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Triumph Logistics UK Limited

Report and Financial Statements

Year Ended

31 March 2008

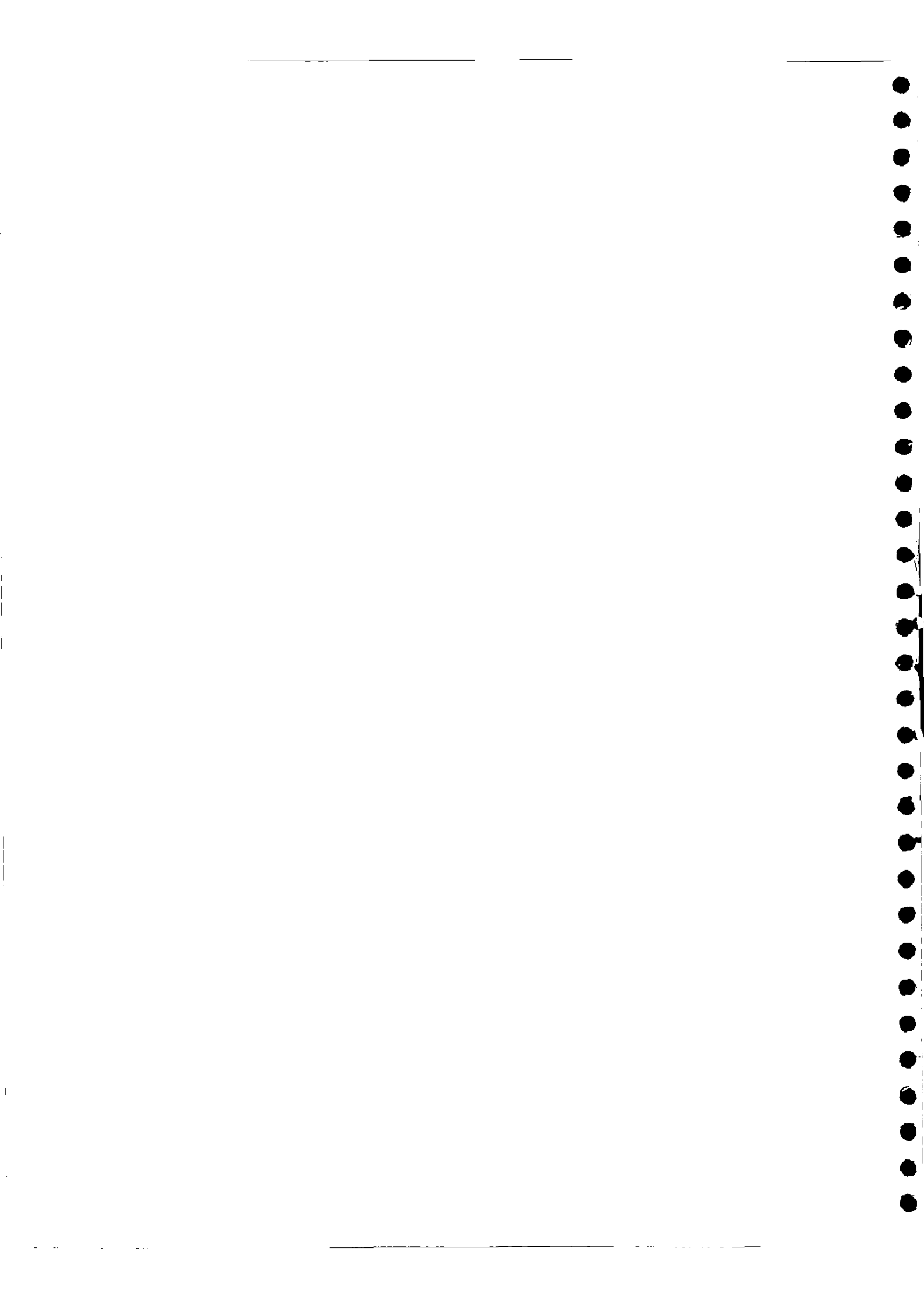
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BDO

BDO Stoy Hayward
Chartered Accountants



Triumph Logistics UK Limited

Annual report and financial statements for the year ended 31 March 2008

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Directors

R C III
J B Wright
D Kornblatt

Secretary and registered office

J B Wright and K Kindig, Tempus Business Centre, Kingsclere Road, Basingstoke, Hampshire,
RG21 6XG

Company number

3632204

Auditors

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

Triumph Logistics UK Limited

Report of the directors for the year ended 31 March 2008

The directors present their report together with the audited financial statements for the year ended 31 March 2008.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

Principal activities

The company's principal activity is that of the sale and lease of aircraft parts.

