NS Half-year/Interim Report

HALF-YEAR REPORT

DP AIRCRAFT I LIMITED

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DP Aircraft I Limited
20 September 2023

20 September 2023

DP Aircraft I Limited (the 'Company')

Interim Report and Accounts

The Company is pleased to provide a copy of the Unaudited Condensed Consolidated Interim Report for the six-month period ended 30 June 2023 (the "Interim Report"), which is available from the Company's registered office and will shortly be available to view or download from the Company's website www.dpaircraft.com

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DP AIRCRAFT I LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

FACT SHEET

Ticker	DPA
Company Number	56941
ISIN Number	GG00BBP6HP33
SEDOL Number	BBP6HP3
Traded	Specialist Fund Segment ('SFS') of the London Stock Exchange
SFS Admission Date	4-Oct-13
Share Price	US$ 0.055 at 30 June 2023
Earnings per Share	US$ (0.0170) for the period ended 30 June 2023
Country of Incorporation	Guernsey
Current Ordinary Shares in Issue	209,333,333
Administrator and Company Secretary	Aztec Financial Services (Guernsey) Limited
Asset Manager	DS Aviation GmbH & Co. KG
Auditor	KPMG, Chartered Accountants
Corporate Broker	Investec Bank Plc
Aircraft Registration	HS-TQD HS-TQC
Aircraft Serial Number	35320 36110
Aircraft Type and Model	B787-8
Lessees	Thai Airways International Public Company Limited ('Thai Airways')
Website	www.dpaircraft.com

SUMMARY

COMPANY OVERVIEW

DP Aircraft I Limited (the 'Company') was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 2008 on 5 July 2013 with registered number 56941.

The Company was established to invest in aircraft. The Company is a holding company and made its investment in aircraft held through two wholly owned subsidiaries, DP Aircraft Guernsey III Limited and DP Aircraft Guernsey IV Limited (collectively and hereinafter, the 'Borrowers'), each being a Guernsey incorporated company limited by shares and one intermediate lessor company, DP Aircraft UK Limited (the 'Lessor'), a UK incorporated private limited company. The Company and its consolidated subsidiaries, DP Aircraft Guernsey III Limited, DP Aircraft Guernsey IV Limited and DP Aircraft UK Limited comprise the consolidated Group (the 'Group').

Pursuant to the Company's prospectus dated 27 September 2013, the Company offered 113,000,000 ordinary shares of no-par value at an issue price of US$ 1.00 per ordinary share by means of a placing. The Company's ordinary shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 4 October 2013 and the Company was listed on the Channel Islands Securities Exchange until 27 May 2015.

On 5 June 2015, the Company offered 96,333,333 ordinary shares of no-par value at an issue price of US$ 1.0589 per ordinary share by means of a placing. These shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 12 June 2015.

On 13 July 2022, the Company raised gross proceeds of US$750,000, due to lender restrictions on the DPA 1 Limited Topco balance, through the issue of 30,000,000 additional ordinary shares in the capital of the Company at a price of US$0.025 per share. These additional ordinary shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 15 July 2022.

In total there are now 239,333,333 ordinary shares in issue with voting rights.

In addition to the equity raised above in 2013, the Group also utilised external debt to fund the initial acquisition of the aircraft. Further details are given within this summary section.

INVESTMENT OBJECTIVE

The Company's investment objective is to obtain income and capital returns for its shareholders by acquiring, leasing and then, when the Board considers it appropriate, selling aircraft (the 'Asset' or 'Assets').

THE BOARD

The Board comprises of independent Directors (the 'Directors') or (the 'Board'). The Directors of the Board are responsible for managing the business affairs of the Company and Group in accordance with the Articles of Incorporation and have overall responsibility for the Company's and Group's activities, including portfolio and risk management while the asset management of the Group is undertaken by DS Aviation GmbH & Co. KG (the 'Asset Manager').

THE ASSET MANAGER

The Asset Manager has undertaken to provide asset management services to the Company and Group under the terms of an asset management agreement but does not undertake any regulated activities for the purpose of the UK Financial Services and Markets Act 2000.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The Group recognises the Paris Agreement on climate change. The Group operates NTA ('New Technology Aircraft'); specifically Boeing 787-8's equipped with Rolls Royce Trent-1000 engines which are 20% more fuel efficient on a revenue-per-kilometre basis than similar comparable legacy engine aircraft. The Board has taken steps to reduce its own travelling and maximises the use of virtual meetings within the Board and with all its key service providers.

CORONAVIRUS ('COVID-19 ')

COVID-19 continues to have a significant impact on the airline sector, and by extension the aircraft leasing sector. More information is provided below and in the Asset Manager's Report.

THAI AIRWAYS INTERNATIONAL PCL ('THAI AIRWAYS' / 'THAI')

The suspension of travel due to COVID-19 in 2020 resulted in Thai Airways entering into business rehabilitation. The Central Bankruptcy Court approved Thai's Business Rehabilitation plan on 15 June 2021, the rehabilitation process is currently ongoing. Please refer to the Asset Manager Report for details regarding the rehabilitation process.

The Group signed a Letter of Intent ('LOI') dated 1 March 2021 with Thai Airways under which the parties agreed to amend the lease terms that existed then. The actual lease agreement reflecting the terms set out in the LOI was signed on 1 April 2022. The effective date for the lease modification was 15 June 2021.

The new lease terms provided for a power by the hour ('PBH') arrangement until 31 December 2022 (with rent payable by reference to actual monthly utilisation of the Thai aircraft and engines), with scaled back monthly fixed lease payments thereafter until October 2026 for aircraft MSN 36110 and December 2026 for aircraft MSN 35320 reflecting reduced market rates in the long-haul market. The lease term can be extended for a further 3 years to October and December 2029 respectively, with further scaled back monthly lease payments starting from November 2026 and January 2027 respectively. The Extension Period is however subject to agreement with the Group after consulting the Lenders. Given the uncertainty around the lease extension, the lease terms are considered to be the period up to October and December 2026.

A corresponding agreement was reached with the lenders as detailed below.

DEKABANK DEUTSCHE GIROZENTRALE AND THREE OTHER CONSORTIUM MEMBERS ('DekaBank')

On 6 May 2021, subsequent to the LOI being entered into by the Group and Thai as described above, the Group and DekaBank amended and restated the existing loan facility agreements in respect of the Thai aircraft to accommodate the new lease terms, the First Amendment and Restatement to the Loan Agreements. Repayments of principal were deferred until after the end of the PBH arrangement (31 December 2022), and a new repayment schedule was to be renegotiated close to the end of the PBH arrangement.

On 7 February 2023, the Group and DekaBank entered into a Second Amendment and Restatement to the Loan Agreement (the 'Loan Agreement') in which the parties agreed on the following main terms:

- the total loan amount outstanding was split into two tranches:
  - Facility A is a loan of US$ 61,144,842, made up of MSN 35320 loan of US$ 31,099,453 and MSN 36110 loan of US$ 30,045,389. The Facility A loan amortizes to a combined balloon of US$ 33,947,878 and represents the scheduled debt.
  - Facility B is a loan of US$ 35,504,024 (non-amortizing), made up of MSN 35320 loan of US$ 17,366,650 and MSN 36110 loan of US$ 18,137,374. The Facility B loan will be settled as a balloon payment at the end of the loan term in 2026.
- US$ 2.36m of surplus cash generated under the PBH period was used to immediately repay debt on the amortizing Facility A loan in February 2023, while an agreed cash reserve of US$ 500,000 per aircraft will be retained to cover unforeseen costs going forward.
- the interest rate swap currently in place for the scheduled debt was dissolved at cost.
- the MSN 35320 and MSN 36110 Facility A loans bear fixed interest rates of 6.61% and 6.89% respectively.
- the MSN 35320 and MSN 36110 Facility B loans bear fixed interest rates of 5.26% and 5.42% respectively.
- from the monthly fixed lease rental of US$ 510,000 per aircraft (which denotes the maximum amount the Company can earn in operations per month), US$ 475,000 is legally restricted so that those funds are only payable to the lenders and US$ 35,000 per aircraft can be retained by the company to contribute towards ongoing fixed costs of the Company.

Due to the limited liquidity position of the Group, restructuring fees associated with the Loan Agreement will be paid after the eventual remarketing of the aircraft, subject to surplus sales proceeds being realised.

IMPAIRMENT

In line with each reporting date, but more relevant in light of the developments of COVID-19 and market capitalisation of US$ 13.16 million at 30 June 2023, a detailed impairment assessment of the aircraft has been undertaken. Following this review an impairment of US$ nil (31 December 2022: US$ nil) was booked against the aircraft. See note 3 for further details regarding the impairment and comments under the Highlights regarding the difference between net asset value and market capitalisation.

DISTRIBUTION POLICY

Under normal circumstances, the Group aims to provide shareholders with an attractive total return comprising income, from distributions through the period of the Company's ownership of the Assets, and capital, upon any sale of the Assets. The Company originally targeted a quarterly distribution in February, May, August and November of each year. The target distribution was US$ 0.0225 per share per quarter. The dividends were targets only with no assurance or guarantee of performance or profit forecast. Investors should not place any reliance on such target dividends or assume that the Company will make any distributions at all.

Due to the impact of COVID-19 on the aviation industry and therefore our lessor, the Board suspended the payment of dividends from 3 April 2020 until further notice. This suspension remains in place to date. Any lease rental payments received by the Company in respect of the Thai aircraft are expected to be applied exclusively towards the running costs of the Company and its subsidiaries, and as a priority towards interest and principal repayments to the DekaBank. Given this backdrop the Board and its advisors feel that there is no realistic prospect of the Company's shareholders receiving a dividend or other distribution during the remaining lease period. The Board and its advisors will continue to consult with shareholders and its advisors in the future, with a view to determining the best course of action to take for the future of the Company.

HIGHLIGHTS

LOSS FOR THE PERIOD

The loss for the period ended 30 June 2023 is US$ 4,072,482 and loss per share is US$ 0.0170. The profit for the period ended 30 June 2022 was US$ 2,998,596 and profit per share was US$ 0.0143.

The results for the period ended 30 June 2023 are mainly driven by rental income earned of US$ 4,340,629 (30 June 2022: US$ 7,575,435) and finance costs incurred of US$ 7,495,940 (30 June 2022: US$ 2,194,840). The increase of finance costs is a result of an adjustment required by IFRS to reflect the modification to the loan terms in February 2023. The modification adjustment for the modification to the loans in February 2023 totalled US$ 5,042,029 and increased both finance costs and the loans payable at the point of modification and resulted in an overall loss for the period. This adjustment essentially recognises a loss now due to the less favourable terms (primarily interest rate increases) under the modified terms compared to the original terms. As a result of this adjustment, interest will be recognised at the lower original effective interest rate as opposed to the higher modified interest rate going forward. The decrease in rent was due to the variable rent period ending on 31 December 2022. For the period to 30 June 2023, the entity only earned fixed rental income.

