TrueNoord

Regional Aircraft Leasing

New horizons

Annual Report 2018-19

TrueNoord Fleet

CityJet
2 Bombardier
CRJ900

TrueNoord Fleet

AeroMexico
2 Embraer E190

Our flight path

Regional air transport continues to accelerate, particularly in developing nations where many poorly connected communities benefit from the connectivity that can only be provided by smaller aircraft. In such places the development and environmental cost of alternative surface transport infrastructure is unsustainable.

In mature economies, regional air transport growth is driven by up-gauging the size of aircraft to meet demand and replace older generation less efficient aircraft. As this accelerates, the demand for larger regional aircraft increases the growth potential for TrueNoord. By contrast in emerging economies, where regional aircraft have been historically less prevalent, increased demand reflects a desire for greater connectivity between remote destinations. This drives a need for smaller regional aircraft, especially turboprops.

TrueNoord passionately believes in the growth of regional aviation to enhance social connectivity and economic growth which need not conflict with sustainability. For this reason, we strive to provide our customers with the most efficient aircraft for their needs. This not only means the latest generation equipment but also the right size capacity. Our long-term strategy includes encouraging and investing in next generation technology which may ultimately include hybrid and electric aircraft.

Our vision is to be one of the leading global companies in regional aircraft leasing. We provide our customers with a flexible and commercial approach to fleet modernisation and expansion to support their strategic goals.

Our profile

33
Aircraft in fleet

5.4 yrs
Average age of fleet

4.3 yrs
Average lease term remaining

24
Employees

7
Aircraft types

13
Lessees

Figures accurate up to 31st March 2019

Figures compared with last financial year: Up Down

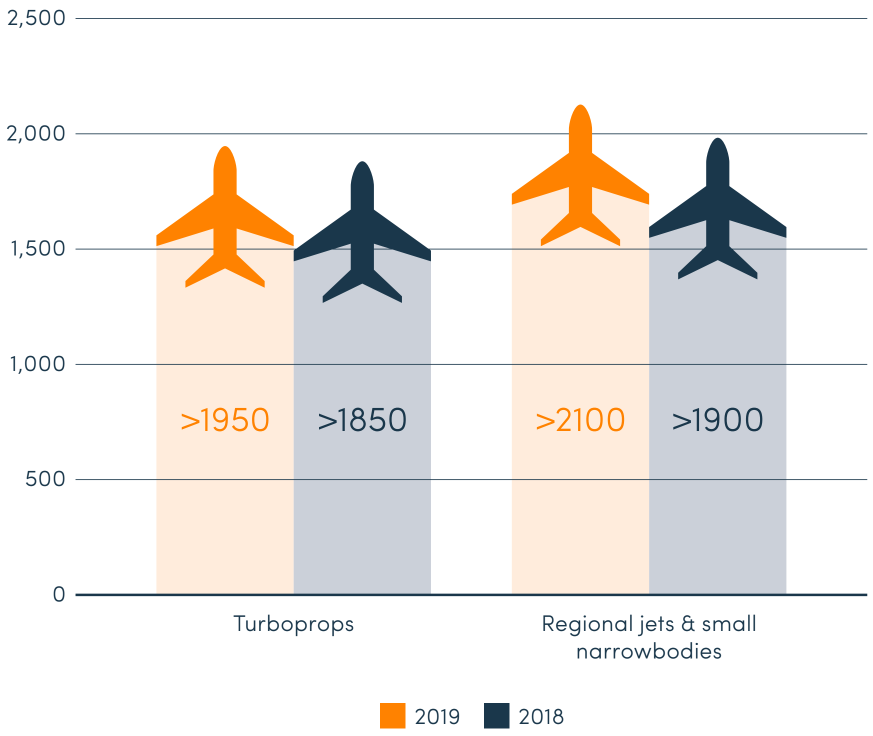
Our marketplace

TrueNoord is a lessor of aircraft with a capacity of 50-150 seats. This is our competitive niche in the commercial aircraft leasing arena. We understand the important role of smaller aircraft in connecting secondary cities to each other and linking remote locations to larger conurbations. Often, these smaller aircraft are also deployed to increase frequency between larger cities, or fulfil lower demand off-peak time services. The majority of our aircraft fly short distance sectors of up to 500 nautical miles (Nm).

In the smaller capacity segment of our market turboprop aircraft dominate. We encourage the use of turboprops where demand exists for aircraft up to 90 seats and sectors rarely exceed 300Nm, because the operating economics including fuel burn and their associated emissions are best-in-class per available seat.

Above 90 seats, the market is dominated by regional jets. This includes existing turbofan powered aircraft and increasingly new 110-150 seat aircraft like the recently launched Airbus A220 and Embraer E195-E2. Such aircraft will support the growth of regional carriers, especially the subsidiaries and affiliates of major airlines that are not restricted by pilot related scope clauses, and mainline airlines that need extra capacity which does not justify the use of mainline A320 or B737 family aircraft. TrueNoord sees a substantial opportunity in this larger segment of new generation regional jets to expand our marketplace.

In production western turboprops, regional jets and small narrowbodies above 40 seats



