Doric Nimrod Air Two Limited

Half Yearly Financial Report

From 1 April 2017 to
30 September 2017

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DORIC NIMROD AIR TWO LIMITED (the "Company")

SUMMARY INFORMATION

Listing	Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	DNA2
Share Price	225.13p (as at 30 September 2017) 205.25p (as at 11 December 2017)
Market Capitalisation	GBP 388.9 million (as at 30 September 2017)
Aircraft Registration Numbers	A6-EDP, A6-EDT, A6-EDX, A6-EDY, A6-EDZ, A6-EEB, A6-EEC
Current/Future Anticipated Dividend	Current dividends are 4.5p per quarter per share (18p per annum) and it is anticipated that this will continue until the aircraft leases begin to terminate in 2023.
Dividend Payment Dates	April, July, October, January
Currency	Sterling
Launch Date/Price	14 July 2011 / 200p
Incorporation and Domicile	Guernsey
Asset Manager	Doric GmbH
Corporate and Shareholder Advisor	Nimrod Capital LLP
Administrator	JTC Fund Solutions (Guernsey) Limited
Auditor	Deloitte LLP
Market Makers	Canaccord Genuity Limited Jefferies International Limited Numis Securities Limited Shore Capital Limited Winterflood Securities Limited
SEDOL, ISIN	B3Z6252, GG00B3Z62522
Year End	31 March
Stocks & Shares ISA	Eligible
Website	www.dnairtwo.com

DORIC NIMROD AIR TWO LIMITED (the "Company")

COMPANY OVERVIEW

Doric Nimrod Air Two Limited (LSE Ticker: DNA2) (**"DNA2"** or the **"Company"**) is a Guernsey company incorporated on 31 January 2011. Its Ordinary Shares were admitted to trading on the Specialist Fund Segment ("**SFS**") of the London Stock Exchange's Main Market ("**LSE**") on 14 July 2011.

The Company's total issued share capital consists of 172,750,000 Ordinary Shares (the "**Shares**"). As at 11 December 2017, the latest practicable date prior to publication of this report, the Shares were trading at 205.25 pence per Share.

Investment Objectives and Policy

The Company's investment objective is to obtain income returns and a capital return for its shareholders (the "**Shareholders**") by acquiring, leasing and then selling aircraft (each an "**Asset**" or "**Aircraft**" and together the "**Assets**" or "**Aircraft**"). The Company receives income from the lease rentals paid to it by Emirates Airline ("**Emirates**"), the national carrier owned by the Investment Corporation of Dubai, based in Dubai, United Arab Emirates, pursuant to the leases.

Subsidiaries

The Company has four wholly-owned subsidiaries; MSN077 Limited, MSN090 Limited, MSN105 Limited and Doric Nimrod Air Finance Alpha Limited ("**DNAFA**") which collectively hold the Assets for the Company (together the Company and the subsidiaries are known as the "**Group**").

The first Asset was acquired by MSN077 Limited on 14 October 2011 for a purchase price of USD 234 million and has been leased to Emirates for an initial term of 12 years to October 2023, with fixed lease rentals for the duration.

The second Asset was acquired by MSN090 Limited on 2 December 2011 for a purchase price of USD 234 million and has been leased to Emirates for an initial term of 12 years to December 2023, with fixed lease rentals for the duration.

The third Asset was acquired by MSN105 Limited on 1 October 2012 for a purchase price of USD 234 million and has been leased to Emirates for an initial term of 12 years to October 2024.

In order to complete the purchase of the related Assets, MSN077 Limited, MSN090 and MSN105 Limited entered into separate loan agreements with a number of banks (see Note 14), each of which will be fully amortised with quarterly repayments in arrears over 12 years (each of them a "**Loan",** together the "**Loans**"). A fixed rate of interest applies to the Loans except for 50% of the loan in MSN090 which has a related interest rate swap entered into to fix the interest rate. MSN077 Limited drew down USD 151,047,509 under the terms of the first loan agreement to complete the purchase of the first Asset; MSN090 Limited drew down USD 146,865,575 in accordance with the second loan agreement to finance the acquisition of the second Asset; and MSN105 Limited drew down USD 145,751,153 in accordance with the third loan agreement to finance the acquisition of the third Asset. The first loan agreement, the second loan agreement and the third loan agreement are on materially the same terms.

The fourth, fifth, sixth and seventh Assets were acquired by DNAFA using the proceeds of the issue of the C Shares, together with the proceeds of Equipment Notes (the "Equipment Notes") issued by DNAFA. The Equipment Notes were acquired by two separate pass through trusts using the proceeds of their issue of enhanced equipment trust certificates (the "Certificates"). The Certificates, with an aggregate face amount of approximately USD 587.5 million were admitted to the Official List of the UK Listing Authority and to the London Stock Exchange on

COMPANY OVERVIEW (continued)

12 July 2012. These four Assets were also leased to Emirates for an expected initial term of 12 years to the second half of 2024, with fixed lease rentals for the duration.

Distribution Policy

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

The Group receives income from the lease rentals paid by Emirates pursuant to the relevant leases. It is anticipated that income distributions will be made quarterly, subject to compliance with applicable laws and regulations. The Company currently targets a distribution of 4.50 pence per Share per quarter. Emirates bears all costs (including maintenance, repair and insurance) relating to the Aircraft during the lifetime of the leases.

There is no guarantee that dividends will be paid to Shareholders, nor is there a guarantee of the timing or amount of any such dividend. There is also no guarantee that the Company will, at all times, satisfy the solvency test required by section 304 of the 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 leases.

During the period under review and in accordance with the Distribution Policy the Company declared two interim dividends of 4.50 pence per Share. One interim dividend of 4.50 pence per Share was declared after the reporting period. Further details of these dividend payments can be found on page 26.

Return of Capital

In respect of any Asset, following the sale of that Asset, the Directors may, either (i) return to Shareholders the net capital proceeds, or (ii) re-invest such proceeds in accordance with the Company's investment policy.

The Company intends to return to Shareholders net capital proceeds if and when the Company is wound-up (pursuant to a Shareholder resolution, including the Liquidation Resolution below), subject to compliance with the Company’s Articles of Incorporation (the “**Articles**”) and the applicable laws (including any applicable requirements of a solvency test contained therein).

Liquidation Resolution

Although the Company does not have a fixed life, the Articles require that the Directors convene a Liquidation Proposal Meeting six months prior to the end of the last lease, where a Liquidation Resolution will be proposed that the Company proceed to an orderly wind-up. In the event that the Liquidation Resolution is not passed, the Directors will consider alternatives for the Company and shall propose such alternatives at a General Meeting of the Shareholders, including re-leasing the Assets (to the extent the Assets have not already been disposed of in the market), or selling the Assets and applying the capital received from the sale of those Assets to: (i) if applicable, the repayment of outstanding debt; and (ii) reinvestment in other aircraft.

DORIC NIMROD AIR TWO LIMITED (the "Company")

CHAIRMAN'S STATEMENT

I am very pleased to present Shareholders with the Company's half-yearly consolidated financial report covering the period from 1 April 2017 until 30 September 2017 (the "**Period**").

I am glad to report that during the Period the Company has performed as anticipated and has declared and paid quarterly dividends of 4.5p per share as expected, representing 18p per share annually.

The Group owns seven planes, funded in part by two equity issues, a note issue and bank debt.

The Company's Asset Manager, Doric GmbH, continues to monitor the lease performance and reports regularly to the Board. Nimrod Capital LLP, the Company's Corporate and Shareholder Advisor, continues to liaise between the Board and Shareholders, and to distribute quarterly fact sheets.

According to the International Air Transport Association ("**IATA**"), 2017 is on course to be another year of strong traffic growth with data for the month of August (measured in total revenue passenger kilometers or RPKs) showing demand climbed 7.9% during the year to date while the load factor climbed 1.1 percentage points to 81.7%. During the first half of 2017, premium passenger demand growth was stronger than economy seat demand in a number of markets, particularly across the Pacific and within Asia. This is consistent with the recent pick-up in global trade conditions, which tends to correlate well with premium travel demand. By contrast, premium demand lagged behind its economy counterpart in a number of cases, notably between Europe and the Middle East.

