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TP Aerospace Holding A/S

Stamholmen 165 R
2650 Hvidovre
Central Business Registration No 31603420

Annual report 2016

The Annual General Meeting adopted the annual report on 10.03.2017

Chairman of the General Meeting

Name: Michael Vilhelm Nielsen

Contents

Entity details

Entity
TP Aerospace Holding A/S
Stamholmen 165 R
2650 Hvidovre

Central Business Registration No: 31603420
Registered in: Hvidovre
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Jens Harpøth Zilstorff, Chairman
Kim Skovgaard Rasmussen
Peter Jørgen Lyager
Thomas Daniel Ibsø
Jesper Abildskov Blom

Executive Board
Peter Jørgen Lyager
Thomas Daniel Ibsø

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 Copenhagen

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of TP Aerospace Holding A/S for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hvidovre, 10.03.2017

Executive Board

Peter Jørgen Lyager	Thomas Daniel Ibsø

Board of Directors

Jens Harpøth Zilstorff Chairman	Kim Skovgaard Rasmussen	Peter Jørgen Lyager
Thomas Daniel Ibsø	Jesper Abildskov Blom	

Independent auditor's report

To the shareholders of TP Aerospace Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of TP Aerospace Holding A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements

Independent auditor's report

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 consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 our 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 the Entity’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 in preparing the consolidated financial statements and the parent financial statements, 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 the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate 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 we identify during our audit.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 10.03.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jens Sejer Pedersen
State Authorised Public Accountant

Management commentary

	2016 USD'000	2015 USD'000	2014 USD'000	2013 USD'000	2012 USD'000
Financial highlights					
Key figures					
Revenue	61.386	45.155	33.532	35.870	19.155
Gross profit/loss	20.331	13.133	8.845	11.230	5.077
Operating profit/loss	10.072	6.250	2.588	6.758	2.345
Net financials	(565)	(379)	(457)	(329)	(211)
Profit/loss for the year	7.003	4.605	1.532	4.640	1.486
Total assets	63.002	37.023	21.375	20.796	11.612
Investments in property, plant and equipment	8.112	630	1.061	895	418
Equity	21.425	15.147	10.577	9.082	4.278
Ratios					
Gross margin (%)	33,1	29,1	26,4	31,3	26,5
Net margin (%)	11,4	10,2	4,6	12,9	7,8
Return on equity (%)	39,0	37,6	15,6	69,5	42,1
Equity ratio (%)	34,0	39,0	49,5	43,7	36,8

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Ratios**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{0}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

TP Aerospace Group is the leading aftermarket supplier of wheels and brakes, carrying the largest ready-to-go inventory in the market for most Commercial, Regional and Commuter aircraft types. With locations in Copenhagen, Hamburg, Las Vegas, Orlando, Singapore, Dubai and Melbourne, we offer 24-7-365 support on sale and exchange through our Sales division and a full range of loan and lease packages, all-inclusive exchange with fixed price per event programs (LFL) and cost-per-landing programs (CFR) with fixed rates per cycle through our program division. All programs supported by our extensive in-house MRO capabilities, offering quality, simplicity and value.

The activities in the parent company include ownership and financing of subsidiaries within the group.

Development in activities and finances

Group

Revenue has increased from USD 45.2m In 2015 to USD 61.4m in 2016 corresponding to an increase of 36%. The increase in revenue is primarily a result of strong growth within the Programs division.
EBITDA has increased from USD 6.7m in 2015 to USD 10.6m in 2016 corresponding to an increase in EBITDA of 60%. The EBITDA margin has increased from 15% in 2015 to 17% in 2016. The main driver for the margin increase being change in product mix and scalability.
Net result after tax for 2016 of USD 7.0m is an increase of USD 2.4m compared to 2015 corresponding to an increase of 52% and is the result of the increased activity and growth in EBITDA margin.
The assets of the company have increased significantly in 2016 mainly due to high growth in inventories. Also investment in assets held for lease-out, recognised as property, plant and equipment is made. This is in line with the strategy of the company in which high level of inventories, and assets held for lease-out, is needed to support the growth of the company.

The management considers the result satisfactory.

Parent company

The parent company's result was USD 6.9 mill. of which USD 6.7 mill. is related to income from investments in the group. During 2016 the parent company has increased its bank loan with USD 16.3 mill. The proceeds from the increased loan facilities have been used for investments, and loans to group companies.

