

# **Bombardier Transportation (Investment) UK Limited**

**Directors' reports and financial statements  
For the year ended 31 December 2017**

**Registered number 09863932**

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**Company Information**

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Directors	P Allmer	(Appointed 9 November 2015)
	D Desjardins	(Appointed 9 November 2015)
	A Bellemare	(Appointed 11 February 2016)
	L Troger	(Appointed 11 February 2016)
	S Etroy	(Appointed 31 August 2016)
		(Resigned 16 June 2017)
	C Dubé	(Appointed 31 August 2016)
		(Resigned 26 February 2018)
	G Nordstróm	(Appointed 31 August 2016)
	S Lussier	(Appointed 14 September 2017)
A Zoratti	(Appointed 14 September 2017)	
K Thomassin	(Appointed 27 February 2018)	
Secretary	L S West	(Appointed 30 August 2016)
Registered Office	Two Pancras Square Kings Cross London N1C 4AG	
Registered Number	09863932	
Auditors	Ernst & Young LLP 1 Colmore Square Birmingham B4 6HQ	
Principal Bankers	Deutsche Bank AG London 6 Bishopsgate London EC2P 2AT	
Solicitors	Norton Rose 3 More London Riverside London SE1 2AQ	

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## Directors' Report

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The directors present their report and the financial statements for the year ended 31 December 2017.

On 22 September 2017 the Company issued Bombardier UK Holding Limited 700 B ordinary shares of €0.01 each in the company at an aggregate premium of €51,546,000. On this date, the Company also issued La Caisse de dépôt et placement du Québec ("CDPQ") 180 convertible shares having an aggregate par value of €1.80, BT Rail I, L.P. 60 convertible shares having an aggregate par value of €0.60 and BT Rail II, L.P. 60 convertible shares having an aggregate par value of €0.60.

The profit for the year, after taxation, amounted to €158,793,000 (2016: €195,789,000).

### Going concern

The Company is dependent upon continuing financial support being made available by its ultimate parent undertaking, Bombardier Inc. to enable it to meet its liabilities as they fall due. The parent undertaking has agreed to provide sufficient funds to the Company for this purpose. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

### Future developments

The directors consider that the business will continue to operate as it has during the current year.

### Events since balance sheet date

Bombardier Transportation Group's strong results in 2017 outpaced the performance targets underlying CDPQ's investment in the Company. Accordingly, for the 12-month period starting on 12 February 2018, CDPQ's percentage of ownership on conversion of its shares will decrease by 2.5%, down from 30% to 27.5%, and the preference return entitlement rate on liquidation of its shares will decrease from 9.5% to 7.5% for this period. Any dividends paid by the company to its shareholders during this period will be distributed on the basis of each shareholder's percentage of ownership on conversion, being 72.5% for Bombardier Inc and 27.5% for CDPQ. These adjustments will become effective once the audited consolidated financial statements of the Company are duly approved by its Board of Directors.

### Directors

The directors, who served during the year and subsequently, are noted on the Company Information page. The Company has granted an indemnity to one or more of its directors against any liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provisions remains in force as at the date of approving the Directors' Report.

### Political and charitable donations

No political contributions or charitable donations were made during the current year.

### Employee involvement

In common with other members of the Bombardier Transportation Group (the 'Group'), company policy is to use the consultative procedures agreed with its staff and elected representatives to ensure information and views are exchanged and to improve the awareness of the financial and economic factors which affect it. Communication with employees is through the Group intranet and a formal structure of regular briefing sessions.

### Disabled persons

The Company is committed to the employment of disabled persons. In common with other members of the Group, where existing employees become disabled, it is the Company's policy wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate. The Company does not discriminate on the grounds of disability in recruitment.

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**Directors' Report**

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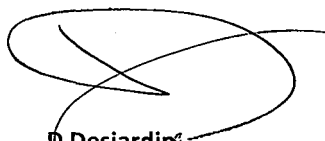
**Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

**Re-appointment of auditors**

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Group and Company.

By order of the Board,



**D. Desjardins**

Director

London, UK

27 February 2018

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## Strategic Report

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The directors have pleasure in presenting their Strategic Report for the year ended 31 December 2017.

### Principal activities and business review

The principal activity of the Company is that of a holding Company. The Company has the external investment from CDPQ and is the owner of the immediate parent company of Bombardier Transportation (Global Holding) UK Limited. The Bombardier Transportation Group is a global operation which operates in 28 countries, the main activities of the Group is the manufacture, repair and maintenance of railway rolling stock and rolling stock equipment.

### Results for the year

The profit for the year, after taxation, amounted to €158,793,000 (2016: €195,789,000). Dividend totalling €250,000,000 (2016: €250,000,000) was paid during the year, but the directors do not recommend the payment of further dividends for 2017. (Note 14)

### Principal risks and uncertainties

The main risk arising from the Company's financial instruments is liquidity risk. The Company holds a derivative liability in respect to the CDPQ equity investment which is subject to periodic fair value estimation.

### Liquidity risk

The Company aims to maintain a balance between continuity of funding and flexibility by ensuring that sufficient facilities are in place through its subsidiary funding if required.

By order of the Board,



D Desjardin

Director

London, UK

27 February 2018

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## Statement of Directors' Responsibilities

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The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

*In preparing these financial statements, the directors are required to:*

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless they consider that to be inappropriate.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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## Independent Auditor's Report to the Members of Bombardier Transportation (Investment) UK Ltd.

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### Opinion

We have audited the financial statements of Bombardier Transportation (Investment) UK Ltd for the year ended 31 December 2017 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework", (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.



