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Gaining altitude

In mature and developing economies, the growth of regional air transport is accelerating because people, communities and businesses are increasingly seeking ways to better connect with one another. Much of this demand for greater connectivity is between small cities or remote areas that are best served with regional aircraft.

However, almost 60% of the existing regional aircraft fleet is also over ten years old and will need to be replaced over the coming decade just to support existing demand. Leading manufacturers believe some 5,500 aircraft below 150 seats will need to be replaced by 2036.

To be one of the leading global leasing companies specialising in regional aircraft is our aim. We achieve this by providing a flexible, pragmatic and commercial service that supports our customers’ fleet strategies and underpins their business growth.

TrueNoord believes passionately in the future of regional commercial aviation.
Profile

- 20 Aircraft in fleet
- 7.2 yrs Average age of fleet
- 3.4 yrs Average lease term remaining
- 15 Employees
- USD 442,929,743 Portfolio value
  (excluding EOL receivable)
- 4 Aircraft types

Figures accurate up to 31st March 2018
Our marketplace

TrueNoord is a regional aircraft lessor only. We understand the important role played by smaller aircraft in connecting secondary cities and remote locations to larger conurbations. It is our chosen specialism in the competitive world of commercial aircraft leasing.

We define regional aircraft as those between 50 and 150 seats that serve domestic markets or neighbouring countries. Currently this market comprises around 2,500 turboprops and over 3,000 regional jets.

The deployment of turboprops dominates the smaller half of this segment up to 90 seats. Typical sector lengths are between 200 and 300Nm, or up to about 60 minutes’ flight time, where the operating economics of turboprops are optimised and present the best environmental performance. This includes the lowest fuel consumption per seat, the lowest harmful emissions and the smallest noise footprint. Our customers use turboprops to connect communities in remote areas where large aircraft are not viable, or where airport infrastructure only facilitates these aircraft. Often air transport is the only viable means of travel to such locations because the cost of constructing road and rail networks is economically prohibitive, or physical geographical boundaries make it impossible.

Above 90 seats, the market is dominated by regional jets. Typical sector lengths range from 300–600Nm or 1–2 hours’ flight time although regional jets often also fly longer sectors in less dense markets, particularly in North America. In general, regional jets connect smaller cities to larger hubs and many of the passengers connect to other flights including long-haul trips. Regional jets enable airlines to provide frequent services that would not be viable with larger aircraft. In addition, for some of our customers, such as Air Astana, regional jets enable airlines to serve longer routes in thinly populated regions.

Our market is far from being a small one. Already 30% of passengers worldwide fly sectors of less than 300Nm, and 50% travel less than 500Nm. While many of the denser routes are served with Boeing or Airbus narrow bodies, the widest array of routes are served with regional aircraft.
TrueNoord Fleet

TUI (jetairfly)
2 Embraer E190
Our core investment principle

While many factors have encouraged TrueNoord to invest in regional aircraft, the most important of these is their strong value retention characteristics. Since regional aircraft services became popular from the late 1980s onwards, evidence clearly demonstrates how robustly regional aircraft maintain their residual values.

As the chart below shows, turboprops and regional jets have performed strongly in comparison to other larger aircraft types. We believe this is no accident. It is based on the vital role of regional aircraft in the overall commercial aviation landscape.

Value Retention of Turboprops and Regional Jets compared to Single Aisle and Twin Aisle large aircraft

Our customers

Whilst our direct clients are airline lessees, the ultimate customers are the travelling public. Our mission is to help airlines connect people and commerce outside the largest population centres, and ensure they are best served with regional aircraft.

Many of our lessees provide essential services to rural communities and typically these are not leisure destinations. They connect and enable local businesses to develop and flourish, and make it possible for more remote populations to visit friends and family.

The benefit to TrueNoord as a lessor is that our primary airline customer market is less susceptible to economic shocks, whereas discretionary leisure traffic is usually the first to suffer.
Looking ahead and meeting demand

Although the regional aircraft sector is less sensitive to the vagaries of the world economy than the larger aircraft market due to its core function of serving essential travel needs, wider growth trends at a global and regional level do have a strong impact. In the mature developed markets of North America and Europe, growth is driven by customer demand for more frequency and bypassing congested major airports.

This means using regional aircraft instead of narrow bodies to increase frequency with similar overall capacity and more point to point services in low volume markets. This is often referred to as “rightsising”. In addition, ever tightening environmental concerns along with cost reduction pressure drives the need for more efficient and quieter new technology aircraft.

In developing nations, the higher growth regions of Asia and emerging markets in Latin America lead to substantial opportunities. South East Asia has seen a vast expansion in regional aircraft over the last decade and it has become the ATR72’s largest market. Indonesia alone accounts for over one hundred new generation ATR72-600 aircraft with two main carriers. Other island nations such as the Philippines have seen a dramatic increase in ATR72 and DHC8-400 operations. In Latin America, Brazil has experienced substantial growth in both turboprops and regional jets. These are markets which hardly existed in the year 2000 and we believe that they will continue to absorb both new and used regional aircraft over the coming years.

