Doric Nimrod Air One Limited

Half-Yearly Financial Report

For the period from 1 April 2021 to 30 September 2021

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DEFINITIONS

“Administrative Shares”	Subordinated Administrative Shares
“AED”	United Arab Emirates Dirham
“AGM”	Annual General Meeting
"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
“BA”	British Airways
"Board"	Company's Board of directors
“CDS”	Credit Default Swaps
“Chair”	Chair of the Board
"Code"	The UK Corporate Governance Code
"CORSIA"	Carbon Offsetting and Reduction Scheme for International Aviation
"DGTRs"	Disclosure Guidance and Transparency Rules
“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
"Doric LLP"	Doric Partners LLP
“DWC”	Dubai World Central International Airport
“DXB”	Dubai International Airport
"Emirates" or the "Lessee"	Emirates Airline

''EPS or LPS''	Earnings / Loss Per Share
"ESG"	Environmental, Social and Governance
"EU"	European Union
"EU ETS"	European Union Emission Trading Scheme
"FCA"	Financial Conduct Authority
"FRC"	Financial Reporting Council
"FVOCI"	Fair Value through Other Comprehensive Income
"FVTPL"	Fair Value through Profit or Loss
"GBP", "£" or "Sterling"	Pound Sterling
"GFSC"	Guernsey Financial Services Commission
"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
"IFRS 16"	IFRS 16 - Leases
"IPCC"	Intergovernmental Panel on Climate Change

"ISAE 3402"	International Standard on Assurance Engagement 3402
"ISTAT"	International Society of Transport Aircraft Trading
"JTC" or "Secretary" or "Administrator"	JTC Fund Solutions (Guernsey) Limited
"Law"	The Companies (Guernsey) Law, 2008, as Amended
"Lease"	Lease of Aircraft to Emirates
"LGW"	London Gatwick Airport
"Loan"	Borrowings obtained by the Company to part-finance the acquisition of Aircraft
"LSE"	London Stock Exchange
"MAG"	Malaysia Aviation Group
"NBV"	Net Book Value
"Nimrod" or "Corporate and Shareholder Adviser"	Nimrod Capital LLP
"Pandemic"	COVID-19 Pandemic
"Period"	1 April 2021 until 30 September 2021
"PIES"	Public Interest Entities
"PLF"	Passenger Load Factor
"Registrar"	JTC Registrars Limited
"RPKs"	Revenue Passenger Kilometres
"SAF"	Sustainable Aviation Fuel
"SFS"	Specialist Fund Segment
"Shareholders"	Shareholders of the Company
"Shares"	Ordinary Preference Shares of the Company

"Share Capital"	Share Capital of the Company
"SIA"	Singapore Airlines
"SID"	Senior Independent Director
"UAE"	United Arab Emirates
"UK"	United Kingdom
"USD" or "$"	US Dollars
"VIU"	Value-In-Use
"WACC"	Weighted Average Costs of Capital
"Westpac"	Westpac Banking Corporation

SUMMARY INFORMATION

Listing	LSE
Ticker	DNA
Share Price	32.0p
Market Capitalisation	GBP 13.6 million
Initial Debt	USD 122 million
Outstanding Debt Balance	USD 5.4 million (4% of Initial Debt)
Current and Targeted Dividend	2.25p per quarter (9p per annum)
Earned Dividends	94.5p
Dividend Yield	28.13%
Dividend Payment Dates	January, April, July, October
Ongoing Charges (OCF)	2.5%
Currency	GBP
Launch Date/Price	13 December 2010 / 100p
Remaining Lease Duration	1 year, 3 months
Incorporation	Guernsey
Aircraft Registration Number (Lease Expiry Date)	A6-EDC (16.12.2022)
Asset Manager	Doric GmbH
Corp & Shareholder Advisor	Nimrod Capital LLP
Administrator	JTC Fund Solutions (Guernsey) Ltd
Auditor	Grant Thornton
Market Makers	finnCap Ltd, Investec Bank Plc, Jefferies International Ltd, Numis Securities Ltd, Shore Capital Ltd, 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 30 November 2021 the latest practicable date prior to publication of this report, these Shares were trading at 28.0 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, UAE.

The operating lease is for an Airbus A380 aircraft. The term of the Lease is for 12 years ending December 2022 with reduced rental payments in the last two years and no extension option.

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

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.

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

If and when the Company is wound up (pursuant to a shareholder resolution, including the Liquidation Resolution) the Company intends to return to Shareholders the net capital proceeds upon the eventual sale of the Asset subject to compliance with the Articles and the applicable laws (including any applicable requirements of the solvency test contained therein).

Liquidation Resolution

Although the Company does not have a fixed life, the Articles require that the directors convene a general meeting of the Company six months before the end of the term of the Lease where an ordinary resolution will be proposed that the Company proceed to an orderly wind-up at the end of the term of the Lease and the directors will consider (and if necessary, propose to Shareholders) alternatives for the future of the Company, including re-leasing the Asset, or selling the Asset and reinvesting the capital received from the sale of the Asset in another aircraft.

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 equivalent 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 USD122 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 is 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. At 30 November 2021, the latest practical date prior to this report, the Company had outstanding debt associated with the Aircraft totalling USD 5.4 million (4.4% of the initial balance). At 30 November 2021 the share price was 28.0 pence, representing a market capitalisation of GBP11.9 million based on the 42,450,000 Shares in issue. The Company's lease expiry falls due in December 2022 and more detail on this event is provided below. 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 emergence of the Omicron variant in late November 2021 has significantly increased uncertainty over the path of recovery of global air passenger traffic in the next few months, according to an IATA report from early December, as it may result in countries reimposing more extensive travel restrictions again. Israel and Japan have become the first to shut their borders for foreign travellers.

There are currently 70 A380 aircraft in service globally of which 57 are being operated by Emirates. Emirates highlighted in late September that plans to restore 70% of its capacity by the end of 2021 are on track with the return to service of more than 50 A380 aircraft. Around the same time Emirates also embarked upon a worldwide campaign to recruit 3,000 cabin crew and 500 airport services employees to join its Dubai hub over the following six months. Pleasingly, several other A380 operators have stated plans to reintroduce the A380 to their fleets including British Airways, Singapore Airlines, Qatar Airways and Qantas Airways.

In its recent half-year results Emirates Airline reported that revenue rose by 86%, supported by increasing passenger demand and continuous strong cargo business. The airline reported EBITDA recovered to USD 1.4 billion but posted an overall loss of USD 1.6 billion. In the first half of 2021-22, the Government of Dubai injected a further USD 681 million into Emirates Group by way of an equity investment and they continue to support the airline on its recovery path. The airline reported a cash position of USD 3.9 billion as at 30 September 2021. His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates noted "Our cargo transport and handling businesses continued to perform strongly, providing the bedrock upon which we were able to quickly reinstate passenger services.

While there's still some way to go before we restore our operations to pre-Pandemic levels and return to profitability, we are well on the recovery path with healthy revenue and a solid cash balance at the end of our first half of 2021-22."

Whilst Emirates do not have a formal credit rating, they have previously issued unsecured USD bonds with maturities in 2023, 2025 and 2028. At the time of writing these instruments are trading at approximately 101, 102.7 and 103 cents respectively, equivalent to USD running yields in the range of roughly 3.8% to 4.4%. Further details on Emirates and the A380 can be found in the Asset Manager's report by Doric.

There have been no material developments regarding the remarketing of the Asset since my commentary included in the annual report. The Company's Lease with Emirates expires on 16 December 2022, approximately 12 months from now. The Lease provided Emirates with an option to purchase the Aircraft at an average appraised valuation. The option lapsed on 16 May 2021. Following this the Company's Asset Manager, Doric, in its role as remarketing agent has continued to pursue its efforts to remarket MSN 016 for sale or lease, which may include a lease prolongation with, or sale to, Emirates at any time before the Lease expires. As the Board obtains a clearer view of the possible outcome(s) nearer the lease expiry we will communicate with the Company's Shareholders. Given the current situation whereby many airlines, including Emirates, remain uncertain about future fleet planning, the Board does not anticipate further news in the very near term.

