

A high-angle, low-perspective shot of an Emirates Boeing 777-300ER aircraft in flight. The plane is white with the Emirates livery, including the word 'Emirates' and 'الإمارات' on the fuselage, and the UAE flag on the tail. The aircraft is flying over a vast expanse of golden, sunlit clouds. The sun is visible in the upper left, creating a bright glow and lens flare. The sky is a mix of blue and white clouds. The overall mood is bright and dynamic.

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# DORIC NIMROD AIR **ONE** LIMITED

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## Half-yearly Financial Report

From 1 April 2014 to 30 September 2014 (Unaudited)

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## SUMMARY INFORMATION

### Company Facts

Listing	Specialist Fund Market of London Stock Exchange
Ticker	DNA
Share Price	113.25p (as at 30 September 2014) 111.00p (as at 24 November 2014)
Market Capitalisation	GBP 48.0746 million (as at 30 September 2014)
Aircraft Registration Number	A6-EDC
Current/Future Anticipated Dividend	Current dividends are 2.25p per quarter per share (9p per annum) and it is anticipated this will continue until the aircraft lease begins to terminate in 2022.
Dividend Payment Dates	April, July, October, January
Currency	Sterling
Launch Date/Price	13 December 2010/100p
Incorporation	Guernsey
Asset Manager	Doric GmbH
Corp & Shareholder Advisor	Nimrod Capital LLP
Administrator	JTC (Guernsey) Limited
Auditor	Deloitte LLP
Market Makers	Shore Capital Limited Winterflood Securities Limited Jefferies International Limited Numis Securities Limited
SEDOL, ISIN	B4MF389, GG00B4MF3899
Year End	31 March
Stocks & Shares ISA	Eligible
Website	<a href="http://www.dnairone.com">www.dnairone.com</a>

## SUMMARY INFORMATION (continued)

### Company Overview

Doric Nimrod Air One Limited (LSE:DNA) ("**DNA**" or the "**Company**") is a Guernsey company incorporated on 8 October 2010 and admitted to the Official List of the Channel Islands Securities Exchange Authority Limited ("**CISEA**") and to trading on the Specialist Fund Market of the London Stock Exchange ("**SFM**") on 13 December 2010. At the date of admission the SFM was not a recognised exchange for ISA investors and therefore to enable ISA investors to invest, the Company sought a dual listing on the CISEA, being a recognised exchange for ISA investors at that time. In March 2014 the Individual Savings Account Regulations 1998 were amended and ISA investors can now invest in shares listed on the SFM, therefore a dual listing was no longer required by the Company and the Company delisted from CISEA on 5 September 2014.

The Company's total issued share capital currently consists of 42,450,000 Ordinary Preference Shares ("**Shares**") which were admitted to trading at an issue price of 100 pence per Share. As at 24 November 2014, the latest practicable date prior to publication of this report, the Shares are trading at 111 pence per Share.

### Investment Objectives and Policy

The Company's investment objective is to obtain income returns and a capital return for its shareholders (the "**Shareholders**") by acquiring, leasing and then remarketing a single aircraft. The Company purchased one Airbus A380-861 Aircraft, manufacturer's serial number 016 (the "**Asset**") in December 2010, which it leased (the "**Lease**") to Emirates Airlines ("**Emirates**"), the national carrier owned by The Investment Corporation of Dubai based in Dubai, United Arab Emirates.

### Distribution Policy

The Company aims to provide its Shareholders with an attractive total return comprising income from distributions through the period of the Company's ownership of the Asset and capital upon the sale of the Asset.

The Company receives income from the Lease payments from Emirates pursuant to the Lease. The Lease payments received by the Company from Emirates cover repayment of the debt and all interest, as well as income to pay dividends to Shareholders. Emirates bears all costs (including maintenance, repair and insurance) relating to the Asset during the lifetime of the Lease.

Future dividend payments are anticipated to continue to be declared and paid on a quarterly cycle and as per the Prospectus are targeted at 2.25 pence per Share per quarter subject to compliance with applicable laws and regulations.

There can be no guarantee that dividends will be paid to Shareholders and, if dividends are paid, as to the timing and amount of any such dividend. There can also be no guarantee that the Company will, at all times, satisfy the solvency test required to be satisfied pursuant to section 304 of the Companies (Guernsey) Law 2008 (the "**Guernsey Law**") enabling the Directors to effect the payment of dividends.

### Performance Overview

All payments by Emirates, have to date been made in accordance with the terms of the Lease.

During the period under review and in accordance with the Distribution Policy the Company declared two interim dividends of 2.25 pence per Share and after the reporting period one dividend of 2.25 pence per Share.

## CHAIRMAN'S STATEMENT

I am very pleased to present Shareholders with the Company's half-yearly financial report, covering the period from 1 April 2014 until 30 September 2014 (the "Period").

I am glad to report that during the Period the Company has continued to perform well and has declared quarterly dividends as expected.

The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then remarketing a single aircraft. The Company purchased one Airbus A380-861 Aircraft, manufacturer's serial number 016 (the "Asset"), which it leased to Emirates, the national carrier owned by the Investment Corporation of Dubai, based in Dubai, United Arab Emirates. A senior secured finance facility provided by Westpac, in the amount of \$122m provided the monies along with the placing proceeds for the acquisition of the aircraft. On the purchase of the plane, the Company entered into the Lease with Emirates for an initial term of 12 years, with fixed lease rentals for the duration. The debt portion of the funding will be fully amortised over the 12-year term of the Lease, with the aim of leaving the aircraft unencumbered on the conclusion of the Lease.

The Company's Asset Manager, Doric GmbH ("Doric"), continues to monitor the Lease and to report regularly to the Board. Nimrod Capital LLP, the Company's Placing Agent as well as its Corporate and Shareholder Advisory Agent, continues to liaise between the Board and Shareholders, and to distribute quarterly fact sheets.

From January to August 2014 overall global air traffic passenger demand, measured in revenue passenger kilometres (RPKs), expanded by 5.8% compared to the same period in 2013. This number was mainly driven by solid economic growth in the emerging regions. Less mature air travel markets continue to expand significantly faster than the more mature ones. Generally, increased air travel was consistent with the pick-up in economic growth around the globe.

Emirates has also continued to perform well, flying more passengers than ever before, carrying 44.5 million people to 142 destinations in 80 countries on six continents during the financial year 2013/14. Passenger load factors remain high and the airline has ordered more wide bodied planes (including a further 50 A380's) to cope with its forecast increasing demand.

At the end of September 2014 the A380 had 12 operators with 143 planes in service, with undelivered orders of some 174 A380s. According to Airbus, until September 2014 the worldwide A380 fleet had accumulated 1.5 million flight hours in close to 180,000 commercial flights. The number of passengers who flew aboard an Airbus A380 was 65 million. Currently the A380 operates between 35 airports and every five minutes an A380 takes off or lands at these destinations.

The Board recognise Emirates is the sole lessee of the Asset, and in the event that Emirates defaults on the rental payments it is unlikely the Company will be able to meet its targeted dividends or, in the case of ongoing default, continue as a going concern. We do not believe this is a likelihood at this moment in time given the current and historical performance of Emirates and its current financial position.

