

Auditor's report

To the annual meeting of the shareholders of Structo Hydraulics AB, corp. id 556574-5568

Report on the annual accounts and consolidated accounts

I have audited the annual accounts and consolidated accounts of Structo Hydraulics AB for the financial year 2015-04-01–2016-03-31.

Responsibilities of the Board of Directors for the annual accounts and consolidated accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these annual accounts and consolidated accounts based on my audit. I conducted my audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company and the group as of 31 March 2016 and of their financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

I therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to my audit of the annual accounts and consolidated accounts, I have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors of Structo Hydraulics AB for the financial year 2015-04-01–2016-03-31.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors is responsible for administration under the Companies Act.

Auditor's responsibility

My responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on my audit. I conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for my opinion on the Board of Directors proposed appropriations of the company's profit or loss I examined whether the proposal is in accordance with the Companies Act.

As basis for my opinion concerning discharge from liability, in addition to my audit of the annual accounts and consolidated accounts, I examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors is liable to the company. I also examined whether any member of the Board of Directors has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Opinions

I recommend to the annual meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors are discharged from liability for the financial year.

Karlstad

Mattias Eriksson
Authorized Public Accountant

The Board of Directors of
Structo Hydraulics AB
Corporate identity number 556574-5568

Submit the following

Annual report

For the financial year 1 April 2015 - 31 March 2016

<u>Table of contents:</u>	<u>Page</u>
Administration report	2
Income statement	3
Balance sheet	4-5
Pledged assets and contingent liabilities	5
Cash flow statement	6
Notes to the financial statements	7-19
Signatures	20

Administration report

General information on the company and the business

The Group

The group consists of the parent company Structo Hydraulics AB and the subsidiaries Structo UK Ltd and ISMT Europe AB.

Structo Hydraulics AB is a wholly owned subsidiary of ISMT Enterprises SA

The ultimate company is ISMT Ltd, India.

Parent company

Structo Hydraulics AB manufactures and sells cold drawn tubes, cylinder tubes and components principally for the hydraulic industry. The export share is about 60%.

Subsidiaries

Structo Hydraulics AB has subsidiary companies in UK and Sweden, Structo UK Ltd and ISMT Europe AB.

The subsidiary in UK have not had any business activities during the year.

Foreign Branch Office

The Company has closed the branch office in Germany. The activities will now be operated from Sweden.

Development of the company, the result and position

Financial overview in tsek	2015/16	2014/15	2013/14	2012/13
Net sales	48 168	53 983	70 654	93 553
Total assets	86 678	103 059	115 063	148 421
Return on capital	-10 162	-18 635	-22 731	-28 758
Equity ratio, %	4%	6%	14%	20%

For definitions, see note

Significant events and other important conditions

The weakness in the Eurozone economy is continuing impacting the Company's operations.

Various cost reduction measures were implemented during the year and there will be further efforts to reduce the cost.

Future expected development material risks and uncertainties

New products are being developed for Hydraulic & Oil Industries.

Expected increase in the volume will gradually lead to that the company's products will be more competitive and profitable.

Sustained downstream in the Eurozone economy and highly volatile exchange rates continue to pose significant risk.

The impairment test of the fixed assets that was made during the year 2013/14 is still expected to be relevant.

The board are aware of that estimations of future results and cash-flows are marred with uncertainty.

With respect to the uncertainty that lies in future estimations, the board will, if necessary, take into account the rules in the Swedish Companies Act chapter 25.

Reporting of duty according to the Environmental

The company is conducting manufacturing that needs notification.

This means, among other things, yearly check up of own control and real conditions.

The company is certified to ISO 14001 and ISO 9001

Proposed allocation of the company's profit

The Board of Directors propose that the non-restricted equity (accumulated deficit), SEK -7 302 121, is allocated as shown below:

Profit or loss brought forward		-7 302 121
	Total	<u>-7 302 121</u>

For further information regarding the company's profit and financial position information can be found in the following income statement, balance sheet, cash flow statement and pertaining notes.