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## Independent Auditor's Report to the Members of Bombardier Transportation (Investment) UK Ltd

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### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

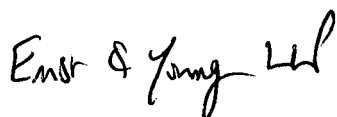
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Adrian Roberts (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham, UK  
2 March 2018

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**Statement of Profit or Loss and Other Comprehensive Income**


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**Statement of Profit or Loss and Other Comprehensive Income**

For the year ended 31 December 2017 and the 59-week period ended 31 December 2016

	Note	2017 €'000	2016 €'000
Administrative expenses		(132)	(179)
Exceptional item	4	-	(1,065)
Operating loss		(132)	(1,244)
Income from shares in group undertakings	3	251,000	252,000
Changes in fair value	5	(92,100)	(55,003)
Interest payable and similar charges		(1)	-
<b>Profit before taxation</b>		<b>158,767</b>	<b>195,753</b>
Taxation on profit	8	26	36
<b>Profit after taxation</b>		<b>158,793</b>	<b>195,789</b>

In the current year the Company made no material acquisitions and had no discontinued operations.

There were no gains or losses recognised in the current year other than those disclosed in the Statement of Profit or Loss and Other Comprehensive Income, therefore the profit on ordinary activities after tax is the total comprehensive income.

The notes on pages 11 to 24 form part of these financial statements.

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**Statement of Changes in Equity**


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**Statement of Changes in Equity**

For the year ended 31 December 2017 and the 59-week period ended 31 December 2016.

	Note	Share Capital Account €'000	Share Premium Account €'000	Retained Earnings €'000	Total Equity €'000
At 9 November 2015		-	-	-	-
Total comprehensive income for the period	13	-	-	195,789	195,789
Reclassify transaction fees to share premium	13	-	(1,065)	1,065	
Share issue	12	20	5,305,540	-	5,305,560
Dividends paid	13, 14	-	-	(250,000)	(250,000)
<b>At 31 December 2016</b>		<b>20</b>	<b>5,304,475</b>	<b>(53,146)</b>	<b>5,251,349</b>
Total comprehensive income for the year	13	-	-	158,793	158,793
Share issue	12	-	51,546	-	51,546
Dividends paid	13, 14	-	-	(250,000)	(250,000)
<b>At 31 December 2017</b>		<b>20</b>	<b>5,356,021</b>	<b>(144,353)</b>	<b>5,211,688</b>

The notes on pages 1110 to 24 form part of these financial statements.

**Notes to the Financial Statements**

**Balance Sheet**

As at 31 December 2017 and 31 December 2016

	Note	2017 €'000	2016 €'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	9	5,462,528	5,410,982
		<b>5,462,528</b>	<b>5,410,982</b>
<b>Current assets</b>			
Debtors due within one year	10	62	36
Cash and cash equivalents		2,901	2,007
		<b>2,963</b>	<b>2,043</b>
<b>Total assets</b>		<b>5,465,491</b>	<b>5,413,025</b>
<b>Current liabilities</b>			
Creditors due within one year	11	(203)	(176)
		<b>(203)</b>	<b>(176)</b>
<b>Total assets less current liabilities</b>		<b>5,465,288</b>	<b>5,412,849</b>
<b>Non-current liabilities</b>			
Creditors due after more than one year	11	(253,600)	(161,500)
		<b>(253,600)</b>	<b>(161,500)</b>
<b>Total liabilities</b>		<b>(253,803)</b>	<b>(161,676)</b>
<b>Net assets</b>		<b>5,211,688</b>	<b>5,251,349</b>
<b>Equity</b>			
Called up share capital	12	20	20
Share premium account	13	5,356,021	5,304,475
Profit and loss account	13	(144,353)	(53,146)
<b>Total Equity</b>		<b>5,211,688</b>	<b>5,251,349</b>

The notes on pages 11 to 24 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of directors on 27 February 2018 and were signed on its behalf by:



D Desjardins

Director

London, UK

27 February 2018

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## Notes to the Financial Statements

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### Notes to the Financial Statements

At 31 December 2017

#### 1. Authorisation of financial statements and compliance with FRS 101

The financial statements of Bombardier Transportation (Investment) UK Limited (the "Company") for the year ended 31 December 2017 were authorised and issued by the Board of directors on 27 February 2018 and the balance sheet was signed on the Board's behalf by Daniel Desjardin. Bombardier Transportation (Investment) UK Limited is incorporated and domiciled in England and Wales. The Company is privately held limited by shares.

These financial statements are presented in Euro and all values are rounded to the nearest thousand Euro, except where otherwise stated. The Company will receive dividends in Euro from the Bombardier Transportation group in order to pay dividends, also in Euro. As such this indicator determined that the functional currency of this Company should be Euro.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and in accordance with applicable accounting standards.

The Company has taken advantage of the exemption provided by Financial Reporting Standard 101 from the requirement to provide a cash flow statement.

#### 2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

##### 2.1 Basis of preparation

The Company has adopted Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The Company is dependent upon continuing financial support being made available by its ultimate parent undertaking, Bombardier Inc. to enable it to meet its liabilities as they fall due. The parent undertaking has agreed to provide sufficient funds to the Company for this purpose. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

The financial statements have been prepared under the historical cost convention, in accordance with applicable International Financial Reporting Standards with the exception of the financial derivative which is prepared on a fair value basis.

FRS 101 requires that the Statement of Profit or Loss and Balance Sheet are presented in the format requirements of the Companies Act 2006, rather than the requirements of International Accounting Standard (IAS) 1 - Presentation of Financial Statements

The Company has taken advantage of the exemption from the requirement to prepare group accounts by virtue of Section 401 of the Companies Act 2006. These financial statements therefore present information about Bombardier Transportation (Investment) UK Limited as an individual undertaking and not about its Group. The Company accounts are wholly consolidated as part of Bombardier Inc. financial statements and are available from Corporate Office, 800 Rene-Levesque Blvd, West Montreal, Quebec, Canada, H2B 1YB.

