ST Aerospace Solutions (Europe) A/S

Amager Strandvej 392
2770 Kastrup

CVR no. 28 50 10 48

Annual report 2015

The annual report was presented and adopted at the annual general meeting of the Company on 10 June 2016

Henrik Schlotfeldt
Chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of ST Aerospace Solutions (Europe) A/S for the financial year 1 January - 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the year 1 January - 31 December 2015.

In our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be adopted at the annual general meeting.

Copenhagen, 10 June 2016

Executive Board

Henrik Schlotfeldt

Board of Directors

Lim Serh Ghee Chairman	Goh Poh Loh	Kieran Gerard Butler
Lit Yoke Suan		

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Copenhagen, 10 June 2016

Executive Board

Henrik Schlotfeldt

Board of Directors

Lim Serh Ghee Chairman	Goh Poh Loh	Kieran Gerard Butler
Lit Yoke Suan		

Independent auditor's report

To the shareholder of ST Aerospace Solutions (Europe) A/S

Independent auditor's report on the financial statements

We have audited the financial statements of ST Aerospace Solutions (Europe) A/S for the financial year 1 January - 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 that 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 opinion.

Our audit has not resulted in any qualification.

Opinion

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

Independent auditor's report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 10 June 2016

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Per Ejsing Olsen
State Authorised
Public Accountant

Martin Eiler
State Authorised
Public Accountant

Management's review

Company details

Company	ST Aerospace Solutions (Europe) A/S Amager Strandvej 392 2770 Kastrup Denmark	
	Telephone:	45 72 48 00 00
	Fax:	45 32 32 40 12
	Website:	www.staseu.com
	CVR no.:	28 50 10 48
	Financial year:	1 January - 31 December
	Registered office:	Tårnby Kommune, Denmark
Board of Directors	Lim Serh Ghee, Chairman Goh Poh Loh Kieran Gerard Butler Lit Yoke Suan	
Executive Board	Henrik Schlotfeldt	
Subsidiaries and foreign branches	Airlines Rotables (UK Holdings) Limited ST Aerospace Solutions (Europe) A/S, branch Sweden ST Aerospace Solutions (Europe) NUF, branch Norway, liquidated in 2015	
Auditor	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 Copenhagen Ø Denmark	
Consolidated financial statements	ST Aerospace Solutions (Europe) A/S and Singapore Technologies Aerospace Limited are included in the consolidated financial statements of the ultimate parent company, Singapore Technologies Engineering Limited.	

Management's review

The consolidated financial statements are publicly available from the parent company:

Company Registration Number 198105870H
540 Airport Road, Paya Lebar
Singapore 539938

or at:
http://wwww.stengg.com/investor-relations/annual-reports

General meeting

The annual general meeting is held on 10 June 2016 at the Company's address.

Management's review

Financial highlights

	2015	2014	2013	2012	2011
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Key figures					
Profit/loss					
Revenue	18,229	19,193	53,986	155,823	152,352
Loss before financial income and expenses	-15,554	-24,057	-27,513	-6,167	-10,871
Net financials	-1,532	-2,616	-278	-6,944	-3,116
Net loss for the year	-17,086	-28,173	-33,291	-15,884	-13,987
Balance sheet					
Non-current assets	23,066	25,794	39,287	56,985	210,263
Current assets	83,454	95,078	115,303	116,667	97,881
Total assets	106,520	120,872	154,590	173,652	308,144
Share capital	60,912	60,912	60,912	60,912	60,912
Equity	9,779	25,582	54,694	87,294	101,178
Provisions	89	11	10,893	15,256	11,048
Non-current liabilities other than provisions	0	0	0	27,059	150,000
Current liabilities other than provisions	96,652	95,279	89,003	44,043	45,918
Ratios					
Operating margin	-85.3%	-125.4%	-51.0%	-4.0%	-7.1%
Return on invested capital	-17.0%	-22.0%	-20.9%	-3.6%	-17.8%
Gross margin	23.2%	3.6%	20.6%	35.8%	39.1%
Current ratio	86.3%	99.8%	129.5%	216.3%	213.2%
Equity ratio	9.2%	21.2%	35.4%	50.3%	32.8%
Return on equity	-96.6%	-66.9%	-32.0%	-16.9%	-14.6%
Number of average full-time employees	**104**	**176**	**338**	**552**	**615**

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's review

Core activity

The Company's purpose is, directly or indirectly through shareholdings in other companies, to perform repair and overhaul of aircraft components and sale of assets and expendables for aircrafts.

Development in activities and financial position

Loss for the year

The Company realised a loss for the year after tax of EUR 17.1 million (2014: a loss of EUR 28.2 million).

