Company Number: 393439

IRIS SPV PLC

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

CONTENTS

DIRECTORS AND OTHER INFORMATION

DIRECTORS

A. Bailie
Conor Blake (resigned on 6th October 2017)
Sinead O'Connor (appointed on 6th October 2017)

SECRETARY

The Company Secretary is Sanne Capital Markets Ireland Limited.

REGISTERED OFFICE

The registered office is Sanne, Fourth Floor, 76 Lower Baggot Street, Dublin 2, Ireland.

TRUSTEES

HSBC Trustee (C.I.) Limited
1 Grenville Street, St. Helier, Jersey, JE4 9PF

HSBC Corporate Trustee Company (UK) Limited
Level 24, 8 Canada Square, London, E14 5HQ

CORPORATE SERVICES PROVIDER

Sanne Capital Markets Ireland Limited
Sanne, Fourth Floor, 76 Lower Baggot Street, Dublin 2, Ireland

CUSTODIAN, ISSUING AGENT AND PAYING AGENT

HSBC Bank plc
8 Canada Square, London, E14 5HQ

Qatar Islamic Bank (Q.P.S.C)
PO Box 559, Doha, State of Qatar

ARRANGER, SWAP COUNTERPARTY AND CALCULATION AGENT

Société Générale S.A.
29 Boulevard Haussmann, 75009, Paris

LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland

LEGAL ADVISORS

Matheson
70 Sir John Rogerson's Quay, Dublin 2, Ireland

INDEPENDENT AUDITORS

Mazars Chartered Accountants and Statutory Audit Firm
Harcourt Centre, Block 3, Harcourt Road, Dublin 2, Ireland

BANKERS

HSBC Bank plc
8 Canada Square, London, E14 5HQ

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements of Iris SPV PLC (the "Company") for the financial year ended 30th June 2018.

INCORPORATION

The Company was incorporated in Ireland on 10th November 2004. The Company number is 393439.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the issue of Limited Recourse Notes ("Notes") and Warrants in separate series under the terms of the Offering Circular dated 2nd April 2004, last updated on 6th July 2018, under a €20,000,000,000 secured note programme, with Claris Limited, Claris 2 Limited, Claris III Limited and Claris IV Limited, all of which are companies incorporated in Jersey, Channel Islands, and Iris II SPV Designated Activity Company, a company incorporated in Ireland. The proceeds from the issue of the Notes and Warrants have been used to acquire securities, loans and/or to enter into credit default swap ("CDS"), equity linked swap ("ELS"), cross currency swap ("CCS") and interest rate swap ("IRS") transactions with Société Générale ("SG"). The Notes and Warrants are only intended for highly sophisticated and knowledgeable investors who are capable of understanding and evaluating the risks involved in investing in the Notes and Warrants. The Notes and Warrants issued have been listed on Euronext Dublin (formerly The Irish Stock Exchange ("ISE")), except for Series 43/2013 and Series 83/2018 which have been listed on the Vienna Stock Exchange and Series 37/2012, Series 39/2013 and Series 46/2014 which have not been listed.

FUTURE DEVELOPMENTS

The Directors currently expect the Company to continue to act as an issuer of Notes and Warrants.

PRINCIPAL RISKS AND UNCERTAINTIES

The major risks associated with the Company's business are currency risk, interest rate risk, credit risk and liquidity risk. The Company has established policies for managing these risks. The policies and the exposure thereto are detailed in note 24 to the financial statements.

GOING CONCERN

The Directors consider the Company to be a going concern and it is their intention to avail themselves of further investment opportunities, should they become available. Refer to note 2 to the financial statements for further details of the Directors' going concern assessment.

KEY PERFORMANCE INDICATORS

The performance of the underlying portfolios applicable to each series of Notes/Warrants is the principal key performance indicator monitored by the Arranger and the Board of Directors (the "Board"). Under current market conditions, the aggregate assets of the Company may have a tendency to change in value if market interest rates change and/or if credit spreads change, amongst other factors that might affect the value of the Company's assets. Prices may be affected and may decrease if liquidity is limited. All relevant numerical performance metrics are visible on the face of the primary statements. The structure performed in accordance with the parameters set out in the underlying programme documents and the Company's performance may be considered to be satisfactory due to the net profit earned by the Company during the financial year.

DIRECTORS AND SECRETARY

The Directors who served throughout the financial year except as noted, were as follows:

Adrian Bailie	
Conor Blake	(resigned 6th October 2017)
Sinead O'Connor	(appointed 6th October 2017)

The Company Secretary is Sanne Capital Markets Ireland Limited.

REPORT OF THE DIRECTORS - (CONTINUED)

DIRECTORS' AND SECRETARY'S INTERESTS

The Directors and Secretary who held office at 30th June 2018 did not hold any shares in the Company at that date, or during the financial year. Adrian Bailie and Sinead O'Connor are employees of Sanne Capital Markets Ireland Limited and should be deemed as having an interest in the fees paid to Sanne Capital Markets Ireland Limited, as disclosed in note 19 to the financial statements.

RESULTS AND DIVIDENDS

The profit for the financial year after taxation amounted to €804 (2017: €589).

There was no interim dividend and the Directors do not propose a dividend for the financial year (2017: €Nil).

SUBSEQUENT EVENTS

Subsequent to the financial year end date and up to the date of approval of these financial statements, no credit events have occurred as disclosed in note 21. There have been 5 new issuances and 5 restructurings as described in note 22.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the financial year.

INDEPENDENT AUDITORS

In order to comply with legislation S.I. No. 312 of 2016, Mazars will be replaced as statutory auditor after the year ended 30 June 2018.

ACCOUNTING RECORDS

The Directors have ensured compliance with the requirements under Section 281 to 285 of the Companies Act 2014 by outsourcing this function to a specialised provider of such services. The Company accounting records are kept at Sanne, Fourth Floor, 76 Lower Baggot Street, Dublin 2, Ireland.

CORPORATE GOVERNANCE STATEMENT

The European Communities (Directive 2006/46/EC) Regulations (S.I. 450 of 2009 and S.I. 83 of 2010) (the "Regulations") requires the inclusion of a corporate governance statement in the Report of the Directors.

Although there is no specific statutory corporate governance code applicable to Irish Section 110 Limited Liability Companies whose debt is listed on Euronext Dublin, the Company is subject to corporate governance practices imposed by:

(i) The Irish Companies Act 2014;
(ii) The Articles of Association of the Company which are available for inspection at the registered office of the Company and at the Companies Registration Office in Ireland; and
(iii) The ISE through the ISE Code of Listing Requirements and Procedures.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association and Irish Statute comprising the Companies Act 2014. The Articles of Association themselves may be amended by special resolution of the shareholders.

Two of the Series issued by the Company is listed on the Vienna Stock Exchange. There are no additional requirements imposed by the Vienna Stock Exchange on the Company.

REPORT OF THE DIRECTORS - (CONTINUED)

CORPORATE GOVERNANCE STATEMENT - (CONTINUED)

Financial Reporting

The Board is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing Sanne Capital Markets Ireland Limited or its delegate (the "Corporate Service Provider") to maintain the accounting records of the Company independently of the Arranger and the Custodian. The Corporate Service Provider is contractually obliged to maintain proper books and records as required by the Corporate Services Agreement.

The Corporate Service Provider has operating responsibility for internal control in relation to the financial reporting process. The Corporate Service Provider designs and maintains control structures to manage the risks which it judges to be significant for internal control over financial reporting. To that end the Corporate Service Provider performs reconciliations of its records to those of the Arranger and the Custodian. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's financial statements.

The Corporate Service Provider has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements. The Corporate Service Provider is also contractually obliged to prepare for review and approval by the Board the Annual Report including financial statements intended to give a true and fair view of the Company's performance and liaise with the independent auditors during the audit process. The financial statements must be filed with Euronext Dublin and Irish Companies Registration Office on an annual basis.

The financial instruments held by or issued by the Company, are classified as financial liabilities at fair value through profit or loss or other liabilities with the associated collateral classified as financial assets at fair value through profit or loss or loans and receivables, respectively, according to their characteristics. The fair values for the financial instruments and the amortised cost for the loans held by, or issued by, the Company have been provided to us by Société Générale. We have relied upon Société Générale, whom we regard as an expert in valuing such financial instruments. We are satisfied that the values as stated in the Company's financial statements represent a reasonable approximation of their fair values.

The Company's policies and the Board's instructions with relevance for financial reporting are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner.

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place with the aim of timely identification of internal and external matters with a potential effect on financial reporting. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

Audit

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors. The performance, qualification and independence of the external auditors is also reviewed as part of this process. Given the contractual obligations on the Corporate Service Provider, the Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

REPORT OF THE DIRECTORS - (CONTINUED)

CORPORATE GOVERNANCE STATEMENT - (CONTINUED)

Audit - (continued)

The principal activity of the Company relates to the issuing of asset-backed securities. It also enters into certain derivatives to hedge against exposure to changes in interest rates, exchange rates and other variables. Under the Regulation 115 10(c) of the Statutory Instruments Number 312/2016 of the European Union (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU, and Regulation (EU) No 537/2014) (the "Regulations"), such a Company may avail itself of an exemption from the requirement to establish an audit committee.