In economic reality, the Company has also performed well. Two interim dividends were declared in the Period and future dividends are targeted to be declared and paid on a quarterly basis. However, the financial statements do not, in the Board's view, properly convey this economic reality due to the accounting treatments for foreign exchange, rental income and finance costs.

International Financial Reporting Standards require that transactions denominated in US Dollars (including, most importantly, the cost of the aircraft) are translated into sterling at the exchange rate ruling at the date of the transaction whilst monetary items (principally the outstanding borrowings) are translated at the rate prevailing on the reporting date. The result is that the figures sometimes show very large mismatches which are reported as unrealised foreign exchange differences.

## CHAIRMAN'S STATEMENT (continued)

On an on-going basis and assuming the Lease and loan payments are made as anticipated, such exchange differences do not reflect the commercial substance of the situation in the sense that the key transactions denominated in US Dollars are in fact closely matched. Rental income received in US Dollars is used to pay loan repayments due which are likewise denominated in US Dollars. US Dollar lease rentals and loan repayments are furthermore fixed at the outset of the Company's life and are very similar in amount and timing.

In addition to this, rental income receivable is credited evenly to the Statement of Comprehensive Income over the planned life of the Company. Conversely, the methodology for accounting for interest cost means that the proportion of the loan repayments which is treated as interest, and is debited to the Statement of Comprehensive Income, varies over the course of the loan with a higher proportion of interest expense recognised in earlier periods, so that the differential between rental income and interest cost (as reported in the Statement of Comprehensive Income) reduces over the course of 12 years. In reality however the amount of rental income is fixed so as to closely match the interest and principal components of each loan repayment instalment and allow for payments of operating costs and dividends.

An annual review is required of the residual value of the Asset as per IAS 16 Property, Plant and Equipment which defines residual value as *"the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life."* At the end of each financial year, the Company's estimation technique is to make reference to the current forecast market value, not the amount that would currently be achieved, and so this value is not a direct application of the IAS 16 definition of residual value. In March 2014, the Company engaged three internationally recognised expert appraisers to provide the Company with third party consultancy valuation services. The Company also received reports from Doric, who confirmed they have no reason to question the methodology used within the appraisal reports to determine the residual value and that they do not believe the appraisals show a fundamental movement in the anticipated residual values of the plane since it was acquired. Upon review of the professional advice previously received, the Board is of the opinion that, the estimate of the residual value of the Asset is a reasonable approximation of the residual value within the IAS 16 definition of residual value given a comparable asset is not available. For the purpose of this financial report, the Board has continued to use this previous asset valuation which will be reviewed again at the year end.

On behalf of the Board, I would like to thank our service providers for all their help and assistance and all Shareholders for their continued support of the Company.

**Charles Wilkinson**  
Chairman

# ASSET MANAGER'S REPORT

*On the invitation of the Directors of the Company, this commentary has been provided by Doric GmbH as Asset Manager of the Company in respect of the Period and is provided without any warranty as to its accuracy and without any liability incurred on the part of the Company or Doric GmbH. The commentary is not intended to constitute, and should not be construed as, investment advice. Potential investors in the Company should seek their own independent financial advice and may not rely on this communication in evaluating the merits of investing in the Company. The commentary is provided as a source of information for Shareholders of the Company but is not attributable to the Company.*

## 1. The Doric Nimrod Air One Airbus A380

The Airbus A380 is registered in the United Arab Emirates under the registration mark A6-EDC. For the period from original delivery of the aircraft to Emirates in November 2008 until the end of September 2014, a total of 3,102 flight cycles were registered. Total flight hours were 25,926. This equates to an average flight duration of approximately eight hours and 20 minutes.

The A380 owned by the Company visited Auckland, Munich, New York, Sydney and Toronto during the first half of the Company's financial year.

### **Maintenance Status**

Emirates maintains its A380 aircraft fleet based on a maintenance programme according to which minor maintenance checks are performed every 1,500 flight hours, and more significant maintenance checks (C checks) at the earlier of 24 months or 12,000 flight hour intervals. The second C check of the aircraft took place in the Emirates engineering facility at Dubai International Airport in November 2012. The next heavy maintenance check is the 6-year check (which includes the third C check) which started in October 2014.

Emirates bears all costs (including maintenance, repair and insurance) relating to the aircraft during the lifetime of the Lease.

### **Inspections**

A technical records audit was carried out in the second half of June 2014. The lessee was again very helpful in the responses given to the Asset Manager's technical staff and the technical documentation was found to be in good order.

## 2. Market Overview

From January to August 2014 passenger demand, measured in RPKs, expanded by 5.8% compared to the same period the year before. Demand gained momentum especially during the second quarter of this year. Between January and August 2014 airlines increased their capacities, measured in available seat kilometres (ASKs), by 5.6%. Operators are adhering to their strategy to expand their supply carefully.

The average passenger load factor during the first eight months of this year was 80.3%. This is an increase of 0.3 percentage points compared to the same period the year before. From a historic perspective passenger load factors remain at a high level. In 2014 worldwide average passenger load factors could exceed 80% for the first time in the industry's history. According to the latest traffic forecast released by the International Air Transport Association (IATA) in June 2014, RPKs are expected to grow by 5.9% in 2014 and 6.7% in 2015. Tony Tyler, IATA's General Director and CEO, expects that "despite the various economic challenges, the outlook for passenger travel remains broadly positive", but events like the Ebola outbreak in West Africa, the conflict between the Ukraine and Russia and Eurozone's economic situation, present ongoing uncertainty.

A regional breakdown reveals that the Middle East airlines continue to outperform the overall market in 2014. RPKs increased by 12.2% during the first eight months of this year compared to the same period the year before. Second best were Asia/Pacific based operators with 6.8%. Latin America grew by 6.5% and 6.1% growth in Europe was virtually in line with the market average across all regions. North American market participants recorded 2.7% more RPKs. In Africa there was a marginal growth of 0.9% in the number of RPKs.

## ASSET MANAGER'S REPORT (continued)

### 2. Market Overview (continued)

IATA released its latest industry outlook in June 2014 according to which global industry profits are expected to reach USD 18.0 billion in 2014. With a net profit margin of just 2.4%, the aviation industry's buffer to absorb external shocks remains fairly small.

Source: IATA

### 3. Lessee – Emirates Key Financials and Outlook

Emirates announced its 26th consecutive year of profit and company-wide growth for the financial year ended on 31 March 2014, despite competitive pressure and a global economic environment that is only slowly recovering.

Revenue reached a record high of USD 22.5 billion, up by 13% compared to the previous financial year, and continues to be well balanced with no region contributing more than 30%. East Asia and Australasia remained the highest revenue contributing regions with USD 6.5 billion, up 14.1% from 2012/2013. Gulf and Middle East (up 16.6% to USD 2.3 billion), Europe (up 16.3% to USD 6.4 billion) and Africa (up 15.1% to USD 2.1 billion) saw the most significant growth rates, reflecting new destinations as well as increased frequency and capacity to these regions.

The airline posted a net profit of USD 887 million, representing an increase of 43% over last year's results. With a share of nearly 40% fuel remains the largest operating cost category. Compared to last financial year, the average price of jet fuel was slightly lower relieving the carrier's bottom line. Due to the growing fleet, Emirates' fuel bill increased by 10% to reach USD 8.4 billion. Total operating costs showed a smaller increase (+11.5%) than the revenues (+13%) in the financial year 2013/2014 resulting in an improved profit margin of 3.9%.

