with the requirements of Section 281 of the Companies Act, 2014 with regard to keeping adequate accounting records by employing accounting personnel with the appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at the Company's registered offices at IFSC House, IFSC, Dublin 1, Ireland.

POLITICAL DONATIONS

The Company did not make any political donations in the year ended 31 March 2019 (2018: $nil).

AUDIT COMMITTEE

The Board of Directors has considered the establishment of an audit committee and decided that it is not warranted as the Board fulfils the function by performing the duties as required by Section 167 of the Companies Act 2014. The duties performed by the Board include the oversight of:

i. the integrity of the financial statements of the Group,
ii. compliance by the Group with legal and regulatory requirements,
iii. the independent auditor's qualification and independence, and
iv. the performance of the Group's independent auditor

INDEPENDENT AUDITOR

KPMG, Chartered Accountants, have indicated their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

RELEVANT AUDIT INFORMATION

The Directors in office at the date of this report have each confirmed that as far as they are aware, there is no relevant audit information of which the Group's auditor is unaware; and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST BALANCE SHEET EVENTS

On 15 April 2019, the Group closed the issue of $500 million of its 3.55% senior unsecured notes due 2024 (the "Notes") through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC. The Notes are fully and unconditionally guaranteed by SMBC Aviation Capital Limited and proceeds from the offering will be used for general corporate purposes, which may include, among other things, the purchase of aircraft and the repayment of existing indebtedness.

No other significant events affecting the Group and Company have occurred since 31 March 2019, which require adjustment to or disclosure in the Consolidated Financial Statements.

Approved by the Board of Directors and signed on behalf of the Board by:

P Barrett	**B Flannery**
Director	*Director*
5 June 2019	5 June 2019

Company Registration No: 270775

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

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

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

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year. In preparing the financial statements, the Directors are required to:

— select suitable accounting policies and then apply them consistently;

— make judgements and estimates that are reasonable and prudent;

— state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

— assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

— use the going concern basis of accounting unless they either intend to liquidate the Group Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Group and Company and which enable them to ensure that the financial statements of the Group and Parent Company are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the Board:

P Barrett	**B Flannery**
Director	*Director*
5 June 2019	5 June 2019

Independent Auditor's Report to the members of SMBC Aviation Capital Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
We have audited the Group and Company financial statements (''financial statements'') of SMBC Aviation Capital for the year ended 31 March 2019, which comprise the Group statement of profit or loss and other comprehensive income, Group and Company statements of financial position, Group and Company statements of changes in equity, Group and Company statements of cash flows, and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 March 2019 and of its profit for the year then ended;
- the Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2019;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

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

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

We have nothing to report on going concern
We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information
The Directors are responsible for the other information presented in the financial statements. The other information comprises the Directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on our work on the other information, we report that:

- we have not identified material misstatements in the Directors' report;
- in our opinion, the information given in the Directors' report is consistent with the financial statements;
- in our opinion, the Directors' report has been prepared in accordance with the Companies Act 2014.

Opinions on other matters prescribed by the Companies Act 2014
We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

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

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

RESPECTIVE RESPONSIBILITIES AND RESTRICTIONS ON USE

Responsibilities of Directors for the financial statements
As explained more fully in the Directors' responsibilities statement set out on page 28, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the members of SMBC Aviation Capital Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on IAASA's website at *https://www.iaasa.ie/getmedia/b2389013%2D1cf6%2D458b%2D9b8f%2Da98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf*

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

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

Killian Croke
5 June 2019

for and on behalf of

KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC, Dublin 1

Company Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2019

	Note	Year ended 31 March 2019 US $'000	Year ended 31 March 2018 US $'000
CONTINUING OPERATIONS			
Income			
Lease revenue	2	1,043,225	962,622
Other revenue	2	14,449	12,830
Total revenues	2	1,057,674	975,452
Other operating income	3	49,385	57,495
		1,107,059	**1,032,947**
Operating expenses			
Depreciation	9	(309,936)	(296,099)
Impairment	9 / 10	(34,426)	(29,044)
Other operating expenses	4	(116,885)	(112,162)
PROFIT FROM OPERATING ACTIVITIES		**645,812**	**595,642**
Finance income	7	89,176	36,112
Finance expense	7	(392,417)	(307,134)
Break gains / (losses)	7	2,249	(5,295)
Net trading (expense) / income	7	(350)	22
NET FINANCE COSTS		**(301,342)**	**(276,295)**
PROFIT BEFORE TAXATION		**344,470**	**319,347**
Tax expense	8	(47,770)	(43,670)
PROFIT FROM CONTINUING OPERATIONS		**296,700**	**275,677**
OTHER COMPREHENSIVE INCOME			
Cash flow hedges - effective portion of changes in fair value	14	(153,782)	17,289
Cash flow hedges - reclassified to profit or loss		1,224	(2,354)
Tax on other comprehensive income		19,070	(1,871)
OTHER COMPREHENSIVE (EXPENSE) / INCOME FOR THE YEAR, NET OF TAX		**(133,488)**	**13,064**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**163,212**	**288,741**

All income relates to continuing operations. All profits and total comprehensive income for the current and preceding financial year are attributable to the owners of the company. The accompanying notes form an integral part of these financial statements.

P Barrett
Director
5 June 2019

B Flannery
Director
5 June 2019

Consolidated Statement of Financial Position

AS AT 31 MARCH 2019

	Note	31 March 2019 US $'000	31 March 2018 US $'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	11,747,382	10,074,420
Goodwill and intangible assets	10	1,982	4,309
Derivative financial instruments	13	9,658	27,023
Lease incentive assets	17	40,589	58,679
		11,799,611	10,164,431
CURRENT ASSETS			
Assets held for sale	18	134,270	204,508
Trade and other receivables	15	95,898	64,113
Cash and cash equivalents	16	525,510	254,212
Derivative financial instruments	13	390	244
Lease incentive assets	17	10,376	14,112
		766,444	537,189
TOTAL ASSETS		12,566,055	10,701,620
EQUITY			
Share capital	25	887,513	187,513
Other components of equity	26	356,403	228,789
Profit or loss account		1,694,310	1,658,712
TOTAL EQUITY		2,938,226	2,075,014
NON-CURRENT LIABILITIES			
Trade and other payables	19	503,908	490,454
Obligations under finance leases	20	22,385	132,336
Borrowings	21	7,169,703	6,838,364
Deferred tax liabilities	23	332,670	316,280
Derivative financial instruments	13	149,906	25,131
Subordinated liabilities	24	300,000	-
		8,478,572	7,802,565
CURRENT LIABILITIES			
Liabilities associated with assets held for sale	18	25,868	60,979
Trade and other payables	19	448,429	319,673
Obligations under finance leases	20	13,596	48,880
Borrowings	21	661,364	394,509
		1,149,257	824,041
TOTAL LIABILITIES		9,627,829	8,626,606
TOTAL EQUITY AND LIABILITIES		12,566,055	10,701,620

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

P Barrett
Director
5 June 2019

B Flannery
Director
5 June 2019

Company Statement of Financial Position

AS AT 31 MARCH 2019

	Note	31 March 2019 US $'000	31 March 2018 US $'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	11,674,415	9,884,515
Goodwill and intangible assets	10	1,982	4,251
Investment in subsidiaries	11	15,509	210,622
Derivative financial instruments	13	9,658	27,023
Lease incentive assets	17	40,589	58,679
		11,742,153	10,185,090
CURRENT ASSETS			
Assets held for sale	18	134,270	204,508
Trade and other receivables	15	169,551	127,303
Cash and cash equivalents	16	525,288	215,002
Derivative financial instruments	13	390	244
Lease incentive assets	17	10,376	14,112
		839,875	561,169
TOTAL ASSETS		12,582,028	10,746,259
EQUITY			
Share capital	25	887,513	187,513
Other components of equity	26	354,436	226,821
Profit or loss account		1,654,603	1,593,796
TOTAL EQUITY		2,896,552	2,008,130
NON-CURRENT LIABILITIES			
Trade and other payables	19	511,284	475,202
Obligations under finance leases	20	22,385	132,336
Borrowings	21	7,169,691	6,821,419
Deferred tax liabilities	23	332,670	306,158
Derivative financial instruments	13	149,906	25,131
Subordinated liabilities	24	300,000	-
		8,485,936	7,760,246
CURRENT LIABILITIES			
Liabilities associated with assets held for sale	18	25,868	60,979
Trade and other payables	19	448,713	294,826
Obligations under finance leases	20	13,596	48,880
Borrowings	21	711,363	573,198
		1,199,540	977,883
TOTAL LIABILITIES		9,685,476	8,738,129
TOTAL EQUITY AND LIABILITIES		12,582,028	10,746,259

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

P Barrett
Director
5 June 2019

B Flannery
Director
5 June 2019

Consolidated Statement of Changes in Equity

AS AT 31 MARCH 2019

	Note	Share Capital US $'000	Other Reserves (incl. Share Premium) US $'000	Cash Flow Hedge Reserve US $'000	Profit and loss account US $'000	Total Equity US $'000
BALANCE AT 1 APRIL 2017		187,513	209,453	6,272	1,383,035	1,786,273
Total comprehensive income						
Profit for the year		-	-	-	275,677	275,677
Other comprehensive income for the year	26	-	-	13,064	-	13,064
		-	-	13,064	275,677	288,741
BALANCE AT 31 MARCH 2018		187,513	209,453	19,336	1,658,712	2,075,014
Total comprehensive income						
Profit for the year		-	-	-	296,700	296,700
Other comprehensive expenses for the year	26	-	-	(133,488)	-	(133,488)
Transactions with owners of the Company						
Impact of shareholder reorganisation and capital increase						
Redemption of ordinary shares		(18,751)	-	-	-	(18,751)
Distribution on redemption of ordinary shares		-	-	-	(261,102)	(261,102)
Issue of ordinary shares		18,751	261,102	-	-	279,853
Issue of preference shares		700,000	-	-	-	700,000
		700,000	261,102	(133,488)	35,598	863,212
BALANCE AT 31 MARCH 2019		887,513	470,555	(114,152)	1,694,310	2,938,226

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

Company Statement of Changes in Equity

AS AT 31 MARCH 2019

	Note	Share Capital US $'000	Other Reserves (incl. Share Premium) US $'000	Cash Flow Hedge Reserve US $'000	Profit and loss account US $'000	Total Equity US $'000
BALANCE AT 1 APRIL 2017		187,513	207,486	6,296	1,328,692	1,729,987
Total comprehensive income						
Profit for the year		-	-	-	265,104	265,104
Other comprehensive income for the year	26	-	-	13,039	-	13,039
		-	-	13,039	265,104	278,143
BALANCE AT 31 MARCH 2018		187,513	207,486	19,335	1,593,796	2,008,130
Total comprehensive income						
Profit for the year		-	-	-	321,909	321,909
Other comprehensive expenses for the year	26	-	-	(133,487)	-	(133,487)
Transactions with owners of the Company						
Impact of shareholder reorganisation and capital increase						
Redemption of ordinary shares		(18,751)	-	-	-	(18,751)
Distribution on redemption of ordinary shares		-	-	-	(261,102)	(261,102)
Issue of ordinary shares		18,751	261,102	-	-	279,853
Issue of preference shares		700,000	-	-	-	700,000
		700,000	261,102	(133,487)	60,807	888,422
BALANCE AT 31 MARCH 2019		887,513	468,588	(114,152)	1,654,603	2,896,552