A summary of the disclosure exemptions adopted under FRS 101 are presented below. Equivalent disclosures for share based payments and financial instruments are included in the group consolidated financial statements allowing the exemptions to be applied.

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**Notes to the Financial Statements**


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**2.1 Basis of preparation (continued)**

Area	Disclosure exemption
Cash flow statements	Complete exemption from preparing a cash flow statement
Financial instrument disclosures	Exemption from the disclosure requirements of IFRS 7 (Financial Instruments) and related IFRS 13 disclosures Disclosures in respect of management's objectives, policies and processes for managing capital (IAS1.134 to 136)
Comparative information	Exemption from comparative for movements on share capital, tangibles, intangibles and investment property
Related party disclosures	Exemption from the disclosure requirements of IAS 24 paragraph 17
Presentation of financial statements	Exemption from statement of compliance with IFRS, cashflow information and capital management policy

**2.2 International Financial Reporting Standards issued prior to their mandatory effective date.**

Disclosure regarding the impact of other standards issued but not effective is exempt.

**2.3 Income recognition**

Income from dividends is recognised when the Company's right to receive payment is established.

**2.4 Investments**

Investments are stated at historical cost less any provision for impairment. In accordance with International Accounting Standard 36, the Directors consider the carrying value of investments for impairment. Any reductions in value arising from the impairment of investments are charged to the Statement of Profit or Loss and Other Comprehensive Income. When the directors consider that an impairment of an investment has been reversed this is credited to the Statement of Profit or Loss and Other Comprehensive Income.

**2.5 Use of estimates and judgement**

The application of the Company's accounting policies requires management to make judgement, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses during the year.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made, however, the nature of estimation means that actual outcomes could differ from those estimates.

The following identifies significant areas where management's judgements and estimates have the most significant effect on amounts recognised in the financial statements.

**CDPQ equity and derivative liability components** – The fair value of the convertible shares at issuance was assigned to its respective equity and derivative liability components so that no gain or loss arose from recognising each component separately, the fair value of the derivative liability was established first and the residual amount was allocated to the equity component.

The liability component is remeasured quarterly using the Company's best estimate of the present value of the settlement amount. The Company uses an internal valuation model based on stochastic simulations to estimate the fair value of the conversion option embedded in the Company's convertible shares. The fair value of the embedded conversion option is based on the difference in value between: the convertible shares' accrued liquidation preference based on the minimum return entitlement; and the fair value of the common shares on an as converted basis.

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**Notes to the Financial Statements**


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**2.5. Use of estimates and judgement (continued)**

This value is dependent on Bombardier Transportation segment meeting the performance incentives agreed upon with the CDPQ and the timing of exercise of the conversion rights and the applicable conversion rate.

The simulation model generates multiple Bombardier Transportation performance scenarios over the expected term of the option, using the best estimate of Bombardier Transportation's expected results over the remaining term of the instrument and a standard deviation derived from historic results.

Fair value of the shares on an as-converted basis is calculated using an EBIT multiple, which is based on market data, to determine the enterprise value. The discount rate used is also determined using market data. The Company uses internal assumptions to determine the term of the instrument and the future performance of Transportation, derived from the budget and strategic plan.

**Investment impairment** - Impairment of non-current assets is considered in accordance with IAS 36 Impairment of Assets. Where the asset does not generate cash flows that are independent of other assets, impairment is considered for the cash-generating unit to which the asset belongs. (Intangible assets not yet available for use are tested for impairment annually.) Other intangible assets, property, plant and equipment and investments are assessed for any indications of impairment annually. If any indication of impairment is identified, an impairment test is performed to estimate the recoverable amount.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be below the carrying value, the carrying value is reduced to the recoverable amount and the impairment loss recognised as an expense. The recoverable amount is the higher of value in use or fair value less costs to sell, if this is readily available. The value in use is the present value of future cash flows using a pre-tax discount rate that reflects the time value of money and the risk specific to the asset.

During the fourth quarter of 2017, for the investments an impairment test was completed. The recoverable amount of the investments was calculated based on the value in use using a discounted cash flow model. We did not identify any impairment.

Estimated future cash flows were based on the budget and strategic plan for the first 5 years and a growth rate of 1% was applied to derive terminal value beyond the initial 5-year period. The post-tax discount rate is also a key estimate in the discounted cash flow model and was based on a representative weighted average cost of capital. The post-tax discount rate used to calculate the recoverable amount in fiscal year 2017 was 8.5%.

During the fourth quarter of 2017, Bombardier Transportation completed its annual investment impairment test for the Company's investment in Bombardier Transportation group and did not identify any impairment.

**2.6 Exceptional items**

The Company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year.

**3. Income**

	2017	2016
	€'000	€'000
Income from shares in group undertakings:		
Dividend income	251,000	252,000
<b>Total income</b>	<b>251,000</b>	<b>252,000</b>

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**Notes to the Financial Statements**


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**4. Exceptional item**

	2017	2016
	€'000	€'000
Investment transaction fees related to the CDPQ derivative	-	1,065
<b>Total exceptional items</b>	<b>-</b>	<b>1,065</b>

The exceptional item recognised in 2016 represents the proportion of the transaction fees related to the derivative from the CDPQ investment. This is deemed an exceptional item due to its nature being a one-time transaction.

**5. Changes in fair value**

	2017	2016
	€'000	€'000
Other interest payable	92,100	55,003
<b>Total change in fair value</b>	<b>92,100</b>	<b>55,003</b>

Interest payable represents the movement in the fair value estimate of the derivative created from the convertible shares issued to CDPQ.

**6. Staff costs and directors' emoluments****a) Staff costs**

There are no staff nor staff costs in the Company, other than those Directors and Directors' emoluments per note 6b. The Directors are stated on page 1.

