

A large white Emirates aircraft is shown from a low angle, flying over a vast desert landscape under a dramatic sunset sky. The sun is low on the horizon, creating a bright orange and yellow glow. The aircraft's tail features the UAE flag colors. The word 'Emirates' is written in English and Arabic on the side of the fuselage.

DORIC NIMROD AIR ONE LIMITED

Half-Yearly Financial Report

For the period from 1 April 2022 to 30 September 2022

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Definitions

“Administrative Shares”	Subordinated Administrative Shares
“AED”	United Arab Emirates Dirham
“Articles”	Company’s Articles of Incorporation
“ASKs”	Available Seat Kilometres
“Asset” or the “Aircraft”	Airbus A380 Aircraft, Manufacturer’s Serial Number 016 owned by DNA
“Board” or “Directors”	Company’s Board of Directors
“Chair”	Chair of the Board
“Distribution Policy”	Distribution of 2.25 Pence per Share per Quarter
“DNA” or the “Company”	Doric Nimrod Air One Limited
“Doric” or the “Asset Manager”	Doric GmbH
“DWC”	Dubai World Central International Airport
“Emirates” or the “Lessee”	Emirates Airline
“EU”	European Union
“FVOCI”	Fair Value through Other Comprehensive Income
“FVTPL”	Fair Value through Profit or Loss
“GBP”, “£” or “Sterling”	Pound Sterling
“Grant Thornton”	Grant Thornton Limited
“IAS 1”	International Accounting Standard 1 - Presentation of Financial Statements
“IAS 8”	International Accounting Standard 8 - Accounting Policies
“IAS 16”	International Accounting Standard 16 - Property, Plant and Equipment
“IAS 36”	International Accounting Standard 36 - Impairment of Assets
“IASB”	International Accounting Standards Board
“IATA”	International Air Transport Association
“ICAO”	International Civil Aviation Organization
“IFRIC”	International Financial Reporting Interpretations Committee
“IFRS”	International Financial Reporting Standards
“IFRS 13”	IFRS 13 - Fair Value Measurement

Definitions (continued)

“IFRS 16”	IFRS 16 - Leases
“JTC” or “Secretary” or “Administrator”	JTC Fund Solutions (Guernsey) Limited
“Law”	The Companies (Guernsey) Law, 2008, as Amended
“Lease”	Lease of Aircraft to Emirates
“Loan”	Borrowings obtained by the Company to part-finance the acquisition of Aircraft
“LSE”	London Stock Exchange
“Nimrod” or “Corporate and Shareholder Adviser”	Nimrod Capital LLP
“Pandemic”	COVID-19 Pandemic
“Period”	1 April 2022 until 30 September 2022
“PLF”	Passenger Load Factor
“Registrar”	JTC Registrars Limited
“RPKs”	Revenue Passenger Kilometres
“SFS”	Specialist Fund Segment
“Shareholders”	Shareholders of the Company
“Shares”	Ordinary Preference Shares of the Company
“Share Capital”	Share Capital of the Company
“UK”	United Kingdom
“USD” or “\$”	US Dollars
“VIU”	Value-In-Use
“Westpac”	Westpac Banking Corporation

SUMMARY INFORMATION

Listing	Specialist Fund Segment of the London Stock Exchange’s Main Market
Ticker	DNA
Share Price	60.00 pence (as at 30 September 2022) 61.00 pence (as at 12 December 2022)
Market Capitalisation	GBP 25.90 million (as at 12 December 2022)
Current / Future Anticipated Dividend	Current dividends are 2.25 pence per quarter per share (9 pence per annum) and it is anticipated that this will continue in accordance with the Distribution Policy of the Company with an anticipated final distribution in January 2023
Dividend Payment Dates	January
Currency	Sterling
Launch Date / Share Price	13 December 2010 / 100 pence
Incorporation and Domicile	Guernsey
Aircraft Registration Number (Lease Expiry Date)	A6 - EDC (16 December 2022)
Asset Manager	Doric GmbH
Corporate and Shareholder Adviser	Nimrod Capital LLP
Administrator	JTC Fund Solutions (Guernsey) Limited
Auditor	Grant Thornton Limited
Market Makers	finnCap Ltd Investec Bank plc Jefferies International Ltd Numis Securities Ltd Shore Capital Limited Winterflood Securities Ltd
SEDOL, ISIN, LEI	B4MF389, GG00B4MF3899, 2138009FPM7EH4WDS168
Year End	31 March
Stocks & Shares ISA	Eligible
Website	www.dnairone.com

COMPANY OVERVIEW

DNA is a Guernsey company incorporated on 8 October 2010. Its shares were admitted to trading on the SFS of the London Stock Exchange’s Main Market on 13 December 2010.

The Company’s total issued share capital currently consists of 42,450,000 Shares which were admitted to trading at an issue price of 100 pence per share. As at 12 December 2022 the latest practicable date prior to publication of this report, these Shares were trading at 61.00 pence per Share.

Investment Objectives and Policy

The Company’s investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling a single aircraft. The Company purchased the Aircraft in December 2010 for \$179 million, which it leased for twelve years to Emirates, the national carrier owned by The Investment Corporation of Dubai based in Dubai, United Arab Emirates.

The operating lease is for an Airbus A380 aircraft. The term of the Lease is for 12 years ending December 2022 and no extension option. The Company and Emirates have now reached agreement that at the lease end date, currently expected to be 16 December 2022, the Company will sell the Asset to Emirates. The sale proceeds to be paid by Emirates to the Company are £25.30 million.

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

Distribution Policy

The Company currently targets a distribution of 2.25 pence per Share per quarter, with an anticipated final distribution in January 2023.

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 Law enabling the Board to effect the payment of dividends.

Performance Overview

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

During the Period, and in accordance with the Distribution Policy, the Company declared two interim dividends of 2.25 pence per Share each. One interim dividend of 2.25 pence per Share was declared after the Period. Further details of these dividend payments can be found on page 29.

Return of Capital

The Company and Emirates have reached agreement that at the lease end date (“Lease End Date”) of 16 December 2022, the Company will sell the Asset to Emirates. The sale proceeds to be paid by Emirates to the Company are £25.30 million. The Directors intend to distribute the sale proceeds to Shareholders, net of any liquidation and other costs and assuming successful completion and no further or unexpected costs or events, as soon as possible following the Lease End Date.

Liquidation Resolution

It is currently anticipated that the process for liquidation of the Company will, subject to the passing of the required resolution at a general meeting of the Company, commence as soon as practicably possible thereafter, following payment of monies to Shareholders.

Going Concern

Although the Company does not have a fixed life, the Articles require that the directors convene a general meeting of the Company (“Liquidation Proposal Meeting”) within four months after the date of the Lease End, an ordinary resolution will be proposed that the Company proceeds to an orderly wind-up (the “Liquidation Proposal”).

Since, subject to shareholder approval at the Liquidation Proposal Meeting, it is the Directors’ intention to proceed to an orderly wind up of the Company within 8 months of the Board’s approval of this Half-Year Financial Report, it is considered that the Company no longer meets the definition of a going concern (i.e. an entity which will continue its operations for the foreseeable future).

Notwithstanding this determination, the Directors consider that the Company remains solvent and is able to meet its liabilities as they fall due.

CHAIR’S STATEMENT

During the Period the Company has declared and paid two quarterly dividends of 2.25 pence per Share each, a rate of dividend payment amounting to 9 pence per Share per annum.

The Company’s investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling a single aircraft. The Company purchased the Aircraft in December 2010 which it leased to Emirates. A senior secured finance facility provided by Westpac, in the amount of USD 122 million made up the monies along with the placing proceeds for the acquisition of the Asset. Upon the purchase of the Aircraft, the Company entered into a 12-year Lease with Emirates with fixed Lease rentals for the duration. The debt portion of the funding was designed to be fully amortised over the term of the Lease, which would leave the Aircraft unencumbered on the conclusion of the Lease. Emirates bears all costs (including maintenance, repair and insurance) relating to the Aircraft during the lifetime of the Lease. All secured financing associated with the Asset is due to be fully repaid by 16 December 2022. At the time of writing the Share price is 61.00 pence, representing a market capitalisation of GBP 25.9 million based on the 42,450,000 Shares in issue.

All payments by Emirates during the Period and throughout the Lease have been made in accordance with the terms of the Lease. MSN 016, the serial number of the A380 held by the Company, has been stored since March 2020, at DWC.

The Company and Emirates have now reached agreement that at the Lease End Date, currently expected to be 16 December 2022, the Company will sell the Asset to Emirates for £25.30 million. This will, therefore, mark my last report as Chair as, subject to the passing of the required resolution at a general meeting, the Company intends to move into liquidation following the distribution of proceeds from the sale to Shareholders (net of any liquidation and other costs). Until the Lease End Date, the Company and the operating lease will continue as contracted. Per the regular schedule, the last Shareholder dividend is anticipated to be declared and paid in January. Further announcements regarding the return of monies to Shareholders are expected to be made early in the new year.

Your Board recognises the importance of ESG matters in relation to shareholders’ investment considerations. Our ESG report as previously published within the 31 March 2022 annual financial report sought to address the topic in a pragmatic fashion with no significant updates to be included in this report.