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2019

	Note	Year ended 31 March 2019 US $'000	Year ended 31 March 2018 US $'000
PROFIT BEFORE TAX		344,470	319,347
Adjustments for:			
Depreciation of property, plant and equipment		309,936	296,099
Impairment of property, plant and equipment		34,426	29,044
Amortisation of computer software intangible assets		2,493	4,001
Lease incentive asset amortisation		17,148	24,392
Lessee betterment provision		-	9,287
Credit impairment charge on trade debtors		3,957	-
Net interest expense		301,135	273,182
Movement in fair value of derivatives not in a hedge relationship and other fair value hedges		350	(22)
Profit on disposal of assets held under operating leases		(29,227)	(41,275)
		984,688	914,055
Increase in receivables		(37,223)	(4,808)
Increase / (decrease) in payables		108,264	(182,577)
CASH GENERATED BY OPERATIONS		1,055,729	726,670
Income taxes paid		(31,707)	(13,223)
Interest paid		(304,737)	(283,461)
NET CASH FROM OPERATING ACTIVITIES		719,285	429,986
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		926,754	1,662,693
Purchases of property, plant and equipment		(2,796,573)	(2,011,502)
Purchases of intangible assets		(166)	-
NET CASH USED IN INVESTING ACTIVITIES:		(1,869,985)	(348,809)
FINANCING ACTIVITIES			
Proceeds from issuance of share capital		700,000	-
(Payments to) / receipts from restricted cash accounts		(142,791)	8,982
Repayment of obligations under finance leases		(163,451)	(89,017)
Proceeds from indebtedness		2,187,071	1,598,928
Repayments of indebtedness		(1,301,479)	(1,616,476)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		1,279,350	(97,583)
EFFECT OF EXCHANGE RATE CHANGES ON UNRESTRICTED CASH AND CASH EQUIVALENTS		(143)	1,207
NET INCREASE / (DECREASE) IN UNRESTRICTED CASH AND CASH EQUIVALENTS		128,507	(15,199)
UNRESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		240,003	255,202
UNRESTRICTED CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16	368,510	240,003
Unrestricted cash and cash equivalents as above	16	368,510	240,003
Restricted cash as reported	16	157,000	14,209
Total cash and cash equivalents	16	525,510	254,212

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

Company Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2019

	Note	Year ended 31 March 2019 US $'000	Year ended 31 March 2018 US $'000
PROFIT BEFORE TAX		367,500	303,876
Adjustments for:			
Depreciation of property, plant and equipment		299,939	282,426
Impairment of property, plant and equipment		34,426	29,044
Amortisation of computer software intangible assets		2,435	2,443
Impairment of investment in subsidiary		2,227	2,300
Lease incentive asset amortisation		17,148	23,605
Lessee betterment provision		-	9,287
Credit impairment charge on trade debtors		3,957	-
Dividend income		(34,469)	(11,800)
Net interest expense		308,227	290,231
Movement in fair value of derivatives not in a hedge relationship and other fair value hedges		350	(22)
Profit on disposal of assets held under operating leases		(28,515)	(34,924)
		973,225	896,466
(Increase) / decrease in receivables		(12,163)	249,793
Decrease in payables		48,179	(157,802)
CASH GENERATED BY OPERATIONS		1,009,241	988,457
Income taxes paid		(11)	(2)
Interest paid		(325,157)	(305,616)
NET CASH FROM OPERATING ACTIVITIES		684,073	682,839
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		912,202	1,607,511
Purchases of property, plant and equipment		(2,888,363)	(2,328,425)
Purchases of intangible assets		(166)	-
Dividends received		34,469	11,800
NET CASH USED IN INVESTING ACTIVITIES:		(1,941,858)	(709,114)
FINANCING ACTIVITIES			
Proceeds from issuance of share capital		700,000	-
(Payments to) / receipts from restricted cash accounts		(142,791)	8,982
Repayment of obligations under finance leases		(163,451)	(89,017)
Proceeds from indebtedness		1,706,834	1,101,699
Repayments of indebtedness		(675,064)	(1,000,267)
NET CASH FROM FINANCING ACTIVITIES		1,425,528	21,397
EFFECT OF EXCHANGE RATE CHANGES ON UNRESTRICTED CASH AND CASH EQUIVALENTS		(248)	1,515
NET INCREASE / (DECREASE) IN UNRESTRICTED CASH AND CASH EQUIVALENTS		167,495	(3,363)
UNRESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		200,793	204,156
UNRESTRICTED CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16	368,288	200,793
Unrestricted cash and cash equivalents as above	16	368,288	200,793
Restricted cash as reported	16	157,000	14,209
Total cash and cash equivalents	16	525,288	215,002

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

1 SIGNIFICANT ACCOUNTING POLICIES

SMBC Aviation Capital is a company incorporated and domiciled in Ireland. The address of its registered office is IFSC House, IFSC, Dublin 1, Ireland.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

a Basis of preparation

The Consolidated Financial Statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments. The principal accounting policies are set out below.

The Consolidated Financial Statements of the Company have been prepared in accordance with IFRSs as adopted by the EU. The entity financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014 which permits a company that publishes its Company and Group financial statements together to take advantage of the exemption in Section 304(2) of the Companies Act 2014, from presenting to its members its Company income statement and related notes that form part of the approved Company Financial Statements.

The Company's functional currency is the US Dollar, being the currency of the primary economic environment in which the Company operates. The presentation currency for the Group and Company is US Dollar. All financial information presented in US Dollar has been rounded to the nearest thousand US Dollars unless otherwise stated.

The accounts, which should be read in conjunction with the Directors' Report, are prepared on a going concern basis and in accordance with IFRS as adopted by the European Union.

b Estimates and judgements

The preparation of Financial Statements in conformity with IFRS as adopted by the EU requires management to make use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as at the reporting date and the reported amount of income and expenses during the reported period.

In particular, the judgements and assumptions involved in the Group and Company's accounting policies which have the most significant effect on the amounts recognised in the Financial Statements are as follows:

Note 9 - Property, Plant and Equipment:
The material judgements in respect of property, plant and equipment include the identification and subsequent measurement of impairment such as triggers and estimates of cash flow including residual values and discounts rates. Estimates also include the intervals used (currently 5 years) to determine future market values for the purposes of setting depreciation rates for individual aircraft.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Although these estimates are based on management's best knowledge of the amount, event or action, actual results may differ from those estimates.

c Basis of consolidation

The Consolidated Financial Statements include the annual Financial Statements of the Company and all of its subsidiaries, drawn up to 31 March 2019. The Group does not have investments in associates or joint ventures as defined in IFRS.

In applying IFRS 10, the standard introduced a single consolidation model for all entities based on control which requires consolidation where the Company has power over the entity, exposure or rights to returns from involvement with the entity and the ability to use power to affect returns. The financial statements of an entity are included in the Consolidated Financial Statements from the date that this control commences until the date that this control ceases.

The Consolidated Financial Statements have been prepared using uniform accounting policies for transactions and other events in similar circumstances.

Subsidiaries
A subsidiary is an entity controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are substantive are taken into account. All subsidiaries have coterminous financial year ends. The accounting policies of all subsidiaries are consistent with the policies adopted by the Group. Intragroup transactions, intragroup balances and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the Consolidated Financial Statements. All of the Company's subsidiaries are wholly owned by the Company and, as such, there are no non-controlling interests to present separately in the Consolidated Financial Statements.

d Investment in subsidiaries

Investments in subsidiary undertakings are stated in the Company Statement of Financial Position at cost, less any provision for impairment.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e Income under finance and operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease income, which includes the amortisation of the investment in the lease, is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

At each reporting date, the Group assesses whether lease receivables are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for lease receivables are deducted from the gross carrying amount of the lease receivable.

Rentals received, but unearned under lease agreements are recorded as 'Prepaid lease rentals' in trade and other payables.

f Fee income

Arranger fee income earned on the sale and purchase of managed aircraft is recognised on completion of the sale when the aircraft has been accepted by the customer and no further services remain to be completed. Ongoing aircraft management fees are recognised in the accounting period in which the services are rendered.

g Borrowing costs

Borrowing costs directly attributable to the acquisition of aircraft not yet delivered are capitalised as part of aircraft cost. All other borrowing costs are recognised as an expense in the period in which they are incurred.

h Taxation

Income tax expense or income, comprising current tax and deferred tax, is recorded in the income statement except income tax on items recognised outside the income statement which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the period arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the reporting date.

i Foreign currency

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the profit or loss for the period.

j Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Assets are depreciated to the Consolidated Statement of Profit or Loss and Other Comprehensive Income over their estimated useful economic lives, as follows:

Aircraft for hire under operating leases
— to the next useful economic life ("UEL") point, maximum of 5 years

Office equipment and fixtures & fittings
— 3 to 10 years from date when brought into use

It is the Group and Company's practice to hold aircraft for an average period of 5 years. Because of this, the Group and Company estimates the future market value (residual value) at 5 year intervals which correspond to UEL points.

Aircraft are depreciated to their residual values. Residual values are determined based on estimated values at the end of the useful lives of the aircraft assets.

Estimated residual values based on contractual return conditions of the aircraft are reviewed at each reporting date. This review includes the expected maintenance condition of the asset and any excess maintenance reserves expected to be available on maturity of the lease. Where estimated residual values are found to have changed significantly, this is recorded prospectively and depreciation charges over the remaining useful life are adjusted to take account of the revised estimate.

The carrying amounts of the Group and Company's aircraft are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in the profit or loss.

Under IAS 39, the Group and Company avail of the own-use exemption in relation to certain capital commitments.

k Maintenance intangible assets

Maintenance intangible asset represents the value in the difference between the contractual right under the acquired leases (excluding short term) to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition. The maintenance intangible asset is not amortised, but capitalised to the operating lease asset at the end of the lease.

Notes to the Consolidated Financial Statements
(continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l Intangible assets

Intangible assets are initially recognised at cost which is their fair value at the date of acquisition. Subsequently intangible assets are carried at cost less any accumulated amortisation and impairment. Cost is amortised on a straight-line basis over their estimated useful lives which vary from two years to ten years. Carrying values are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

m Impairment of non-financial assets

Long-term tangible and intangible assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. When assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

n Pre-delivery payments

Pre-delivery payments ("PDPs") are recorded in the Consolidated Statement of Financial Position at cost and are not depreciated. Borrowing costs associated with PDPs and aircraft that are yet to be delivered are capitalised as incurred. As aircraft which are subject to PDPs, are delivered all applicable PDPs and financing costs are re-classified to Property, Plant and Equipment.

o Non-current assets and liabilities held for sale

Non-current assets (or disposals groups comprising assets and liabilities) that are expected to be recovered primarily through a sale transaction rather than through continuing use are classified as held for sale. Assets classified as held for sale must be available for immediate sale in its present condition and the sale must be highly probable. An asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

p Financial instruments

From 1 April 2018, the Group applies the following accounting policies to the classification, recognition and measurement policies of financial instruments

The Group and Company's financial assets are categorised as either 'financial assets measured at amortised cost' or 'financial assets at fair value through the profit or loss'. The appropriate classification is determined based on the contractual cash flow characteristics of the financial asset and the objective of the business model within which the financial asset is held. Financial assets measured at amortised cost include 'trade and other receivables' and 'cash and cash equivalents' in the Consolidated Statement of Financial Position. All other financial assets are classified as measured at fair value through profit or loss ("FVTPL").

The Group and Company's financial liabilities are categorised as either 'financial liabilities measured at amortised cost' or 'financial liabilities at fair value through the profit or loss'. Financial liabilities measured at amortised cost includes 'borrowings', 'obligations under finance leases' and 'trade and other payables' in the Consolidated Statement of Financial Position.

A financial asset is recognised in the Consolidated Statement of Financial Position only when the Group becomes party to its contractual provisions. The purchase of financial assets is recognised using trade date accounting. The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers substantially all the risks and rewards of ownership. Financial liabilities are initially recognised at fair value, less, in the case of financial liabilities subsequently carried at amortised cost, transaction costs. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Up to 31 March 2018, the Group applied the following accounting policies to the classification, recognition and measurement policies of financial instruments

The Group and Company's financial asset categories are either 'loans and receivables' or 'financial assets at fair value through the profit or loss' or "available for sale assets". Loans and receivables comprise 'finance lease receivables', 'trade and other receivables' and 'cash and cash equivalents' in the Consolidated Statement of Financial Position. Available for sale assets comprise listed shares (equity and preference) and claims to be converted into shares held at fair value with the movement in fair value included within other comprehensive income.

The Group and Company's financial liabilities are categorised as either 'financial liabilities measured at amortised cost' or 'financial liabilities at fair value through the profit or loss'. Financial liabilities measured at amortised cost includes 'borrowings', 'obligations under finance leases' and 'trade and other payables' in the Consolidated Statement of Financial Position.

The purchase of financial assets is recognised using trade date accounting. The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financials asset and the transfer qualifies for derecognition in accordance with IAS 39. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities at fair value through the profit or loss are derivative financial instruments classed as 'held for trading' and hedge accounting instruments under IAS 39.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q Derivatives and hedge accounting

The Group and Company has entered into various financial instruments (derivatives) to manage foreign exchange and interest rate risk. Derivatives include swaps, forwards and options.

All derivatives are recognised on the Consolidated Statement of Financial Position at their fair value (market value). Market value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The method of recognising the resulting gain or loss on derivatives depends on whether the derivative is designated as a hedging instrument.