Shareholders and Directors

Sanne Nominees 5 Limited hold 39,994 ordinary shares in the Company. Sanne Nominees 2 Limited, Sanne Group Nominees 1 (UK) Limited, Sanne Nominees 3 Limited, Sanne Nominees 4 Limited, Sanne Nominees Limited and Sanne Group Nominees 2 (UK) Limited each held one ordinary share in the Company. No other person has a significant direct or indirect holding of equity securities in the Company. No person has any special rights of control over the Company's share capital. There are no restrictions on voting rights.

The convening and conduct of shareholders' meetings are governed by the Articles of Association of the Company and the Companies Acts. The Articles of Association of the Company set out the notice periods, quorum required for an extraordinary general meeting and the use of proxies or voting procedure.

All matters requiring a resolution of the Company in general meetings shall, unless a poll is demanded, be put to a vote by a show of hands. On a show of hands, a declaration by the Chairman that a resolution has been carried unanimously or by majority and an entry to that effect in the minutes, shall be conclusive evidence of the number of votes for or against such resolution.

Unless otherwise determined by an ordinary resolution of the Company in a general meeting, the number of Directors may not be less than two. Currently the Board of the Company is composed of two directors. The Company is governed by its Articles of Association which empower the existing Directors to appoint and (if necessary) replace the Directors.

The business of the Company is managed by the Directors, who exercise all such powers of the Company as are granted by the Companies Acts or by the Articles of Association of the Company.

DIRECTORS' COMPLIANCE STATEMENT

We, the Directors of the Company hereby say and affirm:

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) and, as required by Section 225 of the Companies Act 2014, 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 Companies Act 2014 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 period to which the Directors report relates.

REPORT OF THE DIRECTORS - (CONTINUED)

DIRECTORS' STATEMENT ON RELEVANT AUDIT INFORMATION

So far as the Directors are aware, there is no relevant audit information of which the Company's statutory Auditors are unaware, and the Directors have taken all the steps 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 statutory Auditors are aware of that information.

BY ORDER OF THE BOARD

Director: **Adrian Bailie**

Director: **Sinead O'Connor**

Date: 03/05/2019.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee, as endorsed by the European Union, and with those parts of the Companies Act 2014, applicable to companies reporting under IFRS.

Irish company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those 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;
- comply with applicable IFRS, subject to any material departures being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements are prepared in accordance with IFRS and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS and the listing rules of Euronext Dublin and Vienna Stock Exchange. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other

The Directors confirm that they have complied with the above requirements throughout the financial year and subsequently.

BY ORDER OF THE BOARD

Director:
Adrian Bailie

Director:
Sinead O'Connor

|date| 03/05/2019.

MAZARS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRIS SPV PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Iris SPV PLC ('the Company') for the year ended 30 June 2018, which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and as adopted by the EU.

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as issued by the International Accounting Standards Board and as adopted by the EU; and
- 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 described in the *Auditors' responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRIS SPV PLC

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud). The matter, described below, had the greatest impact on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. This was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and therefore we do not provide a separate opinion on this matter.

Key audit matters	**How our audit addressed the key audit matters**
Valuation of financial instruments at fair value The Company's financial position depends, to a significant degree, on the valuation of its financial instruments which requires management judgement and estimation. An error in valuation of a financial instrument may have a significant impact on the financial statements. Refer to pages 18-23 (accounting policy) and pages 25-28 and 31 - 40 (financial disclosures).	• We obtained supporting documentation from Société Générale (who provide the fair values of financial instruments to the Company) to support the accuracy and valuation of the Company's financial instruments which are measured at fair value; • We reviewed the appropriateness of the valuation methodologies and the models used for the Company's derivative financial instruments. In addition, we independently repriced a sample of derivative & unquoted instruments; and • For instruments valued based on observable prices, we independently repriced using a third-party pricing data source. Based on the procedures performed we consider the valuation of the Company's financial instruments to be reasonable.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRIS SPV PLC

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	€14,729,000
How we determined it	1% of total assets
Rationale for benchmark applied	In determining our materiality, we considered those financial metrics which we believed to be relevant and concluded that total assets was the most relevant benchmark. We applied this benchmark because in our view this is the metric against which the recurring performance of the Company is commonly measured by its stakeholders.
Reporting threshold	We agreed with the Board of Directors that we would report to them misstatements identified during our audit in excess of €442,000 as well as misstatements below that amount that, in our opinion, warranted reporting for qualitative reasons.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the Company's accounting processes and controls, and the industry in which it operates. In establishing the overall approach to our audit, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. We used the outputs of our risk assessment, our understanding of the Company, and also considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Other information

The Directors are responsible for other information. This other information comprises of information included in the annual report other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether this other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRIS SPV PLC

Corporate governance statement

In addition we report, in relation to information given in the Corporate Governance Statement that:

- based on knowledge and understanding of the company and its environment obtained in the course of our audit, no material misstatements in the information identified above have come to our attention;
- based on the work undertaken in the course of our audit, in our opinion:
  - The description of the main features of the internal control and risk management systems in relation to the process for preparing the financial statements, and information relating to voting rights and other matters required by the European Communities (Takeover Bids Directive 2004/25/EC) Regulations 2006 and specified by the Companies Act 2014 for our consideration, are consistent with the financial statements and have been prepared in accordance with the Companies Act 2014, and;
  - The Corporate Governance Statement contains the information required by the Companies Act 2014.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' report is consistent with the financial statements; and
- in our opinion, the Directors' report has been prepared in accordance with 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

Based on the knowledge and understanding of the Company and its environment obtained during the course of the audit, we have not identified any material misstatements in the Directors' report.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRIS SPV PLC

Respective responsibilities

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditors responsibilities for audit.pdf

This description forms part of our auditors' report.

Other matters which we are required to address

We were appointed by the Board of Directors on 8 July 2009 to audit the financial statements of Iris SPV PLC for the year ending 30 June 2009 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm as auditors of Iris SPV PLC is 10 years, covering the years ending 30 June 2009 to June 2018.

The non-audit services prohibited by IAASA's Ethical Standard is located at https://www.iaasa.ie/getmedia/cc2cfaa6-ed87-4a1c-927a-af34c217b5b9/Ethical-Standard-for-Auditors-Ireland-2016_1. No non-audit services prohibited by the standard were performed during the period under review.

Our opinion is consistent with our report to the Board of Directors we are required to provide in accordance with ISA (Ireland) 260.

MAZARS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRIS SPV PLC

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Tuohy
for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2

07 May 2019

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2018

	Notes	2018	2017
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	3, 25	1,311,438,177	1,301,299,931
Loans and receivables	4, 26	64,907,764	80,888,249
Credit default swaps	5	204,066	-
Interest rate swaps	6	2,779,941	3,316,854
Cross currency swaps	7	3,322,151	1,636,278
		1,382,652,099	1,387,141,312
Current assets			
Financial assets at fair value through profit or loss	3, 25	88,607,462	111,733,010
Equity linked swaps	8	313,124	-
Receivables	9	58,364	57,290
Cash and cash equivalents	10	1,238,944	2,344,474
		90,217,894	114,134,774
TOTAL ASSETS		€ 1,472,869,993	€ 1,501,276,086
EQUITY AND LIABILITIES			
Capital and reserves			
Called up share capital	11	40,000	40,000
Retained earnings		7,141	6,336
TOTAL SHAREHOLDERS' EQUITY		47,141	46,336
Non-current liabilities			
Financial liabilities at fair value through profit or loss	12, 27	1,153,906,172	1,148,550,039
Other liabilities	13, 28	64,907,764	80,888,249
Credit default swaps	5	4,793,139	230,188
Interest rate swaps	6	158,441,656	154,638,866
Cross currency swaps	7	498,974	-
Equity linked swaps	8	2,050,835	2,833,968
		1,384,598,540	1,387,141,310
Current liabilities			
Financial liabilities at fair value through profit or loss	12, 27	86,770,242	111,088,626
Cross currency swaps	7	-	72,060
Equity linked swaps	8	203,907	-
Interest rate swaps	6	-	572,326
Accruals and other payables	14, 17	278,215	277,482
Deferred income	15	971,948	2,077,946
		88,224,312	114,088,440
TOTAL EQUITY AND LIABILITIES		€ 1,472,869,993	€ 1,501,276,086

The financial statements were approved and authorised for issue by the Board of Directors on the day of ~~March~~ May 2019 and were signed on its behalf by:

Director: Adrian Bailie **Director: Sinead O'Connor**

(The notes on pages 18 to 40 form part of these financial statements)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

	Note	2018	2017
INCOME AND EXPENSE ON FINANCIAL INSTRUMENTS			
Net gain/(loss) on financial instruments			
Financial assets at fair value through profit or loss	3	(17,934,753)	(65,403,046)
Financial liabilities at fair value through profit or loss	12	23,582,219	(13,261,317)
Derivative financial instruments at fair value through profit or loss	5,6,7,8	(32,358,897)	71,846,847
		(26,711,431)	(6,817,516)
Interest income and interest expense			
Interest income on financial assets through profit or loss		39,748,979	22,134,970
Interest income on loans and receivables		1,435,555	825,430
Interest expense on financial liabilities through profit or loss		(13,037,548)	(15,317,454)
Interest expense on other liabilities		(1,435,555)	(825,430)
		26,711,431	6,817,516
OTHER OPERATING INCOME			
Bank interest		527	5
Upfront swap income		160,924	674,868
Transaction fees income		1,074	786
Foreign exchange gain		394,034	2,612
		556,559	678,271
EXPENDITURE			
Administration fees		36,315	96,112
Professional fees		488,268	512,462
Audit fees		26,138	60,000
Bank overdraft interest and charges		4,264	4,892
Listing and filing fees		500	4,019
		555,485	677,485
PROFIT FOR THE FINANCIAL YEAR BEFORE TAXATION		1,074	786
Taxation	17	(269)	(197)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR AFTER TAXATION ATTRIBUTABLE TO EQUITY SHAREHOLDERS		€ 805	€ 589

There were no items of other comprehensive income during the current and previous financial years. All gains and losses relate to continuing operations.