Over the past year Middle Eastern carriers have faced a multitude of challenges, including geo-political turbulence in various parts of the world, heightened concern about immigration on an international scale and enhanced security procedures impacting operations to the US. Fortunately, in the latter case, some of these headwinds are starting to ease during the period with the US laptop ban being lifted fully during July.

In July, Emirates announced that it is entering a broad partnership with low-cost operator Flydubai, which will include a codeshare and optimisation of the airlines' networks. Both carriers are government-owned, and the move aims to reduce unnecessary competition, enabling Emirates to benefit from Flydubai's single-aisle operations. Between them, the airlines operate routes to 216 cities with networks that overlap to an extent. However, they expect to be serving 240 destinations as a combined operation by 2022, with a total fleet of 380 aircraft.

The Board took note of a number of A380-related information and events, which became available or took place after September 30, 2017. This includes the return of the first A380, previously operated by Singapore Airlines, to its lessor. The aircraft is temporarily stored in Southern France, with the four engines leased to manufacturer Rolls-Royce. Furthermore, it was noted that Emirates did not commit to purchase additional A380 aircraft so far. It was widely expected that Emirates would sign a corresponding agreement at the Dubai Air Show in November this year. The Board and its Asset Manager continue to monitor these developments carefully.
In economic reality, the Company has also performed well. Two interim dividends were declared in the half-year and future dividends are targeted to be declared and paid on a

quarterly basis. However, as required by International Financial Reporting Standards ("**IFRS**"), the financial statements do not in the Board's view properly convey this economic reality due to the accounting treatment for foreign exchange, rental income and finance costs.

IFRS require that transactions denominated in US Dollars (including, most importantly, the cost of the aircraft) are translated into Sterling at the exchange rate ruling at the date of the transaction whilst monetary items (principally the outstanding borrowings) are translated at the rate prevailing on the reporting date. The result is that the figures sometimes show very large mismatches which are reported as unrealised foreign exchange differences. When the lease matures and the debt is repaid these foreign exchange differences will disappear.

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

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

The Company produces a fact sheet on a quarterly basis which is available on its website and which I encourage all shareholders to view. On behalf of the Board, I would like to thank our service providers for all their help and all Shareholders for their continuing support of the Company.

Norbert Bannon

Chairman

DORIC NIMROD AIR TWO LIMITED (the "Company")

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.

1. The Assets

The Company acquired a total of seven Airbus A380-861 aircraft between October 2011 and November 2012. Each aircraft is leased to Emirates Airline ("**Emirates**") – the national carrier owned by the Investment Corporation of Dubai, based in Dubai, United Arab Emirates – for an initial term of 12 years from the point of delivery, with fixed lease rentals for the duration. In order to complete the purchase of the first three aircraft, MSN077 Limited, MSN090 Limited and MSN105 Limited entered into three separate loans, each of which will be fully amortised with quarterly repayments in arrear over 12 years.

The net proceeds from the C Share issue ("the **Equity**") were used to partially fund the purchase of four of the seven Airbus A380s. In order to help fund the acquisition of these final four aircraft, DNAFA issued two tranches of enhanced equipment trust certificates ("the **Certificates**" or "**EETC**") – a form of debt security – in June 2012 in the aggregate face value of USD 587.5 million. DNAFA used the proceeds from both the Equity and the Certificates to finance the acquisition of four new Airbus A380 aircraft leased to Emirates.

The seven Airbus A380 aircraft bearing manufacturer's serial numbers (MSN) 077, 090, 105, 106, 107, 109 and 110.

The seven A380s owned by the Company recently visited Abu Dhabi, Amsterdam, Auckland, Bangkok, Barcelona, Bangkok, Beijing, Brisbane, Casablanca, Dublin, Frankfurt, Guangzhou, Hong Kong, Jeddah, Kuala Lumpur, Kuwait City, London Heathrow, Madrid, Melbourne, Milan, Moscow, Munich, New York JFK, Paris, Perth, Port Louis, Rome, Seoul, Shanghai, Sydney, Tokyo, Washington and Zurich.

Aircraft utilisation for the period from delivery of each Airbus A380 until the end of September 2017 was as follows:

MSN	Delivery Date	Flight Hours	Flight Cycles	Average Flight
077	14/10/2011	27,578	3,257	8 h 30 min
090	02/12/2011	24,617	4,070	6 h 5 min
105	01/10/2012	22,074	3,567	6 h 10 min
106	01/10/2012	24,361	2,825	8 h 40 min
107	12/10/2012	23,989	2,808	8 h 35 min
109	09/11/2012	21,038	3,377	6 h 15 min
110	30/11/2012	21,383	3,546	6 h

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 24 month or 12,000 flight hour intervals, whichever occurs first. Emirates bears all costs relating to the aircraft during the lifetime of the lease (including maintenance, repairs and insurance).

Inspections

Doric, the asset manager, performed inspections of MSN 106 in April 2017 and MSN 077 in May 2017. The physical condition of each aircraft was in compliance with the provisions of the respective lease agreements.

Doric performed record audits for MSNs 105, 106 and 107 in September 2017. The lessee was again very helpful in the responses given to the asset manager’s technical staff, and the technical documentation was found to be in good order. Also in September 2017, the asset manager performed an inspection of MSN 109. The physical condition of the aircraft was in compliance with the provisions of the lease agreement.

2. Market Overview

In the first seven months of 2017, global revenue passenger kilometres (RPKs) grew by 7.7% compared to the same period in the previous year. The robust end to 2016 provided for a favourable start for RPK growth rates in 2017. However, IATA notes that the upward trend in seasonally-adjusted (SA) passenger traffic has slowed since the end of 2016. While industry-wide RPKs were growing at an annualized rate of more than 12% coming into 2017, that growth has begun to slow to around 6% over the past three months. This annualized growth rate is between its five-year and ten-year averages (6.4% and 5.5%, respectively).

During the first seven months of this year, industry-wide available seat kilometres (ASKs) increased by 6.1%. As ASKs and RPKs have trended upward at similar rates, the global passenger load factor (PLF) rose by 1.2 percentage points in the first seven months of 2017, resulting in a PLF of 81.3%. All regions, except for the Middle East, recorded increases in PLF in the first seven months of 2017 compared to the same period in 2016. PLF in the Middle East decreased by 0.2 percentage points to 74.7% during this period.

International RPKs flown by Middle Eastern airlines have grown by 7.0% in the first seven months of 2017, compared with the five-year average of 11.2%. Adjusting for the later timing of Eid this year, a Muslim holiday at the end of Ramadan, SA traffic volumes are still level with where they started this year. In particular, the Middle East to North America market continues to feel the effects of a combination of factors, including the (recently-lifted) ban on personal electronic devices (PED) as well as the proposed travel bans to the US. Traffic growth on the segment was already slowing in early-2017, in line with the slowing growth rate of non-stop services flown by the largest Middle Eastern airlines. However, in June, RPKs on these routes between the Middle East and North America fell for the fourth consecutive month in year-on-year terms (-6.8%).

With an RPK growth of 10.2% until July 2017 Asia/Pacific-based operators outperformed the overall market demand this year. Europe ranked second with 8.6% and Africa third with 7.7%, ahead of Latin America (6.8%). With a combined domestic and international RPK growth of 6.7% the Middle East reached the second-last place, with North America achieving 3.9%.

For 2017, IATA forecasts that the airlines fuel bill will rise to USD 129 billion and represent 18.8% of average operating costs. As jet fuel prices have begun to rise with oil prices, IATA expects an average price of USD 64 per barrel of jet fuel during 2017.