Africa’s vast distances and poor ground transport infrastructure is also increasingly showing high demand for regional aircraft. According to Embraer, 84% of intra-African traffic is carried in aircraft below 150 seats.

TrueNoord plans not only to benefit from market growth, but also to be at the forefront of new technology. Over the coming years the Group intends to add aircraft powered by new generation geared turbofan engines such as Embraer E2 and Airbus A220, which offer fuel burn savings exceeding 15% compared to current generation turbofans.

Replacement market

One consequence of the longer useful life of regional aircraft is that the average age of the global fleet is older than the larger aircraft market. As shown below, 56% of aircraft between 60 and 150 seats is over ten years old. The replacement demand for these aircraft over the next twenty years is believed to be in the region of 5,200 aircraft even if the total market does not materially grow.

We believe this replacement market alone will provide TrueNoord with substantial growth opportunities for years to come.

60-150 seat segment age profile

Source: Bombardier
TrueNoord Fleet

Regional Jet
1 ATR72-600
TrueNoord Fleet

17 Embraer E190
2017/18 has been a very successful period for TrueNoord both in terms of growth and profitability. We have built on the strong base founded by GA-Finance, rebranded as TrueNoord, and relaunched the business with a strong and enhanced management team who are based in Amsterdam.

Rebranding and the injection of new equity capital have been truly transformative as the business grew from three owned units to twenty aircraft by March 2018.

Equity capital has been injected into the business by Bregal Freshstream, who were the first mover alongside the existing management team some 18 months ago. This was followed by a successful capital raise which saw BlackRock and then Aberdeen Standard invest significant additional equity during the period. This strengthening of the balance sheet, together with solid support from the leading aviation banking community – notably DVB, PK AirFinance, NORD/LB, BNP Paribas, Crédit Agricole, Morgan Stanley and Barclays – gave the Group sufficient fire power to acquire portfolios of aircraft with leases attached to high quality airlines.

2018/19 sees the Group maintaining its growth strategy as we seek to diversify the aircraft types we own amongst the leading regional airline brands; some of that growth is already secured. There will be a further strengthening of the balance sheet with additional equity capital from both our current investor base and new investors as the prospects for sustaining long term growth in the regional sector continues to develop.

The general trend for airlines to move towards operating leases as the principal source of growing their fleets will continue as lessors get bigger, attracting cheaper and more flexible debt than airlines can achieve on their own. More importantly operating leases give airlines significantly enhanced flexibility and improve their risk profile from a capacity management perspective which is fundamental to running a successful and profitable airline.

So I look forward to 2018/19 as a year where prospects are good for our sector of the aviation business. There will inevitably be a tightening of margins as strong competition works to the benefit of our customers, the airlines, but sensible output figures from manufacturers will ensure that a reasonable balance of demand and supply exists for the foreseeable future.

I would like to thank the management and staff of TrueNoord for their loyalty and perseverance in what has been an exciting and transformative year. Change often brings worries and uncertainty, and it is a tribute to the team that everyone has stepped up to meet additional responsibility and embraced the new brand and its values.

Nigel Turner
Chairman
CEO’s statement

Over the last ten to fifteen years the world of aircraft leasing has experienced dramatic expansion. The industry has grown into a well-developed mature environment with dozens of participants. The professionalisation of the business has created some very large players, many listed on stock exchanges, and others owned by institutional investors with long-term return targets.

The majority of these evolving leasing companies focus on the most liquid and largest markets expressed in value, primarily narrow body aircraft and to a slightly lesser extent wide bodies.

With this primary focus on single and twin isle aircraft, the sector that the aviation industry defines as ‘regional aviation’ has lagged behind the rest of the market. It is only from the beginning of this decade that leasing regional aircraft has seen a comparable progression similar to the market for leasing A320s and B737s alike.

Driven by demand for regional air travel

It is the professionalisation of the industry and the opportunity to become one of the major aircraft leasing companies to serve regional airlines, which drives the TrueNoord team. Our goal is to be a leading regional aircraft lessor and to grow a global customer base which operates both regional jets and turboprops. The TrueNoord team combines fresh thinking with a multi-cultural approach. We have extensive knowledge and experience in this specific sector and employ talented and experienced individuals who have been active in this market for many years. We are both excited and highly motivated by our ambition.

Whilst growing the portfolio of aircraft on our balance sheet or under management, we have also had to expand the team. This has been a vital element of our successful progress. During the year we added two additional salespeople with a strong background in regional aircraft, appointed a new Finance Director, added a General Counsel, and appointed a strategic development specialist.

TrueNoord’s business is driven by demand for regional air travel. This is often a mixture of linking secondary cities to hubs and connections to, or between, remote areas. These can include short routes between islands with geographical barriers to ground based transport, or low-density routes connecting city pairs with poor surface travel infrastructure. In some cases our lessees provide ACMI capacity to mainline operators. They may also operate regional aircraft on denser routes in order to offer more frequency, or complement larger aircraft on off-peak services.