The management considers the result of the parent company satisfactory.

Uncertainty relating to recognition and measurement

In the application of the Group's accounting policies, Management of the Group is required to make accounting judgements, estimates and assumptions which form basis for the financial statements that are not readily apparent from other sources. Description of critical accounting judgement, estimates and assumptions are included in the section "Accounting policies".

Unusual circumstances affecting recognition and measurement

No unusual matters have affected the Financial Statement for 2016.

Management commentary

Outlook

During 2016 the Group has closed numerous new Program contracts as well as an increase in Leasing and Trading customers has been achieved. End of 2016 the Group supported more than 300 aircrafts under various Programs. The strong increase in especially Program contracts is expected to continue in 2017, hence, revenue is expected to increase by further 20%. Due to the increase in revenue, production efficiency improvements and cost cutting initiatives the EBITDA is expected to increase by 50% in 2017.

Particular risks

Business risks

TP Aerospace is Part 145, ISO 9001 and AS 9120 approved. To retain this certification level there is continuing focus on quality and risk management.

Financial exposure

Management does not consider that TP Aerospace has any financial exposure of significance.

Intellectual capital resources

As a consequence of the continuing growth of the Company the number of employees has increased during 2016. The growth has been throughout the company including staff functions and management. Number of employees within the Group is expected to continue to grow although at a lower speed in 2017.

All employees in TP Aerospace go through continuous training and evaluation to increase the Company's knowledge level.

Environmental performance

TP Aerospace acknowledges its community responsibility. Operating in the aftermarket, re-use of parts is an integrated part of our strategy.

Research and development activities

To support the growth strategy of the company, TP Aerospace continues to develop its product platform, capacity, capability and global footprint. In 2016 the Group has opened repair facilities in Melbourne, Australia and Dubai, United Arab Emirates.

Statutory report on corporate social responsibility
(Danish Financial Statement Act §99a)

We manage all our operations in strict compliance with all applicable national and international rules and regulations, but also recognize that the responsibility of a business often goes beyond legal compliance. Responsible business conduct is thus an integral part of our DNA, and we are committed to always ensuring that our operations promote and do not become a barrier to social, environmental and economic development.

Until now, formal written policies for corporate responsibility have not been deemed necessary due to the relatively small size of our company. However, following the solid growth of TP Aerospace over the last years, we experience an increasing need to formalize and structure our efforts within corporate responsibility to ensure alignment and help keep our DNA alive as we continue to grow globally.

Management commentary

Thus it has been decided that TP Aerospace will sign the United Nations Global Compact during 2017. We believe that the United Nations Global Compact will provide us with a framework for identifying and addressing risks and actual impacts within the areas of human and labor rights, the environment and anti-corruption. A process to develop and implement a corporate responsibility policy and strategy has already been initiated.

As signatories to the UN Global Compact, we will be required to submit an annual Communication on Progress (COP) which will also serve as our reporting in compliance with the Danish Financial Statements Act (Sec. 99a).

Statutory report on the underrepresented gender
(Danish Financial Statement Act §99b)
TP Aerospace promotes a diverse workforce, and we define diversity in terms of gender, nationality, personal and professional experience, cultural background and other diversity factors.

It is our policy to always hire candidates who are most qualified for a given position, whether it be at management level or general employment, regardless of gender, nationality, race, religion, sexual orientation or other potential minority traits.

At the core of our diversity, management policy lays a commitment to work towards a balanced gender composition at all management levels throughout the Group. Our target is that the overall gender distribution of our workforce shall be matched at management levels and at top level specifically aiming at having minimum one female board member in 2020.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Consolidated income statement for 2016

	Notes	2016 USD	2015 USD
Revenue	1	61.385.541	45.154.827
Cost of sales		(34.548.465)	(28.247.179)
Other external expenses	2	(6.505.729)	(3.774.821)
Gross profit/loss		**20.331.347**	**13.132.827**
Staff costs	3	(9.694.917)	(6.480.784)
Depreciation, amortisation and impairment losses	4	(564.506)	(401.785)
Operating profit/loss		**10.071.924**	**6.250.258**
Other financial income	5	330.789	2
Other financial expenses	6	(896.164)	(379.215)
Profit/loss before tax		**9.506.549**	**5.871.045**
Tax on profit/loss for the year	7	(2.503.557)	(1.265.748)
Profit/loss for the year	8	**7.002.992**	**4.605.297**

