

# **Eversholt Investment Limited**

**Unaudited, condensed, consolidated  
interim financial statements  
for the 6 months ended 30 June 2012**

**Registered No: IR490363**

**Condensed, consolidated interim financial statements**

for the 6 months ended 30 June 2012

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Unaudited

# Eversholt Investment Limited

## Condensed, consolidated income statement

for the 6 months ended 30 June 2012

		6 months ended	
		30 June 2012	30 June 2011
		£	£
<b>Revenue</b>			
Finance lease income		563,223	569,274
Operating lease income		139,946,678	132,528,465
Maintenance income		36,860,609	37,450,302
Other revenue		444,560	769,815
<b>Total income</b>		177,815,070	171,317,856
Cost of sales	4	(106,500,190)	(112,141,353)
<b>Gross profit</b>		71,314,880	59,176,503
Finance income	5	842,817	193,787
Finance expense	6	(81,685,317)	(88,984,582)
Net (loss)/gain on fair value adjustment on derivatives		(11,835,536)	2,329,495
		(21,363,156)	(27,284,797)
Acquisition costs		-	(5,491)
Administrative expense		(7,453,338)	(6,024,459)
Profit on disposal of property, plant and equipment		3,244,012	913,382
Loss before tax		(25,572,482)	(32,401,365)
Taxation		4,284,536	(838,922)
<b>Loss for the period</b>		(21,287,946)	(33,240,287)

There were no discontinued or discontinuing operations during the period.

## Condensed, consolidated statement of comprehensive income

for the 6 months ended 30 June 2012

		6 months ended	
		30 June 2012	30 June 2011
		£	£
<b>Other comprehensive expense</b>			
Loss for the period		(21,287,946)	(33,240,287)
Dividend paid		(40,005,758)	-
<b>Total comprehensive expense for the period</b>		(61,293,704)	(33,240,287)

The financial statements were approved by the board of directors and authorised for issue on 29 August 2012. 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 2012

		30 June 2012 £	31 December 2011 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	2,059,242,438	2,122,866,072
Finance lease receivables		11,591,316	11,930,900
Trade and other receivables		11,326,671	16,962,580
Deferred tax		263,098	316,033
		<u>2,082,423,523</u>	<u>2,152,075,585</u>
<b>Current assets</b>			
Inventories		2,136,935	2,252,058
Finance lease receivables		684,318	661,532
Trade and other receivables		39,932,346	24,676,917
Cash and cash equivalents	8	175,865,547	192,053,644
		<u>218,619,146</u>	<u>219,644,151</u>
<b>Total assets</b>		<u>2,301,042,669</u>	<u>2,371,719,736</u>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	9	48,258,740	52,085,822
Current tax		5,937,591	5,047,860
Obligations under finance leases	10	12,566,101	7,852,686
Borrowings	11	399,926,488	553,551,761
Derivative financial instruments	12	143,442	554,871
Provisions		336,281	339,125
		<u>467,168,643</u>	<u>619,432,125</u>
<b>Non – current liabilities</b>			
Borrowings	11	1,661,041,231	1,521,345,111
Deferred tax		92,475,011	102,734,015
Obligations under finance leases	10	94,381,002	94,381,002
Deferred revenue		88,794,626	87,598,588
Derivative financial instruments	12	84,879,143	72,632,178
		<u>2,021,571,013</u>	<u>1,878,690,894</u>
<b>Total liabilities</b>		<u>2,488,739,656</u>	<u>2,498,123,019</u>
<b>Equity</b>			
Share capital		12,000	12,000
Share premium account		13,660,000	13,660,000
Accumulated deficit		(201,368,987)	(140,075,283)
<b>Total equity</b>		<u>(187,696,987)</u>	<u>(126,403,283)</u>
<b>Total equity and liabilities</b>		<u>2,301,042,669</u>	<u>2,371,719,736</u>

The financial statements were approved by the board of directors and authorised for issue on 29 August 2012. They were signed on its behalf by:

  
C Cullen  
Director

  
M Walsh  
Director

Company registration number IR490363

**Statements of condensed, consolidated cash flows**  
for the 6 months ended 30 June 2012

		<b>6 months ended</b>	
	<b>Note</b>	<b>30 June 2012</b>	<b>30 June 2011</b>
		<b>£</b>	<b>£</b>
<b>Cash generated by/(utilised in) operating activities</b>		130,405,404	109,199,759
Taxation paid		(5,031,803)	(17,305,445)
		<u>125,373,601</u>	<u>91,894,314</u>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		(12,429,294)	(78,530,833)
Proceeds from disposal of property, plant and equipment		4,971,000	4,883,000
<b>Cash utilised in investing activities</b>		<u>(7,458,294)</u>	<u>(73,647,833)</u>
<b>Financing activities</b>			
Net loans raised		-	94,501,152
Interest paid		(77,887,643)	(28,887,359)
Dividend paid		(40,005,758)	-
Loans repaid		(15,750,000)	-
Finance charges paid		(460,003)	-
<b>Net cash (utilised in)/generated by financing activities</b>		<u>(134,103,404)</u>	<u>65,613,793</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		(16,188,097)	83,860,274
Cash and cash equivalents at beginning of period		192,053,644	86,080,392
<b>Cash and cash equivalents at end of period</b>	<b>8</b>	<u>175,865,547</u>	<u>169,940,666</u>

