Knorr-Bremse Rail Systems (UK) Limited

(formerly known as Westinghouse Brakes (UK) Limited)

Directors' report and financial statements

Registered number 3974921

31 December 2004



Contents

Directors' report	1
Statement of directors' responsibilities	4
Report of the independent auditors to the members of Knorr-Bremse Rail Systems (UK) Limited	5
Profit and loss account	6
Balance sheet	7
Notes	8

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2004.

Principal activities

The company's principal activity during the year was that of the design and manufacture of braking systems and related products for rail vehicles and the design, manufacture and installation of platform screen doors for railway applications. The company also represents the full range of Knorr-Bremse rail brake group products in the geographical market of the UK and Ireland.

Business review

Total company sales in 2004 of £57,722k were 26% higher than prior year (2003: £45,756k). The company has maintained its position as the leading supplier of brake systems for railways within the UK and sales of braking equipment were again at record levels. The brakes business benefited from the exceptionally high volume of OE brake equipment sales supplied for the UK slam door replacement rolling stock programme plus the availability of a range of Knorr-Bremse products including brake discs and IFE vehicle door spares.

The order intake during the year was above sales. Orders on hand at 31 December 2004 were sufficient to cover approximately 70% of the planned sales for 2005 (2003: 76%).

Major brake equipment orders received within the year include Metronet BCV and a commitment for Metronet SSL from Bombardier which includes a long term maintenance provision. This was an early success for the new EP2002 distributed brake product. There were also orders for Siemens Desiro vehicles for both West Coast Main Line and Transpennine. Further, the Company received various inter-company orders for projects outside of the UK market, including Singapore Circle line and Nanjing Metro, China.

Platform systems took significant orders in 2004 including Platform Screen Doors for new projects in Toulouse (France), Roissy (France), Guangzhou Metro Line 4 (China) and a retrofit contract for Bishan Station (Singapore).

Spend on research and development in 2004 was equal to 3% of sales *(2003: 3%)*. The majority of the research and development spend is the result of investment into the EP2002 distributed brake control system, which is a global metro product for the Knorr-Bremse rail brake group, together with increased investment in the new platform safety gate product, which is being supplied on Guangzhou Metro Line 4.

Despite significant investment during the year the cash position remains strong.

The underlying trading result was much improved compared with the trading results achieved in prior years. The £2.7 million profit for the reporting year *(2003: £0.6million profit)* is net of £5.7million depreciation.

Overall the Directors are pleased with the results for the year and remain confident in the long term future of the business.

Directors' report *(continued)*

Subsequent Events

The company now operates from a new purpose built factory at a new site in Melksham. The Chippenham buildings were old and unsuitable for the future business needs, and the company exercised its March 2005 break point in its lease. In anticipation of this relocation, capital investment has increased significantly to cover the additional equipment and installations.

To coincide with the move the company name has changed from Westinghouse Brakes (UK) Ltd. to Knorr-Bremse Rail Systems (UK) Ltd. The new name reflects the wider scope of Knorr-Bremse products and services being supplied by the company since joining the Knorr-Bremse Group in April 2000.

Proposed dividend

The directors recommend the payment of a dividend of £1,800,000 *(2003: £nil)*

Political and Charitable Donations

During the year, the Company made various charitable donations totalling £733 *(2003: £3,085).*

Directors and directors' interests

The directors who held office during the year were as follows:

Mr P R Johnson

Dr D Wilhelm (resigned 01/04/04)

Dr A Köhler

Dr F Gropengeisser (appointed 01/04/04)

On 1 April 2004 Dr D Wilhelm resigned as a director and Dr F Gropengiesser was appointed as a director.

There are no directors' interests requiring disclosure under the Companies Act 1985.

Employee Policies

The Company operates within published policies for Health and Safety, Human Resources, Quality, Environmental Safety, and Product Safety. As a recognised Investor in People (IIP) facility the Company uses the IIP framework to ensure that training and development is linked to customer needs and business objectives.

