DP AIRCRAFT I LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

CONTENTS

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 makes its investment in aircraft through four wholly owned subsidiary entities, DP Aircraft Guernsey I Limited, DP Aircraft Guernsey II Limited, 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 two intermediate lessor companies, DP Aircraft Ireland Limited and DP Aircraft UK Limited (the 'Lessors'), an Irish incorporated private limited company and a UK incorporated private limited company respectively. The Company and its subsidiaries (the Borrowers and the Lessors) comprise the 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 in the capital of the Company at an issue price of US$ 1.00 per Share by means of a Placing. The Company's Shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 4 October 2013.

On 5 June 2015, the Company offered 96,333,333 Ordinary Shares of no par value in the capital of the Company at an issue price of US$ 1.0589 per 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.

In total there are 209,333,333 Ordinary Shares in issue with voting rights.

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 independent non-executive directors. The directors of the Board are responsible for managing the business affairs of the Company in accordance with the Articles of Incorporation and have overall responsibility for the Company'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 the asset management services to the Company 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.

BREXIT

The decision of the UK to withdraw from the EU is not expected to have a significant impact on the Company given the nature of its operations. However, monitoring of the airline industry and any impact on the Company as the process for leaving the EU progresses will be carried out on an ongoing basis.

DISTRIBUTION POLICY

The Company aims to provide Shareholders with an attractive total return comprising income, from distributions through the period of the Company's ownership of the Assets, and capital, upon any sale of the Assets. The Company targets a quarterly distribution in February, May, August and November of each year. The target distribution is US$ 0.0225 per share per quarter. Two quarterly dividends have been paid during the period ended 30 June 2017 and one has been paid subsequent to the period end, each meeting the US$ 0.0225 per share target. The target dividends are targets only and should not be treated as an assurance or guarantee of performance or a profit forecast. Investors should not place any reliance on such target dividends or assume that the Company will make any distributions at all.

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$ 1.10 at 30 June 2017
Earnings per share	US$ 0.0461 for the period ended 30 June 2017
Country of Incorporation	Guernsey
Current Shares in Issue	209,333,333
Administrator and Company Secretary	Aztec Financial Services (Guernsey) Limited
Asset Manager	DS Aviation GmbH & Co. KG
Auditor and Reporting Accountant	KPMG, Chartered Accountants
Corporate Broker	Canaccord Genuity Limited
Aircraft Registrations	LN-LNA
	LN-LNB
	HS-TQD
	HS-TQC
Aircraft Serial Numbers	35304
	35305
	35320
	36110
Aircraft Type and Model	Boeing 787-8
Lessees	Norwegian Air Shuttle ASA ('Norwegian' or 'NAS')
	Thai Airways International Public Company Limited ('Thai Airways')
Website	www.dpaircraft.com

HIGHLIGHTS

PROFIT FOR THE PERIOD

Profit for the period ended 30 June 2017 is US$ 9,648,349 and Earnings per Share is US$ 0.0461 per Share. The profit for the period ended 30 June 2016 was US$ 10,185,921 and Earnings per Share was US$ 0.0487.

NET ASSET VALUE ('NAV')

The NAV excluding swap liabilities was US$ 1.01019 per Share at 30 June 2017 (31 December 2016: US$ 1.00927).

Although the fair values of the derivatives will move over their terms, at maturity the derivatives fair values will reduce to nil. The NAV excluding swap liabilities 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 2017		As at 31 December 2016	
	US$	US$ per share	US$	US$ per share
NAV per the financial statements	208,226,712	0.99471	207,778,853	0.99257
Add back:				
Derivative instrument liabilities and swap interest payable	3,239,675	0.01548	3,496,199	0.01670
NAV excluding swap liabilities	211,466,387	1.01019	211,275,052	1.00927

INTERIM DIVIDENDS

Dividends were declared on:

Date	Dividend reference period	Dividend per Share	Payment date
26 January 2017	Quarter ended 31 December 2016	US$ 0.0225 per Share	13 February 2017
27 April 2017	Quarter ended 31 March 2017	US$ 0.0225 per Share	19 May 2017
17 July 2017	Quarter ended 30 June 2017	US$ 0.0225 per Share	18 August 2017

OFFICIAL LISTING

The Company's 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 Interim Report of the Company for the six month period to 30 June 2017.

The Earnings per Share for the period was US$ 0.0461 compared to US$ 0.0487 for the same period last year.

The first interim dividend for 2017 was paid on 19 May 2017, with the second interim dividend being declared on 17 July 2017, with a payment date of 18 August 2017. The Lessees are continuing to perform as expected.

2016 saw a significant rise in business and consumer confidence. The International Air Transport Association (the 'IATA') expects 2017 global airline profits to be US$ 31.4 billion and global airline traffic to grow by 7.4 per cent.

The total size of Norwegian's fleet at 30 June 2017 was 133 passenger aircraft including 14 Boeing 787s. They intend to expand their fleet to 21 Boeing 787s by the end of 2017 and 32 by the end of 2018. Over the coming year Norwegian anticipate a negative impact from passenger tax in Norway, and a weaker demand for travel in the UK. Performance for 2017 may be negatively influenced by currency movements and increasing unit costs due to fuel price movements.

Thai's restructuring plan is entering its third and final stage. Thai returned to profitability at the end of 2016 and the restructuring is proving effective with a positive effect on financial results and customer satisfaction. Thai airways also intends to expand into new markets and we understand will be focusing on new routes to complement their network. In addition, Thai are in the process of seeking government approval to purchase 28 new aircraft. They intend to maintain a fleet of around 100 aircraft.

I would like to thank our shareholders for their continued support in the Company and I and my fellow Directors are available via our Company Secretary, whose details can be found at the end of this report.

Jon Bridel
Chairman

ASSET MANAGER'S REPORT

The Aviation Market - Overview and Development

Since the last published industry outlook by the IATA in December 2016, business and consumer confidence has risen significantly. According to the latest IATA Airline Business Confidence Index, 76 per cent of airline CFOs and heads of cargo expect travel volumes to increase in the next 12 months. It is expected that due to stronger economic growth in 2017, traffic will grow by 7.4 per cent, slightly faster than capacity with an anticipated growth of 7.0 per cent. As a result, load factors are expected to increase slightly to 80.6 per cent. However, break-even load factors are assumed to increase due to rising unit costs, mainly because of increasing fuel prices, maintenance, infrastructure and labour costs. Delays caused by inefficient European airspace management are anticipated to generate costs of EUR 2.8 billion in 2017. Moreover, it is assumed that this year, fuel costs will account for 18.8 per cent of average operating costs. IATA increased its forecast of global net profit in 2017 from US$ 29.8 billion to US$ 31.4 billion. Although this is still a decline compared to a net profit of US$ 34.8 billion in 2016, the level of profitability would be the third highest on record.

For the year 2017, IATA expects that more than 4 billion passengers will travel by air with new destinations and frequencies rising by 4 per cent. While tourists travelling by air are expected to spend US$ 685 billion, the value of trade transported by air is anticipated to amount to US$ 5.9 trillion. Tax revenues are forecasted to increase by 6.6 per cent, amounting to US$ 124 billion. It is also expected that employment by airlines will increase by 4.8 per cent compared to 2016.