(The notes on pages 18 to 40 form part of these financial statements)

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

		Share capital		Retained earnings		Total
Balance at 1st July 2016		40,000		5,747		45,747
Total comprehensive income for the financial year		-		589		589
Balance at 30th June 2017	€	40,000	€	6,336	€	46,336
Balance at 1st July 2017		40,000		6,336		46,336
Total comprehensive income for the financial year		-		805		805
Balance at 30th June 2018	€	40,000	€	7,141	€	47,141

(The notes on pages 18 to 40 form part of these financial statements)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

	Notes	2018	2017
Cash flows from operating activities			
Total comprehensive income for the financial year		805	589
(Increase)/decrease in receivables		(1,074)	347,979
(Decrease)/increase in accruals and other payables		733	10,563
Decrease in deferred income		(1,105,998)	(108,446)
Net (gain)/loss on financial instruments			
Financial assets at fair value through profit or loss		17,934,753	65,403,046
Financial liabilities at fair value through profit or loss		(23,582,219)	13,261,317
Derivative financial instruments at fair value through profit or loss		32,358,897	(71,846,847)
Interest (income) and expense			
Interest income on financial assets at fair value through profit or loss		(39,748,979)	(22,134,970)
Interest income on loans and receivables		(1,435,555)	(825,430)
Interest expense on financial liabilities at fair value through profit or		13,037,548	15,317,454
Interest expense on other liabilities		1,435,555	825,430
Net cash flows before interest income received (interest expense paid)		(1,105,534)	250,685
Interest income received (interest expense paid)			
Income received on financial assets at fair value through profit or loss		39,748,979	43,791,574
Income received on loans and receivables		1,435,555	825,430
Swap amounts received		13,879,641	14,117,862
Swap amounts paid		(40,263,583)	(18,298,902)
Interest paid on financial liabilities at fair value through profit or loss		(13,037,548)	(37,014,784)
Interest paid on other liabilities		(1,435,553)	(825,430)
Net cash flows (used in)/ generated from operating activities		(778,043)	2,846,435
Cash flows from investing activities			
Proceeds on redemption/maturities of financial assets and derivatives at fair value through profit or loss		189,054,317	119,851,265
Acquisition of financial assets at fair value through profit or loss	3	(194,001,772)	(200,827,415)
Proceeds on redemption/maturities of loans and receivables		15,973,863	15,193,606
Net cash flows generated from/(used in) investing activities		11,026,408	(65,782,544)
Cash flows from financing activities			
Redemption/maturities of Notes payable	12	(189,054,317)	(119,902,478)
Issue of Notes and Warrants at fair value through profit or loss	12	193,674,285	198,282,878
Redemption/maturities of other liabilities		(15,973,863)	(15,193,606)
Net cash (used in)/generated from financing activities		(11,353,895)	63,186,794
Net movement in cash and cash equivalents		(1,105,530)	250,685
Cash and cash equivalents at the beginning of the financial year		2,344,474	2,093,789
Cash and cash equivalents at the end of the financial year	10	€ 1,238,944	€ 2,344,474

(The notes on pages 18 to 40 form part of these financial statements)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

1. COMPANY INFORMATION

The Company is incorporated in Ireland. The registered office of the Company is 76 Lower Baggot Street, Dublin 2, Ireland.

The principal activity of the Company is the issue of Limited Recourse Notes ("Notes") and Warrants in separate series under the terms of the Offering Circular dated 2nd April 2004, last updated on 6th July 2018, under a €20,000,000,000 secured note programme, with Claris Limited, Claris 2 Limited, Claris III Limited and Claris IV Limited, all of which are companies incorporated in Jersey, Channel Islands, and Iris II SPV DAC, a company incorporated in Ireland.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of accounting

These financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee, as adopted by the European Union and in accordance with the provisions of the Companies Act 2014. The significant accounting policies used are set out below.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments and certain financial assets and liabilities at fair value through profit or loss.

Going concern

The Company's debt funding has been provided by the Note/Warrant holders, whose recourse to the assets of the Company is limited to those aggregate net assets designated as Mortgaged Property (assets acquired and other agreements) for the particular series of Notes/Warrants held and who have no right to petition for insolvency proceedings against the Company in the event that the aggregate proceeds from the realisation of the Mortgaged Property are insufficient to repay the principal amount of the Notes/Warrants. From a Note/Warrant holder point of view, defaults on any one particular series cannot impact any other series.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the current financial year

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, there are no mandatory New Accounting Requirements applicable in the current financial year that are relevant and/or material to the Company. Consequently, no such mandatory New Accounting Requirements are listed. The Company has not early adopted any New Accounting Requirements that are not mandatory.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Non-mandatory New Accounting Requirements not yet adopted

The following applicable New Accounting Requirements have been issued. However, these New Accounting Requirements are not yet mandatory and have not yet been adopted by the Company. All other non-mandatory New Accounting Requirements are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position, or disclosures of the Company and consequently have neither been adopted, nor listed.

IFRS 9, "Financial Instruments" (Replacement of IAS 39 — "Financial Instruments: Recognition and Measurement") – effective date 1st January 2018

IFRS 9 addresses the recognition, classification and measurement of financial assets and financial liabilities and replaces most of the guidance in IAS 39.

IFRS 9 requires financial assets to be classified into the following measurement categories: (i) those measured at fair value through profit or loss; (ii) those measured at fair value through other comprehensive income; and, (iii) those measured at amortised cost. The determination is made at initial recognition. Unless the option to designate a financial asset as measured at fair value through profit or loss is applicable, the classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. IFRS 9 also replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model for the measurement of impairment loss. The new model applies to financial assets that are not measured at fair value through profit or loss.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The mandatory effective date for application of IFRS 9 is for accounting periods beginning on or after 1st January 2018, but early adoption is permitted at any time. The Company intends to adopt IFRS 9 no later than the mandatory effective date. In the Directors' opinion, adoption of IFRS 9 would have no material impact on the recognition, measurement or disclosures relating to its financial instruments since they are already designated at fair value through profit or loss. Further as disclosed in note 24, the Company itself is not exposed to credit risk.

The Company's business model is to manage financial assets' principal and income returns that will match the liability to the holders of each series of Notes. Based on this business model, the Directors believe that the adoption of IFRS 9 will result in reclassification of financial assets and financial liabilities held at amortised cost to financial assets and financial liabilities at fair value through profit or loss. Furthermore, the Directors expect that the Company will not apply the hedge accounting principles of IFRS 9. The Directors believe that the impact to the financial statements due to the change in classification will not be material.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the financial year. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Critical accounting judgements and key sources of estimation uncertainty - (continued)

There were no significant areas of uncertainty or judgement in applying accounting policies except for the estimation of the fair values of the Company's financial instruments as set out below and in note 24. Due to the limited recourse nature of each series of Notes/Warrants issued, any differences between the estimated fair values and the realisable values of such financial instruments would be borne by the Note/Warrant holders and would have no net effect on the Company's overall financial position or results.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition loans and receivables are measured at fair value including transaction costs. After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest method ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the statement of comprehensive income. Any losses arising from impairment are recognised in the statement of comprehensive income.

In the Directors' opinion, due to the limited recourse nature of the Notes/Warrants issued, the aggregate amortised cost of each separate series of Notes/Warrants is equal to the aggregate amortised cost of the loans and receivables relating to each separate series. From the perspective of the Company, any change in the amortised cost of the loans and receivables would be matched by an equal and opposite change in the amortised cost of the Notes/Warrants issued. Consequently, although the Note/Warrant holders are exposed to changes in the amortised cost of the loans and receivables, the Company itself is not exposed. Therefore, if any error were to occur in measuring the amortised cost of the loans and receivables, this would result in an equal and opposite error in measuring the Notes/Warrants, with no impact on the profit or loss for the financial year or on total shareholders' equity.

Financial assets and financial liabilities at fair value through profit or loss

In accordance with IAS 39, "Financial Instruments: Recognition and Measurement", a financial instrument is classified at fair value through profit or loss if it is either held for trading, or designated as such upon initial recognition. Financial instruments at fair value through profit or loss are measured at fair value, and fair value changes thereon are recognised in the statement of comprehensive income in the period in which they arise.

Under IAS 39, all derivative transactions, except designated and effective hedging instruments, are required to be classified as held for trading. The Company's derivative transactions have not been designated as hedging instruments in accordance with IAS 39. Consequently, these transactions are classified as held for trading, with all gains and losses on such transactions being recognised in profit or loss. Where a derivative transaction forms part of the Mortgaged Property for a series, the Company has designated its associated investments held and its Notes/Warrants issued at fair value through profit or loss as permitted by IAS 39, as this results in more relevant financial information because it eliminates, or significantly reduces, the measurement and recognition inconsistencies that would result from measuring its derivative financial instruments at fair value, with the gains, or losses, on such financial instruments being recognised in profit or loss, whilst measuring its associated investments held and its Notes/Warrants issued at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Financial assets and financial liabilities at fair value through profit or loss - (continued)

Purchases and sales of financial assets at fair value through profit or loss are recognised on the trade date, the date on which the Company commits to purchase or sell the financial asset. Financial instruments are initially recognised at fair value and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred. Subsequent changes in the fair value of such financial instruments, aggregated with realised profits and losses on disposal/redemption thereof and amounts received and paid thereon, are recognised in the statement of comprehensive income in the period in which they arise as part of the net gain/loss on financial instruments.