Finally, on behalf of the Board, I would like to thank everyone for all their help: my fellow directors since inception some 12 years ago and my more recent colleagues for all their sage advice; to Doric and Nimrod Capital who have guided and advised us with professionalism throughout; to all our other service providers, administrators, lawyers and accountants and most importantly, to all Shareholders for their patience and constructive role throughout the Company’s life.

Charles Wilkinson

Chair

15 December 2022

ASSET MANAGER’S REPORT

At the request of the Directors of the Company, this commentary has been provided by the Asset Manager of the Company. The report reflects the information available at the end of September 2022 unless otherwise noted. The commentary below is given for illustrative purposes, the Asset Manager fully understands that the Company has entered into an arrangement to sell its aircraft at an agreed price to Emirates.

COVID-19

Despite the beginning of a recovery from COVID-19 being seen in many industries, the impact of the pandemic on the aviation sector has been significant and is still pervasive.

1. The Doric Nimrod Air One Airbus A380

The Airbus A380 is registered in the United Arab Emirates under the registration mark A6-EDC. The Aircraft has been stored since March 2020, currently at Dubai World Central International Airport (DWC).

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 36-month or 18,000-flight hour intervals, whichever occurs first.

Due to the continuing COVID-19 pandemic, Emirates has stored the Aircraft in Dubai. The Lessee has “a comprehensive aircraft parking and reactivation programme [in place], that strictly follows manufacturer’s guidelines and maintenance manuals”. In addition, Emirates has enhanced standards and protocols of their own, to protect and preserve the Asset during the downtime. This includes the watertight sealing of all apertures and openings through which environmental factors – sand, water, birds, and insects – can find their way inside an aircraft. During parking, maintenance teams complete periodic checks at different intervals. Depending on the reactivation date of a specific aircraft, Emirates might defer due maintenance checks, which are calendar-based, until that time. This would allow the airline to make use of the full maintenance interval once the operation of a specific aircraft resumes.

Emirates bears all costs (including for maintenance, repairs, and insurance) relating to the Aircraft during the lifetime of the Lease.

Inspection

The Asset Manager conducted a records audit and physical inspection of the Aircraft in June 2022. Due to the storage of the Aircraft and the protective measures associated with it, the inspection was limited to viewing from the outside from ground level. The condition of the Aircraft - to the extent visible – and its technical records were in compliance with the provisions of the lease agreement, taking into account that the Aircraft was in storage at that moment.

2. Market Overview

The impact of the Pandemic on the global economy has been severe, resulting in a contraction in global GDP of 3.3% in 2020, followed by an expected recovery of 5.7% in 2021 and 2.9% in 2022, according to the World Bank’s report on global economic prospects from June 2022. In its latest economic impact analysis from September 2022, the International Civil Aviation Organization (ICAO) estimates that the full year 2021 experienced an overall reduction in seats offered by airlines of 40% compared with pre-crisis 2019 levels. In the current year, the number of seats offered by airlines is expected to be reduced by 22% to 24% from its 2019 levels. This translates into a 31% to 34% seat reduction in the international passenger traffic segment, while domestic air passenger traffic is less affected from the Pandemic.

The International Air Transport Association (IATA) indicates an airline industry-wide net loss of USD 42.1 billion for 2021, after approximately USD 137.7 billion in the previous year, according to its latest estimates from June 2022. For 2022, the combined net loss of airlines worldwide is expected to reach USD 9.7 billion.

ASSET MANAGER’S REPORT (continued)

Air passenger travel continues its robust recovery, according to IATA. Industry-wide RPKs grew by 78% between January and July 2022 compared to the same period the year before. The global PLF averaged at 76.2%, up by 12.1 percentage points from last year. The industry’s recovery in July 2022, the latest period for which data is available, was driven by increased demand for domestic flights globally, with the strongest momentum in China. In June 2022 domestic air travel in China was about 50% below its June 2019 levels. Only one month later this shortfall reduced to 31% below the July 2019 levels, an improvement of 19 percentage points within a month. International traffic benefitted from easing travel restrictions in Asia Pacific. International RPKs were up by 151% compared to July last year, while domestic air travel increased by 4% compared to July 2021, after trending sideways for the last few months.

The Middle East, where the Lessee is located, recorded an RPK increase of 206% in the first seven months of the current year compared to the same period in 2021. A less dynamic increase in capacities, measured in ASKs resulted in nearly 29 percentage points improvement of the average PLF to 72.4%.

In July 2022, industry-wide RPKs were about 25% below its pre-pandemic level from July 2019, while capacity measured in ASKs was approximately 24% lower than three years ago. The PLF averaged at 83.5%, a shortfall of 2.0 percentage points compared to its July 2019 levels.

According to IATA willingness to travel remains strong despite high energy prices, traffic disruptions, and other economic headwinds. “The biggest impact going into next year will be what happens in China and whether China starts to relax the situation”, IATA’s director general Willie Walsh commented on the outlook in September 2022. While China has relaxed internal restrictions within the country, resulting in a substantial increase in domestic air travel, border restrictions in China and elsewhere in Asia Pacific still result in a lagged recovery, compared to other regions of the world. Walsh expects the worldwide air passenger travel to return to pre-pandemic levels by 2024.

Source: IATA, ICAO, World Bank

© International Air Transport Association, 2022. Air Passenger Market Analysis July 2022. Available on the IATA Economics page.

© International Civil Aviation Organization. Effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis, 12 September 2022.

3. Lessee – Emirates

Network

Due to a slower than expected ramp up of resources at Heathrow Airport Emirates was forced to cap further ticket sales for flights between mid-July and mid-August. After a shortage on its own ground staff the airport operator limited the number of departing passengers at 100,000 a day from mid-July. Previously an increasing number of passengers had experienced long queues, baggage delays and flight cancellations. While Emirates has its own ground handling and catering services via its affiliate dnata on-site, which were fully ready and capable of handling all Emirates’ flights during the summer peak, the airline has to rely on central services and systems, which are at the responsibility of the airport operator. Originally scheduled until 11 September, the passenger cap has now been extended until the end of October. IATA’s Willie Walsh told Reuters that “they [Heathrow Airport] got it completely wrong”, noting that airlines had predicted a strong rebound in traffic. In a public statement from mid-July 2022 Emirates noted having reinstated six daily A380 flights since October 2021 with “regularly high seat loads” from the beginning, the airline’s operational requirements “cannot be a surprise to the airport”.

In early August 2022 Emirates has resumed passenger flights to its third London gateway, London Stansted. The daily Boeing 777 service complements six daily flights to Heathrow and double daily A380 services to Gatwick.

At the end of August 2022 Emirates announced to have carried more than 10 million passengers on nearly 35,000 flights to 130 destinations this summer. It is currently operating at 74% of its pre-Pandemic network/capacity and plans to increase this number to 80% by year end.

In September 2022 United Airlines (United) and Emirates have signed a codeshare agreement. From November on United customers will get access to more than 100 destinations through Emirates’ hub in Dubai. In return Emirates’ passengers can continue their journey to approximately 200 US cities through Chicago, San Francisco, and Houston.

ASSET MANAGER’S REPORT (continued)

Between October 2022 and January 2023 Emirates will add a third daily flight to Mauritius, complementing the double daily A380 services to the island off the southeast coast of Africa. Earlier this year the airline renewed its Memorandum of Understanding with the Mauritius Tourism Promotion Authority jointly promoting the destination across Emirates’ global network. From March 2023 United intends to offer non-stop flights connecting Newark Liberty Airport with Dubai.

Only months after its inaugural flight to Tel Aviv (Israel) Emirates will add a second daily flight starting 30 October 2022, also boosting Emirates’ SkyCargo belly-hold capacity by another 20 tonnes a day to meet demand from businesses, enhancing the import and export opportunities.

In response to the devastating floods haunting Pakistan and leaving millions homeless, Emirates SkyCargo has set up an airbridge between its hub in Dubai and five destinations in Pakistan to offer cargo capacity free of charge on flights to transport relief aid like critical equipment, supplies, food, and other emergency relief goods. Emirates operates 53 passenger flights per week to Pakistan.

From 30 October 2022 Bengaluru (India) will be the second city in India Emirates will serve with an A380. The daily service complements two daily Boeing 777 flights. Post-pandemic Emirates has rebuilt its A380 network of more than 30 destinations on six continents and will reintroduce direct A380 services to Auckland (New Zealand) and Kuala Lumpur (Malaysia) from 1 December. Currently Auckland is linked via a stop in Kuala Lumpur with a Boeing 777-300ER service. In order to meet strong demand from Australia Emirates will also upgrade its service to Perth to an A380 later this year.

Emirates continues to rebuild its capacities to South Africa with additional flights to Johannesburg (three daily flights in total from 1 March 2023), Cape Town (double daily services starting from 1 February 2023) and Durban (daily flights from 1 December 2022). The enhanced schedule will offer 42 weekly services in a combination of A380 and 777 operations.

As of May 2022, Emirates no longer operates leased aircraft in and out of Russia, which includes the Company’s aircraft, due to restrictions imposed upon their insurance policy. However, they continue to operate their owned aircraft into this jurisdiction.

By the end of September 2022 the airline was operating passenger and cargo services to 140 airports.

