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**DORIC NIMROD AIR THREE LIMITED**

**Announcement of Half Yearly Financial Report**

**25 November 2013**

Doric Nimrod Air Three Limited (the "**Company**"), a Guernsey-domiciled company, is pleased to present its Half-Yearly Financial Report in respect of the period from 1 April 2013 to 30 September 2013.

# Doric Nimrod Air Three Limited

## SUMMARY INFORMATION

### Company Facts

Listing	LSE and CISX
Ticker	DNA3
Share Price	109.0p (as at 30 September 2013) 109.50 p (as at 21 November 2013)
Market Capitalisation	GBP 240 million (as at 30 September 2013)
Aircraft Registration Number	A6-EEK, A6-EEO, A6-EEM
Current/Future Anticipated Dividend	For the dividend payment in January 2014, the Company will target a dividend of 1.7185 pence per share. After the acquisition of all four assets for a full quarter future dividends are expected to be 2.0625p per quarter per share until the aircraft leases terminate.
Dividend Payment Dates	April, July, October, January
Currency	GBP
Launch Date/Price	2 July 2013 / 100p
Incorporation	Guernsey
Asset Manager	Doric Lease Corp Management Ltd
Corp & Shareholder Advisor	Nimrod Capital LLP
Administrator	Anson Fund Managers Ltd
Auditor	Deloitte LLP
Market Makers	Shore Capital Ltd/ Winterflood Securities Ltd/ Jefferies International Ltd/ Numis Securities Ltd
SEDOL, ISIN	B92LHN5, GG00B92LHN58

Year End

31 March

Stocks & Shares ISA

Eligible

Website

[www.dnairthree.com](http://www.dnairthree.com)

## Company Overview

Doric Nimrod Air Three Limited (LSE Ticker: DNA3) ("**DNA3**" or the "**Company**") is a Guernsey company incorporated on 29 March 2012.

Pursuant to the Company's Prospectus dated 20 June 2013, the Company offered its shares for issue by means of a placing and on 1 July 2013, raised approximately £220 million by the issue of Redeemable Ordinary Preference Shares (the "**Ordinary Shares**") at an issue price of £1 each. The Company's Shares were admitted to the Official List of the Channel Islands Stock Exchange ("**CISX**") and trading on the Specialist Fund Market of the London Stock Exchange ("**SFM**") on 2 July 2013.

As at 21 November 2013, the last practicable date prior to the publication of this report, the Company's total issued share capital consisted of 220,000,000 Shares and the shares were trading at 109.50 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 aircraft (each an "**Asset**" and together the "**Assets**"). To pursue its investment objective, the Company will seek to use the net proceeds of placings and other equity capital raisings, together with debt facilities (or instruments), to initially acquire Airbus A380 aircraft which will be leased to one or more major airlines. The Company aims to provide Shareholders with an attractive total return comprising income, from distributions through the period of the Company's ownership of the Assets, and capital, upon the sale of the Assets.

## DNA Alpha

The Company has one wholly-owned subsidiary, DNA Alpha Limited ("**DNA Alpha**") which holds or will hold the Assets for the Company. Together the Company and DNA Alpha are known as the ("**Group**").

The first Asset was acquired by DNA Alpha on 29 August 2013 for a purchase price of US\$245 million. Upon delivery, DNA Alpha entered into an operating lease with Emirates, pursuant to which the first Asset has been leased to Emirates for an expected initial term of 12 years, with fixed lease rentals for the duration.

The second Asset was acquired by DNA Alpha on 29 October 2013 for a purchase price of US\$245 million. Upon delivery, DNA Alpha entered into an operating lease with Emirates, pursuant to which the second Asset has been leased to Emirates for an expected initial term of 12 years, with fixed lease rentals for the duration.

The third Asset was acquired by DNA Alpha on 14 November 2013 for a purchase price of US\$245 million. Upon delivery, DNA Alpha entered into an operating lease with Emirates, pursuant to which the third Asset has been leased to Emirates for an expected initial term of 12 years, with fixed lease rentals for the duration.

The fourth Asset is anticipated to be purchased by the end of 2013 by DNA Alpha for a purchase price of US\$245 million. Upon delivery, DNA Alpha will enter into an operating lease with Emirates, pursuant to which the fourth Asset has been leased to Emirates for an expected initial term of 12 years, with fixed lease rentals for the duration.

DNA Alpha acquired the Assets, using a combination of a portion of the proceeds of the issue of the Shares by the Company together with the proceeds of the sale of Equipment Notes issued by DNA Alpha (the “**Equipment Notes**”) and the initial rent payment pursuant to the relevant operating lease. The Equipment Notes were acquired by two separate pass through trusts using the proceeds of their issue of enhanced equipment trust certificates (the “**Certificates**”) as detailed within the Offering Circular issued by DNA Alpha dated 10 July 2013. The Certificates, with an aggregate face amount of approximately \$630 million, were admitted to the official list of the Irish Stock Exchange and to trading on the Main Securities market thereof on 12 July 2013.

### **Distribution Policy**

The Company aims to provide shareholders of the Company (“**Shareholders**”) with an attractive total return comprising income, from distributions through the period of the Company's ownership of the Assets, and capital, upon the sale of the Assets.

For the dividend payment in January 2014, the Company will target a distribution to investors of 1.7185 pence per Ordinary Share per quarter. Once the first Asset, the second Asset, the third Asset and the fourth Asset have been acquired and leased for an entire quarter, the Company will target a distribution to investors of 2.0625 pence per Ordinary Share per quarter (amounting to a yearly distribution of 8.25 per cent. based on the initial placing price of 100 pence per Ordinary Share).

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

### **Performance Overview**

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

Subsequent to the period under review and in accordance with the Distribution Policy specified in its prospectus, DNA3 declared a first interim dividend of 0.1715 pence per Ordinary Share. Future dividend payments are anticipated to continue to be declared and paid on a quarterly cycle on the basis specified by the Company's Distribution Policy and subject to compliance with applicable laws and regulations.

# Doric Nimrod Air Three Limited

## CHAIRMAN'S STATEMENT

I am pleased to present Shareholders with the Company's first half yearly financial report covering the period from incorporation until 30 September 2013.

Admission of 220,000,000 shares of the Company to trading on the Specialist Fund Market of the London Stock Exchange and listing on the Channel Islands Stock Exchange took place on 2 July 2013, with an issue price of 100 pence each. The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft. The Company intends to use the net proceeds of the placing and of the issue in July 2013 of two tranches of enhanced equipment trust certificates with an aggregate face value of \$630 million, to fund the purchase of four Airbus A380-861 aircraft. The Company acquired the first aircraft on 29 August 2013, through its wholly subsidiary DNA Alpha Limited and subsequent to the end of the period covered by the Report, on 29 October a second aircraft was acquired and the third aircraft was acquired on 14 November. All aircraft were acquired for the sum of US\$245 million each. Upon delivery this subsidiary entered into aircraft operating leases with Emirates Airlines. The aircraft have been leased to Emirates for an initial term of twelve years with fixed lease rentals for the duration. The debt portion of the funding will fully amortise over the twelve years of the lease, leaving the aircraft unencumbered at the conclusion of the lease. All payments thus far by Emirates have been made in accordance with the term of the lease.