TrueNoord Fleet

Air Astana
3 Embraer E190


air astana
KCD

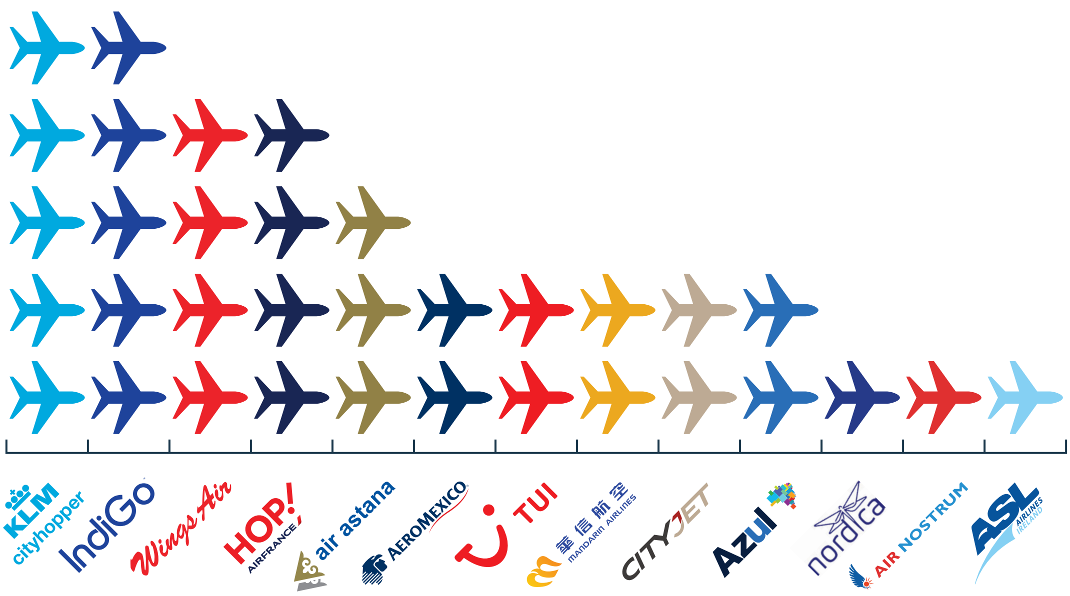
Our customers

Since its foundation, TrueNoord has established a highly diversified customer base of lessees both in terms of their scale and geographical distribution. In combination with a mix of different aircraft types, these airlines are the lynchpins of our balanced portfolio.

Many of our lessees, particularly those that operate substantial turboprop fleets including Wings Air and Indigo, connect rural communities to major cities. Lessees such as Azul and Air Astana provide similar connectivity with regional jets where distances between cities are much greater.

Other lessees, particularly our European customers including, amongst others, KLM Cityhopper and Air Nostrum, connect smaller cities to major hubs where many passengers transfer to long-haul destinations.

This mix of lessees not only ensures a diversified portfolio of aircraft types and geographical regions, but also ensures a multiplicity of passenger markets. As the travelling public are our ultimate customers, serving a variety of different passenger segments minimises the risk of an economic downturn.



Our industry is changing

During the financial year and the last few months thereafter, our industry has seen an above average number of significant developments to which TrueNoord has adapted its strategy.

During the year, the previously announced sale of the C-Series programme to Airbus was consummated and the aircraft rebranded as the A220-100 and A220-300. TrueNoord will actively seek to include these aircraft within its portfolio in future. In addition, Bombardier announced the sale of its Dash 8 programme to Longview. This transaction has now been completed and the iconic brand, de Havilland Canada, has been resurrected. Finally, Bombardier has marked its exit from commercial aviation by selling its CRJ programme to Mitsubishi. Meanwhile Mitsubishi has relaunched its MRJ programme now branded as the M100 and M90 Spacejet. The new ownership of these programmes will provide both manufacturers with fresh impetus and investment and ensuing new products will stimulate further demand which will, in turn, provide TrueNoord with greater opportunities to replace ageing aircraft and service market growth.

Furthermore, Embraer and Boeing agreed a joint venture, which has now been approved and is called Boeing Brazil Commercial (BBC). During this period Embraer also delivered the first of its new E190-E2 jets, and initial E195-E2s will shortly be accepted by Azul. TrueNoord looks forward to adding E2 jets to its portfolio in due course.

In Europe, the impact of aviation on the environment has seen a renewed level of attention over the year. In some, predominantly Scandinavian, countries flying is increasingly viewed as socially unacceptable and the EU is strongly considering imposing a tax on fuel. The leasing community, including TrueNoord, can help to alleviate these concerns in a positive manner through our own actions. We can encourage the uptake of modern and effective technology by facilitating finance, and our due diligence processes can ensure that our lessees are operating the right aircraft. This could mean replacing existing aircraft with new generation jets that burn significantly less fuel or encouraging the use of more efficient turboprops where jets are sub-optimal.

Furthermore, although TrueNoord believes that electric or hybrid commercial aircraft in our regional aircraft space are at least a decade, if not further away, we actively encourage this process. This technology will become accessible to operators of smaller aircraft before any others so we follow this with great interest.

Finally, from an operator perspective, the role of some of our customers in the aviation infrastructure is changing. Particularly in Europe, but also in Latin America, regional airlines are increasingly evolving towards becoming capacity providers for large legacy airlines and even low-cost carriers in some cases. Our lessee Cityjet has not only recently completed its transition to becoming a capacity provider, but its merger with Air Nostrum to create Europe's first carrier comparable to a US style regional airline has recently been approved.

The TrueNoord Way

Putting our company ethos into words

As TrueNoord grows and we bring new people into the team to enhance our skills base and capabilities, it is vital that we share full commitment to a code of business conduct that epitomises our company spirit: flexible, honest and collaborative.

We have distilled our approach and attitude of mind into three simple statements and these form 'The TrueNoord Way':

Team up

We collaborate

Respect, inclusion and teamwork is central to everything we do at TrueNoord. We take pride in helping each other and sharing success.

Be flexible

We listen and act

At TrueNoord we listen to our customers, business partners and employees to find ways to optimise every challenge and opportunity for mutual benefit.

Stay true

We deliver honest solutions

TrueNoord is always fair and we fulfil our promises. We strike balanced and reasonable deals. We conduct ourselves with professionalism, integrity and transparency.

TrueNoord Fleet

Mandarin Airlines
2 Embraer E190

A spotlight on Asia

Home to half of the world's population and a vast growing middle class, TrueNoord believes that demand for regional aviation in Asia will outgrow North America and Europe in the coming decades. Asian regional carriers characterise our aim of improving connectivity in remote areas. We have added a number of lessees in Indonesia, India and Taiwan over the last year and will continue to add further customers in the region. To deliver our growth plans for the region and optimise our customer relationships, TrueNoord has established a local support presence in Singapore.

"Asia is an important region for TrueNoord, it has a large active regional fleet and a positive future outlook. In addition to the existing fleet of E190s with Mandarin Airlines and Air Astana, TrueNoord has recently leased four new ATR 72-600 aircraft to Wings Air Indonesia, and five new ATR 72-600s to IndiGo as we continue to expand our presence in Asia Pacific.

TrueNoord has selected Singapore as our hub in the Asia Pacific area because it has so many regional airlines, OEMs and other aviation stakeholders close-by which makes it the ideal location."

