
Svend Hoyer Holding A/S

Over Hadstenvej 42, DK-8370 Hadsten

Annual Report for 1 January - 31 December 2017

CVR No 13 23 76 97

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26/4 2018

Henrik Petersen
Chairman



pwc

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Svend Hoyer Holding A/S for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hadsten, 26 April 2018

Executive Board

Henrik Petersen
CEO

Board of Directors

Søren Østergaard Sørensen
Chairman

Denis Jean Jørgen Viet-
Jacobsen
Deputy Chairman

Michael Pontoppidan Frost

Independent Auditor's Report

To the Shareholder of Svend Hoyer Holding A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Svend Hoyer Holding A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the

Independent Auditor's Report

audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 26 April 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
mne26783

Claus Lyngsø Sørensen
State Authorised Public Accountant
mne34539

Company Information

The Company

Svend Hoyer Holding A/S
Over Hadstenvej 42
DK-8370 Hadsten

CVR No: 13 23 76 97

Financial period: 1 January - 31 December

Municipality of reg. office: Favrskov

Board of Directors

Søren Østergaard Sørensen, Chairman
Denis Jean Jørgen Viet-Jacobsen
Michael Pontoppidan Frost

Executive Board

Henrik Petersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Income Statement 1 January - 31 December

	Note	2017 DKK	01.05.2016- 31.12.2016 DKK
Other external expenses		-5,539	-21,811
Gross profit/loss		-5,539	-21,811
Income from investments in subsidiaries		13,753,530	8,239,366
Financial income	2	1,214,562	665,639
Financial expenses	3	-1,566,748	-728,905
Profit/loss before tax		13,395,805	8,154,289
Tax on profit/loss for the year	4	78,692	18,717
Net profit/loss for the year		13,474,497	8,173,006

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	20,000,000	85,000,000
Reserve for net revaluation under the equity method	-6,246,470	8,239,366
Retained earnings	-279,033	-85,066,360
	13,474,497	8,173,006

Balance Sheet 31 December

	Note	2017 DKK	2016 DKK
Assets			
Investments in subsidiaries	5	95,988,095	107,439,008
Fixed asset investments		95,988,095	107,439,008
Fixed assets		95,988,095	107,439,008
Receivables from group enterprises		155,806	878,139
Corporation tax		97,409	18,717
Receivables		253,215	896,856
Currents assets		253,215	896,856
Assets		96,241,310	108,335,864
Liabilities and equity			
Share capital		1,030,000	1,030,000
Reserve for net revaluation under the equity method		85,799,473	97,250,386
Retained earnings		2,062,439	-422,478
Equity	6	88,891,912	97,857,908
Payables to group enterprises		7,344,382	10,477,956
Other payables		5,016	0
Short-term debt		7,349,398	10,477,956
Debt		7,349,398	10,477,956
Liabilities and equity		96,241,310	108,335,864
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Notes to the Financial Statements

1 Key activities

The Company holds the shares of the subsidiaries in the Hoyer Group.

	2017 DKK	01.05.2016- 31.12.2016 DKK
2 Financial income		
Interest received from group enterprises	962,118	665,639
Exchange adjustments	252,444	0
	1,214,562	665,639
3 Financial expenses		
Interest paid to group enterprises	1,517,782	629,522
Other financial expenses	48,966	99,383
	1,566,748	728,905
4 Tax on profit/loss for the year		
Current tax for the year	-78,692	-18,717
	-78,692	-18,717

Notes to the Financial Statements

	2017 DKK	2016 DKK
5 Investments in subsidiaries		
Cost at 1 January	10,188,622	10,188,622
Cost at 31 December	10,188,622	10,188,622
Value adjustments at 1 January	97,250,386	154,551,234
Exchange adjustment	-2,037,814	-34,173
Net profit/loss for the year	13,753,530	8,239,366
Dividend to the Parent Company	-22,763,950	-65,700,000
Other equity movements, net	-402,679	193,959
Value adjustments at 31 December	85,799,473	97,250,386
Carrying amount at 31 December	95,988,095	107,439,008

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Svend Hoyer A/S	Favrskov, Denmark	100%
Svend Hoyer Power Transmission (Ningbo) Co., Ltd.	Ningbo, China	100%
Ningbo Beilun Hoyer Electrical Machinery Co., Ltd.	Ningbo, China	100%
LAAMA Ejendomme A/S	Favrskov, Denmark	100%
Svend Hoyer AS	Larvik, Norway	100%
Svend Hoyer AB	Värnamo, Sweden	100%
Svend Hoyer GmbH	Munich, Germany	100%
Hoyer B.V.	Rotterdam, Holland	100%

Notes to the Financial Statements

6 Equity

	Share capital DKK	Reserve for net revaluation under the equity method DKK	Retained earnings DKK	Total DKK
Equity at 1 January	1,030,000	97,250,386	-422,478	97,857,908
Exchange adjustments	0	-2,037,814	0	-2,037,814
Extraordinary dividend paid	0	0	-20,000,000	-20,000,000
Dividend from group enterprises	0	-2,763,950	2,763,950	0
Other equity movements	0	-402,679	0	-402,679
Net profit/loss for the year	0	-6,246,470	19,720,967	13,474,497
Equity at 31 December	1,030,000	85,799,473	2,062,439	88,891,912

7 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company has provided guarantee for Sydbank's credit facilities with Svend Hoyer A/S and Svend Hoyer GmbH. The credit facilities is maximized to DKK 117,5 million of which DKK 61,2 million is drawn at 31 December 2017.

Sydbank has pledged security in the shares of Svend Hoyer A/S for loans and credit facilities with Hoyer Group A/S, Svend Hoyer A/S and Svend Hoyer GmbH. A loan of DKK 33 million is booked in Hoyer Group A/S at 31 December 2017. Further, the credit facilities is maximized to DKK 117,5 million of which DKK 61,2 million is drawn at 31 December 2017.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Hoyer Group A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

8 Related parties

Consolidated Financial Statements

The company is included in the Group Annual Report of

<u>Name</u>	<u>Place of registered office</u>
Hoyer Group A/S	Copenhagen

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Svend Hoyer Holding A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Hoyer Group A/S, the Company has not prepared consolidated financial statements.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

9 Accounting Policies (continued)

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Other external expenses

Other external expenses comprise expenses for premises and office expenses, etc.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Notes to the Financial Statements

9 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.