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Registration number FC032321

# GKN Aerospace US Holdings LLC

## Unaudited Financial Statements

For the year ended 31 December 2015

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**GKN Aerospace US Holdings LLC**  
**Report for the year ended 31 December 2015**

The Directors present the unaudited financial statements of the Company for the year ended 31 December 2015

**Directors of the Company**

The directors who held office during the year and up to the date of signing the financial statements are as follows,

Mr Kevin Cummings

Mr David Radford

Mr John Searle

Mr Nigel Stephens

Mr Paul Westman

**GKN Aerospace US Holdings LLC**  
**Income Statement for the year ended 31 December 2015**

	Notes	Year ended 31 December 2015 £'000	Period from 15 December 2014 to 31 December 2014 £'000
Operating loss		(34)	-
Income from investments in subsidiaries		-	32,052
Interest payable		(28,203)	(985)
(Loss)/ profit before taxation		(28,237)	31,067
(Loss)/ profit for the financial year		(28,237)	31,067

The above results have arisen from continuing activities in the year

**GKN Aerospace US Holdings LLC**  
**Statement of Comprehensive Income**  
**for the year ended 31 December 2015**

	Year ended 31 December 2015 £'000	Period from 15 December 2014 to 31 December 2014 £'000
(Loss)/ profit for the financial year	(28,237)	31,067
Other comprehensive income		
Items that may be reclassified to profit and loss		
Currency variations – arising in the year	35,408	-
Other comprehensive income for the year	35,408	-
Total comprehensive income for the year	7,171	31,067

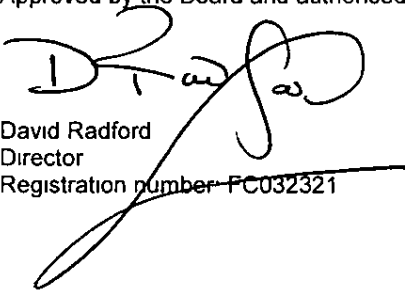
**GKN Aerospace US Holdings LLC**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2015**

	Membership Interest £ 000	Retained Earnings £'000	Total member funds £'000
<b>At 1 January 2015</b>	<b>566,090</b>	<b>31,067</b>	<b>597,157</b>
Loss for the year	-	(28,237)	(28,237)
Other comprehensive income	-	35,408	35,408
Total comprehensive income	-	7,171	7,171
<b>At 31 December 2015</b>	<b>566,090</b>	<b>38,238</b>	<b>604,328</b>
<b>At January 2014</b>	-	-	-
Profit for the year	-	31,067	31,067
Membership issue	566,090	-	566,090
<b>At 31 December 2014</b>	<b>566,090</b>	<b>31,067</b>	<b>597,157</b>

**GKN Aerospace US Holdings LLC**  
**(Registration number: FC032321)**  
**Balance Sheet as at 31 December 2015**

	Notes	31 December 2015 £'000	31 December 2014 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	3	1,120,629	1,046,859
<b>Current assets</b>			
Amounts owed by Group undertakings		-	31,067
<b>Total assets</b>		<b>1,120,629</b>	<b>1,077,926</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Amounts owed to Group undertakings		(513,444)	-
<b>Non-current liabilities</b>			
Other creditors	4	(2,857)	-
Amounts owed to Group undertakings		-	(480,769)
<b>Total liabilities</b>		<b>(516,301)</b>	<b>(480,769)</b>
<b>Net assets</b>		<b>604,328</b>	<b>597,157</b>
<b>Capital reserves</b>			
Membership interest	5	566,090	566,090
Retained earnings		38,238	31,067
<b>Total members funds</b>		<b>604,328</b>	<b>597,157</b>

Approved by the Board and authorised for issue on 5.12.2016 and signed on its behalf by

  
David Radford  
Director  
Registration number FC032321

# **GKN Aerospace US Holdings LLC**

## **Notes to Financial Statements**

### **1 Accounting policies**

The Company's significant accounting policies are summarised below

#### **Basis of preparation**

The financial statements (the "statements") have been prepared in accordance with International Financial Reporting Standards (IFRS) under Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101). These statements have been prepared under the historical cost method except where other measurement bases are required to be applied under IFRS as set out below, and in accordance with Section 396 of the Companies Act 2006 as modified by Section 38 of the Overseas Companies Regulations 2009.

There was no impact arising from the conversion from "old" UK GAAP to FRS 101 on equity, profit or comprehensive income.

These statements have been prepared using all standards and interpretations required for financial periods beginning 1 January 2015. No standards or interpretations have been adopted before the required implementation date.

Exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101 as follows:

- IAS 7, 'Statement of cash flows'
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)  
The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

#### **Exemption from preparing group accounts**

The Company has taken advantage of the exemption provided by Section 402A of the Companies Act 2006 as modified by Section 38 of the Overseas Companies Regulations 2009 and has not prepared group accounts.

#### **Fixed Asset Investments**

Fixed asset investments are stated at historical cost less provision for any impairment.