The Asia-Pacific region is anticipated to have the highest growth rates of traffic whereas European carriers currently experience the highest break-even load factors, as yields are low due to a strongly competitive environment. However, global first quarter traffic results in 2017 were strong, according to IATA. In March, European carriers reported an increase of 6.0 per cent in passenger demand while Asian Pacific carriers reported an increase of 10.7 per cent compared to the same month in 2016. In both regions the increase in demand outperformed the growth in capacity and improved load factors. While European carriers have benefitted from the momentum of the region´s economy, routes between Asia and Europe continue to recover from terrorism-related disruptions in early 2016. In March 2017, global air traffic increased by 6.8 per cent while capacity grew by 6.1 per cent compared to the same month in 2016.

The latest Boeing Outlook (Current Market Outlook 2017-2036) expects deliveries of 41,030 aircraft with a total market value of US$ 6.1 trillion within the next 20 years. Both Boeing and Airbus (Global Market Forecast 2017-2036) continue to forecast that the global passenger and freighter fleet will at least double by 2036. According to Boeing and Airbus, 57 per cent and 60 per cent respectively of new deliveries are anticipated to be used for fleet growth. There are many different considerations and market forecast drivers which influence the manufacturer's forecasts. They include, for example, economic growth and fuel price expectations, the competitive landscape, environmental regulations, market liberalisation and airline strategies. According to Boeing, air traffic will grow on average by 4.7 per cent annually and the airlines' fleets by 3.5 per cent per annum, within the next 20 years. Boeing forecasts that the current share of the global airlines´ fleet from the Asia-Pacific region will increase from 29 per cent to 37 per cent and that 16,050 new aircraft will be delivered to that region by 2036. European airline fleet growth is anticipated to be lower than the global average, with an average annual growth rate of 2.7 per cent. However, Boeing forecasts that 7,530 aircraft with a value of US$ 1,110 billion will be delivered to European airlines within the next 20 years. For 2017, IATA anticipates that around 1,850 new aircraft will be delivered worldwide and that half of these deliveries will be for fleet growth.

ASSET MANAGER'S REPORT (CONTINUED)

The Assets - Four Dreamliner Boeing 787-8s
As at 30 June 2017, Boeing has delivered 565 Boeing 787 Dreamliner aircraft, of which 340 aircraft are Boeing 787-8s and 225 aircraft are Boeing 787-9s. The total order for this aircraft family amounts to 1,275 aircraft by 66 customers. In the first half of 2017, 75 net orders for the Dreamliner family had been placed by airlines and lessors. Aircraft from the Boeing 787 family are operated on all continents. Today, more than 130 new non-stop routes operated by Boeing 787 aircraft are in service or have been announced and 560 routes are uniquely operated by Boeing 787s.

Norwegian has equipped its Boeing 787 fleet with a total of 291 seats, of which 32 are premium economy and 259 economy class seats. This type of aircraft is used to fly from Europe to destinations in Asia, America and the Caribbean including, amongst others, New York, Fort Lauderdale, Oakland and Bangkok. During the summer peak season, the airline deploys Boeing 787s on some of its Oslo-Nice flights as well. Since the acquisition by DP Aircraft I Limited of the two aircraft LNA and LNB in 2013, Norwegian has met all of its lease obligations in full. In December 2016, aircraft LNA was inspected by DS Skytech Limited at the Boeing maintenance facilities at Copenhagen International Airport. Aircraft LNB was inspected on 6 April 2017 at the British Airways Maintenance facilities in Cardiff as part of its base maintenance (which takes place every 6,000 flight hours). Both aircraft and their technical records were found to be in good condition with no significant defects or airworthiness related issues.

Thai Airways´ Boeing 787 fleet offers a total of 264 seats, of which 24 are business and 240 economy class seats. The carrier operates this aircraft type to destinations within the Asia-Pacific region such as Singapore, Delhi, Hanoi, Perth and Brisbane. Since DP Aircraft I Limited acquired the two aircraft TQC and TQD in 2015, Thai Airways has met all of its lease obligations in full. In July 2016, both aircraft, TQC and TQD, were inspected by DS Skytech Limited at Bangkok International Airport. The inspection found the aircraft and their technical records to be in good condition with no significant defects or airworthiness related issues. The next inspection is scheduled to take place during the 3-year check in due course.

Aircraft TQD is currently not in operation due to a shortage of spare parts and spare engines provided by Rolls-Royce. It is not an uncommon occurrence that new engine types need to be upgraded and this is generally a smooth process. The Trent 1000 engines will be upgraded to the latest modification standards and in the case of Thai, this includes the IPT (Intermediate Pressure Turbine) blades. The priority of this upgrade depends on the airlines´ operational environment (flight cycles, air pollution, temperature, etc.). The upgrade campaign is ongoing and the engine manufacturer is making every effort to restore full flight operations. Lease payments continue to be paid by Thai Airways in accordance with the lease agreement.

The charts below give ae short overview of the utilisation of airframe and engines of each of the four aircraft.

AIRFRAME STATUS (30th June 2017)	Norwegian Air Shuttle			
	LN-LNA		LN-LNB	
	TOTAL	1 – 30 June 2017	TOTAL	1 – 30 June 2017
Flight Hours	18,927	449	20,121	405
Flight Cycles	2,264	54	2,443	46
Average Monthly Utilisation	394 hours 47 cycles	---	435 hours 53 cycles	---
Flight Hours/Flight Cycles Ratio	8.36 : 1	8.31 : 1	8.24 : 1	8.80 : 1

ASSET MANAGER'S REPORT (CONTINUED)

The Assets - Four Dreamliner Boeing 787-8s (continued)

ENGINE DATA (30th June 2017)	Norwegian Air Shuttle			
	LN-LNA		LN-LNB	
Engine Serial Number	10118	10119	10130	10135
Engine Manufacturer	Rolls-Royce	Rolls-Royce	Rolls-Royce	Rolls-Royce
Engine Type and Model	Trent 1000	Trent 1000	Trent 1000	Trent 1000
Total Time [Flight Hours]	15,936	14,741	10,177	14,659
Total Flight Cycles	1,941	1,816	1,128	1,753
Location	In shop	LN-LNF	LN-LNB	In shop

AIRFRAME STATUS (30th June 2017)	Thai Airways International			
	HS-TQC		HS-TQD	
	TOTAL	1 – 30 June 2017	TOTAL	1 – 30 June 2017
Flight Hours	11,187	395	10,256	274
Flight Cycles	2,725	87	2,542	75
Average Monthly Utilisation	349 hours 85 cycles	---	338 hours 84 cycles	---
Flight Hours/Flight Cycles Ratio	4.11 : 1	4.54 : 1	4.03 : 1	3.65 : 1

