Section 1: 8-K/A (AMENDMENT TO REPORT ON FORM 8-K)

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

Amendment No. 1

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Original Report (Date of Earliest Event Reported): October 1, 2018

Date of Amendment: December 11, 2018

AEROCENTURY CORP.

____

(Exact name of registrant as specified in its charter)

Delaware	001-13387	94-3263974
(State or Other Jurisdiction of incorporation)	**Commission File Number**	**(I.R.S. Employer Identification No.)**

1440 Chapin Avenue, Suite 310 Burlingame, CA	94010
(Address of principal executive offices)	**(Zip Code)**

(650)-340-1888
Registrant's telephone number, including area code:

Not Applicable
Former Name or Former Address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has not elected to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

This Current Report on Form 8-K/A amends the Current Report on Form 8-K filed by AeroCentury Corp. ("AeroCentury") on October 1, 2018 (the "Original Form 8-K"), to include the historical financial statements and pro forma financial information required under Item 9.01 in connection with the Company's acquisition of JetFleet Holding Corp. ("JetFleet"). No other modification to the Original Form 8-K is being made by this Current Report on Form 8-K/A. The financial statements and information filed herewith should be read in conjunction with the Original Form 8-K , and the information previously reported in or filed with the Original Form 8-K is hereby incorporated by reference in this Current Report on Form 8-K/A

ITEM 9.01 — FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements of businesses acquired

The Audited Consolidated Financial Statements of JetFleet as of and for the years ended December 31, 2016 and December 31, 2017, and the nine months ended September 30, 2017, with independent auditors' reports thereon, are filed as Exhibits 99.1, 99.2, and 99.3, respectively, to this Current Report on Form 8-K/A. The Unaudited Condensed Consolidated Financial Statements of JetFleet as of September 30, 2018, and for the nine months ended September 30, 2018 are filed as Exhibit 99.4 to this Current Report on Form 8-K/A.

(b) Pro forma financial information

The Unaudited Pro Forma Condensed Combined Financial Information of AeroCentury as of and for the nine months ended September 30, 2018 and for the year ended December 31, 2017 is filed as Exhibit 99.5 to this Current Report on Form 8-K/A.

(c) Exhibits

Exhibit Index

Exhibit No.	Description
99.1	Audited Consolidated Financial Statements of JetFleet as of and for the year ended December 31, 2016
99.2	Audited Consolidated Financial Statements of JetFleet as of and for the year ended December 31, 2017
99.3	Audited Consolidated Financial Statements of JetFleet as of and for the nine months ended September 30, 2017
99.4	Unaudited Condensed Consolidated Financial Statements of JetFleet as of and for the nine months ended September 30, 2018
99.5	Unaudited Pro Forma Condensed Combined Financial Information of AeroCentury as of and for the nine months ended September 30, 2018 and for the year ended December 31, 2017

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

Date: December 11, 2018

AEROCENTURY CORP.
By: */s/ Toni M. Perazzo*
Toni M. Perazzo
Sr. Vice President & Chief Financial Officer

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Section 2: EX-99.1 (AUDITED CONSOLIDATED 2016 JETFLEET HOLDING FINANCIAL STATEMENTS)

EXHIBIT 99.1

JetFleet Holding Corp. and Subsidiaries

Consolidated Financial Statements

For the year ended December 31, 2016

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**JETFLEET AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016**

Independent Auditor's Report

Board of Directors
JetFleet Holding Corp. and Subsidiaries
Burlingame, California

We have audited the accompanying consolidated financial statements of JetFleet Holding Corp. and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2016, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of JetFleet Holding Corp. and Subsidiaries as of December 31, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP

October 23, 2017

JetFleet Holding Corp. and Subsidiaries
Consolidated Balance Sheet
December 31, 2016

ASSETS

Assets:		
Cash and cash equivalents	$	3,082,800
Marketable securities		2,167,100
Receivable from affiliates		1,013,700
Accounts receivable and other receivables		10,300
Note receivable		41,500
Prepaid expense and other assets		104,200
Equipment (net of accumulated depreciation of $56,200)		17,100
Total assets	$	6,436,700

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Accounts payable	$	80,400
Accrued payroll		598,000
Taxes payable		106,900
Deferred tax liabilities		394,400
Total liabilities		1,179,700
Shareholders' equity:		
Series A Redeemable Preferred stock, 200,000 shares authorized, no shares issued and outstanding		-
Common stock, no par value, 1,000,000 shares authorized, 362,194 issued and outstanding		1,261,600
Retained earnings		3,319,200
Accumulated other comprehensive income:		
Foreign currency translation adjustments		100
Unrealized gain on securities		676,100
Total shareholders’ equity		5,257,000
Total liabilities and shareholders’ equity	$	6,436,700

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Operations
For the year ended December 31, 2016

Revenues:		
Management fees	$	5,204,400
Acquisition and remarketing fees		1,408,700
Gain on sale of assets		154,200
Income from partnership investment		107,200
Dividends, interest and other income		13,000
Total revenues		6,887,500
Costs and expenses:		
Salaries and employee benefits		2,947,900
Rent		433,000
Consulting fees		870,500
Travel, meals and entertainment		327,700
General and administrative		716,600
Total costs and expenses		5,295,700
Income before income taxes		1,591,800
Income tax expense		584,800
Net income	$	1,007,000

See accompanying notes to consolidated financial statements.

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2016

Net income	$	1,007,000
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments		(200)
Unrealized loss on securities		(421,700)
Other comprehensive loss		(421,900)
Comprehensive income	$	585,100

See accompanying notes to consolidated financial statements.

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Shareholders' Equity
For the year ended December 31, 2016

	Number of Shares	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2015	362,194	$ 1,261,600	$ 2,312,200	$ 1,098,100	$ 4,671,900
Net income	-	-	1,007,000	-	1,007,000
Foreign currency translation adjustments, net of tax benefit of $100	-	-	-	(200)	(200)
Unrealized loss on securities, net of tax benefit of $279,100	-	-	-	(421,700)	(421,700)
Balance at December 31, 2016	362,194	$ 1,261,600	$ 3,319,200	$ 676,200	$ 5,257,000

See accompanying notes to consolidated financial statements

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Cash Flows
For the year ended December 31, 2016

Operating activities:		
Net income	$	1,007,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of assets		(154,200)
Depreciation		5,900
Share of income upon termination of partnership investment		
Deferred income taxes		(107,200)
Changes in operating assets and liabilities:		2,000
Receivable from affiliates		(609,100)
Accounts receivable and other receivables		(1,700)
Taxes receivable		82,900
Prepaid expenses and other assets		2,700
Accounts payable		(27,300)
Accrued payroll		156,400
Income taxes payable		106,900
Net cash provided by operating activities		464,300
Investing activities:		
Proceeds from asset sales		211,500
Investment in capital assets		(15,600)
Repayments on note receivable		16,100
Distribution upon termination of partnership investment		208,600
Net cash provided by investing activities		420,600
Net increase in cash and cash equivalents		884,900
Cash and cash equivalents, beginning of year		2,198,300
Exchange losses on cash and cash equivalents		(400)
Cash and cash equivalents, end of year	$	3,082,800
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Income taxes	$	391,900
Foreign taxes		1,300

1. Organization and Business of the Company

Organization

JetFleet Holding Corp. and Subsidiaries (“JHC”) was incorporated in the state of California on January 27, 1994. As of December 31, 2016, all of the outstanding common stock of JHC was owned indirectly through trusts by Toni M. Perazzo and Abigail Crispin (Ms. Perazzo’s dependent child), and by shareholders not affiliated with JHC or its subsidiaries.

JHC owns all of the outstanding common stock of JetFleet Management Corp (“JMC”). JMC owns all of the outstanding common stock of JetFleet Canada and all the membership interests of JetFleet Management USVI LLC (“JMC USVI”). JMC owned all of the outstanding common stock of EZLease Corp (“EZLease”) until December 13, 2016 when EZLease was liquidated and dissolved.

Business of the Company's Subsidiaries

The Company was formed to build an integrated aircraft management, marketing and financing business. In August 2015, the Company extended its management agreement with AeroCentury Corp. (“ACY”) for ten years. The new management agreement expires in August 2025, and the Company remains responsible for the selection of assets to be acquired by ACY and the leasing, re-leasing and/or subsequent sale of assets owned by ACY. The Company is entitled to acquisition fees, re-sale fees and management fees in connection with these activities.

As mentioned above, JetFleet Canada is a subsidiary of JMC. Based in Calgary, Alberta, Canada, JetFleet Canada provides aircraft management and technical services for the Company and its affiliates.

JMC USVI is a subsidiary of JMC based in St. Thomas, USVI. JMC has an agreement with JMC USVI for consulting services and to operate office space in the U.S. Virgin Islands for use by JMC.

EZLease was a subsidiary of JMC, based in Burlingame, California. Prior to JMC’s acquisition of EZLease in July 2012, JMC had an agreement to lease office and computer equipment on a monthly basis from EZLease. Subsequent to the acquisition, JMC terminated monthly rent payments to EZLease. In December 2016, EZLease distributed all its assets to JMC to reduce costs and improve administrative efficiencies. The Company recognized no gain or loss from EZLease’s transfer of all its assets and operations to JMC. After the asset transfer, EZLease filed articles of dissolution and terminated operations.

1. Organization and Business of the Company (continued)

Partnership Investment

Prior to his death in January 2016, Neal D. Crispin and the Company were partners in a partnership, Montevideo L.P. The Partnership's sole business activity was the ownership of a variable universal life insurance policy on the Company's President and Chief Executive Officer, Neal D. Crispin. Upon Mr. Crispin's death, Montevideo L.P. collected the life insurance policy's death benefits and pursuant to the terms of the partnership agreement, distributed all its assets to its partners and terminated operations. In 2016, the Company received total distributions of approximately $208,600, representing five percent of Montevideo L.P.'s assets.

2. Summary of Significant Accounting Policies

Basis of Presentation

Financial information for JHC, JMC, EZLease, JMC USVI and JetFleet Canada (collectively, the "Company") is presented on a consolidated basis in accordance with accounting principles generally accepted in the United States of America ("GAAP") based upon the continuation of the business as a going concern. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Principles of Consolidation

These financial statements reflect the consolidation of JHC's results with those of its wholly owned subsidiaries, JMC, JMC USVI, and JetFleet Canada for the entire year and EZLease for the portion of the year it existed. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The Company's consolidated financial statements have been prepared in accordance with GAAP. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable for making judgments that are not readily apparent from other sources.

The most significant estimates with regard to these consolidated financial statements are the estimated value of certain financial assets and the accounting for income taxes.

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Company considers highly liquid investments readily convertible into known amounts of cash, with original maturities of thirty days or less, as cash equivalents**.**

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible. The standard describes a fair value hierarchy based on three levels of inputs. The first two are considered observable and the last unobservable.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

The following table shows by level, within the fair value hierarchy, the Company's assets at fair value:

	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Marketable securities	$2,167,100	$2,030,600	$ -	$136,500
Money market funds	272,700	272,700	-	-
Total	$2,439,800	$2,303,300	$ -	$136,500

As of December 31, 2016 there were no liabilities that were required to be measured and recorded at fair value on a recurring basis. During the year ended December 31, 2016, the Company transferred $101,400 out of Level 3 securities, upon receiving liquidation distributions and termination of Montevideo L.P., as described in Footnote 1.

2. Summary of Significant Accounting Policies (continued)

Fair Value of Other Financial Instruments

The Company's financial instruments, other than cash, consist principally of cash equivalents, accounts receivable, marketable securities, and accounts payable. The fair value of cash equivalents, accounts receivable and accounts payable approximates the carrying value of these financial instruments because of their short-term nature.

Marketable securities are stated at fair value as of the balance sheet date. The Company measures the fair values of investments in securities using the last quoted sales price from the primary exchange where the security is traded. The Company classifies its marketable equity securities as available for sale. Realized gains and losses, determined using the first in, first out ("FIFO") method, are included in earnings; unrealized holding gains and losses are reported in other comprehensive income.

For the year ended December 31, 2016, the Company had a gross unrecognized loss on its marketable equity securities available for sale of $700,800. From inception to December 31, 2016, the Company had the following cumulative gross unrealized gains on marketable equity securities available for sale:

Description	Total Cost	Fair Market Value	Gross Unrealized Gain
Cumulative gross unrealized gains on marketable securities	$ 1,043,300	$ 2,167,100	$ 1,123,800

At December [illegible] the Company holds 214,876 shares of ACY common stock. The Company's investment in ACY is recorded at fair value and classified within Level 1 because it is listed on the NYSE American Exchange where its value is based on quoted market prices in active markets.