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3. Lessee – Emirates Key Financials

In the 2016/17 financial year ending on 31 March 2017, Emirates recorded the 29th consecutive year of profit with a net result of USD 340 million (AED 1,250 million), down 82% compared to the previous financial year. The net profit margin was 1.5%, down by 7 percentage points. Revenue for the period remained unchanged at USD 23.2 billion (AED 85.1 billion). However, lower results were to be expected as Emirates' president Tim Clark hinted earlier in March 2017 that the increased volatility in the market had affected Emirates' performance. His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive of Emirates, listed a number of destabilizing events, which impacted travel demand during the year: the Brexit vote, Europe's immigration challenges and terror attacks, new policies impacting air travel into the US, and currency devaluation. He deemed the past fiscal year as "one of our most challenging years to date".

In the face of these challenges, Emirates increased its passenger numbers, RPKs and cargo carried during the 2016/17 financial year. Emirates carried a record 56.1 million passengers (8.1% more than in the previous fiscal year), increased capacity for passengers (measured in ASK) by 10.3% and increased RPKs by 8.4%. As a result, the passenger seat factor dropped by 1.4 percentage points to 75.1%. In the 2016/17 annual report it was noted that seat factor on the Emirates' A380 fleet was high – and a testament of the customer preference for this aircraft. The share of passengers carried by Emirates A380 aircraft increased by 5 percentage points to 37%.

The costs resulting from the ongoing efforts to expand capacity contributed to a 7.7% increase in operating costs. While fuel prices fell by 2%, an 8% uplift in line with the capacity increase led the airline's fuel bill to increase 6%. Fuel costs as a percentage of operating costs only slightly decreased from 25.7% to 25.4% during the reporting period, remaining the biggest cost component for the airline, followed by personnel costs. The overall increase in operating costs is marginally higher than the capacity growth of 7.2%.

As of 31 March 2017, the balance sheet totalled USD 33.1 billion (AED 121.6 billion), an increase of 2% compared to the previous financial year. Total equity increased by 8.3% to USD 9.6 billion (AED 35.1 billion) with an equity ratio of nearly 29%. The carrier had a cash balance of USD 4.3 billion (AED 15.7 billion) at the end of the period, down by USD 1.2 billion (AED 4.3 billion) compared to the previous financial year. This included the repayment in the amount of USD 1.1 billion. The current ratio stood at 0.73, meaning the airline would be able to meet nearly three-quarters of its current liabilities by liquidating all its current assets. Significant items on the liabilities' side of the balance sheet included current and non-current borrowings and lease liabilities in the amount of USD 13.9 billion – an increase of 1.8% against the previous financial year.

In line with its strategy to increase capacity through a young and efficient fleet, Emirates received a record number of 35 wide-body aircraft, consisting of 19 Airbus A380 and 16 Boeing 777-300ER, during the 2016/2017 financial year. At the same time, the airline also retired 27 older aircraft, bringing the average fleet age of six years two months down to five years three months, which is well below the industry average of nearly 12 years. To fund its fleet growth, Emirates raised USD 7.9 billion (AED 29.1 billion) during the financial year through finance and operating leases as well as term loans. Over the last ten years, the operator raised more than USD 47.3 billion (AED 173.7 billion) for aircraft financing.

In the 2016/17 financial year, Emirates launched services to six new passenger points (Yinchuan and Zhengzhou in China, Yangon in Myanmar, Hanoi in Vietnam, Fort Lauderdale and Newark in the US). These new destinations add to Emirates' well-balanced regional distribution, whereby no region represents more than 30 percent of overall revenues. In line with increased demand, the operator added frequencies and increased capacity to several existing destinations of its global route network, which spanned 156 destinations in 83 countries by fiscal year end.

In June, the airline won the World's Best Inflight Entertainment award for a record 13th year at this year's Skytrax World Airline Awards, which are considered a global benchmark of airline excellence. Nearly 20 million passengers reviewed over 320 airlines.

In July, Emirates announced that it is entering a broad partnership with low-cost operator Flydubai, which will include a codeshare and optimization of the airlines' networks. Both carriers are government-owned, and the move aims to reduce unnecessary competition, enabling Emirates to benefit from Flydubai's single-aisle operations. Between them, the airlines operate routes to 216 cities with networks that overlap to an extent. However, they expect to be serving 240 destinations as a combined operation by 2022, with a total fleet of 380 aircraft.

In August 2017 Moody's Investors Service (Moody's) downgraded its Class A rating assigned to the Certificates issued by DNAFA, a subsidiary of the Company, to Baa1 from A3. The Class B rating remains unchanged and the rating outlook is stable. According to Moody's, the downgrade reflects that the market for the A380 has weakened since the transaction was first rated in 2012, which increases market risk and potentially, the sufficiency of collateral coverage under a certificate default scenario. It was further confirmed, that Moody's long-term view on the credit quality of the airline remains unchanged from the time the EETC rating was assigned. Moody's also used delivery date values that were approximately 20% (USD 45 million per aircraft) below the lower of mean or median values of the transaction appraisers when rating these transactions. Moody's expects improvements in the equity cushions with upcoming amortization payments and the rating agency expects that the A380 will remain integral part to the carrier's network strategy.

Market data from Reuters indicate that the downgrade by one notch did not result in an increased risk perception of potential investors in the EETC issuance of the Company. The spread in the market over the interbank swap rate for the corresponding weighted average life has actually narrowed for both the Class A and Class B Certificates post the rating downgrade.

Source: ch-aviation, CNN, Emirates, FlightGlobal, Moody's Investors Service, Reuters.

4. Aircraft — A380

By mid-September 2017, Emirates operated a fleet of 97 A380s, which currently serve 47 destinations within its global network via its hub in Dubai. A380 destinations include: Amsterdam, Auckland, Bangkok, Barcelona, Beijing, Birmingham, Brisbane, Casablanca, Christchurch, Copenhagen, Doha, Dusseldorf, Frankfurt, Guangzhou, Hong Kong, Johannesburg, Kuala Lumpur, Kuwait, London Gatwick, London Heathrow, Los Angeles, Madrid, Manchester, Mauritius, Melbourne, Milan, Moscow, Mumbai, Munich, New York JFK, Nice, Paris, Perth, Prague, Rome, San Francisco, Sao Paulo, Seoul, Shanghai, Singapore, Sydney, Taipei, Tokyo, Toronto, Vienna, Washington, and Zurich.

As of mid-September 2017, the global A380 fleet consisted of 215 commercially operated planes in service. The 13 operators are Emirates (97), Singapore Airlines (19), Deutsche Lufthansa (14), Qantas (12), British Airways (12), Air France (ten), Korean Air Lines (ten), Etihad Airways (ten) Malaysia Airlines (six), Qatar Airways (eight), Thai Airways (six), China

Southern Airlines (five), and Asiana Airlines (six). The number of undelivered A380 orders stood at 102.

Singapore Airlines are taking delivery of five new A380s, three by March 2018 and two during the remainder of 2018. However, Singapore Airlines confirmed that it will phase out four of its oldest A380 superjumbo jets by the end of March 2018. These aircraft, which were leased for a period of ten years, will be one of the first to test the second hand market for this type.

Qantas is planning on moving two A380s onto Asian routes in the next year, once its Boeing 787-9s take over the services between Melbourne and London in March 2018. The chief executive officer of Qantas International, Gareth Evans, stated that the carrier plans on using the additional capacity from the A380s during periods of higher demand on its Asian network. The nominated destinations, with high peak periods, include Singapore and Hong Kong.

At the sidelines of the Paris Air Show, Malaysia Airlines (MAS) provided an update regarding the charter business with religious pilgrimage flights which MAS intends to run in a subsidiary with a separate Malaysian air operator certificate: “We’ve already signed contracts in the last couple of weeks with operators to do a significant amount of work”, said Peter Bellew, the then CEO of MAS. Furthermore, he was very positive about the future of the A380 in general. “The airframes are spotless. I think these A380s are going to be flying still in 40 years’ time, a bit like the 707s that are still flying in America, nearly 55-60 years later. I think the A380 will end up being like that.”. An aircraft like the A380 makes “incredible financial sense” from his point of view, “because the fuel is not going to be the blocker in the utilization of these aircraft”.