ENGINE DATA (30th June 2017)	Thai Airways International			
	HS-TQC		HS-TQD	
Engine Serial Number	10239	10240	10244	10248
Engine Manufacturer	Rolls-Royce	Rolls-Royce	Rolls-Royce	Rolls-Royce
Engine Type and Model	Trent 1000	Trent 1000	Trent 1000	Trent 1000
Total Time [Flight Hours]	9,933	10,518	8,819	9,931
Total Flight Cycles	2,387	2,583	2,211	2,451
Location	In shop	HS-TQD	HS-TQB	HS-TQA

The Lessees

Norwegian Air Shuttle ASA
Norwegian Air Shuttle, offering commercial air services since 1993, is the third largest low cost carrier in Europe and the sixth largest in the world. In 2013, Norwegian launched long-haul services and, as at 30 June 2017, had a fleet of 133 passenger aircraft, including a fleet of 14 Boeing 787s. The airline received one Boeing 787-9 in the first quarter of 2017 and another one in the second quarter. The airline is aiming to have a fleet of 21 Boeing 787s by the end of 2017 and a fleet of 32 Boeing 787 aircraft by the end of the following year. As at 30 June 2017, Norwegian Air Shuttle has 23 operational bases globally and operates a total of 500 routes to 150 destinations on four continents. In 2016, the airline transported nearly 30 million passengers, with 30 per cent of intercontinental passengers transferred to intra-European flights. Norwegian was awarded "World's Best Long Haul Low-Cost Airline" and "Best Low-Cost Airline in Europe" by the Skytrax Awards this June.

ASSET MANAGER'S REPORT (CONTINUED)

The Lessees (continued)

Norwegian Air Shuttle ASA (continued)
In the second quarter of 2017, operating revenues increased by 17 per cent to NOK 7,775 million (US$ 928 million) while ancillary revenues per passenger grew by 4 per cent, compared to the same quarter in the previous year. The operating loss was NOK 863 million (US$ 103 million) compared to an operating profit of NOK 1,006 million (US$ 120 million). Net profit increased by 45 per cent to NOK 1,080 million (US$ 129 million). Results were significantly influenced by jet fuel prices, which increased by 16 per cent per ASK and by strong production growth, resulting in less productivity of people as well as by the introduction of new markets. The net result benefited from the sale of a 2.5 per cent Bank Norwegian shareholding. Both ASKs and RPKs increased by 19 per cent and the load factor remained stable at 87.7 per cent.

During the first half of 2017 passenger numbers increased by 13 per cent compared to the same period the previous year while operating revenues increased by 12 per cent to NOK 13,030 (US$ 1,362 million). Ancillary revenues per passenger increased by 2 per cent. The operating loss increased to NOK 2,565 million (US$ 306 million) compared to an operating profit of NOK 111 million (US$ 13 million). Net loss increased from NOK 55 million (US$ 7 million) to NOK 412 million (US$ 49 million). Cash and cash equivalents as at 30 June 2017 stood at NOK 5,832 million (US$ 696 million) compared to NOK 3,010 million (US$ 359 million) as at the same 2016 accounting date. In addition to the aforementioned reasons influencing the results, performance has also been impacted by the passenger tax introduced by the Norwegian government in June 2016.

In June, for the first time, the airline transported more than 3 million passengers in a single month. This is an increase of 10 per cent compared to the same month in the previous year. Passenger growth on the long-haul routes was up 38 per cent. While capacity grew by 20 per cent, traffic increased by 19 per cent, resulting in the load factor slightly dropping to 89.7 per cent. The load factor for long-haul flights was about 95 per cent.

In early July, Norwegian announced that their CFO Frode Foss had resigned after 15 years at the company. Tore Ostby, who is vice-president of investor relations, will act as finance chief on an interim basis. On 14 July 2017, the US Department of Transportation granted a tentative approval to Norwegian´s UK subsidiary after the European Union warned the US that it would pursue formal arbitration.

Over 2017 Norwegian expects a negative impact from the passenger tax in Norway and weaker demand in the UK. Performance may be negatively influenced by currency movements and increasing unit costs due to fuel price movements. Bookings are solid, ahead of the third quarter. The airline has upgraded their loyalty programme, allowing passengers to qualify for free flights and upgrades. Norwegian will start transatlantic flights from Rome this winter. In spring 2018, it will add Austin and Chicago to its network and add transatlantic routes out of Paris to existing destinations. The airline will then connect 13 European destinations to 15 cities in the U.S. and become the second largest airline in terms of number of transatlantic routes. Entering new markets requires investment and Norwegian´s unit revenue (RASK – Revenue per Available Seat Kilometre) decreased over the previous eleven consecutive months, whereas since 2009, average annual unit costs have remained stable or decreased. Norwegian´s first routes which started in 2013 for example, had turned to profitability by their second year of operation. Although some of the current routes, such as flights to Providence or Hartford, will be operated with narrow-body aircraft, the Boeing 787 is the backbone of Norwegian´s long-haul strategy, as most of the destinations are outside the range of Norwegian´s narrow-body fleet.

ASSET MANAGER'S REPORT (CONTINUED)

The Lessees (continued)

Thai Airways International PCL

Thai Airways International Public Company Limited, headquartered in Bangkok, is a full-service network carrier and flag carrier of the Kingdom of Thailand and is majority-owned by the Thai Government (Ministry of Finance) (51.03 per cent). Thai Airways, including its subsidiary Thai Smile, has a current fleet of 97 aircraft of which six are Boeing 787-8s. Two Boeing 787-9s and seven Airbus A350 are on order as part of the airline´s fleet renewal plan. The carrier transported more than 22 million passengers in 2016 and flies from Bangkok to over 63 destinations in 34 countries.

The restructuring plan, "Transformation", seems to be having a positive effect on financial results and customer satisfaction. Thai Airways, including all subsidiaries, returned to profitability in 2016. The carrier reported an operating profit of THB 4.07 billion (US$ 113 million) compared to a loss of THB 1.30 billion (US$ 36 million) in 2015. Net profits were THB 47 million (US$ 1.3 million) compared to a net loss of THB 13.05 billion (US$ 362 million) in 2015. Net profits were impacted by one-time cost items of THB 1.32 billion (US$ 37 million), expenses of the Transformation plan of THB 1.23 billion (US$ 34 million) and impairment losses of THB 3.63 billion (US$ 101 million); but benefited from foreign currency exchange gains of THB 685 million (US$ 19 million). Although total revenues decreased by 4.3 per cent to THB 180.56 billion (US$ 5.03 billion), total expenses declined by 7.1 per cent to THB 176.49 billion (US$ 4.92 billion). Capacity grew by 1.9 per cent whereas demand increased by 2.5 per cent and the load factor slightly improved to 73.4 per cent. Passenger numbers increased by 4.8 per cent and aircraft utilisation increased by 5.5 per cent to 11.5 block hours per aircraft per day compared to hours in 2015. Cash and cash equivalents as at 31 December 2016 stood at THB 13.39 billion (US$ 373 million) and total assets were THB 283.12 billion (US$ 7.89 billion).