Income statement

<i>Amounts in SEK</i>	<i>Note</i>	<i>2015-04-01- 2016-03-31</i>	<i>2014-04-01- 2015-03-31</i>
Net sales	3	48 168 362	53 982 549
Change in inventories of products in progress, finished goods and work in progress		-3 425 721	1 879 217
Other operating income	4	<u>4 572 571</u>	<u>3 442 015</u>
		49 315 212	59 303 781
Operating expenses			
Raw materials and consumables		-25 163 685	-32 749 778
Other external costs		-10 984 034	-7 977 262
Employee benefit expenses	5	-17 378 185	-17 966 799
Depreciation, amortisation and impairment of property, plant, equipment and intangible assets		-4 215 209	-6 329 316
Other operating expenses		<u>—</u>	<u>-288 114</u>
Operating profit/loss	6	<u>-8 425 901</u>	<u>-6 007 488</u>
Profit/loss from financial items			
Profit/loss from participation in associated companies		-81 190	—
Interest income and similar profit/loss items		24 704	23 947
Interest expense/exchange diff. and similar profit/loss items	7	<u>-1 679 237</u>	<u>-12 651 108</u>
Profit/loss after financial items		-10 161 624	-18 634 649
Profit/loss before tax		<u>-10 161 624</u>	<u>-18 634 649</u>
Tax on profit for the year	8	<u>—</u>	<u>—</u>
Net profit/loss for the year		<u>-10 161 624</u>	<u>-18 634 649</u>

Balance sheet

<i>Amounts in SEK</i>	<i>Note</i>	<i>2016-03-31</i>	<i>2015-03-31</i>
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	9	—	—
<i>Property, plant and equipment</i>			
Land and buildings	10	23 559 713	24 956 727
Plant and machinery	11	30 348 945	33 074 437
Equipment, tools, fixtures and fittings	12	2 602 150	2 694 853
		<u>56 510 808</u>	<u>60 726 017</u>
<i>Financial assets</i>			
Participation in group companies	13	5 101 012	5 101 012
Participations in associated companies	14	—	81 190
Deferred tax asset	15	2 577 622	2 819 302
Other long-term receivables	16	1 370 980	1 400 674
		<u>9 049 614</u>	<u>9 402 178</u>
Total non-current assets		65 560 422	70 128 195
Current assets			
<i>Inventories etc.</i>			
Raw materials and consumables	17	4 682 902	6 250 777
Products in progress		3 192 933	4 796 332
Finished goods and goods for resale		3 574 639	4 804 210
		<u>11 450 474</u>	<u>15 851 319</u>
<i>Current receivables</i>			
Accounts receivable - trade		8 033 846	14 952 887
Current tax assets		749 874	982 454
Other receivables		33 745	109 463
Prepaid expenses and accrued income		831 686	1 013 633
		<u>9 649 151</u>	<u>17 058 437</u>
<i>Cash and bank balances</i>			
Cash and bank		18 414	21 324
		<u>18 414</u>	<u>21 324</u>
Total current assets		21 118 039	32 931 080
TOTAL ASSETS		86 678 461	103 059 275

Balance sheet

<i>Amounts in SEK</i>	<i>Note</i>	<i>2016-03-31</i>	<i>2015-03-31</i>
EQUITY AND LIABILITIES			
Equity	18		
<i>Restricted equity</i>			
Share capital (210 000 shares)		1 050 000	1 050 000
Revaluation reserve		9 905 225	10 764 413
Statutory reserve		20 000	20 000
		<u>10 975 225</u>	<u>11 834 413</u>
<i>Non-restricted equity</i>			
Profit or loss brought forward		2 859 503	12 634 964
Net profit/loss for the year		-10 161 624	-18 634 649
		<u>-7 302 121</u>	<u>-5 999 685</u>
		3 673 104	5 834 728
Provisions			
Deferred tax liability	15	2 577 622	2 819 302
Other provisions	19	150 000	-
		<u>2 727 622</u>	<u>2 819 302</u>
Non-current liabilities			
Other liabilities to credit institutions	20	27 585 603	45 767 603
		<u>27 585 603</u>	<u>45 767 603</u>
Current liabilities			
Liabilities to credit institutions		1 200 000	1 274 832
Bank overdrafts	21	10 412 399	15 369 343
Factoring		7 579 262	12 036 083
Accounts payable - trade		4 528 966	2 260 158
Liabilities to parent company		4 732 915	1 926 469
Liabilities to group companies		18 008 419	8 780 830
Other liabilities		436 427	823 322
Accrued expenses and deferred income	22	5 793 744	6 166 605
		<u>52 692 132</u>	<u>48 637 642</u>
TOTAL EQUITY AND LIABILITIES		<u>86 678 461</u>	<u>103 059 275</u>