Consolidated balance sheet at 31.12.2016

	Notes	2016 USD	2015 USD
Acquired intangible assets		184.362	196.191
Intangible assets	9	**184.362**	**196.191**
Land and buildings		150.509	154.547
Other fixtures and fittings, tools and equipment		8.177.850	1.179.309
Leasehold improvements		226.648	285.959
Property, plant and equipment in progress		566.997	0
Property, plant and equipment	10	**9.122.004**	**1.619.815**
Fixed assets		**9.306.366**	**1.816.006**
Manufactured goods and goods for resale		41.053.832	26.476.964
Inventories		**41.053.832**	**26.476.964**
Trade receivables		8.519.206	6.990.378
Deferred tax	11	215.071	88.739
Other receivables		294.592	280.847
Prepayments	12	2.945.640	1.115.758
Receivables		**11.974.509**	**8.475.722**
Cash		**667.446**	**254.383**
Current assets		**53.695.787**	**35.207.069**
Assets		**63.002.153**	**37.023.075**

Consolidated balance sheet at 31.12.2016

	Notes	2016 USD	2015 USD
Contributed capital		312.593	26.333
Retained earnings		21.112.422	14.385.119
Proposed dividend		0	35.000
Equity attributable to the Parent's owners		**21.425.015**	**14.446.452**
Share of equity attributable to minority interests		**0**	**700.854**
Equity		**21.425.015**	**15.147.306**
Other provisions	13	617.708	420.504
Provisions		**617.708**	**420.504**
Bank loans		29.388.402	14.542.802
Prepayments received from customers		15.590	39.243
Trade payables		7.427.339	4.797.416
Income tax payable		2.585.934	858.532
Other payables		1.542.165	1.217.272
Current liabilities other than provisions		**40.959.430**	**21.455.265**
Liabilities other than provisions		**40.959.430**	**21.455.265**
Equity and liabilities		**63.002.153**	**37.023.075**
Unrecognised rental and lease commitments	15		
Contingent assets	16		
Mortgages and securities	17		
Subsidiaries	18		

Consolidated statement of changes in equity for 2016

	Contributed capital USD	Retained earnings USD	Proposed dividend USD	Share of equity attributable to minority interests USD
Equity beginning of year	26.333	14.704.955	35.000	700.854
Corrections of errors	0	(319.834)	0	0
Adjusted equity, beginning of year	**26.333**	**14.385.121**	**35.000**	**700.854**
Effect of divestments of entities etc	0	0	0	(756.123)
Increase of capital	286.260	(286.260)	0	0
Ordinary dividend paid	0	0	(35.000)	0
Exchange rate adjustments	0	(21.072)	0	0
Other equity postings	0	86.910	0	0
Profit/loss for the year	0	6.947.723	0	55.269
Equity end of year	**312.593**	**21.112.422**	**0**	**0**

	Total USD
Equity beginning of year	15.467.142
Corrections of errors	(319.834)
Adjusted equity, beginning of year	**15.147.308**
Effect of divestments of entities etc	(756.123)
Increase of capital	0
Ordinary dividend paid	(35.000)
Exchange rate adjustments	(21.072)
Other equity postings	86.910
Profit/loss for the year	7.002.992
Equity end of year	**21.425.015**

Lending of assets included in the programs by customers (mutual pool) occasionally occur in connection with the CFR program activities. In case that these programs end, the Company must return similar assets in the same condition as when the lending took place. A provision is made including an amount counterbalancing the restoration liability based on an estimate of the expected expenses. The liability is recognised during the application period of the lend assets. However, the liability has not been recognised in previous years. The recognition affected the Company's equity negatively by USD 320t at 1 January 2016 while the performance for 2015 was negatively affected by USD 180t.