**b) Directors' emoluments**

	2017	2016
	€'000	€'000
Aggregate emoluments in respect of qualifying services	241	118
Amounts in respect of the highest paid director	45	31
<b>Aggregate emoluments</b>	<b>286</b>	<b>149</b>

Other elements of remuneration are borne by other group entities.

**7. Auditor remuneration**

	2017	2016
	€'000	€'000
Fee payable to the company's auditors and their associates in respect of:		
- Audit of the company's annual financial statements	21	115
<b>Total auditor remuneration</b>	<b>21</b>	<b>115</b>



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**Notes to the Financial Statements**


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**8. Taxation****a) Analysis of taxation**

	<b>2017</b>	2016
	<b>€'000</b>	€'000
Current income taxation:		
Current year tax credit	(26)	(36)
<b>Taxation on profit</b>	<b>(26)</b>	<b>(36)</b>

**b) Reconciliation of the total tax charge/(credit)**

	<b>2017</b>	2016
	<b>€'000</b>	€'000
Profit before taxation		
	<b>158,767</b>	195,753
Profit before taxation multiplied by standard rate of corporation taxation in the UK of 19.25% (2016: 20.00%)	<b>30,563</b>	39,151
<b>Effects of:</b>		
Expenses not deductible for taxation purposes	<b>17,729</b>	11,213
Non-taxable income from shares in group undertakings	<b>(48,318)</b>	(50,400)
<b>Total tax credit for the year</b>	<b>(26)</b>	<b>(36)</b>

The standard rate of UK corporation tax was reduced to 19% on 1 April 2017. This rate was enacted on 18 November 2015 and in accordance with accounting standards, has been reflected in the Company's financial statements.

**9. Investments**

	<b>Investments in subsidiary undertakings</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>
<b>Cost</b>		
At 31 December 2016	5,410,982	5,410,982
Additions	51,546	51,546
<b>At 31 December 2017</b>	<b>5,462,528</b>	<b>5,462,528</b>
<b>Impairment</b>		
At 31 December 2016	-	-
Impairment for the year	-	-
<b>At 31 December 2017</b>	<b>-</b>	<b>-</b>
<b>Carrying amount</b>		
At 31 December 2016	5,410,982	5,410,982
<b>At 31 December 2017</b>	<b>5,462,528</b>	<b>5,462,528</b>

In the 59-week period ended 31 December 2016, the Company purchased Bombardier Transportation (Global Holding) UK limited from Bombardier Inc on 26 January 2016.

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**Notes to the Financial Statements**


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<b>9. Investments (continued)</b>				
<b>Name of company</b>	<b>Country of registration</b>	<b>Voting rights</b>	<b>Shares held</b>	<b>Nature of business</b>
<b>Investments directly held:</b>				
Bombardier Transportation (Global Holding) UK Limited	UK	100%	Ordinary	Holding company/Guarantor of contractual obligations of its subsidiaries through the issuance of parent company guarantees
<b>Investments indirectly held:</b>				
Bombardier Transportation Belgium NV	Belgium	100%	Ordinary	Trade and Finance
Bombardier Transportation Canada Holding Inc.	Canada	100%	Ordinary	Holding company
Bombardier Transportation (Germany) S.L. & Co. KG	Germany	100%	Limited Partner	Holding company
Bombardier Transportation Global Holding SE	Netherlands	100%	Ordinary	Holding company
Bombardier European Investments, S.L.U.	Spain	100%	Ordinary	Holding company
Bombardier Transportation (Global) USA Inc.	USA	100%	Ordinary	Holding company
Bombardier USA LLC	USA	100%	Ordinary	Holding company
Bombardier Transportation Australia Pty Ltd	Australia	100%	Ordinary	Design and supply of rail transit and signalling systems
Bombardier Rail Signalling Services Pty Ltd.	Australia	100%	Ordinary	Design and supply of rail signalling systems
EDI Rail - Bombardier Transportation Pty Ltd	Australia	50%	Ordinary	Local project support
EDI Rail - Bombardier Transportation (Maintenance) Pty Limited	Australia	50%	Ordinary	Holding company
V/Line Maintenance Pty Ltd	Australia	100%	Ordinary	Maintenance and repair of equipment and rolling stock
Bombardier Transportation (Customer Support) Australia Pty Ltd	Australia	100%	Ordinary	Operation and maintenance services
Bombardier Transportation (V/Line) Australia Pty Ltd	Australia	100%	Ordinary	Maintenance and repair of equipment and rolling stock
NGR Holding Company Pty Ltd.	Australia	10%	Ordinary	Local project support
NGR Project Company Pty Ltd.	Australia	10%	Ordinary	Local project support
Bombardier Transportation Austria GmbH	Austria	100%	Ordinary	Manufacturing of light rail vehicles
RTA Rail Tec Arsenal Fahrzeugversuchsanlage GmbH	Austria	30%	Ordinary	Operation of a test facility
Bombardier Transportation Brasil Ltda.	Brazil	100%	Ordinary	Manufacture and servicing of rolling stock and equipment.
TransEd O&M Partners General Partnership	Canada	60%	Partnership Units	Local project support
TransEd Partners General Partnership	Canada	10%	Partnership Units	Local project support
Bombardier TransEd GP Manitoba Inc.	Canada	100%	Ordinary	Local project support
Bombardier TransEd GP Inc.	Canada	100%	Ordinary	Local project support
Bombardier TransEd Holdings LP	Canada	100%	Ordinary	Local project support

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## Notes to the Financial Statements

