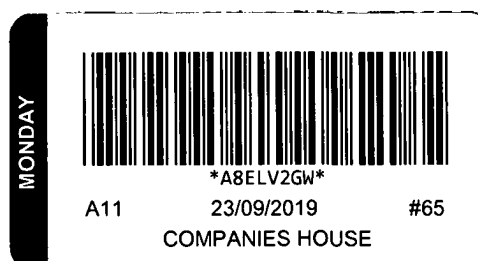


Matterhorn Leasing Company Limited

Strategic Report, Directors' Report and Financial Statements
31 December 2018



Directors and advisors

Directors

Simon Harding
Pierre Jacqmarcq
Aodhan McCarthy

Independent auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Registered Office

Broadwalk House
5 Appold Street
London EC2A 2DA

Bankers

Credit Agricole CIB
Broadwalk House
5 Appold Street
London EC2A 2DA

Credit Agricole CIB S.A.
12, place des Etats-Unis,
CS 70052,
92 547 Montrouge Cedex,
France.

Strategic report for the year ended 31 December 2018

The directors present their strategic report on Matterhorn Leasing Company Limited (the “company”) for the year ended 31 December 2018.

Business Review

The principal activity of the company is to participate in marine leasing business. The company acts as both lessor and lessee for operating leases in respect of four vessels over an original duration of 18 years.

The financial position of the entity at the year end is set out in the balance sheet on page 9. The directors are satisfied with the financial position of the company at the year end, which is in line with planned activities and business model of the entity.

Following the outcome of the UK’s referendum on EU membership and the uncertainty whilst the UK negotiates its exit from the EU, the directors are reviewing the strategic options for the company in conjunction with the Credit Agricole CIB (“CACIB”) Group.

The company made a loss for the financial year of USD 26,955 (2017: USD 100,453).

Principal risks and uncertainties

As part of the review, the directors have also considered the exposure of the company to a variety of financial risks and have various policies and procedures so as to mitigate or reduce these risks.

Interest rate risk

The company has debt financing from Credit Agricole CIB, London Branch, on a USD LIBOR plus margin interest rate basis.

Credit risk

The most significant credit risk inherent in the company is the timely recovery of lease rentals from the lessee. This is closely monitored by the company as part of management’s credit control procedures.

Operational risk

The company is aware that there are many risks of an operational nature both internal and external, which could affect its business. Procedures are in place to identify, monitor and report upon any incidences which may occur. This is a continuous process which receives an appropriate level of management attention.

Key performance indicators

Given the straight forward nature of the business and the information provided elsewhere in this report, the directors are of the opinion that the production of KPIs is not necessary for an understanding of the development, performance or position of the business.

Approved by the board of directors and signed on behalf of the board by:



Pierre Jacqmarcq

Director

10 September 2019

Directors' report for the year ended 31 December 2018

The directors present their report and audited financial statements for the year ended 31 December 2018.

Going concern

On the basis of current financial projections the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly the going concern basis is adopted in the preparation of the financial statements.

Financial performance

During the year, no interim dividend was paid (2017: nil). The directors do not recommend the payment of a final dividend (2017: nil).

Financial risk management objectives and policies

The principal risks and uncertainties are referred to in the strategic report on page 2.

Strategy and future development

No significant change is anticipated to the company's principal business activity.

Post balance sheet events

There were no post balance sheet events.

Directors

The directors who were in office during the year and up to the date of signing the financial statements were:

Simon Harding

Pierre Jacquemarq (appointed 30 May 2019)

Aodhan McCarthy

Michael Payne (resigned 26 June 2018)

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report for the year ended 31 December 2018

Statement of directors' responsibilities in respect of the financial statements (continued)

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

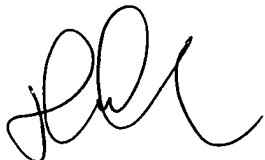
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The company's incumbent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed reappointed in the next financial year.

Approved by the board of directors and signed on behalf of the board by:



Aodhan McCarthy
Director

10 September 2019

Independent auditors' report to the members of Matterhorn Leasing Company Limited

Report on the audit of the financial statements

Opinion

In our opinion, Matterhorn Leasing Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Matterhorn Leasing Company Limited

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 and 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is 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, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Matterhorn Leasing Company Limited

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Mike Wallace (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 September 2019

Profit and loss account for the year ended 31 December 2018

		2018	2017
	Note	USD	USD
Turnover	6	32,858,196	32,540,060
Cost of sales	7	(32,157,370)	(32,157,369)
Operating profit		700,826	382,691
Interest payable and similar expenses	8	(841,624)	(617,144)
Loss before taxation		(140,798)	(234,453)
Tax on loss	10	113,843	134,000
Loss for the financial year		(26,955)	(100,453)

Statement of comprehensive income for the year ended 31 December 2018

	2018	2017
	USD	USD
Loss for the financial year	(26,955)	(100,453)
Total comprehensive expense for the year	(26,955)	(100,453)

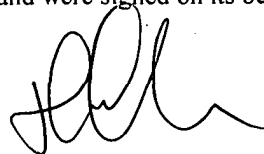
The results of the company derive from continuing operations.