As of 31 March 2014 the balance sheet total amounted to USD 27.7 billion, an increase of 7.2% from the previous year. Total equity increased by 10.6% to USD 6.9 billion with an equity ratio of 25.1%. The current ratio was 0.84; therefore the airline would be able to meet most of its current liabilities by liquidating all of its current assets. Significant items on the liabilities side of the balance sheet included finance leases in the amount of USD 8.6 billion and revenues received in advance from passenger and freight sales (USD 3.1 billion). As of 31 March 2014 the carrier's cash balance was USD 4.5 billion.

Between April 2013 and March 2014, as compared to the prior financial year, the airline's ASKs increased by 14.6%. Measured in RPKs passenger traffic grew by 14.2%, resulting in an average passenger load factor of 79.4%. This is slightly below the 79.7% reached in the period before. A record 44.5 million passengers flew with Emirates between April 2013 and March 2014 – an increase of 13.1% compared to the previous period.

During the last financial year the airline received 24 wide body aircraft, including 16 Airbus A380s, 6 Boeing 777-300ER and 2 Boeing 777-200LRF aircraft. At the Dubai Air Show in November 2013 Emirates signed contracts with Airbus and Boeing for a combined value of USD 99 billion (list prices) consisting of 150 Boeing 777X and another 50 Airbus A380. According to the operator, the first 25 of the additional A380 will come into service before the first quarter of 2018. Deliveries for the 777Xs are scheduled to start in 2020. By that year Emirates expects to have more than 250 wide body aircraft in the air serving some 70 million passengers a year.

As of 30 September 2014 Emirates had 230 wide body aircraft in operation. All Emirates' aircraft temporarily parked during the 80-day runway upgrading works at Dubai International Airport, which lasted from May to July 2014, returned to service. The works included resurfacing, upgraded lights, additional taxiways and high-speed exits.

The number of Emirates orders yet to be delivered at the end of September 2014 was 292 aircraft. The airline operates the world's largest fleets of Airbus A380 and Boeing 777-300ER aircraft. During the financial year 2013/2014 Emirates raised USD 3.3 billion in new funding mainly to secure its on-going fleet expansion. The carrier made use of a variety of financing structures to meet its refinancing needs, including a second Enhanced Equipment Trust Certificate (EETC) issue through DNA Alpha Ltd., a subsidiary of Doric Nimrod Air Three Ltd.

## ASSET MANAGER'S REPORT (continued)

### 3. Lessee – Emirates Key Financials and Outlook (continued)

With its increased fleet and resources, Emirates launched nine additional destinations during the last financial year. In September 2014 Emirates operated flights to 145 destinations in 82 countries on six continents. During the calendar year 2013 the airline's fleet travelled more than 751 million kilometres, circling the globe over 18,000 times and carrying over 43 million passengers.

In the current financial year the airline has already added another four passenger routes including Abuja (Nigeria), Brussels, Chicago, and Oslo. Budapest (Hungary) is scheduled for the end of October 2014.

In June 2014 Emirates announced the cancellation of its order of 70 Airbus A350 which were due for delivery from 2019 onwards.

In September 2014 Dubai Airports, which owns and manages Dubai International (DXB) and Al Maktoum International (DWC), announced a USD 32 billion expansion plan for DWC. In the first stage facilities will be upgraded to accommodate up to 120 million passengers annually. Completion is planned within the next six to eight years. It is expected that Emirates will relocate its international hub operations to DWC by the mid-2020s. Due to limited options to increase the capacity at DXB beyond 100 million passengers, DWC's expansion is vital to support Emirates Airline's long-term growth plans. According to Dubai Airports the new facilities are designed to service 100 Airbus A380 at the same time. Emirates is already using DWC for its cargo operations.

Source: Ascend, Dubai Airports, Emirates, Flightglobal

### 4. Aircraft – A380

As of September 2014 Emirates had a fleet of 53 A380s which currently serve 29 destinations from its Dubai hub: Amsterdam, Auckland, Bangkok, Barcelona, Beijing, Brisbane, Frankfurt, Hong Kong, Jeddah, Kuala Lumpur, Kuwait, London Gatwick, London Heathrow, Los Angeles, Manchester, Mauritius, Melbourne, Moscow, Mumbai, Munich, New York JFK, Paris, Rome, Seoul, Shanghai, Singapore, Sydney, Toronto and Zurich. Dallas (1 October), San Francisco (1 December), and Houston (3 December) will be added in the course of 2014. Less than a year after Emirates' initial A380 launch to Mauritius the airline announced the introduction of a second daily A380 service. Starting on 26 October and more than a month ahead of schedule the superjumbo will replace a Boeing 777 with an increased capacity of 1,890 seats per week. Emirates has a further 87 Airbus A380s on order and has expressed an intention to order further aircraft providing Airbus is willing to make available a re-engined version of the type, A380neo.

The global A380 fleet consisted of 143 commercially used planes in service at the end of September 2014. The twelve operators are Emirates (53 A380 aircraft), Singapore Airlines (19), Qantas (12), Deutsche Lufthansa (12), Air France (10), Korean Airways (10), China Southern Airlines (5), Malaysia Airlines (6), Thai Airways (6), British Airways (7), Asiana (2) and Qatar Airways (1). Starting in October Qatar's first A380 route will connect London Heathrow with its recently finished hub Hamad International Airport in Doha.

At the end of September 2014 the number of undelivered orders amounted to 174 aircraft. This number takes into account the cancellation of six aircraft which were originally ordered by Skymark Airlines. In July 2014 Airbus announced that it was terminating the entire purchase order, which was placed by the Japan-based carrier back in 2011.

According to Airbus, in the period from the aircraft's first introduction to September 2014 the combined worldwide A380 fleet has accumulated over 1.5 million flight hours on some 180,000 commercial flights. The number of passengers who have flown aboard an Airbus A380 to date is over 65 million.

Source: Airbus, Ascend, Emirates, Flightglobal

# INTERIM MANAGEMENT REPORT

from 1 April 2014 to 30 September 2014

A description of important events that have incurred during the Period, their impact on the performance of the Company as shown in the financial statements and description on the principle risks and uncertainties of the remaining six months of the annual financial year is given within the Notes to the Financial Statements contained on pages 14 to 29 and is incorporated here by reference.

There were no material related party transactions which took place in the Period, other than those disclosed at Note 20 of the Notes to the Financial Statements.

## Going Concern

The Company's principal activities are set out within the Company Overview on page 2. The financial position of the Company is set out on pages 10 to 13. In addition, Note 17 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives and its exposures to credit risk and liquidity risk. The Loan interest rate has been fixed and the fixed rental income under the Lease means that the rent should be sufficient to repay the Loan and provide surplus income to pay for the Company's expenses and permit payment of dividends.

After making reasonable enquiries, and as described above the Directors have a reasonable expectation that the Company has adequate resources to continue in its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing these interim financial statements.

## Responsibility Statements

The Board of Directors jointly and severally confirm that, to the best of their knowledge:

- (a) The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- (b) This Interim Management Report includes or incorporates by reference:
  - (i) An indication of important events that have occurred during the Period, and their impact on the financial statements;
  - (ii) a description of the principal risks and uncertainties for the remaining six months of the financial year; and
  - (iii) confirmation that there were no related party transactions in the Period that have materially affected the financial position or the performance of the Company during that period.

