

Doric Nimrod Air Two Limited

Half-Yearly Financial Report

From 1 April 2014 to 30 September 2014
(Unaudited)

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DORIC NIMROD AIR TWO LIMITED (the "Company")

SUMMARY INFORMATION

Company Facts

Listing	Specialist Fund Market of the London Stock Exchange
Ticker	DNA2
Share Price	233.5p (as at 30 September 2014) 226.0p (as at 24 November 2014)
Market Capitalisation	GBP 403.37 million (as at 30 September 2014)
Aircraft Registration Number	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 this will continue until the aircraft leases terminate.
Dividend Payment Dates	April, July, October, January
Currency	Sterling
Launch Date/Price	14 July 2011 / 200p
Incorporation	Guernsey
Asset Manager	Doric GmbH
Corp & Shareholder Advisor	Nimrod Capital LLP
Administrator	JTC (Guernsey) Limited
Auditor	Deloitte LLP
Market Makers	Shore Capital Limited Winterflood Securities Limited Jefferies International Limited Numis Securities Limited
SEDOL, ISIN	B3Z6252, GG00B3Z62522
Year End	31 March
Stocks & Shares ISA	Eligible
Website	www.dnairtwo.com

DORIC NIMROD AIR TWO LIMITED (the "Company")

SUMMARY INFORMATION (continued)

Company Overview

Doric Nimrod Air Two Limited (LSE: DNA2) ("DNA2" or the "Company") is a Guernsey company incorporated on 31 January 2011.

Pursuant to the Company's prospectus dated 30 June 2011, the Company on 14 July 2011 raised approximately £136 million by the issue of Ordinary Preference Shares at an issue price of £2 each. The Company's Ordinary Preference Shares were admitted to the Official List and to trading on the Channel Islands Securities Exchange Authority Limited ("CISEA") and the Specialist Fund Market of the London Stock Exchange ("SFM") on 14 July 2011. At the date of admission the SFM was not a recognised exchange for ISA investors and therefore to enable ISA investors to invest, the Company sought a dual listing on the CISEA, being a recognised exchange for ISA investors at that time. In March 2014 the Individual Savings Account Regulations 1998 were amended and ISA investors can now invest in shares listed on the SFM, therefore a dual listing was no longer required by the Company and the Company delisted from CISEA on 5 September 2014.

The Company raised a further £188.5 million from a C share fundraising (the "C Shares"), which closed on 27 March 2012 with the admission of 100,250,000 Convertible Preference Shares to trading on the SFM and CISE.

On 6 March 2013, the Company's C shares converted into an additional 100,250,000 Ordinary Preference Shares. These additional Ordinary Preference Shares were admitted to trading on the SFM and to listing on the Official List of the CISE on 6 March 2013 and rank pari passu with the Ordinary Preference Shares already in issue. As at 24 November 2014, the last practicable date prior to the publication of this report, the Company's total issued share capital consisted of 172,750,000 Ordinary Preference Shares (the "Shares") and the Shares were trading at 226 pence per share.

Investment Objectives and Policy

The Company's investment objective is to deliver an income return and a capital return for its shareholders by acquiring, leasing and then remarketing Airbus A380-800 aircraft (each an "Asset"). The Company receives income from the lease rentals paid to it by Emirates Airlines ("Emirates"), the national carrier owned by the Investment Corporation of Dubai, based in Dubai, United Arab Emirates, pursuant to the leases. (It is anticipated that income distributions will be made quarterly).

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")).

DORIC NIMROD AIR TWO LIMITED (the "Company")

SUMMARY INFORMATION (continued)

Subsidiaries (continued)

The first Asset was acquired by MSN077 Limited on 14 October 2011 for a purchase price of US\$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 US\$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 US\$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 relative 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 (together the "Loans"). A fixed rate of interest applies to the Loans. MSN077 Limited drew down US\$151,047,509 under the terms of the first loan agreement to complete the purchase of the first Asset, MSN090 Limited drew down US\$146,865,575 in accordance with the second loan agreement to finance the acquisition of the second Asset and MSN105 Limited drew down US\$145,751,153 in accordance with the third loan agreement to finance the acquisition of the third Asset. The first loan agreement, 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 Enhanced Equipment Trust Certificates (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 \$587.5 million were admitted to the Official List of the UK Listing Authority and to the London Stock Exchange on 12 July 2012. These four Assets were also leased to Emirates for an expected initial term of 12 years to July 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 Company receives income from the lease rentals paid by Emirates pursuant to the relevant leases. The lease payments received by the Company from Emirates cover repayment of the debt as well as income to pay dividends to shareholders. Emirates bears all costs (including maintenance, repair and insurance) relating to the aircraft during the lifetime of the lease.

DORIC NIMROD AIR TWO LIMITED (the "Company")

SUMMARY INFORMATION (continued)

Distribution Policy (continued)

Future dividend payments are anticipated to continue to be declared and paid on a quarterly cycle and as per the Prospectus are targeted at 4.50 pence per Ordinary Preference Share and subject to compliance with applicable laws and regulations.

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

Performance Overview

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

During the period under review and in accordance with the Distribution Policy specified in its prospectus, the Company declared two interim dividends of 4.50 pence per Share and subsequent to the period under review the Company declared one further interim dividend, of 4.50 pence per Share.

DORIC NIMROD AIR TWO LIMITED (the "Company")

CHAIRMAN'S STATEMENT

I am pleased to present shareholders with the Company's consolidated financial report covering the period from 1 April 2014 until 30 September 2014.

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

I am glad to report that during the period the Company has performed well and been declaring quarterly dividends as expected.

The Company's investment objective is to obtain income returns and a capital return for its shareholders by acquiring, leasing and then selling aircraft. The Company used the net proceeds of the initial placing and three separate loans, each of approximately US\$150 million, to fund the purchase of three Airbus A380-800 aircraft. The Company acquired the first, second and third aircraft, respectively through its wholly owned subsidiaries MSN077 Limited, MSN090 Limited and MSN105 Limited, on 14 October 2011, 2 December 2011 and 1 October 2012 respectively each for the sum of US\$234 million. Upon delivery the subsidiaries each also entered into an aircraft operating lease with Emirates Airlines ("Emirates"), the national carrier owned by the Investments Corporation of Dubai, based in Dubai, United Arab Emirates. The aircraft have been leased to Emirates for an initial term of twelve years with fixed lease rentals for the duration. The debt portion of the funding will be fully amortised over the twelve years of the lease, with the aim of leaving the aircraft unencumbered at the conclusion of the lease. All payments thus far by Emirates have been made in accordance with the terms of the leases.

