



Revisionsberättelse

Till bolagsstämman i Structo Hydraulics AB, org. nr 556574-5568

Rapport om årsredovisningen och koncernredovisningen

Uttalanden

Jag har utfört en revision av årsredovisningen och koncernredovisningen för Structo Hydraulics AB för räkenskapsåret 2016-04-01—2017-03-31.

Enligt min uppfattning har årsredovisningen och koncernredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av moderbolagets och koncernens finansiella ställning per den 31 mars 2017 och av dessas finansiella resultat och kassaflöde för räkenskapsåret enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens och koncernredovisningens övriga delar.

Jag tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för moderbolaget och för koncernen.

Grund för uttalanden

Jag har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionsssed i Sverige. Mitt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Jag är oberoende i förhållande till moderbolaget och koncernen enligt god revisionsssed i Sverige och har i övrigt fullgjort mitt yrkesetiska ansvar enligt dessa krav.

Jag anser att de revisionsbevis jag har inhämtat är tillräckliga och ändamålsenliga som grund för mina uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen och koncernredovisningen upprättas och att de ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning och koncernredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på fel.

Vid upprättandet av årsredovisningen och koncernredovisningen ansvarar styrelsen för bedömningen av bolagets och koncernens förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Mina mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen och koncernredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på fel, och att lämna en revisionsberättelse som innehåller mina uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionsssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller fel och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen och koncernredovisningen.

Som del av en revision enligt ISA använder jag professionellt omdöme och har en professionell skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer jag riskerna för väsentliga felaktigheter i årsredovisningen och koncernredovisningen, vare sig dessa beror på oegentligheter eller på fel, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för mina uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på fel, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar jag mig en förståelse av den del av bolagets interna kontroll som har betydelse för min revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala mig om effektiviteten i den interna kontrollen.
- utvärderar jag lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.

- drar jag en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen och koncernredovisningen. Jag drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets och koncernens förmåga att fortsätta verksamheten. Om jag drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste jag i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen och koncernredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen och koncernredovisningen. Mina slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag och en koncern inte längre kan fortsätta verksamheten.
- utvärderar jag den övergripande presentationen, strukturen och innehållet i årsredovisningen och koncernredovisningen, däribland upplysningarna, och om årsredovisningen och koncernredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.
- inhämtar jag tillräckliga och ändamålsenliga revisionsbevis avseende den finansiella informationen för enheterna eller affärsaktiviteterna inom koncernen för att göra ett uttalande avseende koncernredovisningen. Jag ansvarar för styrning, övervakning och utförande av koncernrevisionen. Jag är ensam ansvarig för mina uttalanden.

Jag måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Jag måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som jag identifierat.



Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver min revision av årsredovisningen och koncernredovisningen har jag även utfört en revision av styrelsens förvaltning för Structo Hydraulics AB för räkenskapsåret 2016-04-01—2017-03-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Jag tillstyrker att bolagsstämman behandlar förlusten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Jag har utfört revisionen enligt god revisionssed i Sverige. Mitt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Jag är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort mitt yrkesetiska ansvar enligt dessa krav.

Jag anser att de revisionsbevis jag har inhämtat är tillräckliga och ändamålsenliga som grund för mina uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets och koncernens verksamhetsart, omfattning och risker ställer på storleken av moderbolagets och koncernens egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets och koncernens ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Mitt mål beträffande revisionen av förvaltningen, och därmed mitt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- förelagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Mitt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed mitt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder jag professionell omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på min professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att jag fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelse skulle ha särskild betydelse för bolagets situation. Jag går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för mitt uttalande om ansvarsfrihet. Som underlag för mitt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har jag granskat om förslaget är förenligt med aktiebolagslagen.

Karlstad den 24 maj 2017

Mattias Eriksson

Auktoriserad revisor

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

Submit the following

Annual report

For the financial year 1 April 2016 - 31 March 2017

<u>Table of contents:</u>	<u>Page</u>
Administration report	2
Income statement	3
Balance sheet	4-5
Cash flow statement	6
Notes to the financial statements	7-18
Signatures	19

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 a subsidiary company in Sweden, ISMT Europe AB.