**Charles Wilkinson**  
Chairman

**Norbert Bannon**  
Chairman of Audit Committee

## DIRECTORS

### **Charles Edmund Wilkinson – Chairman (Age 71)**

Charles Wilkinson is a solicitor who retired from Lawrence Graham LLP in March 2005. While at Lawrence Graham he specialised in corporate finance and commercial law, latterly concentrating on investment trust and fund work.

Charles is currently chairman of Doric Nimrod Air Three Limited, Chairman of the Audit Committee of Doric Nimrod Air Two Limited, and a director of Premier Energy and Water Trust PLC, a listed investment trust, and of Landore Resources Ltd, a Guernsey based mining exploration company.

### **Norbert Bannon (Age 65)**

Norbert Bannon is chairman of a large UK DB pension fund, a major Irish DC pension scheme and is a director of and advisor to a number of other financial companies. He is on the board of the UK subsidiary of a major Canadian bank and is Chairman of Doric Nimrod Air Two Limited and Chairman of the Audit Committee of Doric Nimrod Air Three Limited.

He has extensive experience in international finance having been CEO of banks in Singapore and New York. He was CEO of Ireland's largest venture capital company and was Finance Director and Head of Risk at AIB Capital Markets, which he left in 2002. He has worked as a consultant on risk issues internationally.

He earned a degree in economics from Queen's University, studied at Stanford Graduate School of Business and is a Chartered Accountant.

### **Geoffrey Alan Hall (Age 66)**

Geoffrey Hall has extensive experience in asset management, having previously been Chief Investment Officer of Allianz Insurance plc, a major UK general insurance company and an Investment Manager at HSBC Asset Management, County Investment Management, and British Railways Pension Funds. Geoffrey is also currently a Director of Doric Nimrod Air Two Limited and Doric Nimrod Air Three Limited.

Geoffrey earned his masters degree in Geography at University of London. He is an associate of the UK Society of Investment Professionals (CFA Institute of the UK).

### **John Le Prevost (Age 62)**

John Le Prevost is the Chief Executive Officer of Anson Group Limited and Chairman of Anson Registrars Limited (the Company's Registrar). He has spent 30 years working in offshore trusts and the investment business during which time he was Managing Director of County NatWest Investment Management (Channel Islands) Limited, Royal Bank of Canada's mutual fund company in Guernsey and Republic National Bank of New York's international trust company. John is a director of BlueCrest AllBlue Fund Limited, a FTSE 250 listed fund of hedge funds and of Guaranteed Investment Products 1 PCC Limited, Guernsey's largest protected cell company. He is a director of a number of other companies associated with Anson Group's business as well as being a trustee of the Guernsey Sailing Trust. John is also currently a Director of Doric Nimrod Air Two Limited and Doric Nimrod Air Three Limited. He is resident in Guernsey.

# STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 September 2014

	Notes	1 Apr 2014 to 30 Sep 2014 GBP	1 Apr 2013 to 30 Sep 2013 GBP
<b>Income</b>			
A rent income	4	4,098,923	4,341,581
B rent income	4	2,260,370	2,260,370
Bank interest received		1,467	1,676
		6,360,760	6,603,627
<b>Expenses</b>			
Operating expenses	5	(292,652)	(283,112)
Depreciation of Asset	9	(1,894,766)	(1,992,118)
		(2,187,418)	(2,275,230)
Net profit for the period before finance costs and foreign exchange losses		4,173,342	4,328,397
<b>Finance costs</b>			
Finance costs	10	(1,545,325)	(2,027,690)
Unrealised foreign exchange (loss)/gain		(1,395,884)	3,733,008
Profit for the period		1,232,133	6,033,715
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		1,232,133	6,033,715
		<b>Pence</b>	<b>Pence</b>
Earnings per Share for the period – Basic and Diluted	8	2.90	14.21

In arriving at the results for the financial period, all amounts above relate to continuing operations

The notes on pages 14 to 29 form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

as at 30 September 2014

	Notes	30 Sep 2014 GBP	31 Mar 2014 GBP
<b>NON-CURRENT ASSETS</b>			
Aircraft	9	100,202,726	102,097,492
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		4,165,731	4,243,823
Receivables	12	5,303	8,065
		4,171,034	4,251,888
<b>TOTAL ASSETS</b>		<b>104,373,760</b>	<b>106,349,380</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	14	6,644,055	6,287,637
Deferred income		6,383,556	5,988,058
Payables – due within one year	13	47,883	118,253
		13,075,494	12,393,948
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	46,544,590	48,523,639
		46,544,590	48,523,639
<b>TOTAL LIABILITIES</b>		<b>59,620,084</b>	<b>60,917,587</b>
<b>TOTAL NET ASSETS</b>		<b>44,753,676</b>	<b>45,431,793</b>
<b>EQUITY</b>			
Share premium	15	39,016,728	39,016,728
Retained earnings		5,736,948	6,415,065
		44,753,676	45,431,793
		<b>Pence</b>	<b>Pence</b>
Net asset value per Ordinary Preference Share based on 42,450,000 shares in issue		105.43	107.02

The Financial Statements were approved by the Board of Directors and authorised for issue on 27 November 2014 and are signed on its behalf by Charles Wilkinson, Chairman.

The notes on pages 14 to 29 form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

for the period ended 30 September 2014

	Period ended 30 Sep 2014 GBP	Period ended 30 Sep 2013 GBP
<b>OPERATING ACTIVITIES</b>		
Profit for the period	1,232,133	6,033,715
Movement in deferred income	395,498	428,271
Interest received	(1,467)	(1,676)
Depreciation of Asset	1,894,766	1,992,118
Loan interest	1,511,685	1,765,571
Decrease in payables	(70,370)	(61,708)
Decrease in receivables	2,762	1,571
Amortisation of debt arrangement costs	33,640	262,119
Foreign exchange loss/(gain)	1,395,884	(3,733,008)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>6,394,531</b>	<b>6,686,973</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	1,467	1,676
<b>NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>1,467</b>	<b>1,676</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(1,910,250)	(1,910,250)
Repayments of capital on borrowings	(3,106,004)	(3,175,468)
Repayments of interest on borrowings	(1,513,476)	(1,808,924)
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES</b>	<b>(6,529,730)</b>	<b>(6,894,642)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>4,243,823</b>	<b>4,580,076</b>
Decrease in cash and cash equivalents	(133,732)	(205,993)
Exchange rate adjustments	55,640	(59,063)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>4,165,731</b>	<b>4,315,020</b>

The notes on pages 14 to 29 form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2014

	Notes	Share Capital GBP	Revenue Reserve GBP	Total GBP
Balance as at 1 April 2014		39,016,728	6,415,065	45,431,793
Total Comprehensive Income for the period		–	1,232,133	1,232,133
Dividends paid	7	–	(1,910,250)	(1,910,250)
Balance as at 30 September 2014		39,016,728	5,736,948	44,753,676

	Share Capital GBP	Revenue Reserve GBP	Total GBP
Balance as at 1 April 2013	39,016,728	29,047	39,045,775
Total Comprehensive Income for the period	–	6,033,715	6,033,715
Dividends paid	–	(1,910,250)	(1,910,250)
Balance as at 30 September 2013	39,016,728	4,152,512	43,169,240

The notes on pages 14 to 29 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 September 2014

## 1 GENERAL INFORMATION

The Company was incorporated in Guernsey on 8 October 2010 with registered number 52484. Its Share Capital consists of one class of Ordinary Preference Shares and one class of Subordinated Administrative Shares. The Company's Ordinary Preference Shares have been admitted to trading on the SFM of the LSE. The Company delisted from CISEA on the 5 September 2014.