9. Investments (continued)				
Name of company	Country of registration	Voting rights	Shares held	Nature of business
Bombardier Transportation Canada Inc.	Canada	100%	Ordinary	Operation, maintenance and servicing
Bombardier Transportation Canada Participation Inc.	Canada	100%	Ordinary	Holding company
Bombardier Western Pacific Enterprises Electrical Installation General Partnership	Canada	51%	Ordinary	Electrical installation
10397962 Canada Inc.	Canada	100%	Ordinary	Dormant company
10412805 Canada Inc.	Canada	100%	Ordinary	Dormant company
10412767 Canada Inc.	Canada	100%	Ordinary	Dormant company
REM Operations L.P.	Canada	25%	Ordinary	Dormant company
REM Maintenance L.P.	Canada	80%	Ordinary	Dormant company
Bombardier Transportation (Chile) S.A.	Chile	100%	Ordinary	Local project support
Shentong Bombardier (Shanghai) Rail Transit Vehicle Maintenance Company Limited	China	50%	Ordinary	Maintenance and servicing
CRRC Puzhen Bombardier Transportation Systems Limited	China	50%	Ordinary	Manufacture and servicing of rolling stock and equipment.
Bombardier Transportation (Engineering Services) Beijing Co., Ltd.	China	100%	Ordinary	Technology development, consultancy and training services.
Bombardier Transportation Railway Equipment (Qingdao) Co., Ltd	China	100%	Ordinary	Manufacture and sale of parts and equipment
Bombardier Transportation Consulting (Shanghai) Co., Ltd.	China	100%	Ordinary	Consultancy services
Bombardier Railway Transportation Equipment (Shanghai) Co., Ltd.	China	100%	Ordinary	Maintenance and servicing
Bombardier NUG Propulsion System Co. Ltd.	China	50%	Ordinary	Manufacture, sales and servicing of propulsion drive and control systems
Bombardier Sifang (Qingdao) Transportation Ltd.	China	50%	Ordinary	Vehicle design, manufacture, sales and servicing.
Changchun Bombardier Railway Vehicles Company Ltd.	China	50%	Ordinary	Vehicle design, manufacture, sales and servicing.
Bombardier Transportation Equipment (Suzhou) Co., Ltd.	China	100%	Ordinary	Design and manufacture of traction motors
Bombardier NUG Signalling Solutions Company Limited	China	50%	Ordinary	Design, manufacture and installation of signalling control systems
Bombardier Investment Management and Consulting (Beijing) Co., Limited	China	100%	Ordinary	Holding company
Bombardier Transportation China Ltd.	China - Hong Kong	100%	Ordinary	Local project support
Bombardier Transportation Czech Republic a.s.	Czech Republic	98.35%	Ordinary	Carbody manufacturing
Bombardier Transportation Denmark A/S	Denmark	100%	Ordinary	Rail control solutions and services
Bombardier Transportation Gulf LLC	Dubai - UAE	100%	Ordinary	Regional hubco providing project support
Bombardier Transportation Gulf DMCC	Dubai - UAE	100%	Ordinary	Regional hubco providing project support
Bombardier Transportation Egypt, LLC	Egypt	100%	Ordinary	Manufacture and servicing of rolling stock and equipment.
Bombardier Transportation Ethiopia PLC.	Ethiopia	100%	Ordinary	Local project support

**Notes to the Financial Statements**

<b>9. Investments (continued)</b>				
<b>Name of company</b>	<b>Country of registration</b>	<b>Voting rights</b>	<b>Shares held</b>	<b>Nature of business</b>
Bombardier Transportation Finland Oy	Finland	100%	Ordinary	Rail control solutions
Bombardier Transport France S.A.S.	France	100%	Ordinary	Vehicle engineering and manufacture
Société Concessionnaire du Transport sur Voie Réservée de l'Agglomération Caennaise (S.T.V.R) S.A	France	32%	Ordinary	Passenger transportation
Centre d'Essais Ferroviaires en Région Nord -Pas-de-Calais (C.E.F.) S.A.	France	1%	Ordinary	Technological services
France Metro Caracas (FRAMECA) S.A.	France	7%	Ordinary	Technological services
Valutec S.A.	France	1%	Ordinary	Technological services
Bombardier Transportation Group GmbH	Germany	100%	Ordinary	Management services
Bombardier Transportation (Bahntechnologie) Holding Germany GmbH	Germany	100%	Ordinary	Holding company
Bombardier Transportation GmbH	Germany	100%	Ordinary	Design, manufacture and installation of equipment
Bombardier Transportation (Propulsion & Controls) Germany GmbH	Germany	100%	Ordinary	Design, manufacture and distribution of drive systems.
Bombardier Transportation (Locomotives) Germany GmbH	Germany	100%	Ordinary	Development, production and sale of vehicles and equipment
Partner für Berlin Holding Gesellschaft für Hauptstadt-Marketing mbH	Germany	1%	Ordinary	Local project support
IFB Institut für Bahntechnik GmbH	Germany	13%	Ordinary	Consultancy services
Bombardier Transportation Signal Germany GmbH	Germany	100%	Ordinary	Rail control solutions
InoSig GmbH	Germany	50%	Ordinary	Rail control solutions
Bombardier Transportation Hellas S.A.	Greece	100%	Ordinary	Operation and maintenance services
Bombardier Transportation Hungary kft.	Hungary	100%	Ordinary	Manufacturing
Bombardier Transportation India Private Limited	India	100%	Ordinary	Engineering and manufacturing
Bombardier Transportation Israel Ltd.	Israel	100%	Ordinary	Local project support
Bombardier Transportation (Holdings) Italy S.p.A.	Italy	100%	Ordinary	Holding company
Bombardier Transportation Italy S.p.A.	Italy	100%	Ordinary	Vehicle design, manufacture, sales and servicing.
SIIT S.c.p.A.	Italy	2%	Ordinary	Development of a high-tech district in Liguria
Bombardier Saudi Arabia Ltd.	Kingdom of Saudi Arabia	100%	Ordinary	To perform local work on Saudi contracts
Bombardier Transportation Baltics SIA	Latvia	100%	Ordinary	Development, manufacture and sale of signalling systems
Bombardier Transportation Luxembourg Finance S.A.	Luxembourg	100%	Ordinary	Holding company
Bombardier Transportation Luxembourg Investments S.A.	Luxembourg	100%	Ordinary	Holding company
Bombardier Transportation Financial Services S.à r.l.	Luxembourg	100%	Ordinary	Group treasury company
Bombardier Transportation Luxembourg Capital S.à r.l.	Luxembourg	100%	Ordinary	Holding company
Bombardier (Malaysia) Sdn. Bhd.	Malaysia	100%	Ordinary	Local project support