Consolidated cash flow statement for 2016

	Notes	2016 USD	2015 USD
Operating profit/loss		10.071.924	6.250.257
Amortisation, depreciation and impairment losses		564.506	401.785
Other provisions		197.204	235.357
Working capital changes	14	(14.986.587)	(12.590.176)
Cash flow from ordinary operating activities		**(4.152.953)**	**(5.702.777)**
Financial income received		330.789	2
Financial income paid		(896.164)	(379.215)
Income taxes refunded/(paid)		(1.232.629)	(799.003)
Cash flows from operating activities		**(5.950.957)**	**(6.880.993)**
Acquisition etc of property, plant and equipment		(8.123.629)	(629.855)
Sale of property, plant and equipment		20.833	134.796
Acquisition of enterprises		(343.784)	0
Cash flows from investing activities		**(8.446.580)**	**(495.059)**
Loans raised		14.845.600	14.542.802
Instalments on loans etc		0	(6.991.203)
Dividend paid		(35.000)	(35.000)
Cash flows from financing activities		**14.810.600**	**7.516.599**
Increase/decrease in cash and cash equivalents		**413.063**	**140.547**
Cash and cash equivalents beginning of year		254.383	113.836
Cash and cash equivalents end of year		**667.446**	**254.383**

Notes to consolidated financial statements

	2016 USD	2015 USD
1. Revenue		
Revenue by geographical market		
EMEA (Europe, Middle East and Africia)	39.807.892	28.802.878
Americas	12.521.384	7.866.067
APAC (Asia-Pasific)	9.056.265	8.485.882
	61.385.541	**45.154.827**
Revenue by activity		
Trade	29.786.262	27.542.112
Programs	29.946.020	15.527.827
Direct from MRO	1.653.259	2.084.888
	61.385.541	**45.154.827**

	2016 USD	2015 USD
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	141.826	47.412
Other assurance engagements	8.432	0
Other services	95.449	0
	245.707	**47.412**

Notes to consolidated financial statements

	2016 USD	2015 USD
3. Staff costs		
Wages and salaries	8.620.514	5.765.697
Pension costs	307.364	181.321
Other social security costs	786.842	567.214
Other staff costs	(19.803)	(33.448)
	9.694.917	**6.480.784**
Average number of employees	**141**	**100**

	Remunera-tion of manage-ment 2016 USD	Remunera-tion of manage-ment 2015 USD
Executive Board	567.830	455.426
Board of Directors	37.115	6.618
	604.945	**462.044**

	2016 USD	2015 USD
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	20.666	20.419
Depreciation of property, plant and equipment	543.840	389.986
Profit/loss from sale of intangible assets and property, plant and equipment	0	(8.620)
	564.506	**401.785**

	2016 USD	2015 USD
5. Other financial income		
Interest income	129	2
Exchange rate adjustments	330.660	0
	330.789	**2**

	2016 USD	2015 USD
6. Other financial expenses		
Interest expenses	805.321	344.947
Exchange rate adjustments	0	13.229
Interest regarding tax paid on account	90.843	21.039
	896.164	**379.215**

Notes to consolidated financial statements

	2016 USD	2015 USD
7. Tax on profit/loss for the year		
Tax on current year taxable income	2.171.121	1.327.049
Change in deferred tax for the year	332.052	(61.301)
Adjustment concerning previous years	384	0
	2.503.557	**1.265.748**

	2016 USD	2015 USD
8. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	35.000
Retained earnings	6.947.723	4.386.219
Minority interests' share of profit/loss	55.269	184.078
	7.002.992	**4.605.297**

	Acquired intangible assets USD
9. Intangible assets	
Cost beginning of year	256.740
Exchange rate adjustments	1.002
Additions	11.365
Cost end of year	**269.107**
Amortisation and impairment losses beginning of year	(60.549)
Exchange rate adjustments	(3.530)
Amortisation for the year	(20.666)
Amortisation and impairment losses end of year	**(84.745)**
Carrying amount end of year	**184.362**

Notes to consolidated financial statements

	Land and buildings USD	Other fixtures and fittings, tools and equipment USD	Leasehold improve-ments USD	Property, plant and equipment in progress USD
10. Property, plant and equipment				
Cost beginning of year	161.128	2.072.048	457.921	0
Exchange rate adjustments	0	6.262	2.675	0
Additions	0	7.532.700	12.631	566.997
Disposals	0	(83.543)	0	0
Cost end of year	**161.128**	**9.527.467**	**473.227**	**566.997**
Depreciation and impairment losses beginning of the year	(6.581)	(892.801)	(171.964)	0
Exchange rate adjustments	0	(52.033)	(2.306)	0
Depreciation for the year	(4.038)	(467.493)	(72.309)	0
Reversal regarding disposals	0	62.710	0	0
Depreciation and impairment losses end of the year	**(10.619)**	**(1.349.617)**	**(246.579)**	**0**
Carrying amount end of year	**150.509**	**8.177.850**	**226.648**	**566.997**

	2016 USD
11. Deferred tax	
Changes during the year	
Beginning of year	88.739
Recognised in the income statement	(332.051)
Recognised directly in equity	458.383
End of year	**215.071**

Deferred tax relates to time differences on provisions, fixed assets and loan establishment fees.