Although the Company does not have a fixed life, the Articles required that the directors convene a general meeting six months before the end of the term of the Lease (therefore in June 2022) where an ordinary resolution will be proposed that the Company proceed to an orderly wind-up at the end of the term of the Lease. The directors will consider (and if necessary, propose to Shareholders) alternatives for the future of the Company depending on the eventual outcome(s) as we approach lease end.

Doric continues to monitor the Lease and is in frequent contact with the Lessee and reports regularly to the Board. Nimrod continues to liaise with Shareholders on behalf of the Board and has provided valuable feedback on the views of Shareholders in the current climate.

Shareholders should note that although the underlying cash flows received and paid during the Period have been received and paid as anticipated and in accordance with contractual obligations; it may not be obvious from the accounts that this is so because of the application of the accounting treatments for foreign exchange, rental income and finance costs mandated by IFRS.

For instance, the entirety of the rental income that is receivable under a 12-year lease is credited evenly over each of the 144 months of the lease. However, the actual rental income is not received in this uniform pattern, although it does closely match the similarly uneven pattern of debt servicing and other payments. The mismatch in timing between the receipt and recognition of rental income results in large deferred income or accrued income balances in the balance sheet.

Similarly, the relevant accounting standards require that transactions denominated in currencies other than the presentation currency (including, most importantly, the cost of the Aircraft) are translated into the presentation currency at the exchange rate ruling at the date of the transaction whilst monetary items (including also very significantly, the outstanding borrowings and deferred income creditor) are translated at the rate prevailing on the reporting date. The result is that the figures sometimes show large mismatches which are reported as unrealised foreign exchange differences - although the distortive effect becomes less pronounced over time as debt is paid down.

On an on-going basis and assuming the lease rental is received, and the loan payments are made as anticipated, such exchange differences do not reflect the commercial substance of the situation in the sense that the key transactions denominated in USD are in fact closely matched. Rental income received in USD is used to make loan repayments due which are likewise denominated in USD. Furthermore, the USD lease rentals and loan repayments are fixed at the inception of the Lease and are very similar in amount and timing.

The Board encourages Shareholders to read the Company's quarterly fact sheets which we believe provide a great deal of interesting information. We hope these regular reports, in addition to the communication you receive from Nimrod, are useful and informative.

The directors welcome Shareholder engagement and feedback and encourage you to contact Nimrod to request a meeting or to relay any feedback.

Finally, on behalf of the Board, I would like to thank our service providers for all their help and, most importantly, all Shareholders for their continuing support of the Company during these difficult times. I look forward to keeping all Shareholders up to date with further progress.

Charles Wilkinson
Chair
16 December 2021

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 2021 unless otherwise noted.

COVID-19

The Pandemic continues to impact private and economic life worldwide. The consequences of COVID-19 are far reaching and changing at a significant pace. The impact of this Pandemic on the aviation sector has been significant with a large part of the global passenger aircraft fleet grounded. This Asset Manager's report is exclusively based on known facts at the time of writing and does not seek to draw on any speculation about any possible future, long-term impacts of the Pandemic on the aviation sector or the Company specifically and should be read in such context.

1. The Doric Nimrod Air One Airbus A380

The Airbus A380 is registered in the UAE under the registration mark A6-EDC. Due to the effects of COVID-19, the Aircraft has been stored since March 2020, currently at DWC.

For the period from original delivery of the aircraft to Emirates in November 2008 until the end of September 2021, a total of 5,995 flight cycles were logged. Total flight hours were 48,721. This equates to an average flight duration of around eight hours and ten minutes.

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 owned by the Company 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. The Aircraft of the Company is in deep storage condition at this time and could be reactivated after the performance of the required maintenance work.

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

Inspections
Doric, the Asset Manager, conducted a physical inspection and a records audit of the aircraft with MSN 016 in May 2021. Due to the storage of the Aircraft and the protective measures associated with, the inspection of the Aircraft was limited to viewing from the outside of the Aircraft 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 the moment of the audit.

Lease Expiry

The Lease with Emirates expires on 16 December 2022. Under the terms of the Lease the Lessee had an option to purchase the Aircraft however, Emirates allowed this option to lapse and the Company's remarketing agent, Doric, continues with its efforts to remarket MSN 016 for sale or lease. Whilst the current Lease does not include an extension option beyond its 12-year term, both parties could agree on a Lease prolongation or a purchase of the Aircraft at any time before the Lease expires. For high-level considerations and possibilities surrounding the end of the Lease and implications of the various potential outcomes for the Shareholders of the Company, please refer to the Chair's Statement in the Company's 2020/21 Audited Annual Financial Report.

2. Market Overview

The impact of COVID-19 on the global economy has been severe, resulting in an estimated contraction in global GDP of 3.5% for 2020, according to the World Bank's latest revision. This is expected to be followed by a recovery in growth of between 5.6% and 6.0% in 2021. In its latest economic impact analysis from September 2021, the ICAO estimates that the full year 2021 could experience an overall reduction in seats offered by airlines of 39% to 40% compared with pre-crisis 2019 levels. However, the actual impact of COVID-19 on the airline industry will depend on several factors, including the duration and magnitude of the outbreak and containment measures, the degree of consumer confidence in air travel as well as general economic conditions.

The IATA anticipates an airline industry-wide net loss of USD 51.8 billion in 2021, after approximately USD 138 billion in the previous year, according to its latest estimates from October 2021.

The rebound in global air passenger traffic has continued through August 2021, supported by vaccine rollouts and a willingness to travel during the northern hemisphere summer.

In August 2021, industry-wide RPKs fell by 56% compared to pre-crisis 2019 levels, while industry-wide capacity, measured in ASKs, contracted by 46.2% compared to pre-crisis 2019 levels. This resulted in the PLF falling by 15.6 percentage points to 70%. In comparison to the year prior, RPKs were up 72.9%, ASKs were up 46.9%, and the PLF increased by 10.5 percentage points during the month of August 2021.

Due to their reliance on international long-haul routes, Middle Eastern carriers like Emirates continue to experience greater declines than other regions compared to pre-crisis levels. However, IATA points out that there was a broad-based improvement in international markets in August due to growing vaccination rates and less stringent international travel restrictions in some regions. RPKs fell 68% in August 2021 compared to pre-crisis 2019 levels. Capacity also fell by 53% during that period. The result was a 26 percentage points decrease in PLF to 56%. However, in comparison to the lowest point of the crisis a year prior, RPKs were up 229%, ASKs were up 123%, and the PLF increased by 18 percentage points in August 2021.

While IATA notes that the spread of the Delta variant globally did not have a strong impact on international RPKs in August, other macroeconomic factors could impact the speed of the recovery in air travel. IATA states that economic concerns, such as supply chain congestion, labour shortages, a slowdown in Chinese growth as well as inflation, could lead to reduced economic activity in the coming months.

In September 2021 the Biden Administration announced that travellers from 33 countries would be allowed to enter the US again from early November, if fully vaccinated and with a negative COVID-19 test result. The list of countries included the UK, Ireland, the Schengen Area, Brazil, South Africa, India, and China. IATA sees "a major step forward" in this announcement and expects support for the economic recovery, according to Willie Walsh, IATA's Director General.

The emergence of the Omicron variant in late November 2021 has significantly increased uncertainty over the path of recovery of global air passenger traffic in the next few months, according to an IATA report from early December, as it may result in countries reimposing more extensive travel restrictions again. Israel and Japan have become the first to shut their borders for foreign travellers.