Non-hedging derivatives are classified at fair value through the profit or loss. Gains and losses arising from changes in fair value of a non-hedging derivative are recognised as they arise in the Consolidated Statement of Profit or Loss and Other Comprehensive Income under trading income/expense.

The Group and Company designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group and Company formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationships. The Group and Company makes an assessment both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instruments are expected to be highly effective in offsetting the changes in cash flows or fair value of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. The Group and Company makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income in the hedging reserve. The amount recognised in other comprehensive income is reclassified to the profit or loss in the same period as the hedged cash flows affect the profit or loss, and in the same line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the profit or loss.

When a derivative is designated as the hedging instrument in a fair value hedge, changes in fair value are recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, together with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discounted hedge of a forecast transaction the cumulative amount recognised in Other Comprehensive Income from the period when the hedge was effective is reclassified from other comprehensive income to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to the profit or loss as a reclassification adjustment. If the criteria for hedge accounting cease to be met in relation to a fair value hedge, no further adjustments are made to the hedged item for fair value changes attributable to the hedged risk. The cumulative adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity using the effective interest method.

Determination of fair values of derivative financial instruments and financial liabilities in fair value hedge relationships

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models. The Group and Company's pricing and valuation methods are managed in conjunction with Sumitomo Mitsui Banking Corporation Capital Markets Inc. The current pricing models do not entail material subjectivity because the methodologies utilised do not incorporate significant judgement and the parameters included in the models can be calibrated to actively quoted market prices. Values established from pricing models are adjusted for credit risk and liquidity risk.

r Provisions

A provision is recognised if, as a result of a past event, the Group and Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

s Amounts receivable under finance leases

A finance lease is recognised when there is a contractual right to the asset's cash flows and derecognised when all contractual rights and obligations expire. Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Progress payments made prior to the commencement of the primary lease are included at cost together with the amount of any interest charged on such payments.

t Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Notes to the Consolidated Financial Statements (continued)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u Restricted cash

Restricted cash includes cash held by the Group and Company which is ring-fenced or used as security for specific financing arrangements and to which the Group and Company does not have unfettered access.

v Lease incentive accounting

A lessor contribution liability is established at the commencement of the lease representing the best estimate of the contractually obligated contribution. In addition, a lease incentive asset is recognised for this amount, and it is amortised over the life of the associated lease as a charge against maintenance income.

Lessor contributions represent contractual obligations on the part of the Group and Company to contribute to the lessee's cost of the next planned major maintenance events, expected to occur during the lease.

w Obligations under finance leases

Assets held under finance leases are recognised as assets of the Group and Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability to the lessor is included in the Consolidated Statement of Financial Position as a finance lease payable obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

x Maintenance reserves

All cash maintenance reserves collected under the lease agreements are recognised on the Consolidated Statement of Financial Position. At the end of the lease any excess is taken to revenue. Excess supplemental income from maintenance reserve is only recognised as revenue in the income statement when the Group and Company settles the full obligation in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

y Pensions

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss as the related service is received from the employee.

z Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

aa Profit from operating activities

Operating profit is stated before charging or crediting investment income and finance costs.

bb Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

cc New standards adoption and amendments to IFRS

The following new standards approved by the IASB have been applied in preparing these financial statements:

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 Financial Instruments during the period, which has replaced IAS 39 and consists of the following key areas which represent changes from that of IAS 39:

— Revised requirements for the classification and measurement of financial assets and consequential changes in the classification and measurement of financial liabilities, mainly relating to the recognition of changes in fair value due to changes in own credit risk on fair value designated financial liabilities in other comprehensive income ("OCI") as opposed to the income statement.

— An expected credit loss ("ECL") impairment model.

— Revised requirements and simplifications for hedge accounting.

The Group and Company has made the accounting policy choice allowed under IFRS 9 to continue to apply the hedge accounting requirements of IAS 39, but has implemented IFRS 9's revised hedge accounting disclosures in the current period. The Group and Company's date of adoption of the IFRS 9 revised hedge accounting requirements will be based on further IFRS developments with respect to the IASB's macro hedge accounting project or on the Group and Company deeming it opportune to adopt the revised requirements.

Please see note 29, which sets out the transition from the original measurement categories in accordance with IAS39 and the new measurement under IFRS 9 for the Group's financial assets and financial liabilities. The adoption of IFRS 9 was not significant to the financial statements of the Group and Company.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 15 Revenue from Contracts with Customers

The Group has also adopted IFRS 15 Revenue from Contracts with Customers during the period, which has replaced previous revenue standards and their related interpretations. The standard sets out the requirements for recognising revenue that applies to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts or financial instruments).

The core principle of the standard is that revenue recognised reflects the consideration to which the company expects to be entitled in exchange for the transfer of promised goods or services to the customer. The standard incorporates a five step analysis to determine the amount and timing of revenue recognition.

The standard does not apply to revenue associated with leases and therefore does not impact the majority of the Group and Company's revenue. The adoption of IFRS 15 was not significant to the financial statements of the Group and Company.

The following new standards approved by the IASB will be relevant to the Group and Company, but were not effective at 31 March 2019, and have not been applied in preparing these financial statements:

IFRS 16 Leases

This standard will replace the IAS 17 as well as the related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, being the lessee (customer) and the lessor (supplier).

The core principle of this standard is that the lessee and lessor should recognise all rights and obligations arising from leasing arrangements on balance sheet.

The most significant change pertaining to the accounting treatment for operating leases is from the lessees' perspective. IFRS 16 eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and introduces a single lessee accounting model, where a right of use ("ROU") asset together with a liability for the future payments is to be recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The lessor accounting requirements in IAS 17 have not changed substantially in terms of this standard. A lessor hence continues to classify its leases as operating leases or finance leases and accounts for these as it currently done in terms of IAS 17. In addition, the standard requires lessors to provide enhanced disclosures about its leasing activities and, in particular, about its exposure to residual value risk and how it is managed.

The Group has elected to apply IFRS 16 retrospectively without restating comparative periods, which will continue to be presented in terms of IAS 17, with a transition adjustment as at 1 April 2019. The single lessee accounting model which comprises IFRS 16's most material impact for the Group is expected to result in an increase of approximately $9.0 million in total assets, $10.5 million in total liabilities and a decrease in reserves of approximately $1.5 million.

Other standards, amendments to standards and interpretations

— IFRIC 23 Uncertainty over Tax Treatments
— Amendments to IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9)
— Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards
— Amendments to References to Conceptual Framework in IFRS Standards (effective from 1 January 2020)

These are all effective for annual periods beginning on or after 1 January 2019 (unless otherwise noted). The Group and Company have taken the decision not to adopt these standards early. The extent of the impact for future accounting periods is still under review by the Group and Company. The impact of these standards is not expected to be material.

Notes to the Consolidated Financial Statements
(continued)

2 REVENUE

	Year ended 31 March 2019 US $'000	Year ended 31 March 2018 US $'000
Operating lease revenue		
Rentals receivable	1,037,604	958,420
Lease incentive amortisation (note 17)	(17,148)	(24,392)
Maintenance income	22,769	37,881
Lessee betterment provision	-	(9,287)
Lease revenue	1,043,225	962,622
Fee income		
Aircraft management fees	14,449	12,830
Other revenue	14,449	12,830
	1,057,674	975,452

Rentals receivable for the period are reported net of a provision for deferred rentals of $2,011,000 (year ended 31 March 2018: $4,022,000. Total rentals receivables recognised as deferred rentals as at 31 March 2019 are $9,050,000 (31 March 2018: $7,039,000).

Included in operating lease revenue above are the following amounts:		
Contingent rentals	56,316	21,665

The contingent element relates to lease rentals that are variable based on market interest rates. The rates can be in the favour of the lessee or the Group depending on the contract and prevailing market rates.

Total revenue distribution by geographical region:	Year ended 31 March 2019 US $'000	Year ended 31 March 2019 %	Year ended 31 March 2018 US $'000	Year ended 31 March 2018 %
Developed Europe	194,033	18.7	200,309	20.9
Emerging Europe	93,384	9.0	114,052	11.9
South America	204,408	19.7	201,268	21.0
Emerging Asia	330,996	31.9	256,857	26.8
Asia	101,685	9.8	77,632	8.1
North America	69,519	6.7	65,173	6.8
Middle East & Africa	43,579	4.2	43,129	4.5
	1,037,604	100.0	958,420	100.0

3 OTHER OPERATING INCOME

	Year ended 31 March 2019 US $'000	Year ended 31 March 2018 US $'000
Profit on disposal of property, plant and equipment	29,227	41,275
Other operating income	20,158	16,220
	49,385	57,495

4 OTHER OPERATING EXPENSES

	Year ended 31 March 2019 US $'000	Year ended 31 March 2018 US $'000
Administration expenses	(114,392)	(108,161)
Amortisation of computer software intangible assets	(2,493)	(4,001)
	(116,885)	(112,162)

5 PROFIT FROM OPERATING ACTIVITIES

	Year ended 31 March 2019 US $'000	Year ended 31 March 2018 US $'000
Operating profit has been arrived at after charging:		
Depreciation	309,936	296,099
Impairment of assets	34,426	29,044
Credit impairment charge on trade debtors	3,957	-
Fees and commissions	16	16
Group service fee	20,288	21,441
Auditors remuneration	1,109	1,186
Rent on property	2,692	2,107
Staff costs (note 6)	80,226	76,610
Other operating expenses	32,842	32,243
Foreign exchange (gain) / loss	(614)	794
Auditors remuneration:		
Audit of the Group financial statements	378	328
Audit of the Subsidiary financial statements	68	98
Other assurance services	161	141
Other non-audit services	-	-
Tax advisory services	502	619
	1,109	1,186
Of which related to the Company	1,040	1,077

Notes to the Consolidated Financial Statements (continued)

6 STAFF COSTS

	Year ended 31 March 2019 US $'000	Year ended 31 March 2018 US $'000
Staff costs	71,421	67,571
Social security costs	5,544	5,834
Other pension costs	3,261	3,205
	80,226	76,610

No staff costs were capitalised during the year (year ended 31 March 2018: $nil). The average number of people in the organisation during the financial year was 188 (2018: 173), consisting of both direct employees and representatives, of which 44 staff members were dedicated to commercial & strategy functions (2018: 37), 72 to operational (2018: 71) and the remainder to finance, compliance and other support functions.

7 FINANCE COSTS

	Year ended 31 March 2019 US $'000	Year ended 31 March 2018 US $'000
Finance income:		
Interest income on swaps	85,925	35,742
Interest income on deposits	3,251	370
Total interest income	89,176	36,112
Finance costs:		
Interest payable on swaps	(91,784)	(42,098)
Interest payable on borrowings	(321,911)	(262,136)
Interest payable on security deposits	(14)	(255)
Less: Interest capitalised to the cost of aircraft (see note 21)	48,585	23,019
Bank charges, guarantee & other fees on borrowings	(27,293)	(25,664)
Total interest payable and related charges	(392,417)	(307,134)
Net interest payable	(303,241)	(271,022)
Break costs related to derivatives and liability management	2,249	(5,295)
Net trading income:		
Fair value movement on interest rate swaps in qualifying hedging relationships	10,256	(5,682)
Fair value movement on fixed rate borrowings issued in qualifying hedging relationships	(10,606)	5,704
Net income from financial instruments at fair value (note 21)	(350)	22

The portion of the net income from financial instruments carried at fair value relating to the ineffective portion of the fair value hedges at 31 March 2019 is a loss of $350,000 (year ended 31 March 2018: gain of $22,000).