12. Prepayments

Prepayments comprise of accrued cost related to CFR program activities and prepayment in advance for subsequent years.

Notes to consolidated financial statements

13. Other provisions

Lending of assets included in the programs by customers (mutual pool) occasionally occur in connection with the CFR program activities. In case that these programs end, the Company must return similar assets in the same condition as when the lending took place. The provisions include an amount counterbalancing the restoration liability based on an estimate of the expected expenses. The liability is recognised during the application period of the lend assets.

	2016 USD	2015 USD
14. Change in working capital		
Increase/decrease in inventories	(14.576.868)	(12.552.467)
Increase/decrease in receivables	(3.372.455)	(2.729.290)
Increase/decrease in trade payables etc	2.931.165	2.691.461
Other changes	31.571	120
	(14.986.587)	**(12.590.176)**

	2016 USD	2015 USD
15. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**2.231.391**	**1.346.706**

Liabilities for rental and lease agreements consist of various agreements in Group companies, which are irrevocable until between May 2017 and September 2021.

16. Contingent assets

The Group has contingent assets of total USD 1,851t. Contingent assets consist of irrevocable contracted future revenue related to lease-out of assets. Irrevocable contracted future revenue is USD 1,388t for 2017 and USD 463t for 2018.

17. Mortgages and securities

Collateral securities provided for subsidiaries and group enterprises

The parent Company, TP Aerospace Holding A/S, has issued a letter of support in favor of subsidiaries towards the Group receivables as a result of the Group trading and loans and guarantee to cover potential losses, which Group Enterprises may realize due to the Group Enterprises inability to repay debt.

Furthermore, the parent Company, TP Aerospace Holding A/S, has issued a letter of support towards TP Aerospace Asia Pte. Ltd.,TP Aerospace Asia Technics Pte. Ltd., TP Aerospace Technics FZE and TP Aerospace Technics Pty Ltd and will provide the necessary financing and funds for the companies, in order to support the continuous operations as a Going Concern.

Notes to consolidated financial statements

	Registered in	Corporate form	Equity interest %
18. Subsidiaries			
TP Aerospace Solutions ApS	Hvidovre, Denmark	ApS	100,0
TP Aerospace PRO ApS	Hvidovre, Denmark	ApS	100,0
TP Aerospace Asia Pte. Ltd	Singapore	Ltd	100,0
TP Aerospace Americas Corp	Las Vegas, USA	Corp	100,0
TP Aerospace Technics LLC	Orlando, USA	LLC	100,0
TP Aerospace Technics GmbH	Quickborn, Germany	GmbH	100,0
TP Aerospace Asia Technics Pte. Ltd.	Singapore	Ltd.	100,0
TP Aerospace Technics FZE	Dubai, UAE	FZE	100,0
TP Aerospace Technics Pty Ltd	Melbourne, Australia	Ltd	100,0

TP Aerospace Holding A/S have during 2016 acquired nominal 6,500 (4.94%) shares in TP Aerospace Solutions ApS and nominal 6,578 (4.99%) shares in TP Aerospace PRO ApS.

Parent income statement for 2016

	Notes	2016 USD	2015 USD
Other external expenses		(328.652)	(8.136)
Operating profit/loss		**(328.652)**	**(8.136)**
Income from investments in group enterprises		6.725.374	4.691.156
Other financial income	1	869.238	32.244
Other financial expenses	2	(235.616)	(119.653)
Profit/loss before tax		**7.030.344**	**4.595.611**
Tax on profit/loss for the year	3	(82.621)	5.654
Profit/loss for the year	4	**6.947.723**	**4.601.265**

Parent balance sheet at 31.12.2016

	Notes	2016 USD	2015 USD
Investments in group enterprises		23.148.643	15.192.012
Fixed asset investments	5	**23.148.643**	**15.192.012**
Fixed assets		**23.148.643**	**15.192.012**
Receivables from group enterprises		14.256.567	11.323
Deferred tax	6	22.031	5.295
Other receivables		21.776	0
Joint taxation contribution receivable		2.032.937	1.189.637
Receivables		**16.333.311**	**1.206.255**
Cash		**2.429.986**	**0**
Current assets		**18.763.297**	**1.206.255**
Assets		**41.911.940**	**16.398.267**

