J. Hvidtved Larsen A/S

Lillehøjvej 15, DK-8600 Silkeborg

Annual Report for 1 January - 31 December 2017

CVR No 20 01 00 88

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31/5 2018

Aurelio Lemos Villanueva
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of J. Hvidtved Larsen 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.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Silkeborg, 31 May 2018

Executive Board

Jesper Guldbjerg Hejselbæk Executive Officer	Brian Dysted Executive Officer

Board of Directors

Aurelio Lemos Villanueva Chairman	Jörg Hüchting	Stefan Häni
Thomas Dubach		

Independent Auditor's Report

To the Shareholder of J. Hvidtved Larsen 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 J. Hvidtved Larsen A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity 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.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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 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.

Independent Auditor’s Report

- 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, 31 May 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Michael Nielsson
statsautoriseret revisor
mne15151

Rasmus Mellergaard Stenskrog
statsautoriseret revisor
mne34161

Company Information

The Company	J. Hvidtved Larsen A/S Lillehøjvej 15 DK-8600 Silkeborg CVR No: 20 01 00 88 Financial period: 1 January - 31 December Financial year: 21st financial year Municipality of reg. office: Silkeborg
Board of Directors	Aurelio Lemos Villanueva, Chairman Jörg Hüchting Stefan Häni Thomas Dubach
Executive Board	Jesper Guldbjerg Hejselbæk Brian Dysted
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2017	2016	2015	2014	2013
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	349.072	369.169	416.641	364.873	344.482
Gross profit/loss	99.692	88.988	120.914	103.093	107.818
Operating profit/loss (EBITDA)	4.897	-3.628	36.044	24.258	33.084
Profit/loss before financial income and expenses (EBIT)	142	-10.003	30.475	18.333	24.838
Net financials	-2.320	-863	-4.598	-1.402	-4.572
Net profit/loss for the year	-1.850	-8.472	19.559	12.916	14.942
Balance sheet					
Balance sheet total	180.030	155.045	176.918	199.895	172.551
Equity	46.457	65.370	74.096	68.066	56.212
Investment in property, plant and equipment	1.296	1.460	1.262	1.521	5.907
Number of employees	183	178	178	176	168
Ratios					
Gross margin	28,6%	24,1%	29,0%	28,3%	31,3%
Profit margin	0,0%	-2,7%	7,3%	5,0%	7,2%
Return on assets	0,1%	-6,5%	17,2%	9,2%	14,4%
Solvency ratio	25,8%	42,2%	41,9%	34,1%	32,6%
Return on equity	-3,3%	-12,1%	27,5%	20,8%	28,6%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with changes to accounting policies, the comparative figures back to 2013 have not been restated. See the description under accounting policies.

Management's Review

Key activities

J. Hvidtved Larsen A/S (JHL) manufactures truck-mounted sewer cleaning units. The systems are built to stand up to the heavy daily use year after year with maximum working time and minimum fuel consumption to benefit both the environment and the end-user's operating economy.

To develop the business and create the best customer experience, JHL also provides a substantial global service and spare parts business supporting the customers in getting the best possible benefit from their sewer cleaning unit.

The sewer cleaning units are sold on the global market in Europe, North America and Australia.

Development in the year

The income statement of the Company for 2017 shows a loss of DKK 1,849,894, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 46,456,919.

In March 2016 JHL Group was acquired by the Swiss Manufacturer of machinery and vehicles Bucher Industries AG (Bucher). In 2017 JHL has started to see positive effects and benefit from the cooperation with Bucher on the global market. Together with profit improvement initiatives this contributes to improve the result of the year in 2017 compared to 2016.

2017 was a year characterized by a continued uncertainty in the market derived from BREXIT. The Great British pound has deterioated by 4 % in 2017 which has had a negative impact on both customer demand and earnings.

Despite the negative impact from the lower Great British Pound, the overall financial performance still shows a considerable improvement in 2017 compared to 2016.

EBITDA amounts to DKK 5 million in 2017 which is an improvement of DKK 9 million compared to 2016.

EBIT amounts to DKK 0.1 million in 2017 which is an improvement of DKK 10 million compared to 2016.

Net profit amounts to DKK -2 million which is an improvement of DKK 7 million compared to 2016.

Management's Review

Income statement

Revenue in 2017 amounts to DKK 349 million which is a decrease by 5% compared to DKK 369 million in 2016. The primary reason is the continuing uncertainty on the company's main market in the UK derived from BREXIT. The deterioration of the Great British Pound by 4% has resulted in a temporary decrease in the customer demand thus impacted both revenue and earnings negatively in 2017. However, looking at the market share JHL has maintained its strong market position in both UK and Scandinavia in 2017.

JHL continues to have strong focus on both growing existing markets and expanding into new markets. Management has strong belief in the North American market and has made considerable investments in both sales and the service business in 2017 to facilitate the future growth.