On May 1, 2012, the Company made an initial capital contribution of $101,700 in Montevideo L.P. for a 5% general partnership interest. Montevideo L.P. was a Nevada limited partnership organized to acquire life insurance on Neal Crispin, the President and CEO of the Company. Because Montevideo L.P. did not meet the definition of a business and the limited partner retained substantive participating rights in certain partnership decisions, the Company did not have control over the partnership and could not consolidate the results of the limited partnership with those of the Company. The Company accounted for its investment in the limited partnership using the equity method of accounting. Under the terms of the partnership agreement, the Company was allocated 5% of the net profits and losses earned by Montevideo L.P. As discussed above, after the death of Mr. Crispin, the partnership distributed all its assets prior to December 31, 2016, and dissolved on February 15, 2017.

2. Summary of Significant Accounting Policies (continued)

On December 31, 2016, the Company owned 121 shares of Uniform Components non-voting preferred stock. The Uniform Components non-voting preferred stock has a cumulative preferred annual dividend of 10% and a liquidation value of $1,000 per share, but may not be liquidated before January 1, 2019. Because the Company owns a minority share of non-voting preferred stock, Uniform Components results are not consolidated with those of the Company.

The Company's investment in Uniform Components non-voting preferred stock has been classified within Level 3 due to unobservable inputs and infrequent trading. When observable prices are not available for these securities, the Company measures their fair value using the income valuation approach, for which sufficient and reliable data is available. The use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. Pursuant to the income valuation approach, the Company estimates the Uniform Components non-voting preferred stock's fair market value based on the estimated net present value of future dividends, the January 1, 2019 liquidation value and a 4% interest rate.

Note Receivable

The note receivable is carried at its estimated collectible amount. Interest income on the note receivable is recognized using the interest method.

Equipment and Depreciation

The Company's interests in equipment are recorded at cost and depreciated using the straight-line method over five years.

Income taxes

As part of the process of preparing the Company's consolidated financial statements, management is required to estimate income taxes in each of the jurisdictions in which the Company operates. This process involves estimating the Company's current tax exposure under the most recent tax laws and assessing temporary differences resulting from differing treatment of items for tax and GAAP purposes. These differences result in deferred tax assets and liabilities, which are included in the consolidated balance sheet. Management must also assess the likelihood that the Company's deferred tax assets will be recovered from future taxable income, and, to the extent management believes it is more likely than not that some portion or all of the deferred tax assets will not be realized, the Company must establish a valuation allowance. To the extent the Company establishes a valuation allowance or changes the allowance in a period, the Company reflects the corresponding increase or decrease within the tax provision in the consolidated statement of operations. Significant management judgment is required in determining the Company's future taxable income for purposes of assessing the Company's ability to realize any benefit from its deferred taxes. The Company records non-income based sales, use, property, value added and franchise taxes as general and administrative expense in the consolidated statement of operations.

2. Summary of Significant Accounting Policies (continued)

Common Stock

On December 31, 2016, the Company had 362,194 shares of common stock outstanding.

Comprehensive Income

The Company reports unrealized gains and losses from marketable securities in comprehensive income. In addition, for the Company's foreign subsidiary where the functional currency is the Canadian dollar, monetary assets and liabilities are translated at year-end exchange rates while non-monetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the year.

Foreign Currency

The reporting currency of the Company is the U.S. dollar. The functional currency of JetFleet Canada is the Canadian dollar. The balance sheet of the Company's foreign subsidiary is translated at year-end rates of exchange, and the statement of operations is translated at the average exchange rate for the year. Gains or losses resulting from translating foreign currency financial statements are included in accumulated other comprehensive income.

Revenue Recognition

The Company recognizes income earned from services provided to ACY pursuant to a management agreement. The Company receives a monthly management fee based on the net asset value of ACY's assets under management by the Company. The Company records the monthly management fee at the end of each month. The Company also receives an acquisition fee for locating assets for ACY, and may receive a remarketing fee in connection with the sale or re-lease of ACY's assets. The Company's policy is to record acquisition fees on the date ACY completes the acquisition of aircraft assets and to record remarketing fees on the date a sale or re-lease of ACY's assets occurs.

Concentration of Revenues

All of the management, acquisition and remarketing fees earned by the Company are derived from aviation assets owned by ACY, which are leased to customers in countries around the world. Related party issues between the Company and ACY are discussed in Footnote 9.

3. Commitments

The Company leases its office space under a lease expiring June 30, 2020 and a storage facility on a monthly basis. The monthly lease commitment for the office space includes an amount for base rent and operating expenses. The Company estimates that the future minimum lease commitments for its office space and storage facility are as follows:

Year Ended December 31:	Amount
2017	$ 437,700
2018	441,800
2019	449,100
2020	230,700
Total	$1,559,300

The Company has a contractual obligation to pay a certain amount of operating expenses (utilities and insurance costs) that are included in office rent expense. The projected annual rent expenses shown above for the periods 2017 through 2020 are based on periodic increases to the base rental rate per the lease and operating expense amounts in effect at December 31, 2016. The lease allows for a 2% increase to monthly operating expenses beginning on January 1, 2017, but since no increase occurred it was not reflected in the estimated operating expenses for 2017 and 2018. The lease also allows for a 2% increase in monthly operating expenses beginning on January 1, 2019, which is reflected in estimated operating expenses for 2019 and 2020. Total rent expense for the year ended December 31, 2016, which included rent for a storage facility rented on a monthly basis, was $433,000.

4. Income tax provision

The components for the provision for income taxes for the year ended December 31, 2016 were as follows:

Current tax provision:		
Federal	$	476,700
State		104,800
Foreign		1,300
Current tax provision		582,800
Deferred tax provision:		
Federal		3,000
State		500
Change in valuation allowance		(1,500)
Deferred tax provision		2,000
Total provision for income taxes	$	584,800

4. Income tax provision (continued)

Total income tax expense differs from the amount that would be provided by applying the statutory federal income tax rate to pretax earnings as illustrated below:

Income tax benefit statutory federal income tax rate	$	541,200
State tax benefit net of federal benefit		66,100
Meals and entertainment		11,400
Non-taxable income		(40,900)
Tax rate differences		8,500
Change in valuation allowance		(1,500)
Total income tax provision	$	584,800

that
gave rise to a significant portion of deferred tax assets and (liabilities) as of December 31, 2016 are as follows:

Gross deferred tax assets:		
Net operating loss carry-forwards	$	3,000
Deferred compensation		28,900
Franchise taxes and other		32,600
Deferred tax assets		64,500
Valuation allowance		(1,700)
Net deferred tax asset		62,800
Gross deferred tax liabilities:		
Unrealized gains on securities		(447,600)
Depreciation and impairment		(9,600)
Net deferred tax liabilities	$	(394,400)

Canada
and JMC USVI is a Virgin Islands limited liability company taxed as a corporation in the Virgin Islands. Accordingly, the provision for income taxes for these subsidiaries is reflected in the Company's consolidated financial statements and includes foreign taxes currently payable and changes in deferred tax assets and liabilities.

A portion of the deferred tax assets recognized relates to JetFleet Canada's and JMC USVI's foreign net operating loss carryovers. The foreign net operating carryovers of approximately $7,700 will be available to offset taxable income in future years and begin to expire in 2029. A valuation allowance was deemed necessary on certain JetFleet Canada net operating loss carryovers, as the Company has concluded, based on an assessment of all available evidence, that it is more likely than not that future taxable income will not be sufficient to realize these tax benefits. Where a valuation allowance was not recorded for other non foreign net operating loss carryover deferred tax assets, the Company believes that it is more likely than not that future taxable income (including the reversal of temporary differences) will be sufficient to realize the tax benefits for the balance of deferred tax assets on the balance sheet at December 31, 2016.

4. Income tax provision (continued)

The Company accounts for interest related to uncertain tax positions as interest expense and for income tax penalties as tax expense. There are no material unrecognized income tax positions related to uncertain tax positions.

All of the Company's tax years remain open to examination other than as barred in the various jurisdictions by statutes of limitation.

5. Concentration of Credit Risk

The Company maintains its cash and cash equivalents at various financial institutions, where they are insured by the Federal Deposit Insurance Corporation (“FDIC”) and the Securities Investor Protection Corporation (“SIPC”) up to $250,000. The balances of these accounts from time to time exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2016, the amount over FDIC and SIPC limits was approximately $2,141,000.

6. Assets Sold

During 2016, Company recorded net gains totaling $154,200 from the sale of automobiles, computers and furniture.

7. Accumulated Comprehensive Income

8.	Before-tax Amount	Tax (Expense)	Net-of-tax Amount
Foreign currency translation adjustments	$ 100	$ 0	$ 100
Unrealized gains on securities	1,123,800	(447,700)	676,100
Total accumulated comprehensive income	$ 1,123,900	$ (447,700)	$ 676,200

The Company maintains a qualified defined contribution salary deferral profit sharing plan for U.S. employees. An employee must be at least 21 years of age to participate in this plan. This plan permits employees to defer up to 15% of their salary based on strict IRS guidelines. During 2016, the Company elected to make matching contributions equal to 100% of the portion of the participant’s salary reduction, up to $5,000, which does not exceed 4% of the participant’s qualified compensation. Participants are always 100% vested in their salary deferral contributions. Participants vest in the matching Company contributions ratably over two years. The Company made matching contributions to this plan for the year ended December 31, 2016 of $48,000.

9. Related Party Transactions

The Company's subsidiary, JMC, an integrated aircraft management, marketing and financing business, manages and administers a portfolio of leased aircraft assets owned by ACY pursuant to a ten-year management agreement. Certain officers of the Company are also officers of ACY and hold significant ownership positions in both ACY and the Company. JMC also receives an acquisition fee for locating assets for ACY, and may receive a remarketing fee in connection with the sale or re-lease of the ACY's assets. During the year ended December 31, 2016, JMC received management fees of $5,204,400 and acquisition fees of $1,124,200. Also during 2016, JMC received remarketing fees of $284,500 from ACY.

10. Subsequent Events

The Company has evaluated events occurring through October 23, 2017, the date the consolidated financial statements were available to be issued, for events requiring recording or disclosure in the consolidated financial statements for the year ended December 31, 2016.

JMC USVI completed its liquidation and filed amendment to dissolve effective June 30, 2017.

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Section 3: EX-99.2 (AUDITED JETFLEET HOLDING 2017 FINANCIAL STATEMENTS)

EXHIBIT 99.2

JetFleet Holding Corp. and Subsidiaries

Consolidated Financial Statements

For the year ended December 31, 2017

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**JETFLEET AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

Independent Auditor's Report

Board of Directors
JetFleet Holding Corp. and Subsidiaries
Burlingame, California

We have audited the accompanying consolidated financial statements of JetFleet Holding Corp. and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2017, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of JetFleet Holding Corp. and Subsidiaries as of December 31, 2017, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP

June 11, 2018

JetFleet Holding Corp. and Subsidiaries
Consolidated Balance Sheet
December 31, 2017

ASSETS	
Assets:	
Cash and cash equivalents	$4,866,000
Marketable securities	3,407,600
Receivable from affiliates	496,600
Accounts receivable	3,400
Taxes receivable	24,600
Note receivable	32,800
Prepaid expenses and other assets	121,300
Equipment (net of accumulated depreciation of $62,200)	22,700
Total assets	$8,975,000
LIABILITIES AND SHAREHOLDERS' EQUITY	
Liabilities:	
Accounts payable and accrued liabilities	$ 202,300
Accrued payroll	908,400
Income taxes payable	600
Deferred tax liabilities	631,900
Total liabilities	1,743,200
Shareholders' equity:	
Series A Redeemable Preferred stock, 200,000 shares authorized, no shares issued and outstanding	-
Common stock, no par value, 1,000,000 shares authorized, 362,194 issued and outstanding	1,261,600
Retained earnings	4,267,100
Accumulated other comprehensive income:	
Foreign currency translation adjustments	300
Unrealized gain on securities	1,702,800
Total shareholders’ equity	7,231,800
Total liabilities and shareholders’ equity	$8,975,000

See accompanying notes to consolidated financial statements.

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Operations
For the year ended December 31, 2017

Revenues:	
Management fees	$6,109,100
Acquisition and remarketing fees	901,600
Dividends, interest and other income	12,700
Total revenues	7,023,400
Costs and expenses:	
Salaries and employee benefits	3,459,700
Rent	423,600
Consulting fees	524,700
Travel, meals and entertainment	334,500
Interest	19,600
General and administrative	564,600
Total costs and expenses	5,326,700
Income before income taxes	1,696,700
Income tax expense	481,400
Net income	$1,215,300

See accompanying notes to consolidated financial statements.

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2017

Net income	$	1,215,300
Other comprehensive income, net of tax:		
Foreign currency translation adjustments		300
Unrealized gain on securities		759,200
Other comprehensive income		759,500
Comprehensive income	$	1,974,800

See accompanying notes to consolidated financial statements.

