

Deucalion Capital I (UK) Limited

**Unaudited financial statements
For the financial year ended 31 December 2018**

Registered number 05656626



Deucalion Capital I (UK) Limited

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For the financial year ended 31 December 2018

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Deucalion Capital I (UK) Limited

Corporate information

For the financial year ended 31 December 2018

Company number

05656626

Director

Timothy Lintott

Secretary

Law Debenture Corporate Services Limited

Bankers

DVB Bank SE, London Branch
Park House, 16-18 Finsbury Circus
London EC2M 7EB
United Kingdom

Solicitors

Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London EC1A 2FG
Great Britain

Registered office

100 Wood Street
London EC2V 7EX
United Kingdom

Deucalion Capital I (UK) Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 (US\$)	2017 (US\$)
Assets			
Current assets			
Trade and other receivables	4	-	439,519
Cash and cash equivalents	5	4,163,618	3,104,984
		<u>4,163,618</u>	<u>3,544,503</u>
Total assets		<u>4,163,618</u>	<u>3,544,503</u>
Liabilities			
Current Liabilities			
Interest payable borrowings		3,560,002	2
Other accounts payable	8	593,108	131,469
Borrowings	7	1,000	-
		<u>4,154,110</u>	<u>131,471</u>
Non-current liabilities			
Borrowings	7	-	1,000
Total liabilities		<u>4,154,110</u>	<u>132,471</u>
Shareholder's equity			
Share capital	6	1	1
Accumulated reserves		9,506	3,412,031
Total shareholder's equity		<u>9,507</u>	<u>3,412,032</u>
Total liabilities and shareholder's equity		<u>4,163,618</u>	<u>3,544,503</u>

For the year ending 31 December 2018 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime"

These financial statements were approved by the Director on 14 November 2019 and signed on its behalf by:



Timothy Lintott
Director

Deucalion Capital I (UK) Limited

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

		<u>2018 (US\$)</u>	<u>2017 (US\$)</u>
	Notes		
Revenue			
Service fee income	10	63,000	15,399
Other income	9	184,969	53,363
		<u>247,969</u>	<u>68,762</u>
Expenses			
Interest expenses		3,560,000	-
Net service fee costs		-	15,976
Legal fees		23,586	16,953
Directors fee		18,523	19,023
Audit fees		20,177	52,884
Administrative and general expenses		28,209	13,214
		<u>3,650,495</u>	<u>118,050</u>
Net (loss) / profit before tax		(3,402,525)	(49,288)
Income tax	11	-	-
Net (loss) / profit for the year		(3,402,525)	(49,288)
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		(3,402,525)	(49,288)
Total comprehensive (loss) / income attributable to:			
Controlling interests		(3,402,525)	(49,288)

All items in the above statement are derived from discontinued operations.

Deucalion Capital I (UK) Limited

COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Attributable to controlling interest of Company		
	Share capital	Accumulated reserves	Total shareholder's
	US\$	US\$	US\$
As at 1 January 2017	1	3,461,319	3,461,320
Total comprehensive loss for the year	-	(49,288)	(49,288)
As at 31 December 2017	1	3,412,031	3,412,032
As at 1 January 2018	1	3,412,031	3,412,032
Total comprehensive loss for the year	-	(3,402,525)	(3,402,525)
As at 31 December 2018	1	9,506	9,507

Deucalion Capital I (UK) Limited

COMPANY STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	<u>2018 (US\$)</u>	<u>2017 (US\$)</u>
Cash flows from operating activities		
Loss before tax	(3,402,525)	(49,288)
Changes in working capital:		
Trade and other receivables	439,520	765,649
Other accounts payable	461,639	(36,079)
Interest payable borrowings	3,560,000	
Cash generated from operations	<u>1,058,634</u>	<u>680,282</u>
Interest received	-	-
Income tax paid	-	-
Cash flows from / (used in) operating activities	<u>1,058,634</u>	<u>680,282</u>
Cash flows from investing activities		
Repayment of junior loan provided to subsidiaries	-	711,306
Total cash flows generated from investing activities	<u>-</u>	<u>711,306</u>
Net increase/ (decrease) in cash and cash equivalents	1,058,634	1,391,588
Cash and cash equivalents at beginning of the financial year	<u>3,104,984</u>	<u>1,713,396</u>
Cash and cash equivalents at the end of financial year	<u>4,163,618</u>	<u>3,104,984</u>

Note: US\$ nil (2017: US\$ nil) of the total cash and cash equivalents at 31 December 2018 is restricted (see note 5).

Deucalion Capital I (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, and the Companies' Act 2006. The financial statements are prepared on a break up basis.