Fleet

In late February 2022 Emirates’ President, Sir Tim Clark, provided insight into fleet operating considerations for his airline. Reporting on recycling efforts of Emirates’ first five A380s recently retired, Clark pointed out that these efforts will not continue with more A380s: “Cutting up the A380 fleet stops there, after these five are retired, all the other aircraft remain. In fact, where we started to drop some, I just decided to bring them back into the program.” With a looming aircraft shortage in Emirates’ fleet in 2024/25, Clark wants to extend aircraft lives: “Life extension will affect about 120 aircraft... Their life will be extended by six to ten years each.” In June 2022 Tim Clark publicly confirmed that the airline wants to “retain” all of their currently 118 A380s, “probably until the mid-2030s”.

According to Emirates’ latest update on the cabin retrofit program from August, the airline will upgrade the entire interior cabin of 67 Airbus A380 and 53 Boeing 777-300ER. From November this year the airline aims to completely refurbish four aircraft each month, starting with the A380s, followed by the Boeing 777-300ERs. The multi-billion-dollar investment runs till April 2025. The comprehensive programme is managed by Emirates’ own engineering team and includes the refurbishment of more than 700 First Class suites, 5,000 Business Class and more than 37,000 Economy Class seats, upgraded carpets and stairs as well as refreshed cabin interior panels. In addition, Emirates will install nearly 4,000 new Premium Economy seats across the 120 existing aircraft, currently only available on a handful of A380s. According to the company, this is the largest known retrofit programme ever handled by an airline in-house. The first retrofitted A380s with Premium Economy are scheduled to enter service in December this year to five destinations including New York JFK, San Francisco, Melbourne, Auckland, and Singapore.

One of the reasons for the comprehensive retrofit programme is Clark’s scepticism about the delivery timelines of the new aircraft types the airline has ordered with Airbus and Boeing. He also stressed that the planes need to be “in the shape that the contract requires”.

ASSET MANAGER’S REPORT (continued)

Boeing 777X

Clark claims Boeing has already produced twelve Boeing 777-9 for Emirates which the manufacturer has put in storage without their engines. But he cannot foresee when these aircraft could be delivered. Because of certification issues he considers it less likely that Boeing will achieve certification in July 2023. At some point Emirates could even cancel the order: “If it goes beyond 2023 and it goes on for another year, we probably cancel the program.” But with Airbus A380 and Boeing 747 no longer available for order, the Boeing 777X is the biggest in production aircraft and Clark still hopes to get it even with four years’ delay.

Only weeks later Boeing had to admit that its late-2023 target for the first 777X deliveries to airline customers is no longer achievable, now aiming for a delivery date in early 2025.

Boeing 787

The aircraft are supposed to be delivered from May 2023. But Clark does not expect the 30 Boeing 787s to join his fleet anytime soon: “Look at the huge backlog, they haven’t produced any aircraft lately, that’ll take them two or three years to go over that. They got production and quality control issues that they admit, and now after the [Boeing 737] MAX crisis with the regulator saying ‘we want to have a good look at everything’, that is slowing the whole thing down.”

In June 2022 Clark suggested Boeing should focus on the 777X delivery and parking the Dreamliner order could result in “relief on both sides”: “It’s far more important for us that [Boeing] concentrate their activities on getting the 777[X] out of the door, than worrying about if they are going to have a contractual problem with the [7]87s with Emirates.”

Airbus A350

Emirates has also ordered 50 Airbus A350-900 widebody aircraft with the first deliveries starting in 2023, according to data and aviation analytics provider Cirium. But a legal dispute between manufacturer Airbus and A350 operator Qatar Airways (Qatar) about deterioration of the aircraft’s paint and lightning protection issues is challenging this timeline. Upon instruction from its civil aviation authority, Qatar had to ground a significant number of A350s and will not accept any new deliveries from Airbus until the issues have been resolved. Addressing the manufacturer, Clark made clear that he would not accept any deliveries until Airbus has developed a fix: “If we have the same problem on one of our aircraft, we won’t take them over.”

In June 2022 Tim Clark revealed talks with Airbus to compress the upcoming A350 deliveries, which are scheduled to start in summer 2024, according to Clark: “We’ll probably get up to two a month – we’ve got 50 coming – so we’re trying to get the whole lot done in two years to pick up this big capacity hole that we can see.”

In addition, Emirates is also weighing an order for the A350-1000, as the capacity gap sometime between 2024 and 2027 due to Boeing’s delivery delays would be hard to fill through existing order commitments, said Clark. “This is why we’re getting a bit wary and we’re looking at the A350. We really only have one place to go.”

ASSET MANAGER'S REPORT (continued)

The table below details the passenger aircraft fleet activity as of 30 September 2022:

Passenger Aircraft Fleet Activity

Aircraft Type	Grounded	In Service
A380	41	80
777	0	133
Total	41	213
%	16%	84%

Source: Cirium as of 30 September 2022

Commenting on the number of A380 aircraft in service, Sir Tim Clark explained that returning more of them is contingent on being able to hire more crew to operate the jets. Emirates intends to hire 8,000 to 10,000 crew members to fly these A380s but is constrained by how soon it can re-hire some of the pilots it let go, retrain staff and cope with the changes in the labour market after the Pandemic. He is not worried to utilize the additional capacity: "Today, if we had 118 [A380s] they'd all be full," he said back in March. In August 2022 Tim Clark assumed to have all A380 aircraft currently parked back in the air by spring 2023.

As vocal proponent of the A380, Tim Clark recently used multiple occasions to speak about a successor model for the A380. He believes that the largest planes currently offered from Airbus and Boeing, A350-1000 and 777-9, are too small to replace the A380 in Emirates' fleet: "If you take the A380s out of the frame by the mid-2030s, how are you going to make it work? Do we see massive upgrades of airfields or new airfields?" Clark fears that available slots will not keep up with the future growth in passenger numbers, if demand returns to its long-term pre-Pandemic growth path of 4.5% per year and that larger aircraft than currently orderable are needed. However, Clark admits building a new plane the size of the current A380 or even bigger is a challenging business case: "Do I think that airlines will step up and sign up to this project? Doubtful at this stage." Geoff Van Klaveren from independent aviation consultancy firm IBA confirms Emirates' view: "A very large plane is key to Emirates' business model, because 70% of their passengers connect to other flights, but I don't think Airbus or Boeing will build one just for them", adding that the most likely outcome is that even larger variants of the A350 and 777X will be made instead.

Key Financials

In the first half of its 2022/23 financial year ending on 30 September 2022, Emirates recorded a net profit of AED 4.0 billion (USD 1.1 billion), a record half-year performance for the company. This is a significant improvement of the airline's profitability, after Emirates generated a net loss of AED 5.8 billion (USD 1.6 billion) in the same period the year before. The airline "continued to focus on restoring its global passenger network and connections through its Dubai hub, restarting services and adding flights to meet customer demand across markets". Revenue, including other operating income, was up 131% from the same period last year and reached AED 50.1 billion (USD 13.7 billion). Emirates attributes the strong turnaround performance to strong passenger demand for international travel across markets and "the airline's ability to plan ahead to meet the demand, activate capacity, and attract customers".

Pandemic-induced travel restrictions and safety measures in many regions around the globe were partially retracted and allowed for a continuing recovery of passenger air travel. Between April and September 2022 Emirates carried 20.0 million passengers, more than doubling the number from the same period the year before. Cargo uplift came in 14% lower than last year, as Emirates reallocated capacities temporarily used for Emirates' SkyCargo operations back to passenger operations.

As more countries eased travel restrictions, Emirates increased its capacity measured in ASKs, by 123%. At the same time its passenger traffic, measured in RPKs, increased by 265%. This resulted in the average PLF of 78.5%, an improvement of 30.6 percentage points compared to last year. Emirates strives to return to 100% of its pre-Pandemic capacity, measured in available tonne kilometres, by the 2023/24 financial year.

Given the substantial increase in flight operations, Emirates' operating costs increased by 73%. The carrier's fuel cost more than tripled compared to the same period last year, primarily due to a 65% higher fuel uplift in line with increasing flight operations

ASSET MANAGER’S REPORT (continued)

as well as a doubling in average oil prices. Fuel, which had been the largest component of Emirates’ operating cost prior to the Pandemic, accounted for 38% of total operating costs in the first half of the company’s 2022/23 financial year. This is one of the highest ratios on record for the airline. In the same period last year this ratio amounted to only 20% with depreciation, amortization and impairment being the largest component of the carrier’s operating cost at that time.

The recovery in Emirates’ operations during the first six months of the 2022/23 financial year led to an improved EBITDA of AED 14.7 billion (USD 4.0 billion) compared to AED 5.0 billion (USD 1.4 billion) from last year.

As of 30 September 2022, Emirates’ total liabilities decreased by 2.4% to AED 126.5 billion (USD 34.5 billion USD) compared to the end of the previous financial year. Amongst other things, the airline repaid AED 6.3 billion (USD 1.7 billion) in bonds and term loans. Total equity came in at AED 25.9 billion (USD 7.0 billion), an improvement of 27.2% since the beginning of the current financial year. Emirates’ equity ratio stood at 17.0% and its cash position, including short-term bank deposits, amounted to AED 27.8 billion (USD 7.6 billion) at the end of September 2022. In comparison, the carrier had AED 20.9 billion (USD 5.7 billion) in cash assets and short-term bank deposits at the end of the 2021/22 financial year. The net cash flow from operating activities came in at AED 20.6 billion (USD 5.6 billion) for the period between April and September 2022, a threefold increase compared to the same period the year before.