Emirates expects the delivery of its 100th A380 later this year. The increasing number of superjumbos allows the airline to increase the number of A380 destinations as well as frequency on existing routes: From March 2018, the carrier will add a fourth daily A380 service from Dubai to Sydney, which will increase the capacity for Emirates’ Australian services by more than 7%. Also from March 2018, the carrier will upgrade its third daily flight between Dubai and Melbourne from a Boeing 777-300ER to an A380. From October this year, Emirates will make its second daily flight to Moscow an A380 service. On 29 October 2017, Emirates launched a second daily A380 service between Dubai and Birmingham. The decision was based on the high demand from passengers wanting to travel with the iconic aircraft. A total of 300,000 passengers have already flown on the aircraft between the two cities since 27 March 2016. Additionally, due to the high customer demand, Emirates replaced the current Boeing 777-300ER operations with two more superjumbos to Beijing and Shanghai on 1 July 2017. This move increased the capacity and opportunity for passengers heading to either destination. In August 2017, Emirates commenced Hajj services. The airline operated 45 additional flights to Jeddah and 12 additional flights to Medina between 17 August 2017 and 11 September 2017, in addition to its regular three time daily Jeddah and twice daily Medina frequencies. The A380 was used to support the increased demand to Medina during this time. Emirates anticipated a total of 2 million pilgrims traveling to Mecca, 20,000 of which would fly with Emirates from destinations such as Yangon, Manchester, Mauritius, Jakarta, Karachi, Lagos and Nairobi.

Speaking during the Aviation Festival event in London on 7 September, Emirates president Tim Clark stated that the airline will capitalize on its flexibility in order to compete with long-haul, low-cost operators. Clark noted that Emirates’ fleet of 97 A380s would enable the airline to "compartmentalise" by offering "three or four economy classes" on the main deck alone. This would allow Emirates to match long-haul, low-cost operators in their base price while still being to offer additional enhancements.

This summer, Airbus presented a development study for an enhanced A380, called “A380plus”. It includes aerodynamic improvements like large winglets. An optimised cabin layout would allow up to 80 additional seats.

As a result of weak sales, Airbus announced that it will cut A380 deliveries in 2019 to eight aircraft. The production rate for 2018 remains at 12 aircraft. Airbus is expecting only a relatively small impact from the cut in production rate, as a result of its continuing effort to bring down fixed costs associated with the programme.

Source: Ascend, Aviation Week, Bloomberg, CAPA, Emirates, FlightGlobal, iflyA380, MarketWatch, Reuters.

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This document is issued by Doric Nimrod Air Two Limited (the "Company") to and for the information of its existing shareholders and does not in any jurisdiction constitute investment advice or an invitation to invest in the shares of the Company. The Company has used reasonable care to ensure that the information included in this document is accurate at the date of its issue but does not undertake to update or revise the information, including any information provided by the Asset Manager, or guarantee the accuracy of such information.

To the extent permitted by law neither the Company nor the Asset Manager nor their directors or officers shall be liable for any loss or damage that anyone may suffer in reliance on such information. Past performance cannot be relied on as a guide to future performance. The value of an investment may go down as well as up and some or all of the total amount invested may be lost.

DORIC NIMROD AIR TWO LIMITED (the "Company")

DIRECTORS

Norbert Bannon – Chairman (Age 68)

Norbert Bannon is chairman of a large UK DB pension fund, a major Irish DC pension scheme and is a director of and advisor to a number of other financial companies. He is Chairman of the Audit Committees of Doric Nimrod Air One Limited and Doric Nimrod Air Three Limited. He has extensive experience in international finance having been CEO of banks in Singapore and New York. He was CEO of Ireland's largest venture capital company and was finance director and Chief Risk Officer at a leading investment bank in Ireland. He has worked as a consultant on risk issues internationally.

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

Charles Edmund Wilkinson (Age 74)

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 Boards of Doric Nimrod Air One Limited and Doric Nimrod Air Three Limited and a Director of Landore Resources Ltd, a Guernsey based mining exploration company. He is resident in Guernsey.

Geoffrey Alan Hall (Age 69)

Geoffrey Hall has extensive experience in investment 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 Three Limited.

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

John Le Prevost (Age 66)

John Le Prevost is the Chief Executive Officer of Anson Group Limited and Chairman of Anson Registrars Limited (the Company's Registrar). He has spent 30 years working in offshore trusts and investment business during which time he was managing director of County NatWest Investment Management (Channel Islands) Limited, Royal Bank of Canada's mutual fund company in Guernsey and Republic National Bank of New York's international trust company. John is a director of Guaranteed Investment Products I PCC Limited, Guernsey's largest protected cell company. He is a director of a number of other companies associated with Anson Group's business as well as being a trustee of the Guernsey Sailing Trust. John is also currently a director of Doric Nimrod Air One Limited, Doric Nimrod Air Three Limited and Amedeo Air Four Plus 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 Group as shown in the financial statements and a description of the principal risks and uncertainties facing the Group is given in the Chairman's Statement, Asset Manager's Report, and the Notes to the Financial Statements contained on pages 19 to 42 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 21 of the Notes to the Financial Statements.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company are unchanged from those disclosed in the Company's annual financial report for the year ended 31 March 2017.

Going Concern

The Company's principal activities are set out within the Company Overview on pages 2 to 4. The financial position of the Group is set out on page 15 to 42. 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 interest rate under each Loan or Equipment Note issue has been fixed and the fixed rental income under the relevant Lease has been coordinated with the loan repayments therefore the rent income should be sufficient to repay the Loans and Equipment Notes and provide surplus income to pay for the Group's expenses and permit payment of dividends.

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

Responsibility Statement

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

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

(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.

Signed on behalf of the Board of Directors of the Company on 13 December 2017.

John Le Prevost
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 April 2017 to 30 September 2017

	Notes	1 Apr 2017 to 30 Sep 2017 GBP	1 Apr 2016 to 30 Sep 2016 GBP
INCOME			
A rent income	4	46,597,804	42,809,579
B rent income	4	18,266,978	18,217,070
Bank interest received		38,368	-
		64,903,150	61,026,649
EXPENSES			
Operating expenses	5	(1,697,962)	(1,835,578)
Depreciation of Aircraft	9	(15,733,300)	(21,126,114)
		(17,431,262)	(22,961,692)
Net profit for the Period before finance costs and foreign exchange gains / (losses)		47,471,888	38,064,957
Finance costs	10	(12,107,548)	(14,136,352)
Net profit for the Period after finance costs and before foreign exchange gains / (losses)		35,364,340	23,928,605
Unrealised foreign exchange gain / (loss)	19b	35,231,904	(55,078,091)
Profit / (Loss) for the Period		70,596,244	(31,149,486)
Other Comprehensive Income		-	-
Total Comprehensive Income / (Loss) for the Period		70,596,244	(31,149,486)
		Pence	**Pence**
Earnings / (Loss) per Ordinary Preference Share for the Period - Basic and Diluted	8	40.87	(18.03)

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

The notes on pages 19 to 42 form an integral part of these Consolidated Financial Statements.

DORIC NIMROD AIR TWO LIMITED (the "Company")

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2017

	Notes	30 Sep 2017 GBP	31 Mar 2017 GBP
NON-CURRENT ASSETS			
Aircraft	9	840,756,732	856,490,032
CURRENT ASSETS			
Accrued income		2,990,864	2,562,252
Receivables	12	69.899	269,299
Short-term investments	16	2,423,265	3,720,301
Cash and cash equivalents	17	23,672,537	22,095,157
		29,156,565	28,647,009
TOTAL ASSETS		869,913,297	885,137,041
CURRENT LIABILITIES			
Borrowings	14	74,770,280	77,714,247
Deferred income		9,329,752	9,960,159
Payables - due within one year	13	260,274	266,726
		84,360,306	87,941,132
NON-CURRENT LIABILITIES			
Borrowings	14	340,506,476	403,892,049
Deferred income		134,193,209	137,499,298
		474,699,685	541,391,347
TOTAL LIABILITIES		559,059,991	629,332,479
TOTAL NET ASSETS		310,853,306	255,804,562
EQUITY			
Share capital	15	319,836,770	319,836,770
Retained earnings		(8,983,464)	(64,032,208)
		310,853,306	255,804,562
		Pence	**Pence**
Net Asset Value per Ordinary Preference Share based on 172,750,000 (Mar 2017: 172,750,000) shares in issue		179.94	148.08

The Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 13 December 2017 and are signed on its behalf by:

John Le Prevost
Director

The notes on pages 19 to 42 form an integral part of these Consolidated Financial Statements.