Carst Lindeboom
Sales Director – Asia Pacific


IndiGo
Regional ATR route network
Gaya
Kolkata
Hyderabad
Rajahmundry
Bengaluru
Tirupati
Chennai
Tiruchchirappalli
華信航空
MANDARIN AIRLINES
Regional Embraer route network
Taipei
Kinmen
Taichung City
Hong Kong
Wings Air
Regional ATR route network
TrueNoord Representative office
Medan
Jambi
Palembang
Bengkulu
Bandung
Pontianak
Denpasar
Manado
Palu
Balikpapan
Makassar
Kupang
Sorong
Ambon
PK-WGR
PK-WFI

TrueNoord Fleet

IndiGo
5 ATR 72-600


goIndiGo.in
IndiGo
YP

Chairman's statement

2018-19 has seen TrueNoord really mature and grow as a regional aircraft lessor and it should be viewed as a year where we continued executing on our plan to reach 50 aircraft by 2020. This is the first phase of our three -stage objective which should see us achieve 100 aircraft in 2022/23 and target 250 aircraft in the medium term thereafter. At the year-end we achieved 33 aircraft on the books, with two more completed in the first few weeks of the new year. Particularly heartening is the widening of both our customer base and our aircraft portfolio both of which are key to managing our risk going forward. During the year we invested significantly in strengthening our management team and we now have the platform for growth and a group of individuals capable of delivering it based in excellent new offices in Schiphol.

We have also seen further enthusiasm from the investor base with the addition of four new equity investors and additional funds being provided by existing partners. This has given us significant funds to underpin our growth strategy. On the debt side we have been successful in utilising our current warehouse facility and negotiations for a second facility with a new group of banks are at an advanced stage.

The outlook for the regional sector is strong with both Airbus and Boeing having invested in the top end of the market reflecting our view that regional aircraft are the true workhorses of the world's short distance aviation sector. Additionally, Mitsubishi and Longview have made substantial investments in the sector by buying the CRJ and the DHC8 platforms respectively from Bombardier, who made the strategic decision to focus on their business jet and train operations. These new investors are bringing extra attention and money to the sector. This year we are scheduled to also welcome the Spacejet (ex MRJ) into commercial service and hopefully we will be able to add this aircraft type to our platform in the medium term.

It remains for me to sincerely thank all work colleagues for their contribution this year – we could not have done it without you.

Nigel Turner
Chairman

Key financial highlights

$66.2m
$30.6m
Revenue (total)

$65.4m
$30.6m
Revenue (operating lease income)

$54.5m
$24.8m
EBITDA

$28.5m
$10.6m
EBIT

$7.2m
$1.8m
EBT

$825.0m
$555.9m
Total assets

$687.6m
$436.5m
Aircraft carrying value

$465.3m
$301.6m
Total debt

0.56
0.54
Total debt / Total assets

8.54
12.15
Total debt / EBITDA

2019 2018

Figures as per 31st March 2019 Audited financials, before non-cash mark to market loss on interest rate swap.

Figures compared with last financial year: Up Down

CEO's statement

In this reporting year, TrueNoord's principal focus has been to grow its portfolio. We added another 13 aircraft, increasing our fleet to 33 aircraft with a further commitment for two additional aircraft, both of which have since been delivered. This portfolio growth was well within the organisation's projected plan and we have added further aircraft types, like the Embraer E1 E195 and some Bombardier CRJ900s. This was also the first year TrueNoord took delivery of factory-new aircraft, seven ATR 72-600s.

While TrueNoord does not speculatively purchase aircraft from manufacturers, we successfully acquired aircraft from multiple sources and will continue to do so in future. We continue to benefit from the trend of large lessors to concentrate on the mainstream Boeing and Airbus narrowbody market and trade out of regional aircraft to other operators and lessors, including TrueNoord. We also purchase aircraft from airlines and lease them back. With respect to the ATRs, these aircraft were originally ordered by two airlines and TrueNoord stepped in before the aircraft were delivered.

To fund these purchases, TrueNoord not only used committed equity, but also accessed a USD 500 million warehouse facility, which was arranged and underwritten by Morgan Stanley, Norddeutsche Landesbank and Barclays. For a relatively young company, the successful placement in the market of a financing facility of this size was a major achievement. It is evidence of the results achieved by our team of true professionals.

With these 33 aircraft, our balance sheet has reached a value at the end of this reporting year of USD 825m million which, compared with the previous financial year's USD 555 million, is indicative of substantial growth. Our turnover increased from USD 30.5 million in the previous year to USD 66.2 million this reporting year. We stayed conservative on our overall leverage, amounting to 2:1 at this year-end. This will give us some flexibility at a later stage to increase our leverage and therefore we will be able to further increase our ROE.

Besides growing our assets and managing the liability side of our balance sheet by diversifying our funding sources, we have also invested in our organisation. Throughout the reporting year, we increased and strengthened the TrueNoord team. On the sales side, several experienced regional aviation professionals joined the Company, and we also started to build our own technical team. By attracting talent with experience in the regional marketplace - from an aircraft leasing or airline perspective -TrueNoord has been able to build capacity and expertise. The financial and administrative parts of the business were also expanded.

Our professional team is eager to support the growth of the Company with their knowledge and experience but we recognise that as a growing specialist lessor we will need to continually enhance our human capital.

In addition, our global footprint is expanding. Besides our team in Amsterdam we have further strengthened our office in Dublin and earlier this year we established a representative office in Singapore as a first step in building our presence in Asia.

With respect to our customers, we see substantial growth and further opportunities for our business. Although TrueNoord has a dynamic presence in a global market, many of our airline and aircraft operator customers are only active in relatively restricted local environments - and each area has its own economic, operational and structural realities. As a result, we are continually confronted with various and sometimes divergent challenges - legal, environmental, organisational or cultural.

However, there is always one common theme: we deal with people and organisations that are very serious in what they do - operating aircraft that enable them to increase local connectivity and bring people together. At TrueNoord we are proud to be a supplier to these airlines and contribute to the success of their businesses.

Our last financial year and the first three months thereafter witnessed a more significant period of change in the regional aviation industry landscape than many others before. The biggest change was probably the take-over of the C-Series programme from Bombardier by Airbus which introduced the A220. Not long after that, Boeing and Embraer both announced their plans to move the majority ownership of the commercial aviation part of Embraer to Boeing, creating Boeing Brazil Commercial.