**Condensed, consolidated statements of changes in equity**

for the 6 months ended 30 June 2012

	Called up share capital	Share premium	Accumulated deficit	Total shareholders' equity
	£	£	£	£
Balance at 1 January 2011	12,000	13,660,000	(31,313,858)	(17,641,858)
Loss for the period	-	-	(33,240,287)	(33,240,287)
<b>Balance at 30 June 2011</b>	<b>12,000</b>	<b>13,660,000</b>	<b>(64,554,145)</b>	<b>(50,882,145)</b>

	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>	<b>12,000</b>	<b>13,660,000</b>	<b>(201,368,987)</b>	<b>(187,696,987)</b>

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

for the 6 months ended 30 June 2012

**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 Regus House, Harcourt Centre, Harcourt Road, Dublin 2. The Company is a wholly owned subsidiary of Eversholt Investment Group (Luxembourg) Sarl.

In February 2012, a new wholly owned subsidiary, European Rail Finance (2) Limited was formed. European Rail Finance Holdings Limited sold its interest in European Rail Finance Limited to this new subsidiary.

**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 2011. 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 2011.

**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 interim financial report are the same as these applied by the Group in its financial statements for the year ended 31 December 2011.

**4 Cost of sales**

	<b>For the 6 months ended</b>	
	<b>30 June 2012</b>	<b>30 June 2011</b>
	<b>£</b>	<b>£</b>
Depreciation	74,098,438	78,374,576
Maintenance cost	32,286,629	33,642,418
Write down in the value of inventories	115,123	124,359
	<u>106,500,190</u>	<u>112,141,353</u>

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

for the 6 months ended 30 June 2012

**5 Finance income**

	<b>For the 6 months ended</b>	
	<b>30 June 2012</b>	<b>30 June 2011</b>
	<b>£</b>	<b>£</b>
Bank interest	842,817	193,787

**6 Finance expense**

	<b>For the 6 months ended</b>	
	<b>30 June 2012</b>	<b>30 June 2011</b>
	<b>£</b>	<b>£</b>
Interest payable to Eversholt Investment (Luxembourg) Sarl	28,601,421	30,174,246
Profit participating preference share dividend	1,008,234	318,409
Interest payable on derivatives	3,188,307	4,489,566
Interest payable on bank loan	6,743,906	7,156,779
Interest expense on obligations under finance leases	4,713,415	4,793,027
Interest payable on bonds	34,820,700	30,946,625
Other finance costs	967,354	1,162,637
Unwinding of capitalised borrowing costs	1,641,980	11,638,458
Finance charges capitalised	-	(1,695,165)
	<b>81,685,317</b>	<b>88,984,582</b>

**7 Property, plant and equipment**

	<b>Other assets</b>	<b>Assets in the course of construction</b>	<b>Rolling stock and other railway assets</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
Additions (acquired through business combination)	2,052,789	82,725,169	2,100,548,375	2,185,326,333
Transfers	-	(82,725,169)	82,725,169	-
Additions	226,340	-	117,055,744	117,282,084
Disposals	(1,018)	-	(10,240,820)	(10,241,838)
Balance at 31 December 2011	2,278,111	-	2,290,088,468	2,292,366,579
Additions	(11,134)	-	12,440,429	12,429,295
Disposals	-	-	(2,574,422)	(2,574,422)
<b>Balance at 30 June 2012</b>	<b>2,266,977</b>	<b>-</b>	<b>2,299,954,475</b>	<b>2,302,221,452</b>
<b>Depreciation</b>				
Charge for the period	530,224	-	170,371,767	170,901,991
Disposals	(1,018)	-	(1,400,466)	(1,401,484)
Balance at 31 December 2011	529,206	-	168,971,301	169,500,507
Charge for the period	227,503	-	74,098,438	74,325,941
Disposals	-	-	(847,434)	(847,434)
<b>Balance at 30 June 2012</b>	<b>756,709</b>	<b>-</b>	<b>242,222,305</b>	<b>242,979,014</b>

**Net carrying value**

<b>Carrying value at 30 June 2012</b>	<b>1,510,268</b>	<b>-</b>	<b>2,057,732,170</b>	<b>2,059,242,438</b>
Carrying value at 31 December 2011	1,748,905	-	2,121,117,167	2,122,866,072



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

for the 6 months ended 30 June 2012

**7 Property, plant and equipment (continued)**

Additions to other assets in the current period include a credit note of £29,253 for work carried out in the prior year.