DORIC NIMROD AIR TWO LIMITED (the "Company")

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period from 1 April 2017 to 30 September 2017

	Notes	1 Apr 2017 to 30 Sep 2017 GBP	1 Apr 2016 to 30 Sep 2016 GBP
OPERATING ACTIVITIES			
(Loss) / profit for the period		70,596,244	(31,149,486)
Movement in deferred income		2,142,628	7,353,674
Interest received		(38,368)	-
Depreciation of Aircraft	9	15,733,300	21,126,114
Loan interest payable	10	11,596,377	13,625,180
Decrease in payables		(6,452)	(2,428)
Decrease / (Increase) in receivables		199,400	(17,919)
Foreign exchange movement	19b	(35,231,904)	55,078,091
Amortisation of debt arrangement costs	10	511,171	511,172
NET CASH FROM OPERATING ACTIVITIES		65,502,396	66,524,398
INVESTING ACTIVITIES			
Interest received		38,368	-
Increase in short-term investments		1,297,036	-
NET CASH FROM INVESTING ACTIVITIES		1,335,404	-
FINANCING ACTIVITIES			
Dividends paid	7	(15,547,500)	(15,547,500)
Repayments of capital on borrowings		(37,326,226)	(37,868,081)
Repayments of interest on borrowings		(11,868,518)	(12,666,484)
NET CASH USED IN FINANCING ACTIVITIES		(64,742,244)	(66,082,065)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		22,095,157	23,231,712
Increase in cash and cash equivalents		2,095,555	442,333
Effects of foreign exchange rates		(518,175)	896,363
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17	23,672,537	24,570,408

The notes on pages 19 to 42 form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period from 1 April 2017 to 30 September 2017

	Notes	Share Capital GBP	Retained Earnings GBP	Total GBP
Balance as at 1 April 2017		319,836,770	(64,032,208)	255,804,562
Total Comprehensive Income for the period		-	70,596,244	70,596,244
Dividends paid	7	-	(15,547,500)	(15,547,500)
Balance as at 30 September 2017		319,836,770	(8,983,464)	310,853,306

		Share Capital GBP	Retained Earnings GBP	Total GBP
Balance as at 1 April 2016		319,836,770	(23,226,870)	296,609,900
Total Comprehensive Loss for the period		-	(31,149,486)	(31,149,486)
Dividends paid	7	-	(15,547,500)	(15,547,500)
Balance as at 30 September 2016		319,836,770	(23,226,870)	296,609,900

The notes on pages 19 to 42 form an integral part of these Consolidated Financial Statements.

1 GENERAL INFORMATION

The Consolidated Financial Statements incorporate the results of Doric Nimrod Air Two Limited (the "Company"), MSN077 Limited, MSN090 Limited, MSN105 Limited and Doric Nimrod Air Finance Alpha Limited (together "Subsidiaries") (together the Company and the Subsidiaries are known as the "Group").

The Company was incorporated in Guernsey on 31 January 2011 with registered number 52985. The address of the registered office is given on page 43. Its share capital consists of one class of Ordinary Preference Shares ("Ordinary Shares" or “Shares”) and one class of Subordinated Administrative Shares ("Admin Shares"). The Company's Ordinary Shares have been admitted to trading on the Specialist Fund Segment (“SFS”) of the London Stock Exchange (“LSE”).

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 principal activities of the Group are set out in the Chairman’s Statement on pages 4 and Management Report on pages 13 - 14.

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 the International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union, 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 report for the year ended 31 March 2017 which is prepared in accordance with the International Financial Reporting Standards adopted by the European Union and any public announcements made by the Group 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:

Changes in accounting policies and disclosure

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

IAS 7 Statement of Cash Flows - amendments resulting from the disclosure initiative effective for annual periods beginning on or after 1 January 2017 (and was endorsement by the EU in November 2017). The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its consolidated half yearly financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 March 2018.

2 ACCOUNTING POLICIES (continued)

(a) Basis of Preparation (continued)

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

- IFRS 9 Financial Instruments - finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. There is no mandatory effective date, however the IASB has tentatively proposed that this will be effective for annual periods commencing on or after 1 January 2018 and is endorsed in the EU.

- IFRS 15 Revenue from contracts with customers - deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and related interpretations and is endorsed by the EU. This standard is effective for annual periods beginning on or after 1 January 2018.

- IFRS 16 Leases - specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17 (EU endorsement is outstanding) and is effective for annual periods beginning on or after 1 January 2019.

- IFRIC 22 'Foreign currency transactions and advance consideration’ - this IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice and is effective for annual periods beginning on or after 1 January 2018 (EU endorsement is outstanding).

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.

2 ACCOUNTING POLICIES (continued)

(b) Basis of Consolidation

The Consolidated Financial Statements incorporate the results of the Company and its Subsidiaries. The Company owns 100% of all the shares in the Subsidiaries, and has the power to govern the financial and operating policies of the Subsidiaries so as to obtain benefits from their 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 its Subsidiaries have been assessed for tax at the Guernsey standard rate of 0%.

(d) Share Capital

Ordinary Preference 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 Group operates (the functional currency) is Great British Pounds ("GBP" or "£") 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) Short-term Investments

Short-term investments which are held to maturity are carried at cost. Short-term investments are defined as call deposits, short term deposits with a term of more than 3 months, but less than 12 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.

2 ACCOUNTING POLICIES (continued)

(j) 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.

(k) 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 as the loan and 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. Management is not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

(l) Leasing and Rental Income

The leases relating to the Assets have been classified as operating leases as the terms of the leases do not transfer substantially all the risks and rewards of ownership to the lessee. The Assets are shown as non-current assets in the Consolidated Statement of Financial Position. Further details of the leases are given in Note 11.

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.

(m) Property, Plant and Equipment - Aircraft

In line with IAS 16 Property Plant and Equipment, each 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 cost to the Group. Accumulated depreciation and any recognised impairment losses are deducted from cost to calculate the carrying amount of the Asset.

Depreciation is recognised so as to write off the cost of the each Asset less the estimated residual value over the estimated useful life of the Asset of 12 years, using the straight line method. The estimated residual value of the seven planes ranges from £88.4 million to £91.3 million. Residual values have been arrived at by taking into account disposition fees. The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed annually and is an estimate of the fair amount the entity would receive currently if the Assets were already of the age and condition expected at the end of their 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 audited Statement of Financial Position date, the Group reviews the carrying amounts of its Aircraft 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).

2 ACCOUNTING POLICIES (continued)

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

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 periods. A reversal of an impairment loss is recognised immediately in profit or loss.

(n) Financial Liabilities

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

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the Group'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.

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

The following are the critical judgements and estimates that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Consolidated Financial Statements.

Residual Value and Useful Life of Aircraft
As described in Note 2 (m), the Group depreciates the Assets on a straight-line basis over the estimated useful life of the Assets after taking into consideration the estimated residual value. IAS 16 Property, Plant and Equipment requires residual value to be determined as an estimate of the amount that the Group would currently obtain from 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 are currently no aircraft of a similar type of sufficient age for the Directors to make a direct market comparison in making this estimation. After consulting with the Asset Manager, the Directors have concluded that a forecast market value for the Aircraft at the end of its useful life (including inflationary effects) best approximates residual value. In estimating residual value, the Directors have made reference to forecast market values for the Aircraft obtained from 3 independent expert aircraft valuers and determined that the residual value of the Assets was USD 812 million at the 2017 financial year end (2016: USD 882 million, as determined per the initial appraisal at inception).