These moves by the two major manufacturers must have been a significant catalyst in the subsequent decisions taken by the management of Bombardier. It decided to completely move out of the regional aviation industry, first by selling its Dash 8 programme to a Canadian investor, Longview. It has now taken up the challenge to produce, sell, and hopefully successfully grow the Q400 market under the de Havilland Canada brand. Not long after selling its Dash 8 turboprop programme, Bombardier announced a further agreement to sell the remaining sales, support and production of the CRJ product line to Mitsubishi Heavy Industries ("MHI"). MHI is already active in the regional aircraft market with the MRJ (the Mitsubishi Regional Jet programme re-launched as the SpaceJet) and with the acquisition of the CRJ, it has secured a professional and proven organisation to develop and globally support its regional aircraft product.

Consequently, TrueNoord is now in a completely new landscape of regional aircraft manufacturers offering new technology aircraft - the A220, the E2 series and the Spacejet - powered by Pratt & Whitney geared turbofans in the regional jet space. Meanwhile, demand for GE CF34 powered E1 and CRJ aircraft has proved to be more robust than many had predicted particularly in North America and Europe. For turboprops, we see a strengthening of the market. Evidence of this is the creation of an independent de Havilland Canada, with the support of Longview, in addition to the already very successful joint venture of Airbus and Leonardo, ATR.

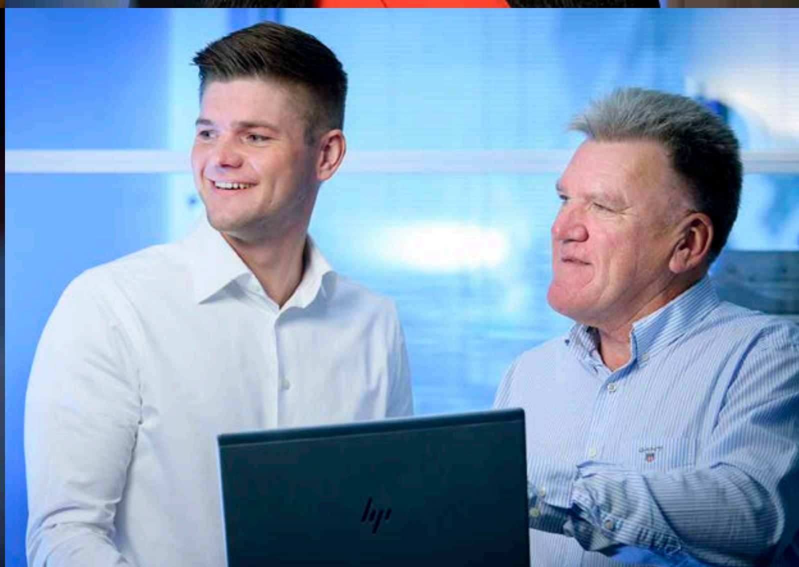
This restructuring or repositioning within the global aviation industry further strengthens the regional aircraft sector and we also see this evolution happening in our leasing market. Over the last decade we have seen additional capital supporting the growth of this specific sector. While TrueNoord is a product of this, some other regional aircraft lessors have also seen substantial growth. Only recently, one of the world's largest sovereign institutional investors, has invested in our niche. This demonstrates the growing interest from capital investors in this market segment. At the same time, the regional leasing sector has also experienced some consolidation which has limited the number of active participants. Furthermore, TrueNoord increased its committed capital from existing investors as well as from new ones. A third capital increase was successfully finalised in the third quarter of 2018 and with this committed equity, TrueNoord is able to further build its fleet of young regional aircraft.

And portfolio growth is precisely what the team is focusing upon.

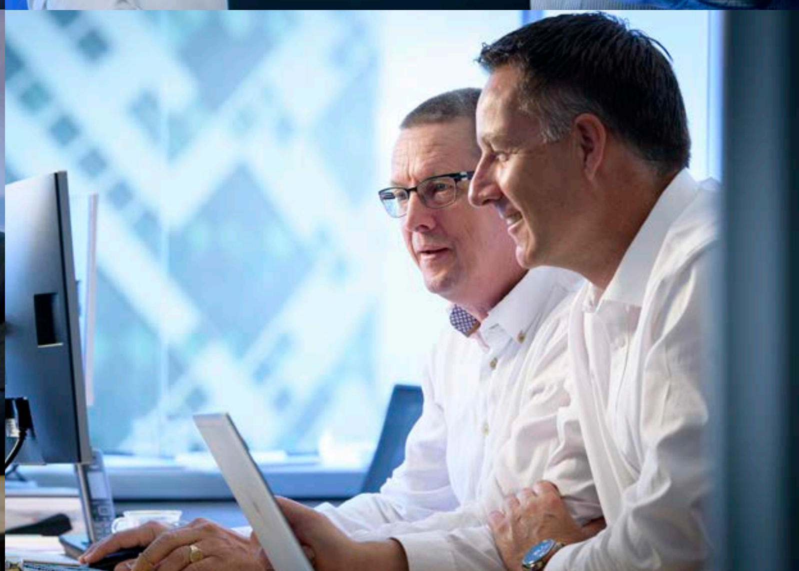
Anne-Bart Tieleman
CEO

TrueNoord Fleet

Azul
2 Embraer E195




TrueNoord



Our people

Management


Nigel Turner
Chairman (Non-Executive)


Anne-Bart Tieleman
Chief Executive Officer


Julien Millet
Chief Financial Officer


Richard Jacobs
Chief Commercial Officer


Joram Lietaert Peerbolte
General Counsel & COO

Team


Angus von Schoenberg
Investment Strategy


Arie Landwaart
Head of Administration


Bas Gerritsen
Technical Manager


Caroline van der Meij
Team Assistant


Carst Lindeboom
Sales Director Asia Pacific


Daniel Vasile
Contract Manager


Declan Fitzpatrick
Director (TrueNoord Ireland)