Other liabilities

Other liabilities are loans payable which are non-derivative financial liabilities with fixed or determinable payments. The Company initially recognises other liabilities on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. On initial recognition other liabilities are measured at fair value including transaction costs. After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on issuance that are an integral part of the EIR. The EIR amortisation is included in interest income and interest expense in the statement of comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to the cash flows on that financial asset are cancelled, expired or are transferred to another party, or if the Company retains the contractual rights but enters into a contract under which the relevant cash flows must be duly paid under a 'pass-through arrangement'. A financial liability (or, where applicable, a part of a financial liability or part of a group of similar financial liabilities) is derecognised when the obligation is discharged or cancelled or expired.

Impairment of assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been materially negatively impacted.

Derivative financial instruments

The Company may use derivative financial instruments such as interest rate swaps, credit default swaps, cross currency swaps and equity linked swaps to economically hedge its risks associated with interest rate movements, credit defaults, foreign exchange movements and performance. In such cases, both the hedged item and the derivative financial instrument are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value.

Derivative financial instruments are carried as assets when the fair value is positive, or as liabilities when the fair value is negative. The best evidence of the fair value of a derivative financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Subsequent changes in the fair value of any derivative financial instrument and any realised gains and losses are recognised immediately in the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Fair value estimation

All fair values used in the preparation of these financial statements have been provided to the Directors by Société Générale, the calculation agent, upon whom the Directors rely as an expert provider of such valuations. The actual realisable value of the Company's financial instruments may differ from such fair values.

The Company invests in and enters into a variety of financial instruments and derivative transactions (together "financial instruments"). Where these financial instruments are traded in an active market, the fair values are based upon quoted market prices. Where these financial instruments are not traded in an active market, the fair values are determined by using valuation techniques developed by Société Générale. The valuations are produced using a variety of methods and using assumptions that are based on market conditions existing at each statement of financial position date, which may, or may not, be supported by prices from current market transactions or observable market data. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

The majority of the inputs and assumptions used in calculating the fair values were based on observable inputs. Where unobservable inputs were used in calculating the fair values, reasonably possible changes to such inputs should not materially affect the calculations of the fair values. If third party independent prices were available for the financial instruments, or if different methods and/or assumptions were used, the valuations might be different from those presented and those differences could be material.

Therefore, the realisable value of the financial instruments may differ significantly from the fair value recorded. The possible outcome of these uncertainties cannot be reliably determined at present.

In the Directors' opinion, due to the limited recourse nature of the Notes/Warrants issued, the aggregate fair value of each separate series of Notes/Warrants is equal to the aggregate fair value of the Mortgaged Property including derivatives where applicable relating to each separate series. From the perspective of the Company, any change in the fair value of the Mortgaged Property would be matched by an equal and opposite change in the fair value of the Notes/Warrants. Consequently, although the Note holders are exposed to changes in the fair value of the relevant Mortgaged Property, the Company itself is not exposed. Therefore, if any error were to occur in measuring the fair value of the Mortgaged Property, this would result in an equal and opposite error in measuring the fair value of the Notes/Warrants, with no impact on the profit or loss for the financial year or on total shareholders' equity.

IFRS 13 "Fair Value Measurement" ("IFRS 13") defines a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under IFRS 13 are as follows:

Level 1 - Inputs are unadjusted quoted prices 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 in Level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are unobservable for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Fair value estimation - (continued)

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgement by the Company's Directors. The Directors consider observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the financial instrument and does not necessarily correspond to the Company's perceived risk inherent in such financial instrument.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. There were no offsetting financial instruments as at financial year end.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of purchase.

Deferred income and amortisation of upfront swap amounts

With respect to certain series of Notes/Warrants issued, the swap counterparty pays an initial exchange amount into expense accounts (the "Suspense accounts"), held in the Company's name, for the purpose of covering the permitted expenses of the Company. Any balances held in these accounts at the financial year end in excess of accrued permitted expenses have been deferred to the following accounting period to match this income against the corresponding expense. For the series that do not have expense accounts the Company holds upfront amounts in a current account to meet the permitted expenses of the Company. Any amounts held in these accounts at the financial year end relating to future permitted expenses have been deferred to the following accounting period to match this income against the corresponding expense.

Foreign currency translation

a) Functional currency and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates, the Company's functional currency. The financial statements are presented in Euro which is the Company's functional and presentation currency.

b) Transactions and balances
Foreign currency transactions are translated into the Euro using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Transaction fees receivable

The Company is entitled to receive a minimum Transaction Fee of not less than £100 for each separate series of Limited Recourse Notes/Warrants that it issues. These fees are recognised on an accruals basis immediately on the date a new series of such Limited Recourse Notes is issued by the Company. The Company is also entitled to receive an additional Transaction Fee of a minimum of £250 per annum.

Share capital

Ordinary shares are not redeemable and are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Dividend distributions

Dividend distributions to the Company's shareholders are discretionary and are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Directors.

Taxation

The Company is an Irish resident Section 110 qualifying company and should be chargeable to corporation tax in Ireland at a rate of 25% of profits.

expense

Interest income and interest expense is composed of investment income, swap income, swap expense, note interest expense, loan interest income and loan interest expense and are accounted for on accrual basis. These are shown as part of net gain/(loss) on financial instruments.

Segmental reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Directors perform regular reviews of the operating results of the Company and make decisions using financial information at the entity level only. Accordingly, the Directors believe that the Company has only one reportable operating segment.

The Directors are responsible for ensuring that the Company carries out business activities in line with the transaction documents. They may delegate some or all of the day to day management of the business, including the decisions to purchase and sell securities, to other parties both internal and external to the Company. The decisions of such parties are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Directors. Therefore the Directors retain full responsibility as to the major allocation decisions of the Company.

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
Investment in Securities (held as collateral)	€ 1,400,045,639	€ 1,413,032,941

The financial assets are held as collateral for each realted series of Notes issued by the Company. The Company has invested the proceeds from the issue of each series of Notes/Warrants together with sums received from Société Générale, the Swap Counterparty, pursuant to the terms of the credit default swap ("CDS"), interest rate swap ("IRS"), cross currency swap ("CCS") and equity linked swap ("ELS"), to purchase debt securities (the "Collateral"). Further details of the Collateral are set out in note 25. Further details of the CDS, IRS, CCS and ELS transactions entered into are set out in notes 5, 6, 7 and 8.

	2018	2017
Movement in Collateral:		
Collateral at the start of the financial year	1,413,032,941	1,419,116,440
Acquisitions during the financial year	194,001,772	200,827,415
(Loss)/Gain on disposals of Collateral during the financial year	(2,434,993)	1,865,920
Proceeds from redemption/disposal of Collateral during the financial year	(189,054,317)	(119,851,265)
Change in fair value during the financial year	(15,499,764)	(88,925,569)
Collateral at the end of the financial year	€ 1,400,045,639	€ 1,413,032,941
Non-current	1,311,438,177	1,301,299,931
Current	88,607,462	111,733,010
	€ 1,400,045,639	€ 1,413,032,941

4. LOANS AND RECEIVABLES

	2018	2017
Loans and receivables	€ 64,907,764	€ 80,888,249

Further details of loans and receivables are set out in note 26.

5. CREDIT DEFAULT SWAPS

	2018	2017
Non-current assets	€ 204,066	€ -
Non-current liabilities	€ 4,793,139	€ 230,188

Under the CDS the Company is obliged to make payments (or deliver equivalent assets) to the Swap Counterparty if a credit event occurs in relation to a reference entity resulting in a Loss Amount in excess of the relevant Threshold Amount (if applicable). The principal amount of the limited recourse Notes would also be reduced following such a credit event. In exchange for the credit protection provided by the Company, premiums are receivable by the Company. As at 30th June 2018 and 30th June 2017, a CDS was in place for Series 50/2015, Series 78/2017, Series 80/2018 and Series 84/2018.

6. INTEREST RATE SWAPS

		2018		2017
Non-current assets	€	2,779,941	€	3,316,854
Non-current liabilities	€	158,441,656	€	154,638,866
Current liabilities	€	-	€	572,326

IRS are transacted to economically hedge the risk associated with the potential mismatch between the amounts receivable from the Collateral, CDS (if applicable) and the Company's obligations under the limited recourse Notes/Warrants. Coupon income received from the investments is paid to the Swap Counterparty and in return, under the terms of the swap agreements, the Swap Counterparty will pay the Company the interest amount payable by the Company to the Note/Warrant holders. A final asset swap payment at redemption is payable under the terms of some of the swap agreements. As at 30th June 2018, IRS are in place for Series 43/2013, Series 45/2014, Series 47/2014, Series 49/2015, Series 52/2015, Series 53/2015, Series 55/2015, Series 56/2015, Series 58/2015, Series 59/2016, Series 60/2016, Series 61/2016, Series 63/2016, Series 67/2016, Series 68/2016, Series 70/2016 and Series 79/2018 (2017: IRS in place for Series 43/2013, Series 47/2014, Series 49/2015, Series 51/2015, Series 52/2015, Series 53/2015, Series 55/2015, Series 56/2015, Series 58/2015, Series 59/2016, Series 60/2016, Series 61/2016, Series 63/2016, Series 65/2016, Series 66/2016, Series 67/2016, Series 68/2016, Series 69/2016, Series 70/2016 and Series 77/2017).