The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then remarketing a single aircraft.

## 2 ACCOUNTING POLICIES

The significant accounting policies adopted by the Company are as follows:

### (a) Basis of preparation

The financial statements have been prepared in conformity with IFRS, as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ("**IASB**") and International Financial Reporting Interpretations Committee ("**IFRIC**") and applicable Guernsey law. The financial statements have been prepared on a historical cost basis.

### Changes in accounting policies and disclosure

The following Standards or Interpretations have been adopted in the current period. Their adoption has not had any impact on the amounts reported in these financial statements and is not expected to have any impact on future financial periods:

*IAS 32 Financial Instruments: Presentation* – amendments to application guidance on the offsetting of financial assets and financial liabilities effective for annual periods beginning on or after 1 January 2014.

*IAS 36 Impairment of Assets* – amendments arising from Recoverable Amount Disclosures for Non-Financial Assets for annual periods beginning on or after 1 January 2014.

The following Standards or Interpretations, which are expected to affect the Company, have been issued but not yet adopted by the Company. Other Standards or Interpretations issued by the IASB and IFRIC are not expected to affect the Company.

*IFRS 7 Financial Instruments: Disclosures* – amendments resulting from September 2014 Annual Improvements to IFRSs effective for annual periods beginning on or after 1 January 2016 (or otherwise when IFRS 9 is first applied).

*IFRS 9 Financial Instruments* – accounting for classification and measurement, impairment, general hedge accounting and derecognition effective for annual periods beginning on or after 1 January 2018.

*IFRS 13 Fair Value Measurement* – amendments resulting from annual improvements 2011-2013 cycle effective for annual periods beginning on or after 1 July 2014.

*IAS 16 Property, Plant & Equipment* – amendments resulting from Annual Improvements 2010-2012 cycle effective for annual periods beginning on or after 1 July 2014.

*IAS 16 Property, Plant & Equipment* – amendments regarding the clarification of acceptable methods of depreciation and amortisation effective for annual periods beginning on or after 1 January 2016.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2014

## 2 ACCOUNTING POLICIES (continued)

### (a) Basis of preparation (continued)

*IAS 24 Related Party Disclosures* – amendments resulting from annual improvements 2010-2012 cycle effective for annual periods beginning on or after 1 July 2014.

*IAS 34 Interim Financial Reporting* – amendments resulting from September 2014 annual improvements for annual periods beginning on or after 1 January 2016.

The Directors have considered the above and are of the opinion that the above Standards and Interpretations are not expected to have an impact on the Company's financial statements except for the presentation of additional disclosures and changes to the presentation of components of the financial statements. These items will be applied in the first financial period for which they are required.

### (b) Taxation

The Company has been assessed for tax at the Guernsey standard rate of 0%.

### (c) Share capital

Ordinary Preference Shares (the "Shares") are classified as equity. Incremental costs directly attributable to the issue of shares are recognised as a deduction from equity.

### (d) Expenses

All expenses are accounted for on an accruals basis.

### (e) Interest Income

Interest income is accounted for on an accruals basis.

### (f) Foreign currency translation

The currency of the primary economic environment in which the Company operates (the functional currency) is Sterling (GBP) which is also the presentation currency.

Transactions denominated in foreign currencies are translated into GBP at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

### (g) Cash and cash equivalents

Cash at bank and short term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as call deposits, short term deposits with a term of no more than three months from the start of the deposit and highly liquid investments readily converted to known amounts of cash and subject to insignificant risk of changes in value.

### (h) Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being acquiring, leasing and selling of one Airbus A380-861 aircraft (the "Asset").

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2014

## 2 ACCOUNTING POLICIES (continued)

### (i) Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors believe the Company is well placed to manage its business risks successfully despite the current economic climate as the interest on the Company's loan has been fixed and the fixed rental income under the operating lease means that the rents should be sufficient to repay the loan and provide surplus income to pay for the Company's expenses and permit payment of dividends. Accordingly, the Directors have adopted the going concern basis in preparing the financial information. The Board is not aware of any material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

### (j) Leasing and rental income

The lease relating to the Asset has been classified as an operating lease as the terms of the lease do not transfer substantially all the risks and rewards of ownership to the lessee. The Asset is shown as a non-current asset in the Statement of Financial Position. Further details of the lease are given in Note 11.

Rental income and advance lease payments from the operating lease are recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### (k) Property, plant and equipment – Aircraft

In line with IAS 16 Property Plant and Equipment, the Asset is initially recorded at the fair value of the consideration paid. The cost of the Asset is made up of the purchase price of the Asset plus any costs directly attributable to bringing it into working condition for its intended use. Costs incurred by the lessee in maintaining, repairing or enhancing the aircraft are not recognised as they do not form part of the costs to the Company. Accumulated depreciation and any recognised impairment loss are deducted from cost to calculate the carrying amount of the Asset.

Depreciation is recognised so as to write off the cost of the Asset less the estimated residual value of £69.2 million over the estimated useful life of the Asset of 12 years, using the straight line method. The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed annually and is the amount the Company would receive currently if the asset were already of the age and condition expected at the end of its useful life. The estimated useful life is also reviewed annually and, for the purposes of the financial statements, is based on the expected period the Company will own and lease the Asset. Depreciation starts when the Asset is available for use.

At each balance sheet date, the Company reviews the carrying amounts of its Asset to determine whether there is any indication that the Asset has suffered any impairment loss. If any such indication exists, the recoverable amount of the Asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the Asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the Asset is estimated to be less than its carrying amount, the carrying amount of the Asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2014

## 2 ACCOUNTING POLICIES (continued)

### (k) Property, plant and equipment – Aircraft (continued)

Where an impairment loss subsequently reverses, the carrying amount of the Asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the Asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### (l) Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of the financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

### (m) Net asset value

In circumstances where the Directors, as advised by the Asset Manager, are of the opinion that the net asset value ("NAV") or NAV per Share, as calculated under prevailing accounting standards, is not appropriate or could give rise to a misleading calculation, the Directors, in consultation with the Administrator and the Asset Manager may determine, at their discretion, an alternative method for calculating the value of the Company and shares in the capital of the Company, which they consider more accurately reflects the value of the Company.