Refer to the Condensed Consolidated Statement of Comprehensive Income for full details of results for the period.

NET ASSET VALUE ('NAV')

The NAV per share was US$ 0.1699 at 30 June 2023 (31 December 2022: US$ 0.1869) and the price per share was US$ 0.055 (31 December 2022: US$ 0.045). NAV per share decreased due to the loss made during the interim period (see above). The NAV excluding the financial effects of the straight-lining lease asset and the loan modification adjustment was US$ 0.1471 per share at 30 June 2023 (31 December 2022: US$ 0.1384).

The straight-lining lease asset and the loan modification adjustment will reduce to nil over time. The NAV excluding the straight-lining lease asset and loan modification adjustment is therefore presented to provide what the Directors consider to be a more relevant assessment of the Group's net asset position.

	As at 30 June 2023		As at 31 December 2022	
	US$	**US$ per share**	**US$**	**US$ per share**
NAV per the financial statements	**40,663,639**	**0.1697**	**44,736,121**	**0.1869**
Less: Straight-lining lease asset	(11,785,090)	(0.0492)	(13,525,502)	(0.0565)
Add: Provision on straight-lining lease asset	1,295,181	0.0054	1,486,453	0.0062
Add: Loan modification adjustment	5,042,029	0.0211	-	-
NAV excluding straight-lining lease asset	**35,215,759**	**0.1471**	**32,697,072**	**0.1366**

As at 30 June 2023, the price per share was US$ 0.055 which is significantly lower than the NAV per share above, excluding the straight-lining lease asset and the loan modification adjustment. The main asset in the Group, the aircraft, have been assessed for impairment (see note 3) and found not to be impaired. Other significant assets comprise cash and receivables whose values are considered to be reflective of fair value due to their short-term nature.

INTERIM DIVIDENDS

As previously outlined, as a result of the impact of the COVID-19 pandemic on global aviation and particularly on its lessees; the Company suspended dividends on 3 April 2020, until further notice to help preserve liquidity. Further details on the impact of the COVID-19 pandemic can be found within the Asset Manager's Report. Furthermore, in accordance with the second amended loan agreement with DekaBank, the Group will make no dividend payments while loan deferrals remained outstanding under the Loan Agreement.

OFFICIAL LISTING

The Company's ordinary shares were first admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 4 October 2013.

CHAIRMAN'S STATEMENT

I am pleased to present Shareholders with the Annual Report of the Group for the period ended 30 June 2023.

The loss per share for the period was US$ 0.0170 compared to a profit per share of US$ 0.0143 for the same period last year. The net asset value per share at the period end was US$ 0.1699 compared to US$ 0.1869 at 31 December 2022.

IFRS requires rental income to be recognised on a straight-line basis over the remaining lease period and consequently the accounting treatment has resulted in some income being recognised earlier than would normally be the case. In addition, IFRS requires a provision to be made against that additional income which has been estimated based on recent credit reports on Thai. Similarly, IFRS requires a loan modification adjustment to be accounted for when loan terms are amended but the amendment is not deemed substantial. The adjustment for the modification to the loans in February 2023 totalled US$ 5,042,029 and increased both finance costs and the loans payable at the point of modification and resulted in an overall loss for the period. This adjustment essentially recognises a loss now due to the less favourable terms (primarily interest rate increases) under the modified terms compared to the original terms. As a result of this adjustment, interest will be recognised at the lower original effective interest rate as opposed to the higher interest modified rate going forward. Please refer to the Highlights which explains the net impact of these IFRS adjustments on the profit for the period and the NAV at the end of the period.

After a significant amount of work undertaken by the Board during the period, the Group concluded the Loan restructuring with the Lenders and a final balloon repayment of $69.5 million for both loans was announced in March for the end of the loan periods in 2026.

With respect to ongoing working capital requirements, some service providers and the Directors have deferred some significant amounts due to extend the period before another equity raise is required. The focus of the Company remains the preservation of the Group's long-term financial stability and asset values. The Company believes the Boeing 787 remains an attractive asset and notes recent transactions in the market though transparency around transaction values is not currently available. Boeing 787 wide body production is still behind historic levels and delayed deliveries for new Boeing's 787 are further strengthening this demand. Both aircraft must be returned in full life condition at the end of their leases.

HS-TQC and HS-TQD have had consistent utilisation over the period with utilisation being exclusively in the Asian region. Thai's operating health appears much stronger as it works towards ending its rehabilitation process, projected to occur in 2024. Thai have also noted their intention to lease more aircraft as a measure of their increased confidence. Thai is also expected to raise further equity over the coming year as noted in their recent announcement.

There has been a continued improvement in the global aviation market following the challenges resulting from the effects of the COVID-19 pandemic. Recent sentiment on airline and related stocks has been more optimistic. The Ukraine war has not had as significant an impact on the industry as expected. With COVID-19 restrictions in China being lifted there is cause for some optimism in tourism numbers from that market in Thailand going forward.

Our aircraft are now operating on fixed monthly lease payments with Thai until October/December 2026, reflecting the reduced lease rates negotiated earlier. As previously noted, the lease term was extended by a further 3 years to October/December 2029, with further scaled back monthly lease payments starting from November 2026/January 2027, and the Group retaining a right of early termination in October/December 2026 after consultation with the Lenders. The current finance arrangements end during 2026. At the end of the leases in 2029, unless terminated early in 2026 as allowed in the aforementioned sentences above, the aircraft are required to be returned in full life condition.

The Board and the Asset Manager remain fully committed to extract the highest possible value for shareholders in this process and are focussed on actions to improve and preserve the value of the assets.

As previously noted, there is no realistic prospect of the Company's shareholders receiving a dividend or other distribution prior to the end of the lease term. The key uncertainty remains the outlook for Thai, though the position of Thai has improved considerably, the impact of inflation on the travel industry and the knock-on effect these factors may have on aircraft values and lease rentals.

I would like to thank our Investors for their continued support in the Group. The Board and its advisers will continue consulting with investors on an ongoing basis. I am especially grateful to the Board and our key service providers for their continued significant support over the period and going forward.

Jonathan Bridel
Chairman

ASSET MANAGER'S REPORT

THE AIRLINE MARKET

As almost all countries around the world have lifted COVID-19 restrictions and passenger traffic is continuously increasing, the recovery of the airline industry more than doubled from expectations published by IATA in December 2022. However, there are still challenges facing the aviation business, including the rising inflation rate, the conflict between Russia and the Ukraine, problems with the supply chains, and high regulatory costs. Despite these facts, Director General of IATA, Willie Walsh believes that airline financial performance in 2023 is beating expectations since there are several positive developments such as China lifting COVID-19 restrictions earlier than anticipated and high but moderated jet fuel prices. Stored widebody aircraft are steadily going back to service. The industry recovery for Asia-Pacific carriers is underway as a sharp rise in both passenger volumes and capacity is expected to be reflected in a sizeable improvement in 2023 financial results.

Global

- Current Situation
  - Fleet utilisation is back to pre-Covid level
  - Passenger demand (measured in RPK) in June 2023 increased to 94% of pre-Covid levels
  - In comparison to demand performance from the prior year, the worldwide air freight market continues to drop, albeit more slowly
  - At the current stage, according to IATA, the Russia-Ukraine conflict has no major impact on airlines´ profitability
- Outlook
  - Air passenger demand in 2024 is expected to be stronger and around 4% higher than 2019
  - The cargo market is expected to decline in volume under pre-pandemic level, but revenues remaining above
  - Boeing predicts that over 42,000 new aircraft will be needed over the next 20 years - an increase of 3.5% compared to Boeing´s last year outlook - with an approximate value of USD 8 trillion

	2019 (actuals)	2020 (actuals)	2021 (actuals)	2022 (estimated)	2023 (forecasted)
Revenues [billion USD]	838	384	509	732	803
Passenger Revenue [billion USD]	607	189	239	430	546
Net Result [billion USD]	26.4	- 137.7	- 41.9	- 3.6	9.8
Operating Profit [billion USD]	43.2	- 110.8	- 45.1	10.1	22.4
Capacity (ASK) [% change vs. previous year]	---	- 57%	+ 19%	+ 40%	+ 25%
Demand (RPK) [% change vs. previous year]	---	- 66%	+ 22%	+ 64%	+ 28%
Passenger Load Factor	83%	65%	67%	79%	81%

Source: IATA June 2023

Asia

- Current Situation
  - All economies in the region have lifted Covid travel restrictions
  - An increase of 363% rise on full year international 2022 traffic (measured in RPK) while capacity (measured in ASK) grew by 130% compared to 2021, maintaining the strongest year-over-year rate among the regions
  - In June 2023, demand on international routes continued to show a positive development but is still 29% lower than pre-pandemic levels (June 2019)
  - A nearly threefold increase in demand for Asia-Pacific airlines in May 2023 compared to the same month in the previous year as China's reopening gained traction; nevertheless, Chinese outbound-international travel (ASK) is still less than half compared the pre-pandemic levels (June 2019 vs. June 2023)
- Outlook
  - Net loss for 2023 is expected to amount to USD 6.1 billion compared to a net loss of USD 13.5 billion in 2022
  - Growth both in demand and capacity in 2023 is anticipated to be about 63% and 49% respectively, the strongest among the regions

- Airlines expected to fully recover to pre-pandemic levels in 2024

Outlook & Conclusion

The aviation industry is undoubtedly recovering from the COVID-19 pandemic faster than anticipated; the IATA upgraded their outlook this June. Even with a minimal net profit margin, the return to net profitability represents a significant accomplishment despite the existing drawback factors such as high inflation, weaker corporate earnings, and the impact of Russia's invasion of Ukraine. Several favourable occurrences, such as China lifting COVID-19 limitations earlier than anticipated and high but moderated jet fuel prices, contribute to higher profitability. Repairing damaged financial balance sheets and giving investors sustainable returns on their capital will continue to be difficult for many airlines, given that they only make approximately $2.25 per passenger on average. Most airlines have yet to pay back the entire government assistance provided to airlines in the form of credits for recovering from the COVID-19 outbreak. As a result, the financial performance and ability to moderate strategic decisions are still affected. Further supply chain shortages might also slow the recovery as aircraft and engine deliveries or repairs and overhaul activities might be delayed.

The aviation industry is recovering at a reasonable rate, even if the recovery in the Asia-Pacific region is slower than average due to a delayed lifting of travel restrictions. The recovery is also reflected in the increase of placing orders for new aircraft; for instance, Lufthansa ordered 22 A350s and Boeing 787s, IndiGo ordered 500 A320-family aircraft, Emirates plans to order 150 aircraft, and Thai is looking for narrow- and widebody aircraft.