Pledged assets and contingent liabilities

<i>Amounts in SEK</i>	<i>2016-03-31</i>	<i>2015-03-31</i>
Pledged assets		
<i>For own liabilities and provisions</i>		
Property mortgages	28 000 000	28 000 000
Chattel mortgages	90 000 000	90 000 000
Factoring	7 579 262	12 036 083
Total pledged assets	<u>125 579 262</u>	<u>130 036 083</u>
Contingent liabilities		
Guarantees for group companies	10 231 305	10 250 415
	<u>10 231 305</u>	<u>10 250 415</u>

Cash flow statement

Amounts in SEK	2015-04-01- 2016-03-31	2014-04-01- 2015-03-31
Operating activities		
Profit/loss after financial items	23 -10 161 624	-18 634 649
Adjustments for non-cash items, etc.	4 446 399	10 608 993
	<u>-5 715 225</u>	<u>-8 025 656</u>
Income tax paid	232 580	133 910
Cash flow from operating activities before working capital changes	-5 482 645	-7 891 746
<i>Cash flow from working capital changes</i>		
Increase(-)/Decrease(+) of inventories	4 400 845	3 643 607
Increase(-)/Decrease(+) of current receivables	7 176 706	-6 519 955
Increase(-)/Decrease(+) of current liabilities	1 134 949	2 334 755
Cash flow from operating activities	<u>7 229 855</u>	<u>-8 433 339</u>
Investing activities		
Disposal of property, plant and equipment	-	3 516 000
Disposal of financial assets	29 694	-
Cash flow from investing activities	<u>29 694</u>	<u>3 516 000</u>
Financing activities		
Received shareholders' contribution	8 000 000	4 398 629
Raising of borrowings	12 408 138	-
Repayment of borrowings	<u>-27 670 597</u>	<u>-8 663 663</u>
Cash flow from financing activities	<u>-7 262 459</u>	<u>-4 265 034</u>
Cash flow for the year	-2 910	-9 182 373
Cash and cash equivalents at the beginning of the year	<u>21 324</u>	<u>9 203 697</u>
Cash and cash equivalents at the end of the year	24 18 414	21 324

Notes

Amounts in SEK unless otherwise stated

Note 1 Accounting principles

The Annual Report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's generally accepted accounting principles BFNAR 2012:1 Annual Report and consolidated accounts (K3).

Assets, provisions and liabilities have been valued according to cost of acquisition unless otherwise is stated below.

Intangible assets

Other intangible assets

Other intangible assets acquired are accounted for according to acquisition cost less accumulated amortisation and impairments. Expenditures for internally generated goodwill and brands are recognised in the income statement as expenses when incurred.

Amortisations

The amortisation is done linearly over the asset's estimated useful life. The amortisation is recognised as an expense in the income statement.

	<i>Useful life</i>
<i>Acquired intangible assets</i>	
Goodwill	10 years

Property, plant and equipment

Property, plant and equipment are accounted for according to acquisition cost less accumulated depreciations and impairments. The acquisition value includes, besides the purchase price, other expenditures directly attributable to the acquisition.

Additional expenditures

Additional expenditures that fulfill the criteria of an asset are included in the carrying amount of the asset. Expenditures for ongoing maintenance and repairs are recognised as expenses when incurred.

For some of the property, plant and equipment, the difference in use of significant components have been assessed as essential. Therefore, these components have been divided into components which are depreciated separately.

The useful lives of these components have been assessed to vary between 3-45 years.

Depreciations

Depreciations are done linearly over the asset's estimated useful life, since it reflects the expected usage of the asset's future economic benefits. The depreciation is recognised as an expense in the income statement.

	<i>Useful life</i>
Buildings	45 years
Plants and machineries	3-30 years
Equipments, tools, fixtures and fittings	3-5 years

Impairments - Property, plant, equipment and intangible assets and shares in group companies

At every closing date, an indication if the asset's value is lower than the carrying value is assessed. If an indication exists, the recoverable amount of the asset is calculated.