The Company used the net proceeds of the C Share placing together with debt of approximately US\$600 million, issued in the form of Equipment Notes to two Special Purpose Trusts, to fund the purchase of four additional Airbus A380-800 aircraft, and to lease them to Emirates in the fourth quarter of 2012.

Once all seven aircraft were acquired, the C Shares were converted into Ordinary Preference Shares at a conversion ratio of one Ordinary Preference Share for every one C - Share, and the Company has since been targeting a distribution of 4.5p per Share per quarter, equating to 9 per cent per annum on the issue price of the Shares.

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 Placing Agent as well as its Corporate and Shareholder Advisory Agent, continues to liaise between the Board and Shareholders, and to distribute quarterly fact sheets and interim management statements.

DORIC NIMROD AIR TWO LIMITED (the "Company")

CHAIRMAN'S STATEMENT (continued)

From January to August 2014 overall global air traffic passenger demand, measured in revenue passenger kilometres (RPKs), expanded by 5.8% compared to the same period in the year before. This number represents exactly the average historical growth rate over the last 30 years, and was mainly driven by solid economic growth in the emerging regions. Less mature air travel markets continued to expand significantly faster than the more mature ones. In general, increasing air travel was consistent with the pick-up in economic growth around the globe.

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

At the end of September 2014 the A380 had 12 operators with 143 planes in service. There were undelivered orders of some 174 A380s at that point in time.

According to Airbus, as at September 2014, the worldwide A380 fleet had accumulated 1.5 million flight hours in close to 180,000 commercial flights. The number of passengers who flew aboard an Airbus A380 was 65 million. Currently the A380 operates between more than 35 airports and every five minutes an A380 takes off or lands at these destinations.

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

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

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

DORIC NIMROD AIR TWO LIMITED (the "Company")

CHAIRMAN'S STATEMENT (continued)

On an on-going basis and assuming the lease and loan payments are made as anticipated, such exchange differences do not reflect the commercial substance of the situation in the sense that the key transactions denominated in US Dollars are in fact closely matched. Rental income received in Dollars is used to pay debt repayments due which are likewise denominated in Dollars. 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 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 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 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.

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

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

Norbert Bannon
Chairman

DORIC NIMROD AIR TWO LIMITED (the "Company")

ASSET MANAGERS REPORT

1. The Assets

In November 2012, the Company had completed the purchase of all seven Airbus A380 aircraft, bearing manufacturer's serial numbers (MSN) 077, 090, 105, 106, 107, 109 and 110. All seven aircraft are leased to Emirates for an initial term of 12 years from the point of delivery with fixed lease rentals for the duration.

The seven A380s owned by the Company recently visited Auckland, Beijing, London Heathrow, Hong Kong, Kuala Lumpur, Manchester, Moscow, Mumbai, Rome, Seoul, Toronto, and Zurich.

Aircraft utilisation for the period from delivery of each Airbus A380 until the end of September 2014 was:

MSN	Delivery Date	Flight Hours	Flight Cycles	Average Flight Duration
77	14/10/2011	13,872	1,614	8 h 35 min
90	02/12/2011	12,048	2,040	5 h 55 min
105	01/10/2012	8,618	1,395	6 h 10 min
106	01/10/2012	9,468	1,075	8 h 50 min
107	12/10/2012	9,264	1,037	8 h 55 min
109	09/11/2012	8,068	1,311	6 h 10 min
110	30/11/2012	8,140	1,382	5 h 55 min

Maintenance Status

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

First C checks for MSNs 105 and 107 were completed in August 2014. The C check for MSN 106 was completed the following month.

Inspections

During the period under review, the asset manager Doric undertook records audits for MSNs 105 and 106 in August 2014. The lessee was again very helpful in the responses given to the asset manager's technical staff and the technical documentation was found to be in good order.

DORIC NIMROD AIR TWO LIMITED (the "Company")

ASSET MANAGERS REPORT (continued)

Inspections (continued)

Doric also performed physical inspections of MSNs 106 and 107. Doric inspected MSN 107 in August 2014 during its first C check. The aircraft is in good condition and consistent with its age. There is evidence that the aircraft has been well maintained and cleaned regularly. Extensive cabin refurbishment work was being performed with cabin carpets and seat covers all being replaced. Inspection results for MSN 106 were not yet available at the editorial deadline.

Hairline Cracks

In late 2011, hairline cracks were detected in a small number of L-shaped metal brackets (known as wing rib feet) within the wing structure of some A380s. The aircraft remain fully airworthy and the hairline cracks pose no risk to flight safety as affirmed by the European Aviation Safety Agency (EASA) and Airbus.

As previously reported, EASA released its latest Airworthiness Directive in May 2013, outlining which modifications need to be made and the respective compliance terms. The wing rib feet modification programme for Emirates' aircraft is essentially managed by Airbus. All modification activities will be covered by the applicable manufacturer's warranties. Emirates decided to embody all modifications in one step.

During the period under review modification works for the last five aircraft have been completed: MSN 109 on 5 April with ADAT (Abu Dhabi Aircraft Technologies), MSN 110 on 15 April with Ameco (Ameco Beijing), MSN 105 on 15 May with EFW (Elbe Flugzeugwerke Dresden), MSN 107 on 19 July and MSN 106 on 19 September, both with SNT (Sabena Technics) in Bordeaux (France). The wing rib feet modification programme for the portfolio's aircraft has been completed successfully. Recurring inspections are no longer necessary.