Due to the company’s strong cash flow generation, which ultimately resulted in a positive net change in cash and cash equivalents, and a solid liquidity position, the carrier did not require additional support from its ultimate shareholder, the government of Dubai. Since the beginning of the Pandemic, the airline had received support via equity injections from its shareholder.

As at the end of September 2022, Emirates has outstanding US dollar debt issuances with maturities in 2023, 2025, and 2028. These bonds were all trading close to par and with running yields ranging from approximately 3.9% to 4.6% in US dollars. There has also been no upward pressure on yields. This level of yields does not appear to indicate any significant financial stress to the issuer. In its most recent annual financial report, the auditor PricewaterhouseCoopers issued an unqualified audit report.

In a press release Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive of Emirates Airline and Group, assesses the prospects for their future business as follows: “For the coming months, we remain focused on restoring our operations to pre-pandemic levels and recruiting the right skills for our current and future requirements. We expect customer demand across our business divisions to remain strong in H2 2022-23. However, the horizon is not without headwinds, and we are keeping a close watch on inflationary costs and other macro-challenges such as the strong US dollar and the fiscal policies of major markets.”

In line with its growing business activities Emirates Group grew its employee base within a six-month period till the end of September 2022 by 10% to 93,893 persons but did not report the split in headcount change for its two individual entities Emirates Airline and ground handler dnata.

On a group level Sheikh Ahmed “expects to return to our track record of profitability at the close of our full financial year”.

Miscellaneous

Emirates has won three awards at the Skytrax World Airline Awards 2022, including World’s Best Economy Class, World’s Best Economy Class Catering, and for the 17th consecutive time, World’s Best Inflight Entertainment.

Source: Bloomberg, CNN, Emirates, Reuters, The Guardian

4. Aircraft – A380

As of the end of September 2022, the global A380 fleet consisted of 236 planes with 14 airline operators. Only 125 of these aircraft were in service. The remainder of the fleet is currently parked. The 14 operators are Emirates (121), Singapore Airlines (17), Deutsche Lufthansa (14), Qantas (10), British Airways (12), Korean Air Lines (10), Etihad Airways (10), Qatar Airways (10), Air France (8), Malaysia Airlines (6), Thai Airways (6), Asiana Airlines (6), China Southern Airlines (3), and All Nippon Airways (3).

Citing “steep rise and customer demand” and delays to deliveries of on-order aircraft, Lufthansa decided it will return its A380s to regular passenger service from summer 2023. The carrier is still assessing how many it will return to service and on which routes.

ASSET MANAGER’S REPORT (continued)

As recently as last November, Lufthansa CEO Carsten Spohr ruled out the reactivation of Lufthansa’s superjumbo even if passenger demand were to exceed then-current forecasts.

After dropping initial plans to redeploy its A380 on routes from Seoul to Frankfurt and Los Angeles for the 2022 summer schedule earlier this year, Asiana Airlines announced in mid-June 2022 to operate daily A380 services on routes between Seoul Incheon and Bangkok as well as Los Angeles during this summer: “As the demand for international travel that has been stifled by Covid-19 is exploding, [seat capacity on popular routes have been constrained] and we hope that the A380 flight with top-of-the-line facilities will improve the customer experience, as well as expand the supply of seats.”

In response to strong international travel demand, Qantas is operating a third A380 on the Melbourne-Los Angeles route and switches on the now Sydney-Singapore-London route back to the A380.

All Nippon Airways (ANA) reactivated two of its three A380s in July 2022 for scheduled passenger services between Tokyo Narita and Honolulu (Hawaii, US).

In August 2022 maintenance provider Lufthansa Technik Philippines (LTP) opened a new hangar at Manila Airport, which can accommodate an A380. LTP has completed heavy maintenance checks for several A380 operators in the past.

The New Straits Times (NST) reports in September 2022 that A380 operator Malaysia Airlines (Malaysia) “is believed to be returning all six of its Airbus A380 to aircraft manufacturer by year-end”. The discussions are still ongoing according to NST, and the deal could be part of the airline’s recent purchase of 20 A330neo aircraft. Malaysia had put up the A380s for sale since summer last year.

Source: Cirium, New Straits Times, Simple Flying

DIRECTORS

As at 30 September 2022 the Company had four directors all of whom were independent and non-executive.

Charles Edmund Wilkinson - Chair of the Company and Nomination Committee

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 a director of Doric Nimrod Air Two Limited and Chair of Doric Nimrod Air Three Limited. Charles is also a director of Landore Resources Ltd, a Guernsey based mining exploration company. He is resident in Guernsey.

Geoffrey Alan Hall - Chair of the AR Committee

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 the Chair of Doric Nimrod Air Two Limited and a director and Chair of the AR Committee of Doric Nimrod Air Three Limited.

Geoffrey earned his master’s degree in Geography at the University of London and is an associate of the CFA Society of the UK. He is resident in the United Kingdom.

Fiona Le Poidevin

Fiona Le Poidevin is a non-executive director with a particular focus on listed investment companies and private equity. Among her appointments, Fiona is non-executive director and Audit Chair of ICG-Longbow Senior Secured UK Property Debt Investments Limited, a premium listed company with shares admitted to trading on the Main Market of the LSE. She is also a director of Doric Nimrod Air Two Limited and Doric Nimrod Air Three Limited.

A Chartered Director, Fellow of the Institute of Directors and Chartered Accountant (FCA), Fiona has 25 years’ experience working in financial services in both London and the Channel Islands across the accounting and tax professions with experience in strategy, marketing, PR and the regulatory and listed company environments.

Until the end of July 2020, Fiona was Chief Executive Officer of The International Stock Exchange Group Limited where she was responsible for the commercial aspects of the listed exchange group’s operation. Previously Fiona was Chief Executive of Guernsey Finance, the promotional body for Guernsey’s finance industry internationally, and prior to this she was an auditor and latterly tax adviser at PwC (London and Channel Islands) and KPMG (Channel Islands) for over 13 years.

Fiona is a member of the AIC Channel Islands Committee and non-executive Chairman of a local Sea Scouts group.

Andreas Josef Tautscher - Chair of the Management Engagement Committee

Andreas Tautscher brings over 33 years’ financial services experience. He serves as a non-executive director and member of the Audit Committee of MJ Hudson PLC which is an AIM traded Financial Services Group. He is also a non-executive director of Globalworth PLC which is an AIM listed Central European property Group. He is an independent director of Condor Ferries Limited. Andreas is a director and Chair of Arolla Partners, a leading independent director services business in the Channel Islands. From 1994 to 2018 Andreas held various roles at Deutsche Bank and was most recently CEO of the Channel Islands and Head of Financial Intermediaries for EMEA. He was previously a non-executive director of the Virgin Group. Andreas qualified as a Chartered Accountant in 1994.

Andreas is also a director and Chair of the AR Committee of Doric Nimrod Air Two Limited, Chair of the Management Engagement Committee of Doric Nimrod Air Two Limited and Doric Nimrod Air Three Limited, and a director of Doric Nimrod Air Three Limited. He is resident in Guernsey.

INTERIM MANAGEMENT REPORT

A description of important events which have occurred during the Period, their impact on the performance of the Company as shown in the financial statements and a description of the principal risks and uncertainties facing the Company are given in the Chair’s Statement, Asset Manager’s Report, and the Notes to the Financial Statements contained on pages 20 to 39 and are incorporated here by reference.

There were no material related party transactions which took place in the Period, other than those disclosed at note 22 of the Notes to the Financial Statements.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company for the previous six months of the financial year are unchanged from those disclosed in the Company’s Annual Financial Report for the year ended 31 March 2022.

Going Concern

The Company’s principal activities are set out within the Company Overview on page 4. The financial position of the Company is set out on page 17.

As announced on 15 July 2022, the Company and Emirates have reached agreement that at the lease end date, currently expected to be 16 December 2022, the Company will sell the Asset to Emirates. The sale proceeds to be paid by Emirates to the Company is £25.3 million. The Directors intend to distribute the sale proceeds to Shareholders, net of any liquidation and other costs and assuming successful completion and no further or unexpected costs or events, as soon as possible following the lease end date. It is currently anticipated that the process for liquidation of the Company will commence as soon as practicably possible thereafter, following payment of monies to Shareholders.

Until the lease end date, it is expected that the Company and the operating lease will continue as contracted.

Although the Company does not have a fixed life, the Articles previously required that the Directors convene a general meeting of the Company (“Liquidation Proposal Meeting”) six months before the end of the term of the Lease where an ordinary resolution will be proposed that the Company proceeds to an orderly wind-up (the “Liquidation Proposal”) at the end of the term of the Lease (“Lease End”). In an extraordinary general meeting held on 10 May 2022 it was resolved that the timetable for the Liquidation Proposal Meeting be adjusted to allow for the meeting to be convened within four months after the date of the Lease End and for the Liquidation Proposal to be tabled at that meeting.

Since, subject to shareholder approval at the Liquidation Proposal Meeting, it is the Directors’ intention to proceed to an orderly wind up of the Company within 12 months of the Board’s approval of its 2021/22 Annual Financial Report, it is considered that the Company no longer meets the definition of a going concern (i.e. an entity which will continue its operations for the foreseeable future).

For this reason, the Directors have concluded in July 2022 that it is appropriate to prepare future financial statements on a basis other than going concern, after having considered the above.