A diverse and balanced portfolio

In our business we try to understand what drives our customers – the operators of aircraft between 50 and 150 seats – and support them with a solutions-driven professional service. We aim to do business with quality airlines that operate to high (technical and safety) standards and show solid operational performance. Consequently, we not only seek to understand their financial metrics, but also gain a strong understanding of each lessee’s business model combined with their route structures and the markets they service – whether these be essential connections, leisure traffic, or business users.

Furthermore, it is the diversity of our portfolio of clients and aircraft that is key. By selecting a mix of airlines and aircraft operators and ensuring we do not have excess concentration with any one airline, we create a diversified portfolio with balanced risk. Added to this is the balance of investments in regional jet aircraft and regional turboprop aircraft. Both have their own specific technical and operational advantages and we believe that a combination of these aircraft mitigates the risk of the total portfolio.

With these targets in mind TrueNoord acquired, in this reporting year, a number of young aircraft from other lessors with at least four to five years’ lease term remaining including sixteen E190s from BOC Aviation and GECA, and two ATR72-600s from Castelake. Furthermore, we entered into a leaseback transaction of an additional E190 with Air Astana bolstering our portfolio in the Asian market.
These transactions resulted in a portfolio of twenty aircraft at the end of our financial year 2017/2018, with a further two E190s that were delivered in the weeks that followed. The portfolio has global depth with aircraft operated in Mexico, France, Belgium, the Netherlands, Spain, Ireland, Estonia and Kazakhstan.

**Financing the expansion of our global footprint**

An important part of the leasing business is the ability to attract financing for both existing and new aircraft in the portfolio. TrueNoord uses a step by step approach initially characterised by deal-by-deal bank financings. In these we co-operated with established financial institutions including: DVB; NORD/LB, BNP Paribas and PK AirFinance.

Subsequent to the financial year we finalised the terms for a USD 500 million senior debt facility with a partial warehouse element underpinning the Group for further growth in the next twelve to eighteen months. With this transaction we also enlarged our banking relationships and the facility is underwritten by Morgan Stanley, NORD/LB and Barclays.

We aim to further develop our ability to optimise several financing opportunities that are available in the market, sustaining our relationships with key banks and financial institutions to support our intended growth trajectory.

Looking forward, TrueNoord expects the positive momentum of 2017/2018 to continue throughout our next reporting year 2018/2019; we have a strong pipeline of new leases to complete over the coming period and see ample transaction opportunities for regional aircraft.

With our strong European foundation we will concentrate in particular on the expansion of our geographical footprint in developing markets with a focus on Asia, Africa and the Americas. We believe that the growth potential for our specific market niche is greatest in these areas where precision, fairness, approachability and available funding enable us to operate to the optimum benefit of the global regional airline community.

Anne-Bart Tieleman  
CEO
TrueNoord Fleet

AeroMexico
2 Embraer E190
Our people
Left to right:
Joost Schlatmann  Chief Operating Officer
Sibert van Leeuwen  Commercial Lease Manager
Carst Lindeboom  Sales Director
Nigel Turner  Chairman
Juan Diego Escartin  Contracts Manager
Richard Jacobs  Head of Sales and Marketing
Arie Landwaart  Head of Administration

Anne-Bart Tieleman  Chief Executive Officer
Angus von Schoenberg  Industry Officer
Garry Topp  Commercial Director
Joram Lietaert Peerbolte  General Counsel
Evran Tuzgol  Finance Director
Enrique Wilson-Rae  Legal Counsel
Directors and other information

**Directors**
Rayhan Davis  
Adam McLain  
Julien Millet  
Anne-Bart Tieleman  
Nigel Turner

**Registered office**
Michelin House  
3rd Floor  
81 Fulham Road  
London  
United Kingdom  
SW3 6RD

**Independent Auditor**
Grant Thornton  
Chartered Accountants  
Statutory Auditors  
City Quay  
Dublin 2  
Ireland

**Bankers**
HSBC  
165 Fleet Street  
London  
EC4A 2DY  
United Kingdom  

Norddeutsche Landsbank  
1 Wood Street  
London  
EC2V 7WT  
United Kingdom  

DVB  
Schiphol Boulevard 255  
1188 BH Schiphol  
The Netherlands  

ING Groep N.V  
Po Box 1800  
1000 BV Amsterdam  
The Netherlands  

Bank of America, Merrill Lynch  
109 South Tyron Street  
Charlotte NC 29210  
United States of America

Please note: The financial information in this report is extracted from the Group’s full financial statements.
Business review

The Directors recognise that the future success of the business is dependent on securing profitable leases, remaining profitable and effectively managing commercial risks. The Directors have assessed these risks and have taken measures to manage them. At 31 March 2018 the Group owned twenty aircraft which were all on lease, going forward the Group plans to expand on its current fleet size. The Group at year end reached agreement for six additional deliveries in the next financial year.

Results and dividends

The Group reported a profit on ordinary activities before tax for the financial year of USD8,168,990.

The Group had net assets of USD160,635,297 at 31 March 2018.

The Directors did not recommend the payment of a dividend for the financial year.