The recoverable amount is the highest of the fair value less cost of disposal and the value in use. At the calculation of the value in use, future expected cash flows that the asset is expected to give rise to in the ongoing operations and when it is disposed. The discount rate used is before tax and reflects the marketable assessment of money's time value and the risks attributable to the asset. An earlier impairment is only reversed if the reasons underlying the calculation of the recoverable amount at the latest impairment have changed.

Leases

All lease contracts are accounted for as operating lease contracts.

Operating lease contracts

The leasing fees according to the operating lease contracts, including raised first-time rent but excluding expenditures for services such as insurance and maintenance, are accounted for as expenses linearly over the lease term.

Foreign currencies

Items in foreign currencies

Monetary items in foreign currencies are recalculated to the balance sheet date's rate.

Non-monetary items are not recalculated, instead they are recognised according to the rate at the time of the acquisition.

Foreign currency differences that arise due to regulation or recalculation of monetary items are recognised in the income statement for the fiscal year they occur.

Inventory

The inventory is recognised according to the lowest of the acquisition value and net realisable value. Thereby risks of obsolescence have been considered. The acquisition value are estimated according to weighted average prices.

The acquisition value consists of, except expenditures for purchases, expenditures for bringing the goods to their current location and condition.

In own semi-manufactured and finished goods, the acquisition value consists of direct costs of production and the indirect costs that amounts to more than an insignificant part of the total expenditures for the production. At the valuation, considerations have been taken into account regarding a normal capacity utilisation.

Financial assets and liabilities

Financial assets and liabilities are accounted for in accordance with chapter 11 (Financial instruments valued according to acquisition cost) in BFNAR 2012:1.

Accounting in and derecognition from the balance sheet

A financial asset or financial liability is recognised in the balance sheet when the Company becomes a part of the financial instrument's contractual agreement. A financial asset is derecognised from the balance sheet when the contractual right to the cash flow from the asset has expired or been settled. The same goes for when the risks and benefits that are associated with the holding in all material aspects are transferred to another party and the Company does not possess any control over the financial asset. A financial liability is derecognised from the balance sheet when the contractual obligation has been fulfilled or expired.

Valuation of financial assets

Financial assets are at the first recognition date valued according to their acquisition cost, including possible transaction expenditures that are directly attributable to the acquisition of the asset.

Financial current assets are at the first recognition date valued to the lowest of the acquisition cost and the net selling price at the balance sheet date.

Accounts receivable and other receivables that form current assets are valued individually according to the amount expected to be received.

Financial non-current assets are after the first recognition date valued according to acquisition cost with deduction of potential impairments and with addition of potential revaluations.

Interest bearing financial assets are valued according to amortised cost with the application of the effective interest method.

Valuation of financial liabilities

Financial liabilities are valued according to amortised cost. Expenditures that are directly attributable to borrowings are adjusted in the loans acquisition value and are allocated to a particular period according to the effective interest method.

Remuneration to employees*Remuneration to employees after terminated employment*

Classification

Plans for remunerations after terminated employment are classified either as defined contribution plans or defined benefit plans.

For defined contribution plans, determined fees are paid to another Company, normally an insurance company, and do not have any obligation to the employee when the fee is paid. The size of the employee's remunerations after terminated employment is dependent on the fees that have been paid and the return on capital on those fees.

For defined benefit plans, the Company has an obligation to provide the remunerations agreed upon to current and earlier employees. The Company carries in all material aspects the risk for the remunerations to be higher than expected (actuarial risk) and the risk for the return on the assets to deviate from the expectations (investment risk). Investment risk also exists if the assets are transferred to another Company.

Defined contribution plans

The fees for defined contribution plans are recognised as expenses. Unpaid fees are accounted for as a liability.

Defined benefit plans

The Company has chosen to apply the simplifying rules presented in BFNAR 2012:1.

Plans for which pension premiums are paid are accounted for as defined contribution plans, which implies that the fees are expensed in the income statement.

Tax

Tax on profit for the year in the income statement consists of current tax and deferred tax. Current tax is the income tax for the current financial year which refer to the year's taxable profit and the part of earlier financial years' income tax which have not been recognised. Deferred tax is the income tax for taxable profits referring to future financial years due to earlier transactions or happenings.