The Company hopes to acquire [two] more aircraft in the fourth quarter of 2013. The Company declared a first interim dividend of 0.1715 pence per share on 1 October 2013. However once the four assets have been acquired and leased, the Company will target a distribution to Shareholders of 2.0625 pence per share per quarter (amounting to a yearly distribution of 8.25%) based on the initial placing price of 100 pence per share.

The Company will have the ability to acquire further additional aircraft if, in the view of the Board, the acquisition of such additional aircraft would not have an adverse material effect on the Company's target income distributions. As with the acquisition of the three aircraft already planned, the acquisition of additional aircraft would be financed by way of a Placing and debt.

The lessee has performed well over the period and recently announced an order for 50 additional Airbus A380 aircraft at the opening of the Dubai Airshow 2013. Despite the turmoil in the global economy, passenger air traffic remained robust. Emirates continues to report strong performance. This was greatly aided by the airline's ability to adjust flight schedules swiftly, and redeploy aircraft about the network, thus optimising revenue. The airline operates with a remarkably high passenger seat factor whilst at the same time increasing seat capacity.

The lease payments received by the Company from Emirates cover repayment of the debt as well as income to pay dividends to shareholders. Emirates bears all costs

(including maintenance, repair and insurance) relating to the aircraft during the lifetime of the lease. The Company's Asset Manager, Doric Leasing Corp Management Ltd., continues to monitor the lease and reports regularly to the Board. Nimrod Capital LLP, the Company's Placing and Corporate and Shareholder Advisory Agent, continues to liaise between the Board and Shareholders, which includes distribution of quarterly fact sheets and the interim management statements.

Foreign exchange has influenced the financial statements as, under the requirements of International Financial Reporting Standards, the items in the Statement of Financial Position are translated into Sterling from US Dollars at varying foreign exchange rates, either the year end rate or historic transaction rate, which will inevitably produce foreign exchange differences (losses for the period ended 30 September 2013). In reality those lease rentals received in US Dollars are used to pay the loan repayments due, also in US Dollars. Both US Dollars lease rentals and loan repayments are fixed and are for similar sums and similar timings. The matching of lease rentals to settle loan repayments therefore mitigates risks caused by foreign exchange fluctuations.

In addition to this the rental income is spread evenly over the term of each of the leases, rather than the rentals being accounted for as actually received into the Company's bank account. Furthermore, interest on borrowings is recognised using the effective interest rate method, resulting in higher charges in earlier periods when the outstanding principal balances are greater. The loan repayments are, in reality, constant over much of the lease term, reducing in the final two years.

On behalf of the Board I would like to thank all Shareholders for their continued support of the Company.

**Charles Wilkinson**  
**Chairman**

# Doric Nimrod Air Three Limited

## ASSET MANAGERS REPORT

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

### **1. The Assets**

On 29 August 2013, the Company received its first Airbus A380 aircraft, bearing manufacturer's serial number (MSN) 132. Another three aircraft are due for delivery by the end of the calendar year.

The first A380 owned by the Company recently visited London Heathrow, New York and Sydney. As the aircraft joined the Emirates fleet only recently, no utilization information is currently available.

#### **Maintenance Status**

Emirates maintains its A380 aircraft fleet based on a maintenance programme according to which minor maintenance checks are performed every 1,500 flight hours, and more significant maintenance checks (C checks) at the earlier of 24 months or 12,000 flight hour intervals. Emirates will bear all costs (including maintenance, repair and insurance) relating to the aircraft during the lifetime of the leases.

#### **Hairline Cracks**

In late 2011, hairline cracks within the wing structure of some A380s in service were detected. In order to fix this issue Airbus developed a wing rib feet modification programme. With respect to MSN 132 the modification had already been embodied during the final assembly, therefore no inspection is required once the aircraft is in service.

### **2. Market Overview**

Between January and July of the current year, passenger demand, measured in revenue passenger kilometres (RPKs), expanded by 4.8% compared to the same period in the previous year. The industry remains on a growth path, which started in the fourth quarter of 2012. In recent months the development of passenger markets were positively influenced by the economic recovery of the Eurozone, where an 18-

month-long recession came to an end. At the same time, economic growth in China has slowed with noticeable impact on air traffic. During the course of the year, airlines have increased their capacities carefully and available seat kilometres

(ASKs) showed a smaller growth rate than the revenue passenger kilometres. Overall, the passenger load factor during the first seven months of this year was 79.5% on average. This is an increase of 0.6%-points compared to the same period the year before. According to the latest traffic forecast released by the International Air Transport Association (IATA) in September 2013, RPKs are expected to grow by 5.0% this year and 5.8% in 2014.

Regional growth patterns continue to be uneven. Between January and July 2013 Middle East airlines increased their RPKs by 10.9% compared to the previous year's period. The slowest growth was again observed in North America with an increase in RPKs of 2.0% compared to the same period in the previous year. Growth in Latin America further lost ground and is in the meantime the third slowest growing region worldwide just ahead of Europe.

After freight-tonne-kilometres (FTKs) had contracted in February and March 2013, air freight markets have started to show signs of renewed growth with slightly improving air freight volumes during the last few months. Between January and July 2013 FTKs increased by 0.2% compared to the same period the year before. Global business confidence has slightly improved and a pickup in export orders has been noticed. It remains to be seen if these developments are sustainable since the signs of improving macroeconomic conditions - in particular in the US and Europe - need to translate into growing demand for Asian manufactured products shipped by aircraft to these regions. In Asia Pacific, which is pivotal for the further development of air freight demand, FTKs have still been shrinking.

Expenses for jet fuel are expected to remain on a high level during 2013 with an average price of USD 126.4 per barrel, a slight relief compared to the previous forecast in June 2013 of USD 127.4 per barrel. The share of fuel costs would amount to 31% of airlines' total operating costs. A decade ago, the share was 14% and has more than doubled since then.

IATA released its latest industry outlook in September 2013 according to which global industry profits are expected to reach USD 11.7 billion this year. This is slightly lower than IATA's June 2013 estimate of USD 12.7 billion after air transport markets and airline profits improves slower than expected during the last few months. For 2014 IATA expects net profits of USD 16.4 billion, based on a global gross domestic product (GDP) growth rate of 2.7%. GDP is highly correlated with the profit development in the industry.

Source: IATA

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

As previously reported, Emirates announced its 25<sup>th</sup> consecutive year of profit and company-wide growth for the financial year ending 31 March 2013.