2. Market Overview

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

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

DORIC NIMROD AIR TWO LIMITED (the "Company")

ASSET MANAGERS REPORT (continued)

2. Market Overview (continued)

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

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

Source: IATA

3. Lessee – Emirates Key Financials and Outlook

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

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

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

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

DORIC NIMROD AIR TWO LIMITED (the "Company")

ASSET MANAGERS REPORT (continued)

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

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

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

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

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

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

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

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

DORIC NIMROD AIR TWO LIMITED (the "Company")

ASSET MANAGERS REPORT (continued)

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

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

Source: Ascend, Dubai Airports, Emirates, Flightglobal

4. Aircraft — A380

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

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

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

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

Source: Airbus, Ascend, Emirates, Flightglobal

DORIC NIMROD AIR TWO LIMITED (the "Company")

INTERIM MANAGEMENT REPORT

A description of important events that have incurred during the Period, their impact on the performance of the Company as shown in the financial statements and description on the principle risks and uncertainties of the remaining six months of the annual financial year is given within the Notes to the Financial Statements contained on pages 21 to 46 and is incorporated here by reference.

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

Going Concern

The Company's principal activities are set out within the Company Overview on page 2. The financial position of the Company is set out on pages 17 to 20. In addition, Note 17 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives and its exposures to credit risk and liquidity risk. The Loan interest rate has been fixed and the fixed rental income under the Operating Lease means that the rent should be sufficient to repay the Loan and provide surplus income to pay for the Company's expenses and permit payment of dividends.

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

DORIC NIMROD AIR TWO LIMITED (the "Company")

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Responsibility Statements

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

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

Norbert Bannon
Chairman

Charles Wilkinson
Chairman of Audit Committee

DORIC NIMROD AIR TWO LIMITED (the "Company")

DIRECTORS

Norbert Bannon - Chairman (Age 65)

Norbert Bannon is chairman of a large UK DB pension fund, a major Irish DC pension scheme and is a director of and advisor to a number of other financial companies. He is on the board of the UK subsidiary of a major Canadian bank and is Chairman of 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 Head of Risk at AIB Capital Markets, which he left in 2002. He has worked as a consultant on risk issues internationally.

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

Charles Edmund Wilkinson (Age 71)

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

Charles is currently chairman of the Boards of Doric Nimrod Air One Limited and Doric Nimrod Air Three Limited, a director of Premier Energy and Water Trust PLC (a listed investment trust), and of Landore Resources Ltd, a Guernsey based mining exploration company. He is resident in Guernsey.

Geoffrey Alan Hall (Age 66)

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

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

DORIC NIMROD AIR TWO LIMITED (the "Company")

DIRECTORS (continued)

John Le Prevost (Age 62)

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

DORIC NIMROD AIR TWO LIMITED (the "Company")

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 September 2014

	Notes	1 Apr 2014 to 30 Sep 2014 GBP	1 Apr 2013 to 30 Sep 2013 GBP
Income			
A rent income	4	37,728,379	40,164,283
B rent income	4	18,266,979	18,266,979
Bank interest received		38,727	26,141
		<u>56,034,085</u>	<u>58,457,403</u>
Expenses			
Operating expenses	5	(1,657,228)	(1,652,866)
Depreciation of Aircraft	9	(20,450,429)	(18,883,801)
		<u>(22,107,657)</u>	<u>(20,536,667)</u>
Net profit for the period before finance costs and foreign exchange gains/ (losses)		<u>33,926,428</u>	<u>37,920,736</u>
Finance costs			
Finance costs	10	(15,666,960)	(17,307,187)
Unrealised foreign exchange (loss) / gain	17b	<u>(13,358,411)</u>	<u>37,035,592</u>
Profit for the period		<u>4,901,057</u>	<u>57,649,141</u>
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		<u>4,901,057</u>	<u>57,649,141</u>
		Pence	Pence
Earnings per Share for the period - Basic and Diluted	8	<u>2.84</u>	<u>79.52</u>

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

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

The notes on pages 21 to 46 form an integral part of these financial statements

DORIC NIMROD AIR TWO LIMITED (the "Company")

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2014

	Notes	30 Sep 2014 GBP	31 Mar 2014 GBP
NON-CURRENT ASSETS			
Aircraft	9	949,437,453	969,887,882
CURRENT ASSETS			
Cash and cash equivalents		20,207,854	19,340,329
Receivables	12	69,812	47,538
		<u>20,277,666</u>	<u>19,387,867</u>
TOTAL ASSETS		<u>969,715,119</u>	<u>989,275,749</u>
CURRENT LIABILITIES			
Borrowings	14	61,460,697	58,078,378
Deferred income		7,709,862	7,502,101
Payables - due within one year	13	272,853	246,878
		<u>69,443,412</u>	<u>65,827,357</u>
NON-CURRENT LIABILITIES			
Borrowings	14	464,806,338	481,558,225
Deferred income		94,043,473	89,821,828
		<u>558,849,811</u>	<u>571,380,053</u>
TOTAL LIABILITIES		<u>628,293,223</u>	<u>637,207,410</u>
TOTAL NET ASSETS		<u>341,421,896</u>	<u>352,068,339</u>
EQUITY			
Share premium	15	319,836,770	319,836,770
Revenue reserve		21,585,126	32,231,569
		<u>341,421,896</u>	<u>352,068,339</u>
		Pence	Pence
Net Asset Value per Share		<u>197.64</u>	<u>203.80</u>

The Financial Statements were approved by the Board of Directors and authorised for issue on 27 November 2014 and are signed on its behalf by:

Director

Director

The notes on pages 21 to 46 form an integral part of these financial statements

DORIC NIMROD AIR TWO LIMITED (the "Company")

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended 30 September 2014

	1 Apr 2014 to 30 Sep 2014 GBP	1 Apr 2013 to 30 Sep 2013 GBP
OPERATING ACTIVITIES		
Profit for the period	4,901,057	57,649,141
Movement in deferred income	4,429,409	6,166,155
Interest received	(38,727)	(26,141)
Depreciation of Aircraft	20,450,429	18,883,801
Loan interest payable	14,699,893	15,969,878
Decrease in payables	25,975	(19,382)
Increase in receivables	(22,274)	(26,729)
Foreign exchange movement	13,358,411	(37,035,592)
Amortisation of debt arrangement costs	967,067	1,337,309
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>58,771,240</u>	<u>62,898,440</u>
INVESTING ACTIVITIES		
Interest received	38,727	26,141
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>38,727</u>	<u>26,141</u>
FINANCING ACTIVITIES		
Dividends paid	(15,547,500)	(15,547,500)
Repayments on borrowings	(42,558,669)	(46,835,355)
Costs associated with debt issued	(40,641)	-
NET CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES	<u>(58,146,810)</u>	<u>(62,382,855)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	19,340,329	18,478,809
Increase in cash and cash equivalents	663,157	541,726
Exchange rate adjustment	204,368	(295,899)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>20,207,854</u>	<u>18,724,636</u>