The subsidiary in UK has closed.

Development of the company, the result and position

Financial overview in tsek	2016/17	2015/16	2014/15	2013/14
Net sales	52 457	52 302	57 204	71 043
Total assets	84 853	86 678	103 059	115 063
Return on capital	-7 147	-10 162	-18 635	-22 731
Equity ratio, %	11%	4%	6%	14%

For definitions, see note

Significant events and other important conditions

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 downturn 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

2017-03-31	Restricted equity			Non restricted equity	
	Aktiekapital	Uppskriv-	Reservfond	Bal.res inkl årets	Summa eget
Ingående balans	1 050 000	9 905 225	20 000	-7 302 121	3 673 104
Årets resultat				-7 146 760	-7 146 760
Transaktioner med ägare					
Aktieägartillskott	-	-	-	12 408 000	12 408 000
Omföring inom eget kapital					
Upplösning av uppskrivningsfond	-	-859 188	-	859 188	-
Vid årets utgång	1 050 000	9 046 037	20 000	-1 181 693	8 934 344

Proposed allocation of the company's profit

The Board of Directors propose that the non-restricted equity (accumulated deficit), SEK -1 181 693, is allocated as shown below:

Profit or loss brought forward		-1 181 693
Total		<u>-1 181 693</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>2016-04-01- 2017-03-31</i>	<i>2015-04-01- 2016-03-31</i>
Net sales	3	52 457 379	52 301 941
Change in inventories of products in progress, finished goods and work in progress		-630 040	-3 425 721
Other operating income	4	<u>222 322</u>	<u>438 992</u>
		52 049 661	49 315 212
Operating expenses			
Raw materials and consumables		-28 690 582	-25 163 685
Other external costs		-10 362 205	-10 984 034
Employee benefit expenses	5	-14 285 965	-17 378 185
Depreciation, amortisation and impairment of property, plant, equipment and intangible assets		-4 051 036	-4 215 209
Other operating expenses		<u>—</u>	<u>—</u>
Operating profit/loss	6	<u>-5 340 127</u>	<u>-8 425 901</u>
Profit/loss from financial items			
Profit/loss from participation in associated companies		—	-81 190
Interest income and similar profit/loss items		3 058	24 704
Interest expense/exchange diff. and similar profit/loss items	7	<u>-1 809 691</u>	<u>-1 679 237</u>
Profit/loss after financial items		-7 146 760	-10 161 624
Profit/loss before tax		<u>-7 146 760</u>	<u>-10 161 624</u>
Tax on profit for the year	8	<u>—</u>	<u>—</u>
Net profit/loss for the year		<u>-7 146 760</u>	<u>-10 161 624</u>

Balance sheet

<i>Amounts in SEK</i>	<i>Note</i>	<i>2017-03-31</i>	<i>2016-03-31</i>
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	9	—	—
<i>Property, plant and equipment</i>			
Land and buildings	10	22 222 885	23 559 713
Plant and machinery	11	28 581 465	30 813 439
Equipment, tools, fixtures and fittings	12	1 655 423	2 137 656
		<u>52 459 773</u>	<u>56 510 808</u>
<i>Financial assets</i>			
Participation in group companies	13	5 100 000	5 101 012
Participations in associated companies	14	—	—
Deferred tax asset	15	2 335 294	2 577 622
Other long-term receivables	16	1 370 980	1 370 980
		<u>8 806 274</u>	<u>9 049 614</u>
Total non-current assets		<u>61 266 047</u>	<u>65 560 422</u>
Current assets			
<i>Inventories etc.</i>			
Raw materials and consumables	17	6 051 205	4 682 902
Products in progress		1 682 481	3 192 933
Finished goods and goods for resale		3 779 789	3 574 639
		<u>11 513 475</u>	<u>11 450 474</u>
<i>Current receivables</i>			
Accounts receivable - trade		10 436 501	8 033 846
Current tax assets		807 378	749 874
Other receivables		172 080	33 745
Prepaid expenses and accrued income		647 245	831 686
		<u>12 063 204</u>	<u>9 649 151</u>
<i>Cash and bank balances</i>			
Cash and bank		10 343	18 414
		<u>10 343</u>	<u>18 414</u>
Total current assets		<u>23 587 022</u>	<u>21 118 039</u>
TOTAL ASSETS		<u>84 853 069</u>	<u>86 678 461</u>

