Semvac A/S

Svendborgvej 226, 5260 Odense S

Company reg. no. 76 48 99 12

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 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

Annette Lund
employee representative

Jørn Hansen
employee representative

Independent auditor's report

To the shareholders of Semvac A/S

Opinion

We have audited the annual accounts of Semvac A/S for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity, 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.

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 A/S Svendborgvej 226 5260 Odense S	
	Phone	65 68 33 00
	Web site	www.semvac.dk
	Company reg. no.	76 48 99 12
	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 Annette Lund, employee representative Jørn Hansen, employee representative	
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	

Financial highlights

DKK in thousands.	2017	2016	2015	2014	2013
Profit and loss account:					
Gross profit	28.909	26.977	26.687	31.004	31.657
Results from operating activities	2.376	892	1.426	1.467	3.094
Net financials	-916	-581	-1.183	3.536	-1.634
Results for the year	1.111	227	177	3.946	1.090
Balance sheet:					
Balance sheet sum	73.956	54.204	55.272	64.323	64.873
Investments in tangible fixed assets represent	319	405	119	381	716
Equity	40.018	8.632	8.279	8.124	4.178
Equity included subordinated loan capital	60.810	19.796	18.911	18.250	15.936
Cash flow:					
Operating activities	-18.444	-2.041	4.418	6.097	-9.113
Investment activities	-269	-569	-221	-895	2.164
Financing activities	25.631	2.757	-4.131	-5.196	6.937
Employees:					
Average number of full time employees	54	56	60	69	63
Key figures in %:					
Solvency ratio	54,1	15,9	15,0	12,6	6,4
Return on equity	4,6	2,7	2,2	64,2	30,0
Return on assets	3,2	1,6	2,6	2,3	4,8
Return on equity included subordinated loan capital	62,2	36,5	34,2	28,4	24,6

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

Return on assest

$$\frac{\text{Operating profit x 100}}{\text{Assets in total, closing balance}}$$

Solvency ratio

$$\frac{\text{Equity, closing balance x 100}}{\text{Assets in total, closing balance}}$$

Return on equity

$$\frac{\text{Results for the year x 100}}{\text{Average equity}}$$

Management's review

The principal activities of the company

The company delivers complete sanitary solutions for the global railway industry. The company handle all project phases, from consultancy and discussions in the initial phases through product development, manufacture, supply and after sales service.

Development in activities and financial matters

The gross profit for the year is DKK 28.908.918 against DKK 26.976.694 last year. The results from ordinary activities after tax are DKK 1.110.970 against DKK 227.070 last year. The management consider the results satisfactory.

Environmental issues

The management believes that the production does not affect the external enviroment.

Research and development activities

The company has maintained a focus on developing new products and components.

The expected development

The company expects a positive result for 2018.

Accounting policies used

The annual report for Semvac A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized 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.

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.

Derived financial instruments

At the first recognition, derived financial instruments are recognised at cost in the balance sheet. Afterwards they are measured at fair value. Positive and negative fair values of derived financial instruments are recognised under other debtors and other creditors respectively.

If the future transaction results in the recognition of assets or liabilities, amounts which have been recognised in the equity previously, are transferred to the cost for the asset or the liability, respectively. If the future transaction results in income or costs, amounts which have been recognised in the equity currently, are transferred to the profit and loss account in the period in which the hedged item influenced the profit and loss account.

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 operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

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.

Other operating costs

Other operating costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including losses on disposal of intangible and tangible fixed assets.

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.

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 company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

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

Development costs comprise e.g. salaries, wages, and amortisation which directly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 3-10 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.

Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 20 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategical acquirees with a strong market position and an expected long-term earnings profile.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Technical plants and machinery	10 years
Other plants, operating assets, fixtures and furniture	3-7 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leasing contracts

Leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

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.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

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.

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.

Work in progress for the account of others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual contract.

When the sales value of a contract can not be determined reliably, the selling price is measured solely at the costs incurred, or at the net realisable value, if this is lower.

Contracts are recognised as trade debtors if the selling price of the work performed exceeds invoicing on account and expected losses. Contracts are recognised as liabilities if invoicing on account and expected losses exceed the selling price.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserves for development costs

Reserves for development costs comprise recognised development costs with deduction of related deferred tax liabilities. The reserves can not be used as dividend or for payment of losses. The reserves are reduced or dissolved if the recognised development costs are amortised or abandoned. This takes place by direct transfer to the distributable reserves of the equity.

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.

Semvac A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Semvac 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.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or “Payable corporate tax".

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.

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

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.

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.