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Shareholders' Equity
For the year ended December 31, 2017

	Number of Shares	Common Stock	Retained Earnings	Accumulated Comprehensive Income	Total
Balance at December 31, 2016	362,194	$ 1,261,600	$ 3,319,200	$ 676,200	$ 5,257,000
Net income	-	-	1,215,300	-	1,215,300
Foreign currency translation adjustments, net of tax expense of $100	-	-	-	300	300
Unrealized gain on securities, net of tax expense of $481,300	-	-	-	759,200	759,200
Reclassification of stranded tax effects pursuant to ASU 2018-02	-	-	(267,400)	267,400	-
Balance at December 31, 2017	362,194	$ 1,261,600	$ 4,267,100	$ 1,703,100	$ 7,231,800

See accompanying notes to consolidated financial statements

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Cash Flows
For the year ended December 31, 2017

Operating activities:		
Net income	$	1,215,300
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		5,300
Deferred income taxes		(243,900)
Changes in operating assets and liabilities:		
Receivable from affiliates		517,100
Accounts receivable		6,900
Taxes receivable		(24,600)
Prepaid expenses and other assets		(17,100)
Accounts payable and accrued liabilities		121,900
Accrued payroll		310,400
Income taxes payable		(106,300)
Net cash provided by operating activities		1,785,000
Investing activities:		
Investment in capital assets		(11,000)
Repayments on note receivable		8,700
Net cash used in investing activities		(2,300)
Net increase in cash and cash equivalents		1,782,700
Exchange gains on cash and cash equivalents		500
Cash and cash equivalents, beginning of period		3,082,800
Cash and cash equivalents, end of period	$	4,866,000
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Income taxes	$	790,200
Foreign taxes		600

1. Organization and Business of the Company

Organization

JetFleet Holding Corp. and Subsidiaries ("JHC" or the "Company") was incorporated in the state of California on January 27, 1994. As of December 31, 2017, all of the outstanding common stock of JHC was owned indirectly through trusts by Toni M. Perazzo and Abigail Crispin (Ms. Perazzo's dependent child), and by shareholders not affiliated with JHC or its subsidiaries.

JHC owns all of the outstanding common stock of JetFleet Management Corp ("JMC"). JMC owns all of the outstanding common stock of 1314401 Alberta Inc. ("JetFleet Canada") and owned all the membership interests of JetFleet Management USVI LLC ("JMC USVI") until June 30, 2017, when it was liquidated and dissolved.

Business of the Company's Subsidiaries

The Company was formed to build an integrated aircraft management, marketing and financing business. In August 2015, the Company extended its management agreement with AeroCentury Corp. ("ACY") for ten years. The new management agreement expires in August 2025, and the Company remains responsible for the selection of assets to be acquired by ACY and the leasing, re-leasing and/or subsequent sale of assets owned by ACY. The Company is entitled to acquisition fees, re-sale and re-lease fees and management fees in connection with these activities.

As mentioned above, JetFleet Canada is a subsidiary of JMC. Based in Calgary, Alberta, Canada, JetFleet Canada provides aircraft management and technical services for the Company and its affiliates.

JMC USVI was a subsidiary of JMC, based in St. Thomas, U.S. Virgin Islands ("USVI"). JMC had an agreement with JMC USVI for consulting services and to operate office space in the U.S. Virgin Islands for use by JMC. In 2016, JMC ceased payment of consulting fees and initiated closing JMC USVI's office in the Virgin Islands. JMC USVI distributed all its assets to JMC and was dissolved on June 30, 2017.

2. Summary of Significant Accounting Policies

Basis of Presentation

Financial information for the Company is presented on a consolidated basis in accordance with accounting principles generally accepted in the United States of America ("GAAP") based upon the continuation of the business as a going concern.

2. Summary of Significant Accounting Policies (continued)

Principles of Consolidation

These financial statements reflect the consolidation of JHC's results with those of its wholly owned subsidiaries, JMC, JetFleet Canada and JMC USVI. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The Company's consolidated financial statements have been prepared in accordance with GAAP. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable for making judgments that are not readily apparent from other sources.

The most significant estimates with regard to these consolidated financial statements are the estimated value of marketable securities and the accounting for income taxes.

Cash and Cash Equivalents

The Company considers highly liquid investments readily convertible into known amounts of cash, with original maturities of three months or less, as cash equivalents.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible. The standard describes a fair value hierarchy based on three levels of inputs. The first two are considered observable and the last unobservable.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

2. Summary of Significant Accounting Policies (continued)

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

The following table shows by level, within the fair value hierarchy, the Company's assets at fair value:

As

	December 31, 2017			
	Total	Level 1	Level 2	Level 3
Marketable securities	$ 3,407,600	$ 3,274,700	$ 0	$ 132,900
Money market funds	273,000	273,000	0	0
Total	$ 3,680,600	$ 3,547,700	$ 0	$ 132,900

there were no liabilities that were required to be measured and recorded at fair value on a recurring basis. During the year ended December 31, 2017, there were no transfers in or out of Level 3 securities.

Fair Value of Other Financial Instruments

The Company's financial instruments, other than cash, consist principally of cash equivalents, accounts receivable, marketable securities, and accounts payable. The fair value of cash equivalents, accounts receivable and accounts payable approximates the carrying value of these financial instruments because of their short-term nature.

Marketable securities are stated at fair value as of the balance sheet date. The Company measures the fair values of investments in Level 1securities using the last quoted sales price from the primary exchange where the security is traded. The Company classifies its marketable equity securities as available for sale. Realized gains and losses, determined using the first in, first out (FIFO) method are included in earnings; unrealized holding gains and losses are reported in other comprehensive income.

For the year ended December 31, 2017, the Company had a gross unrecognized gain on its marketable equity securities available for sale of $2,364,400. From inception to December 31, 2017, the Company had the following cumulative gross unrealized gains on marketable equity securities available for sale:

At

Description	Total Cost	Fair Market Value	Gross Unrealized Gain
Cumulative gross unrealized gains on marketable securities	$ 1,043,300	$ 3,407,600	$ 2,364,400

the Company held 214,876 shares of ACY common stock. The Company's investment in ACY is recorded at fair value and classified within Level 1 because it is listed on the NYSE American Exchange where its value is based on quoted market prices in active markets.

2. Summary of Significant Accounting Policies (continued)

At December 31, 2017, the Company owned 121 shares of Uniform Components non-voting preferred stock. The Uniform Components non-voting preferred stock has a cumulative preferred annual dividend of 10% and a liquidation value of $1,000 per share, but may not be liquidated before January 1, 2019. Because the Company owns a minority share of non-voting preferred stock, Uniform Components results are not consolidated with those of the Company.

The Company's investment in Uniform Components non-voting preferred stock has been classified within Level 3 due to unobservable inputs and infrequent trading. When observable prices are not available for these securities, the Company measures their fair value using the income valuation approach, for which sufficient and reliable data is available. The use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. Pursuant to the income valuation approach, the Company estimates the Uniform Components non-voting preferred stock's fair market value based on the estimated net present value of future dividends, the January 1, 2019 liquidation value and a 2.0% interest rate.

Note Receivable

The note receivable is carried at its estimated collectible amount. The Company received the note receivable in July 2014 from an outside consultant in exchange for a cash loan. Interest income on the note receivable is recognized using the interest method.

Equipment and Depreciation

The Company's interests in equipment are recorded at cost and depreciated using the straight-line method over five years.

Income taxes

As part of the process of preparing the Company's consolidated financial statements, management is required to estimate income taxes in each of the jurisdictions in which the Company operates. This process involves estimating the Company's current tax exposure under the most recent tax laws and assessing temporary differences resulting from differing treatment of items for tax and GAAP purposes. These differences result in deferred tax assets and liabilities that are included in the consolidated balance sheet. Management must also assess the likelihood that the Company's deferred tax assets will be recovered from future taxable income, and, to the extent management believes it is more likely than not that some portion or all of the deferred tax assets will not be realized, the Company must establish a valuation allowance. To the extent the Company establishes a valuation allowance or changes the allowance in a period, the Company reflects the corresponding increase or decrease within the tax provision in the consolidated statement of operations. Significant management judgment is required in determining the Company's future taxable income for purposes of assessing the Company's ability to realize any benefit from its deferred taxes. The Company records non-income based sales, use, property, value added and franchise taxes as general and administrative expense in the consolidated statement of operations.

2. Summary of Significant Accounting Policies (continued)

In early 2018, ASU 2018-02 was adopted by the FASB, providing that reporting entities could elect to reclassify "stranded tax effects," resulting from a reduction in the tax rate provided for in the Tax Cuts and Jobs Act in 2017, from accumulated comprehensive income to retained earnings. The Company has elected to early adopt such provisions and, as such, while the reduction in deferred tax liabilities associated with such reduction are included in the current year tax provision, the amount of such reduction has been reclassified from accumulated comprehensive income to retained earnings, as shown in the Company's Consolidated Statement of Shareholders' Equity.

Common Stock

On December 31, 2017, the Company had 362,194 shares of common stock outstanding.

Comprehensive Income

The Company reports unrealized gains and losses from marketable securities in comprehensive income. In addition, for the Company's foreign subsidiary where the functional currency is the Canadian dollar, monetary assets and liabilities are translated at year-end exchange rates while non-monetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the year.

Foreign Currency

The reporting currency of the Company is the U.S. dollar. The functional currency of JetFleet Canada is the Canadian dollar. The balance sheet of the Company's foreign subsidiary is translated at the December 31, 2017 rate of exchange, and the statement of operations is translated at the average exchange rate for the period January 1, 2017 through December 31, 2017. Gains or losses resulting from translating foreign currency financial statements are included in accumulated other comprehensive income.

Revenue Recognition

The Company recognizes income earned from services provided to ACY pursuant to a management agreement. The Company receives a monthly management fee based on the net asset value of ACY's assets under management by the Company. The Company records the monthly management fee at the end of each month. The Company also receives an acquisition fee for locating assets for ACY and may receive a remarketing fee in connection with the sale or re-lease of ACY's assets. The Company's policy is to record acquisition fees on the date ACY completes the acquisition of aircraft assets and to record remarketing fees on the date a sale or re-lease of ACY's assets occurs.

Concentration of Revenues

All of the fees earned by the Company are derived from aviation assets owned by ACY, which are leased to customers in countries around the world. Related party issues between the Company and ACY are discussed in footnote 9.

3. **Commitments**

The Company leases its office space under a lease expiring June 30, 2020 and a storage facility on a monthly basis. The monthly lease commitment for the office space includes an amount for base rent and operating expenses. The Company estimates that the future minimum lease commitments for its office space and storage facility are as follows:

Year Ended December 31:		Amount
2018	$	440,300
2019		442,000
2020		222,600
Total	$	1,104,900

contractual obligation to pay a certain amount of operating expenses (utilities and insurance costs) that are included in office rent expense. The projected annual rent expenses shown above for the periods 2018 through 2020 are based on periodic increases to the base rental rate per the lease and operating expense amounts in effect at December 31, 2017. The lease allows for a 2% increase to monthly operating expenses beginning on January 1, 2017, but since no increase occurred it was not reflected in the estimated operating expenses for 2018. The lease also allows for a 2% increase in monthly operating expenses beginning on January 1, 2019, which is reflected in future minimum lease commitments for 2019 and 2020. Total rent expense for the year ended December 31, 2017, which included rent for a storage facility rented on a monthly basis, was $423,600.

4. **Income tax provision**

The components for the provision for income taxes for the year ended December 31, 2017 were as follows:

Current tax provision:		
Federal	$	552,400
State		106,300
Foreign		66,600
Current tax provision		725,300
Deferred tax provision:		
Federal	$	2,300
State		500
Foreign		1,300
Net legislative change in corporate tax rate		(246,400)
Change in valuation allowance		(1,600)
Deferred tax provision		(243,900)
Total provision for income taxes	$	481,400

4. Income tax provision (continued)

Total income tax expense differs from the amount that would be provided by applying the statutory federal income tax rate to pretax earnings as illustrated below:

Income tax expense at the statutory federal income tax rate	$	576,900
State tax expense net of federal benefit		66,500
Non-deductible expenses		19,500
Non-taxable income		(3,200)
Net legislative change in corporate tax rate		(246,400)
Foreign tax on Canadian operations		66,000
Other tax rate differences		3,700
Change in valuation allowance		(1,600)
Total income tax provision	$	481,400

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to a significant portion of deferred tax assets and (liabilities) as of December 31, 2017 are as follows:

Gross deferred tax assets:		
Franchise taxes	$	20,600
Deferred compensation		15,400
Deferred tax assets		36,000
Valuation allowance		-
Net deferred tax asset		36,000
Gross deferred tax liabilities:		
Unrealized gains on securities		(661,700)
Depreciation and impairment		(6,200)
Net deferred tax liabilities	$	(631,900)

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Canada and JMC USVI was a Virgin Islands limited liability company taxed as a corporation in the Virgin Islands. Accordingly, the provision for income taxes for these subsidiaries is reflected in the Company's consolidated financial statements and includes foreign taxes currently payable and changes in deferred tax assets and liabilities.