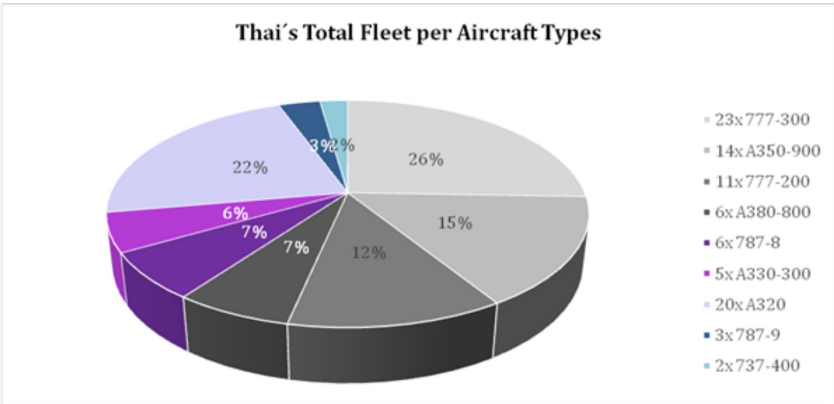
From a historical perspective, the aviation industry has shown itself to be resilient, having recovered from all past crises, and the first quarter of 2023 indicates a quick rebound compared to the prior year. However, the airline business remains frail to temporary downturns. Even if at the current stage IATA does not see any severe impact of the Ukraine war on airlines´ profitability, it remains a serious threat with the possibility of rising inflation rates, the expansion to other regions or the extension of airspace closures, etc.

IATA's General Director Willie Walsh put it in a nutshell: "Airline financial performance in 2023 is beating expectations.... resilience is the story of the day, and there are many good reasons for optimism".

THE LESSEE - THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

Overview

- 34 international destinations during winter 2022/2023 (main season in Thailand); popular routes are currently, amongst others, to Japan and South Korea
- 1st March 2023: Thai reopened flights to China, offering 14 weekly flights to five destinations
- 51 aircraft in operation, 23 aircraft in storage and one aircraft (B787-9) on order [including Thai Smile]



Source: Cirium: "Thai Airways International Fleet Summary"; 1st July 2023; including operational, stored and ordered aircraft and including Thai Smile

  - Due to increasing demand, one B777-200ER was reintroduced into service in the first quarter and two "new" A350-900s (stored at Airbus since 2019) scheduled to be delivered during the second quarter with the first one delivered mid-May
  - Four A320ceos had been transferred in the second quarter 2023 from Thai Smile to Thai in line with the below mentioned merger
- Top five international arrivals 2022 had been from Malaysia, India, Singapore, the United States and South Korea resulting in the fact that South-East Asian routes are the focus of Thai Airways
- The airline is recruiting cabin crews to meet increasing demand of air travel in accordance with the guidelines of the Company´s plan
- Chai Eamsiri had been promoted to the position as CEO effective 1st February 2023; previously he acted as

Thai Airways´ CFO

- Thai returned to profitability in the mid of the second quarter 2022
- Main threats identified by Thai are currently resulting from high oil prices, the entrance of new market players and a high level of inflation which might negatively impact consumers´ purchasing

Restructuring and Rehabilitation Process since 31st December 2022

- 1st quarter 2023: Operations according to the Business Rehabilitation Plan
- 1st January 2023: Lease rates of aircraft, at least in regard to HS-TQC and HS-TQD, switched back from airlines´ favourable interim PBH (Power-by-the Hour) arrangements to monthly fixed lease rates
- 24th February 2023: The Plan Administrators announced the approval of the Financial Statements 2022 and the suspension of dividend payments

Restructuring and Rehabilitation Process since 31st December 2022

- As of 30 April 2023: Thai Airways International repaid THB 3.20 billion (appr. USD 94 million) to creditors in line with its Business Rehabilitation Plan
- 17th May 2023: The merger of Thai Smile into Thai Airways has been approved by the Creditor´s Committee as part of the rehabilitation process to strengthen operation and take advantage of synergies; awaiting approval of the Civil Aviation Authority of Thailand
- Supporting the rehabilitation process, Thai has sold ten B747-400s and nine A340s, is about to sign purchase and sale contracts for six B777-300ER aircraft and offers another 12 aircraft for sale (B777-200s and A380s)
- Thai Airways is around 70 per cent through its Business Rehabilitation Plan and expects to formally exit the process in 2024; earlier than originally anticipated

Financial & operational performance in brief

[billion THB]	1Q2023	1Q2022	Change
Operating Revenues	**41.51**	**11.18**	**+ 271 %**
- Passenger and excess baggage	34.98	4.48	+ 682 %
- Freight and mail	4.36	5.22	- 16 %
- Other businesses	1.96	1.34	+ 46%
- Other income	0.21	0.15	+ 41%
Operating Expenses	**28.47**	**14.13**	**+ 98 %**
- Fuel and oil	12.05	4.25	+ 148 %
- Non-fuel operating costs	16.42	10.10	+ 63 %
Operating Result excl. One-Time Items	**9.49**	**- 5.36**	↗
Net Result	**12.51**	**- 3.25**	↗
Capacity - ASK (million)	**13,298**	**6,007**	**+ 121 %**
Demand - RPK (million)	**11,110**	**1,952**	**+ 469 %**
Load Factor	**83.5 %**	**32.5 %**	**+ 51 pp**
Passengers (million)	**3.52**	**1.02**	**+ 245 %**
Passenger Yield [THB/RPK]	**3.14**	**2.27**	**+ 38 %**
Aircraft Utilisation [block hours]	**12.3**	**7.9**	**+ 56 %**
Number of Aircraft	**86**	**87**	**- 1 %**
Increase in Cash & Cash Equivalents	**8.38**	**0.50**	**+ 1,576 %**
Current Ratio (consolidated)*	**2.21**	**0.80**	↗

* Current Ratio = Current Assets/Current Liabilities

Outlook & Opportunities post-COVID-19 pandemic

- As Thailand´s economy is dependent on tourism, Thai Airways benefit from measures initiated by the Government to stimulate tourism arrivals
- No travel restrictions concerning COVID-19; Thailand welcomed 6.5 million foreign tourists in the first quarter 2023; an increase of over 1,000% compared to the same quarter in the previous year

- Thailand expects 25 million foreign visitors in 2023 representing 66 per cent of the pre-Covid level (2019)
- Thai Airways plans to grow its fleet by 30 widebody jets as tourists return to Thailand with expectations of receiving the first aircraft by 2026; their request for proposal would be send out to Boeing and Airbus with no decision made yet on numbers nor preferred OEM
- Thai and Turkish Airlines signed a memorandum of understanding to improve connectivity between Asia and Europe via Istanbul; Thai will start a daily connection between Bangkok and Istanbul in December 2023
- THAI targets to generate a small net profit in 2023 of about THB 10 million (USD 300,000)
- Thai Airways anticipates shareholder equity to turn positive in 2024 as otherwise the company might be delisted from the Stock Exchange of Thailand if an extension of the deadline would not be granted

Comments & conclusions

Thai Airways is dependent on the tourism sector, particularly on in-bound tourism and contingent on any decision made by the Government to elevate or soften travel restrictions. Consequently, the implementation of the "fully-reopen-to-tourism" regulation by the Tourism Authority of Thailand supports the airline´s growth of passengers, revenues and operational income. The number of foreign visitors to Thailand is significantly increasing since 2022, although it has not reached pre-pandemic levels yet. The financial results of the first quarter 2023 look promising, however Thai Airways will have to prove profitability on the longer term.

Thai´s fleet expansion plans by A321neo's and new generation wide-body aircraft will be essential to remain competitive on both the cost and the comfort level in the long run. Though, deciding for the B787 would be a positive sign that Thai plans to continue with this aircraft type.

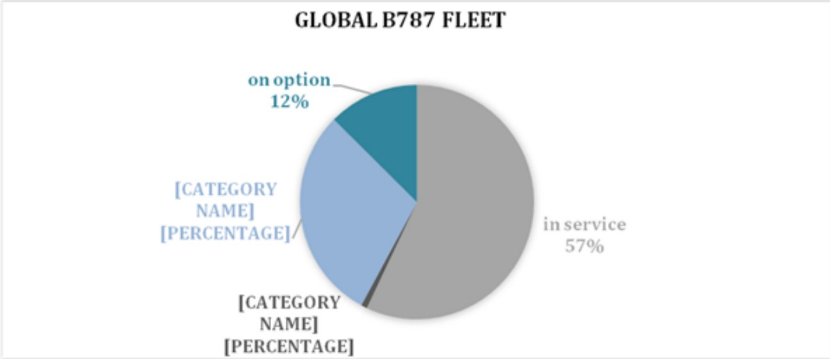
The effects of the Ukraine-Russian conflict in the medium and long term are not yet fully quantifiable but at the current stage, Thai Airways suffers from its burden. As the carrier currently does not operate flights to Russia, it cannot benefit from the increasing number of Russian tourists, although already ranking top 2 since the beginning of 2023 (as of 26th February 2023). Furthermore, it might even concede with less favourable flight routes from and to Europe or the Middle East, suffers from high oil prices and might be impacted by high inflation rates decreasing people´s purchasing power.

Although creditors have suffered significant losses in the course of Thai´s Rehabilitation Plan (the Plan), it gives comfort that Thai Airways is in line with the Plan and also on track with repaying the creditors. Thai Airways expects to formally exit the process of business rehabilitation early in 2024, which would enable the carrier to be more flexible on decisions concerning their operation, growth, and strategic decisions., Nevertheless, to justify completely the survival of the Airline, its successful exit from the business rehabilitation process, and its further strategic direction, ability to quickly adapt to market changes will be significant. However, it could be considered that the carrier's long-term viability is in the country's interest as tourism counted for one-fifth of the country's GDP (pre-COVID).

THE ASSETS

Update Boeing 787

- As of 31st July 2023, 154 Boeing 787s were ordered during the current year; including 12 of the B787-8 variant
- As of 31st July 2023, 35 Boeing 787s were delivered during the year, including seven aircraft of the B787-8s; the orderbook showed a 684 backlog of the Dreamliner, including 31 of the B787-8 variant
- As at 3rd July 2023, the B787 was part of the fleet of 69 airlines
- Boeing has to delay again deliveries of B787 aircraft, this time due to the occurrence of a nonconforming condition of the horizontal stabilizer; there is no action at this time for the B787s in service - Boeing's technical team is in the process of performing inspections and analysis to identify the scope and severity of the shims and gaps, to determine if any fleet action will be required
- As at 3rd July 2023, out of 1,042 Boeing 787 aircraft (excluding aircraft on order and option), only 15 aircraft were listed to be in storage



Source: Cirium: "Fleet Analyzer"; 3rd July 2023

Assets & Operations

Overview

Both Assets, HS-TQC and HS-TQD, are based at Bangkok International Airport and operated by Thai Airways on their regular flight operations. The Assets are deployed on international routes, exclusively within the Asia-Pacific area, to destinations such as Manila, Jakarta and Hyderabad.