7. CROSS CURRENCY SWAPS

		2018		2017
Non-current assets	€	3,322,151	€	1,636,278
Current liabilities	€	-	€	72,060
Non-current liabilities	€	498,974	€	-

The Company has entered into a CCS transaction with the Swap Counterparty. Such CCS are generally used to economically hedge any embedded currency risk arising from any financial asset being denominated into a currency different from the one of the Series of Notes to which such asset relates. As at 30th June 2018, CCS are in place for Iris series 51/2015, Series 57/2015 and Series 81/2018 (2017: Series 42/2013, Series 45/2014 and Series 57/2015).

8. EQUITY LINKED SWAPS

		2018		2017
Non-current assets	€	-	€	-
Current assets	€	313,124	€	-
Current liabilities	€	203,907	€	-
Non-current liabilities	€	2,050,835	€	2,833,968

The Company has entered into an ELS transaction with the Swap Counterparty. Under the terms of the ELS, the Swap Counterparty agrees to pay the Company certain amounts on the effective date and in return, the Company will pay any coupon income received from the investments to the Swap Counterparty. As at 30th June 2018, ELS were in place for Series 37/2012, Series 39/2013 and Series 54/2015 (2017: Series 37/2012, Series 39/2013 and Series 54/2015).

9. RECEIVABLES

		2018		2017
Interest receivable on suspense accounts		53,333		53,333
Transaction fees receivable		5,031		3,957
	€	58,364	€	57,290

10. CASH AND CASH EQUIVALENTS

		2018		2017
HSBC EUR Deposit account - share capital account		48,948		43,990
HSBC EUR Deposit accounts		131,093		1,359,542
HSBC USD Deposit accounts		109,705		207,213
HSBC GBP Deposit accounts		704,026		531,070
HSBC JPY Deposit accounts		165,251		190,320
HSBC AUD Deposit accounts		3,733		12,339
HSBC CZK Deposit accounts		76,188		-
	€	1,238,944	€	2,344,474

11. CALLED UP SHARE CAPITAL

		2018		2017
AUTHORISED:				
40,000 ordinary shares of €1 each	€	40,000	€	40,000
ISSUED AND FULLY PAID:				
40,000 ordinary shares of €1 each	€	40,000	€	40,000

Ordinary shares entitle the holders to: receive notice of, and vote at, any general meeting of the Company; to ordinary dividends as may be declared by the Directors from time to time; and to participate in the winding up of the Company. All of the Company's issued share capital have been presented in equity.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

12. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
Notes/Warrants issued	€ 1,240,676,414	€ 1,259,638,665

The Company has entered into a programme for the issue of limited recourse obligations (the "Programme") whereby the Company may issue Notes, Warrants, or other limited recourse obligations, in separate series. Each such series is separately secured by a charge on assets acquired and other agreements entered into (the "Mortgaged Property") to fund the Company's payment obligations on each series. The maximum aggregate principal amount of all obligations issued pursuant to the Programme shall not exceed €20,000,000,000 or its equivalent in other currencies at the time of issue. In the event that the net proceeds from the redemption of any of the investments secured as Collateral and Loans are insufficient to discharge the obligations of the Company to the Note/Warrant holders of that particular series, the recourse of holders of any series of Note/Warrant is limited to amounts receivable from the net proceeds of the Mortgaged Property and Loans applicable to that series. In such event, the holder of any Note/Warrant is not entitled to proceed directly against any other assets of the Company.

The Notes/Warrants issued were designated as "Financial liabilities at fair value through profit or loss" upon initial recognition. In the Directors' opinion, the amount of the change in the fair value of the Company's financial liabilities that is attributable to changes in relevant benchmark interest rates is not material and has therefore not been separately quantified.

On the maturity of the Notes/Warrants, the Company will pay to the Note/Warrant holders an amount equal to the redemption value of the Mortgaged Property and Loans. The commercial substance of each transaction is that the liability under the Notes/Warrants payable will always be exactly matched by the proceeds from the Mortgaged Property applicable to that series. Further details of the Notes/Warrants are set out in note 27.

	2018	2017
Movement in financial liabilities at fair value through profit or loss:		
At the start of the financial year	1,259,638,665	1,189,694,277
New issues during the financial year	193,674,285	198,282,878
Maturities/redemptions during the financial year	(189,054,317)	(119,902,478)
Loss on redemptions during the financial year	844,499	1,217,344
Change in fair value during the financial year	(24,426,718)	(9,653,356)
At the end of the financial year	€ 1,240,676,414	€ 1,259,638,665
Non-current	1,153,906,172	1,148,550,039
Current	86,770,242	111,088,626
	€ 1,240,676,414	€ 1,259,638,665

13. OTHER LIABILITIES

	2018	2017
Non-current	€ 64,907,764	€ 80,888,249

Further details of other liabilities are set out in note 28.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

14. ACCRUALS AND OTHER PAYABLES

		2018		2017
Professional fees		163,991		158,176
Administration fees		19,793		45,290
Audit fee		89,948		66,812
Accrued tax		269		-
Other payables		4,214		7,204
	€	278,215	€	277,482

All of the accruals and other payables are payable on demand and do not bear any interest.

15. DEFERRED INCOME

		2018		2017
Deferred income - upfront swap amounts received	€	971,948	€	2,077,946

The deferred income is payable on demand and does not bear any interest.

16. OPERATING SEGMENTS

Geographical information

The Company's country of domicile is Ireland. All of the Company's revenues are generated from outside the Company's country of domicile. No further information concerning the country of origin of the Company's revenues is currently available and the cost to develop it would be excessive as such information would be of very little benefit to either the shareholders or the Note/Warrant holders.

Non-current assets

The Company has no non-current assets other than financial instruments.

Sources of income

The Company's net income comes primarily from Société Générale, from which the Company derives Transaction Fees, as described in note 2. Other income derived from Société Générale and/or income from other counterparties is matched against equal and opposite liabilities under each series of limited recourse liabilities. Consequently, the Company's net exposure is limited to income derived from Société Générale.

17. TAXATION

		2018		2017
Analysis of charge in the financial year				
Irish corporation tax charge for the financial year on ordinary activities	€	269	€	197
Factors affecting current tax charge				
Profit for the financial year before taxation		1,074		786
Provision for corporation tax at 25%	(	269)	(	197)
Profit for the financial year after taxation	€	805	€	589

17. TAXATION - (CONTINUED)

The Company is an Irish registered company and is structured to qualify as a securitisation company under Section 110 of the Taxes Consolidation Act, 1997. As such, the profits are chargeable to corporation tax under Case III Schedule D at a rate of 25% but are computed in accordance with the provisions applicable to Case I Schedule D.

Circumstances affecting future tax charges

The total taxation charge in future periods will be affected by any future changes to the corporation taxation rates in force in Ireland.

18. CONTROLLING PARTY

The Company is owned by nominees on behalf of Sanne Trustee Services Limited as Trustee of the Iris Trust, which is a charitable trust constituted under the laws of Jersey, Channel Islands. Control may be exercised by several parties, including the Trustee of the Iris Trust and the Note holders. In addition, the Notes have been issued in bearer form. Therefore in the opinion of the Directors, there is no identifiable single ultimate controlling party.

19. RELATED PARTIES

The Company has appointed Sanne Capital Markets Ireland Limited to provide certain administrative and secretarial services ("corporate services") in Ireland pursuant to a corporate service agreement (as novated). Under the terms of the agreement, Sanne Capital Markets Ireland Limited is paid for the various administrative, corporate, and secretarial services incurred on behalf of the Company. Conor Blake, Sinead O'Connor and Adrian Bailie are employees of Sanne Capital Markets Ireland Limited. Total expenses related to Sanne Capital Markets Ireland Limited were €31,857 for the financial year ended 30th June 2018 (2017: €96,112). Fees of €15,593 (2017: €45,290) were payable to Sanne Capital Markets Ireland Limited in respect of its services for the financial year ended 30th June 2018. There were no separate remuneration paid to the Directors during the current and prior years.

The Company has no employees.

20. AUDITORS REMUNERATION

Remuneration for all work carried out for the Company by the statutory audit firm has been specified in the table below with all figures shown includes VAT. There were no other assurance or non-audit service provided by the statutory audit firm to the Company during the current financial year and the prior financial year.

	2018	2017
Statutory audit fee (net of VAT: €40,000)	49,500	49,500
Tax advisory services (net of VAT €8,750)	10,500	10,500
	€ 60,000	€ 60,000

21. CREDIT EVENTS

There were no credit events during the financial year or subsequent to the financial year end.

22. SUBSEQUENT EVENTS

Subsequent to the financial year end date the Company issued the following series of Notes;

- Series 85/2018 - JPY 100,000,000,000 Pass-through Note due 2038
- Series 86/2018 - JPY 100,000,000,000 Pass-through Note due 2038
- Series 87/2018 - JPY 100,000,000,000 Pass-through Note due 2038
- Series 88/2018 - JPY 63,000,000,000 Pass-through Note due 2038
- Series 89/2018 - USD 10,000,000 Structured Notes due 2028
- Series 90/2019 - USD 100,000,000 Deposit Linked Notes due 2020
- Series 91/2019 - USD 20,000,000 Deposit Linked Notes due 2020
- Series 92/2019 - USD 150,000,000 Deposit Linked Notes due 2020

23. CAPITAL MANAGEMENT

The Company is not subject to externally imposed capital requirements. The Company was initially financed by €40,000 equity. Any subsequent transactions entered into by the Company are designed to enable the Company to pay its liabilities as they fall due. Each Note/Warrant issue is structured such that the Company's expenses are met either by the Note/Warrant holders (indirectly through HSBC transaction accounts), or are met by equal and opposite receipts under the relevant derivative transactions.