Deferred federal income taxes arise from temporary differences between the valuation of assets and liabilities as determined for financial reporting purposes and federal income tax purposes and are measured at enacted tax rates. As of December 31, 2016, the Company measured its deferred tax items at an effective federal tax rate of 34%. On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Act") was signed into law. Among other things, the Act reduced the Company's corporate federal tax rate to a flat 21% for years after 2017 and requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred. The Act also establishes new taxes on certain foreign-sourced earnings.

4. Income tax provision (continued)

As of December 31, 2017, the Company’s deferred tax items have been re-measured and adjusted based on the new federal tax rate of 21%, which is the rate at which they are expected to reverse in subsequent years, and an additional income tax benefit of $246,400 has been recognized from the legislative change in corporate tax rate.

Utilization of the deferred tax assets may be subject to a substantial annual limitation due to ownership change limitations that could occur in the future, as required by the Internal Revenue Code Section 382, as well as similar state provisions. In general, an "ownership change," as defined by the code, results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups.

The Company has not established a valuation allowance at December 31, 2017 for its deferred tax assets because the Company believes that it is more likely than not that it will have sufficient future taxable income (including the reversal of temporary differences) to realize the tax benefits from such assets.

Pursuant to ASU 2018-02, the Company has elected to apply the option to reclassify the tax effects from the Act related to the appreciation of its investment in marketable securities on such date, from accumulated other comprehensive income to retained earnings. The amount of the reclassification, $267,400, is the difference between the amount initially charged or credited directly to other comprehensive income at the previously enacted federal corporate income tax rate and the amount that would have been charged or credited directly to other comprehensive income by applying the newly enacted 21% rate.

The Company accounts for interest related to uncertain tax positions as interest expense and for income tax penalties as tax expense. As of December 31, 2017, the Company has accrued $65,400 of tax and penalties and $19,600 of interest in accounts payable and accrued liabilities related to unrecognized tax benefits on its Canadian operation, all of which were recorded in the current year and are recorded through the Company’s Consolidated Statements of Operations and Comprehensive Income. The Company does not anticipate any significant changes to the unrecognized tax benefits within twelve months of this reporting date.

All of the Company's tax years remain open to examination other than as barred in the various jurisdictions by statutes of limitation.

5. Acquisition by AeroCentury Corp.

In October 2017, the Company and ACY entered into an Agreement and Plan of Merger (the "Merger Agreement") for the acquisition of the Company by ACY in a reverse triangular merger (the "Merger") for consideration of $3.5 million in cash and 129,286 shares of common stock of ACY, subject to adjustment as provided in the Merger Agreement. ACY submitted an application to the State of California Department of Business Oversight (the "DBO") for a permit (the "Permit") to issue securities to the Company's shareholders in the Merger, which Permit was issued on February 22, 2018 after a hearing with the DBO. The Company's shareholders approved the acquisition of the Company by ACY on March 14, 2018. It is anticipated that the closing will occur in the second quarter of 2018, upon the fulfillment of several conditions, including votes in favor of the Merger by certain specified constituencies of ACY's shareholders. The Company is evaluating the accounting for the Merger.

6. Concentration of Credit Risk

The Company maintains its cash and cash equivalents at various financial institutions, where they are insured by the Federal Deposit Insurance Corporation ("FDIC") and the Securities Investor Protection Corporation ("SIPC") up to $250,000. The balances of these accounts from time to time exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2017, the amount over FDIC and SIPC limits was approximately $4,042,600.

7. Accumulated Comprehensive Income

8.	Before-tax Amount	Tax (Expense)	Net-of-tax Amount
Foreign currency translation adjustments	$ 400	$ (100)	$ 300
Unrealized gains on securities	2,364,400	(661,600)	1,702,800
Total accumulated comprehensive income	$ 2,364,800	$ (661,700)	$ 1,703,100

The Company maintains a qualified defined contribution salary deferral profit sharing plan for U.S. employees. An employee must be at least 21 years of age to participate in this plan. This plan permits employees to defer up to 15% of their salary based on strict IRS guidelines. Participants are always 100% vested in their salary deferral contributions. Participants vest in the matching Company contributions ratably over two years. The Company made matching contributions to this plan for the year ended December 31, 2017 of $56,500.

9. Related Party Transactions

The Company's subsidiary, JMC, an integrated aircraft management, marketing and financing business, manages and administers a portfolio of leased aircraft assets owned by ACY pursuant to a management agreement which expires in August 2025. Certain officers of the Company are also officers of ACY and hold significant ownership positions in both ACY and the Company. JMC also receives an acquisition fee for locating assets for ACY and may receive a remarketing fee in connection with the sale or re-lease of ACY's assets. During the year ended December 31, 2017, JMC received management fees of $6,109,100 and acquisition fees of $850,500. Also, during 2017, JMC received remarketing fees of $51,100 from ACY.

10. Subsequent Events

The Company has evaluated events occurring through May 15, 2018 the date the financial statements were available to be issued. In March 2018, the Company received approval by the Company's shareholders and by California regulatory authorities to merge with a subsidiary of ACY. Under the merger agreement, the Company's shareholders expect to receive $3.5 million in cash and 129,286 shares of ACY common stock, subject to various adjustments at closing, in return for all the outstanding capital stock of the Company.

In April 2018, the Company agreed to forebear its right to receive certain fees otherwise owed by ACY to the Company pursuant to the Management Agreement for all periods after March 31, 2018 and until August 15, 2018, provided that the ACY will still be required to reimburse the Company for certain expenses as required under the Management Agreement. If the Merger Agreement is terminated on or before August 15, 2018 or the Merger otherwise does not close by August 15, 2018, this forbearance will end and ACY will be obligated to pay all such fees that the Company agreed to forebear. If the Merger closes on or before August 15, 2018, this forbearance will be deemed to be a permanent waiver of such fees and the ACY will not be required to pay such fees to the Company.

There are no other events that require recording or disclosure in the financial statements for the year ended December 31, 2017.

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Section 4: EX-99.3 (AUDITED JETFLEET HOLDING SEP 30, 2017 FINANCIAL STATEMENTS)

EXHIBIT 99.3

JetFleet Holding Corp. and Subsidiaries

Consolidated Financial Statements

For the nine months ended September 30, 2017

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Independent Auditor's Report

Board of Directors
JetFleet Holding Corp. and Subsidiaries
Burlingame, California

We have audited the accompanying consolidated financial statements of JetFleet Holding Corp. and Subsidiaries, which comprise the consolidated balance sheet as of September 30, 2017, and the related consolidated statement of operations, comprehensive income, stockholders' equity, and cash flows for the period then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of JetFleet Holding Corp. and Subsidiaries as of September 30, 2017, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP

December 20, 2017

JetFleet Holding Corp. and Subsidiaries
Consolidated Balance Sheet
September 30, 2017

ASSETS		
Assets:		
Cash and cash equivalents	$	4,196,500
Marketable securities		3,181,200
Receivable from affiliates		1,056,500
Accounts receivable		2,800
Note receivable		38,100
Prepaid expenses and other assets		133,200
Equipment (net of accumulated depreciation of $60,800)		21,000
Total assets	$	8,629,300
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable	$	102,800
Accrued payroll		80,300
Income taxes payable		311,200
Deferred tax liabilities		783,200
Total liabilities		1,277,500
Shareholders' equity:		
Series A Redeemable Preferred stock, 200,000 shares authorized, no shares issued and outstanding		-
Common stock, no par value, 1,000,000 shares authorized, 362,194 issued and outstanding		1,261,600
Retained earnings		4,804,000
Accumulated other comprehensive income:		
Foreign currency translation adjustments		(100)
Unrealized gain on securities		1,286,300
Total shareholders’ equity		7,351,800
Total liabilities and shareholders’ equity	$	8,629,300

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Operations
For the nine months ended September 30, 2017

Revenues:	
Management fees	$ 4,588,800
Acquisition and remarketing fees	901,600
Dividends, interest and other income	9,600
Total revenues	5,500,000
Costs and expenses:	
Salaries and employee benefits	1,876,700
Rent	311,200
Consulting fees	345,900
Travel, meals and entertainment	218,500
General and administrative	336,900
Total costs and expenses	3,089,200
Income before income taxes	2,410,800
Income tax expense	926,000
Net income	$ 1,484,800

See accompanying notes to consolidated financial statements.

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the nine months ended September 30, 2017

Net income	$	1,484,800
Other comprehensive income, net of tax:		
Foreign currency translation adjustments		(200)
Unrealized gain on securities		610,200
Other comprehensive income		610,000
Comprehensive income	$	2,094,800

See accompanying notes to consolidated financial statements.

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Shareholders' Equity
For the nine months ended September 30, 2017

	Number of Shares	Common Stock	Retained Earnings	Accumulated Comprehensive Income	Total
Balance at December 31, 2016	362,194	$ 1,261,600	$ 3,319,200	$ 676,200	$ 5,257,000
Net income	-	-	1,484,800	-	1,484,800
Foreign currency translation adjustments, net of tax benefit of $100	-	-	-	(200)	(200)
Unrealized gain on securities, net of tax expense of $403,900	-	-	-	610,200	610,200
Balance at September 30, 2017	362,194	$ 1,261,600	$ 4,804,000	$ 1,286,200	$ 7,351,800

See accompanying notes to consolidated financial statements

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Cash Flows
For the nine months ended September 30, 2017

Operating activities:		
Net income	$	1,484,800
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		3,800
Deferred income taxes		(15,100)
Changes in operating assets and liabilities:		
Receivable from affiliates		(42,800)
Accounts receivable		7,500
Prepaid expenses and other assets		(29,000)
Accounts payable		22,400
Accrued payroll		(517,700)
Income taxes payable		204,300
Net cash provided by operating activities		1,118,200
Investing activities:		
Investment in capital assets		(7,700)
Repayments on note receivable		3,400
Net cash used in investing activities		(4,300)
Net increase in cash and cash equivalents		1,113,900
Cash and cash equivalents, beginning of period		3,082,800
Exchange losses on cash and cash equivalents		(200)
Cash and cash equivalents, end of period	$	4,196,500
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Income taxes	$	736,200
Foreign taxes		600

1. Organization and Business of the Company

Organization

JetFleet Holding Corp. and subsidiaries ("JHC") was incorporated in the state of California on January 27, 1994. As of September 30, 2017, all of the outstanding common stock of JHC was owned indirectly through trusts by Toni M. Perazzo and Abigail Crispin (Ms. Perazzo's dependent child), and by shareholders not affiliated with JHC or its subsidiaries.

JHC owns all of the outstanding common stock of JetFleet Management Corp ("JMC"). JMC owns all of the outstanding common stock of 1314401 Alberta Inc. ("JetFleet Canada") and owned all the membership interests of JetFleet Management USVI LLC ("JMC USVI") until June 30, 2017, when it was liquidated and dissolved.

Business of the Company's Subsidiaries

The Company was formed to build an integrated aircraft management, marketing and financing business. In August 2015, the Company extended its management agreement with AeroCentury Corp. ("ACY") for ten years. The new management agreement expires in August 2025, and the Company remains responsible for the selection of assets to be acquired by ACY and the leasing, re-leasing and/or subsequent sale of assets owned by ACY. The Company is entitled to acquisition fees, re-sale and re-lease fees and management fees in connection with these activities.

As mentioned above, JetFleet Canada is a subsidiary of JMC. Based in Calgary, Alberta, Canada, JetFleet Canada provides aircraft management and technical services for the Company and its affiliates.

JMC USVI was a subsidiary of JMC, based in St. Thomas, U.S. Virgin Islands ("USVI"). JMC had an agreement with JMC USVI for consulting services and to operate office space in the U.S. Virgin Islands for use by JMC. In 2016, JMC ceased payment of consulting fees and initiated closing JMC USVI's office in the Virgin Islands. JMC USVI distributed all its assets to JMC and was dissolved on June 30, 2017.

2. Summary of Significant Accounting Policies

Basis of Presentation

Financial information for JHC, JMC, JMC USVI and JetFleet Canada (collectively, the "Company") is presented on a consolidated basis in accordance with accounting principles generally accepted in the United States of America ("GAAP") based upon the continuation of the business as a going concern.

2. Summary of Significant Accounting Policies (continued)

Principles of Consolidation

These financial statements reflect the consolidation of JHC's results with those of its wholly owned subsidiaries, JMC, JetFleet Canada and JMC USVI. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The Company's consolidated financial statements have been prepared in accordance with GAAP. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable for making judgments that are not readily apparent from other sources.

The most significant estimates with regard to these consolidated financial statements are the estimated value of certain financial assets and the accounting for income taxes.