First quarter results for 2017 showed revenues of THB 49.80 billion (US$ 1.44 billion) which was a slight decrease of 0.8 per cent compared to the same quarter in the previous year, as a consequence of greater competition and lower fuel surcharges. While capacity grew by 4.4 per cent, demand increased by 11.6 per cent and the load factor improved from 77.5 per cent to 82.8 per cent. Passenger numbers increased by 10.1 per cent to 6.52 million and aircraft utilisation rose by 7.8 per cent to 12.4 block hours per aircraft per day. Operating profits decreased by 60.1 per cent to THB 2.87 billion (US$ 83 million) and net profits declined by 47.3 per cent to THB 3.17 billion (US$ 92 million). Results were impacted by the 45.8 per cent increase in average jet fuel prices compared to the same period in 2016. Cash and cash equivalents stood at THB 13.61 billion (US$ 395 million) and total assets were THB 283.00 billion (US$ 8.21 billion) as at 31 March 2017.

This year, Thai Airways has entered the third and final stage of its restructuring plan known as "sustainable growth". This includes, amongst other things, the use of a single home-base airport (Bangkok Suvarnabhumi) for both Thai Airways and Thai Smile from January 2017, as well as the introduction of a new online and mobile sales platform to facilitate internet bookings. From August, Thai Smile will move to the same global distribution system as the parent company to enhance booking efficiency and profit from synergy effects. Furthermore, Thai Airways intends to expand into new markets and focus on new routes to India, China and the ASEAN member states. The carrier will also start operating from Bangkok to Vienna and will double capacity to Russia in the next winter season. Arrivals from Russia increased sharply in 2017. Part of the network growth includes codeshare agreements with Bangkok Airways. A further strategic measure of the Transformation Plan is "Customer Excellence". The carrier plans to enhance the travel experience and to retrofit passenger seats and entertainment systems to achieve consistency across its entire passenger fleet. The implementation of a new First Class and short haul Business Class to upgrade the premium product has been announced as well. At the 2017 World Airline Awards (Skytrax), Thai Airways was announced "World's Best Economy Class", "Best Airline Lounge Spa Facility" and "Best Economy Class Onboard Catering", indicating that the implemented measures are proving successful.

ASSET MANAGER'S REPORT (CONTINUED)

The Lessees (continued)

Thai Airways International PCL
Thai Airways received board approval and is currently seeking governmental approval to purchase 28 new aircraft, mainly to replace older aircraft of Thai and Thai Smile in the next five years. The carrier intends to maintain a fleet of around 100 aircraft. In June, the carrier raised THB 8 billion (US$ 236 million) through an unsecured debenture issue. The securities were placed with institutional and high net worth investors. The five tranches have tenures of between three and 15 years, with coupon rates between 2.74% and 4.68%. All tranches had been rated A/stable by Standard & Poor's Thai partner, TRIS rating.

DS Aviation GmbH & Co. KG
Member of Dr. Peters Group
Stockholmer Allee 53
44269 Dortmund, Germany

DIRECTORS

Jonathan (Jon) Bridel, Non- Executive Chairman (52)
Jon is a Guernsey resident and is currently a non-Executive Director of The Renewables Infrastructure Group Limited (FTSE 250), Alcentra European Floating Rate Income Fund Limited, Starwood European Real Estate Finance Limited, Sequoia Economic Infrastructure Income Fund Limited and Funding Circle SME Income Fund Limited which are listed on the Main Market of the London Stock Exchange. Other companies include Fair Oaks Income Fund Limited. Jon was previously Managing Director of Royal Bank of Canada's 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 and the Institute of Directors and a Chartered Fellow of the Chartered Institute for Securities and Investment.

Jeremy Thompson, Non- Executive Director (62)
Jeremy Thompson is a Guernsey resident with sector experience in Finance, Telecoms, Aerospace and Oil & Gas. He acts as a consultant to a number of businesses which include independent non-executive directorships for three private equity funds and to an Investment Manager serving the listed NextEnergy Solar Fund Limited. In addition Jeremy is also a non-executive director of Riverstone Energy Limited (FTSE 250). Between 2005 and 2009 he was a director of multiple businesses within a London based private equity group. This entailed board positions on both private, listed and SPV companies and highly successful exits. 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 has studied and worked in the UK, USA and Germany.

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 a graduate of Brunel (B.Sc) and Cranfield (MBA) Universities and was an invited member to 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. In 2016 he graduated with an M.Sc in Corporate Governance and obtained GradICSA membership.

Angela Behrend-Görnemann, Non-Executive Director (60)
Angela started her career with Hapag-Lloyd AG and was, from 1984 until 2015, employed with HSH Nordbank AG, Hamburg, Germany as the Global Head of Aviation Finance and Global Head of Transportation Finance. In this function she was responsible for Aviation, Rail and Infrastructure Finance with more than 100 employees in teams in New York, London, Hamburg, Kiel, Singapore and Shanghai. She initiated the foundation of the Dublin based Aviation Asset Manager Amentum Capital. Between 2007 and 2011 she was Class B Manager and member of the Investment Committee of HSH Global Aircraft I S.a.r.l, Luxembourg, a closed ended Aircraft Fund. She has extensive experience in the transportation and banking industries with more than 20 years experience in aviation. Angela is resident in Germany.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

Asset risk
The Company's Assets comprise of four Boeing 787-8 aircraft.

The Boeing 787-8 is a newly developed generation of aircraft and therefore there is insufficient experience and data currently available to be able to give a complete assessment of the long-term use and operation of the aircraft. The Group is exposed to the used aircraft market of the Boeing 787-8, which at this time is untested.

Market risk
The airline industry is particularly sensitive to changes in economic conditions and is highly competitive; risks affecting the airline industry generally could affect the ability of Norwegian or Thai Airways to comply with its obligations under the Leases (or any subsequent lease).

There is no guarantee that, upon expiry of the leases, 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. 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.

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 Lease 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 & Counterparty risk
Credit risk is the risk that a significant counterparty will default on its contractual obligations. The Group's most significant counterparties are Norwegian and Thai Airways as lessees and providers of income and Norddeutsche Landesbank Girozentrale ('NordLB') and DekaBank Deutsche Girozentrale ('DekaBank') as holder of the Group's cash and restricted cash. The lessees do not maintain a credit rating. The credit rating of NordLB is Baa3 (2016: Baa1) and the credit rating of DekaBank is Aa3 (2016: Aa3).

Norwegian's stated strategy of providing low-cost long haul flights may not be successful; failure of this strategy, or of any other material part of Norwegian's business including its financing strategy combined with ambitious growth objectives, may adversely affect Norwegian's ability to comply with its obligations under the leases.

There is no guarantee that the business model of Thai Airways will be successful. Failure of any material part of the business model may have an adverse impact on its ability to comply with its obligations under the leases.