Note		2017	2016
	Gross profit	**28.908.918**	**26.976.694**
2	Staff costs	-25.124.993	-24.736.602
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-1.387.656	-1.348.272
	Other operating costs	-20.574	0
	Operating profit	**2.375.695**	**891.820**
	Other financial income from group enterprises	0	330.750
	Other financial income	50	217.764
3	Other financial costs	-915.987	-1.129.614
	Results before tax	**1.459.758**	**310.720**
4	Tax on ordinary results	-348.788	-83.650
5	**Results for the year**	**1.110.970**	**227.070**

Balance sheet 31 December

All amounts in DKK.

Note	**Assets**	2017	2016
	Fixed assets		
6	Goodwill	52.536	158.478
7	Completed development projects, including patents and similar rights arising from development projects	4.528.488	4.338.766
8	Development projects in progress and prepayments for intangible fixed assets	0	1.159.017
	Intangible fixed assets in total	4.581.024	5.656.261
9	Production plant and machinery	718.276	631.751
10	Other plants, operating assets, and fixtures and furniture	229.823	379.936
	Tangible fixed assets in total	948.099	1.011.687
	Fixed assets in total	**5.529.123**	**6.667.948**
	Current assets		
	Raw materials and consumables	10.192.521	5.982.949
	Manufactured goods and trade goods	11.100.724	8.037.092
	Inventories in total	21.293.245	14.020.041
	Trade debtors	15.778.072	13.343.551
11	Work in progress for the account of others	9.374.149	11.202.989
	Amounts owed by group enterprises	7.681.978	5.481.150
	Tax receivables from group enterprises	955.621	0
	Other debtors	4.801.057	2.415.537
12	Accrued income and deferred expenses	1.397.085	844.065
	Debtors in total	39.987.962	33.287.292
	Available funds	7.145.729	228.674
	Current assets in total	**68.426.936**	**47.536.007**
	Assets in total	**73.956.059**	**54.203.955**

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note		2017	2016
	Equity		
	Contributed capital	17.000.000	17.000.000
	Reserve for development expenditure	114.770	0
	Results brought forward	22.903.295	-8.367.832
	Equity in total	**40.018.065**	**8.632.168**
	Provisions		
13	Provisions for deferred tax	1.264.000	1.308.000
14	Other provisions	50.000	50.000
	Provisions in total	**1.314.000**	**1.358.000**
	Liabilities		
15	Debt to group enterprises	5.955.222	11.163.524
	Long-term liabilities in total	5.955.222	11.163.524
	Bank debts	0	11.342.861
	Prepayments received from customers	2.956.866	1.766.843
	Trade creditors	12.827.478	13.869.238
	Debt to group enterprises	81.249	0
	Corporate tax	1.348.409	123.650
	Other debts	9.454.770	5.947.671
	Short-term liabilities in total	26.668.772	33.050.263
	Liabilities in total	**32.623.994**	**44.213.787**
	Equity and liabilities in total	**73.956.059**	**54.203.955**

1 Subsequent events

16 Mortgage and securities

17 Contingencies

18 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development expenditure	Results brought forward	In total
Equity 1 January 2016	17.000.000	0	-8.720.867	8.279.133
Profit or loss for the year brought forward	0	0	227.070	227.070
Derived financial instruments	0	0	125.965	125.965
Equity 1 January 2017	17.000.000	0	-8.367.832	8.632.168
Correction, opening account	0	127.483	-127.483	0
Profit or loss for the year brought forward	0	0	1.110.970	1.110.970
Group contribution	0	0	30.460.319	30.460.319
Derived financial instruments	0	0	-185.392	-185.392
Transferred	0	-12.713	12.713	0
	17.000.000	**114.770**	**22.903.295**	**40.018.065**

Cash flow statement 1 January - 31 December

All amounts in DKK.

Note		2017	2016
	Results for the year	1.110.970	227.070
19	Adjustments	2.487.472	2.138.987
20	Change in working capital	-21.003.341	-3.745.255
	Cash flow from operating activities before net financials	-17.404.899	-1.379.198
	Interest received and similar amounts	50	548.514
	Interest paid and similar amounts	-915.897	-1.129.614
	Cash flow from ordinary activities	-18.320.746	-1.960.298
	Corporate tax paid	-123.650	-80.583
	Cash flow from operating activities	**-18.444.396**	**-2.040.881**
	Purchase of intangible fixed assets	0	-163.440
	Purchase of tangible fixed assets	-319.405	-405.296
	Sale of tangible fixed assets	50.000	0
	Cash flow from investment activities	**-269.405**	**-568.736**
	Raising of long-term debts	6.513.398	531.524
	Repayments of long-term debt	0	72
	Group contribution	30.460.319	0
	Bank debts	-11.342.861	2.225.442
	Cash flow from financing activities	**25.630.856**	**2.757.038**
	Changes in available funds	**6.917.055**	**147.421**
	Available funds 1 January 2017	228.674	81.253
	Available funds 31 December 2017	**7.145.729**	**228.674**

	Available funds		
	Available funds	7.145.729	228.674
	Available funds 31 December 2017	**7.145.729**	**228.674**

All amounts in DKK.