Cash and Cash Equivalents

The Company considers highly liquid investments readily convertible into known amounts of cash, with original maturities of three months or less, as cash equivalents.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible. The standard describes a fair value hierarchy based on three levels of inputs. The first two are considered observable and the last unobservable.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

2. Summary of Significant Accounting Policies (continued)

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

The following table shows by level, within the fair value hierarchy, the Company's assets at fair value:

As

	September 30, 2017			
	Total	Level 1	Level 2	Level 3
Marketable securities	$ 3,181,200	$ 3,046,900	$ -	$ 134,300
Money market funds	272,900	272,900	-	-
Total	$ 3,454,100	$ 3,319,800	$ -	$ 134,300

there were no liabilities that were required to be measured and recorded at fair value on a recurring basis. During the period ended September 30, 2017, there were no transfers in or out of Level 3 securities.

Fair Value of Other Financial Instruments

The Company's financial instruments, other than cash, consist principally of cash equivalents, accounts receivable, marketable securities, and accounts payable. The fair value of cash equivalents, accounts receivable and accounts payable approximates the carrying value of these financial instruments because of their short-term nature.

Marketable securities are stated at fair value as of the balance sheet date. The Company measures the fair values of investments in securities using the last quoted sales price from the primary exchange where the security is traded. The Company classifies its marketable equity securities as available for sale. Realized gains and losses, determined using the first in, first out (FIFO) method are included in earnings; unrealized holding gains and losses are reported in other comprehensive income.

For the nine-month period ended September 30, 2017, the Company had a gross unrecognized gain on its marketable equity securities available for sale of $1,014,100. From inception to September 30, 2017, the Company had the following cumulative gross unrealized gains on marketable equity securities available for sale:

At September

Description	Total Cost	Fair Market Value	Gross Unrealized Gain
Cumulative gross unrealized gains on marketable securities	$ 1,043,300	$ 3,181,200	$ 2,137,900

the Company held 214,876 shares of ACY common stock. The Company's investment in ACY is recorded at fair value and classified within Level 1 because it is listed on the NYSE American Exchange where its value is based on quoted market prices in active markets.

2. Summary of Significant Accounting Policies (continued)

At September 30, 2017, the Company owned 121 shares of Uniform Components non-voting preferred stock. The Uniform Components non-voting preferred stock has a cumulative preferred annual dividend of 10% and a liquidation value of $1,000 per share, but may not be liquidated before January 1, 2019. Because the Company owns a minority share of non-voting preferred stock, Uniform Components results are not consolidated with those of the Company.

The Company's investment in Uniform Components non-voting preferred stock has been classified within Level 3 due to unobservable inputs and infrequent trading. When observable prices are not available for these securities, the Company measures their fair value using the income valuation approach, for which sufficient and reliable data is available. The use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. Pursuant to the income valuation approach, the Company estimates the Uniform Components non-voting preferred stock's fair market value based on the estimated net present value of future dividends, the January 1, 2019 liquidation value and a 2.5% interest rate.

Note Receivable

The note receivable is carried at its estimated collectible amount. Interest income on the note receivable is recognized using the interest method.

Equipment and Depreciation

The Company's interests in equipment are recorded at cost and depreciated using the straight-line method over five years.

Income taxes

As part of the process of preparing the Company's consolidated financial statements, management is required to estimate income taxes in each of the jurisdictions in which the Company operates. This process involves estimating the Company's current tax exposure under the most recent tax laws and assessing temporary differences resulting from differing treatment of items for tax and GAAP purposes. These differences result in deferred tax assets and liabilities that are included in the consolidated balance sheet. Management must also assess the likelihood that the Company's deferred tax assets will be recovered from future taxable income, and, to the extent management believes it is more likely than not that some portion or all of the deferred tax assets will not be realized, the Company must establish a valuation allowance. To the extent the Company establishes a valuation allowance or changes the allowance in a period, the Company reflects the corresponding increase or decrease within the tax provision in the consolidated statement of operations. Significant management judgment is required in determining the Company's future taxable income for purposes of assessing the Company's ability to realize any benefit from its deferred taxes. The Company records non-income based sales, use, property, value added and franchise taxes as general and administrative expense in the consolidated statement of operations.

2. Summary of Significant Accounting Policies (continued)

Common Stock

On September 30, 2017, the Company had 362,194 shares of common stock outstanding.

Comprehensive Income

The Company reports unrealized gains and losses from marketable securities in comprehensive income. In addition, for the Company's foreign subsidiary where the functional currency is the Canadian dollar, monetary assets and liabilities are translated at period-end exchange rates while non-monetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the period.

Foreign Currency

The reporting currency of the Company is the U.S. dollar. The functional currency of JetFleet Canada is the Canadian dollar. The balance sheet of the Company's foreign subsidiary is translated at the September 30, 2017 rate of exchange, and the statement of operations is translated at the average exchange rate for the period January 1, 2017 through September 30, 2017. Gains or losses resulting from translating foreign currency financial statements are included in accumulated other comprehensive income.

Revenue Recognition

The Company recognizes income earned from services provided to ACY pursuant to a management agreement. The Company receives a monthly management fee based on the net asset value of ACY's assets under management by the Company. The Company records the monthly management fee at the end of each month. The Company also receives an acquisition fee for locating assets for ACY, and may receive a remarketing fee in connection with the sale or re-lease of ACY's assets. The Company's policy is to record acquisition fees on the date ACY completes the acquisition of aircraft assets and to record remarketing fees on the date a sale or re-lease of ACY's assets occurs.

Concentration of Revenues

All of the fees earned by the Company are derived from aviation assets owned by ACY, which are leased to customers in countries around the world. Related party issues between the Company and ACY are discussed in footnote 8.

3. Commitments

The Company leases its office space under a lease expiring June 30, 2020 and a storage facility on a monthly basis. The monthly lease commitment for the office space includes an amount for base rent and operating expenses. The Company estimates that the future minimum lease commitments for its office space and storage facility are as follows:

Year Ended December 31:		Amount
2017 (3 months remaining)	$	110,400
2018		441,800
2019		449,100
2020		230,700
Total obligation	$	1,232,000

to pay a certain amount of operating expenses (utilities and insurance costs) that are included in office rent expense. The projected annual rent expenses shown above for the periods 2017 through 2020 are based on periodic increases to the base rental rate per the lease and operating expense amounts in effect at September 30, 2017. The lease allows for a 2% increase to monthly operating expenses beginning on January 1, 2017, but since no increase occurred it was not reflected in the estimated operating expenses for 2017 and 2018. The lease also allows for a 2% increase in monthly operating expenses beginning on January 1, 2019, which is reflected in estimated operating expenses for 2019 and 2020. Total rent expense for the nine months ended September 30, 2017, which included rent for a storage facility rented on a monthly basis, was $311,200.

4. Income tax provision

The components for the provision for income taxes for the nine months ended September 30, 2017 were as follows:

Current tax provision:		
Federal	$	788,600
State		151,900
Foreign		600
Current tax provision		941,100
Deferred tax provision:		
Federal		(17,400)
State		(300)
Change in valuation allowance		2,600
Deferred tax provision		(15,100)
Total provision for income taxes	$	926,000

4. Income tax provision (continued)

Total income tax expense differs from the amount that would be provided by applying the statutory federal income tax rate to pretax earnings as illustrated below:

Income tax expense at the statutory federal income tax rate	$	819,700
State tax expense net of federal benefit		97,900
Meals and entertainment		3,100
Non-taxable income		(2,500)
Tax rate differences		5,200
Change in valuation allowance		2,600
Total income tax provision	$	926,000

that
gave rise to a significant portion of deferred tax assets and (liabilities) as of September 30, 2017 are as follows:

Gross deferred tax assets:		
Franchise taxes	$	48,200
Deferred compensation		30,700
Net operating loss carry forwards		4,300
Deferred tax assets		83,200
Valuation allowance		(4,300)
Net deferred tax asset		78,900
Gross deferred tax liabilities:		
Unrealized gains on securities		(851,600)
Depreciation and impairment		(10,500)
Net deferred tax liabilities	$	(783,200)

Canada
and JMC USVI was a Virgin Islands limited liability company taxed as a corporation in the Virgin Islands. Accordingly, the provision for income taxes for these subsidiaries is reflected in the Company's consolidated financial statements and includes foreign taxes currently payable and changes in deferred tax assets and liabilities.

A portion of the deferred tax assets recognized relates to JetFleet Canada's foreign net operating loss carryovers. The foreign net operating carryovers of approximately $11,200 will be available to offset taxable income in future years and begin to expire in 2029. A valuation allowance was deemed necessary on JetFleet Canada net operating loss carryovers, as the Company has concluded, based on an assessment of all available evidence, that it is more likely than not that future taxable income will not be sufficient to realize these tax benefits. Where a valuation allowance was not recorded for other deferred tax assets, the Company believes that it is more likely than not that future taxable income (including the reversal of temporary differences) will be sufficient to realize the tax benefits for the balance of deferred tax assets on the balance sheet at September 30, 2017.

4. Income tax provision (continued)

The Company accounts for interest related to uncertain tax positions as interest expense and for income tax penalties as tax expense. There are no material unrecognized income tax positions related to uncertain tax positions.

All of the Company's tax years remain open to examination other than as barred in the various jurisdictions by statutes of limitation.

5. Concentration of Credit Risk

The Company maintains its cash and cash equivalents at various financial institutions, where they are insured by the Federal Deposit Insurance Corporation (“FDIC”) and the Securities Investor Protection Corporation (“SIPC”) up to $250,000. The balances of these accounts from time to time exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. At September 30, 2017, the amount over FDIC and SIPC limits was approximately $3,428,400.

6. Accumulated Comprehensive Income

7.	Before-tax Amount	Tax (Expense)	Net-of-tax Amount
Foreign currency translation adjustments	$ (200)	$ 100	$ (100)
Unrealized gains on securities	2,137,900	(851,600)	1,286,300
Total accumulated comprehensive income	$ 2,137,700	$ (851,500)	$ 1,286,200

The Company maintains a qualified defined contribution salary deferral profit sharing plan for U.S. employees. An employee must be at least 21 years of age to participate in this plan. This plan permits employees to defer up to 15% of their salary based on strict IRS guidelines. Participants are always 100% vested in their salary deferral contributions. Participants vest in the matching Company contributions ratably over two years. The Company made no matching contributions to this plan for the nine months ended September 30, 2017.

8. Related Party Transactions

The Company’s subsidiary, JMC, an integrated aircraft management, marketing and financing business, manages and administers a portfolio of leased aircraft assets owned by ACY pursuant to a management agreement which expires in August 2025. Certain officers of the Company are also officers of ACY and hold significant ownership positions in both ACY and the Company. JMC also receives an acquisition fee for locating assets for ACY, and may receive a remarketing fee in connection with the sale or re-lease of ACY’s assets. During the nine months ended September 30, 2017, JMC received management fees of $4,588,800 and acquisition fees of $850,500. Also during 2017, JMC received remarketing fees of $51,100 from ACY.

9. Subsequent Events

The Company has evaluated events occurring through December 20, 2017, the date the financial statements were available to be issued. In October 2017, the Company agreed to be acquired by ACY, subject to approval by the Company's shareholders and by California regulatory authorities. Under the merger agreement, the Company's shareholders expect to receive $3.5 million in cash and 129,286 shares of ACY common stock, subject to various adjustments at closing, in return for all the outstanding capital stock of the Company. The closing of the merger agreement is expected to occur in the first quarter of 2018, and is subject to satisfaction of certain conditions customary for merger transactions. There are no other events that require recording or disclosure in the financial statements for the nine months ended September 30, 2017.

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Section 5: EX-99.3 (UNAUDTED JETFLEET HOLDING CONSOLIDATED 9/30/18 FINANCIAL STATEMENTS)

EXHIBIT 99.4

JetFleet Holding Corp. and Subsidiaries

Unaudited Consolidated Financial Statements

For the nine months ended September 30, 2018

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UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

JetFleet Holding Corp. and Subsidiaries
Consolidated Balance Sheet
September 30, 2018
(Unaudited)

ASSETS

Assets:		
Cash and cash equivalents	$	40,000
Marketable securities		3,451,600
Receivable from affiliate		561,900
Accounts receivable		3,200
Taxes receivable		101,100
Note receivable		23,100
Prepaid expenses and other assets		201,200
Equipment (net of accumulated depreciation of $39,200)		25,000
Leasehold interest (net of accumulated amortization of $900)		10,600
Total assets	$	4,417,700

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Accounts payable and accrued liabilities	$	174,800
Accrued payroll		93,400
Income taxes payable		6,000
Deferred tax liability		665,800
Dividend payable		3,330,600
Total liabilities		4,270,600
Shareholders' equity:		
Series A Redeemable Preferred stock, 200,000 shares authorized, no shares issued and outstanding		-
Common stock, no par value, 1,000,000 shares authorized, 362,194 issued and outstanding		1,261,600
Retained earnings		(1,088,600)
Accumulated other comprehensive income:		
Foreign currency translation adjustments		(500)
Unrealized gain on marketable securities		(25,400)
Total shareholders' equity		147,100
Total liabilities and shareholders' equity	$	4,417,700

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Operations
For the nine months ended September 30, 2018
(Unaudited)

Revenues:		
Management fees	$	3,459,700
Dividends, interest and other income		9,600
Total revenues		3,469,300
Costs and expenses:		
Salaries and employee benefits		1,987,500
Rent		288,000
Consulting fees		210,000
Travel, meals and entertainment		257,600
Interest		3,200
General and administrative		454,200
Total costs and expenses		3,200,500
Income from operations		268,800
Gain on distribution of AeroCentury common stock (reclassified from other comprehensive income on marketable securities)		2,433,700
Income before income taxes		2,702,500
Income tax expense (including $681,000 reclassified from other comprehensive income on marketable securities)		757,400
Net income	$	1,945,100

consolidated financial statements.

