

# **Eversholt Investment Limited**

**Unaudited, condensed, consolidated  
interim financial statements  
for the 6 months ended 30 June 2013**

**Registered No: IR490363**

# Eversholt Investment Limited

## Condensed, consolidated interim financial statements for the 6 months ended 30 June 2013

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Unaudited

# Eversholt Investment Limited

## Condensed, consolidated income statement

for the 6 months ended 30 June 2013

	Notes	6 months ended	
		30 June 2013 £	30 June 2012 £
<b>Revenue</b>			
Finance lease income		494,826	563,223
Operating lease income		139,941,296	139,946,678
Maintenance income		29,780,976	36,860,609
Other revenue		722,755	444,560
<b>Total income</b>		170,939,853	177,815,070
Cost of sales	4	(95,031,651)	(106,500,190)
<b>Gross profit</b>		75,908,202	71,314,880
Finance income	5	843,014	842,817
Finance expense	6	(79,576,831)	(81,685,317)
Net gain/(loss) on fair value adjustment on derivatives		28,173,662	(11,835,536)
Administrative expense	7	(7,394,175)	(7,453,338)
Profit on disposal of property, plant and equipment		125,000	3,244,012
<b>Profit/(loss) before tax</b>		18,078,872	(25,572,482)
Taxation (charge)/credit		(5,869,567)	4,284,536
<b>Profit/(loss) for the period</b>		12,209,305	(21,287,946)

There were no discontinued or discontinuing operations during the period.

The notes on pages 6 to 11 form an integral part of these financial statements.

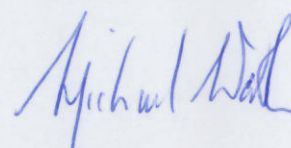
## Condensed, consolidated statement of comprehensive income

for the 6 months ended 30 June 2013

	Note	6 months ended	
		30 June 2013 £	30 June 2012 £
<b>Profit/(loss) for the period</b>		12,209,305	(21,287,946)
Dividend paid	18	-	(40,005,758)
<b>Total comprehensive income/(expense) for the period</b>		12,209,305	(61,293,704)

The financial statements were approved by the board of directors and authorised for issue on 28 August 2013. They were signed on its behalf by:

  
**C. Cullen**  
 Director

  
**M Walsh**  
 Director

Company registration number IR490363

# Eversholt Investment Limited


## Condensed, consolidated statement of financial position


as at 30 June 2013

	Notes	30 June 2013 £	31 December 2012 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	1,930,436,936	1,990,972,733
Finance lease receivables		10,790,069	11,197,360
Trade and other receivables	9	5,522,319	7,496,501
Deferred tax	10	182,852	209,469
Derivative financial instrument	16	-	741,177
		<u>1,946,932,176</u>	<u>2,010,617,240</u>
<b>Current assets</b>			
Inventories		1,906,690	2,021,813
Finance lease receivables		783,404	735,476
Trade and other receivables	9	21,660,182	23,464,949
Cash and cash equivalents	11	186,416,205	157,478,750
Deferred revenue	12	522,519	698,793
		<u>211,289,000</u>	<u>184,399,781</u>
<b>Total assets</b>		<u>2,158,221,176</u>	<u>2,195,017,021</u>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	13	85,571,554	43,891,539
Current tax		4,184,507	11,480,159
Deferred revenue	12	6,211	4,272
Obligations under finance leases	14	-	9,100,966
Borrowings	15	12,973,558	10,227,680
Derivative financial instruments	16	15,973	-
Provisions		138,562	138,562
		<u>102,890,365</u>	<u>74,843,178</u>
<b>Non-current liabilities</b>			
Borrowings	15	1,914,934,747	1,978,302,399
Deferred tax	10	81,101,028	79,409,963
Obligations under finance leases	14	91,226,670	90,203,148
Deferred revenue	12	106,738,048	90,267,681
Derivative financial instruments	16	65,052,659	97,922,298
Provisions		83,562	83,562
		<u>2,259,136,714</u>	<u>2,336,189,051</u>
<b>Total liabilities</b>		<u>2,362,027,079</u>	<u>2,411,032,229</u>
<b>Equity</b>			
Share capital		12,000	12,000
Share premium account		13,660,000	13,660,000
Accumulated deficit		(217,477,903)	(229,687,208)
<b>Total equity</b>		<u>(203,805,903)</u>	<u>(216,015,208)</u>
<b>Total equity and liabilities</b>		<u>2,158,221,176</u>	<u>2,195,017,021</u>