Balance sheet

<i>Amounts in SEK</i>	<i>Note</i>	<i>2017-03-31</i>	<i>2016-03-31</i>
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital (210 000 shares)	18,19	1 050 000	1 050 000
Revaluation reserve		9 046 037	9 905 225
Statutory reserve		20 000	20 000
		<u>10 116 037</u>	<u>10 975 225</u>
<i>Non-restricted equity</i>			
Profit or loss brought forward		5 965 067	2 859 503
Net profit/loss for the year		<u>-7 146 760</u>	<u>-10 161 624</u>
		<u>-1 181 693</u>	<u>-7 302 121</u>
		8 934 344	3 673 104
Provisions			
Deferred tax liability	15	2 335 294	2 577 622
Other provisions	20	<u>306 000</u>	<u>150 000</u>
		2 641 294	2 727 622
Non-current liabilities			
Other liabilities to credit institutions	21	<u>4 742 771</u>	<u>27 585 603</u>
		4 742 771	27 585 603
Current liabilities			
Liabilities to credit institutions		1 200 000	1 200 000
Bank overdrafts	22	10 436 351	10 412 399
Factoring	22	7 695 122	7 579 262
Accounts payable - trade		4 066 470	4 528 966
Liabilities to parent company		34 848 720	4 732 915
Liabilities to group companies		4 442 737	18 008 419
Other liabilities		886 385	436 427
Accrued expenses and prepaid income	23	<u>4 958 875</u>	<u>5 793 744</u>
		<u>68 534 660</u>	<u>52 692 132</u>
TOTAL EQUITY AND LIABILITIES		<u>84 853 069</u>	<u>86 678 461</u>

Cash flow statement

Amounts in SEK	2016-04-01- 2017-03-31	2015-04-01- 2016-03-31
Operating activities	24	
Profit/loss after financial items	-7 146 760	-10 161 624
Adjustments for non-cash items, etc.	4 153 035	4 446 399
	-2 993 725	-5 715 225
Income tax paid	-57 504	232 580
Cash flow from operating activities before working capital changes	-3 051 229	-5 482 645
<i>Cash flow from working capital changes</i>		
Increase(-)/Decrease(+) of inventories	-63 001	4 400 845
Increase(-)/Decrease(+) of current receivables	-3 044 354	7 176 706
Increase(-)/Decrease(+) of current liabilities	-3 977 617	1 134 949
Cash flow from operating activities	-10 136 201	7 229 855
Investing activities		
Disposal of property, plant and equipment	54 000	-
Disposal of financial assets	1 012	29 694
Cash flow from investing activities	55 012	29 694
Received shareholders' contribution	12 408 000	8 000 000
Raising of borrowings	20 368 138	12 408 138
Repayment of borrowings	-22 703 020	-27 670 597
Cash flow from financing activities	10 073 118	-7 262 459
Cash flow for the year	-8 071	-2 910
Cash and cash equivalents at the beginning of the year	18 414	21 324
Cash and cash equivalents at the end of the year	25 10 343	18 414

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

	2016-04-01- 2017-03-31	2015-04-01- 2016-03-31
<i>Net sales by geographic segments</i>		
Sweden	25 678 580	22 932 948
Scandinavia excl. Sweden	8 471 496	8 933 077
Other EU	11 503 252	15 681 719
Outside EU	6 804 051	4 754 197
	<u>52 457 379</u>	<u>52 301 941</u>