For the year ending 31 December 2018 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime"

Critical accounting estimates and judgments

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's and Company's accounting policies. Management did not identify estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Please note however that the Company's investments in property, plant and equipment imply impairment risks, specifically taking into consideration current market conditions. This risk is a matter of attention to management and is monitored as further disclosed in note 2, Financial risk management

The IFRS as adopted by the EU applied by the Company in the preparation of these financial statements are those that were effective for accounting periods ending on or before 31 December 2018.

2. Summary of significant accounting policies

New and amended accounting standards adopted

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2018

- 1) IFRS 9: Financial Instruments
- 2) IFRS 15: Revenue from contracts with customers
- 3) IFRIC 22: Foreign Currency Transactions and Advance Consideration

1) IFRS 9: Financial Instruments

IFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 'Financial instruments' replaces IAS 39 'Financial instruments: Recognition and Measurement'. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale assets. The Company has reviewed the impact of the initial application of IFRS 9 and determined that there is no impact as the Company's financial statements are prepared on a break up basis.

Deucalion Capital I (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2) IFRS 15: Revenue from contracts with customers

IFRS 15 introduces a five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. The Company has reviewed the impact of the initial application of IFRS 15 and determined that there is no impact for the Company.

3) IFRIC 22: Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Company has reviewed the impact of the initial application of IFRIC 22 and determined that there is no impact for the Company.

Stellar Aircraft Holding 1 Limited

New and amended accounting standards not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing the Company financial statements. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

The Company has assessed the impact of IFRS 16 and does not expect an impact on its Statement of Financial Position or equity.

Deucalion Capital I (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Company will apply these amendments when they become effective. The Company does not anticipate any impact on the financial statements as a result of the amendments.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Company does not have such long-term interests in associates and joint ventures, the amendments will not have an impact on its financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit / (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. Since the Company operates in a complex multinational tax environment, applying the Interpretation may affect its financial statements. In addition, the Company may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis. The Company does not anticipate any impact on the financial statements as a result of the amendments.

Deucalion Capital I (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are not applicable to the Company.

IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are not applicable to the Company.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. The Company does not expect any effect on its financial statements.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

Segment reporting

The Company only operates in one business segment (aviation). Therefore neither internal nor external reporting on segments is applicable.

Deucalion Capital I (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Foreign currency translation

(a) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars ("US\$"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities – which include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned category.

Financial assets

The Company allocates financial assets to IAS 39 category receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the statement of comprehensive income. Receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the receivable and recognised in the statement of comprehensive income.

Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs incurred, and subsequently carried at amortised cost using the effective interest method. The Company's financial liabilities comprise mainly deposits of non-bank customers, deposits and balances of banks and other financial institutions, and amounts due to related companies.

Deucalion Capital I (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Determination of fair value

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values. The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Company for similar financial liabilities.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ('loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Company of financial assets that can be reliably estimated. If such evidence exists, the loss is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents includes deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

The Company has included in "Cash and cash equivalents" restricted cash of USD nil (2017: USD nil). Restricted cash is a bank account that is held by the Company for the benefit of a third party and is not available for general use by the Company.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Long term borrowings are subsequently stated at amortized cost; any differences between the proceeds and the redemption value are recognised in the statement of comprehensive income over the period of the loans using the effective interest rate. Borrowings are classified under "Current liabilities", unless the Company has an unconditional right to settlement of the liability for at least 12 months after the Statement of Financial Position date, in which case they are classified as "non-current liabilities".

Revenue recognition

Service fee income

Service fee income is recognised in the statement of comprehensive income when the Company's right to accrue for the services is established.

Deucalion Capital I (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

General and administrative expenses

General and administrative expenses are incurred in the normal course of business and are accrued for as they are incurred.

Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided when temporary differences exist between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The tax effects of income tax losses available for carry-forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

3. Financial risk management

3.1 Financial risk factors

The Company activities expose it to a variety of financial risks: strategic risk and liquidity risk.

Risk management is carried out on a centralised basis on behalf of the Company by DVB Bank SE, London Branch ("DVB") in their capacity as advisors to the Company.

DVB has employed suitably qualified staff ("Investment Managers") to carry out these responsibilities. Investment Managers are approved and/or supervised by the relevant local financial regulatory authority and in addition are supervised by DVB's internal audit and compliance departments.

A Recommendation Panel (made up of senior DVB employees) meets on a quarterly basis to review the activities of the Company and this includes a review of the risks involved.

Strategic Risk

These risks arise from the market and regulatory environment, the tax system and from business strategies. They are reviewed as a part of regular review of investment strategy. Changes in the regulatory and tax environment are managed and monitored by using both internal and external legal and tax experts to advice on all investments.

Operational risk

The operational risk can be divided into the following 5 categories:

1. Internal and external fraud;
2. Disregard of employment practices and workplace safety;
3. Failures regarding clients, products and business practices;
4. Business disruption and system failures;

The risks are limited as the DVB Company Policy and Guidelines, disclosed via intranet, are adhered to by the Investment Managers.