The loss for the year was particularly influenced by lack of repair revenue from existing customers, slow growth from new CRO customers and costs incurred from impairment of assets.

Operating loss before special items decreased from EUR 22.7 million in 2014 to EUR 15.6 million in 2015, mainly due to improvements in the cost structure.

The loss for 2015 has significantly improved over 2014, primarily influenced by improvements in the cost structure across the business. This trend is expected to continue in 2016.

Development in activities

Cost reduction activities and profitability improvement activities have been the main drivers through 2015. Activities related to cost reduction activities have mainly comprised reduction and delayed replacement of support staff. Profitability improvement activities have primarily comprised focus on reducing man-hours spent and material consumption in the MRO business.

Corporate loans to STAS increased by EUR 3.6 million in FY 2015 and amounted EUR 90.2 million at 31 December 2015.

At 31 December 2015, the balance sheet total amounted to EUR 106.5 million compared to EUR 120.9 million at 31 December 2014.

Investments

The Company has an equity investment in the wholly-owned subsidiary Airline Rotables Limited (ARL). The investment was measured at the recoverable amount, EUR 7.0 million, at 31 December 2015.

ARL's strategy comprises focus on MBH programmes (maintenance by the hour) in Europe. In 2015, the Company realised a profit of EUR 0.5 million compared to a profit of EUR 0.4 million in 2014.

Apart from investments in ordinary operations, no significant investments were made in 2015.

Management's review

Capital resources

The Company is financed by intra-group credit facilities which is confirmed to be available to finance the projected operations in 2016.

In the opinion of the Board of Directors and the Managing Director, the Company's capital resources are adequate.

Uncertainty relating to recognition and measurement

The following items are associated with uncertainty with regard to recognition and measurement:

Deferred tax assets

In the financial statements, no deferred tax asset was recognised at 31 December 2015. The Company has realised operating losses for many years, which increases the risk associated with the valuation thereof. The unrecognised deferred tax asset amounted to EUR 36 million at 31 December 2015.

Investment in subsidiary

The subsidiary Airline Rotables Limited (ARL) has generated losses for many years but realised a small profit in 2014 and 2015, which reduces the risk associated with the valuation of the related investment. In the financial statements, the value of ARL has been recognised at EUR 7.0 million, corresponding to the determined net realisable value.

With the redefined focus on MBH programmes in Europe for the ST Aerospace Group, further financial improvement is expected in the coming years due to increased activity and efficiency as well as other cost-cutting initiatives. The valuation of ARL is based on these expectations.

Financial risks

The Company's activities are exposed to currency risk, interest rate risk and credit risk. Interest rate risk has been reduced as a consequence of the reduced external financing.

The Managing Director is responsible for outlining the objectives and underlying principles of financial risk management for the Company. On this basis, policies have been implemented with regard to risk identification and measurement, exposure of limits and hedging strategies, handling of financial risks and exposure measurement against limits set.

Currency risks

Currency risk is primarily related to exposures to DKK, SEK and USD in connection with the Company's operations. The Company manages this risk by entering into forward exchange contracts.

Management's review

Interest rate risks

The interest rate risk is associated with the Company's loan. The underlying loan is based on a floating rate.

Credit risks

The Company's policy is to perform credit assessments of customers to limit the credit risks.

Outlook for the coming year

In 2015, the Company focused on the restructuring of the Company and on continuing building up new product lines. In 2016, savings from the full closure of the operationally loss-making workshops and benefits from restructuring will largely improve results in 2016.

During 2016, the Company will relocate its MRO business from the existing facility in Stockholm Arlanda Airport to a facility located 5 kilometres from the airport. The new facility will be the backbone for the future growth of the Company and will support the product development activities into new product types.

In 2016, the Company will continue to invest in new repair capabilities that will become key products in the aviation industry for the next 15 years. On this basis, the Company plans to become a significant and competitive player in the industry going forward. Planned investments include the continuation of capability development of Boeing 787 Dreamliner products. These product lines are granted through licence agreements that will ensure that the Company plays a dominant role in the aviation industry, as the number of licences granted is limited. The Company will represent the ST Aerospace Group in Europe for these licences. The Company will also invest in a new product line for the Airbus A320 market. The Airbus A320 is one of the most significant mid-range aircrafts in Europe, and the Company sees great potential in investing in this product line, as the demand for support will increase in the coming years.

The Company is at a stage where it has reduced its cost structure and developed its sales activities to a level where it has positive cash flows to the extent that the Company can finance its operations and the future investment activities without any additional external funding.