Under a basis other than going concern, all assets are measured at net realisable value, based on conditions existing at the end of the reporting period. Assets and liabilities were reclassified from non-current to current. Property, Plant and Equipment – Aircraft has been reclassified from non-current to current, due to the agreed sale of the Asset to Emirates at the expiration of the Lease.

Notwithstanding the determination that it is appropriate to prepare the financial statements on a basis other than going concern, the Directors consider that the Company remains solvent and is able to meet its liabilities as they fall due.

RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

In preparing the Financial Statements included within the half-yearly financial report, the Directors are required to:

- prepare and present the Financial Statements in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK, and the DTR of the UK FCA;
- ensure the Financial Statements has adequate disclosures;
- select and apply appropriate accounting policies;
- make accounting estimates that are reasonable in the circumstances; and
- assess the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of the Financial Statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

1. The Financial Statements included within the half-yearly financial report of Doric Nimrod Air One Limited for the six months ended 30 September 2022 (“the interim financial information”) which comprises statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and the related explanatory notes, have been presented and prepared in accordance with IAS 34, Interim Financial Reporting, as adopted for use in the UK, and the DTR of the UK FCA.
2. The interim financial information presented, as required by the DTR of the UK FCA, includes:
 - a. an indication of important events that have occurred during the first 6 months of the financial year, and their impact on the financial statements;
 - b. a description of the principal risks and uncertainties for the remaining 6 months of the financial year;
 - c. related parties’ transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
 - d. any changes in the related parties’ transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first 6 months of the current financial year.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board of directors of the Company.

Charles Wilkinson
Chair
15 December 2022

Geoffrey Hall
Director

STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 April 2022 to 30 September 2022

	Notes	1 Apr 2022 to 30 Sep 2022 GBP	1 Apr 2021 to 30 Sep 2021 (as restated) GBP
INCOME			
A rent income	4	5,823,194	4,945,732
B rent income	4	2,260,370	2,260,370
		8,083,564	7,206,102
EXPENSES			
Operating expenses	5	(468,135)	(437,782)
Depreciation of Asset	10	(3,335,781)	(3,082,335)
		(3,803,916)	(3,520,117)
Net profit for the period before finance costs and foreign exchange losses		4,279,648	3,685,985
Finance costs	11	(91,796)	(169,659)
Net profit for the period after finance costs before foreign exchange losses		4,187,852	3,516,326
Unrealised foreign exchange losses	7	(163,497)	(50,354)
Profit for the Period		4,024,355	3,465,972
Total Comprehensive Profit for the Period		4,024,355	3,465,972
		Pence	Pence
Earnings per Share for the Period - Basic and Diluted	9	9.48	8.16

The notes on pages 20 to 39 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

For the period from 1 April 2022 to 30 September 2022

	Notes	30 Sep 2022 GBP	31 March 2022 GBP
CURRENT ASSETS			
Property, Plant and Equipment - Aircraft	10	26,537,922	29,873,703
Accrued income		–	–
Cash and cash equivalents	17	4,240,503	3,325,434
Receivables	13	75,141	187,772
		30,853,566	33,386,909
TOTAL ASSETS		30,853,566	33,386,909
CURRENT LIABILITIES			
Borrowings	15	987,728	2,472,959
Deferred income		1,439,898	4,581,970
Payables - due within one year	14	44,934	65,079
		2,472,560	7,120,008
EQUITY			
Share Capital	16	39,016,728	39,016,728
Retained loss		(10,635,722)	(12,749,827)
		28,381,006	26,266,901
		Pence	Pence
Net Asset Value per Ordinary Share based on 42,450,000 (31 March 2022: 42,450,000) Shares in issue		66.86	61.88

The Financial Statements were approved by the Board and authorised for issue on 15th December 2022 and are signed on its behalf by:

Charles Wilkinson
Director

Geoffrey Hall
Director

The notes on pages 20 to 39 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the period from 1 April 2022 to 30 September 2022

	Notes	1 Apr 2022 to 30 Sep 2022 GBP	1 Apr 2021 to 30 Sep 2021 (As restated) GBP
OPERATING ACTIVITIES			
Profit for the Period		4,024,355	3,465,972
Movement in accrued and deferred income	4	(3,142,072)	(2,612,567)
Depreciation of Asset	10	3,335,781	3,082,331
Loan interest payable	11	61,436	139,299
(Decrease) /increase in payables	14	(20,145)	23,729
Decrease in receivables	13	112,631	37,549
Amortisation of debt arrangement costs	11	30,360	30,360
Foreign exchange movement	7	163,497	50,354
NET CASH FROM OPERATING ACTIVITIES		4,565,843	4,217,027
FINANCING ACTIVITIES			
Dividends paid	8	(1,910,250)	(1,910,250)
Repayments of capital on borrowings	20	(1,843,201)	(1,490,178)
Interest on borrowings	20	(60,345)	(136,945)
NET CASH USED IN FINANCING ACTIVITIES		(3,813,796)	(3,537,373)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD			
		3,325,434	2,092,159
Increase in cash and cash equivalents		752,047	679,654
Effects of foreign exchange rates		163,022	26,118
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17	4,240,503	2,797,931

The notes on pages 20 to 39 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the period from 1 April 2022 to 30 September 2022

	Notes	Share Capital GBP	Retained Loss GBP	Total GBP
Balance as at 1 April 2022		39,016,728	(12,749,827)	26,266,901
Total Comprehensive Profit for the period		–	4,024,355	4,024,355
Dividends paid	8	–	(1,910,250)	(1,910,250)
Balance as at 30 September 2022		39,016,728	(10,635,722)	28,381,006

		Share Capital GBP	Retained Loss GBP	Total GBP
Balance as at 1 April 2021 (as previously reported)		39,016,728	(11,336,401)	27,680,327
Restatement		–	898,496	898,496
Balance as at 1 April 2021 (as restated)		39,016,728	(10,437,905)	28,578,823
Total Comprehensive Profit for the Period		–	3,465,972	3,465,972
Dividends paid	8	–	(1,910,250)	(1,910,250)
Balance as at 30 September 2021 (as restated)		39,016,728	(8,882,183)	30,134,545

The notes on pages 20 to 39 form an integral part of these Financial Statement

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2022 to 30 September 2022

1 GENERAL INFORMATION

The Company was incorporated in Guernsey on 8 October 2010 with registered number 52484. The address of the registered office is given on page 40. Its Share Capital consists of one class of Shares and Administrative Shares (redeemed and cancelled on 10 May 2022). The Company's Shares have been admitted to trading on the SFS of the LSE's Main Market.

The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling a single Aircraft. The principal activities of the Company are set out in the Chair's Statement and Asset Manager's Report on pages 5 and 6 to 12 respectively.

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 EU, which comprise standards and interpretations approved by the IASB and IFRIC and applicable Guernsey law.

This report is to be read in conjunction with the Annual Financial Report for the year ended 31 March 2022 which is prepared in accordance with IFRS as adopted by the EU and any public announcements made by the Company during the Period.

The Directors have made the judgement that the Company should prepare the Financial Statements on a basis other than going concern. As announced on 15 July 2022, the Company and Emirates have reached an agreement that at the lease end date, currently expected to be 16th December 2022, the Company will sell the Asset to Emirates. The sale proceeds to be paid by Emirates to the Company is £25.3 million. The Directors intend to distribute the sale proceeds to Shareholders, net of any liquidation and other costs and assuming successful completion and no further or unexpected costs or events, as soon as possible following the lease end date. It is currently anticipated that the process for liquidation of the Company will commence as soon as practicably possible thereafter, following payment of monies to Shareholders.

As a result, the assets and liabilities have been reclassified from non-current to current, specifically the Property, Plant and Equipment – Aircraft which is now classified as current.

The carrying amount of the Aircraft will be recovered principally through a sale transaction rather than through continuing use. At the reporting date, the Company reviewed the carrying amount of the Aircraft to determine whether there is any indication that the Aircraft has suffered an impairment loss. Due to the agreement for the sale of the Aircraft, the recoverable amount of the Aircraft being the higher of fair value less costs to sell and VIU, was estimated to determine the extent of the impairment loss.

In assessing VIU, the agreed sales proceeds less expected sales related costs is used, and rental cash flows to the end of the contract 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 Aircraft for which any estimates of future cash flows have not been adjusted.

The expected sales related costs are £44,763.

Further details of the discounted cash flow methodology including the determination of the appropriate discount rate and the impairment considerations are given in note 3.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the new and amended standards set out below:

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

2 ACCOUNTING POLICIES (continued)

(b) Adoption of new and revised Standards

New and amended IFRS Standards that are effective for current year

The following Standard and Interpretations have been adopted in the current year. Their adoption has not had a material impact on the amounts reported in these Financial Statements and is not expected to have any impact on future financial periods except where stated otherwise:

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16). The amendments to IAS 16 prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The effective date is for annual periods beginning on or after 1 January 2022. The standard is not expected to have a material impact on the Financial Statements or performance of the Company.

New and Revised Standards in issue but not yet effective

IAS 1 'Presentation of Financial Statements' Classification of Liabilities as Current or Non-current – The IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. This standard is effective for annual periods beginning on or after 1 January 2023 deferred until accounting periods starting not earlier than 1 January 2024. The new standard does not have a significant impact on the Company's financial position, performance or disclosures in its Financial Statements.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting policies, changes in accounting estimates and error' on definition of material. The effective date is for annual periods beginning on or after 1 January 2023. These amendments to IAS 1, IAS 8 and consequential amendments to other IFRSs:

- use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immateriality information.