Deucalion Capital I (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

As at 31 December 2017	Less than 1 year US\$	Between 1 and 2 years US\$	Between 2 and 5 years US\$	Over 5 years US\$
Other accounts payable	593,108	-	-	-
Borrowings	1,000	-	-	-
Interest payable	2	-	-	-

As at 31 December 2016	Less than 1 year US\$	Between 1 and 2 years US\$	Between 2 and 5 years US\$	Over 5 years US\$
Other accounts payable	131,469	-	-	-
Borrowings	-	-	-	1,000
Interest payable	2	-	-	-

3.2 Fair value estimates

The Company adopted IFRS 13 Fair Value Management in the Statement of Financial Position. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table summarises the carrying amounts and fair values of financial instruments presented on the Company's Statement of Financial Position:

All assets and liabilities are due to be received/paid within one year and due to their short-term nature, fair value is deemed to approximate the carrying value.

	Carrying value 2018 (US\$) US\$	Fair value 2018 (US\$) US\$
Cash and cash equivalents	4,163,618	3,104,984
Other accounts payable	593,108	131,469
Borrowings	1,000	1,000

Deucalion Capital I (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

	Carrying value 2017 (US\$)	Fair value 2017 (US\$)
	US\$	US\$
Trade and other receivables	439,519	439,519
Cash and cash equivalents	3,104,984	3,104,984
Other accounts payable	131,469	131,469
Borrowings	1,000	1,000

For the Company all assets and liabilities are due to be received/paid within one year and, due to their short-term nature, fair value is deemed to approximate the carrying value.

	2017 (US\$)	2016 (US\$)
Proceeds from sale	-	650,000
Net book value	-	(499,000)
Disposal costs	-	(11,000)
Other	11,269	108,000
	<u>11,269</u>	<u>248,000</u>

4. Trade and other receivables

	2018 (US\$)	2017 (US\$)
Service fee receivable	-	424,120
Other receivables	-	15,399
	<u>-</u>	<u>439,519</u>

5. Cash and cash equivalents

	2018 (US\$)	2017 (US\$)
Unrestricted cash and cash equivalents	4,163,618	3,104,984
	<u>4,163,618</u>	<u>3,104,984</u>

There is no restricted cash at year end 2018 and 2017.

The carrying amounts of the cash and cash equivalents approximate the fair value (with reference to Note 3.2).

6. Share capital

The Company has an authorised share capital of 1,000 ordinary shares of GBP 1.00 each. As of 31 December 2018 1 (2017: 1) ordinary share has been issued at par value to Law Debenture Intermediary Corporation PLC and Law Debenture Corporate Services Limited holds these shares as a trustee under the terms of a charitable trust. No dividends were paid in 2018. No dividends in respect to the year ended 31 December 2018 will be paid in 2018.

Deucalion Capital I (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

7. Borrowings

The borrowings can be detailed as follows:

As at 31 December 2018	Borrower	Committed amount US\$	Committed amount US\$
(a) Multicurrency Revolving	The Company	1,000	1,000
Current portion long-term borrowings			1,000
Non-current portion long-term borrowings			-
Non-current portion later than 1 year and no later than 5 years			1,000
Non-current portion later than 5 years			-
As at 31 December 2017	Borrower	Committed amount US\$	Committed amount US\$
(a) Multicurrency Revolving	The Company	1,000	1,000
Current portion long-term borrowings			-
Non-current portion long-term borrowings			1,000
Non-current portion later than 1 year and no later than 5 years			1,000
Non-current portion later than 5 years			-

(a) Funding arrangements of the Company

The Company entered into a US\$ 24 million Multicurrency Revolving Facilities Agreement dated 15 March 2006 with DVB Bank SE, London Branch. The facility consisted of a Facility A, amounting to US\$ 23.9 million and Facility B amounting to US\$ 0.1 million. The Multicurrency Revolving Facilities Agreement has been amended on 16 December 2009, and mainly resulted in an increase of the maximum utilisation amount whereby the Facility A, has been extended to an amount of US\$ 25.9 million.

The Company has applied the amounts borrowed under Facility A towards the purchase of investments recommended to it pursuant to the terms of the Investment Advisory Agreement (which may include but not be limited to hedging arrangements) entered into between the Company and DVB Bank SE, London Branch, and other costs and expenses including but not limited to, any shortfall in the funding of interest and other payments due in respect of loans and fees payable by the Company in accordance with the Finance Documents. The Company shall procure the application of all amounts borrowed by it under Facility B in the following priority (i) any shortfall in the funding of interest payments due in respect of Facility A and (ii) exceptional expenses of the Company.