Enrique Wilson-Rae
Legal Counsel


Falcon Miao
Accounting Officer


Garry Topp
Commercial Director


Hugh Treharne
Senior Legal Counsel


Jack Bos
Technical Director


Juan Diego Escartín
Contract Manager


Kavita Jairam
Accounting & Control Officer


Lenika Souri
Senior Legal Counsel


Maarten Grift
Sales Support


Michael Adams
Sales Director Europe


Richard Wright
Financial Controller


Sibert van Leeuwen
Commercial Lease Manager

Financial statements

Company Information

Directors	Rayhan Robin Roy Davis Adam Michael McLain Anne-Bart Tieleman Julien Marc Alfred Millet Nigel Owen Turner
Registered office	Michelin House 3rd Floor 81 Fulham Road London SW3 6RD United Kingdom
Independent Auditor	Grant Thornton Chartered Accountants & Statutory Auditors 13-18 City Quay Dublin 2 Ireland
Bankers	HSBC 165 Fleet Street London EC4A 2DY United Kingdom Norddeutsche Landesbank (Girozentrale) 1 Wood Street London EC2V 7WT United Kingdom DVB (Bank SE) Schiphol Boulevard 255 1118 BH Schiphol The Netherlands ING Groep N.V Po Box 1800 1000 BV Amsterdam The Netherlands Bank of America Corporation 109 South Tyron Street Charlotte NC 29210 United States of America AIB (Allied Irish Banks plc) 7th floor, Adelaide Road, Dublin 2 Ireland Credit Agricole CIB 12 place des Etats-Unis - CS 70052 92547 Montrouge, France

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

Strategic Report

Principal activity

The Group (TrueNoord Limited and its subsidiaries) and the Company (TrueNoord Limited) is a specialised regional aircraft lessor to commercial airlines. The Company is incorporated in the United Kingdom.

The Directors are satisfied with the performance of the business in the financial year ended 31 March 2019, in terms of both growth and profitability from operating activities, and expect the Group to continue to acquire and lease aircraft in the forthcoming year.

Business review

The Directors recognise that the future success of the business is dependent on securing profitable leases, remaining profitable and effectively managing commercial and financial risks. The Directors have assessed these risks and have taken measures to manage them. As at 31 March 2019, the Group owned 33 (2018: 20) aircraft, which were all on lease, and has reached an agreement for two additional deliveries, which took place in April and May 2019. In addition, as at 31 March 2019, the Group had a significant amount of committed capital available to continue to expand its current fleet.

Going concern

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

Key financial performance indicators

Revenue, profit after tax (before gains/(losses) on unrealised foreign exchange and fair value movements on interest rate swaps), total loans and borrowings, total non-current assets and total equity are key indicators of the performance of the Group.

Principal risks and uncertainties

Asset values

Aircraft and engines are subject to value fluctuations driven by market supply and demand which will have an impact on the assets of the Group. 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 the 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 airlines. The financial condition of the airline industry is affected by, among other things, geopolitical events, outbreaks of communicable pandemic diseases, 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 repossesions and (iii) inability to lease aircraft on commercially acceptable terms.

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

Brexit

On 29 March 2017, the United Kingdom (UK) government formally announced that the UK will leave the European Union (EU). The UK government has since begun the process of negotiating the terms of the UK's future relationship with the EU. Although it is unknown what those terms will be, Brexit may create global economic uncertainty.

At the date of signing these Consolidated financial statements, the directors do not foresee any immediate Brexit related risks, however, they acknowledge the uncertainty that now exists. The directors will continue to keep this under review.

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) funding and performance of maintenance activities, (iii) government and environment regulations relating to aircraft and their operation, and (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 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, and arises 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 its lessees and their ability to react to and cope with the competitive environment in which they operate. If a lessee airline experiences financial difficulties this may result in a default and the early termination of the lease. The Directors mitigate this risk through comprehensive credit reviews of potential customers prior to entering into a new lease and on-going credit monitoring of customer airlines during the course of the leases. 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, 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.

Future Developments

For 2019/2020, the Group expects to continue expanding its fleet and leasing activities.

Results and dividends

The Consolidated Statement of comprehensive income, the Consolidated Statement of financial position and the Consolidated Statement of cash flows are set out on pages 35, 36-37 and 38 respectively.

The Group reported a loss on ordinary activities before tax for the financial year of US$1,343,324 (2018: profit US$1,771,635).

The Group has net assets of US$228,613,371 as at 31 March 2019 (2018: US$154,739,598).

The Directors do not recommend the payment of a dividend for the financial year (2018: US$Nil).

Employee involvement

The Group and Company recognises the importance of keeping employees informed of progress and to provide information to their employees on matters of concern to them.

Subsequent events

As at 31 March 2019, the Group reached an agreement for two additional aircraft which were delivered in April and May 2019 respectively. In addition, after 31 March 2019, the Group entered into two non-legally binding indicative letters of interest for the acquisition of further aircraft.

Other than that disclosed in the financial statements, there has not arisen in the interval between 31 March 2019 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 and Company, the results of those operations, or the state of affairs of the Group and Company, in future financial periods.

Political contributions

The Group and Company neither made any political donations nor incurred any political expenditure during the year (2018: US$Nil).

Statement of relevant audit information

The directors at the time when this Directors' report is 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, continue in office in accordance with section 485 of the Companies Act 2006.

On behalf of the Board on 25 July 2019.

Anne-Bart Tieleman, Director

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

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 2019, 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, including FRS101 "Reduced disclosure framework" (United Kingdom 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 2019 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 United Kingdom Generally Accepted Accounting Practice, of the assets, liabilities and financial position of the Company as at 31 March 2019, 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.

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 not 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 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 that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's 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's and Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The auditor's objective is 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.

Independent auditor's report to the members of TrueNoord Limited (cont.)

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's 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's 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 way 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: 26 July 2019

Consolidated statement of comprehensive income

For the year ended 31 March 2019

	Note	**Year ended 31 March 2019 US$**	As restated Year ended 31 March 2018 US$
Revenue			
Turnover	4	**66,216,664**	30,550,783
Expenses			
Administrative expense		**(11,777,680)**	(5,260,842)
Operating expense	5	**(23,379,508)**	(14,200,032)
Profit from operating activities		**31,059,476**	11,089,909
Finance income/(expense)			
Finance income		**16,528**	469,004
Finance expenses		**(21,319,631)**	(8,851,068)
Amortisation of debt issuance costs	6	**(2,584,995)**	(936,210)
Fair value loss on interest rate swap		**(8,514,702)**	-
(Loss)/profit on ordinary activities before tax		**(1,343,324)**	1,771,635
Taxation benefit		**806,787**	574,983
(Loss)/profit for the financial year		**(536,537)**	2,346,618
Other comprehensive income for the financial year			
Exchange differences on translation of foreign operations		**547,144**	1,189,485
Total comprehensive (loss)/income for the financial year		**10,607**	3,536,103
Total comprehensive (loss)/income for the financial year attributable to:			
Non-controlling interests		**236,222**	94,352
Owners of the parent		**(225,615)**	3,441,751
Total comprehensive (loss)/income for the financial year		**10,607**	3,536,103

The notes on pages 39-51 form an integral part of these financial statements.