The estimation of residual value remains subject to uncertainty. If the estimate of residual value had decreased by 20% with effect from the beginning of this period, the net profit for the period and closing shareholders' equity would have decreased by approximately £8.5 million (30 Sep 2016: £5.8 million). An increase in residual value by 20% would have had 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 each Asset, for the purpose of depreciation of the asset under IAS 16, is estimated based on the expected period for which the Group will own and lease the Aircraft. The Board of directors expects that the Aircraft will have a working life far in excess of this period.

Operating Lease Commitments - Group as Lessor
The Group has entered into operating leases on seven (30 Sep 2016: seven) Assets. 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 these Assets and accounts for the contracts as operating leases.

The Group has determined that the operating leases on the Assets are 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 a 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 (m), an 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 review the carrying amounts of its Assets at each audited Consolidated Statement of Financial Position date and monitor the Assets for any indications of impairment as required by IAS 16 Property, Plant and Equipment and IAS 36 Impairment of Assets.

At the 31 March 2017 year end the Directors reviewed the carrying values of the Assets and concluded that there was no indication of any impairments.

4 RENTAL INCOME

	1 Apr 2017 to 30 Sep 2017 GBP	1 Apr 2016 to 30 Sep 2016 GBP
A rent income	49,175,849	50,548,761
Revenue received but not yet earned	(18,559,889)	(24,072,023)
Revenue earned but not yet received	12,050,708	12,412,446
Amortisation of advance rental income	3,931,135	3,920,395
	46,597,804	42,809,579
B rent income	17,831,560	17,831,562
Revenue earned but not yet received	438,821	392,295
Revenue received but not yet earned	(3,403)	(6,787)
	18,266,978	18,217,070
Total rental income	64,864,782	61,026,649

Rental income is derived from the leasing of the Assets. Rent is split into A rent, which is received in US Dollars ("USD" or "$") 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 each 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 rentals received have also been spread over the full term of the leases.

5 OPERATING EXPENSES

	1 Apr 2017 to 30 Sep 2017 GBP	1 Apr 2016 to 30 Sep 2016 GBP
Corporate shareholder and advisor fee	404,458	399,910
Asset Management fee	983,517	981,853
Administration fees	107,341	101,807
Bank interest & charges	873	1,244
Accountancy fees	12,479	15,267
Registrars fee	8,076	10,316
Audit fee	22,850	20,960
Directors' remuneration	106,000	106,000
Directors' and Officers' insurance	17,679	18,025
Legal & professional expenses	18,506	169,760
Annual fees	6,133	7,390
Travel costs	1,877	5,888
Sundry costs	1,446	8,816
Other operating expenses	6,727	8,342
	1,697,962	1,835,578

6 DIRECTORS' REMUNERATION

Under their terms of appointment, each Director is paid a fee for their services as a director of the Company at a fee of £23,000 per annum, except for the Chairman, who receives £25,000 per annum. The chairman of the audit committee of the Company receives an additional £4,000 for his services in this role.

In respect of their capacity as directors of DNAFA each director receives a fee of £25,000 per annum (£30,000 for the Chairman) payable by or on behalf of DNAFA. The chairman of the audit committee of DNAFA receives an additional £5,000 for his services in this role.

7 DIVIDENDS IN RESPECT OF EQUITY SHARES

Dividends in respect of Ordinary Shares	**1 Apr 2017 to 30 Sep 2017**	
	GBP	**Pence per share**
First interim dividend	7,773,750	4.50
Second interim dividend	7,773,750	4.50
	15,547,500	9.00

Dividends in respect of Ordinary Shares	**1 Apr 2016 to 30 Sep 2016**	
	GBP	**Pence per share**
First interim dividend	7,773,750	4.50
Second interim dividend	7,773,750	4.50
	15,547,500	9.00

8 EARNINGS / (LOSS) PER SHARE

Earnings / (Loss) per Share (''EPS'' / ''LPS'') is based on the net profit for the period of £70,596,244 (30 Sep 2016: net loss for the period of £31,149,486) and 172,750,000 (30 Sep 2016: 172,750,000) Ordinary Shares being the weighted average number of Shares in issue during the period.

There are no dilutive instruments and therefore basic and diluted earnings / (loss) per Share are identical.

Notes to the Consolidated Financial Statements (continued)
For the period from 1 April 2017 to 30 September 2017

9 PROPERTY, PLANT AND EQUIPMENT - AIRCRAFT

	MSN077 GBP	MSN090 GBP	MSN105 GBP	MSN106 GBP	MSN107 GBP	MSN109 GBP	MSN110 GBP	TOTAL GBP
COST								
As at 1 Apr 2017	149,423,436	151,310,256	146,958,203	146,626,809	147,668,555	149,126,548	148,034,384	1,039,148,191
As at 30 Sep 2017	149,423,436	151,310,256	146,958,203	146,626,809	147,668,555	149,126,548	148,034,384	1,039,148,191
ACCUMULATED DEPRECIATION								
As at 1 Apr 2017	30,265,468	30,598,893	24,156,351	24,394,212	24,465,601	24,678,343	24,099,291	182,658,159
Depreciation charge for the period	2,223,889	2,429,566	2,242,708	2,070,348	2,125,355	2,345,171	2,296,263	15,733,300
As at 30 Sep 2017	32,489,357	33,028,459	26,399,059	26,464,560	26,590,956	27,023,514	26,395,554	198,391,459
CARRYING AMOUNT								
As at 30 Sep 2017	116,934,079	118,281,797	120,559,144	120,162,249	121,077,599	122,103,034	121,638,830	840,756,732
As at 31 Mar 2017	119,157,968	120,711,363	122,801,852	122,232,597	123,202,954	124,448,205	123,935,093	856,490,032

Notes to the Consolidated Financial Statements (continued)
For the period from 1 April 2017 to 30 September 2017

9 PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT (continued)

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

Cost	234,000,000	234,000,000	234,000,000	234,000,000	234,000,000	234,000,000	234,000,000
GBP/USD exchange rate	1.5820	1.5623	1.6089	1.6167	1.6053	1.5896	1.6013

Following review of the aircrafts' projected residual value, as is required by IFRS on an annual basis, using the valuers and methodology set out in Note 3, whilst the underlying USD residual values of the A380 aircraft have stayed at similar levels, the GBP values converted at the 2017 year end GBP exchange rates were increased significantly by £95,711,816. The directors already adjusted the residual values for this movement at the 2017 year end. The adjusted residual value has resulted in a decrease of £5,392,814 in the depreciation charge at 30 September 2017 from the comparative period as shown in the Consolidated Statement of Comprehensive Income.

The Group can sell the Assets during the term of the leases (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 leases have been added to the carrying amount of the leased asset and therefore will be recognised as an expense over the lease term. The costs have been allocated to each Aircraft based on the proportional cost of the Asset.