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the nine months ended September 30, 2018
(Unaudited)

Net income	$	1,945,100
Other comprehensive income, net of tax:		
Foreign currency translation adjustment		(800)
Unrealized holding losses on securities		(15,700)
Unrealized holding gains on securities		40,200
Less: reclassification adjustment for gains included in net income		(1,752,700)
Comprehensive income	$	216,100

See accompanying notes to unaudited consolidated financial statements.

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Shareholders' Equity
For the nine months ended September 30, 2018
(Unaudited)

	Number of Shares	Common Stock	Retained Earnings	Accumulated Comprehensive Income	Total
Balance at December 31, 2017	362,194	$ 1,261,600	$ 4,267,100	$ 1,703,100	$ 7,231,800
Net income for the nine-month period ended September 30, 2018	-	-	1,945,100	-	1,945,100
Foreign currency translation adjustments, net of tax benefit of $300	-	-	-	(800)	(800)
Unrealized holding loss on securities, net of tax expense of $3,800	-	-	-	(15,700)	(15,700)
Unrealized holding gains on securities, net of tax expense of $15,600	-	-	-	40,200	40,200
Reclassification of gains on securities included in current income, net of tax expense of $665,400	-	-	-	(1,752,700)	(1,752,700)
Dividend of 0.593 shares of AeroCentury common stock per share of common stock	-	-	(3,330,600)		(3,330,600)
Dividend of $10.96 per share of common stock	-	-	(3,970,200)	-	(3,970,200)
Balance at September 30, 2017	362,194	$ 1,261,600	$ (1,088,600)	$ (25,900)	$ 147,100

JetFleet Holding Corp. and Subsidiaries
Consolidated Statement of Cash Flows
For the nine months ended September 30, 2018
(Unaudited)

Operating activities:		
Net income	$	1,945,100
Adjustments to reconcile net income to net cash used in operating activities:		
Gain on declaration of AeroCentury common stock dividend		(2,433,700)
Depreciation and amortization		11,600
Deferred income taxes		695,900
Changes in operating assets and liabilities:		
Receivable from affiliate		(65,300)
Accounts receivable		200
Taxes receivable		(76,500)
Prepaid expenses and other assets		(79,900)
Accounts payable and accrued liabilities		(27,500)
Accrued payroll		(815,000)
Income taxes payable		5,400
Net cash used in operating activities		(839,700)
Investing activities:		
Net investment in equipment		(24,500)
Repayments on note receivable		9,700
Net cash used in investing activities		(14,800)
Financing activities:		
Cash dividends		(3,970,200)
Net cash used in financing activities		(3,970,200)
Net decrease in cash and cash equivalents		(4,824,700)
Exchange loss on cash and cash equivalents		(1,300)
Cash and cash equivalents, beginning of period		4,866,000
Cash and cash equivalents, end of period	$	40,000
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Income taxes	$	130,500
Foreign taxes	$	1,100

1. Organization and Business of the Company

Organization

JetFleet Holding Corp. and Subsidiaries ("JHC" or the "Company") was incorporated in the state of California on January 27, 1994. As of September 30, 2018, all of the outstanding common stock of JHC was owned indirectly through trusts by Toni M. Perazzo and Abigail Crispin (Ms. Perazzo's daughter), and by shareholders not affiliated with JHC or its subsidiaries.

JHC owns all of the outstanding common stock of JetFleet Management Corp ("JMC"). JMC owns all of the outstanding common stock of 1314401 Alberta Inc. ("JetFleet Canada").

Business of the Company and the Company's Subsidiaries

The Company was formed to build an integrated aircraft management, marketing and financing business. In August 2015, the Company extended its management agreement with AeroCentury Corp. ("ACY") for ten years. The new management agreement expires in August 2025, and the Company remains responsible for the selection of assets to be acquired by ACY and the leasing, re-leasing and/or subsequent sale of assets owned by ACY. The Company is entitled to acquisition fees, re-sale and re-lease fees and management fees in connection with these activities. As a result of the October 1, 2018 merger between ACY and the Company discussed in Note 6, the Company will cease to receive these fees.

As mentioned above, JetFleet Canada is a subsidiary of JMC. Based in Calgary, Alberta, Canada, JetFleet Canada provides aircraft management and technical services for the Company and its affiliates.

2. Summary of Significant Accounting Policies

Basis of Presentation

Financial information for the Company is presented on a consolidated basis in accordance with accounting principles generally accepted in the United States of America ("GAAP") based upon the continuation of the business as a going concern.

Principles of Consolidation

These financial statements reflect the consolidation of JHC's results with those of its wholly owned subsidiaries, JMC, and JetFleet Canada. All intercompany balances and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies (continued)

Use of estimates

The Company's consolidated financial statements have been prepared in accordance with GAAP. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable for making judgments that are not readily apparent from other sources.

The most significant estimates with regard to these consolidated financial statements are the estimated value of marketable securities and the accounting for income taxes.

Cash and Cash Equivalents

The Company considers highly liquid investments readily convertible into known amounts of cash, with original maturities of three months or less, as cash equivalents.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible. The standard describes a fair value hierarchy based on three levels of inputs. The first two are considered observable and the last unobservable.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

2. Summary of Significant Accounting Policies (continued)

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

The following table shows by level, within the fair value hierarchy, the Company's assets at fair value:

As	September 30, 2018			
	Total	Level 1	Level 2	Level 3
Marketable securities	$ 3,451,600	$ 3,330,600	$ -	$ 121,000
Money market funds	200	200	-	-
Total	$ 3,451,800	$ 3,330,800	$ -	$ 121,000

there were no liabilities that were required to be measured and recorded at fair value on a recurring basis. During the nine months ended September 30, 2018, there were no transfers in or out of Level 3 securities.

Fair Value of Other Financial Instruments

The Company's financial instruments, other than cash, consist principally of cash equivalents, accounts receivable, marketable securities, and accounts payable. The fair value of cash equivalents, accounts receivable and accounts payable approximates the carrying value of these financial instruments because of their short-term nature.

Marketable securities are stated at fair value as of the balance sheet date. The Company measures the fair values of investments in Level 1 securities using the last quoted sales price from the primary exchange where the security is traded. The Company classifies its marketable equity securities as available for sale. Realized gains and losses, determined using the first in, first out (FIFO) method are included in earnings; unrealized holding gains and losses are reported in other comprehensive income.

For the nine months ended September 30, 2018, the Company had a gross unrecognized loss on its marketable equity securities available for sale of $11,900. From inception to September 30, 2018, the Company had the following cumulative gross unrealized losses on marketable equity securities available for sale:

Description	Total Cost	Fair Market Value	Gross Unrealized Gain
Cumulative gross unrealized gains on marketable securities	$146,400	$121,000	$25,400

2. Summary of Significant Accounting Policies (continued)

At September 30, 2018, the Company held 214,876 shares of ACY common stock. The Company's investment in ACY is recorded at fair value and classified within Level 1 because it is listed on the NYSE American Exchange where its value is based on quoted market prices in active markets. As discussed below in Note 3, the Company made a dividend distribution of the ACY common stock on October 1, 2018 and recognized the gain in current income at September 30, 2018.

At September 30, 2018, the Company owned 121 shares of Uniform Components non-voting preferred stock. The Uniform Components non-voting preferred stock has a cumulative preferred annual dividend of 10% and a liquidation value of $1,000 per share, but may not be redeemed before January 1, 2019. Because the Company owns a minority share of non-voting preferred stock, Uniform Components results are not consolidated with those of the Company.

The Company's investment in Uniform Components non-voting preferred stock has been classified within Level 3 due to unobservable inputs and infrequent trading. When observable prices are not available for these securities, the Company measures their fair value using the income valuation approach, for which sufficient and reliable data is available. At September 30, 2018, the Company has estimated the stock's fair market value to be equal to its stated liquidation value on January 1, 2019, which does not differ materially from estimating the value based upon expected dividends and liquidation proceeds, discounted at 10%, the stock's dividend rate.

Note Receivable

The note receivable is carried at its estimated collectible amount. The Company received the note receivable in July 2014 from an outside consultant in exchange for a cash loan. The note receivable accrues interest at 1% per annum and matures on October 31, 2020. Interest income on the note receivable is recognized using the interest method.

Equipment, Leasehold Improvements and Depreciation

The Company's interests in equipment are recorded at cost and depreciated using the straight-line method over five years. The Company's leasehold improvements are recorded at cost and amortized using the straight-line method over the shorter of the lease term or the estimated useful lives of the respective assets.

Income taxes

As part of the process of preparing the Company's consolidated financial statements, management is required to estimate income taxes in each of the jurisdictions in which the Company operates. This process involves estimating the Company's current tax exposure under the most recent tax laws and assessing temporary differences resulting from differing treatment of items for tax and GAAP purposes. These differences result in deferred tax assets and liabilities that are included in the consolidated balance sheet. Management must also assess the likelihood that the Company's deferred tax assets will be recovered from future taxable income, and, to the extent management believes it is more likely than not that some portion or all of the deferred tax assets will not be realized, the Company must establish a valuation allowance. To the extent the Company

establishes a valuation allowance or changes the allowance in a period, the Company reflects the corresponding increase or decrease within the tax provision in the consolidated statement of operations. Significant management judgment is required in determining the Company's future taxable income for purposes of assessing the Company's ability to realize any benefit from its deferred taxes. The Company records non-income based sales, use, property, value added and franchise taxes as general and administrative expense in the consolidated statement of operations.

In early 2018, Accounting Standards Update 2018-02 Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income ("ASU 2018-02") was adopted by the FASB, providing that reporting entities could elect to reclassify "stranded tax effects," resulting from the tax rate reduction provided for in the Tax Cuts and Jobs Act of 2017, from accumulated comprehensive income to retained earnings. The Company early adopted ASU 2018-02 for its year ended December 31, 2017, and consequently reclassified its stranded tax effects in that year.

Common Stock

On September 30, 2018, the Company had 362,194 shares of common stock outstanding.

Comprehensive Income

The Company reports unrealized gains and losses from marketable securities in comprehensive income. In addition, for the Company's foreign subsidiary where the functional currency is the Canadian dollar, monetary assets and liabilities are translated at period-end exchange rates while non-monetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the period.

Foreign Currency

The reporting currency of the Company is the U.S. dollar. The functional currency of JetFleet Canada is the Canadian dollar. The balance sheet of the Company's foreign subsidiary is translated at the September 30, 2018 rate of exchange, and the statement of operations is translated at the average exchange rate for the period from January 1, 2018 through September 30, 2018. Gains or losses resulting from translating foreign currency financial statements are included in accumulated other comprehensive income.

Revenue Recognition

The Company recognizes income earned from services provided to ACY pursuant to a management agreement. The Company receives a monthly management fee based on the net asset value of ACY's assets under management by the Company. The Company records the monthly management fee at the end of each month. The Company also receives an acquisition fee for locating assets for ACY and may receive a remarketing fee in connection with the sale or re-lease of ACY's assets. The Company's policy is to record acquisition fees on the date ACY completes the acquisition of aircraft assets and to record remarketing fees on the date a sale or re-lease of ACY's assets occurs.

2. Summary of Significant Accounting Policies (continued)

Concentration of Revenues

All of the fees earned by the Company are derived from aviation assets owned by ACY, which are leased to customers in countries around the world. Related party transactions between the Company and ACY are discussed in footnote 10.

3. Dividends

On September 18, 2018, the Board of Directors declared a dividend to common stockholders in the form of 0.593 shares of common stock of ACY, which stock was held as available for sale. On October 1, 2018, stockholders of record on September 19, 2018 received 0.593 shares of ACY's common stock for each share of the Company's stock held. Retained earnings was charged in the amount of $3,330,600, which represented the aggregate market value of such ACY stock. A gain of $2,433,700, representing the excess of the distributed stock's aggregate market value over its aggregate cost, was included in net income in the nine months ended September 30, 2018.

On September 25, 2018, the Board of Directors declared a cash dividend of $10.96 per share of common stock payable on October 1, 2018 to stockholders of record on September 26, 2018. Retained earnings has been charged in the amount of $3,970,200, which represents the aggregate amount of the cash dividend.