The utilisation of TQC and TQD as well as their respective titled engines is shown in the following tables:

AIRCRAFT OPERATIONS	Thai Airways	
	HS-TQC	HS-TQD
Cabin Layout	24 Business Class Seats 240 Economy Class Seats	
LAST PHYSICAL INSPECTION		
Date	24th February 2022	3rd February 2023
Place	Bangkok Airport (BKK)	
AIRFRAME STATUS (31st July 2023)		
Total Flight Hours	22,411	20,545
Average Monthly Utilisation Since Delivery [FH]	213	198
Total Flight Cycles	5,112	4,695
Average Monthly Utilisation Since Delivery [FC]	49	45
Hours/Cycles Ratio Since Delivery	4.38	4.38

TITLED ENGINES (31st July 2023)	HS-TQC		HS-TQD	
	ESN 10239	ESN 10243	ESN 10244	ESN 10248
Total Time [Flight Hours]	20,833	16,645	16,780	19,858
Total Flight Cycles	4,732	3,482	3,968	4,197
Location	On-wing	Sent to SAESL for repair	HS-TQE	Hold as spare

The utilisation of ESN 10243 was common during the last few months until mid-March 2023. On 24th March 2023, the engine ESN 10243 was removed due to IPC Stage 8 blade damage found. DS Aviation closely followed up with Thai to figure out the next steps for getting the engine back to service. The prior planned induction of ESN 10243 at the Rolls-Royce facility in Singapore (SAESL), planned for 11th July moved to 12th November 2023 as Rolls Royce has, amongst others, supply chain issues which affect the shop capacity. The engine completion date is currently scheduled for 8th April 2024. Moreover, during replacing the ESN 10240 with ESN 10243, it was contractually agreed with Thai Airways that the AD (Airworthiness Directives)-2019-0286 would be included in the work scope of the next shop visit of ESN 10243.

On 13th December 2022, the title engine ESN 10248 was removed due to HPT Blade damage found during a scheduled borescope inspection. The asset manager arranged an immediate inspection with the on-site inspection team and figured out that ESN 10248 has to be inducted into a shop for repair. The engine was sent to SAESL for a shop visit in mid-January 2023 and returned in May to Thai Airways. The engine is currently held as a spare. These issues have not impacted lease payments.

THE ASSETS

Asset Manager´s actions ensure asset value

Regular monitoring is the top priority for DS Aviation as DP Aircraft's Asset Manager to make sure that the aircraft are in service, and that the Lessee is keeping the aircraft in the best condition per the manufacturer's and Lessor's requirements.

Therefore, both aircraft are inspected regularly by DS Aviation technical staff or on-site representatives in case the inspection is urgent. Two aircraft inspections were carried out on HS-TQD in December 2022 and February 2023 to ensure the aircraft gets back to commercial service in the agreed condition and fully complies with all lease and manufacturer manuals. DS Aviation's on-site representative inspected the aircraft on 3rd February 2023 at Bangkok International Airport. During the inspection, the aircraft was parked on the apron in preparation for returning to commercial operations. The aircraft returned after two test flights to service on 5th February 2023. Aircraft HS-TQC was inspected on 24th February 2022 at Bangkok International Airport by DS Aviation's on-site representative. The aircraft had been entered into storage on 13th February 2022 and parked on the apron. The aircraft returned to service in April 2022, and the next inspection is planned to be performed in the second half of 2023.

Considering the past, it is essential to monitor the Lessee's activities including both aircraft as well as the overall activities. Even after Thai Airways returned to paying fixed lease rates beginning of 2023, it is important to ensure a prompt exchange of updated information. Because of this, DS Aviation continues to have an "on-demand" contract with the on-site service provider. Their expertise and workforce are available whenever the circumstance calls for it, ensuring prompt and efficient support on the spot.

HS-TQC and HS-TQD both are currently in regular commercial service.

Comments and Conclusions

The aviation sector is recovering from COVID-19, nevertheless the post-pandemic effects will continue to have an impact on the market in coming years. In the past months passenger numbers increased resulting in a rising demand for wide-body capacity. However, design issues (e.g., A350), non-conforming parts or material (e.g. B787) as well as the first delivery of new aircraft models (e.g. B777-9) resulted in decreased delivery rates or groundings. After Airbus has changed the design of the A350 copper foil layering between the carbon fuselage and exterior paint and an attempt to match the growing demand, production rates of the A330neo and A350 model will be increased in the coming year, at the expense of narrowbody delivery rates. This might make sense as according to Airbus, the supply chain for narrow-body aircraft is a fragile bottle-neck. Additionally, the aircraft and engine manufacturers, suppliers, and the MRO (Maintenance, Repair and Overhaul) industry are negatively impacted by the global shortage of electronic components, the higher cost of obtaining raw materials for the production lines, international political conflicts, and a lack of skilled workers.

Therefore, many airlines such as Lufthansa, Qatar Airways and Thai Airways have reactivated or have decided to reactivate further widebody aircraft, noticeably A380s, A340s and B777s, and delay their decommissioning. This will result in an increasing average fleet age and a shift of deliveries in later years. This in turn, might result in higher operating costs, mainly regarding fuel consumption and maintenance, being a hardship for some airlines.

The recovery of new generation twin-aisle aircraft, such as B787, A350, A330neo, with the number of aircraft at the end of the first quarter 2023 being a quarter larger than pre-COVID-19 (end of 2019), had been significantly quicker than of older twin jets. The latest generation of widebody aircraft, including B787s, are almost out of storage as only 1.5% of the global B787 fleet is still in storage which shows the significant demand of this type of aircraft and its important role during the post pandemic recovery. The aircraft benefits from its latest generation technology, its strong position in the market with an active fleet of more than 1000 units and new orders being placed. However, to keep the asset value, still requires close monitoring of the market and the assets' condition.

DIRECTORS' INFORMATION

Jonathan (Jon) Bridel, *Chairman (58), appointed 10 July 2013*

Jon is a Guernsey resident and is currently a non-executive director of Fair Oaks Income Fund Limited. Jon was previously managing director of Royal Bank of Canada's ('RBC') investment businesses in the Channel Islands and served as a director on other RBC companies including RBC Regent Fund Managers Limited. Prior to joining RBC, Jon served in a number of senior management positions in banking, specialising in credit and corporate finance and private businesses as Chief Financial Officer in London, Australia and Guernsey having previously worked at Price Waterhouse Corporate Finance in London.

Jon graduated from the University of Durham with a degree of Master of Business Administration, holds qualifications from the Institute of Chartered Accountants in England and Wales (1987) where he is a Fellow, the Chartered Institute of Marketing and the Australian Institute of Company Directors. Jon is a Chartered Marketer and a Member of the Chartered Institute of Marketing, a Chartered Director and Fellow of the Institute of Directors and a Chartered Fellow of the Chartered Institute for Securities and Investment

Jeremy Thompson, *Director (68) appointed 10 July 2013*

Jeremy Thompson is a Guernsey resident. He acts as a non-executive director to a number of businesses which include three private equity funds, an investment manager serving the listed NextEnergy Solar Fund Limited and London listed Riverstone Energy Limited. Prior to that he was CEO of four autonomous global businesses within Cable & Wireless PLC and earlier held CEO roles within the Dowty Group.

Jeremy currently serves as chairman of the States of Guernsey Renewable Energy Team and is a commissioner of the Alderney Gambling Control Commission. He is also an independent member of the Guernsey Tax Tribunal panel. Jeremy is an engineering graduate of Brunel (B.Sc) and Cranfield (MBA) Universities and attended the UK's senior defence course (Royal College of Defence Studies). He holds the Institute of Directors (IoD) Certificate and Diploma in Company Direction and is an associate of the Chartered Institute of Arbitration. He completed an M.Sc in Corporate Governance in 2016 and qualified as a Chartered Company Secretary in 2017.

Harald Brauns, *Director (69), appointed 1 November 2019*

Harald is a German banker with extensive experience in the specialised lending sector. He joined NORD/LB Hannover, Germany in 1977 with a first engagement in the shipping segment. In 1985 he started the aircraft finance activities for the bank from scratch. As the Global Head of Aircraft Finance, he built successively a team of more than 40 dedicated aviation experts located in Hannover, New York and Singapore. Focused on an asset-based business model with sophisticated solutions for selected clients, he and his team advanced to global leaders in commercial aircraft finance with an exposure of well above US$ 10 billion split over a portfolio of 650 aircraft assets. After more than 35 years in the aviation industry Harald retired in October 2019. He is resident in Germany and was appointed as a director of the Company with effect from 1 November 2019.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

These are the principal risks and uncertainties that the Group is facing and expects to continue facing in the second half of 2023.

Geopolitical and economic risks

The Company leases aircraft to a customer in Thailand exposing it to: (i) Thailand's varying economic, social, legal and geopolitical risks, (ii) instability of Thailand markets and (iii) the impact of global health pandemics and other global market disruptions. The Directors continue to monitor the impact of COVID-19 and to assess the impact on the Company. Exposure to Thailand's jurisdiction may adversely affect the Company's future performance, position and growth potential if Thailand's economy does not perform well or if laws and regulations that have an adverse impact on the aviation industry are passed. The adequacy and timeliness of the Company's response to emerging risks in this jurisdiction is of critical importance to the mitigation of their potential impact on the Company.

The Geopolitical risk surrounding the Russian invasion of Ukraine and the subsequent consequences have the potential to impact travel and/or travellers' willingness to travel which in turn could affect the volume of traffic to and from Thailand. The new Thai government led by PM Thavisin and the return from exile of former PM Thaksin provides an unknown backdrop in terms of political stability. However, it is clear though that tourism is a major part of the Thai economy.

Exposure to the commercial airline industry

As a supplier to and partner of the airline industry, the Group is exposed to the financial condition of the airline industry as it leases its aircraft to commercial airline customers. The financial condition of the airline industry is affected by, among other things, geopolitical events, outbreaks of communicable pandemic diseases and natural disasters, fuel costs and the demand for air travel. To the extent that any of these factors adversely affect the airline industry they may result in (i) downward pressure on lease rates and aircraft values, (ii) higher incidences of lessee defaults, restructuring and repossessions and (iii) inability to lease aircraft on commercially acceptable terms.

Thai Airways

Thai went into debt rehabilitation on 27 May 2020, and the business rehabilitation plan was approved on 15 June 2021, by the Central Bankruptcy Court of Thailand. There is risk that the business rehabilitation plan does not achieve the desired results, and this could have an adverse impact on the entity's lease arrangements, with Thai Airways which is the core source of income for the Group.