Any failure by Norwegian or Thai Airways to pay any amounts when due would have an adverse effect on the Group's ability to comply with its obligations under the loan agreements, could ultimately have an impact on the Company's ability to pay dividends and could result in the lenders enforcing their security and selling the relevant Assets on the market potentially negatively impacting the returns to investors. In mitigation, Norwegian is the second largest airline in Scandinavia and the third largest low-cost airline in Europe and Thai Airways is an International full service carrier.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Liquidity risk

In order to finance the purchase of the Assets, the Group has entered into four separate loan agreements pursuant to which the Group has borrowed an initial amount of US$ 316,600,000 in total. 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 sell the relevant Asset to repay the outstanding relevant loan.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- the unaudited Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the unaudited Interim Report (comprising the Chairman's Statement, the Asset Manager's Report and the Statement of Principal Risks and Uncertainties) meets the requirements of an interim management report, and includes a fair review of the information required by:
  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the interim accounting period from 1 January 2017 to 30 June 2017 and their impact on the condensed consolidated set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the full financial period; and
  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place during the interim accounting period from 1 January 2017 to 30 June 2017 and that have materially affected the financial position or performance of the entity during that period; 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.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors believe the Group is well placed to manage its business risks successfully as the interest on the Group's loans have been fixed with the bank or via an interest rate swap and the lease rental income and supplemental rental income have been set at an aggregate absolute income stream in excess of the Group's expenses, distributions and finance costs.

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF DP AIRCRAFT I LIMITED

Introduction

We have been engaged by the company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows and consolidated statement of changes in equity and the related explanatory notes. Our review was conducted in accordance with the Financial Reporting Council's ("FRCs") International Standard on Review Engagements ("ISRE") (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure and Transparency Rules of the UK's Financial Conduct Authority.

Basis of our report, responsibilities and restriction on use

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the UK's Financial Conduct Authority. As disclosed in note 2(a), the annual financial statements of the group are prepared in accordance with IFRS as adopted by the EU. The directors are responsible for ensuring that the condensed consolidated set of financial statements included in this half-yearly financial report have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. Our responsibility is to express to the company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

We conducted our review in accordance with the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF DP AIRCRAFT I LIMITED (CONTINUED)

Basis of our report, responsibilities and restriction on use (continued)

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Killian Croke
for and on behalf of KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six month period ended 30 June 2017

	Note	30 June 2017 (unaudited) US$	30 June 2016 (unaudited) US$
Revenue			
Lease rental income	4	28,730,567	28,605,561
Expenses			
Asset management fees	17	(475,629)	(464,311)
Asset Manager's disposal fee	17	(157,254)	(125,050)
General and administrative expenses	5	(394,608)	(418,829)
Depreciation	9	(9,811,456)	(9,739,931)
Amortisation	9	(2,181,009)	(965,526)
		(13,019,956)	(11,713,647)
Operating profit		15,710,611	16,891,914
Finance costs	6	(6,138,486)	(6,684,885)
Finance income		101,739	32,609
Net Finance Costs		(6,036,747)	(6,652,276)
Profit before tax		9,673,864	10,239,638
Taxation	7	(25,515)	(53,717)
Profit for the period		9,648,349	10,185,921
Other Comprehensive Income / (Expense)			
Items that are or may be reclassified to profit or loss			
Cash flow hedges – changes in fair value	15	(752,931)	(5,777,590)
Cash flow hedges – reclassified to profit or loss	15	972,441	1,385,536
Total Other Comprehensive Income / (Expense)		219,510	(4,392,054)
Total Comprehensive Income for the period		9,867,859	5,793,867
		US$	US$
Earnings per Share for the period - basic and diluted	8	0.0461	0.0487

All the items in the above statement derive from continuing operations.

The notes on pages 23 to 35 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2017

	Note	30 June 2017 (unaudited) US$	31 December 2016 (audited) US$
NON-CURRENT ASSETS			
Property, Plant and Equipment – Aircraft	9	420,691,518	430,502,974
Intangible Asset – Aircraft Lease Premium	9	37,284,530	39,465,539
Total non-current assets		457,976,048	469,968,513
CURRENT ASSETS			
Cash and cash equivalents		9,697,751	9,011,045
Restricted cash	10	40,499,719	35,918,011
Trade and other receivables		26,097	50,733
Total current assets		50,223,567	44,979,789
TOTAL ASSETS		508,199,615	514,948,302
EQUITY			
Share Capital	13	210,556,652	210,556,652
Retained Earnings		844,832	616,483
Hedging Reserve		(3,174,772)	(3,394,282)
Total equity		208,226,712	207,778,853
NON-CURRENT LIABILITIES			
Bank borrowings	12	228,446,498	240,239,740
Maintenance reserves		27,049,948	22,569,978
Security deposits		13,264,420	13,264,420
Derivative instrument liabilities	15	3,174,772	3,394,282
Asset Manager's disposal fee	17	757,766	600,512
Total non-current liabilities		272,693,404	280,068,932
CURRENT LIABILITIES			
Bank borrowings	12	24,236,157	23,986,255
Deferred income	4	2,598,555	2,681,426
Trade and other payables	11	444,787	432,836
Total current liabilities		27,279,499	27,100,517
TOTAL LIABILTIES		299,972,903	307,169,449
TOTAL EQUITY AND LIABILITIES		508,199,615	514,948,302

The financial statements on pages 19 to 35 were approved by the Board of Directors and were authorised for issue on 22 August 2017. They were signed on its behalf by:

Jon Bridel
Chairman

Jeremy Thompson
Director

The notes on pages 23 to 35 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six month period ended 30 June 2017

	30 June 2017 (unaudited) US$	30 June 2016 (unaudited) US$
Profit for the period	9,648,349	10,185,921
Adjusted for:		
Depreciation	9,811,456	9,739,931
Amortisation	2,181,009	965,526
Amortisation of deferred finance costs	146,821	146,003
Finance costs	5,991,665	6,538,882
Income tax expense	25,515	53,717
Changes in:		
Increase in maintenance reserve	4,479,970	5,645,771
(Decrease)/ increase in deferred income	(82,871)	40,008
Increase in Asset Manager's disposal fee	157,254	-
Increase in accruals and other payables	23,450	40,252
Decrease in receivables	24,636	16,879
NET CASH FLOW FROM OPERATING ACTIVITIES	32,407,254	33,372,890
INVESTING ACTIVITIES		
Restricted cash	(4,581,708)	(5,677,908)
NET CASH FLOW USED IN INVESTING ACTIVITIES	(4,581,708)	(5,677,908)
FINANCING ACTIVITIES		
Dividends paid	(9,420,000)	(9,420,000)
Bank loan principal repaid	(11,686,890)	(11,130,721)
Bank loan interest paid	(5,022,495)	(5,185,861)
Swap interest paid	(1,009,455)	(1,409,083)
NET CASH FLOW USED IN FINANCING ACTIVITIES	(27,138,840)	(27,145,665)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,011,045	7,777,349
Increase in cash and cash equivalents	686,706	549,317
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,697,751	8,326,666

The notes on pages 23 to 35 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six month period ended 30 June 2017