The economic recession in Europe continued in 2015, despite expectation of the contrary. The demand for aircraft in operation was lower than expected in Eastern and Southern Europe and had a direct impact on maintenance spent on airlines and consequently the business of the Company in 2015. In 2016, the Company will continue its restructuring efforts, implementing more cost-cutting measures and at the same time focusing on building up its repair sales order book. The Company expects that the demand will catch up from 2016, as a significant part of the existing capabilities are driven by cyclical demand, which will catch up from 2016. Sales related to the new capabilities are expected to come strongly into effect from 2017 onwards.

Management's review

Corporate social responsibility

The Company is covered by the Group's policy for Corporate Social Responsibility. The policies are disclosed in the consolidated financial statements for 2015:
http://www.stengg.com/AR2015/download/2015-Risk-&-Sustainability.pdf

Diversity

On 1 April 2013, a goal was set for gender quotation in the range of 20-30% female members on the Board of Directors and at management level by 1 April 2017. The goal was set to demonstrate an ambitious and yet realistic goal in light of the present gender quotation and reflecting the distribution in the technical workforce.

In 2014, the composition on the Board of Directors was 25% female members, and at management level, female representatives also amounted to 25%.

ST Aerospace Solutions (Europe) A/S will strive to keep this ambitious goal of 20-30% female representation at the two levels by focusing on the representation in connection with:

a) Development of leadership talent
b) Recruitment

In 2015, ten people were recruited and the total number of employees decreased. The development of leadership talent has been in focus.

Financial statements 1 January - 31 December

Accounting policies

The annual report of ST Aerospace Solutions (Europe) A/S for 2015 has been prepared in accordance with the provisions applying to reporting class C (large) entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year. In 2014, certain impairment adjustments regarding goods for resale were recognised as provisions and thus not as required deducted in the associated assets. In 2015, these impairment adjustments have been deducted in the associated assets and comparable figures for 2014 have been changed accordingly. Provisions, goods for resale and the balance sheet for 2014 has been reduced with EUR 8,958 thousand.

Pursuant to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The cash flow statement is included in the consolidated financial statements of Singapore Technologies Engineering Limited.

Pursuant to section 96(3) of the Danish Financial Statements Act, no audit fees have been disclosed. This information is disclosed in the consolidated financial statements of Singapore Technologies Engineering Limited.

Reporting currency

The annual report is presented in EUR based on accounting records processed in EUR.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Financial statements 1 January - 31 December

Accounting policies

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which evidence matters existing at the balance sheet date.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

Derivative financial instruments consist of forward agreements acquired for the purpose of hedging exchange rate risk exposures. Hedging instruments are measured at fair value. Profit or loss due to changes in fair value are recognised in equity and recycled to the income statement when the hedged expense is incurred.

Income statement

Revenue

Income is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Expenses for raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Financial statements 1 January - 31 December

Accounting policies

Other external expenses

Other external expenses include expenses related to distribution, sales, advertising, administration, premises, bad debts, lease payments under operating leases, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security costs, pension contributions, etc., for the Company's staff.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on receivables, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Special items

For the sake of comparability, special items are presented separately in the income statement. Special items comprise significant income and costs which are of a special nature in relation to the Company's ordinary operating activities, including extraordinary write-downs on intangible assets, property, plant and equipment, extraordinary restructuring costs and items of a similar special nature.

Tax for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax expense attributable to the profit for the year is recognised in the income statement, whereas the tax expense attributable to equity transactions is recognised directly in equity. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable profits.

Balance sheet

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subcontract suppliers, and wages and salaries.

The depreciable amount, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Financial statements 1 January - 31 December

Accounting policies

Leasehold improvements	3-30	years
Aircraft components, new aircraft types	25	years
Aircraft components, old aircraft types	8	years
Equipment for maintenance of aircraft components	2-15	years
Fixtures and fittings, tools and equipment	2-3	years

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as part of depreciation and impairment losses.

Investments

Investments in subsidiaries are measured at cost. Dividends exceeding the accumulated earnings in the subsidiary in the period of ownership are treated as a cost reduction. Where the costs exceed the net realisable value, write-down is made to such lower value.

Impairment of assets

The carrying amount of property, plant and equipment and investments is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the exptected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Leases

Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

Inventories, including work in progress

Inventories, including goods for resale, are measured at cost in accordance with the weighted average method. Goods are measured at cost, comprising purchase price plus delivery costs.

Work in progress is measured at cost, covering cost of materials and time added expected profit.

Financial statements 1 January - 31 December

Accounting policies

Components (non-current assets) reclassified to goods for sale are transferred at cost less accumulated depreciation at the time of transfer.