Consolidated statement of financial position

As at 31 March 2019

	Note	**Year ended 31 March 2019 US$**	As restated Year ended 31 March 2018 US$
Non-current assets			
Maintenance assets	7	**62,089,106**	38,203,714
Goodwill		**11,461,910**	11,461,910
Property, plant and equipment	8	**628,758,114**	404,726,029
End of lease receivable		**83,842,836**	81,984,005
Deferred tax asset		**4,634,222**	3,765,465
Total non-current assets		**790,786,188**	540,141,123
Current assets			
Cash and cash equivalents	9	**28,694,624**	8,677,154
Trade and other receivables	10	**5,557,098**	7,115,722
Total current assets		**34,251,722**	15,792,876
Total assets		**825,037,910**	555,933,999
Equity			
Share capital		**474,275**	430,638
Share premium		**228,850,154**	155,030,625
Translation reserve		**1,736,629**	1,189,485
Retained losses		**(2,778,261)**	(2,005,502)
Non-controlling interests		**330,574**	94,352
Total equity		**228,613,371**	154,739,598
Non-current liabilities			
Security deposits		**8,855,119**	3,655,408
Maintenance reserves		**19,598,151**	4,387,679
Loans and borrowings	11	**412,358,737**	244,558,555
Deferred end of lease income		**83,323,874**	81,984,005
Derivative financial liability		**8,514,702**	-
Total non-current liabilities		**532,650,583**	334,585,647

The notes on pages 39-51 form an integral part of these financial statements.

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

	Note	**Year ended 31 March 2019 US$**	As restated Year ended 31 March 2018 US$
Current liabilities			
Loans and borrowings	11	**46,464,622**	57,089,464
Trade and other payables	12	**14,268,167**	9,353,375
Corporation tax liability		**44,435**	165,915
Maintenance reserve		**2,796,732**	-
Security deposits		**200,000**	-
Total current liabilities		**63,773,956**	66,608,754
Total equity and liabilities		**825,037,910**	555,933,999

The notes on pages 39-51 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 25 July 2019 and were signed on its behalf by:

Anne-Bart Tieleman, Director

Consolidated statement of cash flows

For the year ended 31 March 2019

	Year ended 31 March 2019 US$	As restated Year ended 31 March 2018 US$
(Loss)/ profit before tax	**(1,343,324)**	1,771,635
Adjustments for:		
Movement in working capital	**3,313,380**	(12,852,161)
Movement in maintenance reserve	**1,496,520**	4,387,679
Movement in deferred end of lease compensation	**(518,962)**	-
Write off of debt issuance cost	**1,736,016**	-
Amortisation of debt issuance cost	**2,584,995**	936,210
Depreciation expense	**23,379,508**	14,200,032
Interest expense	**21,319,631**	8,851,068
Interest income	**(16,528)**	(469,004)
Income taxes paid	**(183,450)**	-
Foreign exchange	**547,144**	1,189,485
Fair value movement on interest rate swap	**8,514,702**	-
Net cash from operations	**60,829,632**	18,014,944
Cash flows from investing activities		
Interest received	**16,528**	469,004
Addition of fixed assets	**(225,501,198)**	(310,735,488)
Addition of maintenance assets	**(23,885,392)**	(36,308,213)
Net cash used in investing activities	**(249,370,062)**	(346,574,697)
Cash flows from financing activities		
Interest paid	**(18,159,595)**	(8,851,068)
Issue of share capital	**43,637**	297,624
Issue of share premium	**73,819,529**	117,093,233
Debt issuance cost paid	**(6,626,466)**	(2,745,568)
Receipt of loan borrowings	**360,738,870**	246,398,067
Repayment of loan borrowings	**(201,258,075)**	(16,993,055)
Net cash provided by financing activities	**208,557,900**	335,199,233
Net increase in cash and cash equivalents	**20,017,470**	6,639,480
Opening cash and cash equivalents	**8,677,154**	2,037,674
Cash and cash equivalents at end of financial year	**28,694,624**	8,677,154

The notes on pages 39 to 51 form an integral part of these financial statements.

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

Notes to The Group financial statements

For the year ended 31 March 2019

1. Reporting entity

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

The Group (TrueNoord Limited and its subsidiaries) is a specialised regional aircraft lessor to commercial 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 consolidated financial statements.

a) Statement of compliance

The Group statutory Consolidated 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 Consolidated financial statements are prepared in accordance with IFRS as adopted by the EU under the historical cost basis except otherwise stated in the following accounting policies. The Directors have considered the going concern basis of preparation of the Consolidated 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 Consolidated 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 the Consolidated statement of comprehensive income. 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) Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred, liabilities incurred and the equity interests issued by the Group. This includes the fair value of any asset or liability arising from a contingent consideration arrangement. Transaction costs are expensed as incurred.

(iii) 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.

Notes to The Group financial statements (cont.)

d) New and amended standards adopted by the Company

For the preparation of these Consolidated financial statements, the following new, revised or amended pronouncements are mandatory for the first time for the financial year beginning 1 January 2018.

IFRIC 23 Income tax treatments

IFRIC 23 has no material impact to the Group.

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 Consolidated 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 is for annual periods beginning on or after 1 January 2018.

IFRS 15 replaces the provisions of IAS 18 that relate to the recognition, measurement and disclosure of revenue. The impact on the Group's consolidated financial statements arising from the change in the recognition and measurement of revenue is not significant as the Group recognises revenue from its leases under IAS 17, 'Leases'.

IFRS 9 Financial Instruments

This standard replaces the guidance in IAS 39 and includes requirements on the classification and measurement of financial assets and liabilities. The effective date is for annual periods beginning on or after 1 January 2018.

The Group adopted IFRS 9 from 1 April 2018. IFRS 9 addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group's financial assets including trade receivables, cash and cash equivalents, are debt instruments previously classified into the loans and receivables category and were previously measured at amortised cost under IAS 39. The Group assessed that these assets meet the conditions for classification at amortised cost under IFRS 9 since the expected cash flows solely relate to payments of principal and interest and the Group's business model is to hold and collect the debt instruments.