## 3 SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying the Company's accounting policies

The following are the critical judgements and estimates, that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2014

## 3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

### KEY SOURCES OF ESTIMATION UNCERTAINTY

#### Residual value and useful life of the Asset

As described in Note 2 (k), the Company depreciates the Asset on a straight line basis over the estimated useful life of the Asset and taking into consideration the estimated residual value. IAS 16 Property, Plant and Equipment requires residual value to be determined as an estimate of the amount that would be obtained from disposal today if the Asset were of the age and condition expected at the end of its useful life. However, there are currently no aircraft of a similar type of sufficient age for the Directors to make a direct market comparison in making this estimation. After consulting with the Asset Manager, the Directors have concluded that a forecast market value for the aircraft at the end of its useful life (including inflationary effects) best approximates residual value. In estimating residual value, the Directors have made reference to forecast market values for the aircraft obtained from three expert aircraft valuers. The estimation of residual value remains subject to inherent uncertainty. If the estimate of residual value had been decreased by 20% with effect from the beginning of this period, the net profit for the period and closing Shareholders' equity would have been decreased by approximately £0.86 million. An increase in residual value by 20% would have been an equal but opposite effect. This reflects the range of estimates of residual value that the Directors believe would be reasonable at this time. The estimated useful life of the Asset is based on the expected period for which the Company will own and lease the aircraft.

#### Operating lease commitments – Company as lessor

The Company has entered into a lease on the Asset. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of this asset and accounts for the contract as an operating lease.

#### Impairment

As described in Note 2 (k), impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The Directors monitor the assets for any indications of impairment as required by IAS 16 Property, Plant and Equipment and IAS 36 Intangible Assets.

## 4 RENTAL INCOME

	1 Apr 2014 to 30 Sep 2014 GBP	1 Apr 2013 to 30 Sep 2013 GBP
A rent income	4,593,975	4,869,406
Revenue received but not yet earned	(495,052)	(527,825)
	4,098,923	4,341,581
B rent income	2,160,816	2,160,816
Revenue earned but not yet received	99,554	99,554
	2,260,370	2,260,370
Total rental income	6,359,293	6,601,951

Rental income is derived from the leasing of the Asset. Rent is split into A rent, which is received in US Dollars ("USD") and B rent, which is received in GBP. Rental income received in USD is translated into the functional currency (GBP) at the date of the transaction.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2014

## 4 RENTAL INCOME (continued)

A and B rental income receivable will decrease/increase respectively, 10 years from the start of each lease. An adjustment has been made to spread the actual total income receivable evenly over the term of the lease.

## 5 OPERATING EXPENSES

	1 Apr 2014 to 30 Sep 2014 GBP	1 Apr 2013 to 30 Sep 2013 GBP
Management fee	53,452	52,275
Asset management fee	141,115	130,688
Administration fees	31,818	30,534
Accountancy fees	5,345	5,242
Registrars fee	4,620	4,521
Audit fee	9,500	12,400
Directors' remuneration	34,000	26,500
Directors' and Officers' insurance	4,020	4,031
Legal & professional expenses	1,076	3,550
Annual fees	2,508	2,461
Sundry costs	3,676	5,070
Other operating expenses	1,522	5,840
	292,652	283,112

## 6 DIRECTORS' REMUNERATION

Under their terms of appointment, each Director is paid a fee of £15,000 per annum by the Company, except for the Chairman, who receives £20,000 per annum. The Chairman of the audit committee also receives an extra £3,000 per annum.

## 7 DIVIDENDS IN RESPECT OF EQUITY SHARES

	30 Sep 2014	
	GBP	Pence per Share
First interim payment	955,125	2.25
Second interim payment	955,125	2.25
	1,910,250	4.50

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2014

## 7 DIVIDENDS IN RESPECT OF EQUITY SHARES (continued)

	31 Mar 2014	
	GBP	Pence per Share
First interim payment	955,125	2.25
Second interim payment	955,125	2.25
Third interim payment	955,125	2.25
Fourth interim payment	955,125	2.25
	3,820,500	9.00

## 8 EARNINGS PER SHARE

Earnings per Share ('EPS') is based on the net profit for the period attributable to Shareholders of £1,232,133 (30 Sep 2013: £6,033,715) and 42,450,000 shares (30 Sep 2013: 42,450,000) being the weighted average number of shares in issue during the period. There are no dilutive instruments and therefore basic and diluted earnings per Share are identical.

## 9 PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT

	Aircraft GBP
<b>COST</b>	
As at 1 Apr 2014	114,532,547
As at 30 Sep 2014	114,532,547
<b>ACCUMULATED DEPRECIATION</b>	
As at 1 Apr 2014	12,435,055
Charge for the period	1,894,766
As at 30 Sep 2014	14,329,821
<b>CARRYING AMOUNT</b>	
As at 31 Mar 2014	102,097,492
As at 30 Sep 2014	100,202,726

The Company can sell the Asset and its rights and obligations during the term of the Lease with the consent of Emirates. If at the end of the Lease the Company makes the choice to sell the Asset rather than leasing it out again, Emirates will be given first refusal to purchase the Asset at an independently appraised market value.

Under IAS 17 the direct costs attributed in negotiating and arranging the Lease have been added to the carrying amount of the Asset and will be recognised as an expense over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS** (continued)

for the period ended 30 September 2014

**10 FINANCE COSTS**

	<b>1 Apr 2014 to 30 Sep 2014 GBP</b>	<b>1 Apr 2013 to 30 Sep 2013 GBP</b>
Amortisation of debt arrangement costs	33,640	262,119
Loan interest	1,511,685	1,765,571
	<b>1,545,325</b>	<b>2,027,690</b>

**11 OPERATING LEASES**

The amounts of minimum future lease receipts at the reporting date under non cancellable operating leases are detailed below:

<b>30 September 2014</b>	<b>Next 12 months GBP</b>	<b>2 to 5 years GBP</b>	<b>After 5 years GBP</b>	<b>Total GBP</b>
Asset – A rental payments	9,415,962	37,663,785	15,833,244	62,912,990
Asset – B rental payments	4,321,632	17,286,528	15,243,024	36,851,184
	<b>13,737,594</b>	<b>54,950,313</b>	<b>31,076,268</b>	<b>99,764,174</b>

  

<b>31 March 2014</b>	<b>Next 12 months GBP</b>	<b>2 to 5 years GBP</b>	<b>After 5 years GBP</b>	<b>Total GBP</b>
Asset – A rental payments	9,162,207	36,648,864	19,987,671	65,798,742
Asset – B rental payments	4,321,632	17,286,528	17,403,840	39,012,000
	<b>13,483,839</b>	<b>53,935,392</b>	<b>37,391,511</b>	<b>104,810,742</b>

The Operating lease is for an Airbus A380-861 Aircraft. The term of the lease is initially for 12 years ending November 2022, with fixed lease rentals for the duration.

At the end of the lease term the lessee has the right to exercise an option to purchase the Asset if the Company chooses to sell the Asset. If a purchase option event occurs the Company and the lessee will be required to arrange for a current market value appraisal of the Asset to be carried out by three independent appraisers. The purchase price will be equal to the average valuation of those three appraisals.

**NOTES TO THE FINANCIAL STATEMENTS** (continued)

for the period ended 30 September 2014

**12 RECEIVABLES**

	<b>30 Sep 2014</b>	<b>31 Mar 2014</b>
	<b>GBP</b>	<b>GBP</b>
Prepayments	5,292	8,054
Sundry debtors	11	11
	<b>5,303</b>	<b>8,065</b>

The above carrying value of receivables is equivalent to its fair value.