Thai is under the contractual obligation to return the aircraft in full life condition. The additional requirement to cash collateralize the obligation by payment of Maintenance Reserves was waived in the novated lease agreement.

This leaves the company with the risk that in case of a Thai default under the lease the aircraft may not be returned in a full life status.

In addition, the continuing impact of COVID-19 and the conflict between Russia and Ukraine has the potential to impact Thai's business rehabilitation plan and adversely impact the Group. This is particularly relevant for the Group given the aircraft leased to Thai Airways are the sole source of income for the Group.

Asset risk

The Company's Assets as at year end comprise of two Boeing 787-8 aircraft. The Group bears the risk of selling or re-leasing the aircraft in its fleet at the end of their lease terms or if the lease is terminated. If demand for aircraft decreases, market lease rates may fall and should such conditions continue for an extended period, it could affect the market value of aircraft in the fleet and may result in an impairment charge. The Directors have engaged an asset manager with appropriate experience of the aviation industry to manage the fleet and remarket or sell aircraft as required to reduce and address this risk. Any lasting impact of the COVID-19 pandemic on both aircraft demand and lease rates are at present unknown.

There is no guarantee that, upon expiry or cessation of the leases, the Assets could be sold or re-leased for an amount that would enable shareholders to realise a capital profit on their investment or to avoid a loss. Costs regarding any future re-leasing of the assets would depend upon various economic factors and would be determinable only upon an individual re-leasing event. Potential reconfiguration costs could in certain circumstances be substantial.

Key personnel risk

The ability of the Company to achieve its investment objective is significantly dependent upon the advice of certain key personnel at DS Aviation GmbH & Co. KG; there is no guarantee that such personnel will be available to provide services to the Company for the scheduled term of the Leases or following the termination of the Lease. However, Key Man clauses within the Asset Management agreement do provide a base line level of protection against this risk.

Credit risk and counterparty risk

Credit risk is the risk that a significant counterparty will default on its contractual obligations. The Group's most significant counterparty is Thai Airways as lessee and provider of income and DekaBank Deutsche Girozentrale ('DekaBank') as holder of the Group's cash and restricted cash. The lessee does not maintain a credit rating. Thai Airways is currently implementing a rehabilitation plan and to date things are progressing well with Thai having made significant improvements. The Moody's credit rating of DekaBank is Aa2 (2022: Aa2).

There is no guarantee that the business rehabilitation process of Thai Airways will continue to be successful even though developments to date have been positive. Failure of any material part of the business rehabilitation plan may have an adverse impact on Thai's ability to comply with its obligations under the LOI entered into during March 2021 and the subsequent amended lease agreement entered into in 2022.

Any failure by Thai Airways to pay any amounts when due could have an adverse effect on the Group's ability to comply with its obligations under the DekaBank loan agreements and could result in the lenders enforcing their security and selling the relevant Assets on the market, potentially negatively impacting the returns to investors. Thai Airways is however an international full-service carrier and is important to Thailand's economy and as such it is unlikely that the government will not provide it with the necessary support to see it through its restructure. There is no guarantee and hence a significant risk remains.

Refinancing risk

The Group is required to present a plan for refinancing or similar to the lenders before the expiry of the current loan facilities in the last quarter of 2026. There is a risk that the Group will not be able to replace the DekaBank debt obligation with new debt before the expiry of the current loan facilities. If not able to refinance, the Group would have to dispose the Assets to settle the loan and there is no guarantee that the Assets could be sold for an amount that would enable shareholders to realise a capital profit on their investment or to avoid a loss.

Liquidity risk

In order to finance the purchase of the Assets, the Group entered into loan agreements. Pursuant to the loan agreements, the lenders are given first ranking security over the Assets. Under the provisions of each of the loan agreements, the Borrowers are required to comply with loan covenants and undertakings. A failure to comply with such covenants or undertakings may result in the relevant lenders recalling the relevant loan. In such circumstances, the Group may be required to remarket the relevant Asset (either by selling or entering into a subsequent lease) to repay the outstanding relevant loan and/or re-negotiate the loan terms with the relevant lender.

Boeing

The Company is exposed to Boeing's ability able to resolve any identified 787 related problems which the FAA or other regulatory bodies designate as restricting commercial operations. At present no such restrictions exist. The 787 is considered a latest generation aircraft type which has pioneered areas including the extensive use of carbon fibre in its fuselage and wing construction.

Rolls Royce

The Company has exposure to Rolls Royce ("RR") as suppliers of the Trent 1000 engines in terms of ongoing support. Announcements by RR have implied that the low-pressure turbine (LPT) and other known previous engine performance issues have been resolved. The Trent 1000 is a highly fuel-efficient engine, representing the latest engine technology. As such the Company is exposed to any future unknown performance issues. This situation is partially mitigated by Thai using RR Total Care and by the Asset Manager having oversight of performance issues from both physical and desktop checks.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

In preparing the condensed set of consolidated financial statements included within the half-yearly financial report, the Directors are required to:

- prepare and present the condensed set of consolidated financial statements in accordance with IAS 34

Interim Financial Reporting issued by the International Accounting Standards Board ('IASB') and the DTR of the UK FCA;

- ensure the condensed set of consolidated financial statements has adequate disclosures;
- select and apply appropriate accounting policies; and
- make accounting estimates that are reasonable in the circumstances.
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

We confirm that to the best of our knowledge:

(1) The condensed set of consolidated financial statements included within the half-yearly financial report of DP Aircraft I Limited for the six months ended 30 June 2023 (the 'Interim Financial Information'), which comprises condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and the related explanatory notes, have been presented and prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the IASB and the DTR of the UK FCA.

(2) The Interim Financial Information presented, as required by the DTR of the UK FCA, includes:

a. an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Interim Financial Statements;
b. a description of the principal risks and uncertainties for the remaining six months of the financial year;
c. related parties' transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
d. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

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

On behalf of the Board

Jon Bridel	**Jeremy Thompson**
Chairman	**Director**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2023

	Notes	30 June 2023 (unaudited) US$	30 June 2022 (unaudited) US$
Income			
Lease rental income	4	4,340,629	7,575,435
Expenses			
Asset management fees	19	(239,709)	(233,862)
General and administrative expenses	5	(609,451)	(566,886)
Depreciation	9	(671,749)	(478,271)
Expected credit loss movement on straight lining lease asset	11	191,272	(1,106,575)
		(1,329,637)	(2,385,594)

Operating Profit		3,010,992	5,189,841
Other income		2,791	-
Finance costs	6	(7,495,940)	(2,194,840)
Finance income		409,675	9,158
Net finance costs		(7,083,474)	(2,185,682)
(Loss)/Profit before tax		(4,072,482)	3,004,159
Taxation	7	-	(5,563)
(Loss)/Profit for the period		(4,072,482)	2,998,596
Total Comprehensive (Loss)/Income for the period		(4,072,482)	2,998,596
		US$	US$
(Loss)/Profit per Share for the period - basic and diluted	8	(0.0170)	0.0143

All income is attributable to the Ordinary Shares of the Company.

The notes form an integral part of these Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2023

	Notes	30 June 2023 (unaudited) US$	31 December 2022 (audited) US$
NON-CURRENT ASSETS			
PPE - Aircraft & Related Components	9	124,794,331	125,466,080
Trade and other receivables	11	7,372,984	8,935,454
Restricted cash	10	15,328,535	14,979,197
Total non-current assets		147,495,850	149,380,731
CURRENT ASSETS			
Cash and cash equivalents - available for use		1,095,150	1,479,541
Restricted cash	10	1,059,961	4,175,280
Trade and other receivables	11	3,155,009	3,857,514
Total current assets		5,310,120	9,512,335
TOTAL ASSETS		**152,805,970**	**158,893,066**
EQUITY			
Share capital	15	211,279,828	211,279,828
Accumulated losses		(170,616,189)	(166,543,707)
TOTAL EQUITY		**40,663,639**	**44,736,121**
NON-CURRENT LIABILITIES			
Bank borrowings	14	90,298,049	80,779,172
Maintenance provision	12	14,829,296	14,829,296
Trade and other payables	13	709,693	-
Total non-current liabilities		105,837,038	95,608,468
CURRENT LIABILITIES			
Bank borrowings	14	6,078,377	17,707,184
Trade and other payables	13	226,916	841,293
Total current liabilities		6,305,293	18,548,477

TOTAL LIABILITIES	**112,142,331**	**114,156,945**
TOTAL EQUITY AND LIABILITIES	**152,805,970**	**158,893,066**

The financial statements were approved by the Board of Directors and were authorised for issue on 19 September 2023. They were signed on its behalf by:

Jonathan Bridel **Jeremy Thompson**
Chairman **Director**

The notes form an integral part of these Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2023

	Notes	**30 June 2023 (unaudited) US$**	**30 June 2022 (unaudited) US$**
Loss/Profit for the period		(4,072,482)	2,998,596
Adjusted for:			
Depreciation 9		671,749	478,271
Finance costs	6	7,495,940	2,194,840
Income tax expense/(recovery)		-	5,563
Provision on straight lining lease asset	11	(191,272)	1,106,575
Straight-lining rental income 11		1,740,412	(4,340,631)
Changes in:			
Increase in maintenance provision	12	-	368,614
(Decrease)/increase in trade and other payables	13	95,316	53,703
Decrease /(increase) in trade and other receivables	11	715,835	(1,051,224)
NET CASH FLOW FROM OPERATING ACTIVITIES		**6,455,498**	**1,814,307**
INVESTING ACTIVITIES			
Restricted cash movement	10	2,765,981	108,984
NET CASH FLOW FROM INVESTING ACTIVITIES		**2,765,981**	**108,984**
FINANCING ACTIVITIES			
Bank loan principal repaid	14	(6,689,862)	-
Bank loan interest paid	14	(2,916,008)	(2,189,122)
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(9,605,870)**	**(2,189,122)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**1,479,541**	**1,179,211**
Decrease in cash and cash equivalents		(384,391)	(265,831)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,095,150**	**913,380**

The notes form an integral part of these Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2023

	Share Capital US$	**Accumulated Losses US$**	**Total Equity US$**
As at 1 January 2022	210,556,652	(174,204,530)	36,352,122
Total comprehensive Income for the period			
Profit for the period	-	2,998,596	2,998,596
Total Comprehensive Income	**-**	**2,998,596**	**2,998,596**

As at 30 June 2022 (unaudited)	**210,556,652**	**(171,205,934)**	**39,350,718**

	Share Capital	Accumulated Losses	Total Equity
	US$	**US$**	**US$**
As at 1 January 2023	211,279,828	(166,543,707)	44,736,121
Total comprehensive loss for the period			
Loss for the period	-	(4,072,482)	(4,072,482)
Total Comprehensive loss	**-**	**(4,072,482)**	**(4,072,482)**
As at 30 June 2023 (unaudited)	**211,279,828**	**(170,616,189)**	**40,663,639**

The notes form an integral part of these Interim Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

1) GENERAL INFORMATION

The unaudited condensed consolidated interim financial statements (the 'Interim Financial Statements') incorporate the results of the Company and that of wholly owned subsidiary entities DP Aircraft Guernsey III Limited, DP Aircraft Guernsey IV Limited (collectively and hereinafter, the 'Borrowers'), each being a Guernsey incorporated company limited by shares and one intermediate lessor company, DP Aircraft UK Limited (the 'Lessor'), a UK incorporated private limited company respectively. The Company and its subsidiaries (the Borrowers and the Lessor) comprise the Group.