Source: IATA, ICAO

3. Lessee – Emirates

Network

Emirates' recovery efforts continued through the third quarter of 2021, coinciding with the easing of entry requirements for travellers into the UAE. At the same time, other countries, such as the UK, have also been relaxing their own restrictions on travellers from the UAE, allowing for a general easing of restrictions for Emirates' passengers. As a result of such changes, Emirates has been actively scaling up its operations in key passenger markets. The carrier now intends to operate 73 weekly flights to the UK by mid-October and has also begun to restore routes to Saudi Arabia and Russia. From December, Emirates will restart flights to LGW with a daily Boeing 777 service, increasing the number of weekly flights to the UK to 84 by the end of December. Adnan Kazim, Emirates' Chief Commercial Officer, observed a surge in demand after the UK simplified travel and is prepared to accept international vaccination certificates from 55 countries starting on 4 October.

Emirates has further expanded its network in South Africa through new codeshare and interline agreements with Airlink and CemAir as well as in Brazil through a codeshare agreement with Azul.

On the day of the Biden Administration's decision to lift travel restrictions to the US from November 2021, Emirates announced plans to increase frequencies to six of its current 12 US destinations starting from October. This will result in 78 weekly flights. By early December Emirates expects to have restored 90% of its pre-COVID flight frequencies to the US.

Fleet

Throughout the crisis, Emirates' operations largely focused on the utilisation of its fleet to meet the global demand for cargo services. As travel restrictions have continued to ease, Emirates has been redeploying its Boeing 777-300ER and Airbus A380 aircraft on newly resumed passenger services as well as up-gauging existing passenger routes. A380s already returned to service are primarily of recent vintage as younger aircraft usually benefit from more comprehensive warranty packages, which dwindle the older an aircraft gets. Warranties can help an operator to reduce its maintenance costs.

The carrier has resumed passenger services to over 120 destinations, recovering approximately 90% of its pre-Pandemic network.

The number of pre-Pandemic A380 destinations is expected to increase from 16 at present to 27 by the end of November, including Amsterdam, Barcelona, Dusseldorf, Hamburg, Johannesburg, Madrid, Milan, Riyadh (subject to government approvals), Sao Paulo, and Zurich. In addition, Emirates will add Istanbul as an A380 destination for the first time, with services starting from 1 October. Recently restored or up-gauged passenger A380 destinations include Jeddah, London Heathrow, New York JFK, and Manchester.

By the end of the calendar year, the airline expects that more than 50 A380 aircraft will have returned to service, which – together with its active Boeing 777-300ER fleet – will amount to 70% of its pre-Pandemic capacity.

The table below details the passenger aircraft fleet activity as of 30 September 2021:

Passenger Aircraft Fleet Activity		
Aircraft Type	**Grounded**	**In Service**
A380	80	39
777	1	117
Total	**81**	**156**
%	**34%**	**66%**

Source: Cirium as of 30 September 2021

After reaching an agreement with Airbus, Emirates now intends to take delivery of its final Airbus A380 in November 2021, seven months ahead of the originally planned delivery date in June 2022. In total, the carrier will have taken delivery of three new A380s this year, which will bring the fleet to 118 of the type. The three new A380s will also be equipped with Emirates' new premium-economy seats in a four-class cabin configuration, giving the carrier a total of six A380s featuring premium-economy seats. Emirates' President Sir Tim Clark added: "Emirates will continue to be the largest operator of this spacious and modern aircraft for the next two decades, and we're committed to ensuring that the Emirates A380 experience remains a customer favourite with ongoing investments to enhance our product and services."

Key Financials

In the first half of the financial year ending 31 March 2022, Emirates recorded a net loss of AED 5.8 billion (USD 1.6 billion) compared to AED 12.6 billion (USD 3.4 billion) loss for the same period in the previous year. However, revenues increased 86% to AED 21.7 billion (USD 5.9 billion), with the increasing passenger demand and strong cargo demand aiding the recovery.

During the first half of the 2021/22 financial year, Emirates carried 6.1 million passengers up 319% from the same period last year. As more countries eased travel and flight restrictions, Emirates increased capacity by 250% and its passenger traffic increased 335%. This resulted in the average passenger seat load factor recovering to 47.9% (compared with last year's Pandemic figure of 38.6%).

Given the substantial increase in flight operations during the six-month period up to end of September 2021, Emirates' operating costs increased by 22% against an overall capacity growth of 66%. The carrier's fuel costs more than doubled compared to the same period last year, primarily due to an 81% higher fuel uplift in line with increasing flight operations as well as an increase in average oil prices. Fuel, which had been the largest component of the Emirates' operating cost prior to the Pandemic, accounted for 20% of operating costs compared to only 11% in the same period last year.

The recovery in Emirates' operations during the first six months of the 2021/22 financial year led to an improved EBITDA of AED 5.0 billion (USD 1.4 billion) compared to AED 290 million (USD 79 million) for the same period last year.

Demand for air freight also remained strong. The volume of cargo uplifted between April and September 2021 increased by 39% to 1.1 million tonnes, restoring Emirates' cargo operation to 90% of its pre-Pandemic (2019) levels by volume handle.

As of 30 September 2021, Emirates' total liabilities decreased by 2.2% to AED 128.7 billion (USD 35.1 billion USD) compared to the end of the previous financial year. Total equity decreased by 14.7% to AED 17.2 billion (USD 4.7 billion). Emirates' equity ratio stood at 11.8% and its cash position amounted to AED 14.2 billion (USD 3.9 billion) at the end of September 2021.

In comparison, the carrier had AED 15.1 billion (USD 4.1 billion) in cash assets at the end of the 2020/21 financial year. The cash flow from operating activities remained positive at AED 6.9 billion (USD 1.9 billion).

In the first half of the 2021/22 financial year, the carrier’s ultimate shareholder, the Government of Dubai, injected a further AED 2.5 billion (USD 681 million) into the Emirates Group by way of an equity investment, demonstrating continued support for the airline on its recovery path. On the ongoing performance of Emirates in light of the global Pandemic, HH Sheikh Ahmed bin Saeed Al Maktoum, chairman and chief executive of Emirates, stated: “Our cargo transport and handling businesses continued to perform strongly, providing the bedrock upon which we were able to quickly reinstate passenger services. While there’s still some way to go before we restore our operations to pre-Pandemic levels and return to profitability, we are well on the recovery path with healthy revenue and a solid cash balance at the end of our first half of 2021-22.”

In mid-September 2021 the airline announced its intention to hire 3,000 flight attendants and 500 services personnel for its DXB operations over the next six months. After Emirates had reduced its workforce by about 15% of its pre-Pandemic level in an attempt to reduce the cost base during the Pandemic, additional staff are needed to support the ramp-up of its operations.

As at the end of September 2021, Emirates has outstanding USD debt issuances with maturities in 2023, 2025, and 2028. These respective bonds were all trading at above par (100 cents) and with running yields ranging from approximately 3.9% to 4.4% in USD. 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 latest annual financial report, the auditor PricewaterhouseCoopers issued an unqualified audit report and the airline stated it “remains confident to meet our financial commitments as they fall due in the coming year and beyond through proactive working capital management and utilisation of available credit lines and facilities”.

In early November 2021 Emirates’ President Sir Tim Clark shared the news that the airline had just returned to profit and also achieved a cash surplus. With about 60,000 to 70,000 daily passengers the airline still has some way to go before reaching its pre-Pandemic level of 170,000 passengers. However, higher yields with its passenger and cargo operations allowed for the turnaround. During the Pandemic Emirates was also able to double its cargo operations, benefiting from a surge in demand for air cargo transport.

Source: Airline Ratings, Bloomberg, Cirium, Emirates, Khaleej Times, Simple Flying

4. Aircraft – A380

As of the end of September 2021, the global A380 fleet consisted of 240 planes with airline operators. Only 47 of these aircraft were in service. The remainder of the fleet is currently parked due to COVID-19. The fifteen operators are Emirates (119), Singapore Airlines (19), Deutsche Lufthansa (14), Qantas (12), 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 (5), and All Nippon Airways (3). Another three aircraft are on order.