The notes on pages 6 to 11 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 28 August 2013. They were signed on its behalf by:

  
C Cullen  
Director

  
M Walsh  
Director

Company registration numer IR490363

# Eversholt Investment Limited

## Condensed, consolidated cash flows for the 6 months ended 30 June 2013

	6 months ended	
	30 June 2013	30 June 2012
	£	£
<b>Profit/(loss) before tax</b>	18,078,872	(25,572,482)
Adjustments for:		
- Depreciation	68,853,134	74,325,941
- Fair value adjustment on derivative financial instruments	(28,173,662)	11,835,536
- Profit on disposal of property, plant and equipment	(125,000)	(3,244,012)
- Unwinding of capitalised finance charges	2,635,872	1,641,980
- Interest on borrowings	76,097,945	80,043,336
<b>Operating cash flows before movements in working capital</b>	137,367,161	139,030,299
Decrease in finance lease receivable	359,363	316,798
Decrease in inventory	115,123	115,123
Decrease/(increase) in trade and other receivables	4,023,835	(9,619,520)
Increase in deferred revenue	16,006,308	1,196,037
Decrease in provisions	-	(2,843)
Increase/(decrease) in trade and other payables	26,281,942	(630,490)
<b>Cash generated by operating activities</b>	184,153,732	130,405,404
Taxation paid	(11,447,535)	(5,031,803)
Interest received	654,931	-
Realised loss on derivative financial instruments	(3,938,827)	-
<b>Net cash generated by operating activities</b>	169,422,301	125,373,601
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(8,317,337)	(12,429,294)
Proceeds from disposal of property, plant and equipment	125,000	4,971,000
<b>Cash utilised in investing activities</b>	(8,192,337)	(7,458,294)
<b>Financing activities</b>		
Interest on bank loans	(3,488,468)	(6,748,395)
Interest on bonds	(37,612,081)	(34,864,000)
Interest on Eversholt Investment Group (Luxembourg) Sarl loan	-	(36,520,808)
Profit participating preference dividends	(326,160)	(999,721)
Interest on derivative financial instruments	456,197	1,698,493
Finance expenses	(806,468)	(460,003)
Other interest	-	(453,212)
Payment of finance lease obligation	(12,557,360)	-
Dividend paid	-	(40,005,758)
Bank loans repaid	(62,999,989)	-
Shareholder loan repaid	(14,958,180)	(15,750,000)
<b>Net cash utilised in financing activities</b>	(132,292,509)	(134,103,404)
<b>Increase/(decrease) in cash and cash equivalents</b>	28,937,455	(16,188,097)
Cash and cash equivalents at beginning of period	157,478,750	192,053,644
<b>Cash and cash equivalents at end of period</b>	<b>11</b> 186,416,205	175,865,547

**Condensed, consolidated statements of changes in equity**  
for the 6 months ended 30 June 2013

	Called up share capital	Share premium	Accumulated deficit	Total shareholders' equity
	£	£	£	£
<b>Balance at 1 January 2012</b>	12,000	13,660,000	(140,075,283)	(126,403,283)
Loss for the period	-	-	(21,287,946)	(21,287,946)
Dividend paid	-	-	(40,005,758)	(40,005,758)
<b>Balance at 30 June 2012</b>	12,000	13,660,000	(201,368,987)	(187,696,987)
Loss for the period	-	-	(27,603,836)	(27,603,836)
Actuarial loss after tax	-	-	(714,385)	(714,385)
<b>Balance at 31 December 2012</b>	<b>12,000</b>	<b>13,660,000</b>	<b>(229,687,208)</b>	<b>(216,015,208)</b>
	Called up share capital	Share premium	Accumulated deficit	Total shareholders' equity
	£	£	£	£
<b>Balance at 1 January 2013</b>	12,000	13,660,000	(229,687,208)	(216,015,208)
Profit for the period	-	-	12,209,305	12,209,305
<b>Balance at 30 June 2013</b>	<b>12,000</b>	<b>13,660,000</b>	<b>(217,477,903)</b>	<b>(203,805,903)</b>