Note 4 Other operating income

	2016-04-01- 2017-03-31	2015-04-01- 2016-03-31
Exchange gains on operating receivables/liabilities	20 963	103 172
Result sales of assets	54 000	-
Other	147 359	335 820
	<u>222 322</u>	<u>438 992</u>

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

Average number of employees	whereof		whereof	
	2016-04-01- 2017-03-31	men	2015-04-01- 2016-03-31	men
Sweden	24	97%	30	83%
Tyskland	-	0%	-	0%
Total	<u>24</u>	<u>97%</u>	<u>30</u>	<u>83%</u>

Disclosure of gender distribution in the company's management

	<u>2017-03-31</u> Proportion of women	<u>2016-03-31</u> Proportion of women
Board of Directors	14%	14%
Other senior management	67%	50%

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

	<u>2016-04-01- 2017-03-31</u>	<u>2015-04-01- 2016-03-31</u>
Salaries and remunerations	9 713 822	11 882 010
Social security expenses	4 473 401	5 268 787
(of that pension expenses) 1)	(1 617 084)	(1 803 813)

1) Of the Company's pension expenses, 293 957 (l.y. 296 969) 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>2016-04-01-2017-03-31</u>		<u>2015-04-01-2016-03-31</u>	
	<i>Board of Directors</i>	<i>Other employees</i>	<i>Board of Directors and Managing Director</i>	<i>Other employees</i>
Salaries and other remunerations	958 282	8 755 540	919 008	10 963 002

Audit fees and expenses

	<u>2016-04-01- 2017-03-31</u>	<u>2015-04-01- 2016-03-31</u>
KPMG		
Audit services	95 000	95 000

Note 6 Operating lease

Lease contracts where the Company is the lessee

	<u>2017-03-31</u>	<u>2016-03-31</u>
Future minimum lease payments regarding non-cancellable operating lease contracts		
Within one year	153 124	149 426
	<u>153 124</u>	<u>149 426</u>
	<u>2016-04-01- 2017-03-31</u>	<u>2015-04-01- 2016-03-31</u>
The financial year's recognised lease expenses	456 929	497 310

Note 7 Interest expense and similar profit/loss items

	<u>2016-04-01- 2017-03-31</u>	<u>2015-04-01- 2016-03-31</u>
Interest expense, other	-1 138 110	-2 693 237
Exchange differences foreign loan	-671 581	1 014 000
	<u>-1 809 691</u>	<u>-1 679 237</u>

Note 8	Tax on profit for the year	2016-04-01- 2017-03-31	2015-04-01- 2016-03-31
	Deferred tax	—	—

Reconciliation of effective tax rate

	2016-04-01- 2017-03-31		2015-04-01- 2016-03-31	
	Per cent	Amount	Per cent	Amount
Profit/loss before tax		-7 146 760		-10 161 624
Tax according to current tax rate for the parent company	22,0%	1 572 287	22,0%	2 235 557
Non-deductible expenses	-0,1%	-9 287	-0,3%	-26 174
Non-taxable income	0,0%	161	0,0%	509
Increase of loss carry-forward without corresponding recognised deferred tax	-21,9%	-1 563 161	-21,7%	-2 209 892
Reported effective tax	0,0%	—	0,0%	—

Note 9	Goodwill	2017-03-31	2016-03-31
	<i>Accumulated acquisition costs</i>		
	At the beginning of the year	50 327 708	50 327 708
	At the end of the year	50 327 708	50 327 708
	<i>Accumulated amortisation</i>		
	At the beginning of the year	-50 327 708	-50 327 708
	At the end of the year	-50 327 708	-50 327 708
	Carrying amount at the end of the year	—	—