Principal risks and uncertainties

The Directors have considered the adequacy of the Group funding, borrowing facilities, cash flows and profitability for at least the next twelve months and are satisfied that the consolidated financial statements were prepared on a going concern basis considering the future plans that the Directors have for the business.

Financial key performance indicators

Profits after tax, total loans and property, plant and equipment valuations are key indicators of the performance of the Group.

Financial risk management objectives and policies

Operational risk

As is common in the airline industry, safety and quality of the aircraft and engines are of paramount importance. Aircraft and engines are subject to valuation fluctuations through market demand which will have an impact on the assets of the Group. When contracted lease terms end, the Group bears the risk of re-leasing or selling the aircraft in its fleet. Management with the appropriate experience manage the aircraft and remarket or sell the aircraft as required in order to reduce this risk. If demand for aircraft and engines decreases, market lease rates may fall. Should this condition continue for an extended period, it could affect the market value of the aircraft and engines and may result in an impairment charge.

Exposure to commercial airline industry

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

Risks relating to the leasing of aircraft

In order to continue to generate profits and cash flows, the Group as an owner and lessor of aircraft must address risks associated with (i) the releasing of aircraft subject to market and competitive conditions at lease end dates, (ii) the maintenance of aircraft and funding of overhaul activities, (iii) government and environment regulations relating to aircraft and their operation, (iv) ongoing risks relating to finance and ownership of aircraft. Improper management of any of these risks could adversely affect the financial performance, position and growth potential of the Group.
Exposure to price credit and liquidity cashflow risks

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations that arise principally from the Group’s lease receivables from customers.

The aircraft and engines are leased by the Group to airlines worldwide. The airline industry is cyclical, economically sensitive and highly competitive. A key determinant of the Group’s success is the financial strength of the airlines and their ability to react to and cope with the competitive environment in which they operate. If a customer experiences financial difficulties this may result in default or the early termination of the lease. The Directors mitigate this risk by comprehensive credit reviews of potential customers prior to and during the course of a lease and by on-going credit monitoring of customer airlines during the course of the lease. Where appropriate, the Group also collects maintenance reserves and security deposits from its lessees.

Liquidity risk

The Group’s aircraft are financed primarily by debt from third parties, borrowings from related parties and capital contributions, and the Group therefore has commitments to repay interest and principal. The Group is dependent upon the ongoing receipt of operating lease revenues in order to meet these debt servicing obligations.

Subsequent events

On 11 July 2018, the Group closed a senior secured debt facility of USD500 million. The facility will be partially deployed to refinance part of the existing portfolio. The remaining part of the debt facility will be used as a warehouse for future business development and fleet expansion. The senior secured debt facility is underwritten by:
- Morgan Stanley Bank
- Barclays
- NORD/LB

Letters of intent relating to two additional aircraft have been agreed on leases subsequent to the year end.

Other than that disclosed in the financial statements, there has not arisen in the interval between 31 March 2018 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

Statement of relevant audit information

The Directors at the time when this Directors’ report was approved have confirmed that:
- So far as they are aware, there is no relevant audit information of which the Group’s auditors are unaware; and
- They have taken all the steps that ought to have been taken as Directors in order to be aware of any relevant audit information and to establish that the Group’s auditors are aware of that information.

Independent auditor

The Auditors: Grant Thornton, were appointed during the financial year and have expressed their willingness to continue in office in accordance with Section 485 of the Companies Act 2006.

On behalf of the Board on 19 July 2018.

Anne-Bart Tieleman, Director
Independent auditor’s report to the members of TrueNoord Limited

Opinion

We have audited the financial statements of TrueNoord Limited, which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity, the Company statement of financial position and the Company statement of changes in equity for the year ended 31 March 2018, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable to law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable to law and accounting standards issued by the Financial Reporting Council (FRC), including FRS101 “Reduced disclosure framework” (UK Generally Accepted Accounting Practice).

Opinion on consolidated financial statements:

In our opinion, the consolidated financial statements

- give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the assets, liabilities and financial position of the group as at 31 March 2018 and of its financial performance and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on parent company financial statements:

In our opinion, the parent company financial statements

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, including FRS101 “Reduced disclosure framework”, of the assets, liabilities and financial position of the Group and the Company as at 31 March 2018, and of its financial performance for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (‘ISAs’) and applicable law. Our responsibilities under those standards are further described in the ‘Responsibilities of the auditor for the audit of the financial statements’ section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, namely FRC’s Ethical Standard concerning the integrity, objectivity and independence of the auditor. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and Company’s ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.
Independent auditor’s report to the members of TrueNoord Limited (cont.)

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor’s report thereon, including the Directors’ Report and the Strategic Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 for the parent company and IFRS as adopted by the European Union for the Group, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group and Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company’s financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs (UK), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the [Group and] Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company’s ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a matter that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

Where the auditor is reporting on the audit of a group, the auditor’s responsibilities are to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. The auditor is responsible for the direction, supervision and performance of the audit, and the auditor remains solely responsible for the auditor’s opinion.