8 TAXATION

	Year ended 31 March 2019 US $'000	Year ended 31 March 2018 US $'000
A ANALYSIS OF TAX CHARGE FOR THE YEAR		
Current tax charge:		
- Current year	12,310	23,459
Deferred tax - origination and reversal of temporary differences:		
- Current year	35,460	20,211
Tax charge	47,770	43,670
B FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR		
Profit before tax subject to tax at 12.5% (2018: 12.5%)	335,260	298,156
Profit before tax subject to tax at 28% (2018: 33.33%)	52	14
Profit before tax subject to tax at 25% (2018: 25%)	8,930	21,177
Profit before tax subject to tax at 16.5% (2018: 16.5%)	228	-
	344,470	319,347
Tax on profit at the rate of 12.5% (2018: 12.5%)	41,908	37,270
Tax on profit at the rate of 28% (2018: 33.33%)	15	5
Tax on profit at the rate of 25% (2018: 25%)	2,233	5,294
Tax on profit at the rate of 16.5% (2018: 16.5%)	38	-
Other differences	503	688
Adjustment to assessed loss brought forward	2,805	-
Permanent difference - non-taxable income	(186)	(88)
Permanent difference - disallowed expenses	454	501
Tax charge	47,770	43,670

Notes to the Consolidated Financial Statements
(continued)

9 PROPERTY, PLANT AND EQUIPMENT

	Group Aircraft for hire under operating leases US $'000	Group Pre-Delivery Payments US $'000	Group Office equipment and fixtures & fittings US $'000	Group Total US $'000
COST				
At 1 April 2017	11,093,138	463,380	10,892	11,567,410
Additions	1,200,771	835,525	310	2,036,606
Transfers	170,710	(170,710)	-	-
Disposals	(2,172,162)	-	(342)	(2,172,504)
Transfer to assets held for sale (see note 18)	(288,238)	-	-	(288,238)
At 31 March 2018	10,004,219	1,128,195	10,860	11,143,274
Additions	2,035,808	827,000	673	2,863,481
Transfers	281,106	(281,106)	-	-
Disposals	(883,366)	-	-	(883,366)
Transfer to assets held for sale (see note 18)	(155,393)	-	-	(155,393)
At 31 March 2019	11,282,374	1,674,089	11,533	12,967,996
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 April 2017	1,420,904	-	4,723	1,425,627
Charge for the year	294,010	-	2,089	296,099
Impairment charge for the year	29,044	-	-	29,044
Disposals	(587,126)	-	(342)	(587,468)
Transfer to assets held for sale (see note 18)	(94,448)	-	-	(94,448)
At 31 March 2018	1,062,384	-	6,470	1,068,854
Charge for the year	307,783	-	2,153	309,936
Impairment charge for the year	34,426	-	-	34,426
Disposals	(140,435)	-	-	(140,435)
Transfer to assets held for sale (see note 18)	(52,167)	-	-	(52,167)
At 31 March 2019	1,211,991	-	8,623	1,220,614
CARRYING AMOUNT				
Net Book Value at 31 March 2019	10,070,383	1,674,089	2,910	11,747,382
Net Book Value at 31 March 2018	8,941,835	1,128,195	4,390	10,074,420

During the year, assets in the Group with a carrying value of $608,421,000 (year ended 31 March 2018: $571,820,000) and average age of 8.9 years (year ended 31 March 2018: 9.1 years) were subject to impairment partly due to a deterioration in the inherent value of these aircraft and an assessment of the value of the leases attached to them, when assessed at a discount rate of 6% (year ended 31 March 2018: range of 5%-6%) depending on the nature of the cash flows assessed, as well as anticipated losses on disposal of specific aircraft at year-end.

The carrying amount before impairment of $642,847,000 (year ended 31 March 2018: $600,864,000) of aircraft was determined to be higher than the value in use of $608,421,000 (year ended 31 March 2018: $571,820,000) and an impairment loss of $34,426,000 (year ended 31 March 2018: $29,044,000) was recognised during the year.

Value in use includes cash flow projections of contracted and estimated lease rentals in line with market participant expectations. Residual values are projected based on management's view of expected return conditions of the aircraft which is based on current or expected lease redelivery conditions.

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Company Aircraft for hire under operating leases US $'000	Company Pre-Delivery Payments US $'000	Company Office equipment and fixtures & fittings US $'000	Company Total US $'000
COST				
At 1 April 2017	10,798,429	269,609	10,562	11,078,600
Additions	1,584,932	784,222	308	2,369,462
Transfers	8,681	(8,681)	-	-
Disposals	(2,116,947)	-	(20)	(2,116,967)
Transfer to assets held for sale (see note 18)	(288,238)	-	-	(288,238)
At 31 March 2018	9,986,857	1,045,150	10,850	11,042,857
Additions	2,199,207	753,740	666	2,953,613
Transfers	197,758	(197,758)	-	-
Disposals	(946,055)	-	-	(946,055)
Transfer to assets held for sale (see note 18)	(155,393)	-	-	(155,393)
At 31 March 2019	11,282,374	1,601,132	11,516	12,895,022
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 April 2017	1,492,061	-	4,400	1,496,461
Charge for the year	280,343	-	2,083	282,426
Impairment charge for the year	29,044	-	-	29,044
Disposals	(555,121)	-	(20)	(555,141)
Transfer to assets held for sale (see note 18)	(94,448)	-	-	(94,448)
At 31 March 2018	1,151,879	-	6,463	1,158,342
Charge for the year	297,788	-	2,151	299,939
Impairment charge for the year	34,426	-	-	34,426
Disposals	(219,933)	-	-	(219,933)
Transfer to assets held for sale (see note 18)	(52,167)	-	-	(52,167)
At 31 March 2019	1,211,993	-	8,614	1,220,607
CARRYING AMOUNT				
Net Book Value at 31 March 2019	10,070,381	1,601,132	2,902	11,674,415
Net Book Value at 31 March 2018	8,834,978	1,045,150	4,387	9,884,515

The value of maintenance intangible assets included in above is $3,861,000 (31 March 2018: $nil). The maintenance intangible assets arose from the purchase of second hand aircraft during the period and are accounted for in accordance with our policy as set out in note 1(k). The carrying amount of assets included in Group and Company above subject to obligations under finance leases is $112,050,000 (31 March 2018: $598,437,000; note 20).

On 31 March 2019, the Group classified qualifying assets with a carrying value of $127,101,000 as assets held for sale as they met the relevant criteria (see note 18).

Notes to the Consolidated Financial Statements
(continued)

10 GOODWILL AND INTANGIBLE ASSETS

	Group Intangible Goodwill US $'000	Group Intangible assets US $'000	Group Total US $'000	Company Intangible assets US $'000
COST				
At 1 April 2017	2,076	26,027	28,103	13,444
Disposals	(2,076)	(9,244)	(11,320)	-
At 31 March 2018	-	16,783	16,783	13,444
Additions	-	166	166	166
Disposals	-	(506)	(506)	-
At 31 March 2019	-	16,443	16,443	13,610
AMORTISATION, IMPAIRMENT AND OTHER ADJUSTMENTS				
At 1 April 2017	298	15,247	15,545	6,750
Amortisation for the year	-	4,001	4,001	2,443
Disposals	(298)	(6,774)	(7,072)	-
At 31 March 2018	-	12,474	12,474	9,193
Amortisation for the year	-	2,493	2,493	2,435
Disposals	-	(506)	(506)	-
At 31 March 2019	-	14,461	14,461	11,628
TOTAL GOODWILL AND INTANGIBLE ASSETS				
At 31 March 2019	-	1,982	1,982	1,982
At 31 March 2018	-	4,309	4,309	4,251

Amortisation of intangible assets is included in Operating expenses in the statement of comprehensive income.

Amortisation of intangible assets is accelerated upon disposal of the aircraft to which the lease intangible relates. This accelerated amortisation is recognised as part of the profit or loss on disposal as part of operating income (note 3).

As at 31 March 2019, intangible assets consist of computer software intangible assets with a remaining amortisable life of less than three years.

11 INVESTMENT IN SUBSIDIARIES - COMPANY

	31 March 2019 US $'000	31 March 2018 US $'000
At cost	15,509	210,622

The principal trading subsidiary undertakings, the capital of which consists of ordinary shares, are shown below. All share capital is wholly owned.

Owned by the Company:	Nature of business:	Country of incorporation:
SMBC Aviation Capital Ireland Leasing 3 Limited (1)	Leasing	Ireland
SMBC Aviation Capital Finance Designated Activity Company (1)	Debt issuance	Ireland
SMBC Aviation Capital Netherlands B.V. (2)	Leasing	Netherlands
SMBC Aviation Capital Paris Leasing 2 SARL (3)	Leasing	France
SMBC Aviation Capital GAL Holdings Limited (4)	Intermediate leasing company	Bermuda
SMBC Aviation Capital Hong Kong Limited (5)	Leasing	China

A new subsidiary, SMBC Aviation Capital Hong Kong Limited, was incorporated on 30 May 2018, while two subsidiaries, SMBC Aviation Capital Aircraft Holdings B.V. and SMBC Aviation Capital Ireland Leasing 4 Limited, were liquidated during the year.

Interest in structured entities:		
Valderrama Aviation Limited (6)	PDP financing company	Cayman Islands

Valderrama Aviation Limited is a PDP financing company, which was set up during the year for the purpose of financing three aircraft from Boeing set to deliver on various dates during 2019 and 2021. The aircraft deliveries for which Soller Aviation Limited, a PDP financing company ("structured entity") in which the Group had an interest as at 31 March 2018, was set up for, occurred during the year. This extinguished the PDP financing previously in place, following which the Group was no longer exposed to variation of returns in respect of the structured entity and accordingly the entity is not consolidated by the Group as at 31 March 2019.

Registered addresses of entities above, denoted by reference attached to each entity name:
1) IFSC House, IFSC, Dublin 1, Ireland
2) Strawinskylaan 907, 1077 XX Amsterdam, The Netherlands
3) 52, rue de la Victoire, 75009 Paris, France
4) Canon's Court, 22 Victoria St, Hamilton HM 12, Bermuda
5) Unit 4307-09, Level 43, Champion Tower, 3 Garden Road, Central, Hong Kong
6) Walkers Fiduciary Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands

Movements during the year:	US $'000
At 1 April 2017	212,922
Addition during the year	0
Impairment in value during the year	(2,300)
Subsidiaries dissolved during the year	(0)
At 31 March 2018	210,622
Addition during the year	0
Impairment in value during the year	(2,227)
Subsidiaries liquidated during the year	(192,886)
At 31 March 2019	15,509

During the year, the Company received a distribution of $2.4m (2018: $11.8m) from a subsidiary company, recognised in other income, and consequently recognised a part-reduction in value of the investment in this subsidiary of $2.2m (2018: $2.3m).

Notes to the Consolidated Financial Statements (continued)

12 FINANCIAL INSTRUMENTS

The carrying value and fair value of the Group's financial assets and liabilities by class and category are summarised below:

31 March 2019	Group Carrying Value US $'000	Group Fair Value US $'000	Company Carrying Value US $'000	Company Fair Value US $'000
Financial assets at fair value through profit or loss				
Derivative financial instruments	10,048	10,048	10,048	10,048
Financial assets measured at amortised cost				
Trade and other receivables	95,898	95,898	169,551	169,551
Cash and cash equivalents	525,510	525,510	525,288	525,288
Financial assets	631,456	631,456	704,887	704,887
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	149,906	149,906	149,906	149,906
Borrowings (held for qualifying hedging relationships)	484,336	484,336	484,336	484,336
Financial liabilities measured at amortised cost:				
Obligations under finance leases	35,981	37,620	35,981	37,620
Trade and other payables	978,205	978,205	985,865	985,865
Borrowings	7,346,731	7,984,177	7,396,718	8,035,797
Subordinated liabilities	300,000	304,878	300,000	304,878
Financial liabilities	9,295,159	9,939,122	9,352,806	9,998,402

31 March 2018	Group Carrying Value US $'000	Group Fair Value US $'000	Company Carrying Value US $'000	Company Fair Value US $'000
Financial assets at fair value through profit or loss				
Derivative financial instruments	27,267	27,267	27,267	27,267
Financial assets measured at amortised cost				
Trade and other receivables	64,113	64,113	127,303	127,303
Cash and cash equivalents	254,212	254,212	215,002	215,002
Financial assets	345,592	345,592	369,572	369,572
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	25,131	25,131	25,131	25,131
Borrowings (held for qualifying hedging relationships)	472,887	472,887	472,887	472,887
Financial liabilities measured at amortised cost:				
Obligations under finance leases	197,567	207,139	197,567	207,139
Trade and other payables	854,755	854,755	814,656	814,656
Borrowings	6,759,986	7,313,230	6,921,730	7,474,738
Financial liabilities	8,310,326	8,873,142	8,431,971	8,994,551

12 FINANCIAL INSTRUMENTS (CONTINUED)

The Group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The levels have been defined as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3	Unobservable inputs for the asset or liability

The valuation techniques and significant inputs used in determining the fair values for financial assets and liabilities classified as Level 2 are as follows:

The financial instruments at fair value through profit or loss, being the assets and liabilities shown as above, all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

Cash and cash equivalents - The fair value of cash and cash equivalents is considered to be approximately equal to their carrying amount as the components are highly liquid.

Obligations under finance leases, Borrowings and Subordinated liabilities fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

The remaining financial assets and liabilities measured at amortised cost all fall within Level 2. Fair values are estimated on the basis that the carrying value has been determined to be a good approximation of fair value.