(c) Prior period restatement

A prior year adjustment of £898,496 to the opening retained earnings as at March 2021 was recognised in the Annual Financial Report for the year ended 31 March 2022. This was as a result of the prior year adjustment in respect of the unrealised foreign exchange profit/loss on the deferred income liability. The unrealised foreign exchange profit/loss for the period ended 31 March 2022 was correctly reflected in the Annual Financial Report for the year ended 31 March 2022 but in the Half Year Financial Report for the period ending 30 September 2021 the unrealised foreign exchange profit/loss was incorrectly stated.

The following table summarises the impact on the Company's financial statements:

	2021 (as previously stated) GBP	Correction GBP	2021 (As restated) GBP
Unrealised foreign exchange loss for the period ending 30 September 2021	(267,467)	217,113	(50,354)
Profit for the period ending 30 September 2021	3,248,859	217,113	3,465,972
Earnings per Share (pence) for the period ending 30 September 2021	7.65	0.51	8.16

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

2 ACCOUNTING POLICIES (continued)

(d) Taxation

The Financial Statements incorporate the results of the Company.

The Company has been assessed for taxation at the Guernsey standard rate of corporate income tax of zero percent (0%).

(e) Share Capital

Shares are classified as equity. Incremental costs directly attributable to the issue of Shares are recognised as a deduction from equity.

(f) Expenses

All expenses are accounted for on an accruals basis.

(g) Interest Income

Interest income is accounted for on an accruals basis.

(h) Foreign Currency Translation

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

Transactions denominated in foreign currencies are translated into Sterling 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.

(i) 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 convertible to known amounts of cash and subject to insignificant risk of changes in value.

(j) Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being the acquiring, leasing and selling of the Aircraft.

(k) Going Concern

The Company's principal activities are set out within the Company Overview on page 4. The financial position of the Company is set out on page 17.

As announced on 15 July 2022, the Company and Emirates have reached agreement that at the lease end date, currently expected to be 16 December 2022 ("Lease End Date") the Company will sell the Asset to Emirates. The sale proceeds to be paid by Emirates to the Company is £25.3 million. The Directors intend to distribute the sale proceeds to Shareholders, net of any liquidation and other costs and assuming successful completion and no further or unexpected costs or events, as soon as possible following the Lease End Date. It is currently anticipated that the process for liquidation of the Company will commence as soon as practicably possible thereafter, following payment of monies to Shareholders.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

2 ACCOUNTING POLICIES (continued)

(k) Going Concern (continued)

Until the Lease End Date, it is expected that the Company and the operating lease will continue as contracted.

Although the Company does not have a fixed life, the Articles previously required that the Directors convene a general meeting of the Company ("Liquidation Proposal Meeting") six months before the end of the term of the Lease where an ordinary resolution will be proposed that the Company proceeds to an orderly wind-up (the "Liquidation Proposal") at the end of the term of the Lease ("Lease End"). In an extraordinary general meeting held on 10 May 2022 it was resolved that the timetable for the Liquidation Proposal Meeting be adjusted to allow for the meeting to be convened within four months after the date of the Lease End and for the Liquidation Proposal to be tabled at that meeting.

Since, subject to shareholder approval at the Liquidation Proposal Meeting, it is the Directors' intention to proceed to an orderly wind up of the Company within 8 months of the Board's approval of this Half-Yearly Annual Financial Report, it is considered that the Company no longer meets the definition of a going concern (i.e. an entity which will continue its operations for the foreseeable future).

For this reason the Directors concluded in July 2022 that it is appropriate to prepare the Financial Statements on a basis other than going concern.

Under a basis other than going concern, all assets are measured at net realisable value, based on conditions existing at the end of the reporting period and reclassifying assets and liabilities from non-current to current. Property, Plant and Equipment – Aircraft has been reclassified from non-current to current, due to the agreed sale of the Asset to Emirates at the expiration of the lease agreement.

Notwithstanding the determination that it is appropriate to prepare the financial statements on a basis other than going concern, the Directors consider that the Company remains solvent and is able to meet its liabilities as they fall due.

(l) 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 12.

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 amortised on a straight-line basis over the lease term.

The Deferred and Accrued income represents the difference between actual payments received in respect of the lease income (including some received in full upfront) and the amount to be accounted for in the accounting records on a straight-line basis over the lease terms. This liability will reduce over time as the lease continue and approach the end of the lease terms.

(m) Property, Plant and Equipment – Aircraft

In line with IAS 16, 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. Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Accumulated depreciation and any recognised impairment loss are deducted from cost to calculate the carrying amount of the Asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

2 ACCOUNTING POLICIES (continued)

(m) Property, Plant and Equipment – Aircraft (continued)

Subsequently, depreciation is recognised so as to write off the cost of the Asset less the estimated residual value over the estimated useful life of the Asset of 12 years, using the straight-line method. The estimated residual value of the Asset is £25.3 million (2021: £31.2 million). As the Company and Emirates have reached agreement that at the lease end date, currently expected to be 16 December 2022, the Company will sell the Asset to Emirates for £25.3 million. Thus, residual value of £25.3 million has been arrived at by taking these agreed sale proceeds and deducting sale-related costs. The residual value as at 2021 was £31.2 million and was arrived at by taking the average amount of three independent external valuers and after taking into account disposition fees where applicable. This was determined using the soft value excluding inflation, which best approximates residual value as required by IAS 16.

The depreciation method reflects the pattern of benefit consumption. The residual value has been reviewed annually and is an estimate of the fair amount the entity would receive today if the Asset were already of the age and condition expected at the end of its useful life. Useful life is also reviewed annually and, for the purposes of the Financial Statements, represents the likely period of the Company's ownership of the Asset. Depreciation started when the Asset was available for use.

At each audited Statement of Financial Position date, the Company reviews the carrying amounts of the Asset to determine whether there is any indication that the Asset has suffered an 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). Further details are given in note 3.

The carrying amount of the Aircraft will be recovered principally through a sale transaction rather than through continuing use. At the reporting date, the Company reviewed the carrying amounts of the Aircraft to determine whether there is any indication that the Aircraft has suffered an impairment loss. Due to the agreement for the sale of the Aircraft, the recoverable amount of the Aircraft being the higher of fair value less costs to sell and VIU, was estimated to determine the extent of the impairment loss. In assessing VIU, the agreed sales proceeds less expected sales related costs is used, and rental cash flows to the end of the contract 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 aircraft for which any estimates of future cash flows have not been adjusted.

The expected sales-related costs are £44,763.

(n) Financial instruments

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire, are extinguished, or if the Company transfers the financial assets to a third party and transfers all the risks and rewards of ownership of the asset, or if the Company does not retain control of the asset and transfers substantially all the risk and rewards of ownership of the asset.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- FVOCI; or
- FVTPL.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Company only has financial assets that are classified as amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

2 ACCOUNTING POLICIES (continued)

(n) Financial instruments (continued)

i) *Financial assets held at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The effective interest method calculates the amortised cost of financial instruments and allocates the interest over the period of the instrument.

The Company's financial assets held at amortised cost include trade and other receivables and cash and cash equivalents.

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets held at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ii) *Financial liabilities held at amortised cost*

Financial liabilities consist of payables and borrowings. The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All financial liabilities are initially measured at fair value, net of transaction costs. All financial liabilities are recorded on the date on which the Company becomes party to the contractual requirements of the financial liability. 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 de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

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.

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.

Estimates

Residual Value, Impairment and Useful Life of Aircraft

As described in note 2 (m), the Company depreciates the Asset on a straight-line basis over the estimated useful life of the Asset after taking into consideration the estimated residual value.

IAS 16 requires residual value to be determined as an estimate of the amount that the Company would currently obtain from the disposal of the Asset, after deducting the estimated costs of disposal, if the Asset were of the age and condition expected at the end of its useful life. The Company and Emirates have reached agreement that at the lease end date, currently expected to be 16 December 2022, the Company will sell the Asset to Emirates for £25.3 million. Thus, residual value as at 31 March 2022 of £25.3 million has been arrived at by taking these agreed sale proceeds and deducting sale related costs. The residual value as at 31 March 2021 was £31.2 million and was arrived at by taking the average amount of three independent external valuers and after taking into account disposition fees where applicable. This was determined using the soft value excluding inflation, which best approximates residual value as required by IAS 16.

A sensitivity showing the impact of a 30 per cent fall in residual value on the depreciation charge and closing shareholders' equity is not relevant as at 30 September 2022 because Emirates and the Company have agreed that the Aircraft will be sold to the Lessee at the end of the Lease for £25.3 million and because these proceeds net of disposal costs constitute the residual value used in the depreciation and VIU calculations. A 30% reduction in the residual value used in the asset valuation as at 30 September 2021 would however have increased the depreciation charges by £2.8 million. Closing shareholder equity would have fallen by the same amount. Conversely, an increase in residual values as at 30 September 2021 would have had an equal and opposite effect.

The useful life of the Asset is based on the expected period for which the Company will own and lease the Aircraft.

As described in note 2 (m), an impairment loss exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its current fair value less costs to sell and its value-in-use.

The Directors review the carrying amount of its Asset at each audited Statement of Financial Position date and monitor the Asset for any indications of impairment as required by IAS 16 and IAS 36.