DP Aircraft I Limited (the 'Company') was incorporated on 5 July 2013, with registered number 56941. The Company is admitted to trading on the Specialist Fund Segment of the London Stock Exchange.

The Share Capital of the Company comprises 239,333,333 ordinary shares of no-par value and one Subordinated Administrative Share of no-par value.

The Company's investment objective is to obtain income and capital returns for its shareholders by acquiring, leasing and then, when the Board considers it appropriate, selling aircraft.

2) SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Interim Financial Statements for the period 1 January 2023 to 30 June 2023 have been prepared in accordance with International Accounting Standard ('IAS') 34 'Interim Financial Reporting' issued by the International Accounting Standards Board ('IASB') and the DTR of the UK FCA.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual report and consolidated financial statements for the year ended 31 December 2022. The Group's annual financial statements for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the IASB and are available on the Company's website or from the Company Secretary.

The Interim Financial Statements have been prepared on the basis of the accounting policies set out in the Group's annual consolidated financial statements for the year ended 31 December 2022 but also taking into account any new policies that will be applied in the Group's annual consolidated financial statements for the year ended 31 December 2023.

The Directors have concluded that there are no new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2023 which have a material impact on the Interim Financial Statements.

These are unaudited non-statutory interim financial statements and they have not been reviewed by the auditors. The last audited statutory financial statements were issued on 27 April 2023 in respect of the year ended 31 December 2022.

These unaudited condensed consolidated Interim Financial Statements as at and for the six-month period ended 30 June 2023, have not been reviewed or audited by the Group's auditor.

Going concern

The Directors believe that it is appropriate to prepare these Interim Financial Statements on the going concern basis due to current cash flow forecasts, which include fixed rentals and show that the Group has sufficient cash and resources to cover operating costs for a period of at least 12 months from the signing of these Interim Financial Statements.

In making this conclusion, the Directors have also considered:

- the positive outlook for Thai Airways with both Thai aircraft in a full return to service condition and now earning fixed rentals. There is an expectation, based on commentary by the Thai Administrator responsible for the rehabilitation of Thai Airways, that Thai Airways will continue to be viable and will be able to meet the terms of the revised lease agreements. This position regarding Thai's viability is further enhanced by the announcement on 9 August 2022, that Thai state-owned banks will provide new loans and cash injections to Thai. Furthermore, the Thai Government has stated that it plans to preserve its 40% holding in Thai Airways which may grow further but will not exceed 50%; and

- the expectation that DekaBank, which made loans to the Group (with certain loan concessions), will continue supporting the Group. The loan agreement with DekaBank was amended and restated in February 2023. Per the amended terms, monthly payments of interest and principal will be limited to net lease rental monies available for application towards the loans of US$ 475,000 per loan, and the final balloon repayments will be settled out of proceeds from sale of the aircraft at the end of the loan term, if the loan is not refinanced. The US$ 475,000 equates to a monthly lease rental of US$ 510,000, less US$ 35,000 paid to the Company as a contribution towards its costs.

- The continued support of the Board and certain service providers in continued deferral of some of their fees.

The Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of unaudited condensed consolidated Interim Financial Statements in compliance with IAS 34 requires management to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from their sources.

Information about assumptions and estimation uncertainty at 30 June 2023, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the Interim Financial Statements for the period are:

Significant estimates

Impairment of property, plant and equipment

As with each reporting date but more relevant in light of the developments of COVID-19, a detailed impairment assessment of the aircraft has been undertaken.

IFRS requires an assessment of the aircraft carrying value versus the recoverable amount i.e., the higher of the value in use and fair value less cost to sell. In considering the impairment of the Thai aircraft, the Board concluded that the fair value less costs to sell was the recoverable amount. The fair value less costs to sell used in the assessment is based on the full-life market value of each aircraft as determined by two independent appraisers given the aircraft have a lease with a contractual full-life return condition attached to them. The Board considered it appropriate not to apply any discounts and adjustments for these aircraft given the specific circumstances of these aircraft.

The Board considered all possible valuation ranges and concluded that the Thai aircraft were not impaired as at 30 June 2023, given the fair value less costs to sell was greater than the book value of the aircraft. Two independent appraisers determined that the full life market value of the aircraft as at 30 June 2023 ranged from US$ 59.1mil to US$ 75.9 mil. It should be noted that each appraiser will have its own opinion of the market and how the market may develop. On a specific aircraft type, one appraiser might be more optimistic compared to another provider and vice versa. In addition, appraisers obtain their market information from various sources and use different calculation models. This may have influence on future and current market values, hence the wide range. Therefore, there is no absolute estimate of future and current market values. In order to minimise variance in estimates an average of the two appraisals is used in determining market values for the aircraft. This approach is consistent with the approach adopted by other market participants (lessors, lenders, etc) and is consistent with prior periods. Given the nature and life of the Company's aircraft this approach is considered to be reasonable. The average market value, less selling costs for each aircraft, is more than each aircraft's carrying value. Therefore, no impairment loss has been recognised during the financial period ended 30 June 2023 (31 December 2022: US$ nil).

The Board also considered if there was any indication that the accumulated impairment recognised in previous years on the aircraft of US$ 58,839,697 had reversed partially or in full. The Board has concluded that based on the possible ranges of the aircraft valuations, there was no reversal during the period ended 30 June 2023.

If the Group had used the half-life market value in assessing impairment, the aircraft would be impaired by US$ 31,631,599 (31 December 2022: US$ 30,003,182) in total. It should be noted that the aircraft will be returned in a full-life condition on termination of the leases hence full-life market value was used in the impairment assessment mentioned above.

Depreciation of aircraft

The Group depreciates the Assets on a straight-line basis over the remaining lease life, taking into consideration the estimated residual value at the end of the lease term. The Group engages independent expert valuers (appraisers) each year to provide a valuation of the Assets and take into account the average of the valuations provided.

Residual value estimates of the Assets were determined by the full life inflated base values at the end of the leases, from external valuations and discounted by the inflation rate incorporated into those valuations.

The full life inflated base value is the appraiser's opinion of the underlying economic value of the aircraft in an open, unrestricted, stable market environment with a reasonable balance of supply and demand and assumes full consideration of its 'highest and best use'. The full life inflated values used within the financial statements match up the two lease termination dates (October 2026 and December 2026) and have been discounted by the inflation rate incorporated into the valuations. The residual value of the aircraft does not represent the current fair value of the aircraft.

The residual value estimates at the end of each year are used to determine the aircraft depreciation of future periods. The residual value estimates of the leases for the aircraft as at 31 December 2022 was US$ 120,247,838 (31 December 2021: US$ 121,750,421) and carrying value as at 31 December 2022 was US$ 125,466,080 (31 December 2021: US$ 126,424,840). As a result, the year ending 31 December 2023 and future aircraft depreciation charges for aircraft, with all other inputs staying constant, will be US$ 1,343,497 (2022: US$ 958,760). The actual aircraft depreciation charge for 2024 onwards will vary based on the residual value estimates as at 31 December 2023.

4) LEASE RENTAL INCOME

	30 June 2023 (unaudited) US$	**30 June 2022 (unaudited) US$**
Variable rent (PBH rent)	-	3,234,804
Straight lining rental income	4,340,629	4,340,631
Total lease rental income	**4,340,629**	**7,575,435**

All lease rental income was derived from Thai Airways and the related two Boeing 787-8 aircraft leased to them.

Until 31 December 2022 the lease terms provided for a power by the hour ('PBH') arrangement (i.e., rent was payable by reference to actual monthly utilisation of the Thai aircraft). After 31 December 2022, lease payments are fixed at US$ 510,000 per month until October and December 2026 respectively for each lease.

The lease term was extended by three years to October 2029 for aircraft MSN 36110 and December 2029 for aircraft MSN 35320 (the 'Extension Period') with further scaled back monthly lease payments starting from November 2026 and January 2027 respectively. The Extension Period is however subject to an early termination option in 2026 if the Group after consulting its lenders decides to do so. The lease term has been determined to be the period to October 2026 and December 2026 which is the non-cancellable term of each aircraft lease.

The contractual fixed future lease rentals to be received under non-cancellable operating leases effective as at the reporting date are:

	Boeing 787-8 Serial No: 35320	Boeing 787-8 Serial No: 36110	Total
30 June 2023	**US$**	**US$**	**US$**
< 1 year	6,120,000	6,120,000	12,240,000
1 to 2 years	6,120,000	6,120,000	12,240,000
2 to 3 years	6,120,000	6,120,000	12,240,000
3 to 4 years	2,698,065	2,007,097	4,705,162
4 to 5 years	-	-	-
>5 years	-	-	-
	21,058,065	**20,367,097**	**41,425,162**

	Boeing 787-8 Serial No: 35320	Boeing 787-8 Serial No: 36110	Total
30 June 2022	**US$**	**US$**	**US$**
< 1 year	3,060,000	3,060,000	6,120,000
1 to 2 years	6,120,000	6,120,000	12,240,000
2 to 3 years	6,120,000	6,120,000	12,240,000
3 to 4 years	6,120,000	6,120,000	12,240,000
4 to 5 years	2,698,065	2,007,097	4,705,162
>5 years	-	-	-
	24,118,065	**23,427,097**	**47,545,162**

5) GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2023 (unaudited) US$	30 June 2022 (unaudited) US$
Administration fees	121,307	166,472
Aircraft agency fees	5,523	5,556
Aircraft security trustee fees	7,047	5,934
Aircraft valuation fees	5,089	4,119
Audit fees	37,171	41,089
Company broker fees	83,951	83,951
Directors' fees and expenses	100,242	112,438
Foreign exchange losses	20,634	(6,292)
Insurance costs	46,174	54,355
IT and printing costs	10,664	16,970
Legal fees	5,194	3,157
Miscellaneous costs	11,511	4,157
Registrar fees	9,545	12,253
Regulatory fees	3,307	5,947
Restructuring fees in relation to NAS	-	20,175
Restructuring fees in relation to Thai and loan agreement	142,092	34,502
Tax advice fees	-	2,103
Total general and administrative expenses	**609,451**	**566,886**

6) FINANCE COSTS

	30 June 2023 (unaudited) US$	30 June 2022 (unaudited) US$
Loan interest	2,453,911	2,194,840
Modification adjustment	5,042,029	-
Total finance costs	**7,495,940**	**2,194,840**

During the period there was a restructure of the loans advanced by DekaBank. Management, in line with IFRS 9, assessed whether the modification was substantial or not. The assessment was done on a quantitative basis and compared the net present value of the modified cash flows per the amended loan terms including any fees payable or receivable, discounted at the original effective interest rate, against the carrying value of the loans prior to the modification. A difference of 10% or more would have been considered substantial as is advised in IFRS 9. Management concluded that the modification was not substantial, and a modification adjustment, being the difference between the net present value of the cash flows under the revised terms discounted at the original agreement's effective interest rate and the carrying value of the loans immediately prior to the modification, was made to the existing loan in line with IFRS 9. This totalled US$ 5,042,029 and increased both finance costs and the loans payable at the point of modification. This adjustment essentially recognises a loss now due to the less favourable terms (primarily interest rate increases) under the modified terms compared to the original terms. As a result of this adjustment, interest will be recognised at the lower original effective interest rate as opposed to the higher modified interest rate going forward.