The notes on pages 11 to 15 form an integral part of the financial statements.

Balance sheet as at 31 December 2018

	Note	2018 USD	2017 USD
Current assets			
Debtors: amounts falling due within one year	11	8,110,051	8,031,310
Creditors: amounts falling due within one year	12	(4,129,754)	(4,099,697)
Net current assets		3,980,297	3,931,613
Non-current assets			
Debtors: amounts falling due after more than one year	13	17,365,249	19,041,762
Total assets less current liabilities		21,345,546	22,973,375
Creditors: amounts falling due after more than one year:	14	(25,565,457)	(27,166,331)
Net Liabilities		(4,219,911)	(4,192,956)
Capital and reserves			
Called up share capital	17	50,000	50,000
Profit and loss account		(4,269,911)	(4,242,956)
Total shareholders' deficit		(4,219,911)	(4,192,956)

The financial statements on pages 8 to 15 were approved by the board of directors on 10 September 2019 and were signed on its behalf by:



Aodhan McCarthy
Director

10 September 2019

Statement of changes in equity for the year ended 31 December 2018

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total shareholders' deficit</i>
	USD	USD	USD
Balance as at 1 January 2017	50,000	(4,142,503)	(4,092,503)
Loss and total comprehensive expense for the year	-	(100,453)	(100,453)
Balance as at 31 December 2017	50,000	(4,242,956)	(4,192,956)
Balance as at 1 January 2018	50,000	(4,242,956)	(4,192,956)
Loss and total comprehensive expense for the year	-	(26,955)	(26,955)
Total shareholders' deficit as at 31 December 2018	50,000	(4,269,911)	(4,219,911)

Notes to the financial statements for the year ended 31 December 2018

1. General information

The principal activity of the company is to participate in marine leasing business. The company acts as both lessor and lessee for operating leases in respect of four vessels over an original duration of 18 years.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Broadwalk House, 5 Appold Street, London EC2A 2DA.

2. Statement of compliance

The individual financial statements of Matterhorn Leasing Company Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Going concern

On the basis of current financial projections the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly the going concern basis is adopted in the preparation of the financial statements.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

(b) Exemptions for qualifying entities under FRS 102

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company Crédit Agricole CIB S.A., includes the company's cash flows in its own consolidated financial statements.

The company is exempt from disclosing related party transactions under FRS 102 as they are with other companies that are wholly owned within the Group.

(c) Foreign currency

Functional and presentation currency

The company's functional and presentation currency is USD. It is also the currency in which the receipts from operating activities are usually retained. All monetary assets and liabilities in currencies, other than USD, are translated into USD at the rate of exchange prevailing at the balance sheet date. All transactions in currencies, other than USD, are translated into USD at the rate of exchange prevailing at the date of transaction. Exchange differences are recognised in the profit and loss account.

(d) Taxation

Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the financial statements for the year ended 31 December 2018

4. Summary of significant accounting policies (continued)

(e) Revenue recognition

(i) Interest Income

Interest income is recognised using the effective interest method. This method applies the effective interest rate to the carrying amount of the loan. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the loan to the carrying amount of the loan.

(ii) Lease rental income/expense

The company acts as a lessor and a lessee in marine leasing activities. Rentals received under operating leases are recognised in the profit and loss account on a straight line basis over the lease term. Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(f) Financial liabilities

Loans from group companies are classified as debt and are initially recognised at the transaction price (including directly attributable transaction costs). The debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

The company has debt financing from Credit Agricole CIB London Branch on a LIBOR plus margin interest rate basis.

(g) Initial direct costs

Initial direct costs that are directly associated with negotiating and consummating leasing transactions such as commissions, arrangement fees, legal fees, costs of preparing and processing documents for new leases acquired are written off immediately to the Profit and Loss account.

Costs associated with arranging loan facilities for the lease such as premiums paid towards obtaining loan guarantees are apportioned over the term of the underlying loan facilities.

(h) Finance costs

After initial recognition, debt is reduced by repayments made in the period. Finance costs of debt are recognised in the profit and loss account over the term of such instruments.

5. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6. Turnover

Turnover represents ship lease rental income receivable for the year.

7. Cost of sales

	2018 USD	2017 USD
Lease rentals paid	32,157,370	32,157,369
	<u>32,157,370</u>	<u>32,157,369</u>

Notes to the financial statements for the year ended 31 December 2018

8. Interest payable and similar expenses

	2018 USD	2017 USD
Interest payable to group undertakings	841,624	617,144
	<u>841,624</u>	<u>617,144</u>

9. Directors' remuneration, employee information and audit fees

The company employed no staff during the year (2017: None).

The directors did not receive any remuneration in respect of their services to the company during the year (2017: £nil).

The auditors' remuneration in the current and prior year for the statutory audit of the company's financial statements (2018: £7,150 ; 2017: £7,150) is settled by Credit Agricole CIB Marine Leasing Holdings Ltd, the company's immediate parent company. There were no non-audit services provided to the company during the current or prior year.

10. Tax on loss

(a) Tax credit included in profit and loss

	2018 USD	2017 USD
<i>Current tax</i>		
UK Corporation tax on losses for the year	(113,843)	(134,000)
Total tax credit	<u>(113,843)</u>	<u>(134,000)</u>

(b) Reconciliation of tax credit

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)

The differences are explained below:

	2018 USD	2017 USD
Loss before taxation	<u>(140,798)</u>	<u>(234,453)</u>
Loss multiplied by the standard rate of tax in the UK 19.00% (2017: 19.25 %)	(26,752)	(45,132)
Effects of:		
Long funding operating leases adjustments	<u>(87,091)</u>	<u>(88,868)</u>
Total tax credit for the year	<u>(113,843)</u>	<u>(134,000)</u>

Notes to the financial statements for the year ended 31 December 2018

11. Debtors: amounts falling due within one year

	2018	2017
	USD	USD
Group tax relief owed by group undertakings	57,243	67,467
Rent receivable	6,376,295	6,287,330
Prepayment of operating lease rentals	1,676,513	1,676,513
	<u>8,110,051</u>	<u>8,031,310</u>

12. Creditors: amounts falling due within one year

	2018	2017
	USD	USD
Amounts owed to group undertakings	190,343	137,081
Accruals and deferred income	3,939,411	3,962,616
	<u>4,129,754</u>	<u>4,099,697</u>

13. Debtors: amounts falling due after more than one year

	2018	2017
	USD	USD
Prepayment of operating lease rentals	17,365,249	19,041,762
	<u>17,365,249</u>	<u>19,041,762</u>

14. Creditors: amounts falling due after more than one year

	2018	2017
	USD	USD
Bank loans comprise the following:		
USD floating LIBOR rate loan	25,565,458	27,166,331
	<u>25,565,458</u>	<u>27,166,331</u>

USD 34,000,000 floating rate loan facility with Credit Agricole CIB London, repayable on the earlier of 2033 or the termination of the leases, and bears interest at USD LIBOR + 1.0%.

15. Capital and other commitments

As a lessee, the company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2018	2017
	USD	USD
Payments due		
Not later than 1 year	30,504,062	30,504,062
Later than 1 year and not later than 5 years	122,016,250	122,016,249
Later than 5 years	197,714,591	228,218,654
	<u>350,234,903</u>	<u>380,738,965</u>

Notes to the financial statements for the year ended 31 December 2018

16. Operating leases

Operating leases rental receivables - company as lessor

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2018	2017
	USD	USD
Not later than 1 year	33,450,743	33,450,699
Later than 1 year and not later than 5 years	133,802,974	133,802,974
Later than 5 years	219,661,165	251,207,023
	<u>386,914,882</u>	<u>418,460,696</u>

The company leases vessels under various agreements which terminate between 2029 and 2031. The agreements do not include an extension option.

17. Called up share capital

	2018	2017
	USD	USD
<i>Authorised</i>		
50,000 (2017: 50,000) ordinary shares of USD 1 each	<u>50,000</u>	<u>50,000</u>
<i>Allotted and fully paid</i>		
50,000 (2017: 50,000) ordinary shares of USD 1 each	<u>50,000</u>	<u>50,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

18. Controlling parties

The immediate parent undertaking is Credit Agricole CIB Marine Leasing Holdings Limited.

The ultimate parent undertaking and controlling party is Crédit Agricole S.A., a company incorporated in France.

Crédit Agricole S.A. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements of Crédit Agricole S.A. are available from 12 place des États-Unis, 92545 Montrouge Cedex, France.

Credit Agricole CIB S.A. is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Credit Agricole CIB S.A. can be obtained from 12, place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France.