Directors

The directors of the company during the year were:

R C Ill

J B Wright

J R Bartholdson

D Kornblatt

Resigned 30th April 2007

Appointed 14th June 2007

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Triumph Logistics UK Limited

Report of the directors for the year ended 31 March 2008 (Continued)

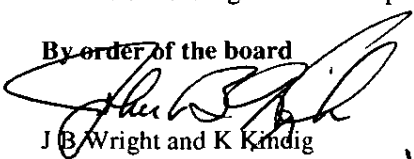
Auditors

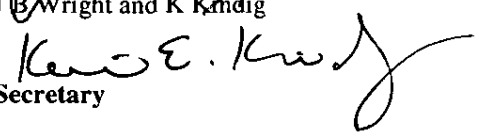
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board


J B Wright and K Kindig


Secretary

Date: 12/10/08

Triumph Logistics UK Limited

Independent auditor's report

To the shareholders of Triumph Logistics UK Limited

We have audited the financial statements of Triumph Logistics UK Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Triumph Logistics UK Limited

Independent auditor's report (*Continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

Chartered Accountants

and Registered Auditors

Epsom

Date: *5th June 2009*

Triumph Logistics UK Limited

Profit and loss account for the year ended 31 March 2008

| | Note | 2008 \$ | 2007 As restated \$ |
|---|------|------------|---------------------------|
| Turnover | 2 | 6,335,434 | 5,271,434 |
| Cost of sales | | 4,526,418 | 3,813,255 |
| Gross profit | | 1,809,016 | 1,458,179 |
| Administrative expenses | | 677,833 | 558,596 |
| Operating profit | 3 | 1,131,183 | 899,583 |
| Other interest receivable and similar income | | 9,972 | 42,956 |
| Interest payable and similar charges | 5 | (263,234) | (243,652) |
| Profit on ordinary activities before taxation | | 877,921 | 698,887 |
| Taxation on profit on ordinary activities | 6 | 294,000 | 58,000 |
| Profit on ordinary activities after taxation | | 583,921 | 640,887 |

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

The notes on pages 7 to 12 form part of these financial statements.

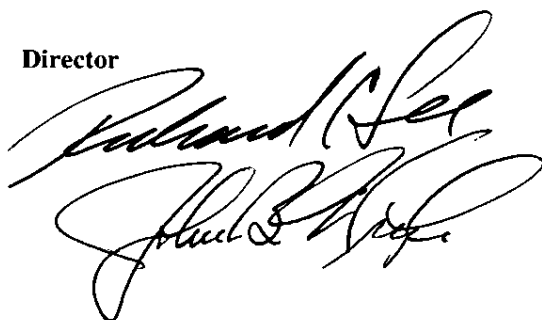
Triumph Logistics UK Limited

Balance sheet at 31 March 2008

| | Note | 2008 \$ | 2008 \$ | 2007 \$ | 2007 \$ |
|---|------|------------------|--------------------|------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | | 32,162 | | 40,738 |
| Current assets | | | | | |
| Debtors | 8 | 2,644,203 | | 2,796,082 | |
| Cash at bank and in hand | | 146,215 | | 121,357 | |
| | | <u>2,790,418</u> | | <u>2,917,439</u> | |
| Creditors: amounts falling due within one year | 9 | <u>4,037,605</u> | | <u>4,757,123</u> | |
| Net current liabilities | | | <u>(1,247,187)</u> | | <u>(1,839,684)</u> |
| Total assets less current liabilities | | | <u>(1,215,025)</u> | | <u>(1,798,946)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 10 | | 1,264,000 | | 1,264,000 |
| Profit and loss account | 11 | | (2,479,025) | | (3,062,946) |
| Shareholders' funds | | | <u>(1,215,025)</u> | | <u>(1,798,946)</u> |

The financial statements were approved by the board of directors and authorised for issue on

Director



The notes on pages 7 to 12 form part of these financial statements.

Triumph Logistics UK Limited

Notes forming part of the financial statements for the year ended 31 March 2008

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Triumph Group Inc. and the company is included in consolidated financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates:

Office equipment - 20% straight line

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Going concern

The company had net current liabilities at 31 March 2008. In order to continue as a going concern the company is dependent upon the support of its parent company. The parent company has confirmed that it will continue to support the company for the foreseeable future, being at least one year from the date that these accounts are signed. As a result the directors are confident that the company will continue to trade and have prepared these accounts on the going concern basis.

Triumph Logistics UK Limited

Notes forming part of the financial statements for the year ended 31 March 2008 (Continued)

1 Accounting policies (continued)

Prior period adjustment

Royalty expenses have been reclassified from administrative expenses to cost of sales, as the directors believe that this is a fairer representation of the true cost of sale.

2 Turnover

| | 2008 \$ | 2007 \$ |
|----------------------------------|------------------|------------------|
| Analysis by geographical market: | | |
| United Kingdom | 942,065 | 1,256,255 |
| Europe | 3,836,263 | 2,568,150 |
| Rest of the world | 1,557,106 | 1,447,029 |
| | <u>6,335,434</u> | <u>5,271,434</u> |

Turnover is wholly attributable to the principal activity of the company.