The Company provides a defined benefit final salary pension scheme for all employees who joined before 31 December 2003 and were over 18 years through participation in the Knorr-Bremse (UK) Bendix Scheme. The defined benefits scheme has been closed to new entrants from 1 January 2004. The company contributes to a designated stakeholder scheme for new employees.

The Company participates in the provision of recreational facilities. Long service is valued and additional benefits are provided for employees with more than 5 years service.

Directors' report *(continued)*

Environmental Policies

The Company has a policy of community partnership and has an environmental programme, which is accredited under ISO 14001.

Quality and Safety

The Company has a quality accreditation of ISO 9001:2000.

Disabled Employees

It is our policy to encourage the employment and development of suitable disabled persons. No unnecessary limitations are placed on the type of work that they perform and in appropriate cases consideration is given to modifications to equipment or premises and to adjustments in working practices.

Fair and full consideration will be given to disabled applicants for employment and existing employees who become disabled will have the opportunity to retrain and continue in employment.

Employee Involvement

Employee consultation, communication and involvement are recognised as being of great value and these practices will be maintained and developed. Appropriate consultation enables employees' views to be taken into account in matters which may affect their interests. Regular meetings are held between management and employees to facilitate an exchange of information and ideas. An in-house magazine 'Brakes Bulletin' continues to be published bi-monthly. Employee surveys are conducted on a bi-annual basis.

The continued support of the management and our employees is fundamental to our continuing success. The directors would like to record their thanks and appreciation to all of our employees who have actively supported and participated in the initiatives and progress in 2004.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

Stephen Thomas
Company Secretary

Westinghouse Way
Bowerhill
Melksham
SN12 6TL

11 October 2005

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Profit and loss account

for the year ended 31 December 2004

	Notes	2004 £000	2003 £000
Turnover	*1,2*	**57,722**	45,756
Change in stocks of finished goods and work in progress		**503**	(927)
Other operating income		**2,093**	2,576
Raw materials and consumables		**(31,841)**	(21,584)
Staff costs	*5*	**(11,415)**	(11,640)
Depreciation and other amounts written off tangible and intangible fixed assets		**(5,666)**	(5,185)
Other operating charges		**(9,025)**	(8,195)
Operating profit		**2,371**	801
Interest receivable and similar income	*6*	**59**	-
Interest payable and similar charges	*7*	**(24)**	(303)
Profit on ordinary activities before tax		**2,406**	498
Tax on profit on ordinary activities	*8*	**297**	73
Profit for the financial year	*3*	**2,703**	571
Dividends	*9*	**(1,800)**	-
Retained profit for the year	*18*	**903**	-

There were no recognised gains or losses other than the profit for the above years.

All of the company's turnover and operating profit for the years were derived from continuing operations.

A reconciliation of movements in equity shareholders' funds is given in note 19 to these accounts.

KPMG LLP
Plym House
3 Longbridge Road
Plymouth
PL6 8LT
United Kingdom

Report of the independent auditors to the members of Knorr-Bremse Rail Systems (UK) Limited

We have audited the financial statements on pages 6 to 17.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

11 October 2005

Balance sheet

at 31 December 2004

	Note	2004		2003	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	10		**4,810**		5,275
Tangible assets	11		**9,701**		11,830
Investments	12		**61**		61
			14,572		17,166
Current assets					
Stocks	13	**4,026**		5,297	
Debtors	14	**21,653**		12,327	
Cash at bank and in hand		**2,371**		977	
		28,050		18,601	
Creditors: amounts falling due within one year	15	**(19,919)**		(13,556)	
Net current assets			**8,131**		5,045
Total assets less current liabilities			**22,703**		22,211
Creditors: amounts falling due after more than one year	16		**(370)**		(781)
Net assets			**22,333**		21,430
Capital and reserves					
Called up share capital	17				-
Share premium account	18		**22,000**		22,000
Profit and loss account	18		**333**		(570)
Equity shareholders' funds	19		**22,333**		21,430

These financial statements were approved by the board of directors on 11 October 2005 and were signed on its behalf by:

Paul Johnson
Managing Director

Notes

(forming part of the financial statements)

1 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, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities that form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Knorr-Bremse AG, within which this company is included, are publicly available and can be obtained from Moosacher Str. 80 D-80809 München, Germany.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	2 to 15 years
Motor vehicles	-	2 to 5 years
Fixtures, fittings, tools and equipment	-	2 to 5 years
Computer equipment	-	2 to 5 years

Intangible fixed assets and amortisation

Patents purchased by the company are amortised to nil by equal annual instalments over their average useful economic life of 15 years.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the year of the lease.