Notes to the Consolidated Financial Statements
(continued)

13 DERIVATIVES AT FAIR VALUE

All derivatives held at the reporting date are with Sumitomo Mitsui Banking Corporation Capital Markets Inc., and are in US Dollars only. All derivatives entered into are for hedging purposes and are carried at fair value. Those derivatives that do not meet IAS39 hedge accounting criteria are held for economic hedging purposes. The value of derivatives designated as cash flow hedge relationships is $126,188,000 (2018: $26,061,000). The value of derivatives designated as fair value hedge relationships is $13,670,000 (2018: $23,925,000). The total amount of the change in fair value estimated in the profit or loss during the period was $nil (2018: $nil) in respect of certain ineffective cashflow hedges and a $350,000 loss (2018: $22,000 gain) in respect of certain ineffective fair values hedges.

As at 31 March 2019	Group Notional Contract US $'000	Group Fair values Assets US $'000	Group Fair values Liabilities US $'000	Company Notional Contract US $'000	Company Fair values Assets US $'000	Company Fair values Liabilities US $'000
Derivatives designated as hedging instruments in fair value hedges						
Interest rate swaps	500,000	-	(13,670)	500,000	-	(13,670)
Derivatives designated as hedging instruments in cash flow hedges						
Interest rate swaps	3,815,823	10,048	(136,236)	3,815,823	10,048	(136,236)
	4,315,823	10,048	(149,906)	4,315,823	10,048	(149,906)
Total	4,315,823	10,048	(149,906)	4,315,823	10,048	(149,906)
As at 31 March 2018						
Derivatives designated as hedging instruments in fair value hedges						
Interest rate swaps	500,000	-	(23,925)	500,000	-	(23,925)
Derivatives designated as hedging instruments in cash flow hedges						
Interest rate swaps	1,027,937	27,267	(1,206)	1,027,937	27,267	(1,206)
	1,527,937	27,267	(25,131)	1,527,937	27,267	(25,131)
Total	1,527,937	27,267	(25,131)	1,527,937	27,267	(25,131)

Summary	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Assets due within one year	390	244	390	244
Assets due after one year	9,658	27,023	9,658	27,023
Liabilities due within one year	-	-	-	-
Liabilities due after one year	(149,906)	(25,131)	(149,906)	(25,131)
Total	(139,858)	2,136	(139,858)	2,136

14 HEDGE ACCOUNTING

The Group and Company uses interest rate swaps to hedge the interest rate risks arising from receipt of variable interest receivables on leases.

The fair values of derivatives designated as cash flow hedges are as follows:

Group

As at 31 March 2019	Notional contract amount US $'000	Fair values Assets US $'000	Fair values Liabilities US $'000
Derivatives designated as hedging instruments in cash flow hedges			
Interest rate swaps	3,815,823	10,048	(136,236)
	3,815,823	10,048	(136,236)

As at 31 March 2018			
Derivatives designated as hedging instruments in cash flow hedges			
Interest rate swaps	1,027,937	27,267	(1,206)
	1,027,937	27,267	(1,206)

The time periods in which the hedge cash flows are expected to occur and affect the financial statement of comprehensive income are as follows:

31 March 2019	Less than 1 year US $'000	In the 2nd year US $'000	3 to 5 years US $'000	Over 5 years US $'000
Cash inflows	116,053	132,326	401,749	693,403
Cash outflows	(126,050)	(152,389)	(466,041)	(736,864)

During the financial year ended 31 March 2019, $152,558,000 (2018: $14,935,000) was recognised in the Statement of Other Comprehensive Income relating to the effective portion of cash flow hedges. There was no amount recognised as hedge ineffectiveness in the Statement of Other Comprehensive Income (2018: $nil).

Company

As at 31 March 2019	Notional contract amount US $'000	Fair values Assets US $'000	Fair values Liabilities US $'000
Derivatives designated as hedging instruments in cash flow hedges			
Interest rate swaps	3,815,823	10,048	(136,236)
	3,815,823	10,048	(136,236)

Notes to the Consolidated Financial Statements
(continued)

14 HEDGE ACCOUNTING (CONTINUED)

As at 31 March 2018	Notional contract amount US $'000	Fair values Assets US $'000	Liabilities US $'000
Derivatives designated as hedging instruments in cash flow hedges			
Interest rate swaps	1,027,937	27,267	(1,206)
	1,027,937	27,267	(1,206)

The time periods in which the hedge cash flows are expected to occur and affect the financial statement of comprehensive income are as follows:

31 March 2019	Less than 1 year US $'000	In the 2nd year US $'000	3 to 5 years US $'000	Over 5 years US $'000
Cash inflows	116,053	132,326	401,749	693,403
Cash outflows	(126,050)	(152,389)	(466,041)	(736,864)

During the financial year ended 31 March 2019, $152,558,000 (2018: $14,902,000) was recognised in the Statement of Other Comprehensive Income relating to the effective portion of cash flow hedge. There was no amount recognised as hedge ineffectiveness in the Statement of Profit or Loss and Other Comprehensive Income (2018: $nil).

Analysis of effective portion of changes in fair value of cash flow hedges	Group Year ended 31 March 2019 US $'000	Group Year ended 31 March 2018 US $'000	Company Year ended 31 March 2019 US $'000	Company Year ended 31 March 2018 US $'000
Derivatives in place for the full year	(7,592)	5,911	(7,592)	5,911
Derivatives matured during the year	(15,248)	4,026	(14,023)	3,993
Derivatives entered into during the year	(130,942)	4,998	(130,942)	4,998
Effective portion of changes in fair value of cash flow hedges	(153,782)	14,935	(152,557)	14,902
Tax effect	19,070	(1,871)	19,070	(1,863)
	(134,712)	13,064	(133,487)	13,039

15 TRADE AND OTHER RECEIVABLES

	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Trade debtors - net	24,765	14,324	24,765	14,274
Amounts due from group undertakings	24,822	14,901	100,920	78,412
Prepayments	19,435	18,046	18,871	17,963
Other debtors	26,876	16,842	24,995	16,654
	95,898	64,113	169,551	127,303
Age analysis of net trade debtors				
Less than one month	12,038	7,524	12,038	7,474
One to two months	6,522	4,665	6,522	4,665
More than two months	6,205	2,135	6,205	2,135
	24,765	14,324	24,765	14,274

Amounts due from group companies in respect of the Company include balances receivable from structured entities which have been utilised as PDP finance vehicles (note 11).

The effect of initially applying IFRS 9 is described in note 29.

16 CASH AND CASH EQUIVALENTS

	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Bank account	3,980	16,736	3,886	16,311
Bank account with parent group undertakings	8,520	237,476	8,392	198,691
Short-term deposits with parent group undertakings	513,010	-	513,010	-
	525,510	254,212	525,288	215,002
Restricted cash	(157,000)	(14,209)	(157,000)	(14,209)
Cash and cash equivalents net of restricted cash	368,510	240,003	368,288	200,793

Included in the table above is restricted cash relating to customer security deposits and a collateral call account for derivatives.

Notes to the Consolidated Financial Statements (continued)

17 LEASE INCENTIVE ASSETS

	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Lease incentive assets	72,791	119,541	72,791	116,698
Amortised during the year	(17,148)	(24,392)	(17,148)	(23,605)
Additions of lease incentive assets	9,198	35,193	9,198	35,193
Release of lease incentive assets on disposal of aircraft	(6,707)	(46,833)	(6,707)	(44,777)
Transfer to assets held for sale	(7,169)	(10,718)	(7,169)	(10,718)
	50,965	72,791	50,965	72,791
Current lease incentive assets (amortising within 12 months)	10,376	14,112	10,376	14,112
Non-current lease incentive assets (amortising after 12 months)	40,589	58,679	40,589	58,679
	50,965	72,791	50,965	72,791

The lease incentive assets are amortised over the respective lease terms and recorded as a reduction of lease income (note 2).

18 ASSETS AND LIABILITIES HELD FOR SALE

The aircraft which met the criteria to be classified as assets held for sale and the associated liabilities were as follows:

	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Assets held for sale				
Property, plant and equipment - aircraft	127,101	193,790	127,101	193,790
Lease incentive assets	7,169	10,718	7,169	10,718
	134,270	204,508	134,270	204,508
Liabilities associated with assets held for sale				
Obligations under finance leases	-	16,351	-	16,351
Security deposits	675	3,115	675	3,115
Maintenance reserve	13,669	27,715	13,669	27,715
Lessor contributions	11,524	13,798	11,524	13,798
	25,868	60,979	25,868	60,979
	108,402	143,529	108,402	143,529

At 31 March 2019, the Group and Company classified 5 aircraft (31 March 2018: 7) as held-for-sale as the Group and Company had agreements for the sale of these aircraft which met the requirement to be classified as held-for-sale. The Group and Company will continue to recognise lease rental income on all aircraft in these portfolios, notwithstanding that the arrangements provide for the final selling price on completion of sale to be reduced by the same amount.

19 TRADE AND OTHER PAYABLES

	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Security deposits	123,080	80,689	123,080	80,421
Maintenance reserves	352,991	337,239	352,991	337,239
Lessor contributions	74,579	101,674	74,579	101,674
Prepaid lease rentals and fee income received	88,994	80,538	88,779	79,043
Trade creditors	9,743	19,472	9,503	19,053
Accrued interest - third party undertakings	47,900	25,524	28,762	19,482
Amounts due to parent group undertakings	130,371	49,878	158,930	40,894
Other creditors	124,679	115,113	123,373	92,222
	952,337	810,127	959,997	770,028
Analysed as:				
Non-current trade and other payables (payable after 12 months)	503,908	490,454	511,284	475,202
Current trade and other payables (payable within 12 months)	448,429	319,673	448,713	294,826
	952,337	810,127	959,997	770,028

Analysis of Group trade and other payables:

As at 31 March 2019	Due < 12 months US $'000	Due > 12 months US $'000	Total US $'000
Security deposits	2,670	120,410	123,080
Maintenance reserve	58,267	294,724	352,991
Lessor contributions	22,525	52,054	74,579
Prepaid lease rentals and fee income received	88,994	-	88,994
Trade creditors	9,743	-	9,743
Accrued interest - third party undertakings	47,900	-	47,900
Amounts due to parent group undertakings	118,619	11,752	130,371
Other creditors	99,711	24,968	124,679
	448,429	503,908	952,337

As at 31 March 2018	Due < 12 months US $'000	Due > 12 months US $'000	Total US $'000
Security deposits	2,005	78,684	80,689
Maintenance reserve	40,315	296,924	337,239
Lessor contributions	15,824	85,850	101,674
Prepaid lease rentals and fee income received	80,538	-	80,538
Trade creditors	19,472	-	19,472
Accrued interest - third party undertakings	25,524	-	25,524
Amounts due to parent group undertakings	34,622	15,256	49,878
Other creditors	101,373	13,740	115,113
	319,673	490,454	810,127

Security deposits fall due at the end of each respective lease, while maintenance reserves, lessor contributions and amounts due to parent group undertakings which relate to operating leases fall due during the remaining term of each respective lease based on the timing of expected maintenance events.

Amounts due to parent group undertakings include cash balances held at period-end on behalf of affiliate group companies in accordance with existing cash pooling agreements.