Deferred tax liabilities are recognised for all taxable temporary differences, however, deferred tax attributable to untaxed reserves are not separated since untaxed reserves are accounted for as a separate item in the balance sheet. Deferred tax assets are recognised for tax-deductible temporary differences and for the possibility to in the future use taxable loss carry-forwards. The valuation is based on the carrying amount for the corresponding asset or liability that is expected to be recovered or settled. The amounts are based on the tax rates and tax laws that are determined before the balance sheet date and have not been estimated according to their present value.

Deferred tax assets have been valued according to the highest amount possibly recovered based on current and future taxable profits. The valuation is reviewed every balance sheet date.

Provisions

A provision is recognised in the balance sheet when the Company has a legal or informal obligation due to an occurred event and it is possible that an outflow of resources are required in order to settle the obligation and a reliable estimation of the amount can be made.

At the first reporting date, the provision is valued according to the best estimation the amount that will be required to settle the obligation on the balance sheet date. The provision is reviewed every balance sheet date.

Revenues

The inflow of financial benefits that the Company receives or will receive on its own behalf are recognised as revenues. Revenues are valued according to fair value of what has been received or will be received, with deductions for rebates.

Sale of goods

For sale of goods, the revenue is recognised at delivery.

Interest, royalty and dividend

Revenue is recognised when the economic benefits associated with the transaction probably will flow to the Company and when the income can be estimated reliably.

Group contributions and shareholders' contribution

Group contributions received/issued are recognised as an appropriation in the income statement. The received/issued group contribution has affected the Company's current tax.

Group contributions that have been issued by parent companies to subsidiaries are accounted for as an increase of the shares' carrying amount.

Shareholders' contribution that have been issued without issued shares or other received equity instruments in exchange are recognised in the balance sheet as an increase of the shares' carrying amount.

Repaid shareholders' contribution are recognised in the balance sheet as a decrease of the shares' carrying amount.

Shareholders' contribution that have been received without issued shares or any other given equity instruments in exchange are recognised directly in equity.

Repaid shareholders' contribution are recognised as a decrease of equity when a decision regarding repayment has been made.

Public grant

A public grant which is not associated with a demand on future performance is accounted for as a revenue when the terms for receiving the grant are fulfilled. A public grant which is combined with demands on future performance is recognised as a revenue when the performance is performed. If the grant has been received before the terms for recognising the grant as a revenue have been fulfilled, the grant is recognised as a liability.

Note 2 Estimates and judgements

In 2013/2014 the board of directors has prepared an impairment test of the fixed assets, that is still valid, based on estimated future cash-flows. The board are aware that estimation of future results and cash-flows are marred with uncertainty. The board of directors has assessed that the uncertainty is not significant and that no more write-downs is needed on the fixed assets

Note 3 Net sales by geographic segments

	2015-04-01- 2016-03-31	2014-04-01- 2015-03-31
<i>Net sales by geographic segments</i>		
Sweden	18 799 369	23 083 493
Scandinavia excl. Sweden	8 933 077	6 990 839
Other EU	15 681 719	16 342 480
Outside EU	<u>4 754 197</u>	<u>7 565 737</u>
	48 168 362	53 982 549

Note 4 Other operating income

	2015-04-01- 2016-03-31	2014-04-01- 2015-03-31
Exchange gains on operating receivables/liabilities	103 172	-
Administration and other services	3 893 579	1 382 380
Result sales of assets	-	1 462 685
Other	<u>575 820</u>	<u>596 950</u>
	4 572 571	3 442 015

Note 5 Employees, personnel costs and remunerations to Board of Directors and auditors

Average number of employees	whereof		whereof	
	2015-04-01- 2016-03-31	men	2014-04-01- 2015-03-31	men
Sweden	30	83%	32	82%
Tyskland	-	0%	1	100%
Total	<u>30</u>	<u>83%</u>	<u>33</u>	<u>82%</u>

Disclosure of gender distribution in the company's management

	<u>2016-03-31</u> <i>Proportion of women</i>	<u>2015-03-31</u> <i>Proportion of women</i>
Board of Directors	14%	14%
Other senior management	50%	50%

Salaries, other remunerations and social security expenses, including pension expenses

	<u>2015-04-01- 2016-03-31</u>	<u>2014-04-01- 2015-03-31</u>
<i>Salaries and remunerations</i>	11 882 010	12 276 731
<i>Social security expenses</i>	5 268 787	5 580 271
<i>(of that pension expenses) 1)</i>	(1 803 813)	(1 687 325)

1) Of the Company's pension expenses, 296 969 (l.y. 212 865) relate to the Company's board of directors for one person.