Post-retirement benefits

The company operates a defined benefits pension scheme. The assets of the scheme are held separately from those of the company, being invested in trustee administered funds. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of raw materials, consumables and goods purchased for resale is determined on a first-in, first-out basis. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Long term work in progress

Revenue is taken on fixed price contracts while the contract is in progress, having regard to the proportion of the total contract which has been completed at the balance sheet date, estimated by reference to the costs incurred to date versus the total estimated costs to completion. Provision is made for all foreseeable losses.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2 Analysis of turnover and retained profit

The directors are of the opinion that to comply fully with the requirements of SSAP 25 'Segmental Reporting' would be seriously prejudicial to the interests of the group.

Notes *(continued)*

3 Retained profit

	2004 £000	2003 £000
Retained profit is stated after charging/(crediting)::		
Auditors' remuneration:		
Audit	**30**	28
Other services	**70**	26
Depreciation and other amounts written off owned tangible fixed assets	**5,200**	4,718
Amortisation of intangible fixed assets	**467**	467
Rent of land and buildings – operating leases	**684**	754
Hire of plant and machinery – operating leases	**3**	135
Research and development expenditure	**1583**	1,123
Exchange (gains)/losses	**6**	(194)
Loss on disposal of fixed assets		633

4 Remuneration of directors

	2004 £000	2003 £000
Directors' emoluments	**168**	167
Pension contributions to defined benefit scheme	**53**	53
	221	220

Retirement benefits are accruing to one director *(2003: one)* under a defined benefit scheme.

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2004	2003
Manufacturing	**201**	196
Engineering	**84**	79
Administration	**43**	37
Sales, marketing and project management	**37**	35
	365	347

The aggregate payroll costs of these persons were as follows:

	2004 £000	2003 £000
Wages and salaries	**9,647**	9,573
Social security costs	**832**	742
Other pension costs	**936**	1,325
	11,415	11,640

Notes *(continued)*

6 Other interest receivable and similar income

	2004 £000	2003 £000
Bank interest	**41**	-
Receivable from group undertakings	**18**	-
	59	-

7 Interest payable and similar charges

	2004 £000	2003 £000
On bank loans and overdrafts	**-**	173
On other loans from group companies	**24**	130
	24	303

8 Taxation

Analysis of (credit)/charge in year

	2004		2003	
	£000	**£000**	£000	£000
UK corporation tax				
Current tax on income for the year		**18**		
Adjustments in respect of prior years		**-**		1
Total current tax		**18**		1
Deferred tax				
Origination/reversal of timing differences	**849**		(250)	
Adjustments to the estimated recoverable amount of deferred tax asset arising in previous years	**31**		176	
Release of deferred tax on revaluation of fixed asset	**(1,195)**		-	
Total deferred tax (see note 20)		**(315)**		(74)
Tax on profit on ordinary activities		**(297)**		(73)

Notes *(continued)*

Factors affecting the tax (credit)/charge for the current year

The current tax charge for the year is lower *(2003: lower)* than the standard rate of corporation tax in the UK 30% *(2003:30%)*. The differences are explained below.

