


**TP Aerospace Solutions ApS  
Central Business Registration No  
31604206  
Stamhomen 165 R  
2650 Hvidovre**

**Annual report 2015**

The Annual General Meeting adopted the annual report on 24.02.2016

**Chairman of the General Meeting**



Name: Jens Harpøth Zilstorff

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## Entity details

### Entity

TP Aerospace Solutions ApS  
Stamhomen 165 R  
2650 Hvidovre

Central Business Registration No: 31604206

Registered in: Hvidovre

Financial year: 01.01.2015 - 31.12.2015

### Executive Board

Thomas Daniel Ibsø

Peter Jørgen Lyager

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 Copenhagen

## Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of TP Aerospace Solutions ApS for the financial year 01.01.2015 - 31.12.2015.

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

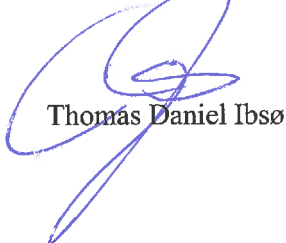
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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.

Copenhagen, 24.02.2016

### Executive Board



Thomas Daniel Ibsø



Peter Jørgen Lyager

## Independent auditor's reports

### To the owners of TP Aerospace Solutions ApS

#### Report on the financial statements

We have audited the financial statements of TP Aerospace Solutions ApS for the financial year 01.01.2015 - 31.12.2015, which comprise the 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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity'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 Entity'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 the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

#### Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

## Independent auditor's reports

### Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. 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 commentary is consistent with the financial statements.

Copenhagen, 24.02.2016

**Deloitte**

Statsautoriseret Revisionspartnerselskab

Jesper Blom

State Authorised Public Accountant

CVR-nr. 33963556

Feras Hamade

State Authorised Public Accountant

## Management commentary

	<b>2015</b> <b>USD'000</b>	<b>2014</b> <b>USD'000</b>	<b>2013</b> <b>USD'000</b>	<b>2012</b> <b>USD'000</b>	<b>2011</b> <b>USD'000</b>
<b>Financial high-lights</b>					
<b>Key figures</b>					
Revenue	33.583	28.392	31.566	16.526	14.793
Gross profit/loss	5.729	4.480	7.282	2.992	2.871
Operating profit/loss	3.637	2.299	5.338	1.857	1.743
Net financials	(19)	(152)	(96)	(109)	149
Profit/loss for the year	2.750	1.614	3.913	1.288	1.409
Total assets	30.339	18.279	17.211	9.475	6.710
Investments in property, plant and equipment	4	128	0	50	67
Equity	12.119	9.469	7.939	4.026	2.782
<b>Ratios</b>					
Gross margin (%)	17,1	15,8	23,1	18,1	19,4
Net margin (%)	8,2	5,7	12,4	7,8	9,5
Return on equity (%)	25,5	18,5	65,4	37,8	50,6

## Management commentary

### Primary activities

The main activity of the Company is to do trading and and wholesale of aircraft parts.

### Development in activities and finances

Revenue has increased with 5,191 USD'000 from 28,392 USD'000 in 2014 to 33,583 USD'000 in 2015. The increase is primarily a result of higher activity in the middle east and growth in the contracts divison.

The result after tax for 2015 of 2,750 USD'000 is an increase of 1,136 USD'000 compared to 2014 and is the result of the increased activity.

The Management considers the result satisfactory.

### Uncertainty relating to recognition and measurement

There are no uncertainties on recognition and measurement in the Financial Statements and the Consolidated Financial Statements.

### Unusual circumstances affecting recognition and measurement

No unusual matters have affected the Financial Statement for 2015.

### Outlook

Management expects the development of revenue and profit for 2016 will follow the strong trend of the global aviation market.

### Particular risks

#### *Business risks*

TP Aerospace is Part 145, ISO9001 and AS9120 approved. To retain this certification level there is continuing focus on quality and risk management.

#### *Financial exposure*

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

### Intellectual capital resources

As a consequence of the continuing growth the Company has increased the number of employees. This growth is expected to continue in 2016.

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



## **Management commentary**

### **Environmental performance**

TP Aerospace acknowledges its community responsibility and acts on FN's Global Compact. Operating in the aftermarket, re-use of parts is an integrated part of the strategy.

### **Research and development activities**

To support the growth strategy, TP Aerospace Group continues to develop its product platform, capacity and not least capability. In 2015 the group has acquired a repair facility in Florida, US.

### **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.

## 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 (mid-size).

The accounting policies applied for these financial statements are consistent with those applied last year.

### 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.

### 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. 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

## Accounting policies

### Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

### 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, 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.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to 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 property, plant and equipment.

### Other financial income

Other financial income comprises 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.

### 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.

### Income taxes

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.