The notes on pages 21 to 46 form an integral part of these financial statements

DORIC NIMROD AIR TWO LIMITED (the "Company")

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 September 2014**

	Share Premium GBP	Revenue Reserve GBP	Total GBP
Balance as at 1 April 2014	319,836,770	32,231,569	352,068,339
Total Comprehensive Income for the period	-	4,901,057	4,901,057
Dividends paid	-	<u>(15,547,500)</u>	<u>(15,547,500)</u>
Balance as at 30 September 2014	<u>319,836,770</u>	<u>21,585,126</u>	<u>341,421,896</u>

for the period ended 30 September 2013

	Share Premium GBP	Revenue Reserve GBP	Total GBP
Balance as at 1 April 2013	319,836,770	(28,376,764)	291,460,006
Total Comprehensive Income for the period	-	57,649,141	57,649,141
Dividends paid	-	<u>(15,547,500)</u>	<u>(15,547,500)</u>
Balance as at 30 September 2013	<u>319,836,770</u>	<u>13,724,877</u>	<u>333,561,647</u>

The notes on pages 21 to 46 form an integral part of these financial statements

DORIC NIMROD AIR TWO LIMITED (the "Company")

Notes to the Consolidated Financial Statements for the period ended 30 September 2014

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 (each a "Subsidiary") (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. Its share capital consists of one class of Ordinary Preference Shares ("Ordinary Shares") and one class of Subordinated Administrative Shares ("Admin Shares"). The Company's Ordinary Shares have been admitted to trading on the Specialist Fund Market ("SFM") of the London Stock Exchange ("LSE"). The Company delisted from the Channel Islands Securities Exchange ("CISE") on the 5 September 2014.

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

2 ACCOUNTING POLICIES

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

(a) Basis of preparation

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

Changes in accounting policies and disclosure

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

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

IAS 36 Impairment of Assets - amendments arising from Recoverable Amount Disclosure for Non-Financial Assets for annual period beginning on or after 1 January 2014.

IFRS 10 Consolidated Financial Statements, IFRS 11 and IFRS 12 Disclosure of Interest in Other Entities - effective for annual periods beginning on or after 1 January 2014.

DORIC NIMROD AIR TWO LIMITED (the "Company")

**Notes to the Consolidated Financial Statements (continued)
for the period ended 30 September 2014**

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 as shown below. Other Standards or Interpretations issued by the IASB and IFRIC are not expected to affect the Group.

IFRS 7 Financial Instruments - Disclosures - amendments requiring disclosures about the initial application of IFRS9 effective for annual periods beginning on or after 1 January 2016 (or otherwise when IFRS 9 is first applied).

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

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

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

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

IAS 24 Related Party Disclosures - amendments resulting from Annual Improvements 2010 - 2012 effective for annual periods beginning on or after 1 July 2014.

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

The Directors have considered the above and are of the opinion that the above Standards and Interpretations are not expected to have an impact on the 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.

DORIC NIMROD AIR TWO LIMITED (the "Company")

Notes to the Consolidated Financial Statements (continued) for the period ended 30 September 2014

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 Shares (the "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 Sterling ("GBP") which is also the presentation currency.

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

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

DORIC NIMROD AIR TWO LIMITED (the "Company")

Notes to the Consolidated Financial Statements (continued) for the period ended 30 September 2014

2 ACCOUNTING POLICIES (continued)

(h) Cash and cash equivalents

Cash at bank and short term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as call deposits, short term deposits with a term of no more than 3 months from the start of the deposit and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(i) Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being acquiring, leasing and selling various Airbus A380-861 aircraft (together the "Assets" and each an "Asset").

(j) Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors believe the Group is well placed to manage its business risks successfully despite the current economic climate as the 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. The Board is not aware of any material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

(k) 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 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.

DORIC NIMROD AIR TWO LIMITED (the "Company")

Notes to the Consolidated Financial Statements (continued) for the period ended 30 September 2014

2 ACCOUNTING POLICIES (continued)

(I) Property, plant and equipment - Aircraft

In line with IAS 16 Property Plant and Equipment, the Assets are initially recorded at the fair value of the consideration paid. The cost of the asset is made up of the purchase price of the Assets 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 Company. Accumulated depreciation and any recognised impairment losses are deducted from cost to calculate the carrying amount of the Assets.

Depreciation is recognised so as to write off the cost of the each Asset less the estimated residual value of £79.4 million over the estimated useful life of the asset of 12 years, using the straight line method. The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed annually and is the amount the entity would receive currently if the Asset were already of the age and condition expected at the end of its useful life. The estimated useful life is also reviewed annually and, for the purposes of the financial statements, are based on the expected period the Group will own and lease the aircrafts. Depreciation starts when the Asset is available for use.

At each balance sheet date, the Board 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).

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

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

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

DORIC NIMROD AIR TWO LIMITED (the "Company")

Notes to the Consolidated Financial Statements (continued) for the period ended 30 September 2014

2 ACCOUNTING POLICIES (continued)

(m) Financial liabilities

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

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

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

(n) Net asset value

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

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

The estimates and underlying assumptions are reviewed on an on going 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.