Parent balance sheet at 31.12.2016

	Notes	2016 USD	2015 USD
Contributed capital	7	312.593	26.333
Reserve for net revaluation according to the equity method		20.487.562	14.722.444
Retained earnings		624.860	(17.489)
Proposed dividend		0	35.000
Equity		**21.425.015**	**14.766.288**
Provisions for investments in group enterprises	8	163.621	102.796
Provisions		**163.621**	**102.796**
Bank loans		16.413.777	93.649
Payables to group enterprises		2.344.177	563.559
Income tax payable		1.506.201	845.859
Other payables		59.149	26.116
Current liabilities other than provisions		**20.323.304**	**1.529.183**
Liabilities other than provisions		**20.323.304**	**1.529.183**
Equity and liabilities		**41.911.940**	**16.398.267**
Contingent liabilities	9		
Mortgages and securities	10		
Related parties with controlling interest	11		

Parent statement of changes in equity for 2016

	Contributed capital USD	Reserve for net revaluation according to the equity method USD	Retained earnings USD	Proposed dividend USD
Equity beginning of year	26.333	14.722.444	(17.489)	35.000
Corrections of errors	0	(319.834)	0	0
Adjusted equity, beginning of year	**26.333**	**14.402.610**	**(17.489)**	**35.000**
Increase of capital	286.260	0	0	0
Ordinary dividend paid	0	0	0	(35.000)
Exchange rate adjustments	0	(21.072)	0	0
Other equity postings	0	86.910	0	0
Dividends from group enterprises	0	(420.000)	420.000	0
Transfer to reserves	0	(286.260)	0	0
Profit/loss for the year	0	6.725.374	222.349	0
Equity end of year	**312.593**	**20.487.562**	**624.860**	**0**

	Total USD
Equity beginning of year	14.766.288
Corrections of errors	(319.834)
Adjusted equity, beginning of year	**14.446.454**
Increase of capital	286.260
Ordinary dividend paid	(35.000)
Exchange rate adjustments	(21.072)
Other equity postings	86.910
Dividends from group enterprises	0
Transfer to reserves	(286.260)
Profit/loss for the year	6.947.723
Equity end of year	**21.425.015**

For description of corrections of errors, see consolidated statement of changes in equity on page 13.

Notes to parent financial statements

	2016 USD	2015 USD
1. Other financial income		
Financial income arising from group enterprises	158.917	14.454
Exchange rate adjustments	710.321	17.790
	869.238	**32.244**

	2016 USD	2015 USD
2. Other financial expenses		
Financial expenses from group enterprises	447	0
Interest expenses	234.922	27.563
Other financial expenses	247	92.090
	235.616	**119.653**

	2016 USD	2015 USD
3. Tax on profit/loss for the year		
Tax on current year taxable income	99.357	(359)
Change in deferred tax for the year	(16.736)	(5.295)
	82.621	**(5.654)**

	2016 USD	2015 USD
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	35.000
Transferred to reserve for net revaluation according to the equity method	6.725.374	4.691.159
Retained earnings	222.349	(124.894)
	6.947.723	**4.601.265**

Notes to parent financial statements

	Investments in group enterprises USD
5. Fixed asset investments	
Cost beginning of year	270.638
Additions	1.844.429
Cost end of year	**2.115.067**
Revaluations beginning of year	14.601.540
Addition through business combinations etc	419.668
Exchange rate adjustments	(21.072)
Adjustments on equity	(395.715)
Share of profit/loss for the year	7.035.792
Adjustment of intra-group profits	(244.845)
Dividend	(420.000)
Investments with negative equity transferred to provisions	60.825
Other adjustments	(2.617)
Revaluations end of year	**21.033.576**
Carrying amount end of year	**23.148.643**

	2016 USD
6. Deferred tax	
Changes during the year	
Beginning of year	5.295
Recognised in the income statement	16.736
End of year	**22.031**

Deferred tax relates to time differences on loan establishment fees.

	Number	Par value USD	Nominal value USD
7. Contributed capital			
Shares	125	210,66	26.333
Shares	1.875	152,67	286.260
	2.000		**312.593**

8. Provisions for investments in group enterprises

Provision in regard of deficiency in subsidiaries transferred related to TP Aerospace Technics GmbH of USD 163t, as support letter for subsidiaries is issued.