## Notes to the Financial Statements

<b>9. Investments (continued)</b>				
<b>Name of company</b>	<b>Country of registration</b>	<b>Voting rights</b>	<b>Shares held</b>	<b>Nature of business</b>
Bombardier (Mauritius) Ltd.	Mauritius	100%	Ordinary	Local project support
Bombardier Holding (Mauritius) Ltd.	Mauritius	100%	Ordinary	Holding company
Bombardier Transportation Mexico, S.A. de C.V.	Mexico	100%	Ordinary	Vehicle manufacture
BT México Controladora , S. de R.L. de C.V.	Mexico	100%	Ordinary	Holding company
BT Ensamblés México, S. de R.L. de C.V.	Mexico	100%	Ordinary	Manufacturing and maintenance services
BT Personal México, S. de R.L. de C.V.	Mexico	100%	Ordinary	Management of personnel
Bombardier Transport Maroc S.A.S	Morocco	100%	Ordinary	Production and servicing of equipment
BT Signaling B.V.	Netherlands	26%	Ordinary	Holding company
Bombardier Transportation (Participations) Netherlands B.V.	Netherlands	100%	Ordinary	Holding company
Bombardier Transportation Netherlands B.V.	Netherlands	100%	Ordinary	Rail control solutions
Bombardier Holdings Netherlands B.V.	Netherlands	100%	Ordinary	Holding company
Bombardier Transportation Norway AS	Norway	100%	Ordinary	Rail control solutions
Bombardier Transportation Philippines, Inc.	Philippines	100%	Ordinary	Vehicle and equipment design, manufacture, sales and servicing.
Bombardier Transportation (Shared Services) Philippines, Inc.	Philippines	100%	Ordinary	Finance shared service centre
Krakowskie Zaklady Automatyki S. A.	Poland	12%	Ordinary	Rail engineering
Bombardier Transportation Polska Sp. Z o.o.	Poland	99.995%	Ordinary	Carbody manufacturing
Bombardier Transportation (Rail Engineering) Polska Sp. z o.o.	Poland	60%	Ordinary	Rail control solutions
Bombardier Transportation (ZWUS) Polska Sp. z o.o.	Poland	100%	Ordinary	Rail control solutions
Bombardier Transportation Portugal S.A.	Portugal	100%	Ordinary	Local project support
Normetro ACE Agrupamento do Metropolitano do Porto	Portugal	25%	Ordinary	Local project support
Bombardier Transportation Shared Services Romania S.R.L.	Romania	100%	Ordinary	Administrative shared service centre
Bombardier Transportation (Signal) Ltd.	Russian federation	60%	Ordinary	Rail control solutions
First Locomotive Company LLC	Russian federation	15%	Ordinary	Manufacture of rolling stock
Open Joint Stock Company The Incorporated Electrotechnical Plants (Elteza)	Russian federation	13%	Ordinary	Equipment manufacture
Bombardier Transportation Rail Signal Limited Liability Company	Russian federation	100%	Ordinary	Equipment sales and marketing
Limited Liability Company Bombardier Transportation (Rus)	Russian federation	100%	Ordinary	Design, manufacture, sales and marketing of vehicles and equipment.
Bombardier (Singapore) Pte. Ltd.	Singapore	100%	Ordinary	Design, installation, operation and maintenance of transport systems
Bombardier Transportation (Holdings) Singapore Pte. Ltd.	Singapore	100%	Ordinary	Design, installation, operation and maintenance of transport systems