**Notes to the condensed, consolidated interim financial statements**

for the 6 months ended 30 June 2013

**1 General information**

Eversholt Investment Limited is a company incorporated in the Republic of Ireland under the Companies Act. The registered office of the Company is Block 4, Harcourt Centre, Harcourt Road, Dublin 2. The Company is a wholly owned subsidiary of Eversholt Investment Group (Luxembourg) Sarl.

**2 Basis of preparation**

These financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the Group operates.

**2.1 Compliance with International Financial Reporting Standards**

The consolidated financial statements of Eversholt Investment Limited have been prepared on the historical cost basis except for the revaluation of derivative financial instruments.

The condensed interim financial report has been prepared in accordance with *IAS34 Interim Financial Reporting* as adopted by the European Union. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for year ended 31 December 2012. This condensed interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the financial statements for the year ended 31 December 2012.

**2.2 Going concern**

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**3 Summary of significant accounting policies**

The accounting policies applied by the Group in this condensed, consolidated interim financial report are the same as those applied by the Group in its financial statements for the year ended 31 December 2012.

**4 Cost of sales**

	6 months ended	
	30 June 2013	30 June 2012
	£	£
Depreciation	68,612,712	74,098,438
Maintenance cost	26,303,816	32,286,629
Write down in the value of inventories	115,123	115,123
	<u>95,031,651</u>	<u>106,500,190</u>

**5 Finance income**

	6 months ended	
	30 June 2013	30 June 2012
	£	£
Bank interest	<u>843,014</u>	<u>842,817</u>

## Eversholt Investment Limited

### Notes to the condensed, consolidated interim financial statements (continued)

for the 6 months ended 30 June 2013

#### 6 Finance expense

	6 months ended	
	30 June 2013	30 June 2012
	£	£
Interest payable to Eversholt Investment (Luxembourg) Sarl	26,816,629	28,601,421
Profit participating preference share dividend	391,376	1,008,234
Interest payable on derivatives	2,977,053	3,188,307
Interest payable on bank loan	3,560,769	6,743,906
Interest expense on obligations under finance leases	4,479,916	4,713,415
Interest payable on bonds	37,253,637	34,820,700
Other finance costs	1,461,579	967,354
Unwinding of capitalised borrowing costs	2,635,872	1,641,980
	<u>79,576,831</u>	<u>81,685,317</u>

#### 7 Administrative expense

Administrative expenses include the following:

	6 months ended	
	30 June 2013	30 June 2012
	£	£
Depreciation	(240,422)	(227,503)
Defined contribution pension costs	(215,551)	(218,641)
Audit fees	(57,500)	(62,500)

#### 8 Property, plant and equipment

	Other assets	Rolling stock and other railway assets	Total
	£	£	£
<b>Cost</b>			
<b>Balance at 1 January 2012</b>	<b>2,278,111</b>	<b>2,290,088,468</b>	<b>2,292,366,579</b>
Additions	123,259	17,640,098	17,763,357
Disposals	-	(4,014,615)	(4,014,615)
<b>Balance at 31 December 2012</b>	<b>2,401,370</b>	<b>2,303,713,951</b>	<b>2,306,115,321</b>
Additions	34,169	8,283,168	8,317,337
<b>Balance at 30 June 2013</b>	<b>2,435,539</b>	<b>2,311,997,119</b>	<b>2,314,432,658</b>
<b>Depreciation</b>			
<b>Balance at 1 January 2012</b>	<b>529,206</b>	<b>168,971,301</b>	<b>169,500,507</b>
Charge for the year	455,443	146,544,697	147,000,140
Disposals	-	(1,358,059)	(1,358,059)
<b>Balance at 31 December 2012</b>	<b>984,649</b>	<b>314,157,939</b>	<b>315,142,588</b>
Charge for the period	240,422	68,612,712	68,853,134
<b>Balance at 30 June 2013</b>	<b>1,225,071</b>	<b>382,770,651</b>	<b>383,995,722</b>
<b>Net carrying value</b>			
<b>Carrying value at 30 June 2013</b>	<b>1,210,468</b>	<b>1,929,226,468</b>	<b>1,930,436,936</b>
Carrying value at 31 December 2012	1,416,721	1,989,556,012	1,990,972,733

Rolling stock has been pledged to secure borrowings of the Group. The Company is not permitted to pledge these assets as security for other borrowings and is restricted in its ability to sell them.



