
CAE Centre Copenhagen A/S

Kystvejen 40, DK-2770 Kastrup

Annual Report for 1 April 2015 - 31 March 2016

CVR No 14 33 82 76

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/6 2016

Mikael Philip Schmidt
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CAE Centre Copenhagen A/S for the financial year 1 April 2015 - 31 March 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2016 of the Company and of the results of the Company operations for 2015/16.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kastrup, 30 June 2016

Executive Board

Signe Nicolaisen Hørning

Board Members

Johannes Hendrik van Engelen
Chairman

Hasnain Mohsin

Onno Rijdsdijk

Independent Auditor's Report on the Financial Statements

To the Shareholder of CAE Centre Copenhagen A/S

Report on the Financial Statements

We have audited the Financial Statements of CAE Centre Copenhagen A/S for the financial year 1 April 2015 - 31 March 2016, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Independent Auditor's Report on the Financial Statements

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2016 and of the results of the Company operations for the financial year 1 April 2015 - 31 March 2016 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 30 June 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Niels Henrik B. Mikkelsen

State Authorised Public Accountant

Company Information

The Company

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Kystvejen 40
DK-2770 Kastrup

Telephone: + 45 32325940

Facsimile: + 45 32325991

Website: www.cae.com

CVR No: 14 33 82 76

Financial period: 1 April - 31 March

Municipality of reg. office: Tårnby

Board of Directors

Johannes Hendrik van Engelen, Chairman
Hasnain Mohsin
Onno Rijdsdijk

Executive Board

Signe Nicolaisen Hørning

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Main activity

The company's main activities consist of providing educational services, training equipment, renting the flight simulators and other training equipment.

Development in the year

The income statement of the Company for 2015/16 shows a profit of DKK 3,138,283, and at 31 March 2016 the balance sheet of the Company shows equity of DKK 69,614,131.

Operating risks

The company is largely dependent on the development in the aviation market and is therefore affected by the trends and activities in this sector.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 April - 31 March

	Note	2015/16 DKK	2014/15 DKK
Gross profit/loss		20.456.914	18.356.194
Staff expenses	1	-11.059.917	-11.709.423
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-6.002.254	-6.425.179
Profit/loss before financial income and expenses		3.394.743	221.592
Financial income	2	123	309.313
Financial expenses	3	-256.583	-760.513
Profit/loss before tax		3.138.283	-229.608
Tax on profit/loss for the year		0	0
Net profit/loss for the year		3.138.283	-229.608

Distribution of profit

	2015/16 DKK	2014/15 DKK
Proposed distribution of profit		
Extraordinary dividend paid	6.500.000	0
Proposed dividend for the year	0	0
Retained earnings	-3.361.717	-229.608
	3.138.283	-229.608

Balance Sheet 31 March

Assets

	Note	2016 DKK	2015 DKK
Other fixtures and fittings, tools and equipment		42.722.264	46.533.534
Leasehold improvements		8.146.617	9.785.010
Property, plant and equipment in progress		495.892	232.189
Property, plant and equipment	4	51.364.773	56.550.733
Fixed assets		51.364.773	56.550.733
Trade receivables		13.339.830	10.181.824
Receivables from group enterprises		790.086	2.053.855
Other receivables		564.957	280.190
Prepayments	5	158.803	2.831.290
Receivables		14.853.676	15.347.159
Cash at bank and in hand		12.993.095	12.925.485
Currents assets		27.846.771	28.272.644
Assets		79.211.544	84.823.377