In April 2021, Etihad chief executive Tony Douglas disclosed that the carrier has decided to ground its 10 Airbus A380 “indefinitely” as it remodels its fleet around the Boeing 787 and the Airbus A350. He added that the A380 is "a wonderful product… but they are no longer commercially sustainable. So, we have taken the difficult decision to park those machines up indefinitely”. As a part of its streamlining process, the carrier has also already removed its Airbus A330 aircraft from service and intends to remove its Boeing 777-300ER aircraft from service by the end of the year.

Also in April, British Airways chief executive Sean Doyle stated that the Airbus A380 will continue to play a role in the carrier’s fleet strategy, following the retirement of British Airways’ Boeing 747 aircraft in 2020, which represented a large portion of its pre-COVID capacity. The A380 will serve to offer flexibility on a range of routes, especially to the USA and Asia, while also maximising efficiency at carrier’s slot-constrained London Heathrow base, according to Doyle.

In May 2021, MAG, Malaysia Airlines' parent company, announced its intention to retire its Airbus A380 fleet "in the coming months".

The retirement of the A380 is a part of MAG's larger reorganisation plan, known as "Long-Term Business Plan 2.0". Under the plan, MAG's pilgrimage-focused subsidiary Amal will cease flying A380s and will instead operate A330-200 aircraft.

In August 2021, Qantas announced plans to return five Airbus A380s to service in the second half of 2022, a year ahead of schedule. The aircraft are scheduled to operate between Sydney and Los Angeles from July 2022 as well as between Sydney and London (via Singapore) from November 2022.

Qantas CEO Alan Joyce stated that the carrier could return five additional A380s to service by early 2024, depending on the market recovery, but its remaining two A380s will be retired "because they will be surplus to requirements".

In September 2021, Lufthansa's final Airbus A380 arrived in Teruel, Spain for storage. The German airline group previously confirmed that its 14 A380s will not be returning to service as it intends to use the Pandemic as an opportunity to implement a major reorganisation of its long-haul fleet.

SIA has repatriated three of its A380s from storage in Alice Springs, Australia in order to conduct scheduled maintenance. The carrier stated: "This movement is part of the ongoing management of our fleet, ensuring we remain nimble, flexible, and prepared to deploy capacity to markets as the demand warrants." After a Pandemic-related grounding of its entire A380 fleet for about 20 months, the carrier wants to return the superjumbo to the skies and intends to operate daily A380 flights between Singapore and London from 18 November 2021. To get the crews certified for the A380 once again, SIA has scheduled daily flights between Singapore and Kuala Lumpur for a period of one month, starting in early November. The flight time between these two destinations is only about 30 minutes.

In late September 2021, Qatar announced that at least five of its ten Airbus A380s will resume service from November this year in order to address the increasing demand for flights while 13 of the carrier's Airbus A350 jets remain grounded over claims of fuselage degradation. Early in the Pandemic, the airline had withdrawn all of its A380s from service, declared a permanent retirement for five of them and later admitted that they never wanted to fly any of its A380s again. However, given the latest capacity squeeze Qatar's CEO Akbar Al Baker didn't want to rule out that all ten A380s could be reactivated, as the shortfall in A350 capacity is leaving the carrier roughly 4,000 seats short of its required passenger capacity.

In October 2021, BA announced it will return some of its A380s to service before the end of this year. UK's flag carrier plans to re-familiarise its crews on short-haul European connections, before operating the superjumbos on routes to Los Angeles, Miami, and Dubai in December. This move is an acceleration of the airline's previous plans to reintroduce the A380 in March 2022. Recently BA extended its maintenance contract for all 12 of its A380s with Lufthansa Technik until at least August 2027.

Source: AeroTime, Cirium, Executive Traveller, One Mile at a Time, Simple Flying

DIRECTORS

As at 30 September 2021 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 Audit 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 Audit 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.

Suzanne Elaine Procter – SID

Suzanne Procter brings over 38 years' experience in financial markets, with specific expertise in asset management. She was previously a non-executive director of TR Property Investment Trust plc, an investment company listed on the FTSE 250 index. Her executive roles included Partner and member of the Executive Management Committee at Cantillon Capital Management LLC, Managing Director of Lazard Asset Management, Head of Institutional Sales at INVESCO Asset Management, Director and Head of Fixed Income Business at Pictet International Management Ltd and Head of Fixed Income at Midland Montagu Asset Management.

Suzanne is also the SID of Doric Nimrod Air Two Limited and Doric Nimrod Air Three Limited. She is resident in the United Kingdom.

Andreas Josef Tautscher

Andreas Tautscher brings over 31 years' financial services experience. He serves as a non-executive director and member of the Audit Committee of MJ Hudson PLC, a Jersey based holding company whose shares are traded on the AIM Market of the London Stock Exchange. He is also a director of Arolla Partners Limited, 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 Chair of the Audit Committee of Doric Nimrod Air Two 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 24 to 45 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 remaining six months of the financial year are unchanged from those disclosed in the Company's Annual Financial Report for the year ended 31 March 2021.

Going Concern
The Company's principal activities are set out within the Company Overview on page 6. The financial position of the Company is set out on page 21. In addition, note 19 to the Financial Statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

The directors in consultation with the Asset Manager are monitoring the continuous effect of the Pandemic generally on the aviation industry and specifically on the Company's aircraft value and the financial wellbeing of its Lessee both now and in the future. The Pandemic continues to have a pervasive impact on the global economy and it remains possible that the Company's future performance could be impacted in this prolonged period of uncertainty. In many jurisdictions restrictions on the ability of people to travel still adversely affect the airline sector, and by extension the aircraft leasing sector. The risk therefore remains that some airlines may not be able to pay rent as it falls due. The impact of the Pandemic on the aviation industry has been significant, with a large part of the global passenger aircraft fleet temporarily grounded. These factors, together with wider economic uncertainty and disruption, have had an adverse impact on the future value of the Aircraft owned by the Company, and could also negatively impact the sale, re-lease or other disposition of the Aircraft.

Given the prolonged impact of the Pandemic, increased lessee counterparty credit risk remains in existence and there could be requests for lease rental deferrals. Reduced rents receivable under the Lease may not be sufficient to meet the fixed loan interest and regular repayments of debt scheduled during the life of the Loan and may not provide surplus income to pay for the Company's expenses and permit the declaration of dividends.

The option to remarket the Aircraft following a potential event of default by the Lessee has not been taken into account. The period of time necessary to successfully complete such a process is beyond the twelve months forecasting horizon of the going concern considerations. This applies in particular in times of COVID-19, as various restrictions are still in place to contain the Pandemic.

Based on current information the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, although the risk to this is clearly higher compared to a pre-COVID-19 environment.

The directors have considered Emirates' ability to continue paying the lease rentals over the next 12 months and are satisfied that the Company can meet its liabilities as they fall due over this period. In forming this conclusion, the directors considered the following evidence.

- Emirates continues to be a going concern as at the date of the Lessee's latest signed annual financial report for the financial year ended on March 31, 2021.
- Challenged by an unprecedented drop in passenger air travel during 2020, the Lessee reacted quickly and temporarily adjusted its business model with a particular focus on air cargo services. The high Pandemic-driven demand in this space helped the Lessee to offset some of its losses in the passenger segment.
- Although Emirates concluded its last financial year with the first net loss in more than 30 years and refunded already paid tickets in the amount of USD 2.3 billion, it still has a substantial cash position, which also benefited from the support of its ultimate shareholder.
- Emirates confirmed to have access to the capital markets and was able already able to secure committed offers for the financing of two upcoming aircraft deliveries.
- The ultimate shareholder of Emirates Airline has injected another AED 2.5 billion (USD 681 million) into Emirates Airline, during the Period. Together with the USD 3.1 billion already contributed during the previous financial year, this adds up to approximately USD 3.8 billion in total.
- Emirates' listed debt and CDS are trading at non-distressed levels, indicating the trust capital markets have in Emirates.
- As of the date of the half-yearly financial report, the Board is not aware of a formal request to the Group for a lease payment deferral or any other efforts that would result in the restructuring of the existing transaction.
- Emirates has paid all the lease rentals to the Group in a timely manner.
- If end of lease negotiations with Emirates have not been concluded by the end of the terms of each current Lease, the lease rentals due under the existing agreements must continue to be paid.