**Notes to the Financial Statements**

<b>9. Investments (continued)</b>				
<b>Name of company</b>	<b>Country of registration</b>	<b>Voting rights</b>	<b>Shares held</b>	<b>Nature of business</b>
Bombardier Transportation South Africa (Pty.) Ltd.	South Africa	74%	Ordinary	Local project support
Isithimela Rail Services (Pty) Ltd.	South Africa	50%	Ordinary	Construction of track works
Bombela TKC (Proprietary) Limited	South Africa	25%	Ordinary	Rail system delivery management
Bombela Electrical and Mechanical Works (Pty) Ltd.	South Africa	90%	Ordinary	Design, manufacture and installation of railway components
Bombela Maintenance (Pty) Ltd.	South Africa	90%	Ordinary	Maintenance and repair of rolling stock
Bombardier Transportation (Rolling Stock) South Africa Proprietary Limited (RF)	South Africa	100%	Ordinary	Dormant company
Bombardier Transportation Korea Ltd.	South Korea	100%	Ordinary	Product sales and servicing
Bombardier Transportation (Participations) Spain, S.L.	Spain	100%	Ordinary	Holding company
Bombardier European Holdings, S.L.U.	Spain	100%	Ordinary	Engineering and manufacturing
BTREN Mantenimiento Ferroviario S.A.	Spain	51%	Ordinary	Local project support
Bombardier Transportation (Investments) Spain, S.L.	Spain	100%	Ordinary	Holding company
Bombardier Transportation (Nordic Holdings) Sweden AB	Sweden	100%	Ordinary	Holding company
Bombardier Transportation Sweden AB	Sweden	100%	Ordinary	Engineering and manufacturing
Bombardier Transportation (Signal) Sweden AB	Sweden	100%	Ordinary	Rail control solutions
Bombardier Transportation (Signal) Sweden HB	Sweden	66.66%	General Partner	Rail control solutions
First Locomotive Holding AG	Switzerland	15%	Ordinary	Holding company
Bombardier Transportation (Holdings) Switzerland AG	Switzerland	100%	Ordinary	Holding company
Conseneq AG	Switzerland	5%	Ordinary	Consultancy and management services
Bombardier Transportation (Switzerland) AG	Switzerland	100%	Ordinary	Engineering and manufacturing
Bombardier Transportation Taiwan Ltd.	Taiwan	100%	Ordinary	Parts and servicing
Bombardier Transportation Holdings (Thailand) Ltd.	Thailand	100% 100%	Ordinary Preference	Regional hubco providing project support
Bombardier Transportation Signal (Thailand) Ltd.	Thailand	100% 100%	Ordinary Preference	Design, manufacture and installation of signalling control systems
Bombardier Transportation Ulasim Dis Ticaret Ltd. Sti.	Turkey	100%	Ordinary	Local project support
Bombardier Transportation (Holdings) UK Ltd.	UK	100% 100% 100%	Ordinary Redeemable ordinary Preference	Holding company
Bombardier Transportation UK Ltd.	UK	100%	Ordinary	Design, manufacture and maintenance of rolling stock and signalling systems
SETML Transportation Limited	UK	100%	Ordinary	Dormant company

## Notes to the Financial Statements

<b>9. Investments (continued)</b>				
<b>Name of company</b>	<b>Country of registration</b>	<b>Voting rights</b>	<b>Shares held</b>	<b>Nature of business</b>
South Eastern Train Maintenance Ltd.	UK	100%	Ordinary	Maintenance and repair of rolling stock
Bombardier Transportation (Rolling Stock) UK Ltd.	UK	100%	Ordinary	Maintenance and repair of rolling stock
Bombardier Transportation (Gautrain) UK Ltd.	UK	100%	Ordinary	Provision of infrastructure and rolling stock
Prorail Limited	UK	100%	Ordinary	Dormant company
Crossfleet Limited	UK	100%	Ordinary	Provision of infrastructure and rolling stock
Bombardier Transportation (Signal) UK Ltd.	UK	100%	Ordinary	Dormant company
Infrasig Ltd.	UK	25%	Ordinary	Vehicle to perform work under ETCS framework agreement
Bombardier Transportation VP Pension Trustee Limited	UK	100%	Ordinary	Corporate pension trustee
Bombardier Transportation UK Pension Trustee Limited	UK	100%	Ordinary	Corporate pension trustee
Bombardier Transportation Ukraine, Limited Liability Company	Ukraine	100%	Ordinary	Engineering services
Bombardier Transportation Investments USA LLC	USA	100%	Ordinary	Holding company
Bombardier Transportation Capital USA LLC	USA	100%	Ordinary	Holding company
Bombardier Transit Corporation	USA	100%	Ordinary	Sales and marketing
Bombardier Transportation Services USA Corporation	USA	100%	Ordinary	Equipment maintenance
Bombardier Transportation (Holdings) USA Inc.	USA	100%	Ordinary	Holding company
Southern New Jersey Rail Group L.L.C.	USA	100%	Ordinary	Local project support
Bombardier Transportation Monorail Systems, Inc.	USA	100%	Ordinary	Sales and maintenance
Auburn Technology, Inc.	USA	100%	Ordinary	Component assembly
Bombardier Transit Systems Corporation	USA	100%	Ordinary	Servicing
Bombardier Mass Transit Corporation	USA	100%	Ordinary	Manufacturing of mass vehicle transit systems
Massachusetts Bay Commuter Railroad Company, LLC	USA	20%	Ordinary	Local project support

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**Notes to the Financial Statements**


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**10. Debtors**

	2017	2016
	€'000	€'000
<b>Debtors due within one year</b>		
Group relief receivable	62	36
<b>Total debtors</b>	<b>62</b>	<b>36</b>

**11. Creditors**

	2017	2016
	€'000	€'000
<b>a) Creditors due within one year</b>		
Amounts owed to Group undertakings	47	39
Accruals and deferred income	15	-
Other payables	141	137
	<b>203</b>	<b>176</b>
<b>b) Creditors due after one year</b>		
Derivative financial liabilities	253,600	161,500
	<b>253,600</b>	<b>161,500</b>
<b>Total creditors</b>	<b>253,803</b>	<b>161,676</b>

**12. Share capital**

	2017	2017	2016	2016
	No.	€'000	No.	€'000
<b>Authorised, Allotted, called up and fully paid:</b>				
Ordinary shares of €0.01 each	1,400,700	14	1,400,000	14
Convertible shares of €0.01 each	600,300	6	600,000	6
<b>Total share capital</b>	<b>2,001,000</b>	<b>20</b>	<b>2,000,000</b>	<b>20</b>

On 9 November 2015 Company is incorporated with one share, par value €0.01.

On 4 December 2015 999,899 shares were issued, with a par value €0.01.

On 26 January 2016 100 shares were issued, par value €0.01 with a premium paid of €3,759,543,000.

On 10 February 2016 one share was issued, par value €0.01 with a premium paid of €23,895,000.

On 11 February 2016 one share and 399,998 shares were issued, par value €0.01 with a premium paid of €201,000,000 and €99,996,000 respectively.

On 11th February 2016, a further issue of 600,000 convertible shares were issued in respect of the CDPQ investment, par value €0.01 with a premium paid of €1,339,938,000.