Revenue reached a record high of USD 19.9 billion, up by 17% compared to the previous financial year, and continues to be well balanced with no region contributing more than 30%. East Asia and Australasia remained the highest revenue contributing region with USD 5.7 billion, up 15% from 2011/2012. Europe (up 18% to USD 5.5 billion) and the Americas (up 24% to USD 2.3 billion) saw the most significant growth, reflecting new destinations as well as increased frequency and capacity to these regions.

The airline posted a net profit of USD 622 million, representing an increase of 52% over last year's results. Although Emirates' fuel bill increased by 15% to reach USD 7.6 billion, total operating costs showed a smaller increase (+16%) than revenue (+17%) in the financial year 2012/2013.

As of 31 March 2013 the balance sheet total amounted to USD 25.8 billion, an increase of 23% from the previous year. Total equity increased by 7.3% to USD 6.3 billion with an equity ratio of 24.3%. The current ratio was 1.12; therefore the airline would be able to meet its current liabilities by liquidating all of its current assets. Significant items on the liabilities side of the balance sheet included finance leases in the amount of USD 7.4 billion and revenues received in advance from passenger and freight sales (USD 2.9 billion). As of 31 March 2013 the carrier's cash balance reached USD 6.7 billion.

Emirates continued with its growth plan and during the financial year 2012/2013 saw the largest increase in capacity in the airline's history, receiving 34 wide-body aircraft, including ten Airbus A380s and four freighters. As of 31 August 2013 Emirates has 204 aircraft in operation, with firm orders for another 190 aircraft, including 54 A380s, 61 Boeing 777-300ER and 50 Airbus A350-900 XWB. The airline operates the world's largest fleets of Airbus A380s and Boeing 777-300ER.

As of September 2013 Emirates operates flights to 135 destinations in 77 countries on six continents. New routes launched so far this year include Warsaw, Algiers, Tokyo Haneda and Stockholm. Until the end of the calendar year, Emirates plans to add another four destinations: Clark International Airport (Philippines), Conakry (Guinea), Sialkot (Pakistan) and Kabul (Afghanistan). At the beginning of 2014 Kiev (Ukraine) and Taipei (Taiwan) will join the global network of the Dubai-based carrier.

In September 2013 Emirates Group released its third Environment Report for the financial year 2012/13 ending on 31 March 2013 according to which the fuel consumption per one hundred passenger kilometres decreased by one percent to 4.07 litres. This is nearly 16% below the IATA industry average forecasted for 2012 and the result of the relatively young fleet that Emirates is operating. The airline's average fleet age is six years, half of the IATA average. Since fuel consumption and carbon dioxide emissions are closely correlated, Emirates fleet of modern and fuel efficient aircraft, like the Airbus A380, has emitted nearly 17% less carbon dioxide per passenger kilometre than the IATA average. Emirates fleet's CO<sub>2</sub> emissions per one hundred passenger kilometres decreased by one percent to 100.6 grams compared to the business year before. For its efforts to reduce noise impact on surrounding communities, Emirates was awarded with the "Fly Quiet" Award at San

Francisco Airport (SFO) in 2013 for the second time in a row, after its Flight Operations Performance team had tested different take-off and climb routes, the usage of longer runways and favorable pathways to take advantage of headwinds. Just four years ago, Emirates' noise footprint was ranked second to last among airlines serving SFO.

Source: Emirates

#### **4. Aircraft — A380**

Emirates has a fleet of 36 A380s which currently serve 20 destinations worldwide: Amsterdam, Auckland, Bangkok, Beijing, Hong Kong, Jeddah, Kuala Lumpur, London Heathrow, Manchester, Melbourne, Moscow, Munich, New York JFK, Paris, Rome, Seoul, Shanghai, Singapore, Sydney and Toronto.

On 1 August 2013 Emirates celebrated the fifth anniversary of the first A380 joining its fleet. Since the inaugural flight to New York that day, more than 18 million passengers flew aboard an Emirates A380 on 20,000 round trips travelling 265 million kilometres. The airline is using its flagship on short haul as well as long haul routes: The longest non-stop route within the network is Dubai to New York, covering 11,023 kilometres during a flight of thirteen and a half hours. Between Hong Kong and Bangkok Emirates is operating the shortest A380 route with a distance of 1,900 kilometres and an estimated flying time of roughly two and a half hours. According to Tim Clark, the airline's President, "Emirates has changed the face of air travel with this remarkable aircraft".

Over the next few months, Emirates plans to extend its A380 route network to Brisbane (1 October 2013), Los Angeles (2 December), Mauritius (16 December 2013), Zurich (1 January 2014) and Barcelona (1 February 2014).

At the end of August 2013, the global A380 fleet consisted of 108 planes in service with another 153 still on order with new and existing operators. The currently ten operators are Emirates (36 A380 aircraft), Singapore Airlines (19), Qantas (12), Deutsche Lufthansa (10), Air France (8), Korean Airways (7), China Southern Airlines (5), Malaysia Airlines (6), Thai Airways (4) and British Airways (1). The British flag carrier commenced its commercial A380 service between London and Los Angeles on 24 September 2013. Qatar Airways will become the eleventh airline to join the club of A380 operators when it takes delivery of this aircraft in 2014.

According to Airbus, the worldwide fleet accumulated over one million flight hours in more than 120,000 commercial flights. The number of passengers flying aboard an Airbus A380 to date is 44 million.

Source: Airbus, Ascend, Emirates

## Doric Nimrod Air Three Limited

### INTERIM MANAGEMENT REPORT

from 29 March 2013 to 30 September 2013 (the "Period")

A description of important events that have incurred during the Period, their impact on the performance of the Company as shown in the financial statements and description on the principle risks and uncertainties of the remaining six months of the annual financial year is given within the Chairman's Statement and the Notes to the Financial Statements contained on pages 18 to 38 and is incorporated here by reference.

There were no material related party transactions which took place in the period, other than those disclosed at Note 19 of the Notes to the Financial Statements.

#### **Going Concern**

The Company's principal activities are set out within the Company Overview on page 2. The financial position of the Company is set out on pages 14 to 17. In addition, Note 16 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 Equipment Note payments have been fixed and the fixed rental income under the relevant operating lease means that the rent should be sufficient to repay the debt and provide surplus income to pay for the Company's expenses and permit payment of dividends.

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

# Doric Nimrod Air Three Limited

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

### **Responsibility Statements**

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

(a) The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

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

- a. An indication of important events that have occurred during the Period, and their impact on the financial statements;
- b. a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- c. confirmation that there were no related party transactions in the Period that have materially affected the financial position or the performance of the Company during that period.

**Charles Wilkinson**

Chairman

## Doric Nimrod Air Three Limited

### DIRECTORS

#### **Charles Edmund Wilkinson – Chairman (Age 70)**

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

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

#### **Norbert Bannon - (Age 64)**

Norbert Bannon is a director of the Irish and UK regulated subsidiaries of a major Canadian bank and is the Chairman of a £1 billion UK defined benefit pension scheme and also chairs one of the largest defined contribution pension schemes in Ireland. He is Chairman of Doric Nimrod Air Two Limited and the Audit Committee of Doric Nimrod Air One Limited. He is a director of and advisor to a number of other financial companies.