The directors consider that the going concern basis of accounting remains appropriate however note a material uncertainty below.

Although the Company does not have a fixed life, the Articles require that the directors convene a general meeting of the Company six months before the end of the term of the Lease where an ordinary resolution will be proposed that the Company proceed to an orderly wind-up at the end of the term of the Lease (the "Liquidation Resolution") and the directors will consider (and if necessary, propose to Shareholders) alternatives for the future of the Company, including re-leasing the Asset, or selling the Asset and reinvesting the capital received from the sale of the Asset in another aircraft.

The outcome of the Liquidation Resolution (which is due to take place in June 2022) will be known within 12 months of the date the Board approves the Annual Financial Report for the year ended 31 March 2022, This is six months before the end of the lease term in December 2022 and as a result creates a material uncertainty over the Company's ability to continue as a going concern. Such a determination would mean that the Company, though solvent and able as before to meet its liabilities as they fall due, would no longer meet the definition of a going concern i.e. an entity which will continue its operations for the foreseeable future. As a result of their review, the directors of the Company have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due until the termination date of the Lease in 2022.

Responsibility Statement

The directors jointly and severally confirm that to the best of their knowledge:

(a) the financial statements, prepared in accordance with International IFRS give a fair, balanced and understandable view of the assets, liabilities, financial position and profits of the Company and performance of the Company; and

(b) this Interim Management Report includes or incorporates by reference:

i. an indication of important events that have occurred during the Period, and their impact on the financial statements;

ii. a description of the principal risks and uncertainties for the remaining six months of the financial year; and

iii. confirmation that there were no related party transactions in the Period that have materially affected the financial position or the performance of the Company during that Period.

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

Charles Wilkinson **Chair**	**Geoffrey Hall** **Director**

16 December 2021

STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 April 2021 to 30 September 2021

	Notes	1 Apr 2021 to 30 Sep 2021 GBP	1 Apr 2020 to 30 Sep 2020 GBP
INCOME			
A rent income	4	4,945,732	5,354,671
B rent income	4	2,260,370	2,260,370
		7,206,102	7,615,041
EXPENSES			
Operating expenses	5	(437,782)	(326,080)
Depreciation of Asset	10	(3,082,335)	(3,937,984)
		(3,520,117)	(4,264,064)
Net profit for the period before finance costs and foreign exchange gains		3,685,985	3,350,977
Finance costs	11	(169,659)	(406,633)
Net profit for the period after finance costs before foreign exchange gains		3,516.326	2,944,344
Unrealised foreign exchange (losses)/gains	7	(267,467)	1,021,077
Profit for the Period		3,248,859	3,965,421
Other Comprehensive Income		-	-
Total Comprehensive Income for the Period		3,248,859	3,965,421
		Pence	**Pence**
Earnings per Share for the Period - Basic and Diluted	9	7.65	6.24

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

The notes on pages 24 to 45 form an integral part of these Financial Statements.

DORIC NIMROD AIR ONE LIMITED

STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

	Notes	30 Sep 2021 GBP	31 Mar 2021 GBP
NON-CURRENT ASSETS			
Aircraft	10	38,523,626	41,605,961
CURRENT ASSETS			
Accrued income		-	471,201
Cash and cash equivalents	17	2,797,931	2,092,159
Receivables	13	76,813	114,362
		2,874,744	2,677,722
TOTAL ASSETS		41,398,370	44,283,683
CURRENT LIABILITIES			
Borrowings	15	3,203,885	3,046,374
Deferred income		6,246,622	6,077,975
Payables - due within one year	14	77,133	53,405
		9,527,640	9,177,754
NON-CURRENT LIABILITIES			
Borrowings	15	756,178	2,294,683
Deferred income		2,095,616	5,130,919
		2,851,794	7,425,602
TOTAL LIABILITIES		12,379,434	16,603,356
TOTAL NET ASSETS		29,018,936	27,680,327
EQUITY			
Share capital	16	39,016,728	39,016,728
Retained loss		(9,997,792)	(11,336,401)
		29,018,936	27,680,327
		Pence	**Pence**
Net asset value per Share based on 42,450,000 (Mar 2020: 42,450,000) shares in issue		68.36	65.21

The Financial Statements were approved by the Board of Directors and authorised for issue on 16 December 2021 and are signed on its behalf by:

Charles Wilkinson
Chair

Geoffrey Hall
Director

The notes on pages 24 to 45 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS
For the period from 1 April 2021 to 30 September 2021

	Notes	1 Apr 2021 to 30 Sep 2021 GBP	1 Apr 2020 to 30 Sep 2020 GBP
OPERATING ACTIVITIES			
Profit for the Period		3,248,859	3,965,421
Movement in accrued and deferred income		(2,612,567)	552,745
Depreciation of Asset	10	3,082,331	3,937,984
Loan interest payable	11	139,299	376,273
Increase/(decrease) in payables		23,729	(1,786)
Increase in receivables		37,549	10,490
Amortisation of debt arrangement costs	11	30,360	30,360
Foreign exchange movement	7	267,467	(1,021,077)
NET CASH FROM OPERATING ACTIVITIES		4,217,027	7,850,410
FINANCING ACTIVITIES			
Dividends paid	8	(1,910,250)	(1,910,250)
Repayments of capital on borrowings	20	(1,490,178)	(5,641,918)
Repayments of interest on borrowings	20	(136,945)	(372,790)
NET CASH USED IN FINANCING ACTIVITIES		(3,537,373)	(7,924,958)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		2,092,159	3,770,813
Increase/(decrease) in cash and cash equivalents		679,654	(74,548)
Effects of foreign exchange rates	7	26,118	(120,216)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17	2,797,931	3,576,049

The notes on pages 24 to 45 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY
For the period from 1 April 2021 to 30 September 2021

	Notes	Share Capital GBP	Retained Loss GBP	Total GBP
Balance as at 1 April 2021		39,016,728	(11,336,401)	27,680,327
Total Comprehensive Income for the Period		-	3,248,859	3,248,859
Dividends paid	8	-	(1,910,250)	(1,910,250)
Balance as at 30 September 2021		39,016,728	(9,997,792)	29,018,936

	Notes	Share Capital GBP	Retained Loss GBP	Total GBP
Balance as at 1 April 2020		39,016,728	(7,216,593)	31,800,135
Total Comprehensive Income for the Period		-	3,965,421	3,965,421
Dividends paid	8	-	(1,910,250)	(1,910,250)
Balance as at 30 September 2020		39,016,728	(5,161,422)	33,855,306

The notes on pages 24 to 45 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 April 2021 to 30 September 2021

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 46.

Its share capital consists of Shares and Administrative Shares. The Company's Shares have been admitted to trading on the SFS of the LSE 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 on pages 8 and 17 to 19.

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 the International Accounting Standard 34 Interim Financial Reporting as adopted by the EU and applicable Guernsey law. The Financial Statements have been prepared on a historical cost basis.

This report is to be read in conjunction with the Annual Financial Report for the year ended 31 March 2021 which is prepared in accordance with IFRS as adopted by the EU and any public announcements made by the Company during the interim reporting Period.

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

(b) Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current period

The following Standard and Interpretation issued by the IASB and IFRIC has been adopted in the current Period. The adoption has not had any impact on the amounts reported in these financial statements and is not expected to have any impact on future financial periods:

- IFRS 16 – COVID-19 related rent concessions. As a result of the coronavirus (COVID-19) Pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The standard is not expected to have a material impact on the financial statements or performance of the Group as it is applicable to lessees. The effective date is for annual periods beginning on or after June 2020. The standard has not had a material impact on the financial statements or performance of the Company.