DORIC NIMROD AIR TWO LIMITED (the "Company")

Notes to the Consolidated Financial Statements (continued) for the period ended 30 September 2014

3 SIGNIFICANT JUDGEMENT AND ESTIMATES (continued)

Critical judgements in applying the Company's accounting policies

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

Residual value and useful life of Aircraft

As described in note 2 (l), the Group depreciates the Assets on a straight line basis over the estimated useful life of the 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 would be obtained from disposal today if the Asset were of the age and condition expected at the end of its useful life. However, there are currently no aircraft of a similar type of sufficient age for the Directors to make a direct market comparison in making this estimation. After consulting with the Asset Manager, the Directors have concluded that a forecast market value for the aircraft at the end of its useful life (including inflationary effects) best approximates residual value. In estimating residual value, the directors have made reference to forecast market values for the aircraft obtained from 3 expert aircraft valuers. The estimation of residual value remains subject to inherent uncertainty. If the estimate of residual value had been decreased by 20% with effect from the beginning of this year, the net profit for the year and closing shareholders' equity would have been decreased by approximately £4.6 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 estimated useful life of the Assets are based on the expected period for which the Group will own and lease the aircrafts.

CRITICAL ACCOUNTING JUDGEMENTS

Operating lease commitments - Group as lessor

The Group has entered into operating leases on seven (2013: 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.

DORIC NIMROD AIR TWO LIMITED (the "Company")

Notes to the Consolidated Financial Statements (continued) for the period ended 30 September 2014

3 SIGNIFICANT JUDGEMENT AND ESTIMATES (continued)

Impairment

As described in note 2 (l), 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 monitor the Assets for any indications of impairment as required by IAS 16 Property, Plant and Equipment and IAS 36 Impairment of Assets.

4 RENTAL INCOME

	1 Apr 2014 to 30 Sep 2014 GBP	1 Apr 2013 to 30 Sep 2013 GBP
A rent income	42,593,206	46,765,856
Revenue received but not yet earned	(18,754,352)	(20,601,752)
Revenue earned but not yet received	9,958,391	10,070,820
Amortisation of advance rental income	3,931,135	3,929,359
	<u>37,728,379</u>	<u>40,164,283</u>
B rent income	17,831,561	17,831,561
Revenue earned but not yet received	435,418	435,418
	<u>18,266,979</u>	<u>18,266,979</u>
Total rental income	<u>55,995,358</u>	<u>58,431,262</u>

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

A and B rental income receivable will decrease / increase respectively, 10 years from the start of each lease. An adjustment has been made to spread the actual total income receivable over the term of the leases on an annual basis. In addition, advance rentals received have also been spread over the full term of the leases.

DORIC NIMROD AIR TWO LIMITED (the "Company")

**Notes to the Consolidated Financial Statements (continued)
for the period ended 30 September 2014**

5 OPERATING EXPENSES

	1 Apr 2014 to 30 Sep 2014 GBP	1 Apr 2013 to 30 Sep 2013 GBP
Management fee	378,342	370,018
Asset management fee	922,307	894,688
Administration fees	107,536	121,777
Bank interest & charges	790	1,170
Accountancy fees	14,769	14,459
Registrars fee	8,099	7,548
Audit fee	15,750	24,500
Directors' remuneration	106,000	86,874
Directors' and Officers' insurance	18,779	15,125
Legal & professional expenses	12,514	20,323
Annual fees	47,370	4,866
Travel costs	20,737	81,004
Sundry costs	3,279	5,660
Other operating expenses	956	4,854
	<hr/>	<hr/>
	1,657,228	1,652,866

6 DIRECTORS' REMUNERATION

Under their terms of appointment, each Director is paid a fee of £48,000 per annum by the Company, except for the Chairman, who receives £59,000 per annum. The Chairman of the audit committee also receives an extra £9,000 per annum.

DORIC NIMROD AIR TWO LIMITED (the "Company")

**Notes to the Consolidated Financial Statements (continued)
for the period ended 30 September 2014**

7 DIVIDENDS IN RESPECT OF EQUITY SHARES

Dividends in respect of Ordinary Shares	1 Apr 2014 to 30 Sep 2014	
	GBP	Pence per share
First interim payment	7,773,750	4.50
Second interim dividend	7,773,750	4.50
	<hr/>	<hr/>
	15,547,500	9.00

Dividends in respect of Ordinary Shares	1 Apr 2013 to 30 Sep 2013	
	GBP	Pence per share
First interim payment	7,773,750	4.50
Second interim dividend	7,773,750	4.50
	<hr/>	<hr/>
	15,547,500	9.00

8 EARNINGS PER SHARE

Earnings per Share ('EPS') is based on the net gain for the period of £4,901,057 (30 September 2013: £57,649,141) and 172,750,000 (30 September 2013: 172,750,000) being the weighted average number of Shares in issue during the period.

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

DORIC NIMROD AIR TWO LIMITED (the "Company")

**Notes to the Consolidated Financial Statements (continued)
for the period ended 30 September 2014**

9 PROPERTY, PLANT AND EQUIPMENT - AIRCRAFT

	MSN077	MSN090	MSN105	MSN106	MSN107	MSN109	MSN110	Associated Costs	TOTAL
	GBP	GBP							
COST									
As at 1 Apr 2014	147,914,033	149,781,794	145,439,270	144,739,284	145,767,620	147,206,844	146,128,739	12,170,607	1,039,148,191
As at 30 Sep 2014	147,914,033	149,781,794	145,439,270	144,739,284	145,767,620	147,206,844	146,128,739	12,170,607	1,039,148,191
ACCUMULATED DEPRECIATION									
As at 1 Apr 2014	14,312,829	13,392,849	8,529,281	8,327,466	8,202,340	7,864,475	7,483,365	1,147,704	69,260,309
Charge for the period	2,274,083	2,883,402	2,646,189	2,791,073	2,810,914	2,838,657	2,817,810	1,388,301	20,450,429
As at 30 Sep 2014	16,586,912	16,276,251	11,175,470	11,118,539	11,013,254	10,703,132	10,301,175	2,536,005	89,710,738
CARRYING AMOUNT									
As at 30 Sep 2014	131,327,121	133,505,543	134,263,800	133,620,745	134,754,366	136,503,712	135,827,564	9,634,602	949,437,453
As at 31 Mar 2014	133,601,204	136,388,945	136,909,989	136,411,818	137,565,280	139,342,369	138,645,374	11,022,903	969,887,882

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 recognised as an expense over the lease term.