24. FINANCIAL INSTRUMENTS

Strategy in using financial instruments

As stated in the Report of the Directors, the principal activity of the Company is limited to the issue of Limited Recourse Obligations in separate series. The proceeds from the issue of each series of Notes/Warrants are used to invest in financial transactions in order to enable the Company to meet its obligations under the Notes/Warrants. Therefore the role of financial assets and financial liabilities is central to the activities of the Company; the financial liabilities provided the funding to purchase the Company's financial assets. Financial assets and liabilities provide the majority of the assets and liabilities of the Company along with all of the income.

24. FINANCIAL INSTRUMENTS - (CONTINUED)

Strategy in using financial instruments - (continued)

The Company had entered into 4 (2017: 4) classes of swap transactions. These swap transactions have economically hedged the interest rate risk, embedded currency risk and market price risk and have allowed the Company to sell credit protection over certain reference entities in exchange for an annual premium receivable. See notes 5, 6, 7 and 8 for further details.

The strategies used by the Company in achieving its objectives regarding the use of its financial assets and liabilities were set when the Company entered into the transactions. The Company has matched the properties of its financial liabilities to its assets which are both designated at fair value through profit or loss to avoid significant elements of risk generated by mismatches of investment performance against its obligations, together with any maturity or interest rate risk.

In the following disclosures the Company's financial assets are presented net of all applicable derivative transactions in order to present a useful comparison against the Company's liabilities.

Sensitivity analysis

In the Directors' opinion, there is no material difference between the aggregate fair value of the Mortgaged Property and the aggregate fair value of the Limited Recourse Obligations. From the perspective of the Company, any change in the fair value of the Mortgaged Property would be matched by an equal and opposite change in the fair value of the Limited Recourse Obligations. Consequently the Company is not exposed to market price risk, as any changes in the fair value of the Collateral would have no overall effect on profit or loss and/or equity. Also as disclosed below, in the Directors' opinion, there is no material interest rate risk to the Company, nor is there any currency rate risk to the Company.

IFRS 7 requires disclosure of "a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date." As stated, whilst the financial instruments held by the Company are separately exposed to interest rate risk and market price risk, the Company itself is not exposed to market risk overall. Therefore, in the Directors' opinion, no sensitivity analysis is required to be disclosed.

Critical accounting judgements and key sources of estimation

As described in note 2, the preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts disclosed in the financial statements. Moreover, where these are significant, further disclosure is required.

24. FINANCIAL INSTRUMENTS - (CONTINUED)

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity

Critical accounting judgements and key sources of estimation - (continued)

In the opinion of the Directors, the critical accounting judgements and key sources of estimation uncertainty are derived from the Company's indirect exposure to the valuation of financial assets and financial liabilities that are currently valued using "Level 3" methodology (i.e. using valuation parameters that are not based on observable market data and therefore classified within Level 3 under the IFRS 13 fair value hierarchy). The principal uncertainties concern the valuation of various types of structured credit derivatives including Credit Default Swaps. The values of unobservable parameters result from hypotheses and/or correlations that are not based on either transaction prices observable on the same instrument on the valuation date, or observable market data available on such date. As mentioned in the sensitivity analysis disclosure, any change in the fair value of a financial asset and/or financial liabilities resulting from such unobservable parameters would be matched by an equivalent change in the fair value of the Notes/Warrants. Therefore any such changes have no overall effect on either the profit or loss or the financial position of the Company. Consequently, the Company bears no material risk in relation to any such estimation uncertainties.

Interest rate risk

Interest rate risk occurs when there is a mismatch between the interest rates of the Company's assets and liabilities.

The Company primarily finances its operations through the issue of Notes upon which interest is payable. Under the swap transactions amounts equal to the coupons received from the investments are paid to the Swap Counterparty. In turn the Swap Counterparty pays to the Company amounts sufficient to cover its obligations to pay the interest due on the Notes. A change in interest rate as at the financial year end would result in a change in the fair value of the investment, the relevant swap transaction and the Notes. The changes in values are expected to have no net effect on the profit or loss or total equity of the Company. Accordingly, the Directors believe that there is no net interest rate risk to the Company. Any interest rate risk is borne by the Note/Warrant holders.

The interest rate profile of the Company's financial assets and liabilities is as follows:

Interest charging basis	2018 Weighted average interest rate %	2018 Amount	2017 Weighted average interest rate %	2017 Amount
Financial assets (net of derivatives):				
Fixed	3.45%	680,458,315	1.74%	632,754,062
Floating	2.00%	400,825,467	0.82%	584,325,250
Non-interest bearing	n/a	224,300,396	n/a	123,447,601
		€ 1,305,584,178		€ 1,340,526,913
Financial liabilities (Limited Recourse Notes/Warrants):				
Fixed	3.45%	680,458,315	1.74%	632,754,062
Floating	2.00%	400,825,467	0.82%	584,325,250
Non-interest bearing	n/a	224,300,396	n/a	123,447,601
		€ 1,305,584,178		€ 1,340,526,913

24. FINANCIAL INSTRUMENTS - (CONTINUED)

Currency risk

Currency risk occurs when there is a mismatch between the currencies of the Company's assets and liabilities.

Where the Company has issued Notes/Warrants denominated in a currency different from the currency of the underlying investments/loans related to such series of Notes/Warrants, the Company has matched its foreign currency obligations by entering into swap agreements whereby the proceeds received from its underlying investments will always be exactly matched by the currency required to make payments due under the Notes/Warrants issued. A change in currency exchange rate as at the year end would result in a change in the fair value of the investment, the relevant swap transaction and the Notes. The changes in values are expected to have no net effect on the profit or loss or total equity of the Company. Consequently, the Directors believe that there is no material currency risk to the Company. Any currency risk is borne by the Note/Warrant holders.

	2018		2017	
	Financial Assets (net of derivatives)	Financial Liabilities	Financial Assets (net of derivatives)	Financial Liabilities
Denominated in EUR	392,549,815	392,549,815	411,113,815	411,113,815
Denominated in USD	695,287,884	695,287,884	639,327,683	639,327,683
Denominated in JPY	95,682,613	95,682,613	76,921,020	76,921,020
Denominated in AUD	122,063,866	122,063,866	123,447,601	123,447,601
Denominated in AED	-	-	89,716,795	89,716,795
	€ 1,305,584,178	€ 1,305,584,178	€ 1,340,526,914	€ 1,340,526,914

Credit risk

The principal credit risks are: (i) the risk of Credit Events within the Reference Portfolio; and (ii) the risk of a failure of a Collateral counterparty to meet its obligations under the terms of the Collateral agreement. Credit Events within the Reference Portfolio may occur if one or more reference entities or reference obligations, as applicable, either fail to make payments on the scheduled payment dates, or enter into bankruptcy proceedings. In such event, a Credit Event may be declared by the Swap Counterparty. If the aggregate Loss Amounts resulting from such Credit Events were to exceed the relevant Threshold Amount, if applicable, this may result in a payment to the Swap Counterparty and final maturity/redemption of the Notes/Warrants at below nominal value. As the obligations under the Notes/Warrants are limited to amounts received from the Collateral, the Directors believe that the Company has no net exposure to any non-performing financial agreements or credit risk and any credit risk is borne by the Note/Warrant holders.

The concentration of credit risks are disclosed in the Offering Circular Supplement relating to each series of Notes/Warrants.

The majority of the cash balances of the Company are held with Société Générale and HSBC (2017: Société Générale and HSBC). As at 30th June 2018, Société Générale has a credit rating of A (2017: A), HSBC has a credit rating of AA- (2017: AA-) both from Standard & Poor's and Qatar Islamic Bank has a credit rating of A1 (2017: A1) from Moody's.

24. FINANCIAL INSTRUMENTS - (CONTINUED)

Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Company may be exposed at any given time to any one counterparty, industry region, country or asset class. As a result it may therefore be exposed to a degree of concentration risk. However the Directors consider that the Company is, in general, very diversified and that concentration risk is therefore not significant. Concentration risk is ultimately borne by the Note/Warrant holders.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. All substantial risks and rewards associated with the Company's financial assets and liabilities are ultimately borne by the Note/Warrant holders.

IFRS 7 requires disclosure of gross undiscounted cash flows payable on the Company's financial liabilities at maturity. However, where the amount payable at maturity is dependent upon the performance of the relevant Mortgaged Property, it is not possible to accurately estimate such cash flows. Instead, in the opinion of the Directors, the liquidity risk of the Company is best assessed by comparing the fair values of the Company's financial liabilities to the fair values of the Company's financial assets as at the statement of financial position date, as disclosed in the maturity analysis below.

Accrued amounts receivable and payable on the Company's financial instruments are recognised within the fair values of the relevant financial instruments and have not been presented separately in the maturity analysis below. For each Series, the aggregate of any such accrued amounts receivable is at all times equal and opposite to the aggregate of any such accrued amounts payable. Therefore, in the opinion of the Directors, the non-disclosure of separate amounts for accrued amounts receivable and accrued amounts payable is not material to the financial statements.