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company’s members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s 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 and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

*Michael Shelley (Senior Statutory Auditor)*
For and on behalf of
Grant Thornton
Chartered Accountants
Statutory Auditors
Dublin
Date: 19 July 2018
Consolidated statement of comprehensive income

For the year ended 31 March 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>Year ended 31 March 2018 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
</tr>
<tr>
<td>Turnover – operating lease income</td>
<td>30,550,783</td>
</tr>
<tr>
<td>Other income</td>
<td>6,397,355</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36,948,138</strong></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
</tr>
<tr>
<td>Operating expense</td>
<td>(14,200,032)</td>
</tr>
<tr>
<td>Administrative expense</td>
<td>(5,260,842)</td>
</tr>
<tr>
<td><strong>Profit/(Loss) from operating activities</strong></td>
<td><strong>17,487,264</strong></td>
</tr>
<tr>
<td>Finance income / (expense)</td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>469,004</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>(9,787,278)</td>
</tr>
<tr>
<td><strong>Profit/(Loss) before taxation</strong></td>
<td><strong>8,168,990</strong></td>
</tr>
<tr>
<td>Tax on profit/(loss) on ordinary activities</td>
<td>(267,260)</td>
</tr>
<tr>
<td><strong>Profit/(Loss) after tax for the year/period</strong></td>
<td><strong>7,901,730</strong></td>
</tr>
</tbody>
</table>

Other comprehensive income for the year

| Total comprehensive income/(loss) for the year/period | 7,901,730 |

Profit/ (loss) for the financial year/period attributable to:

| Non-controlling interests | 94,352 |
| Owners of the parent | 7,807,378 |

| Total comprehensive income/(loss) for the year/period | 7,901,730 |

The notes on pages 34 to 43 form an integral part of these financial statements.
## Consolidated statement of financial position

**For the year ended 31 March 2018**

<table>
<thead>
<tr>
<th>Note</th>
<th>Year ended 31 March 2018 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intangible Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>11,461,910</td>
</tr>
<tr>
<td>Maintenance intangible assets</td>
<td>38,203,714</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>404,726,029</td>
</tr>
<tr>
<td>Debtors greater than 1 year</td>
<td>81,984,005</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>536,375,658</strong></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>7,115,722</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>8,677,154</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>2,923,222</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>18,716,098</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>555,091,756</strong></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>430,638</td>
</tr>
<tr>
<td>Share premium</td>
<td>155,030,625</td>
</tr>
<tr>
<td>Translation reserve</td>
<td>1,189,485</td>
</tr>
<tr>
<td>Retained earnings/ (losses)</td>
<td>3,890,197</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>94,352</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>160,635,297</strong></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Security deposits</td>
<td>3,655,408</td>
</tr>
<tr>
<td>Maintenance reserves</td>
<td>4,387,679</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>244,558,555</td>
</tr>
<tr>
<td>Deferred income</td>
<td>45,594,493</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>298,196,135</strong></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>9,353,375</td>
</tr>
<tr>
<td>Deferred income</td>
<td>29,651,570</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>57,089,464</td>
</tr>
<tr>
<td>Corporation tax liability</td>
<td>165,915</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>96,260,324</strong></td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>555,091,756</strong></td>
</tr>
</tbody>
</table>

The notes on pages 34 to 43 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 19 July 2018 and were signed on its behalf by:

**Anne-Bart Tieleman, Director**

Please note: The financial information in this report is extracted from the Group’s full financial statements.
TrueNoord Fleet

ASL
1 ATR 72-212
Notes to The Group financial statements

For the year ended 31 March 2018

1. Reporting entity

TrueNoord Limited (the “Company”) is a private company limited by shares and is domiciled in the United Kingdom. The address of the Company’s registered office is: Michelin House, 3rd Floor, 81 Fulham Road, London, SW3 6RD.

TrueNoord Limited and its subsidiaries ("The Group") is primarily involved in the purchase and leasing of regional commercial aircraft to airlines.

2. Accounting policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the Group’s financial statements.

a) Statement of compliance

The Group’s statutory financial statements have been prepared in accordance with International Financial reporting Standards ("IFRS") as adopted by the European Union ("EU") but make amendments where necessary in order to comply with Companies Act 2006.

b) Basis of measurement

The Group’s consolidated financial statements are prepared in accordance with IFRS under the historical cost basis. The Directors have considered the going concern basis of preparation of the financial statements in light of current market conditions. The Directors are satisfied with the level of activity within the Group and that the Group will continue to receive operating lease income from third parties. Therefore they consider it appropriate for these financial statements to be prepared on a going concern basis.

c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by TrueNoord Limited. The financial statements of Subsidiaries are included in the Consolidated financial statements from the date that control commences until the date that control ceases.

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests, and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

d) Impact of new financial reporting standards

A number of new standards, amendments to standards and interpretations have been issued but not yet EU endorsed and have not been applied in preparing these Consolidated financial statements. The Directors have determined that the following may have relevance for the Group:

IAS 7 Statement of cash flows – The IASB has issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The effective date will be annual periods beginning on or after 1 January 2018.
IFRS 15 Revenue from Contracts with Customers – IFRS 15 specifies how and when revenue will be recognised as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The effective date will be annual periods beginning on or after 1 January 2018.