Notes to the Consolidated Financial Statements (continued)

20 OBLIGATIONS UNDER FINANCE LEASES

Amounts payable under finance leases	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Minimum lease payments:				
Within one year	15,333	57,560	15,333	57,560
In the second to fifth years inclusive	23,818	141,803	23,818	141,803
After five years	-	-	-	-
	39,151	199,363	39,151	199,363
Less: future finance charges	(3,170)	(18,147)	(3,170)	(18,147)
Present value of lease obligations	35,981	181,216	35,981	181,216
Present value of minimum lease payments:				
Within one year	13,596	48,880	13,596	48,880
In the second to fifth years inclusive	22,385	132,336	22,385	132,336
After five years	-	-	-	-
	35,981	181,216	35,981	181,216

Terms, conditions and analysis of Group obligations under finance leases:

As at 31 March 2019	Average interest rate %	Year of maturity	Due < 12 months US $'000	Due > 12 months US $'000	Total US $'000
Secured - due to third party undertakings					
Fixed rate obligations	4.83	2021	10,658	13,773	24,431
			10,658	13,773	24,431
Unsecured - due to parent group undertakings					
Fixed rate obligations	6.09	2022	2,938	8,612	11,550
			13,596	22,385	35,981

As at 31 March 2018	Average interest rate %	Year of maturity	Due < 12 months US $'000	Due > 12 months US $'000	Total US $'000
Secured - due to third party undertakings					
Fixed rate obligations	4.62	2021	46,052	120,786	166,838
			46,052	120,786	166,838
Unsecured - due to parent group undertakings					
Fixed rate obligations	6.09	2022	2,828	11,550	14,378
			48,880	132,336	181,216

21 BORROWINGS

	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Loan amounts due to third party undertakings	2,599,368	2,500,000	2,399,368	2,500,000
Loan amounts due to parent group undertakings	3,752,300	3,762,756	3,752,295	3,694,500
Loan amounts due to subsidiaries	-	-	1,729,391	1,200,117
Debt securities issued in qualifying hedging relationships	484,336	472,887	-	-
Other debt securities issued	995,063	497,230	-	-
	7,831,067	7,232,873	7,881,054	7,394,617
The borrowings are repayable as follows:				
On demand or within one year	661,364	394,509	711,363	573,198
In the second year	477,541	622,309	477,541	620,536
In the third to fifth year inclusive	3,498,161	2,812,026	3,498,153	2,796,853
After five years	3,194,001	3,404,029	3,193,997	3,404,030
	7,831,067	7,232,873	7,881,054	7,394,617
Less: Amounts due for settlement within 12 months	(661,364)	(394,509)	(711,363)	(573,198)
Amounts due for settlement after 12 months	7,169,703	6,838,364	7,169,691	6,821,419

On 19 July 2016, the Group closed the sale of $500 million of its 2.65% senior unsecured notes due 2021 through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, fully and unconditionally guaranteed by SMBC Aviation Capital Limited, and the hedged interest rate risk measured at fair value through profit or loss. These debt securities were designated into a qualifying hedge relationship at inception and the Group has determined that it expects the hedge to be highly effective over the life of the hedging instrument. The debt securities are fair valued through profit or loss with respect to the hedged interest rate. The net fair value hedge ineffectiveness charge of $350,000 (note 7; year ended 31 March 2018: gain of $22,000) recognised in the Statement of comprehensive income reflects a gain from hedging instruments related to debt securities of $10,256,000 (year ended 31 March 2018: charge of $5,682,000) and a charge from these hedged debt securities of $10,606,000 (year ended 31 March 2018: gain of $5,704,000).

The Group closed the sale of $500 million of its 3.00% senior unsecured notes due 2022 on 19 July 2017 and the sale of $500 million of its 4.125% senior unsecured notes due 2023 on 30 July 2018, through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, fully and unconditionally guaranteed by SMBC Aviation Capital Limited. These debt securities were not designated into a qualifying hedge relationship at inception.

All borrowings are unsecured, interest-bearing at market related interest rates determined by each facility's respective term, collateral and counterparty.

The amount of borrowing costs that were capitalised to the cost of aircraft in the period in the Group was $48,585,000 (year ended 31 March 2018: $23,019,000; note 9). The rate at which borrowing costs are capitalised is determined by the appropriate associated funding and is adjusted on an ongoing basis.

Notes to the Consolidated Financial Statements
(continued)

21 BORROWINGS (CONTINUED)

Reconciliation of cash and non-cash movements of Group borrowings:

	As at 1 April 2018	Cash flows in the period	Non-cash changes: Fair value changes	Non-cash changes: Amortisation of issuing costs	As at 31 March 2019
Floating rate borrowings					
Loan amounts due to third party undertakings	2,500,000	-	-	-	2,500,000
Loan amount due to parent group undertakings	1,072,828	575,066	-	-	1,647,894
	3,572,828	575,066	-	-	4,147,894
Fixed rate borrowings					
Loan amount due to parent group undertakings	2,689,928	(585,522)	-	-	2,104,406
Loan amounts due to third party undertakings	-	99,368	-	-	99,368
Debt securities issued in qualifying hedging relationships	472,887	-	10,605	844	484,336
Other debt securities issued	497,230	496,684	-	1,149	995,063
	7,232,873	585,596	10,605	1,993	7,831,067

Terms, conditions and analysis of Group borrowings before impact of derivatives:

As at 31 March 2019	Average interest rate %	Year of maturity	Due < 12 months US $'000	Due > 12 months US $'000	Total US $'000
Floating rate borrowings					
Loan amounts due to third party undertakings	3.74	2020-2027	300,000	2,200,000	2,500,000
Loan amount due to parent group undertakings	5.38	2023-2033	41,907	1,605,987	1,647,894
			341,907	3,805,987	4,147,894
Fixed rate borrowings					
Loan amount due to parent group undertakings	4.50	2019-2028	319,457	1,784,949	2,104,406
Loan amounts due to third party undertakings	3.97	2025	-	99,368	99,368
Debt securities issued in qualifying hedging relationships	2.65	2021	-	484,336	484,336
Other debt securities issued	3.56	2022-2023	-	995,063	995,063
			661,364	7,169,703	7,831,067
As at 31 March 2018					
Floating rate borrowings					
Loan amounts due to third party undertakings	2.72	2020-2027	200,000	2,300,000	2,500,000
Loan amount due to parent group undertakings	4.76	2023-2029	26,051	1,046,777	1,072,828
			226,051	3,346,777	3,572,828
Fixed rate borrowings					
Loan amount due to parent group undertakings	4.75	2018-2028	168,458	2,521,470	2,689,928
Debt securities issued in qualifying hedging relationships	2.65	2021	-	472,887	472,887
Other debt securities issued	3.00	2022	-	497,230	497,230
			394,509	6,838,364	7,232,873

22 FINANCIAL RISK MANAGEMENT

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group and Company's risk management framework. The Board of Directors, in conjunction with the Transportation Business Planning Department ("TBPD") on behalf of the Consortium, develops and monitors the Group and Company's risk management policies which are established to identify and analyse the risks faced by the Group and Company, which include:

a Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group and Company seek to minimise cash flow currency risk by ensuring its leases and associated financing are in the same currency, or entering into currency swaps or forwards over the life of the lease. Accounting volatility arises from fair value through profit or loss movements where these derivatives, entered into as an economic hedge, do not qualify for hedge accounting under IAS 39. The Group and Company have no currency swaps in place at year-end as the remaining contracts matured during the current year.

All financial instruments are in US dollars with the exception of the following: certain bank accounts held in Euro and Sterling as well as certain receivables and payables in Euro and Sterling. Information on the currency derivatives is provided in note 13.

The carrying amounts of other currency denominated monetary assets and liabilities are as follows:

	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Euro assets	13,936	4,388	13,637	3,938
Sterling assets	92	159	92	159
Japanese yen assets	713	553	713	553
Euro liabilities	(15,089)	(23,051)	(10,562)	(1,676)
Sterling liabilities	(68)	(13)	(68)	(13)
Japanese yen liabilities	(291)	(121)	(291)	(121)

At 31 March 2019, if the foreign currency, on the balances disclosed above, weakened/strengthened against the US dollar by 5% with all other variables held constant, the underlying post-tax profit for the Group for the year would have been $62,573 lower/higher, and for the Company would have been $273,945 lower/higher, mainly as a result of foreign exchange gains/losses on retranslation of Euro denominated cash balances, payables and other receivables.

Notes to the Consolidated Financial Statements
(continued)

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

b Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group and Company's policy is to seek to minimise cash flow interest rate risk when entering into leasing transactions by the use of appropriate matched funding, including the use of derivative financial instruments. Accounting volatility arises from fair value through profit or loss movements where these derivatives, entered into as an economic hedge, do not qualify for hedge accounting under IAS 39.

At the end of the reporting period the interest rate profile of the Group and Company's interest-bearing financial instruments was as follows:

Interest rate risk:	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Financial assets				
- variable rate	157,000	14,209	157,000	14,209
- fixed rate	356,010	-	356,010	-
- non-interest bearing	118,446	331,383	191,877	355,363
Total Financial Assets	631,456	345,592	704,887	369,572
Financial liabilities				
- variable rate	4,447,894	3,572,828	4,497,882	3,572,828
- fixed rate	3,719,154	3,857,612	3,719,153	4,019,356
- non-interest bearing	1,128,111	879,886	1,135,771	839,787
Total Financial Liabilities	9,295,159	8,310,326	9,352,806	8,431,971

The Group and Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. At 31 March 2019, if interest rates on financial assets or liabilities with variable interest rates shifted by 10bps, the underlying post-tax profit for the year would have been $1,736,000 lower/ higher; other components of equity would have been $24,060,000 lower/ higher as a result of a decrease/increase in the fair value of cash flow hedge reserves.

c Liquidity Risk

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Any maturity mismatch within the overall long-term structure of the Group and Company's assets and liabilities is managed to ensure that term asset commitments may be funded on an economic basis over their life. The short-term maturity structure of the Group and Company's liabilities and assets is managed on a daily basis to ensure that all cash flow obligations can be met as they arise.

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

c Liquidity Risk (continued)

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Group Carrying value 31 March 2019 US $'000	Group Contracted cashflows 31 March 2019 US $'000	Group Carrying value 31 March 2018 US $'000	Group Contracted cashflows 31 March 2018 US $'000
Liabilities associated with assets held for sale	25,868	25,868	60,979	61,647
Trade and other payables	952,337	952,337	810,127	810,127
Obligations under finance leases	35,981	39,151	181,216	198,695
Borrowings	7,831,067	9,487,821	7,232,873	8,937,947
Subordinated liabilities	300,000	622,502	-	-
Interest rate swaps	149,906	1,481,344	25,131	279,854
	9,295,159	12,609,023	8,310,326	10,288,270

31 March 2019	Group Less than 1 year US $'000	Group 1 to 2 years years US $'000	Group 3 to 5 years US $'000	Group Over 5 years US $'000
Non-derivative financial instruments				
Liabilities associated with assets held for sale	(25,868)	-	-	-
Trade and other payables	(448,429)	(36,668)	(224,133)	(243,107)
Obligations under finance leases	(15,333)	(16,209)	(7,609)	-
Borrowings	(967,538)	(750,841)	(4,091,512)	(3,677,930)
Subordinated liabilities	(20,645)	(19,406)	(56,699)	(525,752)
Total non-derivative financial instruments outflows	(1,477,813)	(823,124)	(4,379,953)	(4,446,789)
Derivative financial instruments (gross)				
Interest Rate Swaps				
Net Settled - inflow	-	-	-	-
Net Settled - outflow	(9,997)	(20,063)	(64,292)	(43,461)
Total Outflows	(1,487,810)	(843,187)	(4,444,245)	(4,490,250)

31 March 2018	Group Less than 1 year US $'000	Group 1 to 2 years years US $'000	Group 3 to 5 years US $'000	Group Over 5 years US $'000
Non-derivative financial instruments				
Liabilities associated with assets held for sale	(61,647)	-	-	-
Trade and other payables	(319,673)	(72,720)	(218,208)	(199,526)
Obligations under finance leases	(56,892)	(57,082)	(84,721)	-
Borrowings	(657,421)	(892,367)	(3,465,609)	(3,922,550)
Total non-derivative financial instruments outflows	(1,095,633)	(1,022,169)	(3,768,538)	(4,122,076)
Derivative financial instruments (gross)				
Interest Rate Swaps				
Net Settled - inflow	-	-	-	10,581
Net Settled - outflow	(3,940)	(2,736)	(1,522)	-
Total Outflows	(1,099,573)	(1,024,905)	(3,770,060)	(4,111,495)

It is not expected that the cash flows in the maturity analysis could occur significantly earlier than shown above.