Note 10	Land and buildings	2017-03-31	2016-03-31
	<i>Accumulated acquisition costs</i>		
	At the beginning of the year	23 328 851	23 328 851
	Disposals	<u>—</u>	<u>—</u>
	At the end of the year	23 328 851	23 328 851
	<i>Accumulated depreciation</i>		
	At the beginning of the year	-8 685 412	-7 988 406
	Depreciation during the year	<u>-636 820</u>	<u>-697 006</u>
	At the end of the year	-9 322 232	-8 685 412
	<i>Accumulated revaluations</i>		
	At the beginning of the year	9 671 274	10 371 282
	Depreciation on revaluations during the year	<u>-700 008</u>	<u>-700 008</u>
	At the end of the year	8 971 266	9 671 274
	<i>Accumulated impairments</i>		
	At the beginning of the year	<u>-755 000</u>	<u>-755 000</u>
	At the end of the year	-755 000	-755 000
	Carrying amount at the end of the year	22 222 885	23 559 713
	Land (included in land and buildings)	<u>2017-03-31</u>	<u>2016-03-31</u>
	Accumulated acquisition costs	<u>174 861</u>	<u>174 861</u>
	Carrying amount at the end of the year	174 861	174 861
	Note 11	Plant and machinery	
		2017-03-31	2016-03-31
	<i>Accumulated acquisition costs</i>		
	At the beginning of the year	<u>97 552 224</u>	<u>97 552 224</u>
	At the end of the year	97 552 224	97 552 224
	<i>Accumulated depreciation</i>		
	At the beginning of the year	-70 524 543	-68 662 039
	Depreciation during the year	<u>-1 833 478</u>	<u>-1 862 504</u>
	At the end of the year	-72 358 021	-70 524 543
	<i>Accumulated revaluations</i>		
	At the beginning of the year	3 785 756	4 184 252
	Depreciation on revaluations during the year	<u>-398 496</u>	<u>-398 496</u>
	At the end of the year	3 387 260	3 785 756
	Carrying amount at the end of the year	28 581 465	30 813 439

Note 12	Equipment, tools, fixtures and fittings	2017-03-31	2016-03-31
<i>Accumulated acquisition costs</i>			
	At the beginning of the year	10 294 665	10 294 665
	Sale of assets	<u>-10 000</u>	<u>-</u>
	At the end of the year	10 284 665	10 294 665
<i>Accumulated depreciation</i>			
	At the beginning of the year	-8 157 009	-7 599 812
	Reversed depreciation on disposals	10 000	-
	Depreciation during the year	<u>-482 233</u>	<u>-557 197</u>
	At the end of the year	-8 629 242	-8 157 009
	Carrying amount at the end of the year	1 655 423	2 137 656

Note 13	Participation in group companies	2017-03-31	2016-03-31
<i>Accumulated acquisition costs</i>			
	At the beginning of the year	5 101 012	5 101 012
	Disposals	<u>-1 012</u>	<u>-</u>
	At the end of the year	5 100 000	5 101 012
	Carrying amount at the end of the year	5 100 000	5 101 012

Note 14	Participations in associated companies	2017-03-31	2016-03-31
<i>Accumulated acquisition costs</i>			
	At the beginning of the year	-	81 190
	Disposals	<u>-</u>	<u>-81 190</u>
	At the end of the year	-	-
	Carrying amount at the end of the year	-	-

Note 15 **Deferred taxes**

2017-03-31	Carrying amount	Tax base	Temporary difference
<i>Significant temporary differences</i>			
Land and buildings	22 222 885	14 006 618	8 216 267
Plant and machinery	28 583 410	25 196 148	3 387 262
Other (debts)	-985 568	-	-985 568
	<u>49 820 727</u>	<u>39 202 766</u>	<u>10 617 961</u>

Taxable loss carry-forward amounts to SEK 121 000 tsek.

2017-03-31	Deferred tax asset	Deferred tax liability	Net
<i>Significant temporary differences</i>			
Land and buildings	-	1 806 924	-1 806 924
Plant and machinery	-	745 195	-745 195
Other (debts)	216 825	-	216 825
<i>Taxable loss carry-forward</i>	<u>2 335 294</u>	<u>-</u>	<u>2 335 294</u>
<i>Deferred tax asset/liability</i>	<u>2 552 119</u>	<u>2 552 119</u>	<u>-</u>
<i>Offset</i>	<u>-216 825</u>	<u>-216 825</u>	<u>-</u>
<i>Deferred tax asset/liability (net)</i>	<u>2 335 294</u>	<u>2 335 294</u>	<u>-</u>

2016-03-31	Carrying amount	Tax base	Temporary difference
<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 114 000 tsek.