IFRS 9 Financial Instruments – This standard will replace the guidance in IAS 39 and includes requirements on the classification and measurement of financial assets and liabilities. The effective date will be annual periods beginning on or after 1 January 2018.

IFRS 16 Leases – IFRS 16, ‘Leases’ addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The accounting for lessors will not materially change. The standard replaces IAS 17 ‘Leases’ and related interpretations. The effective date will be annual periods beginning on or after 1 January 2019.

The extent of the impact for future accounting periods is still under review by the Group and the new standards, amendments to standards and interpretations will be applied in the Consolidated financial statements from the EU endorsed effective date.

e) Use of accounting estimates and judgements

The preparation of the Consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key judgements that could affect the reported results are those concerning the useful lives, residual values and carrying values of aircraft held for lease and the valuation of deferred tax assets.

The Group reviews the estimated useful lives, residual values and the carrying values of its aircraft and engines at the end of each annual reporting year to support the estimates.

f) Lease revenue

Lease receivables under operating leases are recognised as income on a straight line basis over the lease term of the applicable lease agreement as it is earned. Revenue is not recognised when collection is not reasonably assured.

g) Finance interest income and expense

Finance income comprises interest income, dividend income, changes in the fair value of financial assets at fair value and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group’s right to receive payment is established.

Finance expenses comprise interest expense on loans and borrowings, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.
Notes to The Group financial statements (cont.)

h) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is also recognised in other comprehensive income or equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

i) Functional and presentation currency

The financial statements are presented in United States Dollars ("USD"), which is the presentational and functional currency of the Group.

Transactions denominated in foreign currencies are translated into USD and recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities arising in foreign currencies are translated into USD at the rate of exchange ruling at the Statement of Financial Position date. Gains and losses arising from exchange differences have been included in the Statement of Comprehensive Income.

j) Maintenance advances and liabilities

In some aircraft operating lease contracts, the lessee has the obligation to make periodic payments which are calculated with reference to the utilisation of airframes, engines and other major life-limited components during the lease (supplemental amounts). In such contracts, upon lessee presentation of invoices evidencing the completion of qualifying work on the aircraft, the Group reimburses the lessee for the work, up to a maximum of the supplemental amounts received with respect to such work.

The Group records supplemental amounts as maintenance advances. Amounts not expected to be reimbursed to the lessee during the lease are recorded as lease revenue when the Group has reliable information that the lessee will not require reimbursement of maintenance advances based on a maintenance forecasting model which estimates the maintenance inflows and outflows to lease termination date for each aircraft.

When aircraft are sold the portion of the accrued liability not specifically assigned to the buyer is derecognised from the statement of financial position as part of the gain or loss on disposal of the aircraft.

k) Property, plant and equipment

Aircraft held under operating leases are stated at cost less accumulated depreciation and any impairment provision. Cost comprises purchase price and other related costs required to get the aircraft ready for initial use. The charge for depreciation is calculated to write down the cost or valuation of their estimated residual values by equal annual instalments over their expected useful lives.

The estimated useful lives for the current periods are as follows:

- passenger and freighter aircraft 25 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

l) Impairment

Aircraft are assessed for recoverability in accordance with IAS-36 – Impairment of Assets ("IAS–36"), whenever events or changes in circumstances indicates that their carrying value may not be recoverable. Notwithstanding the results of this review, in certain circumstances management also considers the carrying values of specified aircraft where indicators of a diminution in value have been identified, based on aircraft specific sales and technical information.
For the purposes of measuring an impairment loss, each aircraft is tested individually by comparing its carrying amount to the higher of value in use and fair value less cost to sell. Value in use is determined as the total cash flows expected to be generated by an aircraft, discounted at a market rate. Fair value is determined based on market values obtained from independent appraisers.

At each annual reporting date and as necessary, indications for potential impairment of the Group’s assets are considered. Where an indication of impairment is present, the recoverable amount of the Group’s assets is estimated.

m) Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer’s interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated impairment losses. Goodwill is deemed to have an indefinite useful life.

Goodwill is assessed for impairment on an annual basis and any subsequent impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

n) End of Lease Compensation (EOL)

For EOL contracts, upon lease termination, we recognise receipts of EOL cash compensation as lease revenue in our Consolidated statement of comprehensive income. At the date of initial recognition we recognise an EOL receivable and EOL deferred income. EOL deferred income is amortised to the Consolidated statement of comprehensive income over the remaining life of the lease.

o) Intangible Assets and Liabilities

Lease intangible assets

Lease intangible assets represent the value of an acquired lease (excluding short term) where the contractual rent payments are above the market lease rate at the date of acquisition. This asset is recognised at cost based on discounted cashflows and is amortised on a straight-line basis over the remaining term of the related lease and recorded as a reduction in lease rental income.

Lease intangible liabilities

Lease intangible liabilities represent the value of an acquired lease (excluding short term) where the contractual rent payments are below the market lease rate at the date of acquisition. This liability is recognised at cost based on discounted cashflows and is amortised on a straight-line basis over the remaining term of the related lease and recorded as an increase in lease rental income.