	Note	Share capital US$	Retained Earnings US$	Hedging Reserve US$	Total Equity US$
As at 1 January 2017		210,556,652	616,483	(3,394,282)	207,778,853
Total comprehensive income for the year					
Profit for the period		-	9,648,349	-	9,648,349
Other comprehensive income		-	-	219,510	219,510
Total comprehensive income		-	9,648,349	219,510	9,867,859
Transactions with owners of the Company					
Dividends	14	-	(9,420,000)	-	(9,420,000)
As at 30 June 2017 (unaudited)		210,556,652	844,832	(3,174,772)	208,226,712
As at 1 January 2016		210,556,652	519,298	(5,422,482)	205,653,468
Total comprehensive income for the year					
Profit for the period		-	10,185,921	-	10,185,921
Other comprehensive income		-	-	(4,392,054)	(4,392,054)
Total comprehensive income		-	10,185,921	(4,392,054)	5,793,867
Transactions with owners of the Company					
Dividends	14	-	(9,420,000)	-	(9,420,000)
As at 30 June 2016 (unaudited)		210,556,652	1,285,219	(9,814,536)	202,027,335

The notes on pages 23 to 35 form an integral part of these financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2017

1) GENERAL INFORMATION

The unaudited condensed consolidated financial statements ('financial statements') incorporate the results of the Company and that of wholly owned subsidiary entities, DP Aircraft Guernsey I Limited, DP Aircraft Guernsey II Limited, 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 two intermediate lessor companies, DP Aircraft Ireland Limited and DP Aircraft UK Limited (the 'Lessors'), an Irish incorporated private limited company and a UK incorporated private limited company respectively. The Company and its subsidiaries (the Borrowers and the Lessors) 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 209,333,333 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

a) Basis of preparation

The unaudited condensed consolidated financial statements ("financial statements") for the period 1 January 2017 to 30 June 2017 have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting' as adopted by the European Union and the Disclosure and Transparency Rules ('DTR's') of the UK's Financial Conduct Authority ('FCA').

The 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 2016. The Group's annual financial statements for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and are available on the Company's website or from the Company Secretary.

The 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 2016 but also taking into account any new policies that will be applied in the Group's annual consolidated financial statements for the year ending 31 December 2017.

The Directors considered all new relevant new standards, amendments and interpretations to existing standards effective for the financial statements for the six month period ended 30 June 2017 and determined that none will have a material impact on the annual consolidated financial statements of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six month period ended 30 June 2017

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2017 (the date on which the Group's next annual consolidated financial statements will be prepared up to) that the Group has decided not to adopt early. The most significant of these are:

- IFRS 9 Financial Instruments (effective for periods beginning on or after 1 January 2018);
- IFRS 15 Revenue from Contracts with Customers (effective for periods beginning on or after 1 January 2018); and
- IFRS 16 Leases (effective for periods beginning on or after 1 January 2019).

As disclosed in the annual financial statements for the year ended 31 December 2016 these standards are not expected to have a significant impact on the financial statements of the Group. The intention of the Directors is to continue to hedge account in accordance with the hedge accounting model in IAS 39 Financial Instruments Recognition and Measurement as permitted by IFRS 9.

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of unaudited condensed consolidated 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.

There have been no material revisions to the significant judgements made by management or the nature and amount of changes in estimates of amounts reported in the annual financial statements for the year ended 31 December 2016.

4) LEASE RENTAL INCOME

	30 June 2017 (unaudited) US$	30 June 2016 (unaudited) US$
Deferred income brought forward	2,681,426	2,598,554
Lease rental income received	28,647,696	28,645,569
Deferred income carried forward	(2,598,555)	(2,638,562)
Total lease rental income	28,730,567	28,605,561

5) GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2017 (unaudited) US$	30 June 2016 (unaudited) US$
Legal and professional fees	111,343	141,966
Directors fees and expenses	104,466	86,498
Administration fees	95,767	93,437
Insurance	31,677	31,416
Audit fees	30,260	36,949
Other fees and expenses	21,095	28,563
Total general and administrative expenses	394,608	418,829

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2017

6) FINANCE COSTS

	30 June 2017 (unaudited) US$	30 June 2016 (unaudited) US$
Loan interest paid and payable	5,019,224	5,153,346
Amortisation of deferred finance costs	146,821	146,003
Total finance costs at effective interest rate	5,166,045	5,299,349
Cash flow hedges reclassified from other comprehensive income	972,441	1,385,536
Total finance costs	6,138,486	6,684,885

7) TAXATION

With the exception of DP Aircraft Ireland Limited and 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 (2016: £1,200).

DP Aircraft Ireland Limited and DP Aircraft UK Limited are subject to taxation at the applicable rate in Ireland and the United Kingdom respectively. The amount of taxation charged during the period ended 30 June 2017 was US$ 25,515 (period 1 January 2016 to 30 June 2016: US$ 53,717). The Directors do not expect the taxation payable to be material to the Group.

A taxation reconciliation has not been presented in these financial statements as the effective tax rate is 0.5%.

8) EARNINGS PER SHARE

	30 June 2017 (unaudited) US$	30 June 2016 (unaudited) US$
Profit for the period	9,648,349	10,185,921
Weighted average number of shares	209,333,333	209,333,333
Earnings per share	0.0461	0.0487

There are no instruments in issue that could potentially dilute earnings per Ordinary Share in future periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2017

9) PROPERTY, PLANT, EQUIPMENT & INTANGIBLE ASSETS – AIRCRAFT & LEASE PREMIUM

	Aircraft (unaudited) US$	Lease Premium (unaudited) US$	Total (unaudited) US$
COST			
As at 1 January and 30 June 2017	476,751,161	46,979,793	523,730,954
ACCUMULATED DEPRECIATION			
As at 1 January 2017	46,248,187	7,514,254	53,762,441
Charge for the period	9,811,456	2,181,009	11,992,465
As at 30 June 2017	56,059,643	9,695,263	65,754,906
CARRYING AMOUNT			
As at 30 June 2017	420,691,518	37,284,530	457,976,048

	Aircraft (audited) US$	Lease Premium (audited) US$	Total (audited) US$
COST			
As at 1 January and 31 December 2016	476,751,161	46,979,793	523,730,954
ACCUMULATED DEPRECIATION			
As at 1 January 2016	27,465,161	3,152,234	30,617,395
Charge for the year	18,783,026	4,362,020	23,145,046
As at 31 December 2016	46,248,187	7,514,254	53,762,441
CARRYING AMOUNT			
As at 31 December 2016	430,502,974	39,465,539	469,968,513

The Boeing 787-8 is a new generation of aircraft. Due to the new type of design, in particular in respect of innovative materials and technology, there is currently insufficient experience and data available to be able to give a complete assessment of the long-term use and operation of the aircraft. There is a risk that the newly developed materials may be found to be less efficient or durable than expected and thereby may lead to higher maintenance and repair costs. Under the terms of the Leases, the cost of repair and maintenance of the Assets will be borne by Norwegian and Thai Airways. However, upon expiry or termination of the leases, the cost of repair and maintenance will fall upon the Group. Therefore upon expiry of the leases, the Group may bear higher costs and the terms of any subsequent leasing arrangement (including terms for repair, maintenance and insurance costs relative to those agreed under the leases) may be adversely affected, which could reduce the overall distributions paid to the Shareholders.