Note 16 **Other long-term receivables**

	2017-03-31	2016-03-31
<i>Accumulated acquisition costs</i>		
At the beginning of the year	1 370 980	1 400 674
Settled receivables	-	-29 694
At the end of the year	<u>1 370 980</u>	<u>1 370 980</u>
Carrying amount at the end of the year	1 370 980	1 370 980

Note 17	Inventories etc.	<u>2017-03-31</u>	<u>2016-03-31</u>
	Raw materials and consumables	6 051 205	4 682 902
	Products in progress	1 682 481	3 192 933
	Finished goods and goods for resale	<u>3 779 789</u>	<u>3 574 639</u>
		11 513 475	11 450 474

Note 18	Number of shares and quota value	<u>2017-03-31</u>	<u>2016-03-31</u>
	A-shares (one share team)	210 000	210 000
	Quota value	5	5

Note 19	Proposed allocation of the company's profit	<u>2017-03-31</u>	<u>2016-03-31</u>
----------------	--	-------------------	-------------------

The Board of Directors propose that the non-restricted equity (accumulated deficit), SEK -1 181 693, is allocated as shown below:

Profit or loss brought forward	-1 181 693
Total	<u>-1 181 693</u>

Note 20	Other provisions	<u>2017-03-31</u>	<u>2016-03-31</u>
	Guarantee commitment	<u>306 000</u>	<u>150 000</u>
		306 000	150 000
	Carrying amount at the beginning of the year	150 000	150 000
	Provisions during the year	<u>156 000</u>	<u>-</u>
	Carrying amount at the end of the year	306 000	150 000

Note 21	Non-current liabilities	<u>2017-03-31</u>	<u>2016-03-31</u>
	<i>Liabilities that mature between one and five years from the balance sheet date:</i>		
	Other liabilities to credit institutions	4 742 771	27 585 603
		<u>2017-03-31</u>	<u>2016-03-31</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>7 695 122</u>	<u>7 579 262</u>
		125 695 122	125 579 262

Note 22 Bank overdrafts and factoring

	<u>2017-03-31</u>	<u>2016-03-31</u>
Credit limit, overdraft	10 500 000	10 500 000
Unused	<u>-63 649</u>	<u>-87 601</u>
Utilised credit amount	10 436 351	10 412 399
Credit limit, factoring usable	10 151 921	8 384 485
Unused	<u>-2 456 799</u>	<u>-805 223</u>
	7 695 122	7 579 262

The shown credit limit is the possible limit to use 2017-03-31
Total factoring limit is 9 159 800 sek.

Note 23 Accrued expenses and prepaid income

	<u>2017-03-31</u>	<u>2016-03-31</u>
Social security contributions	821 730	1 043 580
Salary and vacation contribution	1 913 110	2 185 998
Other items	<u>2 224 035</u>	<u>2 564 166</u>
	4 958 875	5 793 744

Note 24 Paid interest

	<u>2016-04-01-2017-03-31</u>	<u>2015-04-01-2016-03-31</u>
Received interest	3 058	24 704
Paid interest	1 138 110	2 455 450

Note 25 Cash equivalents

	<u>2017-03-31</u>	<u>2016-03-31</u>
<i>The following sub-components are included in cash equivalents:</i>		
Cash	2 177	7 951
Bank balance	<u>8 166</u>	<u>10 463</u>
	10 343	18 414

Note 26 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 17 % of the sales refer to other Companies within the group that that the Company belongs to.

Note 27 Pledged securities and contingent liabilities

	<u>2017-03-31</u>	<u>2016-03-31</u>
Property mortgage	90 000 000	90 000 000
Chattel mortgage	28 000 000	28 000 000
Pledged assets	<u>7 695 122</u>	<u>7 579 262</u>
	125 695 122	125 579 262

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