**13 PAYABLES (amounts falling due within one year)**

	<b>30 Sep 2014</b>	<b>31 Mar 2014</b>
	<b>GBP</b>	<b>GBP</b>
Accrued administration fees	6,262	6,050
Accrued audit fee	9,500	15,200
Accrued management fees	26,726	93,540
Other accrued expenses	5,395	3,463
	<b>47,883</b>	<b>118,253</b>

The above carrying value of payables is equivalent to its fair value.

**14 BORROWINGS**

	<b>TOTAL</b>	<b>TOTAL</b>
	<b>30 Sep 2014</b>	<b>31 Mar 2014</b>
	<b>GBP</b>	<b>GBP</b>
Bank loan	53,518,049	55,174,320
Transaction costs	(329,404)	(363,044)
	<b>53,188,645</b>	<b>54,811,276</b>
Amount due for settlement within 12 months	6,644,055	6,287,637
Amount due for settlement after 12 months	46,544,590	48,523,639

The loan was arranged with Westpac Banking Corporation ("**Westpac**") for USD 122,000,000, runs for 12 years until December 2022, and has an effective interest rate of 5.4950%, which is the same as the contractual fixed interest rate. The loan is secured on the Asset. No breaches or defaults occurred in the period. Transaction costs of arranging the loan have been deducted from the carrying amount of the loan and will be amortised over its lives.

In the Directors' opinion, the above carrying value of the bank loan is approximate to its fair value.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2014

## 15 SHARE CAPITAL

The Share Capital of the Company is represented by an unlimited number of shares of no par value being issued or reclassified by the Company as Ordinary Preference Shares or Subordinated Administrative Shares.

Issued	Subordinated Administrative Shares	Ordinary Preference Shares
Shares issued at incorporation	–	1
Shares issued 11 October 2010	–	4,000,000
Shares issued 1 December 2010	–	1,000,000
Shares redeemed 1 December 2010	–	(2,175,001)
Shares issued 6 December 2010	2	–
Shares issued in Placing	–	39,625,000
Issued shares as at 30 September 2014	2	42,450,000

Issued	GBP
<b>Ordinary Preference Shares</b>	
1,825,000 shares issued prior to Placing – Fair value	91,260
1,000,000 shares issued prior to Placing – Fair value	250,010
39,625,000 shares issued in Placing	39,625,000
Share issue costs	(949,544)
Issued share capital as at 30 September 2014	39,016,726
<b>Subordinated Administrative Shares</b>	
Shares issued 6 December 2010	2
<b>Total share capital as at 30 September 2014</b>	<b>39,016,728</b>

Members holding Ordinary Preference Shares are entitled to receive, and participate in, any dividends out of income; other distributions of the Company available for such purposes and resolved to be distributed in respect of any accounting period; or other income or right to participate therein. On a winding up, members are entitled to the surplus assets remaining after payment of all the creditors of the Company. Members have the right to receive notice of and to attend, speak and vote at general meetings of the Company.

The holders of Subordinated Administrative Shares are not entitled to receive, and participate in, any dividends out of income; other distributions of the Company available for such purposes and resolved to be distributed in respect of any accounting period; or other income or right to participate therein. On a winding up, holders are entitled to a return of capital paid up on them after the Ordinary Preference Shares have received a return of their capital paid up but ahead of the return of all additional capital to the holders of Ordinary Preference Shares. Holders of Subordinated Administrative Shares shall not have the right to receive notice of and shall have no right to attend, speak and vote at general meetings of the Company, except for the Liquidation Proposal Meeting (general meeting convened six months before the end term of the Lease where the Liquidation Resolution will be proposed) or if there are no Ordinary Preference Shares in existence.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2014

## 15 SHARE CAPITAL (continued)

A fair value adjustment arose on the issue of 1,825,000 and 1,000,000 Ordinary Preference Shares for which the consideration was £10 and £10 respectively. The fair value adjustment of £341,250 was adjusted through reserves in the period to 30 September 2011.

The Ordinary Preference Shares are not puttable instruments as the holder does not have the right to put the shares back to the Company for cash or another financial instrument.

## 16 FINANCIAL INSTRUMENTS

The Company's main financial instruments comprise:

- (a) Cash and cash equivalents that arise directly from the Company's operations; and
- (b) Loan secured on non current asset.

## 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling a single aircraft.

The following table details the categories of financial assets and liabilities held by the Company at the reporting date:

	30 Sep 2014 GBP	31 Mar 2014 GBP
<b>Financial assets</b>		
Cash and cash equivalents	4,165,731	4,243,823
Receivables	11	11
<b>Loans and receivables at amortised cost</b>	<b>4,165,742</b>	<b>4,243,834</b>
<b>Financial liabilities</b>		
Accrued expenses	47,883	118,253
Loans payable	53,188,645	54,811,276
<b>Financial liabilities measured at amortised cost</b>	<b>53,236,528</b>	<b>54,929,529</b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2014

## 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The main risks arising from the Company's financial instruments are capital management risk, foreign currency risk, credit risk, liquidity risk and interest rate risk. The Board regularly review and agrees policies for managing each of these risks and these are summarised below:

### (a) Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance. The Company is not subject to any externally imposed capital requirements.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 14, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

The Company's Board of Directors reviews the capital structure on a bi-annual basis.

Equity includes all capital and reserves of the Company that are managed as capital.

### (b) Foreign currency risk

The Company's accounting policy under IFRS requires the use of a GBP historic cost of the Asset and the value of the USD loan as translated at the spot exchange rate on every balance sheet date. In addition, USD operating lease receivables are not immediately recognised in the balance sheet and are accrued over the period of the lease. The Directors consider that this introduces artificial variance due to the movement over time of foreign exchange rates. In actuality, the USD operating lease receivables should offset the USD payables on amortising loans. The foreign exchange exposure in relation to the loan is thus largely naturally hedged.

Lease rentals (as detailed in Notes 4 and 11) are received in USD and GBP. Those lease rentals received in USD are used to pay the loan repayments due, also in USD. Both USD lease rentals and loan repayments are fixed and are for similar sums and similar timings. The matching of lease rentals to settle loan repayments therefore mitigates risks caused by foreign exchange fluctuations.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	30 Sep 2014 GBP	31 Mar 2014 GBP
Bank loan (USD) – liabilities	(53,518,049)	(55,174,320)
Cash and cash equivalents (USD) – assets	2,141,347	2,111,224

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2014

### 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (b) Foreign currency risk (continued)

The following table details the Company's sensitivity to a 15 per cent appreciation of GBP against USD. 15 per cent represents the Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 15 per cent change in foreign currency rates. A positive number below indicates an increase in profit and equity where GBP strengthens 15 per cent against USD. For a 15 per cent weakening of GBP against USD, there would be a comparable but opposite impact on the profit and equity.

	USD impact GBP
Profit or loss	6,731,431
Assets	(249,184)
Liabilities	6,980,615

On the eventual sale of the Asset, the Company may be subject to foreign currency risk if the sale was made in a currency other than GBP. Transactions in similar assets are typically priced in USD.

#### (c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The credit risk on cash transactions are mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies.

The Company's financial assets exposed to credit risk are as follows:

	30 Sep 2014 GBP	31 Mar 2014 GBP
Receivables	11	11
Cash and cash equivalents	4,165,731	4,243,823
	4,165,742	4,243,834

Surplus cash is held in accounts with Barclays and Westpac Banking Corporation, which have credit ratings given by Moody's of A3 and Aa2 respectively.