Maintenance intangible assets

Maintenance intangible assets represent the value in the difference between the contractual right under the acquired leases (excluding short term) to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition. The amortisation for maintenance intangible assets commences when the Group has reliable information about maintenance advances received under the same leases that are not expected to be reimbursed to customers or at the end of the lease. Maintenance intangible asset amortisation is recorded as a component of depreciation and amortisation.

p) Trade receivables

Trade receivables represent amounts due from lessees under operating lease contracts. When amounts are outstanding from lessees, the Group will provide an allowance for doubtful accounts against these when necessary, based upon the expected ability to collect the amounts, taking into consideration the credit quality of the lessee and the level of security held.
Notes to The Group financial statements (cont.)

q) Loans and borrowings

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as profit or loss in the Consolidated statement of comprehensive income over the period of borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least one year after the reporting date and intends to exercise this right.

r) Trade and other payables

Trade and other payables are recognised initially at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

s) Deferred tax assets and liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition of a qualifying asset are included in the cost of that asset. Such borrowing costs are capitalised as part of the cost of the asset when it is probable that they will result in future economic benefits to the Group.

All other borrowing costs are recognised as an expense in the period in which the Group incurs them.

u) Cash at bank and in hand

Cash at bank and in hand are held for the purpose of meeting short-term cash commitments. Cash at bank and in hand comprise cash in hand and deposits repayable on demand.

v) Capital management policies and procedures

The Group’s capital management objectives are:

- To ensure the Group’s ability to continue as a going concern
- To provide an adequate return to shareholders by pricing products and services in a way that reflects the level of risk involved in providing those goods and services.

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented in the statement of financial position.

w) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

x) Cash and cash equivalents

Cash and cash equivalents comprise cash balances held for the purpose of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change of value. Where investments are categorised as cash equivalents, the related balance has a maturity of three months or less from the date of acquisition. Cash is measured at amortised cost.
3. Determination of fair values

A number of the Group’s accounting policies and disclosures require the determination of fair value, for financial and non-financial assets and liabilities. Fair value is the amount at which an instrument could be exchanged in an arm’s length transaction between informed and willing parties, other than as part of a forced liquidation sale. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

**Property, plant and equipment**

The cost of property, plant and equipment initially recognised as a result of a business combination is based on market values. The market value of property, plant and equipment is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The Group uses independent, professional valuations as an estimate of fair value of aircraft.

**Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows and discounted at the market rate of interest when the impact is material.

**Cash and cash equivalents**

The carrying amount approximates to fair value due to the short-term nature of these instruments. Cash and cash resources may comprise restricted, unrestricted cash and short term investments.

**Loans and borrowings**

The fair value of loans and borrowings is based on contractual amounts.
Notes to The Group financial statements (cont.)

4. Turnover – operating lease income

<table>
<thead>
<tr>
<th>Year ended</th>
<th>31 March</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease income</td>
<td>30,550,783</td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>6,397,355</td>
<td></td>
</tr>
<tr>
<td>All income is earned from the lease of regional commercial aircraft and engines to global airlines.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other than the supplemental income disclosed above the Group has no further contingent rentals.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Operating expense

| 2018 | Group |
| USD  |       |
| Depreciation expense | 14,200,032 |

6. Maintenance intangible assets

| 2018 | Maintenance intangible assets USD | Total USD |
|      |                                 |          |
| Cost |                                  |          |
| At 1 April 2017 | 1,895,501 | 1,895,501 |
| Additions | 36,308,213 | 36,308,213 |
| Balance at 31 March 2018 | 38,203,714 | 38,203,714 |
| Amortisation |                                  |          |
| At 1 April 2017 | - | - |
| Amortisation for the year | - | - |
| Balance at 31 March 2018 | - | - |
| Carrying Amounts |                                  |          |
| At 31 March 2017 | 1,895,501 | 1,895,501 |
| At 31 March 2018 | 38,203,714 | 38,203,714 |
7. Property, plant and equipment

<table>
<thead>
<tr>
<th>2018</th>
<th>Aircraft USD</th>
<th>Fixtures &amp; Fittings USD</th>
<th>Total USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April 2017</td>
<td>108,629,667</td>
<td>-</td>
<td>108,629,667</td>
</tr>
<tr>
<td>Additions</td>
<td>310,692,033</td>
<td>43,455</td>
<td>310,735,488</td>
</tr>
<tr>
<td><strong>At end of year</strong></td>
<td><strong>419,321,700</strong></td>
<td><strong>43,455</strong></td>
<td><strong>419,365,155</strong></td>
</tr>
</tbody>
</table>

Accumulated depreciation

| At 1 April 2017                  | (439,094)    | -                       | (439,094) |
| Depreciation charge for year     | (14,177,642) | (22,390)                | (14,200,032) |
| **At end of year**               | **(14,616,736)** | **(22,390)**            | **(14,639,126)** |
| At 31 March 2018                 | 404,704,964  | 21,065                  | 404,726,029 |
| At 31 March 2017                 | 108,190,573  |                         | 108,190,573 |

The Directors are satisfied that the carrying value of the aircraft is appropriate.