3 Operating profit

| | 2008 \$ | 2007 \$ |
|--|------------|------------|
| This is arrived at after charging/(crediting): | | |
| Depreciation of tangible fixed assets | 8,576 | 2,144 |
| Hire of plant and machinery - operating leases | 9,680 | 4,417 |
| Hire of other assets - operating leases | 54,406 | 58,107 |
| Audit services | 19,785 | 14,700 |
| Exchange differences | 25,592 | (1,659) |
| | <u></u> | <u></u> |

Triumph Logistics UK Limited

Notes forming part of the financial statements for the year ended 31 March 2008 (Continued)

4 Employees

Staff costs (including directors) consist of:

| | 2008 | 2007 |
|-----------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Wages and salaries | 295,613 | 235,301 |
| Social security costs | 32,900 | 26,440 |
| | <u>328,513</u> | <u>261,741</u> |

The average number of employees (including directors) during the year was 7 (2007 - 6).

No director received remuneration from the company in the current and previous year.

5 Interest payable and similar charges

| | 2008 | 2007 |
|----------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Loans from group companies | 263,234 | 243,652 |
| | <u>263,234</u> | <u>243,652</u> |

Triumph Logistics UK Limited

Notes forming part of the financial statements for the year ended 31 March 2008 (Continued)

6 Taxation on profit on ordinary activities

| | 2008 \$ | 2007 \$ |
|--|------------|------------|
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | 294,000 | 58,000 |

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

| | 2008 \$ | 2007 \$ |
|---|------------|------------|
| Profit on ordinary activities before tax | 877,921 | 698,887 |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2007 - 30%) | 263,376 | 209,666 |
| Effect of: | | |
| Expenses not deductible for tax purposes | - | 5,168 |
| Capital allowances for period in excess of depreciation | (5,082) | (9,563) |
| Utilisation of tax losses | (258,294) | (205,271) |
| Current tax charge for period | - | - |

7 Tangible fixed assets

| | Office equipment \$ |
|-----------------------------------|---------------------------|
| <i>Cost</i> | |
| At 1 April 2007 and 31 March 2008 | 42,882 |
| <i>Depreciation</i> | |
| At 1 April 2007 | 2,144 |
| Provided for the year | 8,576 |
| At 31 March 2008 | 10,720 |
| <i>Net book value</i> | |
| At 31 March 2008 | 32,162 |
| At 31 March 2007 | 40,738 |

Triumph Logistics UK Limited

Notes forming part of the financial statements for the year ended 31 March 2008 (Continued)

8 Debtors

| | 2008 \$ | 2007 \$ |
|---|------------------|------------------|
| Amounts receivable within one year | | |
| Trade debtors | 1,239,809 | 820,537 |
| Amounts owed by group undertakings | 1,266,896 | 1,564,274 |
| Other debtors | 6,846 | 18,452 |
| Prepayments and accrued income | 57,652 | 25,819 |
| | <u>2,571,203</u> | <u>2,429,082</u> |
| Amounts receivable after more than one year | | |
| Deferred tax | 73,000 | 367,000 |
| | <u>2,644,203</u> | <u>2,796,082</u> |

The company has a deferred tax asset of \$73,000 (2007: \$367,000) relating to tax losses carried forward.

9 Creditors: amounts falling due within one year

| | 2008 \$ | 2007 \$ |
|------------------------------------|------------------|------------------|
| Payments received on account | 20,000 | 12,000 |
| Trade creditors | 122,153 | 68,310 |
| Amounts owed to group undertakings | 3,829,168 | 4,577,304 |
| Taxation and social security | 28,633 | 22,174 |
| Accruals and deferred income | 37,651 | 77,335 |
| | <u>4,037,605</u> | <u>4,757,123</u> |

10 Share capital

| | 2008 \$ | Authorised 2007 \$ | Allotted, called up and fully paid 2008 \$ | 2007 \$ |
|---------------------------|------------------|--------------------------|---|------------------|
| 750,000 shares of £1 each | <u>1,264,000</u> | <u>1,264,000</u> | <u>1,264,000</u> | <u>1,264,000</u> |

Triumph Logistics UK Limited

Notes forming part of the financial statements for the year ended 31 March 2008 (Continued)

11 Reserves

| | Profit and loss account \$ |
|---------------------|----------------------------------|
| At 1 April 2007 | (3,062,946) |
| Profit for the year | 583,921 |
| | <hr/> |
| At 31 March 2008 | (2,479,025) |
| | <hr/> |

12 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

| | 2008 Land and buildings \$ | 2008 Other \$ | 2007 Land and buildings \$ | 2007 Other \$ |
|--------------------------------|-------------------------------------|---------------------|-------------------------------------|---------------------|
| Operating leases which expire: | | | | |
| In two to five years | 70,560 | 5,495 | 69,200 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |

13 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Triumph Group Inc. on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

14 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Triumph Group Inc. which is the ultimate parent company incorporated in the United States of America.

The smallest and largest group in which the results of the company are consolidated is that headed by Triumph Group Inc., incorporated in the United States of America. The consolidated accounts of this company are available to the public and may be obtained from Triumph Group Inc. Corporate Headquarters, Four Glenhardie Corporate Center, 1255 Drummers Lane, Suite 200, Wayne, PA 19087.