The Company and Emirates have now reached agreement that at the lease end date, currently expected to be 16 December 2022, the Company will sell the Asset to Emirates. The sale proceeds to be paid by Emirates to the Company are £25.3 million. Residual values for the purpose of the impairment test are determined to be the sales proceeds less sales related costs.

Based on the impairment review performed, an impairment loss of £2,094,832 was recognised in the 31 March 2022 year, with the impairment test resulting in an updated carrying value of the Aircraft in total to £29,873,703 at year-end, as reflected in note 10.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

Residual Value, Impairment and Useful Life of Aircraft (continued)

For the current period 1 April 2022 to 30 September 2022, the Board has considered if there are any further impairment triggers as set out under IAS 36 and concluded that an interim impairment review at the 30 September 2022 period end was not required.

Judgements

Basis of Accounting

The Directors have made the judgement that the Company should prepare the Financial Statements on a basis other than going concern. As announced on 15 July 2022, the Company and Emirates have reached agreement that at the lease end date, currently expected to be 16 December 2022, the Company will sell the Asset to Emirates. The sale proceeds to be paid by Emirates to the Company are £25.3 million. The Directors intend to distribute the sale proceeds to Shareholders, net of any liquidation and other costs and assuming successful completion and no further or unexpected costs or events, as soon as possible following the lease end date. It is currently anticipated that the process for liquidation of the Company will commence as soon as practicably possible thereafter, following payment of monies to Shareholders.

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, including consideration of the useful life versus the useful economic life of the Aircraft, that it retains all the significant risks and rewards of ownership of this asset as well as assume the entirety of the residual value risk, and accounts for the contract as an operating lease.

The Company has determined that the operating lease on the Asset is for 12 years without an extension option.

Functional Currency

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

Considering the primary indicators as per IAS 21, it is unclear what the functional currency is. However, after taking into consideration the secondary indicators which are as follows, the Directors are of the opinion that the functional currency is GBP as:

- the Company's Share Capital was issued in GBP and;
- its dividends are paid to Shareholders in GBP, and that certain of the Company's significant operating expenses as well as a portion of the Company's rental income are incurred/earned in GBP.
- Lease rentals that are received in USD (as per notes 4 and 12) are used to pay the USD loan payments on the USD denominated debt.

In addition, the set-up of the leasing structure was designed to offer a GBP return to GBP investors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

4 RENTAL INCOME

	1 Apr 2022 to 30 Sep 2022 GBP	1 Apr 2021 to 30 Sep 2021 GBP
A rent income	2,211,147	1,863,187
Adjustment to spread total income receivable over the term of the Lease	3,612,047	3,082,545
	5,823,194	4,945,732
B rent income	2,730,348	2,730,348
Adjustment to spread total income receivable over the term of the Lease	(469,978)	(469,978)
	2,260,370	2,260,370
Total rental income	8,083,564	7,206,102

Rental income is derived from the leasing of the Asset. Rent is split into A rent, which is received in \$ and B rent, which is received in Sterling. Rental income received in US dollars is translated into the functional currency (Sterling) at the date of the transaction.

A and B rental income receivable decreased / increased respectively, 10 years from the start of the Lease between the Company and Emirates. An adjustment has been made to spread the actual total income receivable evenly over the term of the Lease.

5 OPERATING EXPENSES

	1 Apr 2022 to 30 Sep 2022 GBP	1 Apr 2021 to 30 Sep 2021 GBP
Corporate shareholder and advisor fee (note 22)	63,866	62,460
Asset management fee (note 22)	159,664	156,150
Liaison agency fees (note 22)	3,079	6,058
Administration fees (note 22)	26,687	29,037
Accountancy fees (note 22)	9,650	5,811
Registrars fee (note 22)	7,866	4,830
Audit fee	10,275	16,525
Directors' remuneration (note 6)	34,000	34,000
Directors' and officers' insurance	109,549	103,615
Legal and professional expenses	36,937	14,171
Annual fees	–	839
Other operating expenses	6,562	4,286
	468,135	437,782

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 Chair, who receives £20,000 per annum and the Chair of Audit Committee, who receives £18,000 per annum. The rate of remuneration per director has remained unchanged.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

7 UNREALISED FOREIGN EXCHANGE LOSSES (As restated)

	1 Apr 2022 to 30 Sep 2022 GBP	1 Apr 2021 to 30 Sep 2021 (As restated) GBP
Cash at bank	163,022	26,113
Borrowings	(326,519)	(76,467)
	(163,497)	(50,354)

The foreign exchange loss in the year reflects a 17.7 percent movement in the Sterling/US dollar exchange rate, from 1.3138 as at 31 March 2022 to 1.1170 as at 30 September 2022.

8 DIVIDENDS IN RESPECT OF EQUITY SHARES

	1 Apr 2022 to 30 Sep 2022 GBP	Pence per Share
First interim dividend	955,125	2.25
Second interim dividend	955,125	2.25
	1,910,250	4.50

	1 Apr 2021 to 30 Sep 2021 GBP	Pence per Share
First interim dividend	955,125	2.25
Second interim dividend	955,125	2.25
	1,910,250	4.50

Refer to the Subsequent Events in note 23 in relation to dividends declared after period end.

9 EARNINGS PER SHARE (As restated)

Earnings per Share is based on the net profit for the Period, attributable to the Shareholders, of £4,024,355 (30 September 2021 as restated: net profit for the Period of £3,465,972) and 42,450,000 (30 September 2021: 42,450,000) Shares 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

10 PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT

	Aircraft 30 Sep 2022 GBP	Aircraft 31 Mar 2022 GBP
COST		
Opening balance	114,532,547	114,532,547
Closing balance	114,532,547	114,532,547
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
As at 1 April 2022	84,658,844	72,926,586
Depreciation charge based on previous residual values	3,335,781	6,147,815
Adjustment due to change in US dollar residual values	—	3,489,611
Adjustment due to FX movements on residual values	—	—
Net depreciation charge	3,335,781	9,637,426
Adjustment due to impairment	—	2,094,832
CARRYING AMOUNT		
Closing balance	26,537,922	29,873,703
Cost in US dollars		178,549,805
GBP/US dollars exchange rate		1.5502

As announced on 15 July 2022, the Company and Emirates have now reached agreement that at the lease end date, currently expected to be 16 December 2022, the Company will sell the Asset to Emirates. The sale proceeds to be paid by Emirates to the Company are £25.3 million. Aircraft has thus been classified as a current asset in the Statement of Financial Position. On 16 December 2022, the carrying amount of the Aircraft will be equal to the sale proceeds stated above.

Under IAS 17 Leases 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.

Refer to note 3 for details on the impairment review conducted by the Company as at the 31 March 2022 year end.

11 FINANCE COSTS

	30 Sep 2022 GBP	30 Sep 2021 GBP
Amortisation of debt arrangement costs	30,360	30,360
Loan interest	61,436	139,299
	91,796	169,659

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

12 OPERATING LEASES

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

	Next 12 months GBP	1 to 5 years GBP	After 5 years GBP	Total GBP
30 September 2022				
Aircraft – A rental receipts	—	—	—	—
Aircraft – B rental receipts	—	—	—	—
	—	—	—	—
31 March 2022				
Aircraft- A rental receipts	1,979,823	—	—	1,979,823
Aircraft – B rental receipts	2,730,348	—	—	2,730,348
	4,710,171	—	—	4,710,171

The operating lease is for an Airbus A380-861 aircraft. The term of the lease is for 12 years ending December 2022 with reduced rental payments (as well as debt payments) in the last two years and no extension option.

13 RECEIVABLES

	30 Sep 2022 GBP	31 Mar 2022 GBP
Prepayments	75,130	187,761
Sundry debtors	11	11
	75,141	187,772

The above carrying value of receivables is its reasonable approximation of the fair value.

14 PAYABLES (due within one year)

	30 Sep 2022 GBP	31 Mar 2022 GBP
Accrued administration fees	6,060	6,367
Accrued audit fee	15,305	34,800
Other accrued expenses	23,569	23,912
	44,934	65,079

The above carrying value of payables is its reasonable approximation of the fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

15 BORROWINGS

	30 Sep 2022 GBP	31 Mar 2022 GBP
Bank loan	1,000,005	2,515,596
Transaction costs	(12,277)	(42,637)
	987,728	2,472,959
Current portion	987,728	2,472,959
Non-current portion	—	—

Notwithstanding the fact that £1.8 million of debt was repaid during the Period, as per the Statement of Cash Flows, the value of the borrowings has decreased by only £1.5 million due to the 17.7 percent movement in the Sterling / US dollar exchange rate for the Period from 1.3138 at 31 March 2022 to 1.117 at 30 September 2022.

The amounts below detail the future contractual undiscounted cash flows in respect of the Loan, including both the principal and interest payments, and will not agree directly to the amounts recognised in the Statement of Financial Position:

	30 Sep 2022 GBP	31 Mar 2022 GBP
Amount due for settlement within 12 months	1,011,731	2,580,539
Amount due for settlement after 12 months	—	—

The Loan was arranged with Westpac for \$122,000,000, runs for 12 years until December 2022 and has an effective interest rate of 5.4950 percent, 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 are being amortised over its life.

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

16 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 Share Capital.