Under IFRS 9, the Group is required to revise its impairment methodology applied to its classes of financial assets. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses, as is the case under IAS 39. It applies to trade receivables and other financial assets. The Group has applied the simplified ECL model prescribed by IFRS 9, which requires the use of lifetime expected credit loss provisions for its financial assets carried at amortised cost. The impact of this change is not material.

There has been no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have such liabilities.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Consolidated statement of comprehensive income.

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:

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 Consolidated financial statements about the leasing activities of both lessees and lessors. A key change arising in 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.

e) Use of accounting estimates and judgements

The preparation of the Consolidated financial statements in conformity with IFRS as adopted by the EU 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.

Deferred tax assets are only recognised to the extent that there is a reasonable probability of realisation of the asset, based on potential future taxable profits derived from a forecasting model. This estimate could be significantly reduced if the forecast of future taxable income were to be reduced.

f) Lease revenue

Lease rent receivables under operating leases are generally paid monthly by the airline and recognised as income on a straight-line basis over the period of the applicable lease as it is earned. Revenue is not recognised when collection is not reasonably assured. Most of the Group's lease contracts require payment in advance. Rentals received, but unearned under these lease agreements, are recorded as deferred revenue.

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, and 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) Derivative financial instrument – interest rate swap

The Group's policy is to use derivative instruments (interest rate swaps) to convert a proportion of its floating rate debt into fixed rate in order to hedge the interest rate risk. The Group does not apply hedge accounting to these derivative financial instruments. The derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. Change in the fair value of the derivative financial instrument is recognised directly in profit or loss.

i) 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.

j) Functional and presentation currency

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

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 Consolidated statement of financial position date. Gains and losses arising from exchange differences have been included in the Consolidated statement of comprehensive income.

k) Maintenance advances and liabilities

In Maintenance Reserve (MR) Leases, 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 the lessee's 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 maintenance rent and reserves that are not expected to be reimbursed to lessees as other income when the Group has reliable information that the lessee will not be entitled to or likely to claim reimbursement of the amounts collected or reserved by the lessor based on the latest maintenance forecast model. This model 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.

l) Property, plant and equipment

Aircraft held under operating lease are stated at cost less accumulated depreciation and any impairment provision. Cost comprises purchase price and other related costs required to acquire and get the aircraft ready for initial use. The charge for depreciation is calculated to write down the cost or valuation to 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.

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

m) Impairment of assets

Aircraft are assessed for recoverability in accordance with IAS-36 – Impairment of Assets ("IAS36"), whenever events or changes in circumstances indicate 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 lease, maintenance and technical information.

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

The recoverable amount is estimated for each aircraft individually – being 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, taking into account aircraft specific lease conditions.

n) Goodwill

Goodwill represents the difference between amounts paid for the acquirer's interest in the acquiree and the acquirer's interest in the fair value of the acquiree's identifiable assets and liabilities at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses.

Goodwill is assessed for impairment on an annual basis and any subsequent impairment is charged to the Consolidated statement of comprehensive income.

Negative goodwill arising on an acquisition is recognised directly in the Consolidated statement of comprehensive income.

o) End of Lease Compensation

For End of Lease (EOL) leases, a lessee is typically required to redeliver an aircraft in a specified maintenance condition (normal wear and tear excepted), with reference to major life-limited components of the aircraft. To the extent that such components are redelivered in a different condition than specified, there is generally an end-of-lease compensation adjustment for the monetary difference. Amounts received or paid as part of these redelivery adjustments are recorded as other income towards the end of the lease, based on utilisation and a maintenance forecasting model that estimates the amount of end of lease compensation, from the moment the Group has reasonable certainty over these amounts until the end of the lease.

At the date of initial recognition, the Group also recognises an EOL receivable and EOL deferred income for the amount of cash that the Group expects to receive at the end of the lease.

p) Intangible assets and liabilities

Lease intangible assets

Lease intangible assets represent the value of an acquired lease (excluding short term leases) where the contractual rent payments, both in absolute and relative value vis a vis the value of the acquired aircraft, are above the market lease rate at the date of acquisition and (if applicable) at the date the airline entered into the lease. 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.

Notes to The Group financial statements (cont.)

Lease intangible liabilities

Lease intangible liabilities represent the value of an acquired lease (excluding short term leases) where the contractual rent payments, both in absolute and relative value vis a vis the value of the acquired aircraft, are below the market lease rate at the date of acquisition and (if applicable) at the date the airline entered into the lease. This liability is recognised at cost based on discounted cash flows 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 assets

Maintenance assets represent the value in the difference between the contractual right under the acquired leases (excluding short term leases) 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. Maintenance assets are assessed for impairment on an annual basis and any subsequent impairment is charged to the Consolidated statement of comprehensive income as a component of depreciation and amortisation.

q) Trade and other 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.

r) Loans and borrowings

Loans and borrowings are recognised initially at fair value, including transaction costs incurred. Loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised over the term of the borrowings. 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.

s) 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.

t) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

u) Capital management policies and procedures

The Group's capital management objectives are:
- to ensure the Group's ability to continue as a going concern; and
- 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.

v) Share capital and share premium

Ordinary shares are classified as equity. Called-up share capital represents the nominal value of shares that have been issued. Share premium represents the excess amount received for a stock issue above nominal value.

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.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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 the 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

	Year ended 31 March 2019 US$	As restated Year ended 31 March 2018 US$
Operating lease income	**65,488,340**	30,550,783
Other income	**728,324**	-
	66,216,664	30,550,783

Geographical split Based on lease origin	**2019 US$**	2018 US$
Asia	**18,093,638**	5,908,560
Europe	**39,828,904**	18,402,223
Rest of World	**8,294,123**	6,240,000
	66,216,664	30,550,783

All income is earned from the lease of regional commercial aircraft and engines to global airlines.

Other than the supplemental income disclosed above the Group has no further contingent rentals.