Salaries and other remunerations divided between board members et al. and other employees

	<u>2015-04-01-2016-03-31</u>		<u>2014-04-01-2015-03-31</u>	
	<i>Board of Directors</i>	<i>Other employees</i>	<i>Board of Directors and Managing Director</i>	<i>Other employees</i>
<i>Salaries and other remunerations</i>	919 008	10 963 002	915 614	11 361 117

Audit fees and expenses

	<u>2015-04-01- 2016-03-31</u>	<u>2014-04-01- 2015-03-31</u>
<i>KPMG</i>		
Audit services	95 000	95 000

Note 6 Operating lease

Lease contracts where the Company is the lessee

	<u>2016-03-31</u>	<u>2015-03-31</u>
<i>Future minimum lease payments regarding non-cancellable operating lease contracts</i>		
Within one year	149 426	200 398
Between one and five years	—	58 714
	<u>149 426</u>	<u>259 112</u>
	<u>2015-04-01- 2016-03-31</u>	<u>2014-04-01- 2015-03-31</u>
The financial year's recognised lease expenses	497 310	254 233

Note 7 Interest expense and similar profit/loss items

	2015-04-01- 2016-03-31	2014-04-01- 2015-03-31
Interest expense, other	-2 693 237	-3 225 663
Exchange differences foreign loan	1 014 000	-9 425 445
	<u>-1 679 237</u>	<u>-12 651 108</u>

Note 8 Tax on profit for the year

	2015-04-01- 2016-03-31	2014-04-01- 2015-03-31
Deferred tax	<u>—</u>	<u>—</u>

Reconciliation of effective tax rate

	2015-04-01- 2016-03-31		2014-04-01- 2015-03-31	
	Per cent	Amount	Per cent	Amount
Profit/loss before tax		-10 161 624		-18 634 649
Tax according to current tax rate for the parent company	22,0%	2 235 557	22,0%	4 099 623
Non-deductible expenses	-0,3%	-26 174	-1,8%	-335 831
Non-taxable income	0,0%	509	0,0%	379
Increase of loss carry-forward without corresponding recognised deferred tax	-21,7%	-2 209 892	-20,2%	-3 764 171
Reported effective tax	0,0%	—	0,0%	—

Note 9 Goodwill

	2016-03-31	2015-03-31
<i>Accumulated acquisition costs</i>		
At the beginning of the year	50 327 708	50 327 708
At the end of the year	<u>50 327 708</u>	<u>50 327 708</u>
<i>Accumulated amortisation</i>		
At the beginning of the year	-50 327 708	-48 817 861
Amortisation during the year	—	-1 509 847
At the end of the year	<u>-50 327 708</u>	<u>-50 327 708</u>
Carrying amount at the end of the year	—	—

Note 10 Land and buildings

	<u>2016-03-31</u>	<u>2015-03-31</u>
<i>Accumulated acquisition costs</i>		
At the beginning of the year	23 328 851	24 183 109
Disposals	-	-854 258
At the end of the year	<u>23 328 851</u>	<u>23 328 851</u>
<i>Accumulated depreciation</i>		
At the beginning of the year	-7 988 406	-7 738 595
Reversed depreciation on disposals	-	485 503
Depreciation during the year	-697 006	-735 314
At the end of the year	<u>-8 685 412</u>	<u>-7 988 406</u>
<i>Accumulated revaluations</i>		
At the beginning of the year	10 371 282	12 900 061
Reversed revaluation on disposals	-	-1 825 771
Depreciation on revaluations during the year	-700 008	-703 008
At the end of the year	<u>9 671 274</u>	<u>10 371 282</u>
<i>Accumulated impairments</i>		
At the beginning of the year	-755 000	-955 000
Reversed impairments on disposals	-	200 000
At the end of the year	<u>-755 000</u>	<u>-755 000</u>
Carrying amount at the end of the year	23 559 713	24 956 727
Land (included in land and buildings)	<u>2016-03-31</u>	<u>2015-03-31</u>
Accumulated acquisition costs	<u>174 861</u>	<u>174 861</u>
Carrying amount at the end of the year	<u>174 861</u>	<u>174 861</u>