1. Subsequent events

No events materially affecting the assessment of annual report have occured afther the balance sheet date.

	2017	2016
2. Staff costs		
Salaries and wages	22.546.489	22.166.643
Pension costs	1.987.725	1.948.311
Other costs for social security	590.779	621.648
	25.124.993	**24.736.602**
Average number of employees	54	56

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of Danish Financial Stements Act.

3. Other financial costs

	2017	2016
Financial costs, group enterprises	292.399	531.596
Other financial costs	623.588	598.018
	915.987	**1.129.614**

4. Tax on ordinary results

	2017	2016
Tax of the results for the year, parent company	392.788	123.650
Adjustment for the year of deferred tax	-44.000	-40.000
	348.788	**83.650**

5. Proposed distribution of the results

	2017	2016
Allocated to results brought forward	1.110.970	227.070
Distribution in total	**1.110.970**	**227.070**

All amounts in DKK.

		31/12 2017	31/12 2016
6.	**Goodwill**		
	Cost 1 January 2017	530.000	530.000
	Additions during the year	0	0
	Disposals during the year	0	0
	Cost 31 December 2017	**530.000**	**530.000**
	Amortisation and writedown 1 January 2017	-371.522	-265.290
	Amortisation and writedown for the year	-105.942	-106.232
	Amortisation and writedown 31 December 2017	**-477.464**	**-371.522**
	Book value 31 December 2017	**52.536**	**158.478**

		31/12 2017	31/12 2016
7.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2017	9.572.312	9.572.312
	Additions during the year	0	0
	Disposals during the year	0	0
	Transfers	1.159.017	0
	Cost 31 December 2017	**10.731.329**	**9.572.312**
	Amortisation and writedown 1 January 2017	-5.233.546	-4.369.772
	Amortisation and writedown for the year	-969.295	-863.774
	Amortisation and writedown 31 December 2017	**-6.202.841**	**-5.233.546**
	Book value 31 December 2017	**4.528.488**	**4.338.766**

Completed development projects comprise the development and test of sanitary solutions for the global railway industry. The systems were completed and put into service some years prior to and during the current financial year. The completed development projects are depreciated over a period of 3-10 years.

The management has not identified indication of impairment in proportion to the book value.

All amounts in DKK.

		31/12 2017	31/12 2016
8.	**Development projects in progress and prepayments for intangible fixed assets**		
	Cost 1 January 2017	1.159.017	995.577
	Additions during the year	0	163.440
	Disposals during the year	0	0
	Transfers	-1.159.017	0
	Cost 31 December 2017	**0**	**1.159.017**
	Book value 31 December 2017	**0**	**1.159.017**

		31/12 2017	31/12 2016
9.	**Production plant and machinery**		
	Cost 1 January 2017	5.111.925	4.968.324
	Additions during the year	261.389	143.601
	Disposals during the year	0	0
	Cost 31 December 2017	**5.373.314**	**5.111.925**
	Depreciation and writedown 1 January 2017	-4.480.174	-4.300.729
	Depreciation and writedown for the year	-174.864	-179.445
	Depreciation and writedown 31 December 2017	**-4.655.038**	**-4.480.174**
	Book value 31 December 2017	**718.276**	**631.751**

		31/12 2017	31/12 2016
10.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2017	2.200.930	2.141.494
	Additions during the year	58.017	261.695
	Disposals during the year	-230.000	-202.259
	Cost 31 December 2017	**2.028.947**	**2.200.930**
	Depreciation and writedown 1 January 2017	-1.820.994	-1.824.432
	Depreciation and writedown for the year	-137.555	-198.821
	Depreciation and writedown, assets disposed of	159.425	202.259
	Depreciation and writedown 31 December 2017	**-1.799.124**	**-1.820.994**
	Book value 31 December 2017	**229.823**	**379.936**

All amounts in DKK.