He has extensive experience in international finance having been CEO of banks in Singapore and New York. He was Managing Director of Ireland's largest venture capital company and was Finance Director and Chief Risk Officer of AIB Capital Markets plc. which he left in in 2002. He has worked as a consultant to a number of international companies.

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

#### **Geoffrey Alan Hall (Age 65)**

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

## Doric Nimrod Air Three Limited

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2013

	Notes	1 Apr 2013 to 30 Sep 2013 GBP	29 Mar 2012 to 30 Sep 2012 GBP
<b>Income</b>			
A rent income	4	988,618	-
B rent income	4	444,894	-
Bank interest received		87,317	-
		<hr/>	<hr/>
		1,520,829	-
<b>Expenses</b>			
Operating expenses	5	(299,338)	-
Depreciation of Aircraft	8	(523,263)	-
		<hr/>	<hr/>
		(822,601)	-
Net profit for the period before finance costs and foreign exchange gains		<hr/>	<hr/>
		698,228	-
<b>Finance costs</b>			
Finance costs	9	(652,376)	-
Unrealised foreign exchange loss	16b	(2,325,240)	-
		<hr/>	<hr/>
Profit / (loss) for the period		(2,279,388)	-
Other Comprehensive Income		-	-
		<hr/>	<hr/>
Total Comprehensive Income for the period		(2,279,388)	-
		<hr/> <hr/>	<hr/> <hr/>
		<b>Pence</b>	<b>Pence</b>
Earnings per Share for the period - Basic and Diluted		(1.82)	0.00
		<hr/>	<hr/>

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

There are no recognised gains or losses for the period other than those disclosed above.

The notes on pages 18 to 38 form an integral part of these financial statements

Doric Nimrod Air Three Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2013

	Notes	30 Sep 2013 GBP	31 Mar 2013 GBP
<b>NON-CURRENT ASSETS</b>			
Aircraft	8	165,017,278	-
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		141,421,813	-
Accrued income		909,655	-
Receivables	11	63,576	40
		<u>142,395,044</u>	<u>40</u>
<b>TOTAL ASSETS</b>		<u><u>307,412,322</u></u>	<u><u>40</u></u>
<b>CURRENT LIABILITIES</b>			
Borrowings	13	4,253,767	-
Deferred income		1,300,144	-
Payables - due within one year	12	5,733,075	-
		<u>11,286,986</u>	<u>-</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	82,268,480	-
Deferred income		9,832,788	-
		<u>92,101,268</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u><u>103,388,254</u></u>	<u><u>-</u></u>
<b>TOTAL NET ASSETS</b>		<u><u>204,024,068</u></u>	<u><u>40</u></u>
<b>EQUITY</b>			
Share Premium	14	206,303,456	40
Revenue reserve		(2,279,388)	-
		<u>204,024,068</u>	<u>40</u>
		<b>Pence</b>	<b>Pence</b>
Net Asset Value per Ordinary Share		<u>92.74</u>	<u>-</u>

The Financial Statements were approved by the Board of Directors and authorised for issue on its behalf by:

2013 and are signed

Director

The notes on pages 18 to 38 form an integral part of these financial statements

Doric Nimrod Air Three Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 30 September 2013

	Ordinary Shares 1 Apr 2013 to 30 Sep 2013 GBP	Ordinary Shares 29 Mar 2012 to 30 Sep 2012 GBP
<b>OPERATING ACTIVITIES</b>		
Profit / (loss) for the period	(2,279,388)	-
Movement in deferred income	(587,534)	-
Interest received	(87,317)	-
Depreciation of Aircraft	523,263	-
Loan interest payable	488,613	-
Increase / (decrease) in payables	5,733,075	-
Decrease in receivables	(63,536)	(40)
Foreign exchange movement	2,325,240	-
Amortisation of debt arrangement costs	163,763	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>6,216,139</b>	<b>(40)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Aircraft	(165,540,541)	-
Interest received	87,317	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(165,453,224)</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
Advanced rental received	10,810,811	-
Share issue proceeds	206,303,416	40
Costs associated with debt issued	(11,432,066)	-
New debt raised	106,418,919	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>312,101,080</b>	<b>40</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		
	-	-
Increase in cash and cash equivalents	152,864,035	-
Exchange rate adjustment	(11,442,222)	-
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>141,421,813</b>	<b>-</b>

Doric Nimrod Air Three Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
for the period ended 30 September 2013

<b>Notes</b>	<b>Ordinary Shares Share Capital GBP</b>	<b>Revenue Reserve GBP</b>	<b>Total GBP</b>
Balance as at 1 April 2013	40	-	40
Total Comprehensive Income for the period	-	(2,279,388)	(2,279,388)
Share issue proceeds	<u>206,303,416</u>	<u>-</u>	<u>206,303,416</u>
Balance as at 30 September 2013	<u>206,303,456</u>	<u>(2,279,388)</u>	<u>204,024,068</u>

**for the period ended 30 September 2012**

<b>Notes</b>	<b>Share Capital GBP</b>	<b>Ordinary Shares Revenue Reserve GBP</b>	<b>Total GBP</b>
Balance as at 29 March 2012	-	-	-
Total Comprehensive Income for the period	-	-	-
Share issue costs	<u>20</u>	<u>-</u>	<u>20</u>
Balance as at 30 September 2012	<u>20</u>	<u>-</u>	<u>20</u>

# Doric Nimrod Air Three Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 30 September 2013

### 1 GENERAL INFORMATION

The consolidated financial statements incorporate the results of (the Company and DNA Alpha.

The Company was incorporated in Guernsey on 29 March 2012 with registered number 54908. Its share capital consists of one class of Ordinary Preference Shares ("Ordinary Shares") and one class of Subordinated Administrative Shares ("Admin Shares"). The Company's Ordinary Shares have been admitted to trading on the SFM and are listed on the official list of the CISX.

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

### 2 ACCOUNTING POLICIES

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

#### (a) Basis of preparation

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

#### Changes in accounting policies and disclosure

The following Standards or Interpretations that are expected to affect the Group have been issued but not yet adopted by the Group as shown below. Other Standards or Interpretations issued by the IASB and IFRIC are not expected to affect the Group.

*IFRS 7 Financial Instruments: Disclosures* - amendments to transition disclosures effective for annual periods beginning on or after 1 January 2015.

*IFRS 9 Financial Instruments* - Classification and Measurement of financial assets effective for annual periods beginning on or after 1 January 2015.

*IFRS 10 Consolidated Financial Statements* effective for annual periods beginning on or after 1 January 2013.

*IFRS 13 Fair Value Measurement* effective for annual periods beginning on or after 1 January 2013.

