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statsautoriseret revisionsaktieselskab

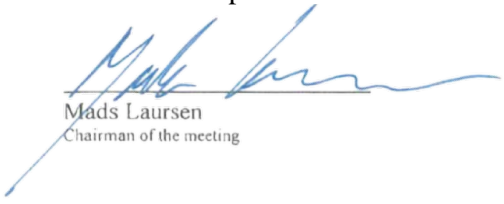
Semvac Spare Parts A/S
Svendborgvej 226, 5260 Odense S

Company reg. no. 30 19 34 58

Annual report

2017

The annual report have been submitted and approved by the general meeting on the 24 April 2018.



Mads Laursen
Chairman of the meeting



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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.



Management's report

The board of directors and the managing director have today presented the annual report of Semvac Spare Parts A/S for the financial year 1 January to 31 December 2017.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Odense S, 22 February 2018

Managing Director



Hans Henrik Nielsen

Board of directors

Olivier Alexis Marie Ravit

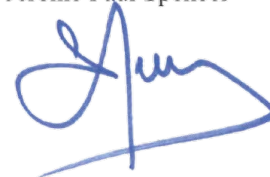
Chairman



Anne-Laure Nasrine Colin ép.
Lion



Jérôme Paul Spencer





Independent auditor's report

To the shareholders of Semvac Spare Parts A/S

Opinion

We have audited the annual accounts of Semvac Spare Parts A/S for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.



Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company'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 annual accounts 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.



Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 22 February 2018

Baagøe | Schou

State Authorised Public Accountants
Company reg. no. 21 14 81 48

Torben B. Petersen
State Authorised Public Accountant
MNE-nr. 34097



Company data

The company	Semvac Spare Parts A/S Svendborgvej 226 5260 Odense S Company reg. no. 30 19 34 58 Domicile: Odense Financial year: 1 January - 31 December
Board of directors	Olivier Alexis Marie Ravit, Chairman Anne-Laure Nasrine Colin ép. Lion Jérôme Paul Spencer
Managing Director	Hans Henrik Nielsen
Auditors	Baagøe Schou statsautoriseret revisionsaktieselskab Fiolstræde 44, 3. th. 1171 København K
Bankers	Jyske Bank A/S
Parent company	Westinghouse Air Brake Technologies Corporation



Management's review

The principal activities of the company

The principal activities of the company is to manufacture and trade spare parts for the railway industry as well as to perform services in the same segment.

Development in activities and financial matters

The gross profit for the year is DKK 10.638.823 against DKK 12.449.538 last year. The results from ordinary activities after tax are DKK 4.614.783 against DKK 5.478.276 last year. The management consider the results satisfactory.

The expected development

The company expects a positive result for 2018.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.



Accounting policies used

The annual report for Semvac Spare Parts A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.



Accounting policies used

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover comprises the value of services provided during the year, including outlay for customers less VAT and price reductions directly associated with the sale.

The turnover is recognised in the profit and loss account when the sale has been completed. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- There is a binding sales agreement
- The sales price has been determined
- The payment has been received, or it can with reasonable assurance be expected to be received.

Hereby, it is ensured that recognition does not take place until the total income and costs as well as the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the economic benefits, including payments, will be received by the enterprise.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.



Accounting policies used

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 20 years.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.



Accounting policies used

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Semvac Spare Parts A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.



Accounting policies used

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

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

The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.



Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Gross profit	10.638.823	12.449.538
1 Staff costs	-4.408.000	-4.149.000
Depreciation and writedown relating to fixed assets	-300.000	-300.000
Operating profit	5.930.823	8.000.538
Other financial income from group enterprises	210.888	531.596
2 Other financial costs	-212.307	-1.496.842
Results before tax	5.929.404	7.035.292
3 Tax on ordinary results	-1.314.621	-1.557.016
Results for the year	4.614.783	5.478.276
Proposed distribution of the results:		
Allocated to results brought forward	4.614.783	5.478.276
Distribution in total	4.614.783	5.478.276



Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Assets		
Fixed assets		
4 Acquired concessions, patents, licenses, trademarks and similar rights	5.100.000	5.400.000
Intangible fixed assets in total	<u>5.100.000</u>	<u>5.400.000</u>
Amounts owed by group enterprises	0	11.163.524
Financial fixed assets in total	<u>0</u>	<u>11.163.524</u>
Fixed assets in total	<u>5.100.000</u>	<u>16.563.524</u>
Current assets		
Manufactured goods and trade goods	3.977.523	5.036.587
Inventories in total	<u>3.977.523</u>	<u>5.036.587</u>
Trade debtors	7.928.307	8.521.872
Amounts owed by group enterprises	52.288	0
Debtors in total	<u>7.980.595</u>	<u>8.521.872</u>
Available funds	1.833.138	735.053
Current assets in total	<u>13.791.256</u>	<u>14.293.512</u>
Assets in total	<u>18.891.256</u>	<u>30.857.036</u>



Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Equity and liabilities		
Equity		
Contributed capital	1.000.000	1.000.000
5 Results brought forward	13.786.359	9.171.576
Equity in total	14.786.359	10.171.576
Provisions		
Provisions for deferred tax	471.000	400.000
Provisions in total	471.000	400.000
Liabilities		
Subordinate loan capital	0	7.786.895
Long-term liabilities in total	0	7.786.895
Bank debts	0	5.214.014
Trade creditors	233.601	217.542
Debt to group enterprises	2.133.723	5.549.214
Corporate tax	955.621	1.434.016
Other debts	310.952	83.779
Short-term liabilities in total	3.633.897	12.498.565
Liabilities in total	3.633.897	20.285.460
Equity and liabilities in total	18.891.256	30.857.036

6 Mortgage and securities

7 Contingencies



Cash flow statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Results for the year	4.614.783	5.478.276
8 Adjustments	1.616.040	2.822.262
9 Change in working capital	<u>-1.571.918</u>	<u>-1.629.097</u>
Cash flow from operating activities before net financials	4.658.905	6.671.441
Interest received and similar amounts	210.888	531.596
Interest paid and similar amounts	<u>-212.307</u>	<u>-1.496.842</u>
Cash flow from ordinary activities	4.657.486	5.706.195
Corporate tax paid	-1.434.016	-1.113.931
Corporate tax on account paid	<u>-288.000</u>	<u>0</u>
Cash flow from operating activities	<u>2.935.470</u>	<u>4.592.264</u>
Repayments group enterprises	11.721.700	0
Loans	<u>-558.176</u>	<u>-531.596</u>
Cash flow from investment activities	<u>11.163.524</u>	<u>-531.596</u>
Repayments of long-term debt	-7.786.895	-1.849.270
Bank debts	<u>-5.214.014</u>	<u>-2.537.331</u>
Cash flow from financing activities	<u>-13.000.909</u>	<u>-4.386.601</u>
Changes in available funds	1.098.085	-325.933
Available funds 1 January 2017	<u>735.053</u>	<u>1.060.986</u>
Available funds 31 December 2017	<u>1.833.138</u>	<u>735.053</u>
Available funds		
Available funds	<u>1.833.138</u>	<u>735.053</u>
Available funds 31 December 2017	<u>1.833.138</u>	<u>735.053</u>



Notes

All amounts in DKK.

	<u>2017</u>	<u>2016</u>
1. Staff costs		
Salaries and wages	4.408.000	4.149.000
	4.408.000	4.149.000
Average number of employees	<u>10</u>	<u>11</u>
2. Other financial costs		
Financial costs, group enterprises	0	330.750
Other financial costs	212.307	1.166.092
	212.307	1.496.842
3. Tax on ordinary results		
Tax of the results for the year, parent company	1.243.621	1.434.016
Adjustment for the year of deferred tax	71.000	123.000
	1.314.621	1.557.016
	<u>31/12 2017</u>	<u>31/12 2016</u>
4. Acquired concessions, patents, licenses, trademarks and similar rights		
Cost 1 January 2017	6.000.000	6.000.000
Additions during the year	0	0
Disposals during the year	0	0
Cost 31 December 2017	6.000.000	6.000.000
Amortisation and writedown 1 January 2017	-600.000	-300.000
Amortisation and writedown for the year	-300.000	-300.000
Amortisation and writedown 31 December 2017	-900.000	-600.000
Book value 31 December 2017	5.100.000	5.400.000



Notes

All amounts in DKK.

	<u>31/12 2017</u>	<u>31/12 2016</u>
5. Results brought forward		
Results brought forward 1 January 2017	9.171.576	3.693.300
Profit or loss for the year brought forward	<u>4.614.783</u>	<u>5.478.276</u>
	<u>13.786.359</u>	<u>9.171.576</u>

6. Mortgage and securities

The company has no mortgage and securities.

7. Contingencies

Contingent liabilities

The company is part of joint registration of VAT with the group company, Semvac A/S, and is unlimited and severally liable for the total VAT.

Joint taxation

Semvac A/S, company reg. no 76 48 99 12 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

The Company has withdrawn from joint taxation with Holdingselskabet af 21. april 2017 ApS as of 20. April 2017, as from the time of withdrawal from the joint taxation, the company is not liable for any tax claims against the other jointly taxed companies.

	<u>2017</u>	<u>2016</u>
8. Adjustments		
Depreciation and amortisation	300.000	300.000
Dividends from group enterprises	-210.888	-531.596
Other financial costs	212.307	1.496.842
Tax on ordinary results	<u>1.314.621</u>	<u>1.557.016</u>
	<u>1.616.040</u>	<u>2.822.262</u>



Notes

All amounts in DKK.

	<u>2017</u>	<u>2016</u>
9. Change in working capital		
Change in inventories	1.059.064	-92.200
Change in debtors	541.277	-993.141
Change in trade creditors and other liabilities	<u>-3.172.259</u>	<u>-543.756</u>
	<u>-1.571.918</u>	<u>-1.629.097</u>