Notes to the Consolidated Financial Statements (continued)
For the period from 1 April 2017 to 30 September 2017

10 FINANCE COSTS

	1 Apr 2017 to 30 Sep 2017 GBP	1 Apr 2016 to 30 Sep 2016 GBP
Amortisation of debt arrangements costs	511,171	511,172
Loan interest	11,596,377	13,625,180
	12,107,548	14,136,352

11 OPERATING LEASES

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

30 September 2017	Next 12 months GBP	1 to 5 years GBP	After 5 years GBP	Total GBP
Aircraft - A rental receipts	94,694,057	342,631,823	36,655,996	473,981,876
Aircraft - B rental receipts	35,663,124	143,408,268	71,400,914	250,472,306
	130,357,181	486,040,091	108,056,910	724,454,182

30 September 2016	Next 12 months GBP	1 to 5 years GBP	After 5 years GBP	Total GBP
Aircraft - A rental receipts	97,849,855	379,723,371	109,824,053	587,397,279
Aircraft - B rental receipts	35,663,124	142,652,496	107,819,810	286,135,430
	133,512,979	473,250,589	217,643,863	873,532,709

The operating leases are for seven Airbus A380-861 aircraft. The terms of the leases are as follows:

MSN077 - term of the lease is for 12 years ending October 2023. The initial lease is for 10 years ending October 2021, with an extension period of 2 years ending October 2023, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

11 OPERATING LEASES (continued)

MSN090 - term of the lease is for 12 years ending December 2023. The initial lease is for 10 years ending December 2021, with an extension period of 2 years ending December 2023, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

MSN105 - term of the lease is for 12 years ending October 2024. The initial lease is for 10 years ending October 2022, with an extension period of 2 years ending October 2024, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

MSN106 - term of the lease is for 12 years ending October 2024. The initial lease is for 10 years ending October 2022, with an extension period of 2 years ending October 2024, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

MSN107 - term of the lease is for 12 years ending October 2024. The initial lease is for 10 years ending October 2022, with an extension period of 2 years ending October 2024, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

MSN109 - term of the lease is for 12 years ending November 2024. The initial lease is for 10 years ending November 2022, with an extension period of 2 years ending November 2024, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

MSN110 - term of the lease is for 12 years ending October 2024. The initial lease is for 10 years ending October 2022, with an extension period of 2 years ending October 2024, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 period lease term must be paid even if the option is not taken.

At the end of each lease the lessee has the right to exercise an option to purchase the Asset if the Group chooses to sell the Asset. If a purchase option event occurs the Group 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.

12 RECEIVABLES

	30 Sep 2017 GBP	31 Mar 2017 GBP
Prepayments	33,987	15,937
Sundry debtors	35,912	253,362
	69,899	269,299

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

13 PAYABLES (amounts falling due within one year)

	30 Sep 2017 GBP	31 Mar 2017 GBP
Accrued administration fees	19,273	19,058
Accrued audit fee	22,350	26,500
Accrued corporate shareholder and advisor fee	202,229	202,229
Other accrued expenses	16,422	18,939
	260,274	266,726

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

14 BORROWINGS

	30 Sep 2017 GBP	31 Mar 2017 GBP
Bank loans	180,355,505	209,398,932
Equipment Notes	241,846,938	279,644,221
Associated costs	(6,925,687)	(7,436,857)
	415,276,756	481,606,296
Current portion	74,770,280	77,714,247
Non-current portion	340,506,476	403,892,049

Notwithstanding the fact that £37 million capital was repaid during the period, as per the Cash Flow Statement, the value of the borrowings has decreased by £66 million due to the 6% increase in the GBP/USD exchange rate for the period from 1 April 2017 to 30 September 2017.

14 BORROWINGS (continued)

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

	30 Sep 2017 GBP	31 Mar 2017 GBP
Amount due for settlement within 12 months	94,542,249	93,886,409
Amount due for settlement after 12 months	380,504,146	492,832,760

The loan to MSN077 Limited was arranged with Westpac Banking Corporation ("Westpac") for USD 151,047,059 and runs for 12 years until October 2023 and has an effective interest rate of 4.590%.

The loan to MSN090 Limited was arranged with The Australia and New Zealand Banking Group Limited ("ANZ") for USD 146,865,575 and runs for 12 years until December 2023 and has an effective interest rate of 4.558%.

The loan to MSN105 Limited was arranged with ICBC, BoC and Commerzbank for USD 145,751,153 and runs for 12 years until October 2024 and has an effective interest rate of 4.780%.

Each loan is secured on one Asset. No significant breaches or defaults occurred in the period. The loans are either fixed rate over the term of the loan or have an associated interest rate swap contract issued by the lender in effect fixing the loan interest over the term of the loan. Transaction costs of arranging the loans have been deducted from the carrying amount of the loans and will be amortised over their respective lives.

In order to finance the acquisition of the fourth, fifth, sixth and seventh Assets, Doric Nimrod Air Finance Alpha Limited ("DNAFA") used the proceeds of the May 2012 offering of Pass Through Certificates ("the Certificates"). The Certificates have an aggregate face amount of approximately $587.5 million, made up of "Class A" certificates and "Class B" certificates. The Class A certificates in aggregate have a face amount of $433,772,000 with an interest rate of 5.125% and a final expected distribution date of 30 November 2022. The Class B certificates in aggregate have a face amount of $153,728,000 with an interest rate of 6.5% and a final expected distribution date of 30 May 2019. There is a separate trust for each class of Certificates. The trusts used the funds from the Certificates to acquire equipment notes. The equipment notes were issued to Wilmington Trust, National Association as pass through trustee in exchange for the consideration paid by the purchasers of the Certificates. The equipment notes were issued by DNAFA and the proceeds from the sale of the equipment notes financed 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 C Share issue proceeds. The holders of the equipment notes issued for each aircraft will have the benefit of a security interest in such aircraft.

In the Directors' opinion and with reference to the terms mentioned, the above carrying values of the bank loans and equipment notes are approximate to their fair value.

15 SHARE CAPITAL

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

Issued	**Administrative Shares**	**Ordinary Shares**	**C Shares**
Shares issued at incorporation	-	2	-
Shares issued 8 February 2011	-	3,999,998	-
Shares repurchased and cancelled 10 May 2011	-	(1,000,000)	-
Bonus issue 22 June 2011	-	1,500,000	-
Shares issued 30 June 2011	2	-	-
Shares issued in Placing July 2011	-	68,000,000	-
Shares issued 7 February 2012	-	-	6,000,000
Shares issued in Placing March 2012	-	-	94,250,000
C Share Conversion March 2013	-	100,250,000	(100,250,000)
Issued shares as at 30 Sep 2017 and 31 Mar 2017	2	172,750,000	-

Issued	**Administrative Shares GBP**	**Ordinary Shares GBP**	**C Shares GBP**	**Total GBP**
Ordinary Share Capital				
Shares issued at incorporation	-	2	-	2
3,999,998 Shares issued 8 February 2011	-	18	-	18
Shares issued 30 June 2011	-	-	-	-
68,000,000 Shares Issued in Placing July 2011	-	136,000,000	-	136,000,000
Shares issued in Placing March 2012	-	-	188,500,000	188,500,000
C Share Conversion March 2013	-	188,500,000	(188,500,000)	-
Share issue costs	-	(4,663,250)	-	(4,663,250)
Total Share Capital as at 30 Sep 2017 and as at 31 Mar 2017	-	319,836,770	-	319,836,770

15 SHARE CAPITAL (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 Group 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, Ordinary Shareholders are entitled to the surplus assets attributable to the Ordinary Shares class remaining after payment of all the creditors of the Group. Members have the right to receive notice of and to attend, speak and vote at general meetings of the Group.

On 6 March 2013, 100,250,000 C Shares were converted into Ordinary Shares with a conversion of 1:1.

The holders of Administrative Shares are not entitled to receive, and participate in, any dividends out of income; other distributions of the Group 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.

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

16 SHORT-TERM INVESTMENTS

	30 Sep 2017 GBP	31 Mar 2017 GBP
Short-term investments	2,423,265	3,720,301
	2,423,265	3,720,301

The Group has entered into short-term investments with Royal London Asset Management (RLAM), which consists of call deposits with a term of more than 3 months, but less than 12 months from the start of the deposit. Short-term investments are highly liquid, readily convertible and are subject to insignificant risk of changes in value.

17 CASH AND CASH EQUIVALENTS

	30 Sep 2017 GBP	31 Mar 2017 GBP
Cash at bank	13,456,184	13,030,707
Cash deposits	10,216,353	9,064,450
	23,672,537	22,095,157

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

18 FINANCIAL INSTRUMENTS

The Group's main financial instruments comprise:

(a) Cash and cash equivalents that arise directly from the Group's operations; and

(b) Loans secured on non-current assets.

19 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 2017 GBP	31 Mar 2017 GBP
Financial assets		
Cash and cash equivalents	23,672,537	22,095,157
Short-term investments	2,423,265	3,720,301
Receivables (excluding prepayments)	35,912	253,362
Financial assets at amortised cost	26,131,714	26,068,820
Financial liabilities		
Payables	260,274	266,726
Debt payable	422,202,443	489,043,153
Financial liabilities measured at amortised cost	422,462,717	489,309,879

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 reviews 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 Group that are managed as capital.