# Doric Nimrod Air Three Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) for the period ended 30 September 2013

### 2 ACCOUNTING POLICIES (continued)

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

*IAS 1 Presentation of Financial Statements* - amendments to revise the way other comprehensive income is presented effective for annual periods beginning on or after 1 July 2012 as well as amendments resulting from annual improvements for annual periods beginning on or after 1 January 2013.

*IAS 16 Property, Plant & Equipment* - amendments resulting from annual improvements for annual periods beginning on or after 1 January 2013.

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

*IAS 34 Interim Financial Reporting* - amendments resulting from annual improvements for annual periods beginning on or after 1 January 2013.

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

#### (b) Basis of consolidation

The consolidated financial statements incorporate the results of the Company and its subsidiary DNA Alpha. The Company owns 100% of all the shares in DNA Alpha and has the power to govern the financial and operating policies of DNA Alpha so as to obtain benefits from its activities.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### (c) Taxation

The Company and DNA Alpha have been assessed for tax at the Guernsey standard rate of 0%.

#### (d) Share capital

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

# Doric Nimrod Air Three Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) for the period ended 30 September 2013

### **2 ACCOUNTING POLICIES (continued)**

#### **(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 Group operates (the functional currency) is Great British Pounds ("GBP") which is also the presentation currency.

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated 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 3 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 Group is engaged in a single segment of business, being acquiring, leasing and selling various Airbus A380-861 aircraft (together the "Assets" and each an "Asset").

#### **(j) Going concern**

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

# Doric Nimrod Air Three Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) for the period ended 30 September 2013

### **(k) Leasing and rental income**

The lease relating to the Airbus A380 Aircraft, with manufacturer serial number MSN132 (the "First Asset"), has been classified as operating lease as the terms of the lease do not transfer substantially all the risks and rewards of ownership to the lessee. The First Asset is shown as a non-current asset in the Statement of Financial Position. Further details of the lease is given in Note 10.

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

### **(l) Property, plant and equipment – Aircraft**

In line with IAS 16 Property Plant and Equipment, the Asset is initially recorded at the fair value of the consideration paid. The cost of the asset is made up of the purchase price of the Asset plus any costs directly attributable to bringing it into working condition for its intended use. 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 First Asset less the estimated residual value of £71.6 million over the estimated useful life of the Asset of 12 years, using the straight line method. The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed annually and is the amount the entity would receive currently 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 Group's ownership of these assets. Depreciation starts when the asset is available for use.

At each balance sheet date, the Group reviews the carrying amounts of the Assets to determine whether there is any indication that those assets have 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).

Recoverable amount is the higher of fair value less costs to sell and the 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 an 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.

# Doric Nimrod Air Three Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) for the period ended 30 September 2013

### (m) Financial liabilities

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

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

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

### (n) Net asset value

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

## 3 SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

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

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

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

### **Residual value and useful life of Aircraft**

As described in note 2 (l), the Group depreciates the Assets on a straight line basis over the estimated useful life of the Asset after taking into consideration the estimated residual value. In making its judgement regarding these estimates the Directors considered three independent valuations and other available aviation information. The useful life of the Asset is estimated based on the expected period for which the Group will lease the aircraft.

# Doric Nimrod Air Three Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
for the period ended 30 September 2013

## 3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

### Operating lease commitments - Group as lessor

The Group has entered into an operating lease in respect of the First Asset. The Group 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 the asset and accounts for the contracts as an operating lease.

The Group has determined that the operating lease on the First Asset is for 12 years based on an initial term of 10 years followed by an extension term of 2 years. Should the lessee choose to exit their respective lease at the end of the initial term of 10 years a penalty equal to the remaining 2 years would be due.

### Impairment

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

## 4 RENTAL INCOME

	1 Apr 2013 to 30 Sep 2013 GBP	29 Mar 2012 to 30 Sep 2012 GBP
A Rent income earned but not yet received	78,963	-
Amortisation of advance rental income	<u>909,655</u>	<u>-</u>
	988,618	-
B rent income	845,978	-
Revenue received but not yet earned	<u>(401,084)</u>	<u>-</u>
	444,894	-
Total rental income	<u>1,433,512</u>	<u>-</u>

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

A and B rental income receivable will decrease / increase respectively, 10 years from the start of the lease. 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 rental received has also been spread over the full term of the lease.

# Doric Nimrod Air Three Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
for the period ended 30 September 2013

## 5 OPERATING EXPENSES

	Note	1 Apr 2013 to 30 Sep 2013 GBP	29 Mar 2012 to 30 Sep 2012 GBP
Management fee		99,726	-
Asset management fee		28,185	-
Administration fees		14,996	-
Bank interest & charges		536	-
Accountancy fees		4,405	-
Registrars fee		15,321	-
Audit fee		16,903	-
Directors' remuneration	6	23,000	-
Directors' and Officers' insurance		17,813	-
Legal & professional expenses		979	-
Annual fees		1,600	-
Travel costs		67,310	-
Sundry costs		5,205	-
Other operating expenses		<u>3,359</u>	<u>-</u>
		<u>299,338</u>	<u>-</u>

## 6 DIRECTORS' REMUNERATION

Under their terms of appointment, each Director is paid a fee of £23,000 per annum by the Company, except for the Chairman, who receives £29,000 per annum. The Chairman of the audit committee also receives an extra £2,000 per annum.

## 7 EARNINGS PER SHARE

Earnings per Share ('EPS') is based on the net loss for the period of £2,279,388 (30 September 2012 : £ nil) and 125,298,361 (30 September 2012 : nil) being the weighted average number of Shares in issue during the period.

There are no dilutive instruments and therefore basic and diluted earnings per Share are identical.

# Doric Nimrod Air Three Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
for the period ended 30 September 2013

## 8 PROPERTY, PLANT AND EQUIPMENT - AIRCRAFT

	<b>MSN132</b>
	<b>GBP</b>
<b>COST</b>	
As at 1 Apr 2013	-
Additions	<u>165,540,541</u>
As at 30 Sep 2013	<u><u>165,540,541</u></u>
<b>ACCUMULATED DEPRECIATION</b>	
As at 1 Apr 2013	-
Charge for the year	<u>523,263</u>
As at 30 Sep 2013	<u><u>523,263</u></u>
<b>CARRYING AMOUNT</b>	
As at 30 Sep 2013	<u><u>165,017,278</u></u>
As at 31 Mar 2013	<u><u>-</u></u>

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

Under IAS 17 the direct costs attributed in negotiating and arranging the operating lease has been added to the carrying amount of the leased asset and recognised as an expense over the lease term.