The maturity profile of the Company's financial assets and liabilities is as follows:

	2018		2017	
	Financial Assets (net of derivatives)	Financial Liabilities	Financial Assets (net of derivatives)	Financial Liabilities
Within one year	86,770,242	86,770,242	111,088,624	111,088,624
In more than one year but not	1,946,437	1,946,437	-	-
In more than two years but not	-	-	1,719,342	1,719,342
In more than three years but not	88,333,907	88,333,907	-	-
In more than four years but not	378,596,005	378,596,005	104,281,876	104,281,876
In more than five years	749,937,586	749,937,586	1,123,437,072	1,123,437,072
	€ 1,305,584,177	€ 1,305,584,177	€ 1,340,526,914	€ 1,340,526,914

24. FINANCIAL INSTRUMENTS - (CONTINUED)

Financial assets and financial liabilities by fair value hierarchy

The fair values of the Company's significant financial assets and financial liabilities, except for cash and cash equivalents and short-term receivables and payables, the carrying values of which are a reasonable estimation of fair values due to their short term nature, are as set out below.

30th June 2018	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets				
Financial assets at FVTPL	1,287,890,155	112,155,484	-	1,400,045,639
Loans and receivables	-	64,907,764	-	64,907,764
Credit default swaps	-	204,066	-	204,066
Interest rate swaps	-	-	2,779,941	2,779,941
Equity linked swaps	-	313,124	-	313,124
Cross currency swaps	-	-	3,322,151	3,322,151
	€ 1,287,890,155	€ 177,580,438	€ 6,102,092	€ 1,471,572,685
Financial liabilities				
Financial liabilities at FVTPL	378,596,005	66,992,522	795,087,887	1,240,676,414
Other liabilities	-	64,907,764	-	64,907,764
Credit default swaps	-	-	4,793,139	4,793,139
Interest rate swaps	-	7,310,005	151,131,651	158,441,656
Equity linked swaps	-	2,254,742	-	2,254,742
Cross currency swaps	-	-	498,974	498,974
	€ 378,596,005	€ 141,465,033	€ 951,511,651	€ 1,471,572,689

30th June 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL	1,313,416,840	99,616,101	-	1,413,032,941
Loans and receivables	-	80,888,249	-	80,888,249
Interest rate swaps	-	-	3,316,854	3,316,854
Cross currency swaps	-	-	1,636,278	1,636,278
	€ 1,313,416,840	€ 180,504,350	€ 4,953,132	€ 1,498,874,322
Financial liabilities				
Financial liabilities at FVTPL	-	565,098,168	694,540,497	1,259,638,665
Other liabilities	-	80,888,249	-	80,888,249
Credit default swaps	-	-	230,188	230,188
Interest rate swaps	-	7,180,446	148,030,746	155,211,192
Equity linked swaps	-	2,628,403	205,565	2,833,968
Cross currency swaps	-	-	72,060	72,060
	€ -	€ 655,795,266	€ 843,079,056	€ 1,498,874,322

Level 1 financial assets are listed securities which are valued using unadjusted quoted prices from an active market.

24. FINANCIAL INSTRUMENTS - (CONTINUED)

Financial asset and financial liabilities measured at fair value by fair value hierarchy - (continued)

Level 2 financial instruments are valued using a Société Générale Marked to Model which uses standard observable inputs from the market including interest rate spreads and interest rate spread volatility, equity and index prices and equity and index prices volatility, CDS spreads and CDS spreads volatility, and foreign exchange spot rates and foreign exchange spot rate volatility. The valuation models used to price these products are the prices generally used by Société Générale to value equity, interest rate and cross currency derivatives for vanilla and semi-exotic products. Prior to its use, this valuation model was validated by independent experts of the Market Risk Department among the Group Risk Management of Société Générale.

The following table provides the valuation of Level 3 financial instruments on the statement of financial position and the relationship of unobservable inputs to the fair value:

Financial instruments	Valuation technique	Significant unobservable	Sensitivity
Equity linked swaps, Credit default swaps, Interest rate swaps, Cross currency swaps and Financial liabilities at fair value through profit or loss	Different valuation models used (see further details below)	- Correl Quanto	Shifts and effect shown below: - CMS EUR 20Y - CMS EUR 2Y shift of 0.04 will result in change in valuation of approximately EUR 17,800 - CMS EUR 20Y - CMS EUR 10Y shift of 0.04 will result in change in valuation of approximately EUR 9,700 - CMS USD 30Y - CMS USD 2Y shift of 0.05 will result in change in valuation of approximately EUR 7,400 - resonably possible shift in correlation between USD interest rate and USD to EUR forex will not result in material adjustment to the fair values

The financial liabilities at fair value through profit or loss are classified as level 3 within the fair value hierarchy as, for each series, its fair value is derived from the total of the fair value of the financial assets at fair value through profit or loss and derivative financial instruments in that series.

The derivative financial instruments, mainly because of their many features, are not subject to a direct quotation on the markets. For these instruments, the fair value is determined by Société Générale Corporate Investment Banking using valuation techniques commonly used by market participants to assess financial instruments such as discounted future cash flows for swaps and using valuation parameters for which the estimate value is based on market conditions existing at the end of the period. Prior to their use, these valuation models are validated by independent experts of the Market Risk Department among the Group Risk Management of Société Générale who complete this priori validation by a posteriori consistency checks. Besides, the parameters used in valuation models, whether they come from observable markets or not, are deeply monitored on a monthly basis by experts from the Market Risk Department among the Group Risk Management and supplemented if needed by the necessary reserves (including liquidity and bid-ask).

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

24. FINANCIAL INSTRUMENTS - (CONTINUED)

Financial asset and financial liabilities measured at fair value by fair value hierarchy - (continued)

The Company policy is to recognise transfers into and out of the fair value hierarchy levels at the date of the event of change in circumstances. There were no movements between levels during the financial year or in the prior financial year.

The movements in Level 3 financial instruments for the financial year ended 30th June 2018 and 30th June 2017 were as follows. Derivative asset positions and liability positions in Level 3 have been netted off and are shown below.

30th June 2018	**Derivative financial instruments**	**Financial liabilities at FVTPL**	**Total**
Opening balance	143,585,427	(694,540,497)	(550,955,070)
Purchase, sales, issuance and redemptions (net)	-	(193,674,285)	(193,674,285)
Total gains/(losses) included in the statement of comprehensive income	6,736,245	93,126,895	99,863,140
Closing balance	€ 150,321,672	€ (795,087,887)	€ (644,766,215)

30th June 2017	**Derivative financial instruments**	**Financial liabilities at FVTPL**	**Total**
Opening balance	(217,188,742)	(639,920,929)	(857,109,671)
Purchase, sales, issuance and redemptions (net)	(2,544,537)	(198,282,878)	(200,827,415)
Total gains/(losses) included in the statement of comprehensive income	363,318,706	143,663,310	506,982,016
Closing balance	€ 143,585,427	€ (694,540,497)	€ (550,955,070)