On 22 September 2017 the Company issued Bombardier UK Holding Limited 700 B ordinary shares of €0.01 each in the company at an aggregate premium of €51,546,000. On this date, the Company also issued CDPQ 180 convertible shares having an aggregate par value of €1.80, BT Rail I, L.P. 60 convertible shares having an aggregate par value of €0.60 and BT Rail II, L.P. 60 convertible shares having an aggregate par value of €0.60.

The redeemable shares shall be redeemed on the following terms:

- i) the Company may redeem the redeemable ordinary shares at any time following a minimum of three months' notice period to the holders of the redeemable ordinary shares;
- ii) upon the redemption date, the holders of the redeemable ordinary shares shall deliver the certificates for the shares to the Company's registered office, in exchange for the amount due to said holders;
- iii) the amount redeemable on each share shall be the amount paid, including any premium; and



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**Notes to the Financial Statements**


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**12. Share capital (continued)**

iv) the receipt, by the holders of the redeemable ordinary shares, of the amount payable on redemption shall constitute an absolute discharge to the Company in respect of such redemption.

Bombardier Transportation Group's strong results in 2017 outpaced the performance targets underlying CDPQ's investment in the Company. Accordingly, for the 12-month period starting on 12 February 2018, CDPQ's percentage of ownership on conversion of its shares will decrease by 2.5%, down from 30% to 27.5%, and the preference return entitlement rate on liquidation of its shares will decrease from 9.5% to 7.5% for this period. Any dividends paid by the company to its shareholders during this period will be distributed on the basis of each shareholder's percentage of ownership on conversion, being 72.5% for Bombardier Inc and 27.5% for CDPQ. These adjustments will become effective once the audited consolidated financial statements of the Company are duly approved by its Board of Directors.

**13. Reserves**

	Share capital account €'000	Share premium account €'000	Unrealised loss €'000	Profit and loss account €'000	Total €'000
As at 9 November 2015	-	-	-	-	-
Share issue	20	5,424,371	-	-	5,424,391
Change in share premium for derivative	-	(106,497)	-	-	(106,497)
Transaction fees from share issue	-	(12,334)	-	-	(12,334)
Reclassification of derivative transaction fees	-	(1,065)	-	1,065	-
Dividends paid	-	-	-	(250,000)	(250,000)
Profit for the period after taxation	-	-	(55,003)	250,792	195,789
<b>As at 31 December 2016</b>	<b>20</b>	<b>5,304,475</b>	<b>(55,003)</b>	<b>1,857</b>	<b>5,251,349</b>
Share issue	-	51,546	-	-	51,546
Dividends paid	-	-	-	(250,000)	(250,000)
Profit for the year after taxation	-	-	(92,100)	250,893	158,793
<b>As at 31 December 2017</b>	<b>20</b>	<b>5,356,021</b>	<b>(147,103)</b>	<b>2,750</b>	<b>5,211,688</b>

The sum of the unrealised loss in the profit and loss account and the balance per the profit and loss account equals (€144,353,000).

The convertibles shares issued to CDPQ contain no obligation for the Company to deliver cash or other financial assets to CDPQ. Judgement was used to conclude that the CDPQ's convertible share investment in the company is considered a compound instrument comprised of an equity component, representing the discretionary dividends and liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering a variable number of common shares of the Company, as opposed to the entire instrument being characterised as a liability. The Company presents convertible shares in its equity and derivative component as a liability. Dividends see note 14. Transaction costs in relation to the convertible share instrument calculated at 10% of the original derivative value have been reclassified from profit and loss account to share premium account.

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**Notes to the Financial Statements**


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**14. Dividends**

	2017	2016
	€'000	€'000
Interim dividend: €75.0 per share	-	150,000
Interim dividend: €50.0 per share	-	100,000
Interim dividend: €75.0 per share	150,000	-
Interim dividend: €49.98 per share	100,000	-
<b>Total dividends paid</b>	<b>250,000</b>	<b>250,000</b>

**15. Related parties**

The Company has not disclosed transactions with other wholly owned group companies, as it has taken advantage of the exemption conferred by Financial Reporting Standard No. 101.

During the 59-week period to 31 December 2016, CDPQ acquired 30% ownership of the Company on 11 February 2016 when they purchased 600,000 convertible shares. This transaction gave rise to a derivative liability the value of which at the period end date can be found in note 11 to these financial statements. Transaction fees that arose as part of the acquisition of ownership in the Company to the value of €13,399,000 were paid in 2016.

In 2017, the Company paid Bombardier UK Holding Limited and CDPQ dividends totalling €175,000,000 and €75,000,000 respectively (2016: €183,000,000 and €67,000,000 respectively), no amounts are owing at the end of the year.

**16. Post Balance Sheet Event**

Bombardier Transportation Group's strong results in 2017 outpaced the performance targets underlying CDPQ's investment in the Company. Accordingly, for the 12-month period starting on 12 February 2018, CDPQ's percentage of ownership on conversion of its shares will decrease by 2.5%, down from 30% to 27.5%, and the preference return entitlement rate on liquidation of its shares will decrease from 9.5% to 7.5% for this period. Any dividends paid by the company to its shareholders during this period will be distributed on the basis of each shareholder's percentage of ownership on conversion, being 72.5% for Bombardier Inc and 27.5% for CDPQ. These adjustments will become effective once the audited consolidated financial statements of the Company are duly approved by its Board of Directors.

**17. Parent company**

The Company's immediate parent company and controlling party is Bombardier UK Holding Limited which is incorporated in the UK.

The ultimate parent company and controlling party is Bombardier Inc., which is incorporated in Canada and which is both the smallest and the largest group of undertakings for which group accounts are drawn up and of which the Group is a member. Group accounts for Bombardier Inc. are available from Corporate Office, 800 Rene-Levesque Blvd, West Montreal, Quebec, Canada H2B 1YB.