4. Commitments

The Company leases its office space under a lease expiring June 30, 2020 and a storage facility on a monthly basis. Effective June 1, 2018, the Company agreed to amend its office lease to reduce the size of the rented office space and to provide two consecutive, 1-year renewal options. The amended monthly lease commitment for the office space includes an amount for base rent and operating expenses (including utilities and insurance costs). The Company estimates that the future minimum lease commitments for its office space, including both the base rent and operating expenses, and storage facility are as follows:

Year Ended December 31:	Amount
2018 (3 months remaining)	$ 79,700
2019	321,500
2020	324,400
2021	327,300
2022	165,100
Total	$ 1,218,000

shown above are based on periodic increases to the base rental rate provided in the amended lease, and fixed operating expenses of $10,670 per month as required under the amended lease. Total rent expense for the nine months ended September 30, 2018, which included rent for a storage facility rented on a monthly basis, was $288,000.

5. Income tax provision

The components for the provision for income taxes for the nine months ended September 30, 2018 were as follows:

Current tax provision:	
Federal	$ 34,100
State	21,000
Foreign	6,400
Current tax provision	61,500
Deferred tax provision:	
Federal	527,700
State	170,000
Foreign	(1,800)
Deferred tax provision	695,900
Total provision for income taxes	$ 757,400

provided by applying the statutory federal income tax rate to pretax earnings as illustrated below:

Income tax expense at the statutory federal income tax rate	$ 567,500
State tax expense net of federal benefit	137,500
Non-deductible expenses	2,900
Non-taxable income	(1,200)
Tax rate differences, principally on gain from stock distribution	50,700
Total income tax provision	$ 757,400

forwards that gave rise to a significant portion of deferred tax assets and (liabilities) as of September 30, 2018 are as follows:

Deferred tax assets:	

Franchise taxes	$	4,100
Deferred compensation		20,700
Deferred tax assets		24,800
Deferred tax liabilities:		
Depreciation and impairment		(9,800)
Unrealized gains on securities		(680,800)
Net deferred tax liabilities	$	(665,800)

to

tax in Canada. Accordingly, the provision for income taxes for JetFleet Canada is reflected in the Company's consolidated financial statements and includes foreign taxes currently payable and changes in deferred tax assets and liabilities.

5. Income tax provision (continued)

Deferred federal income taxes arise from temporary differences between the valuation of assets and liabilities as determined for financial reporting purposes and federal income tax purposes and are measured at enacted tax rates. On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the “Act”) was signed into law. Among other things, the Act reduced the Company’s corporate federal tax rate to a flat 21% for years after 2017 and requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred. The Act also establishes new taxes on certain foreign-sourced earnings. As of September 30, 2018, the Company’s deferred tax items have been measured and adjusted based on the new federal tax rate of 21%, which is the rate at which they are expected to reverse in subsequent years.

Utilization of the deferred tax assets may be subject to a substantial annual limitation due to ownership change limitations that could occur in the future, as required by the Internal Revenue Code Section 382, as well as similar state provisions. In general, an "ownership change," as defined by the code, results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups.

The Company has not established a valuation allowance at September 30, 2018 for its remaining deferred tax assets because the Company believes that it is more likely than not that it will have sufficient future taxable income (including the reversal of temporary differences) to realize the tax benefits from such assets.

The Company accounts for interest related to uncertain tax positions as interest expense and for income tax penalties as tax expense. As of September 30, 2018, the Company had a balance of accrued tax, penalties and interest of $89,100 in accounts payable and accrued liabilities related to unrecognized tax benefits on its Canadian operation. The Company does not anticipate any significant changes to the unrecognized tax benefits within twelve months of this reporting date.

All of the Company's tax years remain open to examination other than as barred in the various jurisdictions by statutes of limitation.

6. Acquisition by AeroCentury Corp.

In October 2017, the Company and ACY entered into an Agreement and Plan of Merger (the "Merger Agreement") for the acquisition of the Company by ACY in a reverse triangular merger (the "Merger") for consideration of $3.5 million in cash and 129,286 shares of common stock of ACY, subject to adjustment as provided in the Merger Agreement. ACY submitted an application to the State of California Department of Business Oversight (the "DBO") for a permit (the "Permit") to issue securities to the Company's shareholders in the Merger, which Permit was issued on February 22, 2018 after a hearing with the DBO. The Company’s shareholders approved the acquisition of the Company by ACY on March 14, 2018. ACY held a special meeting of its shareholders to approve the Merger and the issuance of ACY Common Stock in connection with the Merger as required under the applicable listing rules of the NYSE American exchange on which ACY’s common stock is traded. Approval of the Merger was not required under Delaware or California corporate law, or under the Merger Agreement.

6. Acquisition by AeroCentury Corp. (continued)

In August 2018 ACY's shareholders approved the issuance of ACY Common Stock, and the Merger was consummated on October 1, 2018.

In April 2018, subsequent to the execution of the Merger Agreement, the Company agreed to waive its right to receive management and acquisition fees ("Contract Fees") otherwise owed by ACY to the Company pursuant to the Management Agreement for all periods after March 31, 2018 and until the earlier of the consummation of the Merger or August 15, 2018. In return, ACY agreed to reimburse the Company for expenses ("Management Expense") incurred in providing management services set forth under the Management Agreement. In July 2018, the Company agreed to extend the expiration of this agreement (the "Waiver and Reimbursement Agreement") through October 15, 2018. Thus, if the Merger Agreement was terminated on or before October 15, 2018 or the Merger otherwise did not close by October 15, 2018, ACY would have become obligated to pay the Company any excess (the "JMC Margin") of (i) the Contract Fees that would have been paid to the Company since April 1, 2018 in the absence of the Waiver and Reimbursement Agreement over (ii) the Management Expenses actually paid by ACY to the Company since April 1, 2018. For the period April 1, 2018 through September 30, 2018, contractual fees exceeded reimbursed fees by $1,023,100 of management fees and $494,400 of acquisition fees. Pursuant to the Waiver and Reimbursement Agreement, the Company did not accrue as income the JMC Margin that would have been due under the Management Agreement.

Upon the consummation of the Merger Agreement on October 1, 2018, ACY will not be obligated to pay the Company the JMC Margin for the period from April 1, 2018, through October 1, 2018. Thereafter, the Company will not recognize its right to receive management fees and acquisition fees pursuant to the terms of the Management Agreement.

7. Concentration of Credit Risk

The Company maintains its cash and cash equivalents at various financial institutions, where they are insured by the Federal Deposit Insurance Corporation ("FDIC") and the Securities Investor Protection Corporation ("SIPC") up to $250,000. The balances of these accounts from time to time exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. At September 30, 2018, the amount over FDIC and SIPC limits was approximately $0.

8. Accumulated Comprehensive Income

	Before-tax Amount	Tax (Expense)	Net-of-tax Amount
Foreign currency translation adjustments	$ (700)	$200	$ (500)
Unrealized losses on securities	(25,400)	-	(25,400)
Total accumulated comprehensive income	$(26,100)	$200	$(25,900)

8. Accumulated Comprehensive Income (continued)

The Company has not established a deferred tax asset from the unrealized capital loss in the Uniform Components preferred stock of $25,400, at September 30, 2018. When it is realized, the loss will be characterized as a capital loss for income tax purposes and only available to off-set capital gains. In addition, the unused capital loss could only be carried forward for five-years before it expires. Based on an assessment of all available information, the Company believes it is more likely than not that it will not have sufficient future taxable capital gains to realize the tax benefit from such an asset.

9. Retirement plan

The Company maintains a qualified defined contribution salary deferral profit sharing plan for U.S. employees. An employee must be at least 21 years of age to participate in this plan. This plan permits employees to defer up to 15% of their salary based on strict IRS guidelines. Participants are always 100% vested in their salary deferral contributions. Participants vest in the matching Company contributions ratably over two years. The Company made no matching contributions to this plan for the nine months ended September 30, 2018.

10. Related Party Transactions

The Company's subsidiary, JMC, an integrated aircraft management, marketing and financing business, manages and administers a portfolio of leased aircraft assets owned by ACY pursuant to a management agreement which expires in August 2025. Certain officers of the Company are also officers of ACY and hold significant ownership positions in both ACY and the Company. JMC also receives an acquisition fee for locating assets for ACY and may receive a remarketing fee in connection with the sale or re-lease of ACY's assets. During the nine months ended September 30, 2018, JMC earned management fees of $3,459,700.

As discussed above in Note 6, if the Merger had been terminated on or before October 15, 2018 or the Merger otherwise had not closed by October 15, 2018, ACY would have been obligated to pay the Company the JMC Margin. For the period April 1, 2018 through September 30, 2018, the JMC Margin consisted of $1,023,100 of management fees and $494,400 of acquisition fees. Upon consummation of the Merger on October 1, 2018, the fees subject to the Waiver and Reimbursement Agreement for the period beginning on April 1, 2018 and ending on October 1, 2018, will not be collected.

11. Subsequent Events

The Company has evaluated events occurring through December 10, 2018 the date the financial statements were available to be issued.

On October 1, 2018, the Company distributed to stockholders of record on September 19, 2018, the ACY common stock dividend as described in Note 3.

The Company and ACY consummated the merger agreement on October 1, 2018. As a subsidiary of ACY, the Company's results will be included in ACY's consolidated financial statements beginning in fourth quarter of 2018. There are no other events that require recording or disclosure in the financial statements for the nine months ended September 30, 2018.
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Section 6: EX-99.5 (UNAUDITED CONDENSED CONSOLIDATED AEROCENTURY FINANCIAL STATEMENTS 9/30/18 AND 12/31/17)

EXHIBIT 99.5

Unaudited Pro Forma Condensed
Combined Financial Information

On October 26, 2017, AeroCentury Corp. ("AeroCentury" or the "Company") and JetFleet Holding Corp. ("JHC") entered into an Agreement and Plan of Merger (the "Merger Agreement") for the acquisition of JHC by the Company in a reverse triangular merger ("Merger") for consideration of approximately $2.8 million in cash and 129,286 shares of common stock of the Company, as determined pursuant to the Merger Agreement. JHC is the sole shareholder of JetFleet Management Corp, ("JMC"), which is the manager of the Company's assets. The Merger was consummated on October 1, 2018. The Company's common stock issued as consideration in the Merger was offered and sold pursuant to an exemption from registration under Section 3(a)(10) of the Securities Act of 1933, as the California Department of Business Oversight (the "DBO") had issued a permit for the issuance of such securities to JHC's shareholders on February 22, 2018 after a fairness hearing before the DBO.

The accompanying unaudited preliminary pro forma condensed combined financial statements present the pro forma combined financial position and results of operations of the combined company based upon the historical financial statements of AeroCentury and JHC after giving effect to the Merger.

The adjustments set forth herein and described in the accompanying footnotes are intended to reflect the impact of the Merger on AeroCentury. The accompanying unaudited pro forma condensed combined financial statements are based upon the historical financial statements and have been derived from the (1) audited consolidated financial statements of AeroCentury contained in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and the unaudited condensed consolidated financial statements of AeroCentury contained in its Quarterly Report on Form 10-Q for the nine months ended September 30, 2018, and (2) the audited consolidated statement of operations of JHC for the year ended December 31, 2017 and the unaudited consolidated statement of operations of JHC for the nine months ended September 30, 2018.

The accompanying unaudited pro forma condensed combined financial statements are prepared using the purchase method of accounting, with AeroCentury treated as the acquirer and as if the Merger had been consummated on (1) September 30, 2018 for purposes of preparing the unaudited pro forma condensed combined balance sheet and (2) on January 1, 2017 for purposes of preparing the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2017 and the nine months ended September 30, 2018. The Company recorded a settlement loss of approximately $2.5 million as of the closing date of the Merger related to its prior obligations under the management agreement with JMC. As a result of the Merger, the Company assumed JHC liabilities of approximately $0.9 million.