Total gains/(losses) recorded in profit and loss for recurring fair value measurements at fair value through profit or loss categorised within level 3 of the fair value hierarchy are presented in the statement of comprehensive income in the line items; derivative financial instruments at fair value through profit or loss and financial liabilities at fair value through profit or loss.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Related Note Issue	Nominal	Maturity/Early Redemption Date	Cur	Investment details	Coupon	Fair value at 2018	Fair value at 2017
Investments held at the financial year end							
Series 37/2012	5,000,000	01/08/2018	CZK	Eligible bonds	Dependent on collateralised bonds	204,142	213,848
Series 39/2013	40,000,000	01/08/2018	CZK	Eligible bonds	Dependent on collateralised bonds	1,633,314	1,711,058
Series 42/2013	3,810,000	23/01/2018	EUR	Barclays Bank Plc	6 000%	-	4,033,390
Series 43/2013	7,000,000	18/12/2023	EUR	Crédit Municipal de Paris	3 250%	8,081,500	7,974,400
Series 45/2014	5,000,000,000	20/03/2039	JPY	Government of Japan	2 300%	52,407,563	52,349,017
Series 46/2014	500,000,000	09/03/2023	USD	1 MDB Global Investments Limited	4 400%	378,596,005	410,605,795
Series 47/2014	14,840,000,000	20/09/2024	JPY	Government of Japan	0 500%	119,283,925	120,539,978
Series 49/2015	500,000,000	20/12/2034	JPY	Government of Japan	1 200%	4,404,432	4,397,490
Series 50/2015	10,000,000	09/09/2024	USD	Credit Suisse New York bonds	Dependent on collateralised bonds	8,516,696	9,134,394
Series 51/2015	7,500,000	25/01/2022	USD	Standard Chartered Plc Notes	5 700%	6,884,929	7,310,999
Series 52/2015	50,366,000	25/10/2038	EUR	Republic of France	4 000%	77,315,609	74,687,141
Series 52/2015	25,134,000	25/10/2038	EUR	OAT lent to Société Générale	4 000%	38,442,387	37,270,909
Series 53/2015	54,000,000	25/10/2038	EUR	Republic of France	4 000%	82,793,799	80,075,956
Series 54/2015	20,000,000	26/03/2025	USD	Credit Suisse Group Funding (Guernsey) Limited	3 750%	16,617,387	17,837,919
Series 55/2015	75,000,000	27/10/2027	EUR	Republic of France	2.750%	91,851,719	90,441,370
Series 56/2015	55,500,000	25/10/2038	EUR	Republic of France	4.000%	85,093,626	82,300,289
Series 57/2015	14,400,000	25/01/2022	USD	Standard Chartered Plc	5.700%	13,219,063	14,037,119
Series 58/2015	10,000,000	26/03/2025	USD	Credit Suisse Group Funding (Guernsey) Limited	3.750%	8,310,495	8,918,960
Series 59/2016	10,000,000	24/09/2025	USD	UBS Group Funding (Jersey) Limited Note	4.125%	8,589,341	9,256,222
Series 60/2016	55,518,000	25/10/2038	EUR	Republic of France	4.000%	85,394,137	82,326,981
Series 60/2016	31,482,000	25/10/2038	EUR	OAT lent to Société Générale	4.000%	47,995,872	46,684,283
Series 61/2016	10,000,000	24/09/2025	USD	UBS Group Funding (Jersey) Limited Note	4.125%	8,589,341	9,256,222
Series 63/2016	10,000,000	24/09/2025	USD	UBS Group Funding (Jersey) Limited Note	4.125%	8,589,341	9,256,222
Series 65/2016	20,000,000	15/04/2026	USD	UBS Group Funding (Jersey) Limited Note	4.125%	-	18,424,882
Series 66/2016	10,000,000	15/04/2026	USD	UBS Group Funding (Jersey) Limited Note	4.125%	-	9,212,441
Series 67/2016	10,000,000	17/04/2026	USD	Credit Suisse Group Funding (Guernsey) Limited	4.550%	8,630,242	8,991,413
Series 68/2016	20,000,000	17/04/2026	USD	Credit Suisse Group Funding (Guernsey) Limited	4.550%	17,260,484	17,982,825
Series 69/2016	20,000,000	31/07/2017	USD	Credit Suisse Group Funding (Guernsey) Limited	4.550%	-	17,982,825
Series 70/2016	20,000,000	17/04/2026	USD	Credit Suisse Group Funding (Guernsey) Limited	4.550%	17,260,484	17,982,825
Series 72/2016	371,000,000	13/11/2017	AED	Emirates NBD Term deposit	Variable	-	89,716,795
Series 77/2017	50,000,000	25/05/2031	EUR	Republic of France	1.500%	-	52,118,973
Series 78/2017	20,000,000	16/03/2027	USD	Verizon Communications Inc Notes	4.125%	17,121,497	-
Series 79/2018	41,000,000	25/05/2031	EUR	Republic of France	1.500%	44,239,337	-
Series 80/2018	20,000,000	29/09/2027	USD	CK Hutchison international (17) (II) Limited	3.250%	16,168,725	-
Series 81/2018	9,150,000	19/02/2027	USD	Standard Chartered Plc	4.300%	7,709,592	-
Series 82/2018	99,750,000	27/03/2019	USD	QIB Term Deposit	3 750%*	86,770,008	-
Series 83/2018	2,000,000,000	23/10/2038	JPY	Lyxor Japan Progression 1 Fund	Zero	15,466,522	-
Series 84/2018	20,000,000	25/01/2028	USD	Westpac Banking Corporation	3 400%	16,604,125	-
						€ 1,400,045,639	€ 1,413,032,941

*Expected profit return

The Company entered into a Securities Lending Agreement ("SLA") with Société Générale, (the "Borrower") in respect of a number of Series Under the terms of the SLA, the Borrower has the option to exercise its Securities Lending Option pursuant to the Securities Lending Confirmation and require the delivery of the principal amount of the original collateral securities to the Borrower on the Delivery date The Borrower simultaneously delivers the Collateral to the Company on the same date in accordance with the SLA which also confirms that the aggregate market value of such collateral will not be less than the market value of the loaned securities multiplied by the applicable margin

As at 30th June 2018, the Borrower has exercised its Securities Lending Option by way of giving its Securities Lending Notice to the Company in respect of Series 52/2015, Series 53/2015, Series 55/2015, Series 56/2015 and Series 60/2015 (2017 Series 52/2015 and Series 60/2015)

26. LOANS AND RECEIVABLES

Related Loan Issue	Nominal	Maturity Date	Cur	Description	Coupon	Amortised cost at 2018	Amortised cost at 2017
Series 38/2012	65,809,400	30/04/2022	EUR	FCT Compartment due 2022	Variable	€ 64,907,764	€ 80,888,249

27. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Issue No	Issue Date	Maturity/Early Redemption Date	Cur	Nominal Amount	Listing	Coupon	Fair value at 2018	Fair value at 2017
Notes outstanding as at the financial year end								
Series 37/2012	29/10/2012	01/08/2018	EUR	30,000,000	-	n/a	235	28,902
Series 39/2013	15/07/2013	03/02/2020	EUR	25,000,000	-	n/a	1,946,437	1,690,440
Series 42/2013	26/09/2013	30/01/2018	JPY	500,000,000	Ireland	1.50%	-	3,961,331
Series 43/2013	08/01/2014	21/12/2023	EUR	7,000,000	Vienna	Variable	8,004,160	7,888,151
Series 45/2014	23/05/2014	28/03/2039	JPY	5,000,000,000	Ireland	Variable	45,750,177	45,737,513
Series 46/2014	23/10/2014	09/09/2023	USD	50,000,000	-	4.40%	378,596,005	410,605,795
Series 47/2014	26/11/2014	30/09/2024	AUD	233,000,000	Ireland	Zero	122,063,866	123,447,601
Series 49/2015	13/02/2015	29/12/2034	JPY	500,000,000	Ireland	Variable subject to limit	3,829,154	3,828,549
Series 50/2015	12/03/2015	09/09/2024	USD	10,000,000	Ireland	Variable	8,720,762	8,904,206
Series 51/2015	31/03/2015	01/02/2022	JPY	1,000,000,000	Ireland	1.00%	7,781,944	7,720,230
Series 52/2015	27/04/2015	27/10/2038	EUR	75,500,000	Ireland	Variable	76,128,800	74,949,476
Series 53/2015	25/06/2015	27/10/2038	EUR	54,000,000	Ireland	1.67%	58,204,678	56,160,264
Series 54/2015	07/07/2015	10/04/2025	USD	20,000,000	Ireland	Variable	14,566,552	15,209,516
Series 55/2015	16/07/2015	27/10/2027	EUR	75,000,000	Ireland	2.30%	81,900,540	80,850,709
Series 56/2015	28/08/2015	27/10/2038	EUR	55,500,000	Ireland	1.72%	59,935,045	57,782,336
Series 57/2015	08/09/2015	01/02/2022	JPY	2,000,000,000	Ireland	1.12%	15,644,199	15,673,397
Series 58/2015	04/12/2015	09/04/2025	USD	10,000,000	Ireland	Variable	8,118,885	8,686,262
Series 59/2016	01/03/2016	08/10/2025	USD	10,000,000	Ireland	Variable	8,159,479	8,736,424
Series 60/2016	04/05/2016	27/10/2028	USD	87,000,000	Ireland	Variable	89,031,426	84,758,238
Series 61/2016	04/05/2016	08/10/2025	USD	10,000,000	Ireland	Variable	8,175,765	8,775,279
Series 63/2016	12/05/2016	08/10/2025	USD	10,000,000	Ireland	Variable	8,183,932	8,783,525
Series 65/2016	03/06/2016	29/04/2026	USD	20,000,000	Ireland	Variable	-	17,497,271
Series 66/2016	08/06/2016	29/04/2026	USD	10,000,000	Ireland	Variable	-	8,748,635
Series 67/2016	24/06/2016	29/04/2026	USD	10,000,000	Ireland	Variable	8,033,806	8,262,469
Series 68/2016	11/07/2016	17/04/2026	USD	20,000,000	Ireland	Variable	15,915,992	16,474,783
Series 69/2016	18/07/2016	31/07/2017	USD	20,000,000	Ireland	Variable	-	17,410,499
Series 70/2016	19/07/2016	17/04/2026	USD	20,000,000	Ireland	Variable	15,914,060	16,474,781
Series 72/2016	14/11/2016	No stated maturity	AED	371,000,000	Ireland	Variable	-	89,716,795
Series 77/2017	22/03/2017	25/05/2031	EUR	50,000,000	Ireland	Variable	-	50,875,288
Series 78/2017	26/07/2017	30/03/2027	USD	20,000,000	Ireland	fixed with	14,724,007	-
Series 79/2018	09/02/2018	30/05/2031	EUR	41,000,000	Ireland	1.07%	41,522,156	-
Series 80/2018	12/02/2018	13/10/2027	USD	20,000,000	Ireland	fixed with	14,939,122	-
Series 81/2018	15/02/2018	26/02/2027	JPY	1,000,000,000	Ireland	0.90%	7,210,617	-
Series 82/2018	27/03/2018	27/03/2019	USD	100,000,000	Ireland	Zero	86,770,008	-
Series 83/2018	14/03/2018	10/12/2038	JPY	2,000,000,000	Vienna	Zero	15,466,522	-
Series 84/2018	09/04/2018	08/02/2028	USD	20,000,000	Ireland	Variable	15,438,083	-
							€ 1,240,676,414	€ 1,259,638,665

28. OTHER LIABILITIES

Issue No	Issue Date	Maturity Date	Cur	Nominal Amount	Listing	Coupon	Amortised cost at 2018	Amortised cost at 2017
Series 38/2012 *	31/10/2012	07/05/2022	EUR	95,809,400	Ireland	Variable	€ 64,907,764	€ 80,888,249

* For Series 38, there is maximum capital commitment of EUR 500,000,000.