Where the net realisable value is lower than cost, inventories are written down to this lower value.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivables or portfolio is used as discount rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Equity – dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Provisions

Deferred income recognised as a provision comprises payments received on long-term contracts concerning income in subsequent reporting years.

Financial statements 1 January - 31 December

Accounting policies

Provisions comprise anticipated costs related to warranties, losses on work in progress, restructurings, loss making contracts, etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranties comprise obligations to make good any defects within the warranty period of one year. Provisions for warranties are measured at net realisable value and recognised based on past experience. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at the average bond interest rate.

Pension liabilities comprise defined benefit plans for a small part of the Company's personnel in Norway and are measured on the basis of actuarial calculations based on future expectations.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term on the loan.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Accounting policies

Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management.

Financial highlights overview

Financial highlights are calculated as follows:

Operating margin	Operating profit x 100 / Revenue
Return on invested capital	Operating profit x 100 / Average invested capital*
Gross margin	Gross profit x 100 / Revenue
Current ratio	Current assets x 100 / Current liabilities
Equity ratio	Equity at year end x 100 / Total equity and liabilities at year end
Return on equity	Profit from ordinary activities after tax x 100 / Average equity

**Definition of invested capital: Operating intangible assets and property, plant and equipment plus net working capital.*

Financial statements 1 January - 31 December

Income statement

	Note	2015 EUR'000	2014 EUR'000
Revenue	1	**18,229**	**19,193**
Expenses for raw materials and consumables		-7,571	-11,590
Other external costs		-6,432	-6,904
Gross profit		**4,226**	**699**
Staff costs	2	-8,359	-11,835
Depreciation	3	-1,085	-1,325
Impairment losses on current assets	4	-10,336	-10,274
Special items	5	0	-1,322
Loss before financial income and expenses		**-15,554**	**-24,057**
Financial income	6	463	217
Financial expenses	6	-1,995	-2,833
Loss before tax		**-17,086**	**-26,673**
Tax for the year	7	0	-1,500
Loss for the year		**-17,086**	**-28,173**

Proposed distribution of loss			
Retained earnings		-17,086	-28,173
		-17,086	**-28,173**

Financial statements 1 January - 31 December

Balance Sheet

	Note	2015 EUR'000	2014 EUR'000
Assets			
Fixtures and fittings, tools and equipment		175	0
Equipment for maintenance of aircraft components		2,055	1,776
Aircraft components		13,113	16,226
Leasehold improvements		723	792
Property, plant and equipment	8	**16,066**	**18,794**
Investments in subsidiaries	9	7,000	7,000
Investments in subsidiaries		**7,000**	**7,000**
Total non-current assets		**23,066**	**25,794**
Raw materials and consumables		10,568	13,178
Work in progress		528	290
Goods for resale		63,061	71,025
Inventories		**74,157**	**84,493**
Trade receivables		3,436	4,181
Receivables from group entities		3,612	3,326
Other receivables		968	490
Receivables		**8,016**	**7,997**
Cash at bank and in hand		**1,281**	**2,588**
Total current assets		**83,454**	**95,078**
Total assets		**106,520**	**120,872**

Financial statements 1 January - 31 December

Balance sheet

	Note	2015	2014
		EUR'000	EUR'000
Equity and liabilities			
Share capital		60,912	60,912
Retained earnings		-51,152	-34,066
Hedge fund		19	-1,264
Total equity	10	**9,779**	**25,582**
Other provisions	12	89	11
Total provisions		**89**	**11**
Trade payables		1,217	4,440
Payables to group entities		90,263	86,602
Other payables		5,172	4,237
Current liabilities other than provisions		**96,652**	**95,279**
Total liabilities other than provisions		**96,652**	**95,279**
Total equity and liabilities		**106,520**	**120,872**
Contractual liabilities and contingencies, etc.	13		

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Statement of changes in equity

	Share capital	Retained earnings	Hedge fund	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Equity at 1 January 2015	60,912	-34,066	-1,264	25,582
Adjustment, hedging of future cash flows	0	0	1,283	1,283
Net loss for the year	0	-17,086	0	-17,086
Equity at 31 December 2015	**60,912**	**-51,152**	**19**	**9,779**

	Share capital	Retained earnings	Hedge fund	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Equity 1 January 2014	60,912	-5,893	-325	54,694
Adjustment, hedging of future cash flows	0	0	-939	-939
Net loss for the year	0	-28,173	0	-28,173
Equity at 31 December 2014	**60,912**	**-34,066**	**-1,264**	**25,582**