7) TAXATION

With the exception of DP Aircraft UK Limited, all companies within the Group are exempt from taxation in Guernsey and are charged an annual exemption fee of £1,200 each (2022: £1,200).

DP Aircraft UK Limited is subject to taxation at the applicable rate in the United Kingdom. The tax charge during the period ended 30 June 2023 was US$ nil (period 1 January 2022 to 30 June 2022: tax credit of US$ 5,563). The Directors do not expect the taxation payable or refundable to be material to the Group.

A tax reconciliation has not been presented in these Interim Financial Statements as the effective tax rate of 0.00% (30 June 2022: (0.14%)) is not material and the reconciliation is not relevant to the understanding of the Company's results for the period end.

8) (LOSS)/PROFIT PER SHARE

	30 June 2023 (unaudited) US$	30 June 2022 (unaudited) US$
(Loss)/Profit for the period	(4,072,482)	2,998,596
Weighted average number of shares	239,333,333	209,333,333
(Loss)/Profit per share	**(0.0170)**	**0.0143**

There are no instruments in issue that could potentially dilute earnings per ordinary share in future periods.

9) PROPERTY, PLANT & EQUIPMENT - AIRCRAFT & RELATED COMPONENTS

30 June 2023	**Aircraft (unaudited) US$**	**Lease Premium (unaudited) US$**	**Total (unaudited) US$**
COST			
As at 1 January 2023 and 30 June 2023	**238,731,161**	**17,398,493**	**256,129,654**
ACCUMULATED DEPRECIATION			
As at 1 January 2023	54,425,384	8,200,047	62,625,431
Charge for the period	671,749	-	671,749
As at 30 June 2023	**55,097,133**	**8,200,047**	**63,297,180**
IMPAIRMENT			
As at 1 January 2023	58,839,697	9,198,446	68,038,143
Charge for the period	-	-	-
As at 30 June 2023	**58,839,697**	**9,198,446**	**68,038,143**
CARRYING AMOUNT			
As at 30 June 2023	**124,794,331**	**-**	**124,794,331**

31 December 2022	**Aircraft (audited)**	**Lease Premium (audited)**	**Total (audited)**

	US$	US$	US$
COST			
As at 1 January 2022 and 31 December 2022	**238,731,161**	**17,398,493**	**256,129,654**
ACCUMULATED DEPRECIATION/AMORISATION			
As at 1 January 2022	53,466,624	8,200,047	61,666,671
Charge for the period	958,760	-	958,760
As at 31 December 2022	**54,425,384**	**8,200,047**	**62,625,431**
IMPAIRMENT			
As at 1 January 2022	58,839,697	9,198,446	68,038,143
Charge for the period	-	-	-
As at 31 December 2022	**58,839,697**	**9,198,446**	**68,038,143**
CARRYING AMOUNT			
As at 31 December 2022	**125,466,080**	**-**	**125,466,080**

As at period end PPE is comprised of two aircraft leased to Thai Airways. Under the terms of the leases that existed during the period, the cost of repair and maintenance of the Assets is to be borne by Thai Airways and Thai Airways has a contractual obligation to return the Assets in a full life condition. However, after expiry or termination of the leases with Thai, the cost of repair and maintenance will fall upon the Group. Therefore, after expiry or termination of the Thai leases, the Group may bear higher costs and the terms of any subsequent leasing arrangements (including terms for repair, maintenance and insurance costs relative to those agreed under the leases) may be less favourable, which could reduce the overall distributions paid to the shareholders.

Refer to note 3 for details regarding residual value estimates. The Group depreciates the aircraft on a straight-line basis over the remaining lease term. The lease term has been determined to end in 2026.

As detailed in note 3, as at 30 June 2023, there is no impairment to the aircraft and there are no indications of reversal of prior year impairments either. Refer to note 3 for further details.

The loans entered into by the Group to complete the purchase of the two aircraft are cross collateralised. Each of the loans are secured by way of security taken over each of the two aircraft.

10) RESTRICTED CASH

	30 June 2023 (unaudited) US$	31 December 2022 (audited) US$
Non-current assets		
Maintenance reserves	15,328,535	14,979,197
	15,328,535	14,979,197
Current assets		
Security deposit accounts	93	91
Lease rental accounts	1,059,868	4,175,189
	1,059,961	4,175,280
Total restricted cash	**16,388,496**	**19,154,477**

Maintenance reserves held, are to be used solely to cover costs related to the maintenance of the two aircraft. Effective 15 June 2021, the Group no longer receives maintenance reserves contributions from the lessee in line with the updated lease terms.

The majority of security deposits were transferred to Lease Rental Accounts during the prior period and are being used to service loan payments due to DekaBank in accordance with the DekaBank financing arrangements. Monies received into the Lease Rental Accounts during the fixed rent period are to be transferred into Borrower Rental Accounts and applied in a specific manner as agreed between DekaBank and the Group. Access to the Lease Rental Accounts, Security deposit accounts and Maintenance reserves accounts is physically restricted by DekaBank therefore these monies are classified as restricted cash.

11) TRADE AND OTHER RECEIVABLES

	30 June 2023 (unaudited) US$	31 December 2022 (audited) US$

Prepayments	38,084	82,333
Rent receivable	-	671,586
Straight-lining lease asset	11,785,090	13,525,502
Total trade and other receivables	**11,823,174**	**14,279,421**
Less: Expected credit loss on straight lining lease asset	(1,295,181)	(1,486,453)
Net trade and other receivables	**10,527,993**	**12,792,968**

Current and non-current split as at year end is as follows:

	30 June 2023	**31 December 2022**
Current assets	**(unaudited)**	**(audited)**
	US$	**US$**
Prepayments	38,084	82,333
Rent receivable	-	671,586
Straight-lining lease asset	3,116,925	3,103,595
	3,155,009	3,857,514
Non-current assets		
Straight-lining lease asset	7,372,984	8,935,454
Trade and other receivables	**10,527,993**	**12,792,968**

The Group has assessed the straight-lining lease asset for impairment. This balance represents the result of straight-lining of future fixed lease payments over the lease term. The Group has performed an assessment on the rent receivable and the straight-lining lease asset taking into account current and future information relating to the airline industry as well as the lessee specifically and concluded that the impairment provision as at 30 June 2023 is US$ 1,295,181 (31 December 2022: US$ 1,486,453).

Movements in the impairment provision for trade receivables are as follows:

	30 June 2023	**31 December 2022**
	(unaudited)	**(audited)**
	US$	**US$**
Opening provision	**1,486,453**	**-**
Expected credit loss on straight lining lease asset	(191,272)	1,486,453
Expected credit loss on lease receivable	-	105,063
Lease receivable written off	-	(105,063)
Closing provision	**1,295,181**	**1,486,453**

12) MAINTENANCE PROVISION

	30 June 2023	**31 December 2022**
	(unaudited)	**(audited)**
	US$	**US$**
Maintenance provision - Thai Airways	14,829,296	14,829,296
Total maintenance provision	**14,829,296**	**14,829,296**

Maintenance provision relates to funds received from Thai Airways reserved for covering the cost of maintenance of the aircraft.

13) TRADE AND OTHER PAYABLES

	30 June 2023	**31 December 2022**
	(unaudited)	**(audited)**
	US$	**US$**
Current		
Accruals and other payables	140,688	221,749
Asset Manager fees payable	64,979	218,033
Broker fees payable	-	167,902
Director fees payable	-	212,360
Taxation payable	21,249	21,249
	226,916	**841,293**
Non - Current		
Asset Manager fees payable	234,277	-
Broker fees payable	251,853	-
Director fees payable	223,563	-

	709,693	**-**
Total trade and other payables	**936,609**	**841,293**

14) BANK BORROWINGS

	30 June 2023 (unaudited) US$	31 December 2022 (audited) US$
Current liabilities: bank interest payable and bank borrowings	6,078,377	17,707,184
Non-current liabilities: bank borrowings	90,298,049	80,779,172
Total liabilities	**96,376,426**	**98,486,356**

The borrowings are repayable as follows:

	30 June 2023 (unaudited) US$	31 December 2022 (audited) US$
Interest payable	245,645	181,493
Within one year	5,832,732	17,525,691
In two to five years	90,298,049	80,779,172
After five years	-	-
Total bank borrowings	**96,376,426**	**98,486,356**

The table below analyses the movements in the Group's bank borrowings:

	30 June 2023 (unaudited) US$	31 December 2022 (audited) US$
Opening balance	98,304,863	98,304,863
Loan modification adjustment (Note 6)	5,042,029	-
Repayment of loan	(6,689,862)	-
Amortisation adjustment	(526,249)	-
Principal bank borrowings	**96,130,781**	**98,304,863**
Interest payable	245,645	181,493
Total bank borrowings	**96,376,426**	**98,486,356**

The tables below sets out an analysis of net debt and the movements in net debt for the period ended 30 June 2023:

	Cash and cash equivalents US$	Principal US$	Interest US$	Net Debt US$
At 1 January 2023	**1,479,541**	**(98,304,863)**	**(181,493)**	**(97,006,815)**
Cash flows	(384,391)	6,689,862	2,916,009	9,221,480
Non cash:-				
Modification adjustment	-	(5,042,029)	-	(5,042,029)
Amortisation adjustment	-	526,249	(526,249)	-
Interest charge	-	-	(2,453,911)	(2,453,911)
At 30 June 2023	**1,095,150**	**(96,130,781)**	**(245,644)**	**(95,281,275)**

The tables below sets out an analysis of net debt and the movements in net debt for the year ended 31 December 2022:

	Cash and cash equivalents US$	Principal US$	Interest US$	Net Debt US$
At 1 January 2022	**1,179,211**	**(98,304,863)**	**(136,010)**	**(97,261,662)**
Cash flows	300,330	-	4,814,822	5,115,152
Non cash: -				

Interest charge	-	-	(4,860,305)	(4,860,305)
At 31 December 2022	**1,479,541**	**(98,304,863)**	**(181,493)**	**(97,006,815)**

DekaBank Deutsche Girozentrale

During the year ended 31 December 2015, the Company utilised the proceeds from the placing and the proceeds of two separate loans from DekaBank Deutsche Girozentrale ('DekaBank') of US$ 78,500,000 each to fund the purchase of two Boeing 787-8 aircraft. The balance on the loans at 30 June 2023 was US$ 96,376,426 (31 December 2022: US$ 98,486,356).