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Capital Management (continued)

No changes were made in the objectives, policies or processes for managing capital during the period from 1 April 2017 to 30 September 2017 (None for the period from 1 April 2016 to 30 September 2016).

(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 Statement of Financial Position date. In addition USD operating lease receivables are not immediately recognised in the Statement of Financial Position 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 leases should offset the USD payables on amortising loans. The foreign exchange exposure in relation to the loans 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 debt repayments due, also in USD (as detailed in Note 14). Both USD lease rentals and debt repayments are fixed and are for similar sums and similar timings. The matching of lease rentals to settle debt repayments 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:

	30 Sep 2017 GBP	31 Mar 2017 GBP
Debt (USD) - Liabilities	(422,202,443)	(489,043,153)
Short-term investments (USD) - Asset	1,419,294	1,515,123
Cash and cash equivalents (USD) - Asset	11,602,734	7,852,760

The following table details the Group's sensitivity to a 25 per cent (31 March 2017: 25 per cent) appreciation and depreciation in GBP against USD. 25 per cent (31 March 2017: 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 2017: 25 per cent) change in foreign currency rates. A positive number below indicates an increase in profit and other equity where GBP strengthens 25 per cent (31 March 2017: 25 per cent) against USD. For a 25 per cent (31 March 2017: 25 per cent) weakening of the GBP against USD, there would be a comparable but opposite impact on the profit and other equity:

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	30 Sep 2017 GBP	31 Mar 2017 GBP
Profit or loss	81,836,083	96,489,842
Assets	(2,604,406)	(1,873,577)
Liabilities	84,440,489	97,808,631

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 2017 GBP	31 Mar 2017 GBP
Receivables (excluding prepayments)	35,912	253,362
Short-term investments	2,423,265	3,720,301
Cash and cash equivalents	23,672,537	22,095,157
	26,131,714	26,068,820

Surplus cash in the Company is held in Barclays. Surplus cash in the Subsidiaries is held in accounts with Barclays, Westpac and ANZ, which have credit ratings given by Moody's of A2 , Aa2 and Aa2 respectively. The banks are shown as having a negative rating, as the ratings are currently under review by Moody’s, with the near term possibility of a downgrade.

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

At the inception of each lease, the Group 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 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, loan repayments to Westpac, ANZ, ICBC, BoC and Commerzbank, and repayments 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, including estimated interest payments. The amounts below are contractual undiscounted cash flows, including both the principal and interest payments, and will not agree directly to the amounts recognised in the statement of financial position:

30 Sep 2017	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 period	260,274	-	-	-	-
Bank loans	10,096,236	30,288,707	40,384,943	121,154,829	41,245,569
Equipment Notes	27,106,419	27,095,470	54,157,306	151,345,453	72,642,977
	37,462,929	57,384,178	94,542,249	272,500,282	113,888,546

31 Mar 2017	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 period	266,726	-	-	-	-
Bank loans	10,778,436	32,335,307	43,113,742	123,720,879	28,095,998
Equipment Notes	28,926,304	28,914,405	57,792,265	158,562,276	51,671,019
	39,971,466	61,249,712	100,906,007	282,283,155	79,767,017

Notes to the Consolidated Financial Statements (continued)
For the period from 1 April 2017 to 30 September 2017

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. It is the risk that fluctuations in market interest rates will result in a reduction in deposit interest earned on bank deposits held by the Group.

The Group mitigates interest rate risk by fixing the interest rate on its debts and the lease rentals.

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

	Variable interest GBP	Fixed interest GBP	Non-interest bearing GBP	Total GBP
30 Sep 2017				
Financial assets				
Receivables	-	-	69,899	69,899
Short-term investments	2,423,265	-	-	2,423,265
Cash and cash equivalents	23,672,537	-	-	23,672,537
Total Financial Assets	26,095,802	-	69,899	26,165,701
Financial liabilities				
Payables	-	-	260,274	260,274
Bank loans	-	173,429,818	-	173,429,818
Equipment Notes	-	241,846,938	-	241,846,938
Total Financial Liabilities	-	415,276,756	260,274	415,537,030
Total interest sensitivity gap	26,095,802	415,276,756		

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

	Variable interest GBP	Fixed interest GBP	Non-interest bearing GBP	Total GBP
31 Mar 2017				
Financial Assets				
Receivables	-	-	269,299	269,299
Short-term investments	3,720,301	-	-	3,720,301
Cash and cash equivalents	22,095,157	-	-	25,815,458
Total Financial Assets	25,815,458	-	269,299	29,805,058
Financial liabilities				
Payables	-	-	266,726	266,726
Bank loans	-	209,398,932	-	209,398,932
Equipment notes	-	279,644,221	-	279,644,221
Total Financial Liabilities	-	489,043,153	266,726	489,309,879
Total interest sensitivity gap	25,815,458	489,043,153		

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 2017 would have been £118,363 (31 March 2017: £129,077) 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 2017 would have been £118,363 (31 March 2017: £129,077) lower due to a decrease in the amount of interest receivable on the bank balances.

20 ULTIMATE CONTROLLING PARTY

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

21 RELATED PARTY TRANSACTIONS

Under the Asset Management Agreement, the Company will pay Doric a management and advisory fee of £250,000 per annum per Asset (adjusted annually for inflation from 2013 onwards, at 2.25 per cent per annum), payable quarterly in arrears (the "Annual Fee"), save that Doric shall only become entitled to such Annual Fee in relation to each Asset following the acquisition of such Asset by the Company. The Annual Fee for each Asset shall be calculated from the date of acquisition of the Asset.

During the period, the Group incurred £983,517 (30 September 2016: £981,853) of expenses with Doric, of which £nil (31 March 2017: £1,696) was outstanding to this related party at 30 September 2017.

The Group shall pay to Nimrod for its services as Corporate and Shareholder Advisor a fee £200,000 per annum (adjusted annually for inflation from 2013 onwards, at 2.25 per cent per annum) payable quarterly in arrears. From the date the Group acquired the Third Asset, the Group shall pay Nimrod an additional fee of £100,000 per annum (adjusted annually for inflation from 2013 onwards, at 2.25 per cent per annum) payable quarterly in arrears. Furthermore, the Group paid to Nimrod from the date of the C Share Placing an additional annual fee of 0.03714 per cent of the placing proceeds (adjusted annually for inflation from 2013 onwards at 2.25 per cent. per annum) in respect of the issue of C Shares for the acquisition of the fourth to seventh assets. Such fee will be increased to an annual fee of 0.2248 per cent. of the C Share Placing Proceeds (adjusted annually for inflation from 2013 onwards at 2.25 per cent. per annum) from the date the Group acquired the fourth Asset and shall be payable quarterly in arrears.

During the period, the Group incurred £404,458 (30 September 2016: £399.910) of expenses with Nimrod, of which £202,229 (31 March 2017: £202,229) was outstanding to this related party at 30 September 2017. £404,458 (30 September 2016: £399,910) of expenses related to management fees as shown in Note 5.

John Le Prevost is a director of Anson Registrars Limited ("ARL"), the Group's registrar, transfer agent and paying agent. During the period, the Group incurred £8,076 (30 September 2016: £10,316) with ARL, of which £nil (31 March 2017: £1,300) was outstanding as at 30 September 2017.

22 SUBSEQUENT EVENTS

On 11 October 2017, a further dividend of 4.5 pence per Ordinary Share was declared and this was paid on 28 October 2017.

DORIC NIMROD AIR TWO LIMITED (the "Company")

ADVISERS AND CONTACT INFORMATION

KEY INFORMATION

Exchange	Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	DNA2
Listing Date	14 July 2011
Fiscal Year End	31 March
Base Currency	GBP
ISIN	GG00B3Z62522
SEDOL	B3Z6252
Country of Incorporation	Guernsey – Registration number 52985

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