Financial statements 1 January - 31 December

Notes

1 Information on segments

Activities - primary segment

EUR'000	Time and materials	Sale of goods	ARL lease fee	Total
2015				
Revenue	11,153	5,371	1,705	18,229
2014				
Revenue	11,432	6,294	1,467	19,193

Geographical - secondary segment

EUR'000	Scandinavia	Rest of the world	Total
2015			
Revenue	1,942	16,287	18,229
2014			
Revenue	3,115	16,078	19,193

	2015 EUR'000	2014 EUR'000
2 Staff costs		
Wages and salaries	6,554	9,456
Pensions	810	1,006
Other social security costs	995	1,373
	8,359	**11,835**
Average number of employees	104	176

Pursuant to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

Severance costs from the restructuring, EUR 0 thousand (2014: EUR 642 thousand), are recognised under special items.

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	2015	2014
	EUR'000	EUR'000
3 Depreciation		
Depreciation on property, plant and equipment	1,085	1,325
	1,085	**1,325**

4 Impairment losses on current assets

Impairment losses on current assets relate to inventory total EUR 10,336 thousand, of which EUR 4,579 thousand is based on ageing, and EUR 5,757 thousand originates from annual impairment test.

5 Special items

Special items in prior year include significant income and costs which cannot be attributed to the Company's ordinary operating activities, including restructuring costs as a consequence of significant changes in the Company's level of activity. Special items relate to the closing of the Norwegian branch such as payout of severance package in Q1 2015, costs to clean the site and provision for further staff-related restructuring costs in the first half of 2015.

6 Financial expenses

Financial expenses regarding group entities amounted to EUR 1,990 thousand in 2015 (2014: EUR 2,616 thousand)

	2015	2014
	EUR'000	EUR'000
7 Tax for the year		
Deferred tax adjustment for the year	0	1,500
	0	**1,500**

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8 Property, plant and equipment

	Fixtures and fittings, tools and equipment	Equipment for mainte-nance of aircraft components	Aircraft components	Leasehold improve-ments	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Cost at 1 January 2015	217	5,022	24,562	2,053	31,854
Additions for the year	257	444	1,311	0	2,012
Disposals for the year	0	-106	-5,650	-380	-6,136
Cost at 31 December 2015	474	5,360	20,223	1,673	27,730
Impairment losses and depreciation at 1 January 2015	217	3,246	8,336	1,261	13,060
Depreciation for the year	82	148	823	33	1,086
Reversal of impairment and depreciation of sold assets	0	-89	-2,049	-344	-2,482
Impairment losses and depreciation at 31 December 2015	299	3,305	7,110	950	11,664
Carrying amount at 31 December 2015	**175**	**2,055**	**13,113**	**723**	**16,066**

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	2015	2014
	EUR'000	EUR'000
9 Investments in subsidiaries		
Cost at 1 January	18,000	18,000
Cost at 31 December	18,000	18,000
Revaluations at 1 January	-11,000	-11,000
Revaluations at 31 December	-11,000	-11,000
Carrying amount at 31 December	**7,000**	**7,000**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity 31.12.2015	Profit for the year 2015
Airline Rotables (UK Holdings) Limited	6002 Taylors End, Stansted Airport, Stansted, Essex, CM24 1RL	100%	-8,267	461

The amounts disclosed above are in EUR thousand.

10 Equity

The share capital comprises 4,563,966 shares of DKK 100 each. No shares carry any special rights. Changes in share capital in the last five years can be specified as follows:

	2015	2014	2013	2012	2011
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Share capital at 1 January	60,912	60,912	60,912	60,912	30,912
Additions for the year	0	0	0	0	30,000
Share capital at 31 December	**60,912**	**60,912**	**60,912**	**60,912**	**60,912**

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	2015	2014
	EUR'000	EUR'000
11 Provision for deferred tax		
Deferred tax at 1 January	0	1,500
Deferred tax adjustment	0	-1,500
Deferred tax at 31 December	**0**	**0**

The unrecognised deferred tax asset amounted to EUR 36 million at 31 December 2015 (31 December 2014: EUR 35 million). The deferred tax asset primarily relates to tax losses carried forward.

	2015	2014
	EUR'000	EUR'000
12 Other provisions		
Balance at 1 January	11	1,935
Reversed in the year	0	-1,924
Employed in the year	78	0
Balance at 31 December	**89**	**11**
The expected due dates of other provisions are:		
Within one year	89	11
	89	**11**

13 Contractual liabilities and contingencies, etc.

Contingent liabilities
Lease obligations (operating leases) can be specified as follows:

	2015	2014
Within 1 year	464	77
Between 1 and 5 years	127	25
	591	**102**