The Entity is jointly taxed with TP Aerospace Leasing ApS and the parent TP Aerospace Holding 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).

## Accounting policies

### Balance sheet

#### Property, plant and equipment

Buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

For leasehold improvements the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

#### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

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 equalling 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.

## Accounting policies

### Prepayments

Prepayments comprise incurred costs relating to 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.

### Other financial liabilities

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

With reference to section 86, 4 of the Danish Financial Statement Act, the cash flow statement is not included in the Financial Statements since it appears from the Consolidated Financial Statements for TP Aerospace Holding ApS.

## Accounting policies

### Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios reflect</b>
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.

## Income statement for 2015

	<u>Notes</u>	<u>2015 USD'000</u>	<u>2014 USD'000</u>
Revenue		33.583	28.392
Cost of sales		(26.507)	(22.473)
Other external expenses		<u>(1.347)</u>	<u>(1.439)</u>
<b>Gross profit/loss</b>		<b>5.729</b>	<b>4.480</b>
Staff costs	1	(1.955)	(2.056)
Depreciation, amortisation and impairment losses		<u>(137)</u>	<u>(125)</u>
<b>Operating profit/loss</b>		<b>3.637</b>	<b>2.299</b>
Other financial income	2	572	443
Other financial expenses	3	<u>(591)</u>	<u>(595)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>3.618</b>	<b>2.147</b>
Tax on profit/loss from ordinary activities	4	<u>(868)</u>	<u>(533)</u>
<b>Profit/loss for the year</b>		<b><u>2.750</u></b>	<b><u>1.614</u></b>
<b>Proposed distribution of profit/loss</b>			
Dividend for the financial year		130	100
Retained earnings		<u>2.620</u>	<u>1.514</u>
		<b><u>2.750</u></b>	<b><u>1.614</u></b>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 USD'000</u>	<u>2014 USD'000</u>
Land and buildings		154	158
Other fixtures and fittings, tools and equipment		163	249
Leasehold improvements		103	146
<b>Property, plant and equipment</b>	5	<u>420</u>	<u>553</u>
<b>Fixed assets</b>		<u>420</u>	<u>553</u>
Raw materials and consumables		16.608	6.469
<b>Inventories</b>		<u>16.608</u>	<u>6.469</u>
Trade receivables		1.884	2.721
Receivables from group enterprises		10.841	8.178
Deferred tax assets		10	0
Other short-term receivables		219	132
Prepayments	6	323	225
<b>Receivables</b>		<u>13.277</u>	<u>11.256</u>
<b>Cash</b>		<u>34</u>	<u>1</u>
<b>Current assets</b>		<u>29.919</u>	<u>17.726</u>
<b>Assets</b>		<u><u>30.339</u></u>	<u><u>18.279</u></u>



**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 USD'000</u>	<u>2014 USD'000</u>
Contributed capital	7	27	27
Retained earnings		11.962	9.342
Proposed dividend		130	100
<b>Equity</b>		<u><b>12.119</b></u>	<u><b>9.469</b></u>
Provisions for deferred tax		0	1
<b>Provisions</b>		<u><b>0</b></u>	<u><b>1</b></u>
Bank loans		0	1.100
<b>Non-current liabilities other than provisions</b>		<u><b>0</b></u>	<u><b>1.100</b></u>
Current portion of long-term liabilities other than provisions		0	600
Bank loans		13.780	3.785
Prepayments received from customers		27	13
Trade payables		3.341	1.815
Debt to group enterprises		0	957
Income tax payable		878	334
Other payables		194	205
<b>Current liabilities other than provisions</b>		<u><b>18.220</b></u>	<u><b>7.709</b></u>
<b>Liabilities other than provisions</b>		<u><b>18.220</b></u>	<u><b>8.809</b></u>
<b>Equity and liabilities</b>		<u><u><b>30.339</b></u></u>	<u><u><b>18.279</b></u></u>
Unrecognised rental and lease commitments	8		
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**Statement of changes in equity for 2015**

	<b>Contri- buted capi- tal USD'000</b>	<b>Retained earnings USD'000</b>	<b>Proposed dividend USD'000</b>	<b>Total USD'000</b>
Equity beginning of year	27	9.342	100	9.469
Ordinary dividend paid	0	0	(100)	(100)
Profit/loss for the year	0	2.620	130	2.750
<b>Equity end of year</b>	<b>27</b>	<b>11.962</b>	<b>130</b>	<b>12.119</b>