In accordance with the Amendment and Restatement to the Loan Agreements dated 6 May 2021, repayments of any principal were to be deferred until the end of the PBH arrangement i.e., 31 December 2022. Interest on the non-deferred principal of the loans was to accrue at a fixed rate of 4.10 per cent and interest on the deferred principal was to accrue at a rate per annum equal to the sum 5.0% per annum plus Secured Overnight Financing Rate (SOFR) for the applicable period (such rate to be determined by the Facility Agent).

On 7 February 2023, the Group and DekaBank entered into a Second Amendment and Restatement to the Loan Agreements. The new terms agreed are as follows:

- the total loan amount outstanding was split into two tranches:
    - Facility A loan of US$ 61,144,842 made up of MSN 35320 loan of US$ 31,099,453 and MSN 36110 loan of US$ 30,045,389. The Facility A loan amortizes to a combined balloon of US$ 33,947,878 and represents the scheduled debt.
    - Facility B loan of US$ 35,504,024 (non-amortizing), made up of MSN 35320 loan of US$ 17,366,650 and MSN 36110 loan of US$ 18,137,374. The Facility B loan will be settled as a balloon payment at the end of the loan term in 2026.
- the MSN 35320 and MSN 36110 Facility A loans bear fixed interest rates of 6.61% and 6.89% respectively.
- the MSN 35320 and MSN 36110 Facility B loans bear fixed interest rates of 5.26% and 5.42% respectively.
- from the monthly fixed lease rental of US$ 510,000 per aircraft (which denotes the maximum amount the Company can earn in operations per month), US$ 475,000 is legally restricted so that those funds are only payable to the lenders and US$ 35,000 per aircraft can be retained by the company to contribute towards ongoing fixed costs of the Company.

The MSN 35320 loan and the MSN 36110 loan have a final maturity date of 9 December 2026 and 29 October 2026 respectively.

The two DekaBank loans (MSN 35320 loan and MSN 36110 loan referred to as the third and fourth loan) entered into by the Group to complete the purchase of the two aircraft (referred to as the third and fourth Assets) are cross collateralised. Each of the third and fourth loan is secured by way of security taken over the third and fourth Assets and enforce security over both Assets. This means that a default on one loan places both of the Assets at risk. Following the enforcement of security and sale of the aircraft, the remaining proceeds, if any, may be substantially lower than investors' initial investment in the Company.

15) SHARE CAPITAL

Period ended 30 June 2023 (unaudited) **Issued and fully paid (no par value):**	**Subordinated Administrative Share Number**	**Ordinary Shares Number**	**Total Number**
Shares as at 1 January 2023 and 30 June 2023	**1**	**239,333,333**	**239,333,334**
	US$	**US$**	**US$**
Share capital as at 1 January 2023 and 30 June 2023	**1**	**211,279,827**	**211,279,828**

Period ended 30 June 2022 (unaudited) **Issued and fully paid (no par value):**	**Subordinated Administrative Share Number**	**Ordinary Shares Number**	**Total Number**

Shares as at 1 January 2022 and 30 June 2022	**1**	**209,333,333**	**209,333,334**
	US$	**US$**	**US$**
Share capital as at 1 January 2022 and 30 June 2022	**1**	**210,556,651**	**210,556,652**

Subject to the applicable company law and the Company's Articles of Incorporation, the Company may issue an unlimited number of shares of par value and/or no-par value or a combination of both. The Subordinated Administrative Share is held by the Asset Manager.

Holders of Subordinated Administrative Shares are not entitled to participate in any dividends and other distributions of the Company. On a winding up of the Company the holders of the Subordinated Administrative Shares are entitled to an amount out of the surplus assets available for distribution equal to the amount paid up, or credited as paid up, on such shares after payment of an amount equal to the amount paid up, or credited as paid up, on the ordinary shares to the shareholders. Holders of Subordinated Administrative Shares shall not have the right to receive notice of and have no right to attend, speak and vote
at general meetings of the Company except if there are no ordinary shares in existence.

The Directors are entitled to issue and allot C Shares. No C Shares have been issued since the Company was incorporated.

16) DIVIDENDS

There were no dividends declared and paid during the period ended 30 June 2023 and 30 June 2022.

17) FAIR VALUE MEASUREMENT

Financial assets and financial liabilities at amortised cost

The fair value of cash and cash equivalents, trade and other receivables, restricted cash and trade and other payables approximate their carrying amounts due to the short-term maturities of these instruments.

18) RELATED PARTY TRANSACTIONS

The Directors of the Company received total fees from the Group as follows:

	Current fee (annual)	**30 June 2023 (unaudited)**	**30 June 2022 (unaudited)**
	£	**US$**	**US$**
Jon Bridel (Chairman)	61,750	38,481	42,412
Jeremy Thompson (Chairman of the Audit and Risk Committee and Senior Independent Director)	49,450	30,483	34,508
Harald Brauns (Chairman of the Management Engagement Committee)	49,450	31,278	34,572
Total	**160,650**	**100,242**	**111,492**

**Note: Directors fees were agreed in GBP, the financial statements are presented in US$*

Up to 30 September 2022, 10% of base fees and all extra fees were being deferred to be settled in the future via cash or by way of issue of equity of the Company or both. There has been no settlement of Director remuneration via the issue of equity in the current period (30 June 2022: US$ nil) and the deferred fees remain outstanding as at 30 June 2023 (see note 13).

Directors' expenses totalling US$ 1,213 were paid during the year ended 30 June 2023 (30 June 2022: US$946), with US$ nil due to be paid at the year-end (31 December 2022: US$ nil).

The Directors' interests in the shares of the Company are detailed below:

	30 June 2023	**31 December 2022**

	Number of ordinary shares	Number of ordinary shares
Jon Bridel and connected persons	90,000	90,000
Jeremy Thompson	15,000	15,000
Harald Brauns	-	-

19) MATERIAL CONTRACTS

Asset Management Agreement

The Asset Management Agreement dated 19 September 2013, between the Company and DS Aviation was initially amended on 5 June 2015 to reflect the acquisition of two new aircraft. A second amendment via a side letter, effective 1 January 2021, was made to the Asset Management Agreement on 7 May 2021.

Disposal fee

The initial amendment provides a calculation methodology for the disposal fee which will only become payable when all four of the Assets (two sold under receivership in the prior period and second two currently held by the Group) have been sold after the expiry of the second Thai Airways lease on 9 December 2026. The fee will be calculated as a percentage of the aggregate net sale proceeds of the four Assets, such percentage rate depending upon the Initial Investor Total Asset Return per share being the total amount distributed to an initial investor by way of dividend, capital return or otherwise over the life of the Company. If each of the Assets is sold subsequent to the expiry of their respective leases, the percentage rate shall be:

- Nil, if the Initial Investor Total Asset Return per Share is less than 205%;
- 1.5%, if the Initial Total Asset Return per Share equals or exceeds 205% but is less than 255%;
- 2%, if the Initial Total Asset Return per Share equals or exceeds 255% but is less than 305%; or
- 3%, if the Initial Total Asset Return per Share equals or exceeds 305%.

In the event that any of the Assets is sold prior to the expiry of its lease the percentage hurdles set out above will be adjusted on the following basis:

(i) an amount will be deducted in respect of each Asset sold prior to the expiry of its lease, equal to the net present value of the aggregate amount of dividends per share that were targeted to be paid but were not paid as a result of the early divestment of the relevant Asset; and

(ii) a further amount will be deducted, in respect of each Asset sold prior to the expiry of its lease, equal to the amount by which the proportion of the non-dividend component of the relevant percentage hurdle attributable to the relevant Asset would need to be reduced in order to meet its net present value.

Per the second amendment, payment of any Disposal Fee per above (if any) in connection with the sale of any of the Assets is subordinated to the DekaBank loans and will only become payable after the loans (including the deferred element) have been repaid or prepaid in full.

The disposal fee is a cash-settled payment to the Asset Manager. There is no disposal fee expected to be payable and hence no provision recognised within these Interim Financial Statements.

Management fees

The Asset Manager is paid a monthly base fee of US$ 15,085 (US$ 16,666 up to 31 December 2020) per Asset in respect of the two Assets that are currently held by the Group, increasing by 2.5 per cent per annum from May 2021.

As consideration for the Asset Manager agreeing to a reduction of the monthly base fee in respect of the two Assets that are currently held by the Group, the Company agreed that, when permissible as advised by the corporate broker, the Asset Manager shall receive an allocation of shares in the Company determined to be of a value equivalent to the reduction in the monthly base fee with respect to the two Assets. The share allocation will be carried out using a share price for the conversion which is fair and reasonable as advised by corporate broker.

In the period to 30 June 2023 asset management fees totalled US$ 239,709 (30 June 2022 US$ 233,862) and US$ 299,256 was due as at 30 June 2023 (31 December 2022: US$ 218,033).

20) SEGMENTAL INFORMATION

The Group is engaged in one operating segment, being acquiring, leasing and subsequent selling of aircraft. The geographical location of the Assets of the Group is Thailand, where the Assets are registered. The income arising from the lease of the Assets originates from a lessee based in Thailand.

21) SUBSEQUENT EVENTS

In order to align the Company's auditing arrangements with the location of its business, the Board are proposing to change the KPMG entity which undertakes the Company's audit. As a consequence, KPMG Channel Islands Limited has indicated its willingness to assume the role of independent auditor, subject to the satisfactory completion of applicable client and engagement acceptance procedures, upon which KPMG Ireland will tender its resignation.

COMPANY INFORMATION

Directors	Jonathan Bridel Jeremy Thompson Harald Brauns
Registered Office	East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP Channel Islands
Asset Manager	DS Aviation GmbH & Co. KG Stockholmer Allee 53 44269, Dortmund Germany
Solicitors to the Company (as to English law)	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ United Kingdom
Advocates to the Company (as to Guernsey law)	Mourant Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 1HP Channel Islands
Auditor	KPMG, Chartered Accountants 1 Harbourmaster Place IFSC Dublin 1 Ireland
Administrator and Company Secretary	Aztec Financial Services (Guernsey) Limited East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP Channel Islands
Corporate Broker	Investec Bank plc 30 Gresham Street London EC2V 7QN

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