2 ACCOUNTING POLICIES (continued)

(b) Adoption of new and revised Standards (continued)

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. The effective date is for annual periods beginning on or after 1 January 2023. The standard is not expected to have a material impact on the financial statements or performance of the Company and is not endorsed by the EU.

(c) Taxation

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

(d) Share Capital

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

(e) Expenses

All expenses are accounted for on an accruals basis.

(f) Interest Income

Interest income is accounted for on an accruals basis.

(g) 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.

(h) 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.

(i) 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 Asset or the Aircraft.

2 ACCOUNTING POLICIES (continued)

(j) Going Concern

The directors have prepared these half yearly financial statements for the period ended 30 September 2021 on the going concern basis.

The directors in consultation with the Asset Manager are monitoring the continuous effect of the Pandemic generally on the aviation industry and specifically on the Company's aircraft value and the financial wellbeing of its Lessee both now and in the future. The Pandemic continues to have a pervasive impact on the global economy, and it remains possible that the Company's future performance could be impacted in this prolonged period of uncertainty. In many jurisdictions restrictions on the ability of people to travel still adversely affect the airline sector, and by extension the aircraft leasing sector. The risk therefore remains that some airlines may not be able to pay rent as it falls due. The impact of the Pandemic on the aviation industry has been significant, with a large part of the global passenger aircraft fleet temporarily grounded. These factors, together with wider economic uncertainty and disruption, have had an adverse impact on the future value of the Aircraft owned by the Company, and could also negatively impact the sale, re-lease, refinancing or other disposition of the Aircraft.

Given the prolonged impact of the Pandemic, increased lessee counterparty credit risk remains in existence and there could be requests for lease rental deferrals. Reduced rents receivable under the Lease may not be sufficient to meet the fixed loan interest and regular repayments of debt scheduled during the life of the Loan and may not provide surplus income to pay for the Company's expenses and permit the declaration of dividends.

The option to remarket the Aircraft following a potential event of default by the lessee has not been taken into account. The period of time necessary to successfully complete such a process is beyond the twelve months forecasting horizon of the going concern considerations. This applies in particular in times of COVID-19, as various restrictions are still in place to contain the Pandemic.

Based on current information the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, although the risk to this is clearly higher compared to a pre-COVID-19 environment.

The Board will continue to actively monitor the financial impact on the Company from the evolving position with its aircraft lessee and lender whilst bearing in mind its fiduciary obligations and the requirements of Guernsey law which determine the ability of the Company to make dividends and other distributions.

Note 15 ('Borrowings') describes the borrowings obtained by the Company to part-finance the acquisition of its Aircraft. The Company has obligations under the loans to make scheduled repayments of principal and interest, which are serviced by the receipt of lease payments from Emirates.

The Company's Aircraft with a carrying value of £38,523,626 is pledged as security for the Company's borrowings (see note 15).

2 ACCOUNTING POLICIES (continued)

(j) Going Concern (continued)

The directors, with the support of its Asset Manager, believe that it is reasonable to assume as of date of approval of half-yearly financial statements that Emirates will continue with the contracted lease rental payments due to the following:

- Emirates continues to be a going concern as at the date of the Lessee's latest signed annual financial report for the financial year ended on March 31, 2021.
- Challenged by an unprecedented drop in passenger air travel during 2020, the Lessee reacted quickly and temporarily adjusted its business model with a particular focus on air cargo services. The high Pandemic-driven demand in this space helped the Lessee to offset losses in the passenger segment.
- Although Emirates concluded its last financial year with the first net loss in more than 30 years and refunded already paid tickets in the amount of USD 2.3 billion, it still has a substantial cash position, which also benefited from the support of its ultimate shareholder.
- Emirates confirmed to have access to the capital markets and was already able to secure committed offers for the financing of two upcoming aircraft deliveries.
- The ultimate shareholder of Emirates Airline has injected another AED 2.5 billion (USD 681 million) into Emirates Airline, during the Period. Together with the USD 3.1 billion already contributed during the previous financial year, this adds up to approximately USD 3.8 billion in total.
- Emirates' listed debt and CDS are trading at non-distressed levels.
- As of the date of the half-yearly financial report, the Board is not aware of a formal request to the Company for a lease deferral or any other efforts that would result in the restructuring of the existing transaction
- Emirates has paid all the lease rentals to the Company in a timely manner.
- If end of lease negotiations with Emirates have not been concluded by the end of the terms of the current lease, the lease rentals due under the existing agreement must continue to be paid.

The directors have considered Emirates' ability to continue paying the lease rentals over the next 12 months and are satisfied that the Company can meet its liabilities as they fall due over this period. Refer to note 12 for expiry dates of the leases.

Although the Company does not have a fixed life, the Articles require that the directors convene a general meeting of the Company six months before the end of the term of the Lease where an ordinary resolution will be proposed that the Company proceed to an orderly wind-up at the end of the term of the Lease (the "Liquidation Resolution") and the directors will consider (and if necessary, propose to Shareholders) alternatives for the future of the Company, including re-leasing the Asset, or selling the Asset and reinvesting the capital received from the sale of the Asset in another aircraft.

The outcome of the Liquidation Resolution (which is due to take place in June 2022) will be known within 12 months of the date the Board approves the Annual Financial Report for the year ended 31 March 2022, This is six months before the end of the lease term in December 2022 and as a result creates a material uncertainty over the Company's ability to continue as a going concern. Such a determination would mean that the Company, though solvent and able as before to meet its liabilities as they fall due, would no longer meet the definition of a going concern i.e. an entity which will continue its operations for the foreseeable future.

2 ACCOUNTING POLICIES (continued)

(k) 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 recognized 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 recognized in profit or loss on a straight-line basis over the lease term.

(l) 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. Accumulated depreciation and any recognised impairment loss are deducted from cost to calculate the carrying amount of the Asset.

Depreciation is recognised so as to write off the cost of the Asset less the estimated residual value of £31.2 million (2020: £36.6 million) over the estimated useful life of the Asset of 12 years, using the straight line method. Residual values have been arrived at by taking the average amount of three independent external valuers and after taking into account disposition fees where applicable. During the annual financial report for the year ended 31 March 2021, it was determined that the use of soft values excluding inflation best approximates residual value as required by IAS 16.

The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed annually and is an estimate of the amount the Company 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 starts when the Asset is 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.

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

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

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

2 ACCOUNTING POLICIES (continued)

(m) Financial instruments

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are derecognised if the Company's obligations, specified in the contract, expire or are discharged or cancelled. 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.

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

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 and Useful Life of the Asset

As described in note 2 (l), 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 the 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. However, there is currently not sufficient data available for a comparable 12 year old A380 for the Directors to make a direct market comparison in making this estimation. During the annual financial report for the year ended 31 March 2020, it was determined that the use of soft values excluding inflation best approximates residual value as required by IAS 16 Property, Plant and Equipment.

In estimating residual value for the year, the directors refer to future soft values (excluding inflationary effects) for the Asset obtained from three independent expert aircraft valuers. Details of which have been disclosed in note 10.

The Company’s future performance can potentially be impacted should COVID-19 have a pervasive and prolonged impact on the aviation industry and on the business of its lessee and also affect the residual value of the Aircraft it owns. This together with the wider economic uncertainty and disruption, are likely to have an adverse impact on the future value of the aircraft asset owned by the Company, as well as on the sale, re-lease, or other disposition of the relevant aircraft. Therefore the estimation of residual value remains subject to material uncertainty.

If the estimate of uninflated residual value for use in calculating depreciation had been decreased by 30 per cent. (30 September 2020: 20 per cent.) with effect from the beginning of this Period, the depreciation charge for the Period would have increased by approximately £2.8 million (30 September 2020: £1.4 million).

An increase in residual value by 30 per cent. (30 September 2020: 20 per cent.) would have been an equal but opposite effect. This reflects the range of estimates of residual value that the directors believe would be reasonable at this time. The useful life of the Asset is based on the expected period for which the Company will own and lease the Aircraft. The Board of Directors expects that the Asset will have a working life in excess of this period.