Notes to the Consolidated Financial Statements (continued)

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

c Liquidity Risk (continued)

	Company Carrying value 31 March 2019 US $'000	Company Contracted cashflows 31 March 2019 US $'000	Company Carrying value 31 March 2018 US $'000	Company Contracted cashflows 31 March 2018 US $'000
Liabilities associated with assets held for sale	25,868	25,868	60,979	61,647
Trade and other payables	959,997	959,997	770,028	770,028
Obligations under finance leases	35,981	39,151	181,216	198,695
Borrowings	7,881,054	9,537,808	7,394,617	9,096,483
Subordinated liabilities	300,000	622,502	-	-
Interest rate swaps	149,906	1,481,344	25,131	279,854
	9,352,806	12,666,670	8,431,971	10,406,707

31 March 2019	Company Less than 1 year US $'000	Company 1 to 2 years years US $'000	Company 3 to 5 years US $'000	Company Over 5 years US $'000
Non-derivative Financial Instruments				
Liabilities associated with assets held for sale	(25,868)	-	-	-
Trade and other payables	(448,713)	(36,668)	(224,133)	(250,483)
Obligations under finance leases	(15,333)	(16,209)	(7,609)	-
Borrowings	(1,017,525)	(750,841)	(4,091,512)	(3,677,930)
Subordinated liabilities	(20,645)	(19,406)	(56,699)	(525,752)
Total Non-derivative Financial Instruments Outflows	(1,528,084)	(823,124)	(4,379,953)	(4,454,165)
Derivative Financial Instruments (gross)				
Interest Rate Swaps				
Net Settled - inflow	-	-	-	-
Net Settled - outflow	(9,997)	(20,063)	(64,292)	(43,461)
Total Outflows	(1,538,081)	(843,187)	(4,444,245)	(4,497,626)

c Liquidity Risk (continued)

31 March 2018	Company Less than 1 year US $'000	Company 1 to 2 years years US $'000	Company 3 to 5 years US $'000	Company Over 5 years US $'000
Non-derivative Financial Instruments				
Liabilities associated with assets held for sale	(61,647)	-	-	-
Trade and other payables	(294,826)	(72,720)	(218,208)	(184,273)
Obligations under finance leases	(56,892)	(57,082)	(84,721)	-
Borrowings	(834,392)	(889,803)	(3,449,738)	(3,922,550)
Total Non-derivative Financial Instruments Outflows	(1,247,757)	(1,019,605)	(3,752,667)	(4,106,823)
Derivative Financial Instruments (gross)				
Interest Rate Swaps				
Net Settled - inflow	-	-	-	10,581
Net Settled - outflow	(3,940)	(2,736)	(1,522)	-
Total Outflows	(1,251,697)	(1,022,341)	(3,754,189)	(4,096,242)

It is not expected that the cash flows in the maturity analysis could occur significantly earlier than shown above.

d Credit Risk

Credit risk is the risk arising from the possibility that the Group and Company will incur losses from the failure of counterparties to meet their obligations. Credit risk is managed with oversight from the Aircraft Credit Department ("ACCD") to enable the Group and Company to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved risk appetite on a portfolio basis. The key principles of credit risk management set out in the Framework include:

— Approval of credit exposure must be granted prior to any advance or extension of credit.

— An appropriate credit risk assessment of the customer and related credit facilities must be undertaken prior to approval of credit exposure. This must include an assessment of, amongst others, the purpose of the credit and sources of repayment, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.

— Credit risk authority must be specifically granted in writing to all individuals involved in the granting of credit approval, whether this is exercised personally or collectively as part of a credit committee. These individuals must act independently and with balanced commercial judgement in exercising credit authority.

— Where credit authority is exercised personally, the individual must not have any responsibility or accountability for business revenue origination.

— All credit exposures, once approved, must be effectively monitored and managed and reviewed periodically against approved guidelines. Review occurs at least annually, with lower quality exposures being subject to a greater frequency of analysis and assessment.

— Customers with emerging credit problems must be identified early and classified accordingly. Remedial actions must be implemented promptly to minimise the potential loss to the Company and consideration given whether to transfer customers with credit problems to a specialised problem management or recovery unit.

— Portfolio analysis and reporting must be used to identify and manage credit risk concentrations and credit risk quality.

The Group's principal financial assets that are subject to the expected credit loss ("ECL") model are trade and other receivables ($76 million of which $29 million relate to lease receivables) resulting from its leasing activities and cash and cash equivalents (bank accounts totalling $526 million; including $522 million with group companies). The Group applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables and has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Letters of credit and security deposits held are considered an integral part of trade receivables and considered in the calculation of impairment.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, but the credit risk is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. On initial application of IFRS 9, the Group did not recognise an impairment allowance as the potential allowance was deemed to be immaterial.

At 31 March 2019, the Group's significant cash and deposit counterparties were:

	US $'000
SMBC (credit rating A (S&P))	521,530
Citibank (Credit rating A+ (S&P))	3,980
	525,510

The Group's leasing arrangements require lessees to pay rentals in advance and to provide security deposits and in many cases maintenance reserves. However, an early termination of a lease due to a credit event may expose the Group to consequential economic loss due to lower rentals being available from replacement lessees and also possible costs associated with repossession, repair and maintenance and transitioning of the aircraft to a new lessee. Credit risk with respect to trade receivables relating to lessees is generally mitigated due to the number of lessees and their dispersal across different geographical areas. At the financial year end March 2019, the Group was exposed to trade debtors of $28.7 million (2018: $14.3 million) and held a provision for expected credit losses against these for $3.96 million (2018: $nil). A number of leases were restructured during the year ended 31 March 2017, which resulted in a provision for deferred rentals at 31 March 2019 of $9.05 million (2018: $7.04 million). At 31 March 2019 the Group held letters of credit of $488.7 million (2018: $403.0 million).

Notes to the Consolidated Financial Statements
(continued)

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

d Credit Risk (continued)

The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables and gross of collateral held. The table below provides an analysis of exposure to credit risk and ECLs for trade receivables as at 31 March 2019:

	Group & Company		
31 March 2019	**ECL provision %**	**Gross carrying amount US $'000**	**Impairment loss US $'000**
Category 1	0.0%	1,936	-
Category 2	0.1%	4,230	-
Category 3	2.0%	1,299	-
Category 4	33% - 100%	21,257	3,957
		28,722	3,957

The table below provides an analysis of the age of financial assets that are past due at the end of the reporting period but not impaired and an analysis of financial assets that are individually determined to be impaired as at 31 March 2018:

	Group Less than one month US $'000	**Group One to two months US $'000**	**Group More than two months US $'000**	**Company Less than one month US $'000**	**Company One to two months US $'000**	**Company More than two months US $'000**
31 March 2018						
Amounts past due but not impaired						
Lease receivables	7,524	4,665	2,135	7,474	4,665	2,135
Amounts deemed to be Impaired						
Lease receivables	-	-	-	-	-	-

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality.

Impairment Losses	**Group US $'000**	**Company US $'000**
The movement in the provision for expected credit losses in respect of lease receivables is as follows:		
Balance at 1 April 2017	-	-
Provision for bad debts	-	-
Balance at 31 March 2018	-	-
Credit impairment charge on trade debtors	3,957	3,957
Balance at 31 March 2019	3,957	3,957

e Capital Management

The Group and Company is a member of a group with regulatory disciplines over the use of its capital. Although the Group and Company itself is not regulated it aims to maintain capital resources commensurate with the nature, scale and risk profile of its business. It regards its capital as the total equity as shown on the Statement of Financial Position.

23 DEFERRED TAX

Movements during the year:	Group US $'000	Company US $'000
At 1 April 2017	294,198	265,523
Charge to income from continuing operations (note 8)	20,211	38,771
Charge to other comprehensive income	1,871	1,864
At 31 March 2018	316,280	306,158
Charge to income from continuing operations (note 8)	35,460	45,582
Charge to other comprehensive income	(19,070)	(19,070)
At 31 March 2019	332,670	332,670

	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Deferred tax assets	17,619	871	17,619	871
Deferred tax liabilities	(350,289)	(317,151)	(350,289)	(307,029)
	(332,670)	(316,280)	(332,670)	(306,158)

Full provision has been made for the potential amount of deferred taxation shown below:

	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Accelerated capital allowances on assets financed, less carried forward tax losses - net deferred tax liability	(348,977)	(314,389)	(348,977)	(304,267)
Fair value adjustments on financial instruments - deferred tax asset	17,619	871	17,619	871
Fair value adjustments on financial instruments - deferred tax liability	(1,312)	(2,762)	(1,312)	(2,762)
	(332,670)	316,280	(332,670)	306,158

The Group has estimated tax losses of $1,938 million (31 March 2018: $2,105 million) which are available for set-off against future taxable income. These tax losses have arisen from the Group entities incurring operational tax losses. This asset is anticipated to be recovered as financial projections indicate these entities are likely to produce sufficient taxable income in the near future. These deferred tax asset balances were offset against deferred tax liabilities.

24 SUBORDINATED LIABILITIES

	Average interest rate %	Year of maturity	Group & Company 31 March 2019 US $'000	Group & Company 31 March 2018 US $'000
$300 million floating rate loan due to parent group undertakings	6.89	2034	300,000	-
			300,000	-

In November 2018, the Company entered into a floating rate subordinated loan with an initial 16 year maturity with a parent group undertaking. The maturity of the loan can be extended with the agreement of both parties.

Notes to the Consolidated Financial Statements
(continued)

25 SHARE CAPITAL

	31 March 2019 US $	31 March 2018 US $
Authorised:		
Ordinary shares of $1 each	300,000,000	245,000,000
Preference shares of $1 each	700,000,000	-
	1,000,000,000	245,000,000
Issued, called up and fully paid:		
Ordinary shares of $1 each	187,512,800	187,512,770
Preference shares of $1 each	700,000,000	-
	887,512,800	187,512,770

The Company's ordinary shares have voting rights attached but carry no right to fixed income, while its preference shares have no voting rights attached and may be paid a fixed non-cumulative preferential dividend of 7.5% of nominal value at the Company's discretion in any financial year.

	31 March 2019	31 March 2018
	Number of shares	
Authorised:		
Ordinary shares of $1 each	300,000,000	245,000,000
Preference shares of $1 each	700,000,000	-
	1,000,000,000	245,000,000
Issued, called up and fully paid:		
Ordinary shares of $1 each	187,512,800	187,512,770
Preference shares of $1 each	700,000,000	-
	887,512,800	187,512,770

In November 2018, the Company increased its authorised share capital from 245 million ordinary voting shares which carry no right to fixed income, to 300 million ordinary voting shares which carry no right to fixed income and 700 million non-voting 7.5% non-cumulative preference shares.

At the same time, and as part of the an overall restructuring of shareholding in the Company, the Company redeemed the ordinary shareholding of Sumitomo Corporation ("SC") from its distributable reserves and issued new ordinary shares at a premium to Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL") and Sumitomo Mitsui Banking Corporation ("SMBC") in such proportions that the shareholding of SMFL and SMBC would be re-balanced to 68% and 32% respectively, resulting in a net increase of 30 issued ordinary shares. In addition, 700 million preference shares were issued to SMFL and SMBC pro rata to their respective shareholdings in the Company.

26 OTHER COMPONENTS OF EQUITY

	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Share premium	261,102	-	261,102	-
	261,102	-	261,102	-
Capital contribution	207,486	207,486	207,486	207,486
Other reserve	1,967	1,967	-	-
Cash flow hedge reserve	(114,152)	19,336	(114,152)	19,335
Total other reserves	356,403	228,789	354,436	226,821

The Company issued 18,751,307 new ordinary shares of $1 each at a premium of $12.9245 per share to Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL") and Sumitomo Mitsui Banking Corporation ("SMBC") as part of the shareholder restructuring in November 2018 disclosed in note 25.

In May 2012, the Company's then immediate parent company, International Aviation Management (CI) Limited, irrevocably waived and forgave debt of $207,486,000 in the form of a capital contribution. The contribution was made absolutely and the Company's then ultimate parent company, Royal Bank of Scotland Group plc, retained no rights, titles or interest whatsoever in the contribution other than the rights it held as the shareholder.

As described in note 1 c of the Group's Consolidated Financial Statements for the year ended 31 March 2018, for newly acquired subsidiaries, the Group adjusts the carrying value of assets and liabilities to reflect the Group's accounting policies. At 31 March 2013, the Group acquired a new subsidiary (SMBC Aviation Capital Aircraft Holdings B.V.) as part of a common control transaction. The impact of harmonising the Group's accounting policies was that the maintenance reserves of SMBC Aviation Capital Aircraft Holdings B.V. were reduced by $2.633m at 31 March 2013, with a related increase in deferred tax liabilities of $0.658m. The difference, a net amount of $1.967m being a transaction with shareholder, was reflected in the other reserve.

The cash flow hedge reserve reflects changes in the mark-to-market value of cash flow hedge accounted derivatives, driven by market rates, and the amortisation of de-designated cash flow hedges.

27 OPERATING LEASE ARRANGEMENTS AS LESSOR

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Within one year	1,241,364	1,026,015	1,241,364	1,018,280
In the second to fifth years inclusive	5,317,186	4,270,171	5,317,186	4,251,005
After five years	5,247,819	3,826,426	5,247,819	3,811,723
	11,806,369	9,122,612	11,806,369	9,081,008

Notes to the Consolidated Financial Statements (continued)

28 RELATED PARTIES

The Consolidated Financial Statements include the Financial Statements of the Company and its subsidiaries as documented in the accounting policy note 1c. A listing of the Company's subsidiaries is included in note 11. Transactions to and from, together with outstanding payables and receivables to and from, subsidiaries are eliminated in the preparation of the consolidated financial information in accordance with IAS 27, Consolidated and Separate Financial Statements.