	2004	2003
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	**2,406**	498
Current tax at 30% *(2003: 30%)*	**722**	149
Effects of:		
Expenses not deductible for tax purposes	**559**	20
Capital allowances for year in excess of depreciation	**431**	602
Utilisation of tax losses	**(1,712)**	(955)
Movement in provisions	**16**	(5)
Fixed asset loss/(profit) on disposals	**2**	189
Adjustments to tax charge in respect of previous years	**-**	1
Total current tax charge (see above)	**18**	1

9 Dividends

	2004	2003
	£000	£000
Final dividend proposed and paid	**1,800**	-

10 Intangible fixed assets

	Patents
	£000
Cost	
At 1 January and 31 December 2004	7,000
Amortisation	
At 1 January 2004	1,725
Charge for year	466
At 31 December 2004	2,191
Net book value	
At 31 December 2004	**4,809**
At 31 December 2003	5,275

Notes *(continued)*

11 Tangible fixed assets

	Assets in the course of construction £000	Motor vehicles £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Computer equipment £000	Total £000
Cost						
At 1 January 2004	0	0	16,958	5,610	2,775	25,343
Additions	2,667	0	268	4	162	3,101
Disposals	0	0	(170)	(23)	0	(193)
At 31 December 2004	2,667	0	17,056	5,591	2,937	28,251
Depreciation						
At 1 January 2004	0	0	8,420	3,087	2,006	13,513
Charge for the year	0	0	2,960	1,707	523	5,200
Disposals	0	0	(140)	(23)	0	(163)
At 31 December 2004	0	0	11,240	4,781	2,529	18,550
Net book value						
At 31 December 2004	**2,667**	**0**	**5,816**	**810**	**408**	**9,701**
At 31 December 2003	0	0	8,538	2,523	769	11,830

12 Fixed asset investments

	Shares in group undertakings £000
Cost	
At beginning and end of year	61
Provisions	
At beginning and end of year	-
Net book value	
At 31 December 2003 and 31 December 2004	**61**

The fixed asset investments relate to the following investments:

A 100% holding in Westinghouse Brakes Ltd, which is incorporated in the UK. Westinghouse Brakes Ltd is a dormant company and did not trade during the year.

A 100% holding in IFE UK Services Ltd, which is incorporated in the UK. IFE UK Services Ltd is a dormant company and did not trade during the year. On the 16 January 2004 IFE UK Services Ltd changed its name to Westinghouse Platform Screen Doors Ltd.

Notes *(continued)*

13 Stocks

	2004 £000	2003 £000
Raw materials and consumables	**3,411**	2,755
Work in progress	**615**	2,542
	4,026	5,297

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

Work in progress is stated net of £1,069,000 provision for future losses anticipated on contracts.

14 Debtors

	2004 £000	2003 £000
Trade debtors	**10,889**	9,173
Amounts owed by group undertakings	**9,337**	967
Other debtors	**247**	1,935
Prepayments and accrued income	**791**	178
Deferred tax asset (see note 20)	**389**	74
	21,653	12,307

Other debtors includes £248,000 *(2003: £200,000)* falling due after more than one year. The deferred tax asset of £389,000 *(2003: £74,000)* falls due after more than one year.

15 Creditors: amounts falling due within one year

	2004 £000	2003 £000
Payments received on account	**2,180**	2,491
Trade creditors	**10,018**	5,891
Bills of exchange payable	**1,604**	1,400
Amounts owed to group undertakings	**2,052**	531
Corporation tax	**18**	1
Taxation and social security	**440**	1,019
Other creditors	**718**	458
Accruals and deferred income	**2,889**	1,765
	19,919	13,556

16 Creditors: amounts falling due in more than one year

	2004 £000	2003 £000
Payments received on account	**370**	781

Notes *(continued)*

17 Share capital

The authorised share capital on incorporation of the company was £1,000, made up of 1,000 ordinary shares each of £1. Of this, 100 ordinary shares each of £1 were allotted, called up and fully paid on subscription. No further movements in share capital have occurred since.