# Doric Nimrod Air Three Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
for the period ended 30 September 2013

## 9 FINANCE COSTS

	<b>30 Sep 2013</b>	<b>30 Sep 2012</b>
	<b>GBP</b>	<b>GBP</b>
Amortisation of debt arrangements costs	163,763	-
Interest payable	488,613	-
	<hr/>	<hr/>
	652,376	-
	<hr/>	<hr/>

## 10 OPERATING LEASES

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

<b>30 September 2013</b>	<b>Next 12</b>	<b>2 to 5 years</b>	<b>After 5 years</b>	<b>Total</b>
	<b>months</b>			
	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
Aircraft- A rental receipts	7,879,923	35,627,230	79,925,835	123,432,988
Aircraft- B rental receipts	5,075,868	15,227,604	39,760,966	60,064,438
	<hr/>	<hr/>	<hr/>	<hr/>
	12,955,791	50,854,834	119,686,801	183,497,426
	<hr/>	<hr/>	<hr/>	<hr/>

# Doric Nimrod Air Three Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
for the period ended 30 September 2013

## 10 OPERATING LEASES (continued)

30 September 2012	Next 12 months GBP	2 to 5 years GBP	After 5 years GBP	Total GBP
Aircraft- A rental receipts	-	-	-	-
Aircraft- B rental receipts	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Operating leases are for Airbus A380-861 Aircraft. The terms are as follows;

MSN132 - term of the lease is for 12 years ending August 2025. The initial lease is for 10 years ending August 2023, with an extension period of 2 years ending August 2025, in which rental payments reduce. The present value of the remaining rentals in the extension period must be paid even if the option is not taken.

At the end of the lease the lessee has the right to exercise an option to purchase the First Asset if the Company chooses to sell the First 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 First Asset to be carried out by three independent appraisers. The purchase price will be equal to the average valuation of those three appraisals.

## 11 RECEIVABLES

	30 Sep 2013 GBP	31 Mar 2013 GBP
Prepayments	63,537	-
Sundry debtors	39	40
	<u>63,576</u>	<u>40</u>

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

# Doric Nimrod Air Three Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
for the period ended 30 September 2013

## 12 PAYABLES (amounts falling due within one year)

	30 Sep 2013	31 Mar 2013
	GBP	GBP
Accrued administration fees	8,063	-
Accrued audit fee	16,903	-
Accrued management fee	112,065	-
Accrued launch expenses	5,496,097	-
Other accrued expenses	99,947	-
	<u>5,733,075</u>	<u>-</u>

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

## 13 BORROWINGS

	30 Sep 2013	31 Mar 2013
	GBP	GBP
Equipment Notes	97,790,550	-
Associated costs	<u>(11,268,303)</u>	<u>-</u>
	<u>86,522,247</u>	<u>-</u>
Amount due for settlement within 12 months	<u>4,253,767</u>	<u>-</u>
Amount due for settlement after 12 months	<u>82,268,480</u>	<u>-</u>

In order to finance the acquisition of the First Asset, the subsidiary used the proceeds of the August 2013 offering of Pass Through Certificates ("the Certificates"). The Certificates have an aggregate face amount of approximately \$630 million, made up of "Class A" certificates and "Class B" certificates. The Class A certificates in aggregate have a face amount of \$462 million with an interest rate of 5.250% and a final expected distribution date of 30 May 2023. The Class B certificates in aggregate have a face amount of \$168 million with an interest rate of 6.125% and a final expected distribution date of 30 November 2019. There is a separate trust for each class of Certificate. The trusts will use the funds from the Certificates to acquire equipment notes. The equipment notes will be issued to Wilmington Trust, National Association as pass through trustee in exchange of the consideration paid by the purchasers of the Certificates. The equipment notes will be issued by the Subsidiary and the proceeds from the sale of the equipment notes will finance a portion of the purchase price of the four airbus A380-861 aircraft, with the remaining portion being financed through contribution from the Company of the Share issue proceeds. The holders of the equipment notes issued for each aircraft will have the benefit of a security interest in such aircraft.

# Doric Nimrod Air Three Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
for the period ended 30 September 2013

## 14 SHARE CAPITAL AND PREMIUM

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

### Issued

	<b>Administrative Shares</b>	<b>Ordinary Shares</b>
Shares issued at incorporation	-	2,900,000
Shares issued 28 March 2013	-	2,900,000
Share consolidation 12 June 2013	-	(5,600,000)
Share sub division 12 June 2013	-	8,800,000
Shares issued 20 June 2013	2	-
Shares issued at placing 20 June 2013	-	211,000,000
	<hr/>	<hr/>
Issued share capital as at 30 September 2013	<u>2</u>	<u>220,000,000</u>

### Issued

	<b>Administrative Shares GBP</b>	<b>Ordinary Shares GBP</b>	<b>Total GBP</b>
<b>Ordinary Shares</b>			
Shares issued at incorporation	-	20	20
Shares issued 28 March 2013	-	20	20
Shares issued 20 June 2013	2	-	2
Shares issued at placing 20 June 2013	-	211,000,000	211,000,000
Share issue costs	-	(4,696,586)	(4,696,586)
	<hr/>	<hr/>	<hr/>
<b>Total share capital as at 30 September 2013</b>	<u>2</u>	<u>206,303,454</u>	<u>206,303,456</u>

# Doric Nimrod Air Three Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) for the period ended 30 September 2013

### 14 SHARE CAPITAL AND PREMIUM (continued)

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

On a winding up, Ordinary Shareholders are entitled to the surplus assets attributable to the Ordinary Share class remaining after payment of all the creditors of the Company. Members have the right to receive notice of and to attend, speak and vote at general meetings of the Company.

The holders of Administrative Shares are not entitled to receive, and participate in, any dividends out of income; other distributions of the Company available for such purposes and resolved to be distributed in respect of any accounting period; or other income or right to participate therein. On a winding up, holders are entitled to a return of capital paid up on them after the Ordinary Shares have received a return of their capital paid up but ahead of the return of all additional capital to the holders of Ordinary Shares.

Holders shall not have the right to receive notice of and no right to attend, speak and vote at general meetings of the Company, except for the Liquidation Proposal Meeting (general meeting convened six months before the end term of the Lease where the Liquidation Resolution will be proposed) or if there are no Ordinary Shares in existence.

### 15 FINANCIAL INSTRUMENTS

The Group's main financial instruments comprise:

- (a) Cash and cash equivalents that arise directly from the Group's operations; and
- (b) Debt secured on non current assets.

# Doric Nimrod Air Three Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) for the period ended 30 September 2013

### 16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

	30 Sep 2013	31 Mar 2013
	GBP	GBP
<b>Financial assets</b>		
Cash and cash equivalents	141,421,813	-
Receivables	39	-
	<hr/>	<hr/>
<b>Loans and receivables at amortised cost</b>	141,421,852	-
	<hr/>	<hr/>
<b>Financial liabilities</b>		
Payables	5,733,075	-
Debt payable	97,790,550	-
	<hr/>	<hr/>
<b>Financial liabilities measured at amortised cost</b>	103,523,625	-
	<hr/>	<hr/>

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

#### (a) Capital management

The Group manages its capital to ensure that the Group 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 capital structure of the Group consists of debt, which includes the borrowings disclosed in note 14, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

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

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

# Doric Nimrod Air Three Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) for the period ended 30 September 2013

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

#### (b) Foreign currency risk

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

Lease rentals (as detailed in Notes 4 and 11) are received in USD and GBP. Those lease rentals received in USD are used to pay the Equipment Note payments due, also in USD (as detailed in Note 14). Both USD lease rentals and Equipment Notes are fixed and are for similar sums and similar timings. The matching of lease rentals to settle Equipment Note payments therefore mitigates risks caused by foreign exchange fluctuations.