5. Operating expense

	2019 Group US$	2018 Group US$
Depreciation expense	**23,379,508**	14,200,032

6. Amortisation of debt issuance costs

	2019 Group US$	2018 Group US$
Amortisation of debt issuance cost	**2,584,995**	936,210

7. Maintenance assets

	2019 Maintenance assets US$	2018 Total US$
Cost		
At 1 April 2018	**38,203,714**	38,203,714
Additions	**23,885,392**	23,885,392
Balance at 31 March 2019	**62,089,106**	62,089,106
Amortisation		
At 1 April 2018	**-**	-
Amortisation for the year	**-**	-
Balance at 31 March 2019	**-**	-
Carrying Amounts		
At 31 March 2018	38,203,714	38,203,714
At 31 March 2019	**62,089,106**	**62,089,106**

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

Notes to The Group financial statements (cont.)

8. Property, plant and equipment

	2019 Aircraft US$	2019 Fixtures & Fittings US$	2019 Total US$
Cost			
At 1 April 2018	419,321,700	43,455	419,365,155
Additions	**247,411,593**	**-**	**247,411,593**
At end of year	**666,733,293**	**43,455**	**666,776,748**
Accumulated depreciation			
At 1 April 2018	(14,616,736)	(22,390)	(14,639,126)
Depreciation charge for year	**(23,363,517)**	**(15,991)**	**(23,379,508)**
At end of year	**(37,980,253)**	**(38,381)**	**(38,018,634)**
At 31 March 2018	404,704,964	21,065	404,726,029
At 31 March 2019	**628,753,040**	**5,074**	**628,758,114**

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.

9. Cash and cash equivalents

	2019 Group US$	2018 Group US$
Restricted Cash	**7,877,440**	6,916,555
Cash at bank and in hand	**20,817,184**	1,760,599
	28,694,624	8,677,154

10. Trade and other receivables

	2019 Group US$	2018 Group US$
Trade receivables	**3,824,265**	3,305,562
Other receivables	**1,355,389**	3,738,872
Taxation recoverable	**377,444**	71,288
	5,557,098	7,115,722

All amounts are short term.

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

The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Notes to The Group financial statements (cont.)

11. Loans and borrowings

Consolidated
The contractual terms of the Group's interest-bearing loans and borrowings are:

Bank loans (repayable by instalment)	2019 US$	2018 US$
Principal	**465,313,368**	305,824,568
Debt issuance costs	**(6,490,009)**	(4,176,549)
Loans and borrowings	**458,823,359**	301,648,019

The loans and borrowings are repayable as follows:

Within one year	**46,464,622**	57,089,464
Between one and five years	**412,358,737**	244,558,555
More than five years	**-**	-
	458,823,359	301,648,019

12. Trade and other payables

Current liabilities	2019 Group US$	2018 Group US$
Trade payables	**2,617,386**	292,652
Other payables and accruals	**11,650,781**	9,060,723
	14,268,167	9,353,375

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

13. Subsequent events

As at 31 March 2019, the Group reached an agreement for the purchase of two additional aircraft which were delivered in April and May 2019 respectively. In addition, after 31 March 2019, the Group entered into two non-binding indicative letters of interest for the acquisition of further aircraft.

Other than that disclosed in the Consolidated financial statements, there has not arisen in the interval between 31 March 2019 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.

14. Controlling party

The Group is ultimately owned and controlled by the shareholders.

15. Change in accounting policy

EOL compensation

During the year, the Group changed its accounting policy with respect to the recognition of EOL compensation. The Group now recognises EOL compensation closer to the lease termination date when the Group has reasonable certainty over these amounts until the end of the lease. Prior to this change in accounting policy, the Group recognised EOL compensation over the lease term. The Group uses forecasting models to estimate the EOL compensation amount for each aircraft at the lease termination date.

The impact of this voluntary change in accounting policy on the consolidated financial statements is to reduce EOL compensation income and increase deferred EOL income.

In the prior year, $6,397,355 of EOL compensation income was recognised in the Statement of comprehensive income. The comparative figures have been restated to reflect this change in accounting policy which has the effect of decreasing the prior year profit before tax by $6,397,355 and increasing deferred EOL income by the same amount.

16. Comparative information

Comparative information has been reclassified where necessary to conform to current year presentation.

17. Approval of Group financial statements

The Board of Directors approved the Group financial statements on 25 July 2019.

TrueNoord Fleet

KLM Cityhopper
5 Embraer E190


PH-EXE
PH-EXE
KLM

Delivering aid.
Regional aircraft play their part.

Natural disasters often destroy transport infrastructures from road bridges to airports. In these situations air transport is the fastest means to reach people who are inaccessible by road. Regional aircraft play a significant role in humanitarian tasks: connecting islands to facilitate hospital needs, delivering aid, enabling infrastructure projects, transporting precious human or animal cargo, and reuniting families separated by events beyond their control.

Many factors need to be considered when it comes to the provision of food and other aid by air into natural disaster, emergency, and conflict zones around the world. Air traffic management, security, airfield and ramp safety, reduction of risk to humanitarian staff working in remote locations, airstrip assessments, aircraft suitability, medical, and security evacuation services – all need to be overseen whilst maximising speed and logistics.

In 2003 the World Food Program (WFP) was given responsibility for providing safe, reliable, and cost-efficient air transport to all UN agencies involved in relief operations and this led to the creation of the UN Humanitarian Air Service (UNHAS) in 2004. In 2018, UNHAS operated in 16 countries, transported more than 386,000 passengers and delivered over 3,500 metric tons of cargo including medical supplies, specialised food commodities, and equipment such as information and communications technologies.

WFP contracts aircraft from more than 100 operators holding air operator certificates (AOCs) that are pre-evaluated by the WFP Aviation Safety Unit and managed by UNHAS. TrueNoord's regional airline customers, such as Lion Group in Indonesia, have the capability to offer such services under a chartering basis. WFP Aviation also helps countries build the ability to operate air services that meet international standards, but this is a long-term global strategy.

Aircraft on stand-by

Today, UNHAS operates a fleet of over 60 aircraft in ongoing operations. A further 40+ aircraft are on standby contracts to enhance operational agility for unpredicted emergencies.

UNHAS operations are concentrated in Africa and Asia and the the organisation uses a wide range of small and medium-size aircraft types for passenger services. These range from the 12-seater Cessna Caravan (C-208B) to the Airbus A320 and include: Beech 1900D, Dornier 328 and Embraer 135/145.

TrueNoord
Regional Aircraft Leasing

info@truenoord.com truenoord.com

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