18 Share premium and reserves

	Share premium *account* £000	Profit and loss *account* £000
At 1 January 2004	**22,000**	**(570)**
Retained profit for the year	**-**	**903**
At 31 December 2004	**22,000**	**333**

19 Reconciliation of movements in equity shareholders' funds

	2004 £000	2003 £000
Profit for the financial year	**903**	571
Net addition to shareholders' funds	**903**	571
Opening equity shareholders' funds	21,430	20,859
Closing equity shareholders' funds	**22,333**	21,430

20 Deferred taxation

	£000
At 1 January 2004	74
Credit to the profit and loss account	315
Asset at 31 December 2004	**389**

The elements of deferred taxation are as follows:

	2004 £'000	2003 £'000
Difference between accumulated depreciation and capital allowances	**(336)**	(770)
Amortisation of intangible assets	**140**	140
Other timing differences	**184**	184
Unutilised trading losses	**401**	2,130
Revaluation of fixed assets	**-**	(1,610)
Net deferred tax asset (see note 14)	**389**	74

Notes *(continued)*

21 Contingent liabilities

The company has contingent liabilities arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. These are in relation to performance guarantee bonds of £10,213,000 *(2003:£7,136,000).*

22 Commitments

a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2004	2003
	£000	£000
Contracted	**2,227**	66

(b) Annual commitments under non-cancellable operating leases are as follows:

	2004		2003	
	Land and Buildings	**Other**	Land and Buildings	Other
	£000	**£000**	£000	£000
Operating leases which expire:				
Within one year	**605**	**97**	-	13
In the second to fifth years inclusive	**2,160**	**330**	699	85
	2,765	**427**	699	98

23 Pension scheme

The company participates in two pension schemes – the Knorr-Bremse (UK) Pension Scheme and Knorr-Bremse (UK) Executive Scheme ("the schemes"). The schemes provide retirement benefits based on final pensionable salary and years of service. The assets of the schemes are held in separate trustee administered funds.

The pension cost for the scheme is charged to the profit and loss account so as to spread those costs over employees working lives with the company. The pension cost is determined by a qualified actuary on the basis of triennial valuations, with adjustments for significant post-valuation events. The most recent actuarial valuations of the schemes were carried out as at 1 January 2004, using the projected unit method. The schemes' assets were valued at market value. The main long-term assumptions used were that the investment return would be 6.50% pa pre-retirement, 5.25% post-retirement and pensionable salaries would increase at 4.25% pa. At the valuation date the market value of the schemes' assets was £55,295,000 and the actuarial value of these assets represented 81% of the benefits that had accrued to the members, after allowing for expected future increases in earnings. The variation in funding costs has been spread over a period shorter than the average expected remaining working lives of the members.

With effect from 1 January 2004 a number of changes to the Scheme were implemented. Only benefits accrued by existing members post 1 January 2004 are affected by these changes. The defined benefits scheme closed to new entrants from 31 December 2004. The company contributes to a designated stakeholder scheme for new employees.

The company is unable to identify its share of the underlying assets and liabilities of this multi-employer scheme. As such, the company has taken the exemption available under FRS17 allowing it to treat the scheme as if it were a Defined Contribution scheme for purposes of the statutory accounts.

The pension cost charge for the year represents the employers contributions payable by the company to the fund and amounted to £935,558 *(2003:£1,325,000).*

Contributions amounting to £70,468 *(2003:£133,000)* were payable to the fund at the year end and are included in creditors.

Notes *(continued)*

24 Related party disclosures

The company is controlled by Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, a parent company. The ultimate controlling party is Knorr-Bremse AG.

25 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a wholly owned subsidiary undertaking of Knorr-Bremse Investments (UK) Limited incorporated in England.

The largest group in which the results of the company are consolidated is that headed by Knorr-Bremse AG, incorporated in Germany. The consolidated accounts of these groups are available to the public and may be obtained from Moosacher Str. 80 D-80809 München, Germany. No other group accounts include the results of the company.

26 Subsequent Events

The company now operates from a new purpose built factory at a new site in Melksham. The Chippenham buildings were old and unsuitable for the future business needs, and the company exercised its March 2005 break point in its lease. In anticipation of this relocation, capital investment has increased significantly to cover the additional equipment and installations.

To coincide with the move the company name has changed from Westinghouse Brakes (UK) Ltd. to Knorr-Bremse Rail Systems (UK) Ltd. The new name reflects the wider scope of Knorr-Bremse products and services being supplied by the company since joining the Knorr-Bremse Group in April 2000.