Deucalion Capital I (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Repayment and Interest

The Facilities Agreement had a scheduled duration of 84 months, but has been amended to a scheduled duration of 108 months after date of the amendment which is 16 December 2009. The scheduled duration may be extended at the discretion of the Lenders. During 2018 the loan was extended to 16 March 2020. Furthermore, the Company may, if it gives the Agent prior notice not less than 15 Business Days' concerning the Facility A and 5 Business Days concerning the Facility B (or such shorter period as the Majority Lenders may agree), cancel the whole or any part of an Available Facility.

The rate of interest on each Facility A Loan is the aggregate of LIBOR and Mandatory Cost, if any. In addition the cost of utilisation includes an amount equal to the Spread as notified by the Agent to the Company. The Spread is based on the application of proceeds of the Interest Fund as defined in the Trust Agreement.

The rate of interest on each Facility B Loan is the aggregate of LIBOR, 100 basis points and Mandatory Cost, if any.

The Mandatory Cost is an addition to the interest rate to compensate lenders for the cost of compliance to (a) the requirements of the Bank of England and/or the Financial Services Authority or (b) the requirements of the European Central Bank.

(b) Fair value borrowings

Because of the nature of the finance agreements, specifically due to the definition of the cost of utilisation and repayment terms being conditional on the receipt of sufficient proceeds, the fair value of the borrowings cannot be measured reliably. Therefore no fair value of the finance agreements has been disclosed in the notes to the financial statements.

(c) Terms and Definitions

The terms and definitions printed in initial Capital Letters have the meaning as defined in the "Finance Documents".

8. Other accounts payable

	<u>2018 (US\$)</u>	<u>2017 (US\$)</u>
Audit fees	10,000	40,000
Liquidation accrual	25,000	-
Other payables	558,108	91,469
	<u>593,108</u>	<u>131,469</u>

The carrying amounts of the accrued expenses and other liabilities approximate the fair value (Note 2.3).

9. Other income

The other income relates to income from the former subsidiary DELIL.

Deucalion Capital I (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

10. Service fee income

The Company receives a service fee from the parties for which it acts as a consigner of US\$ 7,000 a year.

11. Income taxes

The Company tax expense as included in the statement of comprehensive income can be detailed as follows:

	2018 (US\$)	2017 (US\$)
Loss before tax	(3,402,525)	(49,184)
Tax calculated at domestic tax rates applicable	(646,480)	(9,468)
<i>Add:</i>		
Expenses not deductible for tax purposes	4,932	779
<i>Deduct:</i>		
Income not taxable	(8,084)	(10,272)
Group relief surrendered for no payment	-	-
Impact of change in tax rate	68,382	2,219
Deferred tax not recognized	581,250	16,742
Total tax charge / (credit) for the year	-	-

Deferred tax 2018

The Company has an unrecognised deferred tax asset of US\$ 1,864,227 (2017: US\$ 1,938,895).

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2017 (on 7 September 2017). These include reductions to the main rate to reduce the rate to 19% from 1 April 2018 and to 17% from 1 April 2020. Deferred tax is not recognised at the reporting date, however the amount unrecognised is measured using these enacted tax rates and reflected in these financial statements.

12. Operating result

The Company had one employee during the year (2017: one), being the director of the Company.

The operating result of the Company is stated after charging:

	2018 (US\$)	2017 (US\$)
Auditors remuneration – audit of statutory financial statements of the Company	20,177	52,884
Director's remuneration	18,523	19,023

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13. Ultimate parent company and related party transactions

The Company is controlled by the DVB Bank SE. The ultimate controlling party of the Company is DZ BANK AG Deutsche Zentral-Genossenschaftsbank, a Bank incorporated in Germany, and into whose financial statements the Company is consolidated. Copies of the financial statements of DZ BANK AG Deutsche Zentral-Genossenschaftsbank are available from the bank's Head Office, Frankfurt am Main, Platz der Republik, 60265 Frankfurt am Main, Germany, and from its website, www.dzbank.de.

Additional related party transactions between the Company and Company and related parties, which are not already disclosed in the notes above, are:

	<u>2018 (US\$)</u>	<u>2017 (US\$)</u>
Cash and cash equivalents		
DVB Bank SE	<u>4,163,618</u>	<u>3,104,984</u>
Trade and other receivables		
Deucalion Engine Leasing France SARL	<u>-</u>	<u>424,120</u>
Other accounts payable		
Deucalion Capital II UK Ltd.	<u>-</u>	<u>47,252</u>
Interest payable		
DVB Bank SE, London Branch	<u>3,607,254</u>	<u>2</u>

Director

The director of the Company and his family and secretary had no interest in the Company or any other DVB Company companies at 31 December 2018. The individual who acted as director was paid an annual aggregate remuneration of US\$ 18,523 (2017: US\$ 19,023).

14. Subsequent event

It is the intention to put the Company into voluntary liquidation in 2020.