#### **Taxation**

Full provision is made for deferred tax on all temporary differences resulting from the difference between the carrying value of an asset or liability in the financial statements and its tax base. The amount of deferred tax reflects the expected manner of realisation or settlement of the carrying amount of the assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

#### **Income**

Dividend and other investment income is recognised when the right to receive payment is established. There was no dividend and other investment income received in the year (2014: £32,052,000).

#### **Foreign currency**

These financial statements are prepared in thousands of Pounds Sterling (£). The functional currency of the Company is US Dollars (\$) . Differences on translation from \$ to £ are taken to equity.

Assets and liabilities in foreign currencies are translated at the exchange rate ruling the balance sheet date. Differences on revenue transactions are dealt with through the income statement.

#### **Significant judgements, key assumptions and estimates**

The preparation of financial statements, in conformity with IFRS, requires the use of estimates, subjective judgement and assumptions that may affect the amounts of assets and liabilities at the balance sheet date and reported profit and earnings for the year. The Directors base these estimates, judgements and assumptions on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance.

The accounting policies where the Directors consider the more complex estimates, judgements and assumptions have to be made are those in respect of impairment of non-current assets. Details of the principal estimates, judgements and assumptions made are set out in the related notes.

### **2 Income Statement**

The emoluments of the Directors for their services to the Company amounted to £nil (2014: £nil). During the year no Directors exercised options over GKN plc shares (2014: none).

The company surrenders tax losses to other group companies free of charge and as such has no tax credit/charge in the year.

# GKN Aerospace US Holdings LLC

## Notes to Financial Statements

### 3 Investments in subsidiaries

	Subsidiary undertakings £'000
<b>Cost and net book value</b>	
At 1 January 2015	1,046,859
Additions	9,297
Currency variations	64,473
At 31 December 2015	<u>1,120,629</u>

On 8 June 2015 the Group acquired 100% of the equity share capital of Sheets Manufacturing Inc (SMI), which has been renamed GKN Aerospace Camarillo Inc. SMI specialises in metallic spin forming and is a technology leader in the manufacture of aircraft engine inlet lip skins. The fair value of consideration was £9,297,000 and comprised an initial cash payment of £6 million plus contingent consideration estimated at £3 million.

The range of the contingent consideration, based on achievement of specific technology milestones is between nil and £3 million.

#### Details of undertakings

Set out below are the subsidiaries and other undertakings in which the Company held 20% or more of the nominal value of any class of share as at 31 December 2015. These undertakings were included in the consolidation of GKN plc. The undertakings located overseas operate principally in the country of incorporation. The Company had a 100% interest in the investments listed below.

Undertaking	Country of Incorporation	Class of shares held/ Interest
<b>Subsidiary undertakings</b>		
GKN Aerospace Aerostructures Inc *	USA	Ordinary
GKN Aerospace Chem-tronics Inc *	USA	Ordinary
GKN Aerospace Cincinnati Inc *	USA	Ordinary
GKN Aerospace Inc *	USA	Common stock
GKN Aerospace Muncie Inc *	USA	Ordinary
GKN Aerospace New England Inc *	USA	Ordinary
GKN Aerospace North America Inc *	USA	Common stock
GKN Aerospace Transparency Systems, Inc *	USA	Common stock
GKN Aerospace Camarillo Inc *	USA	Ordinary
GKN Aerospace Newington LLC(1)	USA	Common stock
GKN Westland Aerospace Inc	USA	Common stock
GKN Aerospace South Carolina Inc	USA	Common stock
GKN Aerospace Services Structures Corp	USA	Common stock
GKN Aerospace Bandy Machining Inc	USA	Ordinary
GKN Aerospace Monitor Inc	USA	Ordinary
Genil Inc	USA	Ordinary
GKN Aerospace Precision Machining Inc	USA	Ordinary

\*Indicates undertakings held directly by the Company, other undertakings are held indirectly through intermediate companies.

(1) Principal place of business is 179 Louns Street, Newington CT 06111, USA.

#### Significant judgement and estimates

Following an annual impairment review, management believe each of the companies' investments is supported by underlying net assets or their market value.

# GKN Aerospace US Holdings LLC

## Notes to Financial Statements

### 4 Other creditors

Other creditors represent the remaining contingent consideration following the Sheets Manufacturing Inc acquisition (see note 3). This will be paid based on achievement of specific technology milestones.

### 5 Membership interest

Units issued to GKN America Corp the sole membership interest

	No	000	31 December 2015 and 2014 £'000
Membership units of \$1,000 each	883		566,090

### 6 Ultimate parent undertaking

The immediate parent is GKN America Corp. The ultimate parent undertaking and controlling party is GKN plc.

The parent of the largest group in which these financial statements are consolidated is GKN plc. Consolidated financial statements of GKN plc are available from PO Box 55, Ipsley House, Ipsley Church Lane, Redditch, B98 0TL.

The parent of the smallest group in which results are consolidated is GKN Holdings plc. Consolidated financial statements of GKN Holdings plc are available from the address above.