The Group and Company's ultimate parent companies are Sumitomo Mitsui Financial Group (66%) and Sumitomo Corporation (34%). The table below provides a list of any outstanding balances at year end and any transactions entered into during the financial year with the parent companies and its subsidiaries. All transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions.

TRANSACTIONS WITH PARENT COMPANIES:	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
Sumitomo Mitsui Finance and Leasing Co., Ltd				
Transactions during the period:				
Fee income	3,101	2,947	3,101	2,947
Interest expense	1,422	3,512	-	-
Operating expenses	3,573	3,929	3,573	3,929
Balances at period end:				
Borrowings	16,945	54,204	-	-
Other creditors	307	2,672	307	2,384
TRANSACTIONS WITH ASSOCIATE COMPANIES:				
Aviation Management Co., Ltd.				
Transactions during the period:				
Fee income	2,127	1,872	1,809	1,542
Balances at period end:				
Sundry debtors	137	652	-	510
JRI America, Inc.				
Balances at period end:				
Other creditors	1,789	1,789	1,789	1,789
SMBC Aviation Capital (UK) Limited				
Transactions during the period:				
Lease rental income	10,334	5,465	10,334	5,465
Fee income	3,496	2,993	3,496	2,993
Balances at period end:				
Amounts due to group undertakings	74,093	14,377	74,093	14,377
SMBC Capital Markets Inc.				
Transactions during the period:				
Fee expense / (income)	5	(14)	5	5
(Loss) / gain on derivative fair value	(10,256)	5,682	(10,256)	5,682
Interest expense	4,369	6,253	4,369	6,214
Balances at period end:				
Cash	157,000	-	157,000	-
Amounts due to group undertakings	-	43	-	43
Derivative Financial Instruments	140,461	(513)	140,461	(513)
SMBC Trust Bank				
Transactions during the period:				
Interest expense	74,714	29,061	74,714	29,061
Balances at period end:				
Borrowings	1,640,984	955,871	1,640,984	955,871
Amounts due to group undertakings	10,428	3,751	10,428	3,751

28 RELATED PARTIES (CONTINUED)

	Group 31 March 2019 US $'000	Group 31 March 2018 US $'000	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
SMBC Europe Limited				
Transactions during the period:				
Fee income	1,621	2,854	1,621	2,854
Interest income	2,357	147	2,357	66
Operating (expense) / income	(885)	75	(885)	82
Balances at period end:				
Cash	4,351	146,258	4,222	112,817
Sundry Debtors	463	1,764	463	1,764
SMBC (Japan)				
Transactions during the period:				
Operating expenses	18,313	21,508	18,313	21,508
Balances at period end:				
Amounts due to group undertakings	4,468	10,033	4,468	10,033
SMBC (New York)				
Transactions during the period:				
Interest expense	112,555	147,522	112,555	147,522
Balances at period end:				
Borrowings	2,094,366	2,738,629	2,094,366	2,738,629
Cash	360,179	91,219	360,179	85,873
Amounts due to group undertakings	8,593	5,151	8,593	5,151
SMBC (Paris)				
Transactions during the period:				
Interest expense	824	995	824	995
Balances at period end:				
Obligations under Finance Leases	2,938	2,828	2,938	2,828
Non-current liabilities	8,690	11,648	8,690	11,648
SMFL (China) Co., Ltd.				
Transactions during the period:				
Operating expenses	1,186	1,477	1,186	1,477
Balances at period end:				
Other Creditors	330	469	330	469
SMFL (Hong Kong) Limited.				
Transactions during the period:				
Operating expenses	1,571	2,346	1,571	2,346
Balances at period end:				
Other Creditors	-	78	-	78
SMFL (Singapore) Pte. Ltd.				
Transactions during the period:				
perating expenses	1,261	1,253	1,261	1,253
Balances at period end:				
Other Creditors	400	274	400	274
SMBC Aviation Capital Japan Co., Ltd.				
Transactions during the period:				
Fee income	2,027	1,800	2,027	1,800
Balances at period end:				
Amounts due from group undertakings	-	12	-	12

Notes to the Consolidated Financial Statements (continued)

28 RELATED PARTIES (CONTINUED)

TRANSACTIONS WITH SUBSIDIARIES	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
SMBC Aviation Capital Ireland Leasing 3 Limited		
Transactions during the period:		
Fee income	-	116
Interest income	-	3,481
Lease revenue paid	-	4,763
Dividend income	2,355	11,800
Purchases of property, plant and equipment	-	69,648
Balances at period end:		
Amounts due from / (to) group undertakings	15	(1,979)
SMBC Aviation Capital Ireland Leasing 4 Limited		
Transactions during the period:		
Fee income	-	123
Interest income	-	558
Purchases of property, plant and equipment	-	63,016
Balances at period end:		
Amounts to group undertakings	-	(1,313)
SMBC Aviation Capital Netherlands B.V.		
Transactions during the period:		
Fee income	396	1,414
Fee expense	4,848	3,333
Interest expense	8,369	752
Purchases of property, plant and equipment	20,466	-
Balances at period end:		
Amounts due to group undertakings	258,390	31,223
SMBC Aviation Capital Paris Leasing 2 SARL		
Transactions during the period:		
Fee expense	730	125
Balances at period end:		
Amounts due from group undertakings	5	79
SMBC Aviation Capital Hong Kong Limited		
Transactions during the period:		
Fee expense	3,877	-
Balances at period end:		
Amounts due from group undertakings	142	-
SMBC Aviation Capital Aircraft Holdings B.V.		
Transactions during the period:		
Interest expense	4,910	5,031
Fee income	40	488
Lease revenue paid	-	3,912
Purchases of property, plant and equipment	-	66,907
Balances at period end:		
Amounts due to group undertakings	-	200,375

28 RELATED PARTIES (CONTINUED)

	Company 31 March 2019 US $'000	Company 31 March 2018 US $'000
TRANSACTIONS WITH SUBSIDIARIES (CONTINUED)		
Valderrama Aviation Limited		
Transactions during the period:		
Interest income	403	-
Balances at period end:		
Amounts due from group undertakings	73,360	-
Soller Aviation Limited		
Transactions during the period:		
Interest income	303	1,725
Balances at period end:		
Amounts due from group undertakings	-	83,045
Mallorca Aviation Limited		
Transactions during the period:		
Interest income	-	1,663
SMBC Aviation Capital Finance Designated Activity Company		
Transactions during the period:		
Fee expense	39	14
Interest expense	44,107	25,106
Balances at period end:		
Amounts due to group undertakings	1,503,627	1,000,536

The Group closed the sale of $500 million of its 2.65% senior unsecured notes due 2021 on 19 July 2016, the sale of $500 million of its 3.00% senior unsecured notes due 2022 on 19 July 2017 and the sale of $500 million of its 4.125% senior unsecured notes due 2023 on 30 July 2018, through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, fully and unconditionally guaranteed by SMBC Aviation Capital Limited. All issuances are fully and unconditionally guaranteed by SMBC Aviation Capital Limited. The impact on borrowings is set out in note 21.

The amounts outstanding are unsecured and will be settled in cash. No other guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

In addition, the Group has also engaged with The Community Foundation for Ireland, a registered charity, to assist with specific corporate social responsibility projects. While The Community Foundation for Ireland is disclosed as a related party due to an existing relationship between its Board of Trustees and the Company's Board of Directors, all services will be provided to the Group on terms equivalent to those that prevail in arm's length transactions for the duration of the projects.

Key management personnel include directors (executive and non-executive), members of the Executive Committee and the Company Secretary. The compensation paid or payable to key management is shown below:

	31 March 2019 US $'000	31 March 2018 US $'000
Salaries and other short-term employee benefits	10,528	10,476
Post-employment benefits	423	428
Other long-term benefits	11,654	11,654
Total	22,605	22,558

Notes to the Consolidated Financial Statements
(continued)

29 IFRS 9 TRANSITION

The Group adopted IFRS 9 on 1 April 2018. Accordingly, the Group's previously reported financial results up to 31 March 2018 are presented in accordance with the requirements of IAS 39. The Group did not have any existing loss allowances on trade debtors at that date (see note 22(d)). Financial results for the year ended 31 March 2019 and all future reporting periods are presented in terms of IFRS 9. However, the Group has elected to continue to apply the hedge accounting requirements of IAS 39. The transition to IFRS 9 did not have a significant impact on the financial position of the Group.

The Group applied IFRS 9's classification and measurement requirements on the facts and circumstances at 1 April 2018 in determining any transition adjustment required. As at 1 April 2019, the Group determined the classification of financial assets on the basis of the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, while both IAS 39 and IFRS 9 have similar requirements for the classification of financial liabilities. The following table shows the original measurement categories in accordance with IAS39 and the new measurement under IFRS 9 for the Group's financial assets and financial liabilities:

		IFRS 9 classification as at 1 April 2018		
	Group IAS 39 at 31 March 2018 US $'000	Fair value through profit or loss US $'000	Amortised cost US $'000	Group IFRS 9 at 1 April 2018 US $'000
Financial assets				
Designated at fair value	27,267	27,267	-	27,267
Loans and receivables	318,325	-	318,325	318,325
Total financial assets	345,592	27,267	318,325	345,592
Financial liabilities				
Designated at fair value	498,018	498,018	-	498,018
Other amortised cost	7,812,308	-	7,812,308	7,812,308
Total financial liabilities	8,310,326	498,018	7,812,308	8,310,326

30 CAPITAL COMMITMENTS

During the year ended 31 March 2015, the Group placed firm orders with Airbus and Boeing. The Airbus order consists of 110 A320neo aircraft (of which 16 were subsequently converted to A321neos) and 5 A321ceo aircraft, while the Boeing order consists of 90 Boeing 737 MAX 8 aircraft. In addition to these direct orders, the Group also placed further direct orders for a mix of 56 Airbus A320neos and 15 Airbus A321neos during 2018 and have existing sale-leaseback capital commitments totalling $3.1 billion (31 March 2018: $2.6 billion).

The combined remaining purchase commitment for orders total $15.6 billion and delivery dates are currently scheduled between 2019 and 2025. These commitments are based upon fixed price agreements with the manufacturers, elements of which are adjusted for inflation and include price escalation formulas, and are net of expected price concessions where applicable.

The Group also has a commitment to future rentals of office premises of $11.9 million to March 2024.

31 CONTINGENT LIABILITIES

The Group and Company had no contingent liability at 31 March 2019 (31 March 2018: $nil).

32 SUBSEQUENT EVENTS

On 15 April 2019, the Group closed the issue of $500 million of its 3.55% senior unsecured notes due 2024 (the "Notes") through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC. The Notes are fully and unconditionally guaranteed by SMBC Aviation Capital Limited and proceeds from the offering will be used for general corporate purposes, which may include, among other things, the purchase of aircraft and the repayment of existing indebtedness.

No other significant events affecting the Group and Company have occurred since 31 March 2019, which require adjustment to or disclosure in the Consolidated Financial Statements.

33 APPROVAL OF FINANCIAL STATEMENTS

The Directors approved these Financial Statements on 5 June 2019.

Acronyms and Abbreviations

ACCD	Aircraft Credit Department
ceo	Current engine option
CGU	Cash generating unit
Companies Act/ The Act	Companies Act 2014
Company	SMBC Aviation Capital Limited
Consortium	SMFG and SC
CSR	Corporate Social Responsibility
ECL	Expected credit loss
EU	European Union
Financial Statements	The Group and Company financial statements
Group	SMBC Aviation Capital Limited and its subsidiaries
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFSC	International Financial Services Centre
ISA	International Standard on Auditing
IT	Information technology
JOLCO	Japanese operating lease with call option
Managed entities	SMBC Aviation Capital (UK) Limited & subsidiary
MSN	Manufacturers Serial Number
neo	New engine option
OCI	Other comprehensive income
OEM	Original equipment manufacturer
PDP	Pre-delivery payment
ROU	Right of use
S&P	Standard & Poor's
SC	Sumitomo Corporation
SMBC	Sumitomo Mitsui Banking Corporation
SMFG	Sumitomo Mitsui Financial Group
SMFL	Sumitomo Mitsui Finance and Leasing Company, Ltd.
Structured entity	PDP financing company
TBPD	Transportation Business Planning Department
UEL	Useful economic life