DORIC NIMROD AIR TWO LIMITED (the "Company")

**Notes to the Consolidated Financial Statements (continued)
for the period ended 30 September 2014**

10 FINANCE COSTS

	30 Sep 2014 GBP	30 Sep 2013 GBP
Amortisation of debt arrangements costs	967,067	1,337,309
Loan interest	14,699,893	15,969,878
	<hr/>	<hr/>
	15,666,960	17,307,187

11 OPERATING LEASES

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

30 September 2014	Next 12 months GBP	2 to 5 years GBP	After 5 years GBP	Total GBP
Aircraft- A rental receipts	88,230,169	323,014,041	235,219,018	646,463,228
Aircraft- B rental receipts	35,663,124	142,652,496	179,146,058	357,461,678
	<hr/>	<hr/>	<hr/>	<hr/>
	123,893,293	465,666,537	414,365,076	1,003,924,906
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2013	Next 12 months GBP	2 to 5 years GBP	After 5 years GBP	Total GBP
Aircraft- A rental receipts	88,352,823	255,201,973	392,339,626	735,894,422
Aircraft- B rental receipts	35,663,124	106,989,372	250,057,963	392,710,459
	<hr/>	<hr/>	<hr/>	<hr/>
	124,015,947	362,191,345	642,397,589	1,128,604,881

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.

DORIC NIMROD AIR TWO LIMITED (the "Company")

**Notes to the Consolidated Financial Statements (continued)
for the period ended 30 September 2014**

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 September 2024. The initial lease is for 10 years ending September 2022, with an extension period of 2 years ending September 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 August 2024. The initial lease is for 10 years ending August 2022, with an extension period of 2 years ending August 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 September 2024. The initial lease is for 10 years ending September 2022, with an extension period of 2 years ending September 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 September 2024. The initial lease is for 10 years ending September 2022, with an extension period of 2 years ending September 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 year 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 Company chooses to sell the Asset. If a purchase option event occurs the Company and the lessee will be required to arrange for a current market value appraisal of the Asset to be carried out by three independent appraisers. The purchase price will be equal to the average valuation of those three appraisals.

DORIC NIMROD AIR TWO LIMITED (the "Company")

**Notes to the Consolidated Financial Statements (continued)
for the period ended 30 September 2014**

12 RECEIVABLES

	30 Sep 2014	31 Mar 2014
	GBP	GBP
Prepayments	34,366	12,092
Sundry debtors	35,446	35,446
	<u>69,812</u>	<u>47,538</u>

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

13 PAYABLES (amounts falling due within one year)

	30 Sep 2014	31 Mar 2014
	GBP	GBP
Accrued administration fees	20,801	20,197
Accrued audit fee	19,750	34,800
Accrued management fee	189,171	189,171
Other accrued expenses	43,131	2,710
	<u>272,853</u>	<u>246,878</u>

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

14 BORROWINGS

	30 Sep 2014	31 Mar 2014
	GBP	GBP
Bank loans	222,982,682	227,997,793
Equipment Notes	311,070,796	320,249,405
Associated costs	<u>(7,786,443)</u>	<u>(8,610,595)</u>
	<u>526,267,035</u>	<u>539,636,603</u>
Amount due for settlement within 12 months	<u>61,460,697</u>	<u>58,078,378</u>
Amount due for settlement after 12 months	<u>464,806,338</u>	<u>481,558,225</u>

DORIC NIMROD AIR TWO LIMITED (the "Company")

Notes to the Consolidated Financial Statements (continued) for the period ended 30 September 2014

14 BORROWINGS (continued)

The loan for 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 in 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 4.5580%.

The loan in MSN105 Limited was arranged ICBC, BoC and Commerzbank for USD 145,751,153 and runs for 12 years until October 2024 and has an effective interest rate of 4.7800%.

Each loan is secured on one Asset. No 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 the Directors' opinion, the above carrying values of the bank loans are approximate to their fair value.

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 Certificate. 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.

DORIC NIMROD AIR TWO LIMITED (the "Company")

**Notes to the Consolidated Financial Statements (continued)
for the period ended 30 September 2014**

15 SHARE CAPITAL

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

Issued

	Administrative Shares	Ordinary Preference 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)
	<hr/>	<hr/>	<hr/>
Issued shares as at 30 Sept 2014	2	172,750,000	-

Issued	Administrative Shares GBP	Ordinary Preference Shares GBP	C Shares GBP	Total GBP
Ordinary Preference Shares				
Shares issued at incorporation	-	2	-	2
3,999,998 Shares issued 8 February 2011	-	18	-	18
Shares issued 30 June 2011	2	-	-	2
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)
	<hr/>	<hr/>	<hr/>	<hr/>
Total share capital as at 30 Sept 2014	2	319,836,770	-	319,836,772

DORIC NIMROD AIR TWO LIMITED (the "Company")

Notes to the Consolidated Financial Statements (continued) for the period ended 30 September 2014

15 SHARE CAPITAL (continued)

Members holding Ordinary Preference Shares are entitled to receive, and participate in, any dividends out of income attributable to the Ordinary Preference Shares; other distributions of the Company available for such purposes and resolved to be distributed in respect of any accounting period; or other income or right to participate therein.

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

On 6 March 2013, 100,250,000 C Shares were converted into Ordinary Preference 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 Company available for such purposes and resolved to be distributed in respect of any accounting period; or other income or right to participate therein. On a winding up, holders of Administrative Shares are entitled to a return of capital paid up on them after the Ordinary Preference Shares have received a return of their capital paid up but ahead of the return of all additional capital to the holders of Ordinary Preference Shares.

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

16 FINANCIAL INSTRUMENTS

The Group's main financial instruments comprise:

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

17 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.

DORIC NIMROD AIR TWO LIMITED (the "Company")

**Notes to the Consolidated Financial Statements (continued)
for the period ended 30 September 2014**

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

	30 Sep 2014	31 Mar 2014
	GBP	GBP
Financial assets		
Cash and cash equivalents	20,207,854	19,340,329
Receivables	<u>35,446</u>	<u>35,446</u>
Total Assets	<u>20,243,300</u>	<u>19,375,775</u>
Financial liabilities		
Payables	272,853	246,878
Debt payable	<u>534,053,478</u>	<u>548,247,198</u>
Financial liabilities measured at amortised cost	<u>534,326,331</u>	<u>548,494,076</u>

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

(a) Capital management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance.