Note 11 Plant and machinery

	<u>2016-03-31</u>	<u>2015-03-31</u>
<i>Accumulated acquisition costs</i>		
At the beginning of the year	98 942 595	110 443 150
Disposals	-	-11 086 442
Reclassifications	-	-414 113
At the end of the year	<u>98 942 595</u>	<u>98 942 595</u>
<i>Accumulated depreciation</i>		
At the beginning of the year	-70 052 410	-79 207 815
Reversed depreciation on disposals	-	11 027 720
Depreciation during the year	-2 326 996	-1 872 315
At the end of the year	<u>-72 379 406</u>	<u>-70 052 410</u>
<i>Accumulated revaluations</i>		
At the beginning of the year	4 184 252	4 582 750
Depreciation on revaluations during the year	-398 496	-398 498
At the end of the year	<u>3 785 756</u>	<u>4 184 252</u>
Carrying amount at the end of the year	30 348 945	33 074 437

Note 12	Equipment, tools, fixtures and fittings	2016-03-31	2015-03-31
<i>Accumulated acquisition costs</i>			
	At the beginning of the year	8 410 164	12 619 602
	Disposals	–	-4 623 551
	Reclassifications	–	414 113
	At the end of the year	<u>8 410 164</u>	<u>8 410 164</u>
<i>Accumulated depreciation</i>			
	At the beginning of the year	-5 715 311	-9 228 458
	Reversed depreciation on disposals	–	4 623 551
	Depreciation during the year	<u>-92 703</u>	<u>-1 110 404</u>
	At the end of the year	<u>-5 808 014</u>	<u>-5 715 311</u>
	Carrying amount at the end of the year	2 602 150	2 694 853
Note 13	Participation in group companies	2016-03-31	2015-03-31
<i>Accumulated acquisition costs</i>			
	At the beginning of the year	<u>5 101 012</u>	<u>5 101 012</u>
	At the end of the year	<u>5 101 012</u>	<u>5 101 012</u>
	Carrying amount at the end of the year	5 101 012	5 101 012
Note 14	Participations in associated companies	2016-03-31	2015-03-31
<i>Accumulated acquisition costs</i>			
	At the beginning of the year	81 190	81 190
	Disposals	<u>-81 190</u>	<u>–</u>
	At the end of the year	<u>–</u>	<u>81 190</u>
	Carrying amount at the end of the year	–	81 190

Note 15 **Deferred taxes**

	2016-03-31		
	<i>Carrying amount</i>	<i>Tax base</i>	<i>Temporary difference</i>
<i>Significant temporary differences</i>			
Land and buildings	23 559 713	14 643 438	8 916 275
Plant and machinery	30 348 945	26 563 187	3 785 758
Other (debts)	-985 568	-	-985 568
	<u>52 923 090</u>	<u>41 206 625</u>	<u>11 716 465</u>

Taxable loss carry-forward amounts to SEK 114 000 tsek.

	-		
	<i>Deferred tax asset</i>	<i>Deferred tax liability</i>	<i>Net</i>
<i>Significant temporary differences</i>			
Land and buildings	-	1 961 580	-1 961 580
Plant and machinery	-	832 867	-832 867
Other (debts)	216 825	-	216 825
<i>Taxable loss carry-forward</i>	<u>2 577 622</u>	<u>-</u>	<u>2 577 622</u>
<i>Deferred tax asset/liability</i>	<u>2 794 447</u>	<u>2 794 447</u>	<u>-</u>
<i>Offset</i>	<u>-216 825</u>	<u>-216 825</u>	<u>-</u>
<i>Deferred tax asset/liability (net)</i>	<u>2 577 622</u>	<u>2 577 622</u>	<u>-</u>

	2015-03-31		
	<i>Carrying amount</i>	<i>Tax base</i>	<i>Temporary difference</i>
<i>Significant temporary differences</i>			
Land and buildings	24 956 727	15 340 391	9 616 336
Plant and machinery	33 074 437	28 890 196	4 184 241
Other (debts)	-985 568	-	-985 568
	<u>57 045 596</u>	<u>44 230 587</u>	<u>12 815 009</u>

Taxable loss carry-forward amounts to 104 000 tsek.