The estimated residual value of the Boeing 787-8 Assets as at the end of their respective leases in 2025 and 2026 have been supported by independent experts as at 31 December 2016. The residual value will depend upon a variety of factors including actual or anticipated fluctuations in the results of the airline industry, market perception of the airline industry, general economic and social and political development, changes in industry conditions, fuel prices or rates of inflation.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2017

9) PROPERTY, PLANT, EQUIPMENT & INTANGIBLE ASSETS – AIRCRAFT & LEASE PREMIUM (CONTINUED)

As disclosed in the financial statements for the year ended 31 December 2016, the Directors updated their assessment of the residual values and considered the Aircraft and lease premium separately. Residual value estimates of the Aircraft were determined by the full life inflated values from three external valuations and discounted by the inflation rate incorporated into those valuations and the lease premium was determined to have a US$ nil residual value. Prior to this the residual value of the Assets (representing combined assets and related premiums) was determined to be 50 per cent of the combined purchase cost, supported by external valuations. The separate consideration of the lease premium resulted in an increase in the amortisation charge.

The future cash in-flows for the Assets (excluding the assets residual value in the event of a sale) have been fixed at a set rate as agreed between the Group, loan providers and the lessees.

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

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

10) RESTRICTED CASH

	30 June 2017 (unaudited) US$	31 December 2016 (audited) US$
Security Deposits	13,315,931	13,291,363
Maintenance reserves	27,183,788	22,626,648
Total restricted cash	40,499,719	35,918,011

11) TRADE AND OTHER PAYABLES

	30 June 2017 (unaudited) US$	31 December 2016 (audited) US$
Swap interest payable	64,903	101,917
Accruals and other payables	301,273	277,823
Taxation payable	78,611	53,096
Total trade and other payables	444,787	432,836

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2017

12) BANK BORROWINGS

	30 June 2017 (unaudited) US$	31 December 2016 (audited) US$
Current liabilities: bank interest payable and bank borrowings	24,236,157	23,986,255
Non-current liabilities: bank borrowing	228,446,498	240,239,740
Total liabilities	252,682,655	264,225,995
The borrowings are repayable as follows:		
Interest payable	370,316	373,587
Within one year	23,865,841	23,612,668
In two to five years	107,333,042	106,051,575
After five years	121,113,456	134,188,165
Total bank borrowings	252,682,655	264,225,995

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

	30 June 2017 (unaudited) US$	31 December 2016 (audited) US$
Opening balance	263,852,408	286,079,714
Repayment of loan	(11,686,890)	(22,520,131)
Amortisation of deferred finance costs	146,821	292,825
Total bank borrowings	252,312,339	263,852,408

The balance of unamortised deferred finance costs at 30 June 2017 was US$ 2,582,768 (31 December 2016: US$ 2,729,589).

Loans
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 2017 was US$ 134,851,986 (31 December 2016: US$ 140,686,861).

During the period ended 31 December 2014 the Company utilised the proceeds from the initial public offering and the proceeds of two separate loans from Norddeutsche Landesbank Girozentrale ('NordLB') of US$ 79,800,000 each to fund the purchase of two Boeing 787-8 aircraft. The balance on the loans at 30 June 2017 was US$ 120,043,121 (31 December 2016: US$125,895,136).

All of the loans will be fully amortised with monthly repayments in arrears over the term until the scheduled expiry of each respective lease. There have been no defaults or breaches under the loan agreements (2016: none).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2016

12) BANK BORROWINGS (CONTINUED)

Structure and term

The committed term of each loan is from the drawdown date until the date falling twelve years from the Delivery Date of the relevant Asset. Each Loan will be amortised with repayments every month in arrears over the term in amounts as set out in a schedule agreed by the Company and the Lenders. Amortisation will be on an annuity-style (i.e. mortgage-style) basis.

Interest

Interest on each DekaBank loan is payable in arrears on the last day of each interest period, which is one month long. Interest on the loan accrues at a fixed rate of 4.10 per cent including a margin of 1.95 per cent per annum. If any amount is not paid by the Borrower when due under the loan agreements, interest will accrue on such amount at the then current rate applicable to the loan plus 2.0 per cent per annum.

Interest on each NordLB loan is payable in arrears on the last day of each interest period, which is one month long (the 'Interest Period'). Interest on each Loan accrues at a floating rate of interest which is calculated using LIBOR for the length of the Interest Period and a margin of 2.6 per cent per annum (the 'Loan Margin') ('Loan Floating Rate'). For the purposes of calculating the Loan Floating Rate, if on the date when LIBOR is set prior to the beginning of an Interest Period it is not possible for LIBOR to be determined by reference to a screen rate at the time that LIBOR is to be set for that Interest Period (a 'Market Disruption Event'), the amount of interest payable to each affected Loan Lender during the Interest Period will be the aggregate of each Lender's cost of funds during that monthly period and the Loan Margin. If any amount is not paid by the Borrower when due under the Loan Transaction Documents, interest will accrue on such amount at the then current rate applicable to the Loan plus 2.0 per cent per annum. The Group has entered into ISDA-standard hedging arrangement with NordLB as hedging provider in connection with the Loans, in order to provide for a fixed interest rate of 5.06% and 5.08% to be payable in respect of the loans throughout the whole term.

Cross Collateralisation

The DekaBank loans entered into by the Group to complete the purchase of 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.

Similarly the NordLB loans entered into by the Group to complete the purchase of the first two Assets are cross collateralised. Each of the first and second loan is secured by way of security taken over the first and second 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2017

13) SHARE CAPITAL

Period ended 30 June 2017 (unaudited)

Issued and fully paid:	Subordinated Administrative Share Number	Ordinary Shares Number	Total Number
Shares as at 1 January and 30 June 2017	1	209,333,333	209,333,334
Share capital:	US$	US$	US$
Share capital as at 1 January and 30 June 2017	1	210,556,651	210,556,562

Year ended 31 December 2016 (audited)

Issued and fully paid:	Subordinated Administrative Share Number	Ordinary Shares Number	Total Number
Shares as at 1 January and 31 December 2016	1	209,333,333	209,333,334
	US$	US$	US$
Share capital as at 1 January and 31 December 2016	1	210,556,651	210,556,562

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.

On 12 June 2015 a total of 96,333,333 shares were issued under the placing at an issue price of US$ 1.0589 per share raising gross proceeds of US$ 102 million. Total issue costs were US$ 2.3 million which included the 1.5% placing commission paid to Canaccord Genuity as placing agent.

On 10 June 2013 a total of 113,000,000 shares were issued under the initial public offering placing at an issue price of US$ 1 per share raising gross proceeds of US$ 113 million. Total issue costs were US$ 2.1 million which included the 1.5% placing commission paid to Canaccord Genuity as placing agent.