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

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

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

DORIC NIMROD AIR TWO LIMITED (the "Company")

**Notes to the Consolidated Financial Statements (continued)
for the period ended 30 September 2014**

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk

The Group's accounting policy under IFRS requires the use of a Sterling historic cost of the assets and the value of the USD loans as translated at the spot exchange rate on every balance sheet date. In addition USD operating lease receivables are not immediately recognised in the balance sheet and are accrued over the period of the leases. The Directors consider that this introduces an artificial variance due to the movement over time of foreign exchange rates. In actuality, the USD operating lease should offset the USD payables on amortising 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 2014	31 Mar 2014
	GBP	GBP
Debt (USD) - Liabilities	(534,053,478)	(548,247,198)
Cash and cash equivalents (USD) - Asset	<u>6,746,265</u>	<u>6,518,892</u>

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

	30 Sep 2014	31 Mar 2014
Profit or loss	68,779,201	70,660,214
Assets	(879,948)	(852,290)
Liabilities	<u>69,659,149</u>	<u>71,510,504</u>

DORIC NIMROD AIR TWO LIMITED (the "Company")

**Notes to the Consolidated Financial Statements (continued)
for the period ended 30 September 2014**

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

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 2014	31 Mar 2014
	GBP	GBP
Receivables	35,446	35,446
Cash and cash equivalents	20,207,854	19,340,329
	<u>20,243,300</u>	<u>19,375,775</u>

Surplus cash in the Company is held in Barclays. Surplus cash in the Subsidiaries is held in accounts with Barclays, Westpac and ANZ.

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 Company may either choose to sell the Asset or lease the Assets to another party.

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

DORIC NIMROD AIR TWO LIMITED (the "Company")

**Notes to the Consolidated Financial Statements (continued)
for the period ended 30 September 2014**

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity Risk

Liquidity risk is the risk that the 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 and ANZ, 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. 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 2014	1-3 months GBP	3-12 months GBP	1-2 years GBP	2-5 years GBP	over 5 years GBP
Financial liabilities					
Payables - due within one year	272,853	-	-	-	-
Bank loans	8,343,266	25,032,881	33,373,063	100,119,188	100,830,388
Equipment Notes	27,362,609	27,369,047	54,758,755	134,261,233	140,382,170
	<u>35,978,728</u>	<u>52,401,928</u>	<u>88,131,818</u>	<u>234,380,421</u>	<u>241,212,557</u>

DORIC NIMROD AIR TWO LIMITED (the "Company")

**Notes to the Consolidated Financial Statements (continued)
for the period ended 30 September 2014**

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity Risk (continued)

31 Mar 2014	1-3 months GBP	3-12 months GBP	1-2 years GBP	2-5 years GBP	over 5 years GBP
Financial liabilities					
Payables - due within one year	246,878	-	-	-	-
Bank loans	8,118,435	24,355,426	32,473,741	97,421,222	114,350,126
Equipment Notes	26,619,301	26,625,254	53,269,625	135,537,462	158,350,009
	<u>34,984,614</u>	<u>50,980,680</u>	<u>85,743,366</u>	<u>232,958,684</u>	<u>272,700,135</u>

(e) Interest rate risk

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

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

DORIC NIMROD AIR TWO LIMITED (the "Company")

Notes to the Consolidated Financial Statements (continued) for the period ended 30 September 2014

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest rate risk (continued)

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

	Less than 1 month GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial assets				
Receivables	-	-	69,812	69,812
Cash and cash equivalents	20,207,854	-	-	20,207,854
Total financial assets	<u>20,207,854</u>	<u>-</u>	<u>69,812</u>	<u>20,277,666</u>
Financial liabilities				
Accrued expenses	-	-	272,853	272,853
Bank loans	-	215,196,239	-	215,196,239
Equipment Notes	-	311,070,796	-	311,070,796
Total financial liabilities	<u>-</u>	<u>526,267,035</u>	<u>272,853</u>	<u>526,539,888</u>
Total interest sensitivity gap	<u>20,207,854</u>	<u>526,267,035</u>		

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 2014 would have been £101,039 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 2014 would have been £101,039 lower due to a decrease in the amount of interest receivable on the bank balances.

18 ULTIMATE CONTROLLING PARTY

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

19 SUBSEQUENT EVENTS

On 1 October 2014, a further dividend of 4.5 pence per Ordinary Share was declared and this was paid on 21 October 2014.

DORIC NIMROD AIR TWO LIMITED (the "Company")

Notes to the Consolidated Financial Statements (continued) for the period ended 30 September 2014

20 RELATED PARTY TRANSACTIONS

Doric GmbH (formerly Doric Asset Finance Limited ("Doric") and Doric Asset Finance GmbH & Co KG ("Doric KG") are the Group's Asset Manager and Agent (the agent is appointed to assist with the purchase of the aircraft, the arrangement of suitable equity and debt finance and the negotiation and documentation of the lease and financing contracts) respectively. Doric received a fee as at the admission to trading on the SFM of the Ordinary Shares, equal to 0.6556 per cent of £463,371,795 being the aggregate value of the Ordinary Shares in the Company issued under the Ordinary Share placing together with the amounts of debt financing expected to be received by the Company (otherwise known as the "Initial Gross Proceeds of the Ordinary Shares"). Doric also received a fee following the agreement by the Group of the principal contracts relating to the acquisition of the Third Asset equal to 0.3278 per cent of the Initial Gross proceeds of the Ordinary Shares. 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.

Under the remuneration terms of the Agency Agreement with Doric KG, the Company paid a fee to Doric KG of 0.95% of the aggregate amounts raised to purchase the fourth to seventh aircraft acquired by the Group, plus 0.35% of the debt proceeds to acquire those aircraft raised through The Enhanced Equipment Trust Certificate issue.