Note 16 **Other long-term receivables**

	2016-03-31	2015-03-31
<i>Accumulated acquisition costs</i>		
At the beginning of the year	1 400 674	1 400 674
Settled receivables	-29 694	-
At the end of the year	<u>1 370 980</u>	<u>1 400 674</u>
Carrying amount at the end of the year	1 370 980	1 400 674

Note 17 Inventories etc.

	2016-03-31	2015-03-31
Raw materials and consumables	4 682 902	6 250 777
Products in progress	3 192 933	4 796 332
Finished goods and goods for resale	3 574 639	4 804 210
	<u>11 450 474</u>	<u>15 851 319</u>

Note 18 Equity

2016-03-31	Restricted equity		Statutory reserve	Non-restricted equity	
	Share capital	Revaluation reserve		Profit/loss brought forward incl. Net profit/loss for the year	Total equity
Opening balance	1 050 000	10 764 413	20 000	-5 999 685	5 834 728
Net profit/loss for the year				-10 161 624	-10 161 624
<i>Transactions with owners</i>					
Shareholders' contribution received				8 000 000	8 000 000
<i>Reallocations of items in equity</i>					
Reversal of revaluation	-	-859 188	-	859 188	-
At year end	1 050 000	9 905 225	20 000	-7 302 121	3 673 104

The retained earnings includes shareholders contribution with total 99 493 680 sek on the 31 of March 2016.

Note 19	Other provisions	<u>2016-03-31</u>	<u>2015-03-31</u>
	Guarantee commitment	150 000	–
		<u>150 000</u>	<u>–</u>
	Carrying amount at the beginning of the year	–	3 498 638
	Provisions during the year	150 000	–
	Unutilised amounts that have been reversed during the year	–	-3 498 638
	Carrying amount at the end of the year	<u>150 000</u>	<u>–</u>

Note 20	Non-current liabilities	<u>2016-03-31</u>	<u>2015-03-31</u>
	<i>Liabilities that mature between one and five years from the balance sheet date:</i>		
	Other liabilities to credit institutions	27 585 603	45 767 603
		<u>2016-03-31</u>	<u>2015-03-31</u>
	<i>Pledged assets for other liabilities</i>		
	Property mortgage	90 000 000	90 000 000
	Chattel mortgage	28 000 000	28 000 000
	Receivables	<u>7 579 262</u>	<u>12 036 083</u>
		125 579 262	130 036 083

Note 21	Bank overdrafts and factoring	<u>2016-03-31</u>	<u>2015-03-31</u>
	Credit limit, overdraft	10 500 000	15 500 000
	Unused	<u>-87 601</u>	<u>-130 657</u>
	Utilised credit amount	10 412 399	15 369 343
	Credit limit, factoring usable	8 384 485	12 792 657
	Unused	<u>-805 223</u>	<u>-756 574</u>
		7 579 262	12 036 083

The shown credit limit is the possible limit to use 2016-03-31
Total factoring limit is 21 750 850 sek.

Note 22 Accrued expenses and deferred income

	<u>2016-03-31</u>	<u>2015-03-31</u>
Social security contributions	1 043 580	1 163 551
Salary and vacation contribution	2 185 998	2 659 874
Other items	<u>2 564 166</u>	<u>2 343 180</u>
	5 793 744	6 166 605

Note 23 Paid interest

	<u>2015-04-01-2016-03-31</u>	<u>2014-04-01-2015-03-31</u>
Received interest	24 704	23 947
Paid interest	2 455 450	3 225 663

Note 24 Cash equivalents

	<u>2016-03-31</u>	<u>2015-03-31</u>
<i>The following sub-components are included in cash equivalents:</i>		
Cash	7 951	8 479
Bank balance	<u>10 463</u>	<u>12 845</u>
	18 414	21 324

Note 25 Group information

Structo Hydraulics AB is a wholly owned subsidiary of ISMT Enterprises SA Luxembourg.
 The ultimate company is ISMT Ltd, India

Purchases and sales within the group

Of the Company's total purchases and sales in SEK, 49 % of the purchases and 15 % of the sales refer to other Companies within the group that that the Company belongs to.

Storfors

O.P Kakkar
Chairman of the board

Rajiv Goel

Salil Taneja

Kishore Bharambe

Göran Larsson

Beata Jaske-Johansson
Representative from Unionen

Erik Mattisson
Representative from Metall

My audit report has been submitted

Mattias Eriksson
Authorized public accountant