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

	<b>30 Sep 2013</b>	<b>31 Mar 2013</b>
	<b>GBP</b>	<b>GBP</b>
Debt (USD) - Liabilities	(97,790,550)	-
Cash and cash equivalents (USD) - Asset	<u>3,245,798</u>	<u>-</u>

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

# Doric Nimrod Air Three Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
for the period ended 30 September 2013

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

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

	30 Sep 2013	31 Mar 2013
Profit or loss	12,331,924	-
Assets	(423,365)	-
Liabilities	<u>12,755,289</u>	<u>-</u>

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

### (c) Credit Risk

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

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

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

	30 Sep 2013 GBP	31 Mar 2013 GBP
Receivables	39	-
Cash and cash equivalents	141,421,813	-
	<u>141,421,852</u>	<u>-</u>

# Doric Nimrod Air Three Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) for the period ended 30 September 2013

### **16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

#### **(c) Credit Risk (continued)**

Surplus cash in the Company is held with RBSI. Surplus cash in the Subsidiary is held in accounts with RBSI and Bank of China.

There is a contractual credit risk arising from the possibility that the lessee may default on the lease payments. This risk is mitigated, as under the terms of the lease agreements between the lessees and the Group, 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 the Assets to another party.

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

#### **(d) Liquidity Risk**

Liquidity risk is the risk that the Group will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. The Group's main financial commitments are its ongoing operating expenses and payments on equipment notes.

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

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

# Doric Nimrod Air Three Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
for the period ended 30 September 2013

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

### (d) Liquidity Risk (continued)

As at 30 Sept 2013	1-3 months GBP	3-12 months GBP	1-2 years GBP	2-5 years GBP	over 5 years GBP
<b>Financial liabilities</b>					
Payables - due within one year	5,733,075	-	-	-	-
Equipment Notes	1,937,990	5,941,933	11,879,359.32	35,616,058	68,057,648
	<u>7,671,065</u>	<u>5,941,933</u>	<u>11,879,359</u>	<u>35,616,058</u>	<u>68,057,648</u>

### (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 Group.

The Group mitigates interest rate risk by fixing the interest rate on the Equipment Notes and the lease rentals.

The following table details the Group's exposure to interest rate risks:

As at 30 Sept 2013	Less than 1 month GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
<b>Financial assets</b>				
Receivables	-	-	63,576	63,576
Cash and cash equivalents	141,421,813	-	-	141,421,813
<b>Total financial assets</b>	<u>141,421,813</u>	<u>-</u>	<u>63,576</u>	<u>141,485,389</u>
<b>Financial liabilities</b>				
Accrued expenses	-	-	5,733,075	5,733,075
Bank loans	-	-	-	-
Equipment Notes	-	86,522,247	-	86,522,247
<b>Total financial liabilities</b>	<u>-</u>	<u>86,522,247</u>	<u>5,733,075</u>	<u>92,255,322</u>
<b>Total interest sensitivity gap</b>	<u>141,421,813</u>	<u>86,522,247</u>		

# Doric Nimrod Air Three Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
for the period ended 30 September 2013

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

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

If interest rates had been 50 basis points higher throughout the period and all other variables were held constant, the Group's net assets attributable to shareholders as at 30 September 2013 would have been £353,555 greater due to an increase in the amount of interest receivable on the bank balances.

If interest rates had been 50 basis points lower throughout the period and all other variables were held constant, the Group's net assets attributable to shareholders as at 30 September 2013 would have been £353,555 lower due to a decrease in the amount of interest receivable on the bank balances.

## 17 ULTIMATE CONTROLLING PARTY

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

## 18 SUBSEQUENT EVENTS

On 1 October 2013, a dividend of 0.1715 pence per Ordinary Share was declared and this was paid on 18 October 2013.

On 14 November 2013, DNA Alpha entered into a Purchase Agreement Assignment and Operating Lease with Emirates in relation to the acquisition of MSN134. The purchase price of the plane is \$245m and DNA Alpha utilised \$115.5m of the debt available from the issue of certificates (see Note 15).

On 29 October 2013, DNA Alpha entered into a Purchase Agreement Assignment and Operating Lease with Emirates in relation to the acquisition of MSN136. The purchase price of the plane is \$245m and DNA Alpha utilised \$115.5m of the debt available from the issue of certificates (see Note 15).

## 19 RELATED PARTY TRANSACTIONS

DLC has been appointed as the Group's Asset Manager and Agent (the agent is appointed to assist with the purchase of the aircraft, the arrangement of suitable equity and debt finance and the negotiation and documentation of the lease and financing contracts) respectively.

The Company shall pay DLC:

(i) a fee of 0.6532 per cent. of the Total Gross Proceeds upon either: (a) the earlier of (i) the completion of the Bond Issue (or any other form of debt financing) or the (ii) the acquisition of the first Asset, if the Bond Issue (or any other form of debt financing) is completed after Admission; or (b) on the earlier of (i) the date four weeks after the completion of the Bond Issue (or any other form of debt financing) or the (ii) the acquisition of the first Asset, if the Bond Issue (or any other form of debt financing) is completed prior to Admission.

(ii) a fee of 0.25 per cent. of the Bond Issue Proceeds upon either: (a) the completion of the Bond Issue, if the Bond Issue is completed after Admission; or (b) the date two weeks after the completion of the Bond Issue, if the Bond Issue is completed prior to Admission.

# Doric Nimrod Air Three Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) for the period ended 30 September 2013

### 19 RELATED PARTY TRANSACTIONS (continued)

In addition, DLC shall receive, in consideration for providing services to the Company and each Lessor, fees as follows.

The Company will pay DLC a management and advisory fee of £135,000 per annum per Asset (adjusted annually for inflation from 2014 onwards at 2.5 per cent. per annum), payable quarterly in arrear, save that DLC shall only become entitled to such fee in relation to each Asset following the acquisition of such Asset by the Company and the fee for each Asset shall be calculated from the date of acquisition of that Asset. Following the disposal of the first Asset, DLC will be paid an initial interim amount ("Initial Interim Amount") as follows:

- (i) if the Interim Net Realised Value is less than the Relevant Proportion of the Total Subscribed Equity, DLC will not be entitled to an Initial Interim Amount;
- (ii) if the Interim Net Realised Value is between 100 per cent. (inclusive) and 150 per cent. (inclusive) of the Relevant Proportion of the Total Subscribed Equity, DLC will be entitled to an Initial Interim Amount of 2 per cent. of the Interim Realised Value;
- (iii) if the Interim Net Realised Value is greater than 150 per cent of the Relevant Proportion of the Total Subscribed Equity, DLC will be entitled to an Initial Interim Amount of 3 per cent. of the Interim Realised Value.