The estimated useful lives of certain classes of rolling stock have been extended in response to changing market conditions that will result in their utilisation for a longer period. The effect of this change for the 6 months ended June 30 2012 is to reduce depreciation by £8,893,761. Going forward, the annual depreciation charge has reduced by £17,787,522 as a result of these changes in estimate

**8 Cash and cash equivalents**

Cash and cash equivalents are analysed as:

	<b>30 June 2012</b>	<b>31 December 2011</b>
	£	£
Bank accounts	<u>175,865,547</u>	<u>192,053,644</u>

Within cash and cash equivalents there is a deposit of £26.6million which provides security for the Profit Participating Shares issued by one of the group undertakings. In addition £0.5million is restricted in terms of the agreement with the Law Debenture Trust Corporation plc.

**9 Trade and other payables**

	<b>30 June 2012</b>	<b>31 December 2011</b>
	£	£
Trade payables	17,660,219	6,128,652
Lease rentals received in advance	5,573,581	15,850,098
Maintenance, acquisition and administrative accruals	5,805,591	7,680,106
Interest accrual	<u>19,219,349</u>	<u>22,426,966</u>
	<u>48,258,740</u>	<u>52,085,822</u>

**10 Obligations under finance leases**

	<b>30 June 2012</b>	<b>31 December 2011</b>
	£	£
<b>Total future minimum lease payments</b>		
No later than one year	12,592,686	12,592,686
Later than one year and no later than five years	61,295,117	61,275,117
Later than five years	<u>82,372,583</u>	<u>82,392,583</u>
	156,260,386	156,260,386
<b>Gross investment in finance leases</b>		
Future finance costs	<u>(49,313,283)</u>	<u>(54,026,698)</u>
<b>Present value of lease obligations</b>	<u>106,947,103</u>	<u>102,233,688</u>
Present value of minimum lease payments		
No later than one year	12,566,101	7,852,686
Later than one year and no later than five years	28,798,562	28,798,562
Later than five years	<u>65,582,440</u>	<u>65,582,440</u>
	<u>106,947,103</u>	<u>102,233,688</u>

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

for the 6 months ended 30 June 2012

**11 Borrowings**

	<b>30 June 2012 £</b>	<b>31 December 2011 £</b>
<b>No later than one year</b>		
Bank loans	-	138,000,000
Interest accrued	13,489,138	13,364,411
Eversholt Investment Group (Luxembourg) Sarl	389,759,872	405,509,872
Capitalised fees	(3,322,522)	(3,322,522)
	<u>399,926,488</u>	<u>553,551,761</u>
<b>Payable later than one year</b>		
Bank loans	546,950,000	408,950,000
Bonds	1,100,000,000	1,100,000,000
Other loan	5,273,745	5,219,608
Profit participating preference shares	25,000,000	25,000,000
Capitalised fees	(16,182,514)	(17,824,497)
	<u>1,661,041,231</u>	<u>1,521,345,111</u>
	<u>2,060,967,719</u>	<u>2,074,896,872</u>

**12 Derivative financial instruments**

	<b>30 June 2012 £</b>	<b>31 December 2011 £</b>
<b>Current</b>		
Forward exchange contracts – assets	-	-
Forward exchange contracts – liabilities	143,442	554,871
<b>Non-current</b>		
Forward exchange contracts – liabilities	84,879,143	72,632,178

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 31 December 2012, none of the swaps were designated in hedge accounting relationships.

The fair value of derivative financial instruments is based on market rates on 30 June 2012

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

for the 6 months ended 30 June 2012

**13 Notes to the cash flow statement**

	<b>For the 6 months ended</b>	
	<b>30 June 2012</b>	<b>30 June 2011</b>
	<b>£</b>	<b>£</b>
Loss before tax	(25,572,482)	(32,401,365)
Adjustments for:		
- Depreciation	74,325,941	78,374,576
- Fair value adjustment on derivative financial instruments	11,835,536	6,015,802
- Profit on disposal of property, plant and equipment	(3,244,012)	(913,479)
- Unwinding of capitalised finance charges	1,641,980	11,638,458
- Capitalisation of finance charges	-	-
- Interest on borrowings	80,043,336	77,346,124
<b>Operating cash flows before movements in working capital</b>	<b>139,030,299</b>	<b>140,060,116</b>
Decrease in finance lease receivable	316,798	300,404
Decrease in inventory	115,123	124,359
Increase in trade and other receivables	(9,619,520)	(15,562,354)
Increase in deferred revenue	1,196,037	4,828,071
Decrease in provisions	(2,843)	(68,713)
Decrease in trade and other payables	(630,490)	(20,482,124)
<b>Cash generated by operating activities</b>	<b>130,405,404</b>	<b>109,199,759</b>

**14 Capital commitments**

In respect of capital expenditure:

	<b>30 June 2012</b>	<b>31 December 2011</b>
	<b>£</b>	<b>£</b>
Authorised and contracted	17,409,000	19,547,300

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

**15 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 2012.

**16 Related-party transactions**

Loans with Eversholt Investment Group (Luxembourg) Sarl, refer note 11. Interest on these loans is disclosed in note 6.

**17 Contingent liabilities**

There were no contingent liabilities for the Group at 30 June 2012.

**18 Subsequent events**

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