## Notes

	<b>2015</b> <b>USD'000</b>	<b>2014</b> <b>USD'000</b>
<b>1. Staff costs</b>		
Wages and salaries	1.670	1.772
Pension costs	54	56
Other social security costs	13	11
Other staff costs	218	217
	<b>1.955</b>	<b>2.056</b>
Average number of employees	<b>13</b>	<b>13</b>
	<b>2015</b> <b>USD'000</b>	<b>2014</b> <b>USD'000</b>
<b>2. Other financial income</b>		
Financial income arising from group enterprises	317	305
Exchange rate adjustments	255	138
	<b>572</b>	<b>443</b>
	<b>2015</b> <b>USD'000</b>	<b>2014</b> <b>USD'000</b>
<b>3. Other financial expenses</b>		
Financial expenses from group enterprises	14	0
Interest expenses	306	309
Exchange rate adjustments	271	286
	<b>591</b>	<b>595</b>
	<b>2015</b> <b>USD'000</b>	<b>2014</b> <b>USD'000</b>
<b>4. Tax on ordinary profit/loss for the year</b>		
Current tax	879	536
Change in deferred tax for the year	(12)	(3)
Effect of changed tax rates	1	0
	<b>868</b>	<b>533</b>

## Notes

	<b>Land and buildings USD'000</b>	<b>Other fix- tures and fittings, tools and equipment USD'000</b>	<b>Leasehold improve- ments USD'000</b>
<b>5. Property, plant and equipment</b>			
Cost beginning of year	161	383	217
Additions	0	4	0
<b>Cost end of year</b>	<b>161</b>	<b>387</b>	<b>217</b>
Depreciation and impairment losses beginning of the year	(3)	(134)	(71)
Depreciation for the year	(4)	(90)	(43)
<b>Depreciation and impairment losses end of the year</b>	<b>(7)</b>	<b>(224)</b>	<b>(114)</b>
<b>Carrying amount end of year</b>	<b>154</b>	<b>163</b>	<b>103</b>

## 6. Prepayments

Accrued costs include event and insurance costs paid in advance for 2016.

	<b>Number</b>	<b>Par value USD</b>	<b>Nominal value USD'000</b>
<b>7. Contributed capital</b>			
A pieces	1.250	21,06	26
B pieces	65	17,48	1
	<b>1.315</b>		<b>27</b>

	<b>2015 USD'000</b>	<b>2014 USD'000</b>	<b>2013 USD'000</b>	<b>2012 USD'000</b>	<b>2011 USD'000</b>
<b>Changes in contributed capital</b>					
Contributed capital beginning of year	27	27	27	27	26
Increase of capital	0	0	0	0	1
<b>Contributed capital end of year</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>

	<b>2015 USD'000</b>	<b>2014 USD'000</b>
<b>8. Unrecognised rental and lease commitments</b>		
Commitments under rental agreements or leases until expiry	616	869

## Notes

### 9. Contingent liabilities

The Company has contracted to rent the premises. The annual rent for the premises amounts to 169 USD'000. The lease is irrevocable until 30 June 2019 and thereafter redeemable with six months' notice.

The Company has signed leases with residual maturity of 4 years and 9 months. The remaining lease obligation represents 34 USD'000 exclusive of VAT.

The Company participates in a Danish joint taxation arrangement in which TP Aerospace Holding ApS (registration no. 31 60 34 20) serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

### 10. Assets charged and collateral

As security for bank loans, 13,474 USD'000, as well as group companies bank commitments, mortgage on the stock and unsecured claims is effective, whose carrying amount at 31 December 2015 amounts to 18,466 USD'000. Furthermore, the Company acts as guarantor for bank commitments held by group companies (TP Aerospace Holding ApS).

### 11. Related parties with control

#### Controlling influence:

TP Aerospace Holding ApS, Hvidovre

#### Basis:

Capital owner

#### Other related parties:

Peter Jørgen Lyager

Member of the board of executives

Thomas Daniel Ibsø

Member of the board of executives

TP Aerospace Leasing ApS, Denmark

Group enterprise

TP Aerospace Technics GmbH, Germany

Group enterprise

TP Aerospace Americas Corp., USA

Group enterprise

TP Aerospace Asia Pte. Ltd., Singapore

Group enterprise

TP Aerospace Technics Pte. Ltd. Asia, Singapore

Group enterprise

TP Aerospace Technics LLC., USA

Group enterprise

## Notes

### 12. Related parties

#### Related parties transactions outside market conditions:

From and to the affiliated company is bought aircraft parts, corresponding to a value of 3.382 USD'000 (2014: 5,850 USD'000) and sold aircraft parts, corresponding to a value of 11.588 USD'000 (2014: 6,190 USD'000), where trade is made outside normal market conditions. The trade has been made as a part of TP Aerospace Group's resale to external customers.

### 13. Ownership

The Company is 95.06% owned by TP Aerospace Holding ApS and is therefore included in the Consolidated Annual Report of the parent Company. The Consolidated Annual Report is available at the Company's address, Stamholmen 165 R, Hvidovre, Denmark.

### 14. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

TP Aerospace Holding ApS, Hvidovre, Denmark