Following the disposal of each subsequent Aircraft except the final Aircraft, DLC will be paid, in respect of each such Aircraft disposed of, an additional cash amount (each a "Subsequent Interim Amount") as follows:

- (i) if the Subsequent Interim Net Realised Value is less than the Relevant Proportion of the Total Subscribed Equity, DLC will be entitled to a Subsequent Interim Amount of 1.75 per cent. of the relevant Subsequent Interim Realised Value;
- (ii) if the Subsequent Interim Net Realised Value is between 100 per cent. (inclusive) and 150 per cent (inclusive) of the Relevant Proportion of the Total Subscribed Equity, DLC will be entitled to a Subsequent Interim Amount of 2 per cent. of the relevant Subsequent Interim Realised Value;
- (iii) if the Subsequent Interim Net Realised Value is greater than 150 per cent of the Relevant Proportion of the Total Subscribed Equity, DLC will be entitled to a Subsequent Interim Amount of 3 per cent. of the relevant Subsequent Interim Realised Value.

Following the disposal of the final Asset, and prior to the liquidation of the Company, if the Disposition Fee (as defined below) is payable, where the aggregate of the Initial Interim Amount and the Subsequent Interim Amount is less than the Disposition Fee (as calculated below) payable, the Company shall pay the difference to DLC in satisfaction of its obligations to pay such Disposition Fee.

DLC shall be paid a disposition fee (the "Disposition Fee") as follows: (a) DLC will not be entitled to the Disposition Fee (but for the avoidance of doubt will be entitled to reimbursement for properly incurred costs and expenses) if the Aggregate Net Realised Value is less than the Total Subscribed Equity; (b) if the Aggregate Net Realised Value is between 100 per cent. (inclusive) and 150 per cent. (inclusive) of the Total Subscribed Equity, DLC shall be entitled to a Disposition Fee of 2 per cent. of the Aggregate Realised Value; (c) if the Aggregate Net Realised Value is greater than 150 per cent. of the Total Subscribed Equity, DLC shall be entitled to a Disposition Fee of 3 per cent. of the Aggregate Realised Value. In the event of a Total Loss of an Aircraft the Total Subscribed Equity hurdle shall be adjusted down pro rata. In addition, the Annual Fee payable shall be pro rated to the date of the Total Loss.

# Doric Nimrod Air Three Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) for the period ended 30 September 2013

### 19 RELATED PARTY TRANSACTIONS (continued)

During the Period, the Group incurred £5,568,195 (30 September 2012: £nil) of expenses with DLC, of which £nil (31 March 2013: £nil) was outstanding to this related party at 30 September 2013. £5,458,547 (30 September 2012: £nil) of expenses have been deducted from equipment notes.

Nimrod Capital LLP ("Nimrod") is the Company's Placing Agent and Corporate and Shareholder Adviser. In consideration for Nimrod acting as placing agent in the initial Ordinary Share Placing, the Company agreed to pay to Nimrod, at Admission, a placing commission equal to 0.2142 per cent of the Initial Gross proceeds of the initial Ordinary Share Placing. The amount is accrued for at the end of the prior year period end and is included in accrued launch expenses.

The Group shall pay to Nimrod for its services as Corporate and Shareholder Adviser a fee £400,000 per annum (adjusted annually for inflation from 2014 onwards, at 2.5 per cent per annum) payable quarterly in arrears.

During the period, the Group incurred £1,559,328 (30 September 2012: £nil) of expenses with Nimrod, of which £nil (31 March 2013: £nil) was outstanding to this related party at 30 September 2013. £1,459,602 (30 September 2012: £nil) of expenses have been deducted from equity. £99,726 (30 September 2012: £nil) of expenses related to management fees as shown in Note 5.

Anson Fund Managers Limited ("AFML") is the Company's Administrator and Secretary, Anson Registrars Limited ("ARL") is the Company's Registrar, Transfer Agent and Paying Agent and Anson Administration (UK) Limited ("AAUK") is the UK Transfer Agent. £34,722 (30 September 2012: £106,937) of costs were incurred with these related parties during the period, of which £8,063 (31 March 2013: £nil) was due to these related parties at 30 September 2013.

# Doric Nimrod Air Three Limited

## KEY ADVISERS AND CONTACT INFORMATION

## **Key Information**

Exchange	Specialist Fund Market of the LSE/ CISX
Ticker	DNA3
Listing Dates	2 July 2013
Fiscal Year End	31 March
Base Currency	GBP
SEDOL/ISIN (Ordinary Preference Shares)	B92LHN5/GG00B92LHN58
Country of Incorporation	Guernsey – Registration number 54908

## **Management and Administration**

### **Registered Office**

Doric Nimrod Air Three Limited  
Anson Place  
Mill Court  
La Charroterie  
St Peter Port  
Guernsey GY1 EJ

### **Asset Manager**

Doric Lease Corp Management Ltd  
2<sup>nd</sup> Floor  
Beaux Lane House  
Mercer Street Lower  
Dublin 2, Ireland

### **Placing and Corporate and Shareholder Advisory Agent**

Nimrod Capital LLP  
3 St Helen's Place  
London EC3A 6AB

### **Lease and Debt Arranger**

Doric Lease Corp Management Ltd  
2<sup>nd</sup> Floor  
Beaux Lane House  
Mercer Street Lower  
Dublin 2, Ireland

### **Company Secretary and Administrator**

Anson Fund Managers Limited  
P.O. Box 405, Anson Place  
Mill Court  
La Charroterie  
St Peter Port  
Guernsey GY1 3GF

### **Registrar**

Anson Registrars Limited  
PO Box 426, Anson Place  
Mill Court, La Charroterie  
St Peter Port  
Guernsey GY1 3WX

### **Advocates to the Company (as to Guernsey Law)**

Carey Olsen  
Carey House  
Les Banques  
St Peter Port, Guernsey  
GY1 4BZ

### **Auditor**

Deloitte LLP  
Regency Court  
Gategny Esplanade  
St Peter Port  
Guernsey  
GY1 3HW

**Solicitors to the Company (as to English Law)**

Herbert Smith LLP  
Exchange House  
Primrose Street  
London EC2A 2HS

**Asset Manager Liaison**

Doric Lease Corp Partners LLP  
5 Royal Exchange Buildings  
London  
EC3V 3NL

## Contact Details

### **Company**

Doric Nimrod Air Three Limited

Anson Place, Mill Court,

La Charroterie, St Peter Port,

Guernsey GY1 1EJ

Tel: +44 (0) 1481 722260

Website: [www.dnairthree.com](http://www.dnairthree.com)

### **Corporate & Shareholder Advisor**

Nimrod Capital LLP

3 St. Helen's Place

London EC3A 6AB

Tel: +44 (0) 20 3355 6855

Website: [www.nimrodcapital.com](http://www.nimrodcapital.com)

END OF ANNOUNCEMENT

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