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Impairment
As described in note 2 (l), 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 assets at each audited Statement of Financial Position date and monitor the assets for any indications of impairment as required by IAS 16 and IAS 36.

The Board together with the Asset Manager believed that it was prudent to conduct an impairment test as at the 31 March 2021 year end as the below items may result in pricing changes for the current portfolio of Aircraft:

- As further Airbus A380 aircraft reached the expiry of their first lease agreements further market data will be available to Doric and the appraiser community.
- The announcement to discontinue the A380 program in 2021 may impact prices in the secondary market.
- The impact of COVID-19 on the business of airlines and indirectly aircraft values, as well as on the credit risk profile of the Company's lessee could indicate the need for impairment.

Based on the impairment review performed, an impairment loss of £6,316,569 was recognised in the 31 March 2021 year, with the impairment test resulting in an updated carrying value of the Aircraft in total to ££41,605,961 at year end, as reflected in Note 10.

For the current period 1 April 2021 to 30 September 2021, 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 2021 period end was not practicable. The Company will again be carrying out a full and thorough appraisal of residual values come the next March financial year end.

<u>Judgements</u>

Operating Lease Commitments - Company as Lessor

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

The Company has determined that the operating lease on the Asset is for 12 years.

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.

This judgement is made on the basis that this is representative of the operations of the Company due to the following:

- the Company's Share Capital was issued in GBP;
- its dividends are paid to Shareholders in GBP, and that certain of the Company's significant operating expenses as well as portion of the Company's rental income are incurred/earned in GBP.

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

4 RENTAL INCOME

	1 Apr 2021 to 30 Sep 2021 GBP	1 Apr 2020 to 30 Sep 2020 GBP
A rent income	1,863,187	6,006,970
Revenue received but not yet earned	-	(652,299)
Revenue earned but not yet received	3,082,545	-
	4,945,732	5,354,671
B rent income	2,730,348	2,160,816
Revenue received but not yet earned	(469,978)	-
Revenue earned but not yet received	-	99,554
	2,260,370	2,260,370
Total rental income	7,206,102	7,615,041

Rental income is derived from the leasing of the Asset. Rent is split into A rent, which is received in US dollars 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.

An adjustment has been made to spread the actual total income receivable over the term of the Lease on an annual basis. In addition, advance rentals received have also been spread over the full term of the Leases.

5 OPERATING EXPENSES

	1 Apr 2021 to 30 Sep 2021 GBP	1 Apr 2020 to 30 Sep 2020 GBP
Corporate shareholder and advisor fee (note 22)	62,460	61,086
Asset management fee (note 22)	156,150	152,714
Liaison agency fees (note 22)	6,058	5,925
Administration fees	29,037	30,762
Accountancy fees (note 22)	5,811	5,692
Registrars fee (note 22)	4,830	5,362
Audit fee	16,525	11,426
Directors' remuneration (note 6)	34,000	34,000
Directors' and officers' insurance	103,615*	3,961
Legal and professional expenses	14,171	4,057
Annual fees	839	3,377
Marketing expenses (note 22)	-	1,615
Other operating expenses	4,286	6,103
	437,782	326,080

*Due to market conditions at renewal, the directors’ and officers’ insurance premium was subject to a large increase.

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, who receives £18,000 per annum. The rate of remuneration per director has remained unchanged.

7 UNREALISED FOREIGN EXCHANGE GAINS/(LOSSES)

	1 Apr 2021 to 30 Sep 2021 GBP	1 Apr 2020 to 30 Sep 2020 GBP
Cash at bank	26,113	(120,216)
Deferred income	(217,112)	599,581
Borrowings	(76,467)	541,712
	(267,467)	1,021,077

The foreign exchange loss in the Period reflects the 2.24 per cent. movement in the Sterling/US dollar exchange rate from 1.378 as at 31 March 2021 to 1.347 as at 30 September 2021.

8 DIVIDENDS IN RESPECT OF EQUITY SHARES

	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

	1 Apr 2020 to 30 Sep 2020	
	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 in October 2021.

9 EARNINGS PER SHARE

EPS is based on the net profit for the Period attributable to holders of Shares in the Company Shareholders of 3,248,859 (30 Sep 2020: net profit for the Period of £3,965,421) and 42,450,000 Shares (30 Sep 2020: 42,450,000) being the weighted average number of Shares in issue during the Period. There are no dilutive instruments and therefore basic and diluted EPS are identical.

10 PROPERTY, PLANT AND EQUIPMENT - AIRCRAFT

	Aircraft GBP
COST	
As at 1 Apr 2021	114,532,547
As at 30 Sep 2021	114,532,547
ACCUMULATED DEPRECIATION	
As at 1 Apr 2021	66,610,017
Depreciation charge for the period	3,082,335
As at 30 Sep 2021	69,692,352
ACCUMULATED IMPAIRMENT	
As at 1 Apr 2021	6,316,569
Impairment loss for the period	-
As at 30 Sep 2021	6,316,569
CARRYING AMOUNT	
As at 30 Sep 2021	38,523,626
As at 31 Mar 2021	41,605,961

The cost in US dollars and the exchange rates at acquisition for the Aircraft was as follows:

Cost in US dollars	178,549,805
GBP/US dollars exchange rate	1.5502

The Company used forecast soft values excluding inflation which best approximates residual value as required per IAS 16 (refer to note 3), translated into Sterling at the exchange rate prevailing at 31 March 2021.

The Company can sell the Asset during the term of the lease (with the lease attached and in accordance with the terms of the transfer provisions contained therein).

Under IFRS 16 the direct costs attributed in negotiating and arranging the lease have been added to the carrying amount of the Asset and are being 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 2021 year end.

11 FINANCE COSTS

	1 Apr 2021 to 30 Sep 2021 GBP	1 Apr 2020 to 30 Sep 2020 GBP
Amortisation of debt arrangement costs	30,360	30,360
Loan interest	139,299	376,273
	169,659	406,633

12 OPERATING LEASES

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

30 September 2021	Next 12 months GBP	1 to 5 years GBP	After 5 years GBP	Total GBP
Aircraft - A rent payments	3,860,905	-	-	3,860,905
Aircraft - B rent payments	5,460,696	-	-	5,460,696
	9,321,601	-	-	9,321,601

31 March 2021	Next 12 months GBP	1 to 5 years GBP	After 5 years GBP	Total GBP
Aircraft - A rent payments	3,774,348	1,887,174	-	5,661,522
Aircraft - B rent payments	5,460,696	2,730,348	-	8,191,044
	9,235,044	4,617,522	-	13,852,566

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 in the last two years and no extension option.

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

13 RECEIVABLES

	30 Sep 2021	31 Mar 2021
	GBP	GBP
Prepayments	76,802	114,351
Sundry debtors	11	11
	76,813	114,362

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

14 PAYABLES (amounts falling due within one year)

	30 Sep 2021	31 Mar 2021
	GBP	GBP
Accrued administration fees	34,848	5,805
Accrued audit fee	15,750	24,125
Other accrued expenses	26,535	23,475
	77,133	53,405

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

15 BORROWINGS

	30 Sep 2021	31 Mar 2021
	GBP	GBP
Loan	4,032,894	5,444,248
Transaction costs	(72,831)	(103,191)
	3,960,063	5,341,057
Current portion	3,203,885	3,046,374
Non-current portion	756,178	2,294,683

Notwithstanding the fact that £1.5 million of capital was repaid during the Period, as per the Statement of Cash Flows, the closing value of the outstanding bank loans decreased by £1.4 million to the 2.24 per cent. movement in the Sterling / US dollar exchange rate for the Period from 1.378 as at 31 March 2021 to 1.347 at 30 September 2021.