For the purposes of carrying out an impairment assessment of the carrying value of the aircraft, fair value is based on the market value. Where applicable, value in use was calculated as the present value of the future cash flows expected to be derived from the operation of the aircraft to the end of its estimated useful economic life. Future cash flows were discounted using a pre-tax market discount rate that reflects the time value of money and the risks specific to aircraft.

The carrying value of certain of the Group’s aircraft has been supported by value in use calculations which contain certain judgmental assumptions such as the residual value of the aircraft and the discount rate applied in calculating the net present value of expected cashflows.

8. Debtors greater than 1 year

<table>
<thead>
<tr>
<th>2018 Group USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>End of lease compensation</td>
</tr>
</tbody>
</table>
Notes to The Group financial statements (cont.)

9. Trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Group</td>
<td>USD</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>3,305,562</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>3,738,872</td>
<td></td>
</tr>
<tr>
<td>VAT recoverable</td>
<td>71,288</td>
<td></td>
</tr>
<tr>
<td>Prepayments</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7,115,722</td>
</tr>
</tbody>
</table>

The Directors are of the view that the trade receivables are at least worth their carrying amount. No impairment or provisions are included in the above amounts.

All amounts are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

10. Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Group</td>
<td>USD</td>
</tr>
<tr>
<td>Restricted Cash</td>
<td>6,916,555</td>
<td></td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>1,760,599</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>8,677,154</td>
</tr>
</tbody>
</table>

11. Deferred Tax Asset

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Group</td>
<td>USD</td>
</tr>
<tr>
<td>At beginning of year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current year movement</td>
<td>2,923,222</td>
<td></td>
</tr>
<tr>
<td><strong>At end of year</strong></td>
<td></td>
<td><strong>2,923,222</strong></td>
</tr>
</tbody>
</table>

The deferred tax asset is made up as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerated capital allowances</td>
<td>(2,834,833)</td>
<td></td>
</tr>
<tr>
<td>Tax losses carried forward</td>
<td>2,731,703</td>
<td></td>
</tr>
<tr>
<td>Other timing differences</td>
<td>1,785</td>
<td></td>
</tr>
<tr>
<td>Fair value adjustments</td>
<td>3,024,567</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>2,923,222</strong></td>
</tr>
</tbody>
</table>
12. Loans and borrowings

<table>
<thead>
<tr>
<th>Movements:</th>
<th>2018 Group USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced during the year</td>
<td>246,398,067</td>
</tr>
<tr>
<td>Amortisation of fair value discounts</td>
<td>-</td>
</tr>
<tr>
<td>Interest accrued but not paid</td>
<td>366,719</td>
</tr>
<tr>
<td>Repayment during the year</td>
<td>(18,802,413)</td>
</tr>
<tr>
<td><strong>Balance at 31 March 2018</strong></td>
<td><strong>301,648,019</strong></td>
</tr>
</tbody>
</table>

13. Trade and other payables

<table>
<thead>
<tr>
<th>Current liabilities:</th>
<th>2018 Group USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>292,652</td>
</tr>
<tr>
<td>Other creditors and accruals</td>
<td>9,060,723</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,353,375</strong></td>
</tr>
</tbody>
</table>

The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

14. Subsequent events

On 11 July 2018, the Group closed a senior secured debt facility of USD500 million. The facility will be deployed to refinance part of the existing portfolio. The remaining part of the debt facility will be used as a warehouse for future business development and fleet expansion. The senior secured debt facility is underwritten by:

- Morgan Stanley Bank
- Barclays
- NORD/LB

Letters of intent relating to two additional aircraft have been agreed on leases subsequent to the year-end.

Other than that disclosed in the financial statements, there has not arisen in the interval between 31 March 2018 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

15. Controlling party

The Group is ultimately owned and controlled by the Company and shareholders.

16. Approval of Group financial statements

The Board of Directors approved the Group financial statements on 19 July 2018.
TrueNoord Fleet

HOP!
3 Embraer E190
1 ATR72-600
TrueNoord is committed to working in partnership with other industries, governments and people everywhere for the benefit of our global society. Air transport connectivity encourages investment and innovation to improve business operations and efficiency. But beyond dollars, trade and employment regional aviation provides a lifeline for areas of the world with non-existent or poor road and rail infrastructure. Even in highly developed markets such as Norway, an extensive network of regional airports and airline services ensures that 99.5% of the remote population is able to travel to Oslo and back on the same day; meaning around 400,000 patients can be transported annually on scheduled flights between their homes and hospitals in the capital.

Small island states across the world rely on air transport to do business, connect to education and healthcare, and provide access beyond the sporadic and infrequent boat services that would otherwise be their only connection with the world. In countries such as Indonesia, spread across 17,500+ islands, air transport is relied upon for contact between communities and business links. As TrueNoord expands its global footprint beyond its European heartland, and leases aircraft to operators in Mexico, Kazakhstan, Indonesia and beyond, we become part of the chain that enables people and business to connect – enhancing lives and building prosperity.

Helping to bring communities together