There is a contractual credit risk arising from the possibility that the lessee may default on the lease payments. This risk is mitigated, as under the terms of the lease agreements between the lessee and the Company, any non payment of the lease rentals constitutes a Special Termination Event, under which the lease terminates and the Company may either choose to sell the asset or lease it to another party.

At the inception of each lease, the Company selected a lessee with a strong balance sheet and financial outlook. The financial strength of Emirates is regularly reviewed by the Board and the Asset Manager.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2014

## 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. The Company's main financial commitments are its ongoing operating expenses and loan repayments to Westpac.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which established an appropriate liquidity management framework at the incorporation of the Company, through the timings of lease rentals and loan repayments. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by monitoring forecast and actual cash flows, and by matching profiles of financial assets and liabilities.

The table below details the residual contractual maturities of financial liabilities. The amounts below are contractual undiscounted cash flows, including both principal and interest payments, and will not agree directly to the amounts recognised in the statement of financial position.

30 September 2014	1-3 months GBP	3-12 months GBP	1-2 years GBP	2-5 years GBP	over 5 years GBP
<b>Financial liabilities</b>					
Payables – due within one year	47,883	–	–	–	–
Loans payable	2,368,147	7,104,442	9,472,590	28,417,769	17,417,022
	2,416,030	7,104,442	9,472,590	28,417,769	17,417,022
<hr/>					
31 March 2014	1-3 months GBP	3-12 months GBP	1-2 years GBP	2-5 years GBP	over 5 years GBP
<b>Financial liabilities</b>					
Payables – due within one year	118,253	–	–	–	–
Loans payable	2,304,332	6,912,995	9,217,326	27,651,979	23,860,671
	2,422,585	6,912,995	9,217,326	27,651,979	23,860,671

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2014

## 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (e) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. It is the risk that fluctuations in market interest rates will result in a reduction in deposit interest earned on bank deposits held by the Company. The Company mitigates interest rate risk by fixing the interest rate on the loan and the lease rentals.

The following table details the Company's exposure to interest rate risks, by interest rate refinancing period:

30 September 2014	Less than 1 month GBP	Fixed interest GBP	Non-interest bearing GBP	Total GBP
<b>Financial assets</b>				
Receivables	–	–	5,303	5,303
Cash and cash equivalents	4,165,731	–	–	4,165,731
<b>Total financial assets</b>	4,165,731	–	5,303	4,171,034
<b>Financial liabilities</b>				
Accrued expenses	–	–	47,883	47,883
Loans payable	–	53,188,645	–	53,188,645
<b>Total financial liabilities</b>	–	53,188,645	47,883	53,236,528
<b>Total interest sensitivity gap</b>	4,165,731	53,188,645		

31 March 2014	Less than 1 month GBP	Fixed interest GBP	Non-interest bearing GBP	Total GBP
<b>Financial assets</b>				
Receivables	–	–	8,065	8,065
Cash and cash equivalents	4,243,823	–	–	4,243,823
<b>Total financial assets</b>	4,243,823	–	8,065	4,251,888
<b>Financial liabilities</b>				
Accrued expenses	–	–	118,253	118,253
Loans payable	–	54,811,276	–	54,811,276
<b>Total financial liabilities</b>	–	54,811,276	118,253	54,929,529
<b>Total interest sensitivity gap</b>	4,243,823	54,811,276		

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2014

## 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (e) Interest rate risk (continued)

If interest rates had been 50 basis points higher throughout the period and all other variables were held constant, the Company's profit for the period and net assets attributable to Shareholders as at 30 September 2014 would have been £10,414 (31 March 2014: £21,219) greater due to an increase in the amount of interest receivable on the bank balances.

If interest rates had been 50 basis points lower and all other variables were held constant, the Company's profit for the period and net assets attributable to Shareholders as at 30 September 2014 would have been £10,414 (30 September 2013: £21,219) lower due to a decrease in the amount of interest receivable on the bank balances.

## 18 ULTIMATE CONTROLLING PARTY

In the opinion of the Directors, the Company has no ultimate controlling party.

## 19 SUBSEQUENT EVENTS

On 1 October 2014, a further dividend of 2.25 pence per Ordinary Preference Share was declared and this was paid on 21 October 2014.

## 20 RELATED PARTIES

Nimrod Capital LLP ("**Nimrod**") is the Company's Placing Agent and Corporate and Shareholder Adviser. In consideration for Nimrod acting as placing agent in the Share placing, the Company agreed to pay Nimrod, on admission to trading of the shares, a placing commission equal to 0.43 per cent of the initial gross proceeds of the placing. The Company pays to Nimrod for its services as Corporate and Shareholder Adviser a fee of £100,000 per annum (adjusted annually for inflation from 2012 onwards at 2.25 per cent per annum) payable quarterly in arrears.

During the period, the Company incurred £53,651 (30 September 2013: £52,498) of expenses with Nimrod, of which £26,726 (31 March 2014: £26,726) was outstanding to this related party at 30 September 2014.

Until 12 March 2012 Doric Asset Finance Limited ("**DAFL**") was the Company's Asset Manager. DAFL received a fee on admission to trading of the shares equal to 1.14 per cent of the initial gross proceeds of the placing and issue of the Company's bank loan. From 12 March 2012, Doric GmbH ("**Doric**") has been the Company's Asset Manager. The Company pays Doric a management and advisory fee of £250,000 per annum (adjusted annually for inflation from 2012 onwards, at 2.25 per cent per annum), payable quarterly in arrears. Doric will also receive a fee for its sales and remarketing services upon disposition of the Asset and subsequent winding up of the Company ("**the Disposition Fee**"). This will be payable by the Company out of the proceeds of sale and will follow an incentivised structure. Doric will not be entitled to the Disposition Fee (but for the avoidance of doubt will be entitled to reimbursement for properly incurred costs and expenses) if Shareholders do not recover 100 pence per share net of all costs, fees and expenses upon the winding up of the Company. If Shareholders receive between 100 pence per share and 150 pence per share (inclusive) (in each case net of all costs, fees and expenses) upon the winding up of the Company, Doric should receive a Disposition Fee of 2 per cent of the realised value of the Asset. If Shareholders receive more than 150 pence per share (net of all costs, fees and expenses) Doric should receive 3 per cent of the Realised Value of the Asset.

During the period, the Company incurred £139,866 (30 September 2013: £131,109) of expenses with Doric, of which £nil (31 March 2014: £93,540) was outstanding to this related party at 30 September 2014.

John Le Prevost is a director of Anson Registrars Limited ("**ARL**"), the Company's registrar, transfer agent and paying agent. During the period £4,620 (30 September 2013: £4,521) of costs were incurred with ARL, of which £536 (31 March 2014: £516) was outstanding as at 30 September 2014.

# ADVISERS AND CONTACT INFORMATION

## KEY INFORMATION

Exchange	Specialist Fund Market of the London Stock Exchange
Ticker	DNA
Listing Date	13 December 2010
Fiscal Year End	31 March
Base Currency	GBP
ISIN	GG00B4MF3899
SEDOL	B4MF389
Country of Incorporation	Guernsey – Registration number 52484

## MANAGEMENT AND ADMINISTRATION

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