**Notes to the condensed, consolidated interim financial statements (continued)**  
for the 6 months ended 30 June 2013

**9 Trade and other receivables**

	30 June 2013 £	31 December 2012 £
<b>Receivables no later than one year:</b>		
Trade receivables	5,147,364	167,742
Other receivables	1,933,006	6,656,423
Prepayments	14,579,812	16,640,784
	<u>21,660,182</u>	<u>23,464,949</u>
<b>Receivables later than one year:</b>		
Maintenance prepayment	<u>5,522,319</u>	<u>7,496,501</u>

**10 Deferred tax**

Deferred tax assets and liabilities are offset where the Group or Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	30 June 2013 £	31 December 2012 £
Deferred tax asset	182,852	209,469
Deferred tax liability	(81,101,028)	(79,409,963)
	<u>(80,918,176)</u>	<u>(79,200,494)</u>

Temporary differences relate principally to accelerated capital allowances and depreciation.

The Spring Statement on 20 March 2013 announced that the UK Corporation Tax rate would reduce to 20% by 2015. This followed an earlier announcement in December 2012 that the rate would fall to 21% by 1 April 2014. These planned reductions will reduce the company's future current tax charge accordingly. However, as neither the 21% rate or the 20% rate has been enacted as at 30 June 2013, only the effect of the current 23% rate has been included in these accounts.

**11 Cash and cash equivalents**

Cash and cash equivalents are analysed as:

	30 June 2013 £	31 December 2012 £
Bank accounts	<u>186,416,205</u>	<u>157,478,750</u>

Within cash and cash equivalents there is a deposit of £26.4 million (year ended 31 December 2012: £26.4 million) which provides security for the Profit Participating Shares issued by one of the group undertakings. In addition £0.5 million (year ended 31 December 2012: £0.5 million) is restricted in terms of the agreement with the Law Debenture Trust Corporation plc.

**Notes to the condensed, consolidated interim financial statements (continued)**  
for the 6 months ended 30 June 2013

**12 Deferred revenue**

	30 June 2013 £	31 December 2012 £
<b>Current asset:</b>		
Arising in respect of maintenance contracts	522,519	698,793
<b>Current liability:</b>		
Arising in respect of maintenance contracts	(6,211)	(4,272)
<b>Non-current liability:</b>		
Arising in respect of maintenance contracts	(106,738,048)	(90,267,681)

Rentals received in relation to future maintenance costs are deferred and released when these costs are incurred.

The deferred revenue arises in respect of the Company obligations in respect of maintenance contracts in certain leases.

**13 Trade and other payables**

	30 June 2013 £	31 December 2012 £
Trade payables	29,305,131	4,236,159
Lease rentals received in advance	20,899,153	17,165,532
Maintenance, acquisition and administrative accruals	4,775,094	7,295,744
Interest accrual	30,586,176	15,188,104
Retirement benefit liability	6,000	6,000
	<u>85,571,554</u>	<u>43,891,539</u>

**14 Obligations under finance leases**

	30 June 2013 £	31 December 2012 £
<b>Total future minimum lease payments</b>		
No later than one year	8,198,332	17,721,472
Later than one year and no later than five years	62,795,161	62,043,732
Later than five years	59,067,929	63,902,495
<b>Gross investment in finance leases</b>	130,061,422	143,667,699
Future finance costs	(38,834,752)	(44,363,585)
<b>Present value of lease obligations</b>	<u>91,226,670</u>	<u>99,304,114</u>
 Present value of minimum lease payments		
No later than one year	-	9,100,966
 Later than one year and no later than five years	37,488,436	34,319,175
Later than five years	53,738,234	55,883,973
	<u>91,226,670</u>	<u>90,203,148</u>
	<u>91,226,670</u>	<u>99,304,114</u>