The Subordinated Administrative Share is held by DS Aviation GmbH & Co. KG, (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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2017

14) DIVIDENDS

During the period ended 30 June 2017 the Company declared and paid the following dividends:

Dividend reference period	Shares	Dividend per share	Paid	Payment date
		US$	US$	
Quarter ended 31 December 2016	209,333,333	0.0225	4,710,000	13 February 2017
Quarter ended 31 March 2017	209,333,333	0.0225	4,710,000	19 May 2017
			9,420,000	

A quarterly dividend of US$ 4,710,000 (US$ 0.0225 per share) for the quarter ended 30 June 2017 was paid on 18 August 2017. In accordance with IAS 10, this dividend has not been recognised in these financial statements.

During the period ended 30 June 2016 the Company declared and paid the following dividends:

Dividend reference period	Shares	Dividend per share	Paid	Payment date
		US$	US$	
Quarter ended 31 December 2015	209,333,333	0.0225	4,710,000	12 February 2016
Quarter ended 31 March 2016	209,333,333	0.0225	4,710,000	20 May 2016
			9,420,000	

15) 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 interest payable approximate their carrying amounts due to the short term maturities of these instruments.

The fair value of floating rate borrowings is estimated by discounting future cash flows using rates currently available for debt of similar returns and remaining maturities and therefore the carrying value approximates fair value.

The fair value of fixed rate borrowings is estimated by discounting future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair value of the loans is US$ 129,024,127 (31 December 2016: US$ 136,180,566) and the carrying value of the loans is US$ 134,851,986 (31 December 2016: US$ 140,686,863).

The fixed rate loans have been categorised within level 3 of the fair value hierarchy. The fair value of the fixed rate loans for disclosure purposes have been determined by discounting future cash flows at a rate of 5.17% (31 December 2016: 4.87%). An increase in the discount rate would decrease the fair value of the fixed rate loans.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2017

15) FAIR VALUE MEASUREMENT (CONTINUED)

Financial liabilities designed as hedging instruments
The fair value of the Group's derivative interest rate swaps are determined by reference to the mid-point on the yield curves prevailing on the reporting date and represent the net present value of the differences between the contracted and the valuation rate when applied to the projected balances to the period from the reporting date to the contracted expiry date.

The interest rate swaps are valued on a recurring basis and have been categorised within level 2 of the fair value hierarchy required by IFRS 13.

The following table details the contractual undiscounted cash flows of the interest rate swaps:

As at 30 June 2017	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Floating rate receivable	3,237,543	9,254,064	2,483,575	14,975,182
Fixed rate payable	(5,889,021)	(16,833,121)	(4,517,942)	(27,240,084)
Interest rate swaps	(2,651,478)	(7,579,057)	(2,034,367)	(12,264,902)

As at 31 December 2016	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Floating rate receivable	3,406,498	10,021,245	3,287,839	16,715,582
Fixed rate payable	(6,196,339)	(18,228,570)	(5,980,920)	(30,405,829)
Interest rate swaps	(2,789,841)	(8,207,325)	(2,693,081)	(13,690,247)

As at 30 June 2017, the aggregate loss on the fair value of the interest rate swaps was US$ 3,174,772 (31 December 2016: US$ 3,394,282).

Transfers between levels
The Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period.

There were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements during the six month period ended 30 June 2017 or in the year ended 31 December 2016.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2017

16) RELATED PARTY TRANSACTIONS

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

	30 June 2017 (unaudited) US$	30 June 2016 (unaudited) US$
Jonathan Bridel (Chairman)	36,006	36,416
Jeremy Thompson (Audit Committee Chairman)	29,459	31,133
Didier Benaroya	-	4,869
Angela Behrend-Görnemann	36,797	12,303
Total	102,262	84,721

The Directors receive the following fees:

- Jon Bridel - Chairman: £35,000 plus £20,000 for the four subsidiary companies;
- Jeremy Thompson: £25,000 plus £20,000 for the subsidiary companies; and
- Angela Behrend-Görnemann: £20,000* plus £20,000* for four subsidiary companies, £5,000* for the Irish Lessor and £5,000* for the UK Lessor from 1 May 2016.

*Ms Behrend-Görnemann receives her fee in Euros at the previously agreed GBP/EUR exchange rate of 1.30 resulting in an annual overall fee of €65,000 per annum which commenced from her date of appointment on 1 May 2016.

Following the Directors annual review of the Directors' fees and subsequent approval at the Company's AGM on 17 July 2017, with effect from 1 April 2017 the Directors receive the following fees:

- Jon Bridel, Chairman –£56,400 per annum;
- Jeremy Thompson, Chairman of the Audit Committee and Senior Independent Director –£46,100 per annum; and
- Angela Behrend-Görnemann – €66,600 per annum.

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

	30 June 2017 Number of ordinary shares	31 December 2016 Number of ordinary shares
Jonathan Bridel	7,500	7,500
Jeremy Thompson	15,000	15,000
Angela Behrend-Görnemann	-	-

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2017

17) MATERIAL CONTRACTS

Asset Management Agreement
The Asset Management Agreement, dated 19 September 2013, between the Company and DS Aviation was amended on 5 June 2015 to reflect the acquisition of the two new aircraft.

The amended agreement provides a calculation methodology for the disposal fee which will only become payable when all four of the Assets have been sold after the expiry of the fourth Thai Airways lease in 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%.

17) MATERIAL CONTRACTS (CONTINUED)

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.

The disposal fee is a cash-settled payment to the Asset Manager. In determining the provision for the financial statements, the Directors have estimated the fee that will be payable on disposal of the assets. This has then been discounted using the group's weighted average cost of capital and is recognised straight line over the period until the estimated payment date. The provision for the disposal fee at 30 June 2017 was US$ 757,766 (31 December 2016: US$ 600,512) and the discount rate used was 7.62% (31 December 2016: 7.74%).

The Asset Manager is paid a base fee which is US$ 21,354 per month in respect of the first two Assets increasing by 2.5% per annum and US$ 16,666 per month in respect of the second two Assets increasing by 2.5% per annum from May 2016. In the six month period ended 30 June 2017 Asset Management fees totalled US$ 475,629 (Six month period ended 30 June 2016 US$ 464,311) of which US$ 79,600 were due at 30 June 2017 (31 December 2016: US$ 79,035).

Pursuant to the agreement, the Asset Manager received an arrangement fee of US$ 2.72 million in respect of the acquisition of the first two assets in the period ended 31 December 2014, and an arrangement fee of US$ 2.07 million in respect of the acquisition of the third and fourth assets in the year ended 31 December 2015.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2017

18) 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 Norway and Thailand, where the Assets are registered. The income arising from the lease of the Assets originates from two lessees, one in Norway and one in Thailand.

19) SUBSEQUENT EVENTS

On 17 July 2017 the Company declared a dividend in respect of the quarter ended 30 June 2017 of US$ 0.0225 per ordinary share to holders of shares on the register at 28 July 2017. The ex-dividend date was 27 July 2017 with payment on 18 August 2017.

COMPANY INFORMATION

Directors	Jonathan Bridel Jeremy Thompson Angela Behrend-Görnemann
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)	Ogier Ogier House St Julian's Avenue St Peter Port Guernsey GY1 1WA 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	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR United Kingdom