15 BORROWINGS (continued)

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 2021 GBP	31 Mar 2021 GBP
Amount due for settlement within 12 months	3,354,917	3,279,704
Amount due for settlement after 12 months	838,729	2,459,778

The loan was arranged with Westpac for $122,000,000, runs for 12 years until December 2022 and has an effective interest rate of 5.495 per cent., 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.

Issued	**Administrative Shares**	**Ordinary Shares**
Issued shares as at 30 September 2021 and as at 31 March 2021	2	42,450,000

Issued Share	**GBP**
Total Share Capital as at 30 September 2021 and as at 31 March 2021	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.

Upon winding up, Shareholders are entitled to the surplus assets remaining after payment of all the creditors of the Company.

16 SHARE CAPITAL (continued)

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, except for the Liquidation Proposal Meeting (general meeting convened six months before the end term of the lease where the Liquidation Resolution will be proposed) or if there are no Shares in existence.

17 CASH AND CASH EQUIVALENTS

	30 Sep 2021 GBP	31 Mar 2021 GBP
Cash at bank	2,797,931	2,092,159

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) Loan secured on non-current asset.

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 2021 GBP	31 Mar 2021 GBP
Financial assets		
Cash and cash equivalents	2,797,931	2,092,159
Receivables (excluding prepayments)	11	11
Financial assets at amortised cost	2,797,942	2,092,170
Financial liabilities		
Payables	77,133	53,405
Borrowings	3,960,062	5,341,057
Financial liabilities measured at amortised cost	4,037,195	5,394,462

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The main risks arising from the Company's financial instruments are capital management risk, foreign currency risk, credit risk, liquidity risk and interest rate risk. The Board regularly 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 as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance. The Company is not subject to any externally imposed capital requirements.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 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 reviews the capital structure on a bi-annual basis.

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.

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

	30 Sep 2021	31 Mar 2021
	GBP	GBP
Bank loan (US dollar) - liabilities	(4,032,892)	(5,444,248)
Cash and cash equivalents (US dollar) - assets	662,636	400,472

The following table details the Company's sensitivity to a 25 per cent. (31 March 2021: 25 per cent) appreciation of Sterling against the US dollar. 25 per cent. (31 March 2021: 25 per cent.) represents the directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 25 per cent. (31 March 2021: 25 per cent.) change in foreign currency rates. A positive number below indicates an increase in profit and equity where Sterling strengthens 25 per cent. (31 March 2021: 25 per cent.) against the US dollar. For a 25 per cent. (31 March 2021: 25 per cent.) weakening of Sterling against the US dollar, there would be a comparable but opposite impact on the profit and equity.

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign Currency Risk (continued)

	30 Sep 2021 USD impact GBP	31 Mar 2021 USD impact GBP
Profit or loss	674,051	1,008,756
Assets	(132,527)	(80,094)
Liabilities	806,578	1,088,850

On the eventual sale of the Asset, the Company will be subject to foreign currency risk if settled in a currency other than Sterling. Transactions in similar assets are typically priced in US dollars.

(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 page 21 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 2021 GBP	31 Mar 2021 GBP
Receivables (excluding prepayments)	11	11
Cash and cash equivalents	2,797,931	2,092,159
	2,797,942	2,092,170

Surplus cash is held in accounts with Barclays Bank PLC and Westpac, which have credit ratings given by Moody's of P-1 and P-1 respectively.

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

At the inception of 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.

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity Risk

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

Ultimate responsibility for liquidity risk management rests with the Board, 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 by monitoring forecast and actual cash flows, and by matching profiles of financial assets and liabilities.

The table below details the residual contractual maturities of financial liabilities, 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.

30 Sep 2021	**1-3 months GBP**	**3-12 months GBP**	**1-2 years GBP**	**2-5 years GBP**	**over 5 years GBP**
Financial liabilities					
Payables - due within one year	77,133	-	-	-	-
Loans payable	826,704	2,480,111	826,704	-	-
	903,837	2,480,111	826,704	-	-

31 Mar 2021	**1-3 months GBP**	**3-12 months GBP**	**1-2 years GBP**	**2-5 years GBP**	**over 5 years GBP**
Financial liabilities					
Payables - due within one year	53,405	-	-	-	-
Loans payable	819,626	2,459,778	2,459,778	-	-
	873,031	2,459,778	2,459,778	-	-

(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 April 2021 to 30 September 2021

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

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

30 September 2021	Variable interest GBP	Fixed interest GBP	Non-interest bearing GBP	Total GBP
Financial assets				
Receivables (excluding prepayments)	-	-	11	11
Cash and cash equivalents	2,797,931	-	-	2,797,931
Total financial assets	2,797,931	-	11	2,797,942
Financial liabilities				
Payables	-	-	77,133	77,133
Loans payable	-	3,960,062	-	3,960,062
Total financial liabilities	-	3,960,062	77,133	4,037,195
Total interest sensitivity gap	2,797,931	3,960,062		

31 March 2021	Variable interest GBP	Fixed interest GBP	Non-interest bearing GBP	Total GBP
Financial assets				
Receivables (excluding prepayments)	-	-	11	11
Cash and cash equivalents	2,092,159	-	-	2,092,159
Total financial assets	2,092,159	-	11	2,092,170
Financial liabilities				
Payables	-	-	53,405	53,405
Loans payable	-	5,444,248	-	5,444,248
Total financial liabilities	-	5,444,248	53,405	5,497,653
Total interest sensitivity gap	2,092,159	5,444,248		

If interest rates had been 50 basis points higher throughout the Period and all other variables were held constant, the Company's profit for the Period and net assets attributable to Shareholders as at 30 September 2021 would have been £13,990 (31 March 2021: £10,461) greater due to an increase in the amount of interest receivable on the bank balances.

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

If interest rates had been 50 basis points lower and all other variables were held constant, the Company's profit for the Period and net assets attributable to Shareholders as at 30 September 2021 would have been £13,990 (31 March 2021: £10,461) lower due to an 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 2021 GBP	30 Sep 2020 GBP
Opening Balance	5,444,248	15,620,114
Cash flows paid - capital	(1,490,178)	(5,641,918)
Cash flows paid - interest	(136,945)	(372,790)
Non-cash flows		
- Interest accrued	139,299	376,273
- Effects of foreign exchange	76,468	(541,712)
Closing Balance	4,032,892	9,439,967

21 ULTIMATE CONTROLLING PARTY

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

22 RELATED PARTY TRANSACITONS AND MATERIAL CONTRACTS

Nimrod is the Company's Corporate and Shareholder Advisor.

During the Period, the Company incurred £62,460 (30 September 2020: £61,608) of expenses with Nimrod, of which £nil (31 March 2020: £nil) was outstanding to this related party at 30 September 2021. £62,460 (30 September 2020: £61,608) related to corporate shareholder and advisor fees as shown in note 5.

Doric is the Company's Asset Manager.

During the Period, the Company incurred £162,208 (30 September 2020: £158,639) of expenses with Doric, which consisted of asset management fees of £156,150 (30 September 2020: £152,714) and liaison agency fees of £6,058 (30 September 2020: £5,925). £nil (31 March 2021: £5,805) was prepaid to this related party at 30 September 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period from 1 April 2021 to 30 September 2021

22 RELATED PARTY TRANSACITONS AND MATERIAL CONTRACTS (continued)

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

During the Period, the Company incurred £4,830 (30 September 2020: £5,362) of expenses with JTC Registrars as shown in note 5. As at 30 September 2021, £2,023 (31 March 2021: £923) 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 £34,848 (30 September 2020: £36,454) of expenses with JTC Fund Solutions (Guernsey) Limited as shown in note 5. As at 30 September 2021, £34,848 (31 March 2021: £5,805) was owing to this related party.

23 SUBSEQUENT EVENTS

On 14 October 2021, a further dividend of 2.25 pence per Ordinary Share was declared and this was paid on 28 October 2021.

KEY ADVISERS AND CONTACT INFORMATION

KEY INFORMATION

Exchange: Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker: DNA1
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

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