		31/12 2017	31/12 2016
11.	**Work in progress for the account of others**		
	Sales value of the production of the period	9.374.149	11.202.989
	Work in progress for the account of others, net	**9.374.149**	**11.202.989**
	The following is recognised:		
	Work in progress for the account of others (Current assets)	9.374.149	11.202.989
		9.374.149	**11.202.989**
12.	**Accrued income and deferred expenses**		
	Prepayed rent	493.000	487.000
	Other prepayments	904.085	357.065
		1.397.085	**844.065**
13.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January 2017	1.308.000	1.348.000
	Deferred tax of the results for the year	-44.000	-40.000
		1.264.000	**1.308.000**
	The following items are subject to deferred tax:		
	Intangible fixed assets	981.000	1.119.000
	Tangible fixed assets	-68.000	-87.000
	Current assets	402.000	382.000
	Loan costs	0	-72.000
	Provision for guarantee commission	-11.000	-11.000
	Unrealized exchange differences on forward contracts	18.000	-23.000
	Expenses incurred	-53.000	0
	Other provisions	-5.000	0
		1.264.000	**1.308.000**
14.	**Other provisions**		
	Other provisions 1 January 2017	50.000	50.000
		50.000	**50.000**

All amounts in DKK.

		31/12 2017	31/12 2016
15.	**Debt to group enterprises**		
	Debt to group enterprises in total	5.955.222	11.163.524
	Share of amount due within 1 year	0	0
	Debt to group enterprises in total	**5.955.222**	**11.163.524**
	Share of liabilities due after 5 years	5.955.222	11.163.524

16. Mortgage and securities

The company has issued work guarantees at a total amount of DKK 1.074.142 at 31 December 2017.

17. Contingencies

Contingent liabilities

The rent can be terminated with 6 months' notice and the company therefore has a lease liability on DKK 986.000.

The company has entered into forward contracts for future sales of GBP 1.552.080 or DKK 12.839.775. Unrealized exchange differences as per 31 December 2017 are recognized under other debtors and the exchange adjustment for the year is recognized directly in the equity.

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

Leasing liabilities

The company has entered into operational leasing contracts with an average annual leasing payment of DKK 211.261. The leasing contracts have 3-57 months left to run, and the total outstanding leasing payment is DKK 730.168.

Joint taxation

The company is the administration company of the group of companies 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.

All amounts in DKK.

. Contingencies (continued)

Joint taxation (continued)

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.

18. Related parties

Controlling interest

Westinghouse Air Brake Technologies Corporation 1001 Air Brake Avenue Wilmerding, PA 15148 USA	Majority shareholder

Other related parties

Olivier Alexis Marie Ravit 170 Rue de Lannoy 7740 PECQ Belgium	Chairman
Hans Henrik Nielsen Gl Stensb Strandvej 9 8700 Horsens Denmark	CEO
Anne-Laure Nasrine Colin ép. Lion 268 Boulevard Saint-Denis 92400 Courbevoie France	Board member
Jérôme Paul Spencer 7 Avenue de Madrid 92200 Neuilly-Sur-Seine France	Board member
Annette Lund Mullerup Hovvej 22 5892 Gudbjerg Sydfyn Denmark	Board member

Notes

All amounts in DKK.

Other related parties (continued)

Jørn Hansen Vægtens Kvarter 277 Holluf Pile 5220 Odense SØ Denmark	Board member
Semvac Spare Parts A/S Svendborgvej 226 5260 Odense S Denmark	Group company
Wabtec UK Holdings Limited Howard House Graycar Business Park Staffordshire DE13 8EN United Kingdom	Group company

Transactions

The transactions with the group related entreprises consist of:

	2017
Semvac Spare Parts A/S:	
Raw materials and comsumables	25.306.699
Commission and bonuses	5.932.000
Saleries and wages	4.408.000
Other fixed costs	3.784.000
Other financial costs	210.883
Intercompany account	2.133.723
Other group related enterprises:	
Raw materials and consumables	3.070.095
Other financial costs	81.249
Intercompany account	488.216

Furthermore the company has received a group contribution of DKK 30.460.319 from the group related company Wabtec UK Holdings Limited.

All amounts in DKK.

Consolidated annual accounts

The company is included in the consolidated annual accounts of Westinghouse Air Brake Technologies Corporation, USA.

		2017	2016
19.	**Adjustments**		
	Depreciation and amortisation	1.387.656	1.348.272
	Loss from sale of fixed assets	20.574	0
	Dividends from group enterprises	0	-330.750
	Other financial income	-50	-217.764
	Other financial costs	915.987	1.129.614
	Tax on ordinary results	348.788	83.650
	Other financial instruments	-185.483	125.965
		2.487.472	**2.138.987**

20.	**Change in working capital**		
	Change in inventories	-7.273.204	243.289
	Change in debtors	-17.466.749	189.402
	Change in trade creditors and other liabilities	3.736.612	-4.177.946
		-21.003.341	**-3.745.255**