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TP Aerospace Solutions ApS

Stamhomen 165 R
2650 Hvidovre
Central Business Registration No 31604206

Annual report 2016

The Annual General Meeting adopted the annual report on 10.03.2017

Chairman of the General Meeting

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Name: Michael Vilhelm Nielsen

Contents

Entity details

Entity
TP Aerospace Solutions ApS
Stamhomen 165 R
2650 Hvidovre

Central Business Registration No: 31604206
Registered in: Hvidovre
Financial year: 01.01.2016 - 31.12.2016

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 01.01.2016 - 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 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

Thomas Daniel Ibsø Peter Jørgen Lyager

Independent auditor's report

To the shareholder of TP Aerospace Solutions ApS

Opinion

We have audited the financial statements of TP Aerospace Solutions ApS 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. The financial statements are prepared 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 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 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 financial statements section of this auditor's report. We are independent of the Entity 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 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.

In preparing the financial statements, Management is responsible for assessing 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 financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the 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 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 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 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 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 Entity to cease to continue as a going concern.

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

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.

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

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the 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	39.518	33.583	28.392	31.566	16.526
Gross profit/loss	7.242	5.730	4.480	7.282	2.992
Operating profit/loss	4.130	3.638	2.299	5.338	1.857
Net financials	(393)	(20)	(152)	(96)	(109)
Profit/loss for the year	2.894	2.750	1.614	3.913	1.288
Total assets	49.010	30.340	18.279	17.211	9.475
Investments in property, plant and equipment	10	4	495	0	50
Equity	16.219	12.119	9.469	7.939	4.026
Ratios					
Gross margin (%)	18,3	17,1	15,8	23,1	18,1
Net margin (%)	7,3	8,2	5,7	12,4	7,8
Return on equity (%)	20,4	25,5	18,5	65,4	37,8

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 (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.

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 main activity of TP Aerospace Solution ApS consists of trading and wholesale of aircraft parts.

Development in activities and finances

Revenue has increased from USD 33.6m in 2015 to USD 39.5m in 2016 corresponding to an increase of 18%. The increase is primarily due to higher activities and new locations of operation.
EBITDA has increased from USD 3.8m in 2015 to USD 4.2m in 2016 corresponding to an increase in EBITDA of 12%. The EBITDA margin is stable at 11% for both 2015 and 2016.
Net result after tax for 2016 of USD 2.9m is an increase of USD 0.1m corresponding to an increase of 6% compared to 2015. The lower increase in net results compared to EBITDA and revenue is due an increase in financial expenses.
In 2016 TP Aerospace Group decided to transfer the Company's LFL program activities to other companies within the Group. The reason for the decision being to streamline the operations in the Group companies. In the period from January to September 2016, 9 LFL customers were transferred from TP Aerospace Solutions ApS to TP Aerospace PRO ApS. The transfer is made at booked value, and difference if any, between the consideration and the carrying amount of the activities transferred are recognized in equity. The recognition is made at the date of transfer without restatement of comparative figures.

Management considers the result satisfactory.

Uncertainty relating to recognition and measurement

In the application of the Company's accounting policies, Management of the Company 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

Management expect the positive development of the company to continue during 2017.

Management expects the positive development of the company to continue during 2017. The business of the company is estimated to increase by 4% corresponding to the market growth of the trading business. However, due to the transfer of contracts as described above the revenue of the company will be lower in 2017 compared to 2016. The margins of the company are estimated to be at the same level as in 2016.

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 the company 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.

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 Group 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.

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.

Income statement for 2016

	Notes	2016 USD'000	2015 USD'000
Revenue		39.518	33.583
Cost of sales		(31.098)	(26.507)
Other external expenses		(1.178)	(1.346)
Gross profit/loss		**7.242**	**5.730**
Staff costs	1	(3.003)	(1.955)
Depreciation, amortisation and impairment losses		(109)	(137)
Operating profit/loss		**4.130**	**3.638**
Other financial income	2	870	572
Other financial expenses	3	(1.263)	(592)
Profit/loss before tax		**3.737**	**3.618**
Tax on profit/loss for the year	4	(843)	(868)
Profit/loss for the year	5	**2.894**	**2.750**

Balance sheet at 31.12.2016

	Notes	2016 USD'000	2015 USD'000
Land and buildings		150	154
Other fixtures and fittings, tools and equipment		111	163
Leasehold improvements		60	103
Property, plant and equipment	6	**321**	**420**
Fixed assets		**321**	**420**
Raw materials and consumables		16.192	16.608
Inventories		**16.192**	**16.608**
Trade receivables		1.435	1.884
Receivables from group enterprises		30.168	10.842
Deferred tax		26	10
Other receivables		245	219
Prepayments	7	554	323
Receivables		**32.428**	**13.278**
Cash		**69**	**34**
Current assets		**48.689**	**29.920**
Assets		**49.010**	**30.340**

Balance sheet at 31.12.2016

	Notes	2016 USD'000	2015 USD'000
Contributed capital	8	27	27
Retained earnings		16.192	11.962
Proposed dividend		0	130
Equity		**16.219**	**12.119**
Bank loans		14.815	13.780
Prepayments received from customers		16	27
Trade payables		3.677	3.341
Payables to group enterprises		12.470	0
Joint taxation contribution payable		1.365	879
Other payables		448	194
Current liabilities other than provisions		**32.791**	**18.221**
Liabilities other than provisions		**32.791**	**18.221**
Equity and liabilities		**49.010**	**30.340**
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Mortgages and securities	11		
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Transactions with related parties	13		
Group relations	14		