Notes to parent financial statements

9. Contingent liabilities

The Company is jointly taxed with all other Danish companies in the TP Aerospace Group. The Danish companies of the Group are jointly and severally liable to tax of the Group's jointly taxed income etc. The total payable corporate tax is shown in TP Aerospace Holding A/S' annual report, who is managing company in relation to the joint taxation. Furthermore, the Danish companies of the Group are jointly and severally liable to the Danish withholding taxes in form of dividend tax, royalty tax and interest tax. Any further corrections to corporate taxes and withholding taxes can result in a larger amount of the Company's liability.

10. Mortgages and securities

Collateral securities provided for subsidiaries and group enterprises

The Company has provided an absolute guarantee for all of the subsidiaries' involvement with their bank. The Company has made investments in TP Aerospace Solutions ApS, TP Aerospace PRO ApS, TP Aerospace Asia Pte. Ltd, TP Aerospace Americas Corp and TP Aerospace Technics GmbH as security for engagement with the bank.

The parent Company, TP Aerospace Holding A/S, has issued a letter of support in favor of subsidiaries towards the Group receivables as a result of the Group trading and loans and guarantee to cover potential losses, which Group Enterprises may realize due to the Group Enterprises inability to repay debt.

Furthermore, the parent Company, TP Aerospace Holding A/S, has issued a letter of support towards TP Aerospace Asia Pte. Ltd. and TP Aerospace Asia Technics Pte. Ltd. and will provide the necessary financing and funds for the companies, in order to support the continuous operations as a Going Concern.

The Company is unlimitedly liable to an external third party guarantor who has provided security to credit institutions having granted credit facilities to companies of the TP Aerospace Group.

11. Related parties with controlling interest

Controlling influence:	**Basis:**
Other related parties:	
Peter Jørgen Lyager	Member of the board of executives
Thomas Daniel Ibsø	Member of the board of executives

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The financial statements have been presented in USD. Exchange rate DKK to USD is 7.05 as of 31 December 2016 and 6.83 as of 31 December 2015.

The cash flow statement for the Parent Company is included in the cash flow statement for the Group.

Material errors in previous years
Lending of assets included in the programs by customers (mutual pool) occur in connection with the CFR program activities. In case that these programs end, the Company must return similar assets in the same condition as when the lending took place. The provisions include an amount counterbalancing the restoration liability based on an estimate of the expected expenses. The liability is recognised during the application period of the lend assets. However, the liability has not been recognised in previous years. The recognition affected the Company's equity negatively by USD 320k at 1 January 2016 while the performance for 2015 was negatively affected by USD 180k.

Changes in accounting policies
The accounting policies applied for these consolidated financial statements and parent financial statements have this year been changed from reporting class C enterprise (medium) to a reporting class C enterprise (large). The change has not affected recognition and measurement.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Critical accounting judgement, estimates and assumptions
In the application of the Group's accounting policies, Management is required to make accounting judgements, estimates and assumptions that are not readily apparent from other sources in order to serve as the

Accounting policies

basis for the preparation of the financial statements. The estimates, judgements and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised in the period in which the estimate is changed if the change affects only that period, or in the period of the change and future periods if the change affects both current and future periods.

In particular, the accounting judgements, estimates and assumptions relate to the following matters:

- By purchasing a larger quantity of goods at a total price (lots) and where a stable gross margin ratio is expected, such goods are valued collectively at cost plus related maintenance, repair and overhaul (MRO) costs less calculated cost price of goods sold. Cost prices of goods sold are calculated based on the sales price (or the estimated sales price for group internal sales) and the assumed fixed gross margin. The calculation of the cost price is based on an estimate.

- Revenue related to programs are recognised as a service exclusive of the value of the core assets that are exchanged during delivery within the program as they are considered exchange of assets of similar nature and value. Cost of the delivered core asset is transferred for recognition as cost of the core asset received. Costs related to maintenance, repair and overhaul (MRO) of the goods delivered are expensed on delivery.

- For goods to be included in programs, the allocation of total cost between the core element and the MRO element, respectively, is determined at the first exchange based on an estimate.