	Administrative Shares	Ordinary Shares
Issued		
Issued shares as at 30 September 2022	—	42,450,000
Issued shares as at 31 March 2022	2	42,450,000
Issued Shares		GBP
Total Share Capital as at 30 September 2022 and as at 31 March 2022		39,016,728

Members holding Shares are entitled to receive and participate in any dividends out of income attributable to the Shares; 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

16 SHARE CAPITAL (continued)

Upon winding up, Shareholders 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 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 Shares have received a return of their capital paid up but ahead of the return of all additional capital to the holders of Shares.

The holders of 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

The Administrative Shares were redeemed and cancelled on the 10th of May 2022.

17 CASH AND CASH EQUIVALENTS

	30 Sep 2022 GBP	31 Mar 2022 GBP
Cash at bank	4,240,503	3,325,434
	4,240,503	3,325,434

Cash and cash equivalents are highly liquid, readily convertible and are subject to insignificant risk of changes in value.

18 FINANCIAL INSTRUMENTS

The Company's main financial instruments comprise:

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

19 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 2022 GBP	31 Mar 2022 GBP
Financial assets		
Cash and cash equivalents	4,240,503	3,325,434
Receivables (excluding prepayments)	11	11
Financial assets at amortised cost	4,240,514	3,325,445
Financial liabilities		
Borrowings	987,728	2,472,959
Financial liabilities measured at amortised cost	987,728	2,472,959

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 reviews 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 to meet its obligations as they fall due until the termination of the lease agreement and the anticipated liquidation of the Company. 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 15, cash and cash equivalents disclosed in note 17 and equity attributable to equity holders, comprising issued capital and retained earnings.

The Company's Board typically reviews the capital structure on a bi-annual basis. The Directors' intent to distribute the sale proceeds of the Asset to Shareholders, net of any liquidation and other costs and assuming successful completion and no further or unexpected costs or events, as soon as possible following the lease end date.

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

No changes were made in the objectives, policies or processes for managing capital during the period (None for the period 1 April 2021 to 31 March 2022).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign Currency Risk

The Company's accounting policy under IFRS requires the use of a Sterling historic cost of the Asset and the value of the US dollar Loan as translated at the spot exchange rate on every statement of financial position date. In addition, US dollar operating lease receivables are not immediately recognised in the Statement of Financial Position 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 US dollar operating lease receivables should offset the US dollar payables on the amortising Loan. The foreign exchange exposure in relation to the Loan is thus largely naturally hedged.

Lease rentals (as detailed in notes 4 and 12) are received in US dollars and Sterling. Those lease rentals received in US dollars are used to pay the loan repayments due, also in US dollars. Both US dollar 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 minimises risks caused by foreign exchange fluctuations.

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

	30 Sep 2022 GBP	31 Mar 2022 GBP
Bank loan (US dollar) – liabilities	(1,000,005)	(2,515,596)
Cash and cash equivalents (US dollar) – assets	1,409,642	939,034

The following table details the Company's sensitivity to a 15 per cent. (31 March 2022: 15 per cent.) appreciation of the US dollar relative to the pound. This represents the Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The table below shows that profit and other equity fall where the US dollar strengthens 15 per cent because the net dollar liabilities increase in pound terms. (31 March 2022: 15 per cent.). For a 15 per cent. (31 March 2022: 15 per cent.) weakening of the US dollar against the pound, there would be a comparable but opposite impact on the profit and other equity.

	30 Sep 2022 USD impact GBP	31 Mar 2022 USD impact GBP
Profit or loss	61,445	205,638
Net asset value	61,445	205,638

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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.

Refer to the going concern section on pages 22 to 23 where an assessment of Emirates is made.

The credit risk on cash transactions is 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 2022 GBP	31 Mar 2022 GBP
Receivables (excluding prepayments)	11	11
Cash and cash equivalents	4,240,503	3,325,434
	4,240,514	3,325,445

Surplus cash is held in accounts with Barclays Bank PLC and Westpac, which have credit ratings given by Moody's of A-1 and P-1 respectively. Moody's considers the outlook of the banks current ratings to be stable.

At the inception of the 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.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in realizing assets or otherwise raising funds to meet financial commitments. The Company's main financial commitments are its ongoing operating expenses and debt service to Westpac. The Company and Emirates have reached agreement that at the lease end date, currently expected to be 16 December 2022, the Company will sell the Asset to Emirates. The sale proceeds to be paid by Emirates to the Company are £25.3 million. The Directors intend to distribute the sale proceeds to Shareholders, net of any liquidation and other costs and assuming successful completion and no further or unexpected costs or events, as soon as possible following the lease end date. Outside of short-term operational liabilities and liquidation costs the Company does not expect to have any significant financial commitments following the sale of the Asset.

Ultimate responsibility for liquidity risk management rests with the Board, 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity Risk (continued)

The table below details the residual contractual maturities of financial liabilities, including estimated interest payments. 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.

	1-3 months GBP	3-12 months GBP	1-2 years GBP	2-5 years GBP	Over 5 years GBP
30 Sep 2022					
Financial liabilities					
Payables – due within one year	44,934	—	—	—	—
Loans payable	1,011,731	—	—	—	—
	1,056,665	—	—	—	—
30 Mar 2022					
Financial liabilities					
Payables – due within one year	65,079	—	—	—	—
Loans payable	860,180	1,720,359	—	—	—
	925,259	1,720,359	—	—	—

(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:

	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
30 September 2022				
Financial assets				
Receivables (excluding prepayments)	—	—	11	11
Cash and cash equivalents	4,240,503	—	—	4,240,503
Total financial assets	4,240,503	—	11	4,240,514
Financial liabilities				
Payables	—	—	44,934	44,934
Loans payable	—	1,000,005	—	1,000,005
Total financial liabilities	—	1,000,005	44,934	1,044,939
Total interest sensitivity gap	4,240,503	1,005,005		

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

30 Mar 2022	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial assets				
Receivables (excluding prepayments)	—	—	11	11
Cash and cash equivalents	3,325,434	—	—	3,325,434
Total financial assets	3,325,434	—	11	3,325,445
Financial liabilities				
Payables	—	—	65,079	65,079
Loans payable	—	2,515,596	—	2,515,596
Total financial liabilities	—	2,515,596	65,079	2,580,675
Total interest sensitivity gap	3,325,434	2,515,596		

If interest rates had been 250 basis points (30 March 2022: 250 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 31 March 2022 would have been £106,013 (30 March 2022: £83,136) greater due to an increase in the amount of interest receivable on the bank balances.

If interest rates had been 250 basis points (30 March 2022: 250 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 2022 would have been £106,013 (31 March 2022: £83,136) lower due to a decrease in the amount of interest receivable on the bank balances.

20 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table discloses the effects of the amendments to IAS 7 Statement of Cash Flows which requires additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

The table below excludes non-cash flows arising from the amortisation of associated costs (see note 15).

	30 Sep 2022 GBP	30 Sep 2021 GBP
Opening Balance	2,515,596	5,444,248
Cash flows paid – capital	(1,843,201)	(1,490,178)
Cash flows paid – interest	(60,345)	(136,945)
Non-cash flows		
– Interest accrued	61,436	139,299
– Effects of foreign exchange	326,519	76,468
Closing Balance	1,000,005	4,032,892

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 1 April 2022 to 30 September 2022

21 ULTIMATE CONTROLLING PARTY

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

22 RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

Significant contracts who provide key management personnel to the reporting entity

Doric is the Company's Asset Manager.

During the Period, the Company incurred £162,743 (30 September 2021: £162,208) of expenses with Doric of which £159,664 (30 September 2021: £156,150) related to asset management fees and £3,079 (30 September 2021: £6,058) was liaison agent fees as shown in note 5. At 30 September 2022, £nil (31 March 2022: £nil) was owing to this related party

Nimrod is the Company's Corporate and Shareholder Advisor.

During the Period, the Company incurred £63,866 for corporate and advisor fees (30 September 2021: £62,460). As at 30 September 2022, £nil (31 March 2022: £nil) was owing to this related party.

Significant contracts

JTC Registrars Limited is the Company's registrar, transfer agent and paying agent.

During the Period, the Company incurred £7,866 (30 September 2021: £4,830) of expenses with JTC Registrars as shown in note 5. As at 30 September 2022, £831 (31 March 2022: £804) was owing to this related party.

JTC Fund Solutions (Guernsey) Limited is the Company's Company Secretary and Administrator.

During the Period, the Company incurred £36,337 (30 September 2021: £34,848) of expenses with JTC Fund Solutions (Guernsey) Limited as shown in note 5. As at 30 September 2022, £6,060 (31 March 2022: £6,367) was owing to this related party.

Related parties

The Board are considered to be key management personnel. For details regarding the Directors remuneration please refer to note 6.

23 SUBSEQUENT EVENTS

On the 13 October 2022, a further dividend of 2.25 pence per Share was declared and was paid on the 31 October 2022.

No further subsequent events to note.

KEY ADVISORS AND CONTACT INFORMATION

KEY INFORMATION

Exchange:	Specialist Fund Segment of the London Stock Exchange’s Main Market
Ticker:	DNA
Listing Date:	13 December 2010
Financial Year End:	31 March
Base Currency:	Pound Sterling
ISIN:	GG00B4MF3899
SEDOL:	B4MF389
LEI:	2138009FPM7EH4WDS168
Country of Incorporation:	Guernsey
Registration number:	52484

MANAGEMENT AND ADMINISTRATION

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Company Secretary and Administrator

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