Statement of changes in equity for 2016

	Contributed capital USD'000	Retained earnings USD'000	Proposed extraordinary dividend USD'000	Proposed dividend USD'000
Equity beginning of year	27	11.962	0	130
Effect of divestments of entities etc	0	2.084	0	0
Ordinary dividend paid	0	0	0	(130)
Other equity postings	0	(290)	290	0
Tax of equity postings	0	(458)	0	0
Profit/loss for the year	0	2.894	(290)	0
Equity end of year	**27**	**16.192**	**0**	**0**

	Total USD'000
Equity beginning of year	12.119
Effect of divestments of entities etc	2.084
Ordinary dividend paid	(130)
Other equity postings	0
Tax of equity postings	(458)
Profit/loss for the year	2.604
Equity end of year	**16.219**

Notes

	2016 USD'000	2015 USD'000
1. Staff costs		
Wages and salaries	2.537	1.670
Pension costs	85	54
Other social security costs	15	13
Other staff costs	366	218
	3.003	**1.955**
Average number of employees	**17**	**13**

	Remuneration of management 2016 USD'000	Remuneration of management 2015 USD'000
Executive Board	568	455
	568	**455**

	2016 USD'000	2015 USD'000
2. Other financial income		
Financial income arising from group enterprises	621	317
Exchange rate adjustments	249	255
	870	**572**

	2016 USD'000	2015 USD'000
3. Other financial expenses		
Financial expenses from group enterprises	159	14
Interest expenses	582	306
Exchange rate adjustments	522	272
	1.263	**592**

Notes

	2016 USD'000	2015 USD'000
4. Tax on profit/loss for the year		
Tax on current year taxable income	859	879
Change in deferred tax for the year	(16)	(12)
Effect of changed tax rates	0	1
	843	**868**

	2016 USD'000	2015 USD'000
5. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	130
Retained earnings	2.894	2.620
	2.894	**2.750**
Dividend distributed after the balance sheet date		
Extraordinary dividend	0	290

	Land and buildings USD'000	Other fixtures and fittings, tools and equipment USD'000	Leasehold improve-ments USD'000
6. Property, plant and equipment			
Cost beginning of year	161	306	217
Additions	0	10	0
Cost end of year	**161**	**316**	**217**
Depreciation and impairment losses beginning of the year	(7)	(143)	(114)
Depreciation for the year	(4)	(62)	(43)
Depreciation and impairment losses end of the year	**(11)**	**(205)**	**(157)**
Carrying amount end of year	**150**	**111**	**60**

7. Prepayments
Accrued costs include event and insurance costs paid in advance for subsequent years.

Notes

	Number	Par value USD'000	Nominal value USD'000
8. Contributed capital			
A pieces	1.250	0,0208	26
B pieces	65	0,0153	1
	1.315		**27**

	2016 USD'000	2015 USD'000
9. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**460**	**616**

TP Aerospace Solutions ApS has contracted to rent the premises. The annual rent for the premises amounts to USD 111t. The lease is irrevocable until 30 June 2019 and thereafter redeemable with six months' notice.

TP Aerospace Solutions ApS has signed leases with the residual maturity of 31 and 45 months. The remaining obligation represents USD 25t.

10. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which TP Aerospace Holding A/S (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.

11. Mortgages and securities

As security for bank loans, as well as group companies' bank commitments, floating charge nominal DKK 74m (USD 10,5m) in fixed assets, inventories, and receivables, is effective, whose carrying amount at 31 December 2016 amounts to USD 48,361t. Furthermore the Company acts as guarantor for bank commitments held by group companies.

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.

Notes

12. Related parties with controlling interest

Controlling influence:	Basis:
TP Aerospace Holding A/S, Denmark	Capital owner, 100%

Other related parties:

Peter Jørgen Lyager	Member of the board of executives
Thomas Daniel Ibsø	Member of the board of executives
TP Aerospace PRO 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
TP Aerospace Technics Pty Ltd, Australia	Group enterprise
TP Aerospace Technics FZE, United Arab Emirates	Group enterprise

13. Transactions with related parties
Related parties transactions outside market conditions:

From and to the affiliated company is bought aircraft parts, corresponding to a value of USD 7,968t (2015: USD 3,382t) and sold aircraft parts, corresponding to a value of USD 16,802t (2015: USD 11,588t), 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.

14. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
TP Aerospace Holding A/S, Hvidovre, Denmark

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.

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

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 judgements, 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 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

Accounting policies

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 the 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.

- 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.

Business combinations
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.

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 is recognised when delivery is made and risk has passed to the buyer. Revenue related to exchange transactions are recognised exclusive of the value of the core assets that are exchanged. 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. Cost of the delivered core asset is transferred for recognition as cost of the core asset received.

Accounting policies

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, 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 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.

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.

The Entity is jointly taxed with TP Aerospace PRO 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).

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.

Accounting policies

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 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 incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Accounting policies

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.

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