**Notes to the condensed, consolidated interim financial statements (continued)**  
for the 6 months ended 30 June 2013

**15 Borrowings**

	30 June 2013 £	31 December 2012 £
<b>No later than one year</b>		
Interest accrued	12,973,558	13,300,857
Capitalised fees	-	(3,073,177)
	<u>12,973,558</u>	<u>10,227,680</u>
<b>Payable later than one year</b>		
Bank loans	278,950,000	341,950,000
Bonds	1,250,000,000	1,250,000,000
Other loan	5,388,274	5,331,472
Profit participating preference shares	25,000,000	25,000,000
Capitalised fees	(14,163,412)	(13,738,945)
Eversholt Investment Group (Luxembourg) Sarl	369,759,885	369,759,872
	<u>1,914,934,747</u>	<u>1,978,302,399</u>
	<u>1,927,908,305</u>	<u>1,988,530,079</u>

Fees incurred on raising finance have been capitalised. These fees will be amortised over the term of the borrowings.

The Profit Participating Shares ("PPS") carry a right to quarterly dividends. The PPS dividend element has two parts. The first part confers a right to a LIBOR based return. The second part confers a right to 0.5% of post-tax profits arising in the issuing company during the reference period. The PPS are classified as a non-current liability as the holders of these shares have a fixed entitlement to a dividend.

The Bank loans are from a consortium of banks. The loans are fully repayable by December 2016. Interest on these loans is currently charged at one month's GBP Libor plus 1.75% (year ended 31 December 2012: one month's GBP Libor plus 1.75%).

Bond principal amount	Due date	Interest rate Semi-annual coupon
£300m	2020	5.8%
£400m	2025	6.4%
£400m	2021-2035	6.7%
£100m	2028-2036	Libor + 2.33%
£50m	2028-2036	5.01%

None of the bonds are puttable.

Bank loans and Bond agreements impose certain covenants on the performance and management of the Group. Failure to comply with these covenants may result in the loans and bonds being repayable on demand.

The Group has granted security over all of its assets to obtain external financing by way of bonds and loans.

The loans with Eversholt Investment Group (Luxembourg) Sarl are unsecured and have no fixed repayment terms and are therefore technically repayable on demand although the amount that the Group can pay in each accounting period is limited by the terms of its external financing agreements. Interest is charged on the loan at 14.06% (period ended 31 December 2012: 14.06%).

**Notes to the condensed, consolidated interim financial statements (continued)**  
for the 6 months ended 30 June 2013

**16 Derivative financial instruments**

	30 June 2013 £	31 December 2012 £
<b>Current</b>		
Interest rates swaps - liabilities	(15,973)	-
<b>Non-current</b>		
Interest rates swaps - assets	-	741,177
Interest rates swaps - liabilities	(65,052,659)	(97,922,298)

The Group has a number of interest rate swap contracts, which enable it to mitigate the risk of fluctuating interest rates on the cash flow exposures on the issued variable rate debt held.

During the period ended 30 June 2013, none of the swaps were designated in hedge accounting relationships (31 December 2012: None).

The fair value of derivative financial instruments is based on market rates on 30 June 2013.

**17 Capital commitments**

In respect of capital expenditure:

	30 June 2013 £	31 December 2012 £
Authorised and contracted:	<u>9,390,000</u>	<u>9,285,000</u>

The capital expenditure is in respect of enhancements to existing rolling stock.

**18 Dividends**

	6 months ended	
	30 June 2013 £	30 June 2012 £
Dividend paid	-	<u>40,005,758</u>

**19 Fair values of financial assets and liabilities**

Except where disclosed elsewhere, there are no material differences between the carrying value and the fair value of financial assets and liabilities as at 30 June 2013.

**20 Related-party transactions**

Loans with Eversholt Investment Group (Luxembourg) Sarl, refer note 15. Interest on these loans is disclosed in note 6.

**21 Contingent liabilities**

There were no contingent liabilities for the Group at 30 June 2013.

**22 Subsequent events**

There are no subsequent events requiring disclosure in the financial statements.