The accompanying unaudited preliminary pro forma condensed combined financial statements are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of AeroCentury would have been had the Merger occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position. The unaudited pro forma condensed combined financial statements should be read in conjunction with the separate historical consolidated financial statements and accompanying notes of AeroCentury, previously filed on AeroCentury's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and Quarterly Report on Form 10-Q for the nine months ended September 30, 2018, and the separate historical consolidated financial statements and accompanying notes of JetFleet for the year ended December 31, 2017 and nine months ended September 30, 2018 included elsewhere in this filing.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of September 30, 2018

	AeroCetury historical	JetFleet historical	Pro forma adjustments	Notes	Pro forma combined
		ASSETS			
Cash and cash equivalents	$ 6,769,500	$ 40,000	$ (2,863,900)	(a)	$ 3,945,600
Marketable securities	-	3,451,600	(3,330,600)	(b)	121,000
Accounts receivable	3,168,000	3,200	-		3,171,200
Taxes receivable	-	101,100	(99,900)	(c)	1,200
Receivable-AeroCentury	-	561,900	(561,900)	(d)	-
Finance leases receivable	16,055,500	-	-		16,055,500
Note receivable	-	23,100	-		23,100
Aircraft, net of accumulated depreciation	187,092,900	-	-		187,092,900
Assets held for sale	14,511,600	-	-		14,511,600
Equipment, net of depreciation	-	25,000	-		25,000
Prepaid expenses and other	353,500	211,800	925,000	(e)	1,490,300
Total assets	$ 227,951,000	$ 4,417,700	$ (5,931,300)		$ 226,437,400
		LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable and accrued expenses	$ 238,300	$ 174,800	$ 75,000	(f)	$ 488,100
Payable-JetFleet	2,079,300	-	(2,079,300)	(g)	-
Accrued payroll	-	93,400	-		93,400
Dividends Payable	-	3,330,600	(3,330,600)	(b)	-
Notes payable and accrued interest	140,247,200	-	-		140,247,200
Security deposits	3,367,800	-	-		3,367,800
Unearned revenues	4,160,400	-	-		4,160,400
Maintenance reserves	27,030,800	-	-		27,030,800
Accrued maintenance costs	260,100	-	-		260,100
Deferred income taxes	7,159,000	665,800	(530,500)	(h)	7,294,300
Income taxes payable	289,000	6,000	626,100	(c)	921,300
Total liabilities	184,831,900	4,270,600	(5,239,300)		183,863,200
Stockholders' equity:					
Common stock	1,600	1,261,600	(1,261,500)	(i)	1,700
Paid-in capital	14,780,100	-	2,002,800	(j)	16,782,900
Retained earnings	31,374,200	(1,088,600)	(1,459,200)	(k)	28,826,400
Foreign currency translation adjustments	-	(500)	500	(l)	-
Unrealized loss on securities	-	(25,400)	25,400	(m)	-
	46,155,900	147,100	(692,000)		45,611,000
Treasury stock	(3,036,800)	-	-		(3,036,800)
Total stockholders' equity	43,119,100	147,100	(692,000)		42,574,200
Total liabilities and stockholders' equity	$ 227,951,000	$ 4,417,700	$ (5,931,300)		$ 226,437,400

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2017

	AeroCentury historical	JetFleet historical	Pro forma adjustments	Notes	Pro forma combined
Revenues and other income:					
Operating lease revenue	$ 29,002,700	$ -	$ -		$ 29,002,700
Maintenance reserves revenue	3,886,900	-	-		3,886,900
Finance lease revenue	1,571,500	-	60,000	(n)	1,631,500
Net loss on disposal of assets	791,500	-	-		791,500
Net gain on sales-type finance leases	297,400	-	51,100	(n)	348,500
Other income	3,800	12,700	-		16,500
Management fee income	-	6,109,100	(6,109,100)	(o)	-
Acquisition and re-sale fee income	-	901,600	(901,600)	(n)	-
	35,553,800	7,023,400	(6,899,600)		35,677,600
Expenses:					
Management fees	6,109,200	-	(6,109,200)	(o)	-
Depreciation	12,025,600	-	(39,000)	(n)	11,986,600
Provision for impairment	1,002,100	-	-		1,002,100
Interest	7,753,200	19,600	-		7,772,800
Maintenance	2,924,300	-	-		2,924,300
Professional fees, general and administrative and other	1,945,100	899,100	(461,000)	(q)	2,383,200
Other taxes	90,300	-	-		90,300
Insurance	271,300	-	-		271,300
Salaries and employee benefits	-	3,459,700	-		3,459,700
Rent	-	423,600	-		423,600
Consulting fees	-	524,700	-		524,700
	32,121,100	5,326,700	(6,609,200)		30,838,600
Income before income tax provision	3,432,700	1,696,700	(290,400)		4,839,000
Income tax (benefit) provision	(3,966,500)	481,400	(318,400)	(r)	(3,803,500)
Net income	$ 7,399,200	$ 1,215,300	$ 28,000		$ 8,642,500
Earnings per share	$ 5.10				$ 5.47
Weighted average shares outstanding	1,449,576		129,286	(s)	1,578,862

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Nine Months Ended September 30, 2018

	AeroCetury historical	JetFleet historical	Pro forma adjustments	Notes	Pro forma combined
Revenues and other income:					
Operating lease revenue	$ 20,460,000	$ -	$ -		$ 20,460,000
Finance lease revenue	1,002,100	-	51,000	(n)	1,053,100
Net loss on disposal of assets	(2,374,400)	-	-		(2,374,400)
Other income	1,632,800	9,600	-		1,642,400
Management & Acquisition fee income	-	3,459,700	(3,459,700)	(o)	-
Gain on Distribution of ACY Stock	-	2,433,700	(2,433,700)	(p)	-
	20,720,500	5,903,000	(5,842,400)		20,781,100
Expenses:					
Management fees	4,482,800	-	(4,482,800)	(o)	-
Depreciation	9,420,500	-	(59,000)	(n)	9,361,500
Provision for impairment	2,971,500	-	-		2,971,500
Interest	7,086,600	3,200	-		7,089,800
Maintenance	405,400	-	-		405,400
Professional fees, general and administrative and other	1,373,400	711,800	(33,200)	(q)	2,052,000
Other taxes	67,700	-	-		67,700
Insurance	235,400	-	-		235,400
Salaries and employee benefits	-	1,987,500	-		1,987,500
Rent	-	288,000	-		288,000
Consulting fees	-	210,000	-		210,000
	26,043,300	3,200,500	(4,575,000)		24,668,800
Income before income tax provision	(5,322,800)	2,702,500	(1,267,400)		(3,887,700)
Income tax (benefit) provision	(1,075,200)	757,400	(354,000)	(r)	(671,800)
Net (loss) income	$ (4,247,600)	$ 1,945,100	$ (913,400)		$ (3,215,900)
Earnings per share	$ (3.00)				$ (2.08)
Weighted average shares outstanding	1,416,699		129,217	(s)	1,545,916

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

Notes to Pro Forma Condensed Combined Financial Information (Unaudited)
AeroCentury Corp. and Subsidiaries

The following unaudited pro forma condensed combined financial statements are based on AeroCentury's historical consolidated financial statements and JetFleet Holding Corp.'s ("JetFleet") historical consolidated financial statements as adjusted to give effect to the acquisition of JetFleet.

The aggregate consideration to be paid by AeroCentury consists of $3.5 million in cash, subject to certain post-closing adjustments, plus 129,286 shares of AeroCentury common stock, subject to certain adjustments as provided in the merger agreement.

The unaudited pro forma condensed combined financial statements do not necessarily reflect what the combined company's financial condition or results of operations would have been had the acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

Note 1 — Basis of presentation

The unaudited pro forma condensed combined financial statements are based on AeroCentury's and JetFleet's historical consolidated financial statements as adjusted to give effect to the acquisition of JetFleet. The unaudited pro forma combined statements of operations for the year ended December 31, 2017 and the nine months ended September 30, 2018 give effect to the JetFleet acquisition as if it had occurred on January 1, 2017. The unaudited pro forma condensed combined balance sheet as of September 30, 2018 gives effect to the JetFleet acquisition as if it had occurred on September 30, 2018.

Note 2 — Preliminary purchase price allocation

On October 26, 2017, AeroCentury agreed to acquire JetFleet for total consideration of approximately $5.5 million, based on the closing stock price of AeroCentury's common stock on September 28, 2018. AeroCentury financed the acquisition through the payment of $3.5 million of cash and issuance of an additional 129,286 shares of common stock of AeroCentury. The value of the shares of common stock issued is dependent on the closing stock price as of the date of consummation of the merger. The unaudited pro forma condensed combined financial information includes various assumptions, including those related to the preliminary purchase price allocation of the assets acquired and liabilities assumed of JetFleet based on management's best estimates of fair value. The final purchase price allocation may vary based on final appraisals, valuations and analyses of the fair value of the acquired assets and assumed liabilities. Accordingly, the pro forma adjustments are preliminary and have been made solely for illustrative purposes.

The following table shows the preliminary allocation of the purchase price for JetFleet to the acquired identifiable assets, assumed liabilities and pro forma settlement loss, based upon AeroCentury's closing stock price of $15.50 on September 28, 2018:

(*)	September 30, 2018
Base Consideration - Cash	$ 3,500,000
AeroCentury common stock (129,286 shares)	2,002,900
Base consideration	5,502,900
Cash consideration adjustments	(636,100)
Settlement of JHC's receivables from ACY	(2,079,300)
Total purchase price	2,787,500
Cash	40,000
Marketable securities	121,000
Accounts receivable, net	4,400
Note receivable	23,100
Equipment	25,000
Other assets	1,136,800
Total identifiable assets (*)	1,350,300
Accounts payable	(174,800)
Accrued payroll	(93,400)
Taxes payable	(632,100)
Deferred taxes	(135,300)
Total identifiable liabilities (*)	(1,035,600)
Total pro forma settlement loss (**)	$ 2,472,800

and
conditions of the current management agreement as compared to current market conditions and the historical and expected financial performance of AeroCentury and JetFleet. Based on the analysis performed, AeroCentury determined that the contractual payment terms are above market rates. The present value of the expected differential between payments currently required by the management agreement and those that would be required if the contract reflected current market terms was calculated over the management agreement contractual term. As the management fee currently paid by AeroCentury is deemed to be above market and the settlement of this pre-existing relationship results in a loss, the loss will be recognized in the consolidated statement of operations at the acquisition date and will reduce the estimated purchase consideration transferred.

Note 3 — Pro forma adjustments

The pro forma adjustments are based on our preliminary estimates and assumptions and are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined financial information. There are no material differences in accounting policies between AeroCentury and JetFleet.

Adjustments to the pro forma condensed combined balance sheet

(a) Reflects cash consideration (as adjusted from Base Consideration of $3,500,000) related to acquisition.

(b) Represents distribution of JetFleet owned AeroCentury stock as a dividend pre-acquisition.

(c) Reflects JetFleet's accrual of tax liability on the distribution of AeroCentury stock to its shareholders.

(d) Reflects the reduction in JetFleet receivables from AeroCentury for accrued management and acquisition fees.

(e) Reflects value of real estate lease in place acquired with JetFleet and deferred taxes thereon.

(f) Reflects estimated non-recurring transaction costs related to the acquisition of JetFleet by AeroCentury.

(g) Reflects the reduction in accrued fees payable by AeroCentury to JetFleet.

(h) Reflects:

AeroCentury	JetFleet		Total
	Deferred tax liability on value of acquired real estate in place	$ 195,500	
	Reclassification of deferred tax assets	(726,000)	
		$ (530,500)	$ (530,500)

(i) Reflects:

AeroCentury		JetFleet		Total
Common stock issued to JetFleet, $0.001 par value	$ 100	Elimination of subsidiary equity on consolidation	$(1,261,600)	$(1,261,500)

(j) Reflects paid-in capital related to common stock issued to JetFleet shareholders.

(k) Reflects the cumulative effect of pro forma adjustments, net of taxes, as follows:

AeroCentury		JetFleet		Total
Estimated settlement loss	$(2,472,800)	Elimination of retained earnings	$1,088,600	
Estimated non-recurring transaction costs	(75,000)			
	$(2,547,800)		$ 1,088,600	$(1,459,200)

(l) Reflects elimination of prior foreign currency adjustments.

(m) Reflects elimination of unrealized loss on Marketable Securities owned by JetFleet.

Adjustments to the pro forma condensed statements of operations

(n) Reflects the effect of acquisition and remarketing fees paid by AeroCentury to JetFleet since January 1, 2017. Acquisition fees were capitalized and depreciated by AeroCentury or reflected in lower finance lease revenue on acquired finance leases; remarketing fees decreased gains on asset sales by AeroCentury. Acquisition and remarketing fees were recorded as income by JetFleet.

(o) Reflects the elimination of management fees paid by AeroCentury to JetFleet and recorded as expense and income, respectively.

(p) Represents elimination of gain on appreciation of AeroCentury stock owned by JetFleet.

(q) Reflects:

in 2017:

AeroCentury		JetFleet		Total
Elimination of non-recurring acquisition/merger costs incurred by AeroCentury.	$ (619,400)	Additional rental costs associated with amortization of acquired real estate lease in place.	$ 158,400	$ (461,000)

in 2018:

AeroCentury		JetFleet		Total
Elimination of non-recurring acquisition/merger costs incurred by AeroCentury.	$ (341,400)	Additional rental costs associated with amortization of acquired real estate lease in place.	$ 308,200	$ (33,200)

(r) Reflects the income tax effect of pro forma adjustments based on the estimated combined statutory tax rate of 35% and 22% for 2017 and 2018, respectively.

(s) Represents shares of AeroCentury common stock issued as purchase consideration.

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