Following the disposal of the first three Assets, Doric will be paid an initial interim amount ("Initial Interim Amount") as follows:

If the sale price realised for the first 3 Assets to be sold by the Group, net of costs and expenses (the "Interim Net Realised Value") is less than the "Relevant Proportion" (being $3/X$, where X is the aggregate of: (i) the number of Assets the lessor has legal beneficial title to immediately following the third disposal of an Asset and (ii) the number of Assets sold immediately following the third disposal of an Asset) of the aggregate of (i) the Ordinary Share placing proceeds and (ii) proceeds of any further issue of shares (of any class) by the Company including the C Share Placing (the "Total Subscribed Equity"), Doric will not be entitled to an Initial Interim Amount;

If the Interim Net Realised Value is between 100 per cent. (inclusive) and 150 per cent. (inclusive) of the Relevant Proportion of the Total Subscribed Equity, Doric will be entitled to an Initial Interim Amount of 2 per cent. of the sale price realised for the first 3 Assets ("Interim Realised Value");

DORIC NIMROD AIR TWO LIMITED (the "Company")

Notes to the Consolidated Financial Statements (continued) for the period ended 30 September 2014

20 RELATED PARTY TRANSACTIONS (continued)

If the Interim Net Realised Value is greater than 150 per cent of the Relevant Proportion of the Total Subscribed Equity, Doric will be entitled to an Initial Interim Amount of 3 per cent. of the Interim Realised Value.

Following the disposal of a further three Assets, Doric will be paid a cash amount equal to 1.75 per cent. of the gross sales proceeds following the disposal of each remaining Asset (such payments in the aggregate being the "Subsequent Interim Amount"), except for the final Asset, ie. fourth to sixth assets.

Following the disposal of the final Asset, and prior to the liquidation of the Company, if the Disposition Fee (as defined overleaf) is payable, where the aggregate of the Initial Interim Amount and the Subsequent Interim Amount is less than the Disposition Fee payable, the Company shall pay the difference to Doric.

Doric shall be paid a disposition fee (the Disposition Fee) as follows: (a) Doric will not be entitled to the Disposition Fee (but for the avoidance of doubt will be entitled to reimbursement for properly incurred costs and expenses) if the aggregate realised value of the Assets net of costs and expenses (the "Aggregate Net Realised Value") is less than the Total Subscribed Equity; (b) if the Aggregate Net Realised Value is between 100 per cent (inclusive) and 150 per cent (inclusive) of the Total Subscribed Equity, Doric shall be entitled to a Disposition Fee of 2 per cent. of the Aggregate Realised Value; (c) if the Aggregate Net Realised Value is greater than 150 per cent of the Total Subscribed Equity, Doric shall be entitled to a Disposition Fee of 3 per cent. of the aggregate of the realised value of the Assets (the "Aggregate Realised Value").

During the period, the Group incurred £979,646 (30 September 2013: £976,866) of expenses with Doric, of which £42,065 (31 March 2014: £nil) was outstanding to this related party at 30 September 2014.

Nimrod Capital LLP ("Nimrod") is the Company's Placing Agent and Corporate and Shareholder Adviser. In consideration for Nimrod acting as placing agent in the initial Ordinary Share Placing of July 2011, the Company agreed to pay Nimrod at Admission, a placing commission equal to 0.2186 per cent of the Initial Gross Proceeds of the initial Ordinary Share Placing. Nimrod also received a placing commission following the acquisition of the third Asset by the Company equal to 0.1092 per cent of the Initial Gross Proceeds of the initial Placing.

DORIC NIMROD AIR TWO LIMITED (the "Company")

Notes to the Consolidated Financial Statements (continued) for the period ended 30 September 2014

20 RELATED PARTY TRANSACTIONS (continued)

In consideration for Nimrod acting as Placing Agent, the Group agreed to pay Nimrod, on the acquisition of the Fourth Asset, a placing commission equal to 0.3166 per cent of Initial Gross Proceeds of the March 2012 C Share Placing.

The Group shall pay to Nimrod for its services as Corporate and Shareholder Adviser 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 £379,065 (30 September 2013: £371,577) of expenses with Nimrod, of which £189,171 (31 March 2014: £189,171) was outstanding to this related party at 30 September 2014. £378,342 (30 September 2013: £370,018) of expenses related to management fees as shown in Note 5.

John Le Prevost is a director of Anson Registrars Limited ("ARL"), the Company's registrar, transfer agent and paying agent. During the period £8,099 (30 September 2013: £7,548) of costs were incurred by ARL, of which £1,066 (31 March 2014: £914) was outstanding as at 30 September 2014.

**DORIC NIMROD AIR TWO LIMITED (the "Company")
ADVISERS AND CONTACT INFORMATION**

Exchange	Specialist Fund Market of the London Stock Exchange
Ticker	DNA2
Listing Date	14 July 2011
Financial Year end	31 March
Base Currency	GBP
ISIN	B5SMNN6
SEDOL	B3Z6252
Country of Incorporation	Guernsey - Registration number 52985

Registered Office

Doric Nimrod Air Two Limited
P.O. Box 156
Frances House
Sir William Place
St Peter Port
Guernsey, GY1 4EU

Administrator and Company Secretary

JTC (Guernsey) Limited
P.O. Box 156
Frances House
Sir William Place
St Peter Port
Guernsey, GY1 4EU

Asset Manager

Doric GmbH
Berliner Strasse 114
63065 Offenbach am Main
Germany

Liasion Agent

Amedeo Services (UK) Limited
5 Royal Exchange Buildings
London
EC3V 3NL

Placing Agent and Corporate and Shareholder

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

Registrar

Anson Registrars Limited
PO Box 426, Anson House
Havilland Street
St Peter Port
Guernsey, GY1 3WX

Lease and Debt Arranger

Doric Asset Finance GmbH & Co KG
Berliner Strasse 114
63065 Offenbach am Main
Germany

Advocates to the Company (as to Guernsey laws)

Mourant Ozannes
1 Le Marchant Street
St Peter Port
Guernsey
GY1 4HP

Auditor

Deloitte LLP
PO Box 137
Regency Court
Gategny Esplanade
St Peter Port
Guernsey, GY1 3HW

Solicitors to the Company (as to English laws)

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
EC2A 2EG