Balance Sheet 31 March

Liabilities and equity

	Note	2016 DKK	2015 DKK
Share capital		4.505.000	4.505.000
Retained earnings		65.109.131	68.470.846
Equity	6	69.614.131	72.975.846
Trade payables		2.179.041	4.317.482
Payables to group enterprises		589.000	2.560.212
Other payables		5.929.887	4.716.580
Deferred income	7	899.485	253.257
Short-term debt		9.597.413	11.847.531
Debt		9.597.413	11.847.531
Liabilities and equity		79.211.544	84.823.377
Contingent assets, liabilities and other financial obligations	8		
Related parties and ownership	9		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 April	4.505.000	68.470.848	72.975.848
Extraordinary dividend paid	0	-6.500.000	-6.500.000
Net profit/loss for the year	0	3.138.283	3.138.283
Equity at 31 March	<u>4.505.000</u>	<u>65.109.131</u>	<u>69.614.131</u>

Notes to the Financial Statements

	<u>2015/16</u>	<u>2014/15</u>
	DKK	DKK
1 Staff expenses		
Wages and salaries	9.688.353	10.404.360
Pensions	1.065.909	1.148.129
Other social security expenses	99.120	59.185
Other staff expenses	<u>206.535</u>	<u>97.749</u>
	<u>11.059.917</u>	<u>11.709.423</u>
Average number of employees	<u>16</u>	<u>19</u>
2 Financial income		
Other financial income	123	1.388
Exchange gains	<u>0</u>	<u>307.925</u>
	<u>123</u>	<u>309.313</u>
3 Financial expenses		
Interest paid to group enterprises	8.707	267.794
Other financial expenses	0	41.066
Exchange loss	<u>247.876</u>	<u>451.653</u>
	<u>256.583</u>	<u>760.513</u>

Notes to the Financial Statements

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK	DKK	DKK
Cost at 1 April	89.378.737	21.118.432	232.189
Additions for the year	552.592	0	263.703
Cost at 31 March	89.931.329	21.118.432	495.892
Impairment losses and depreciation at 1 April	42.845.203	11.333.422	0
Depreciation for the year	4.363.862	1.638.393	0
Impairment losses and depreciation at 31 March	47.209.065	12.971.815	0
Carrying amount at 31 March	42.722.264	8.146.617	495.892

5 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and licences.

6 Equity

The share capital consists of 4,505 shares of a nominal value of DKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

	2015/16	2014/15	2013/14	2012/13	2011/12
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 April	4.505.000	4.505.000	4.504.000	4.503.000	4.503.000
Capital increase	0	0	1.000	1.000	0
Capital decrease	0	0	0	0	0
Share capital at 31 March	4.505.000	4.505.000	4.505.000	4.504.000	4.503.000

Notes to the Financial Statements

7 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

8 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The company has entered into various operating lease agreements as detailed below:

- A non-cancellable property rent contract with a variable rent charge, the annual rent payment is currently DKK 8,080k expiring in 2021,
- Two operating leases relating to flight simulators:
 - * One with an annual rent payment of USD 998k (DKK 6,759k) expiring in 2025
 - * One with an annual rent payment of USD 960k (DKK 6,512k) expiring in 2019, and
- An operating lease relating to a car with a current annual payment of DKK 73k expiring in 2018.

9 Related parties and ownership

Basis

Controlling interest

CAE Centre Stockholm AB
CAE Inc.

Stakeholder
Ultimate parent company

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

CAE Centre Stockholm AB, 556397-3444

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company CAE Inc.

Notes to the Financial Statements

9 Related parties and ownership (continued)

The Group Annual Report of CAE Inc. may be obtained at the following address:

8585 Cote-de-Liesse
St-Laurent, Qc
Canada
H4T 1G6

Accounting Policies

Basis of Preparation

The Annual Report of CAE Centre Copenhagen A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015/16 are presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

Accounting Policies

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise instructor fees, administration, cost of premises etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Accounting Policies

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Mock-ups, flight simulators, cockpit system simulators and cabin mock-ups	5-25 years
IT equipment other than PC's	5 years
Other fixtures and fittings, tools and equipment and leasehold improvements	5 years
Other flight simulators and training equipment	3-5 years
PC's	3 years

Accounting Policies

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial year.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.