- The sales value of the CFR programs is recognised concurrently with the customer's use of the asset delivered (per cycle). Cost of goods sold related to CFR programs are expensed over the expected average period until the next exchange calculated for wheels and brakes in all CFR programs, respectively.

- Inventories are recognised at cost less write-down to net realisable value in case of impairment. The estimate of the required write-downs is made on the basis of an assessment of the individual characteristics and historical sales patterns for the inventories in the perspective of a value loss over time. In addition, further write-downs are made to the extent that impairment is indicated specifically.

- Lending of assets included in the programs by customers (mutual pool) occasionally occur in connection with the CFR program activities. In case that these programs end, the Company must return similar assets in the same condition as when the lending took place. The provisions for such restoration liabilities include an amount counterbalancing the expected expenses. The amount is based on an estimate.

Accounting policies

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years.

Intercompany transfers of company ownership are recognised in accordance with the book value method by which the transfer is made at book value, and differences, if any, between the consideration and the carrying amount of the activities transferred are recognised in equity. The recognition is made at the date of transfer, without restatement of comparative figures.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date.

Accounting policies

Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue related to sale and lease out of aircraft parts is recognized in revenue when delivery is made and risk has passed to the buyer.

Revenue related to the programs are recognised exclusive of the value of the core assets that are exchanged during delivery within the program. Revenue therefore consist of revenue generated from maintenance, repair and overhaul and not exchange of core assets.

Revenue is recognised net of VAT, duties and sales discounts.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs. Such costs include an amount counterbalancing, if any, the restoration liability on asset lend by customers (mutual pool) in connection with CFR program activities, based on an estimate of the expected expenses. For programs, cost of the delivered core asset is transferred for recognition as cost of the core asset received.

Other external expenses

Other external expenses include expenses relating to the Entity’s ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, losses on receivables, lease payments under operating leases, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

TP Aerospace Holding A/S is jointly taxed with the subsidiaries TP Aerospace Solutions ApS and TP Aerospace PRO ApS. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Intellectual property rights etc
Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Property, plant and equipment
Leasehold improvements, assets held for lease and other fixtures and fittings, tools and equipment are measures at cost less accumulated depreciation.

Depreciation that is calculated on the basis of cost less expected residual value at the end of the useful life. Cost comprises acquisition price and costs directly related to the acquisition until such time as the assets are ready for use.

Property, plant, equipment and assets held for lease-out are depreciated in accordance with the straight-line method on the basis of the following estimated useful lives of the assets:

Buildings	20 years
Leasehold improvements	3-5 years
Assets held for lease-out	20 years
Other fixtures and fittings, tools and equipment	3-10 years

Profits or losses from disposal of property, plant and equipment are stated as the difference between the selling price less than selling costs and the carrying amount at the date of sale. Profits or losses are recognized in the income statement under other operating income/expenses.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises’ equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Accounting policies

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent’s share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Inventories
Inventories are measured at the lower of cost on the basis of weighted average price and net realisable value.

Cost consists of purchase price plus delivery costs.

By purchasing a larger quantity of goods at a total price (lots) and where a stable gross margin ratio is expected, such goods are valued collectively at cost plus related maintenance, repair and overhaul (MRO) costs less calculated cost price of goods sold. Cost prices of goods sold are calculated based on the sales price (or the estimated sales price for group internal sales) and the assumed fixed gross margin.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equaling nominal value less write-downs for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments
Prepayments comprise of incurred costs related to CFR program activities and prepayments in advance for subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Accounting policies

Minority interests
Minority interests consist of non-controlling interests share of equity in subsidiaries not 100% owned by the parent company.

Other provisions
Lending of assets included in the programs by customers (mutual pool) occasionally in connection with the CFR program activities. In case that these programs end, the Company must return similar assets in the same condition as when the lending took place. The provisions include an amount counterbalancing the restoration liability based on an estimate of the expected expenses. The liability is recognised during the application period of the lend assets.

The provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Financial liabilities are recognised by raise of loans for the received proceeds after deduction of paid transaction costs. In subsequent periods the financial liabilities are measured at amortised costs corresponding to the capitalized value by using the effective interest whereas the difference between the proceeds and the nominal value is recognized in the income statement over the loan period.

Mortgage debt is thus measured at amortised cost which as to cash loan, correspond to the remaining debt of the loan.

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Accounting policies

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases, and short term bank debt.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend,

Cash and cash equivalents comprise cash and short-term securities with an insignificant price.