In the second half of 2017 the investments in both new and existing markets has started to show a clear positive trend. The order intake in fourth quarter of 2017 was exceeding expectations and the order book by the end of 2017 was 50 % higher than by the end of 2016. This gives a strong basis for the growth expectations for 2018, both in terms of quantity and expected revenue.

Gross profit in 2017 has improved to DKK 100 million compared to DKK 89 million in 2016. The company has achieved a positive effect from a development in sales towards more profitable units and markets compared to 2016. Further, the 2016 result was affected by one-time post acquisition costs.

Staff expenses in 2017 have increased to DKK 95 million compared to DKK 93 million in 2016. The increase is primarily driven by investments in the organization in both sales and supply chain in order to grow the business and implement the strategic initiatives.

EBITDA in 2017 has improved to DKK 5 million compared to DKK -4 million in 2016 which is an improvement of DKK 9 million.

EBIT in 2017 has improved to DKK 0.1 million compared to DKK -10 million in 2016. This is an improvement of DKK 10.1 million driven by the reasons described above.

Net profit in 2017 has improved to DKK -2 million compared DKK -9 million in 2016 which is an improvement of DKK 7 million.

Management considers the result for the year 2017 as unsatisfactory but emphasizes the significant improvements to both EBITDA and EBIT compared to 2016. These improvements have been achieved despite deterioration of 4% in the Great British Pound.

Management's Review

Capital resources

The balance sheet amounts to DKK 180 million which is an increase of DKK 25 million compared to 2016. The increase is mainly related to a higher level of inventory consisting of standardized trucks. This inventory makes it possible for the company to offer a short lead time on standardized trucks to the customers.

In 2018 and 2019 the strategic initiatives on standardization and modularization will improve working capital and management expects to see a decrease already in 2018.

Special risks - operating risks and financial risks

Supply Risks

The company uses several suppliers on significant raw materials to ensure supplies independent of one single supplier.

Foreign exchange risks

Majority of trade is settled in DKK, EUR, USD and GBP.

Management reviews the currency exposure frequently and significant transactions in other currencies than DKK and EUR are hedged. Hedging is carried out based on the yearly budget to cover risks of the expected cash flow during the coming year. If the cash flow expectations changes during the year the hedging is updated accordingly.

Interest rate risks

The company is exposed to interest rate risk on credit facility from both external lenders and from the parent company. The risk is considered low.

Credit risks

Credit risk is assessed customer by customer. Prepayment is used frequently for sales of sewer cleaning units and according to the standard contract the company has ownership of the unit until the full amount has been paid.

Management's Review

Strategic initiatives

In 2017 the company has launched a number of strategic initiatives focused on sales and the value chain. The goals are; sales growth on the global market and efficiency improvements throughout the value chain driven by standardization and modularization. The improvements in the value chain will increase flexibility in production, reduce lead time and support global expansion through localized assembly of the sewer cleaning unit.

Implementation of the strategic initiatives will continue in 2018 and the company is expecting a considerable positive impact from the initiatives in both 2018 and 2019.

Targets and expectations for 2018

Management expects a significant growth in sales and a positive result for the year in 2018. Management notes that the order book is 50 % higher by the end of 2017 compared to 2016 which gives a strong basis for growth and a positive result for the year in 2018.

The investments made to grow sales in both new and existing markets have shown a clear positive trend in the first quarter 2018. The company has realized a growth in both sales and order intake by more than 30% compared to first quarter 2017. This development is expected to continue throughout 2018.

The budgeted positive result for the year 2018 will be driven by sales growth and profit improvement derived from standardization, modularization and process excellence. Furthermore, these initiatives will also contribute to improved working capital and reduced lead time.

Statement of corporate social responsibility

JHL takes responsibility for its products and production, also when it comes to social aspects, which is in line with the Company's CSR policy and basic values.

Activities are carried out within the framework of current laws and regulations and observe the basic conventions on employee rights as defined by the International Labour Organization.

JHL does not have a formalized climate and environment policy.

Within Bucher Group policies on Code of Conduct and Anti-Corruption has been established. JHL has implemented and is doing business within the framework of these policies. Employees are requested to undergo yearly training in order to ensure compliance in this respect.

The two following focus areas have continued in 2017:

Management's Review

Employees

The company continues to focus on employee satisfaction as the ability to attract qualified labor is crucial for the Company's competitiveness. A performance and development interview is carried out once a year for all employees. The company has safety policy, staff policy and a retention policy in place and a collaboration committee has been established to improve collaboration across functions, departments and seniority.

In 2017 a process of carrying out satisfaction reviews within each department has been initiated. The process will continue in 2018 and involve all departments.

The process so far has resulted in an improved employee satisfaction.

CSR in the supply Chain

The focus on CSR in the supply chain has continued in 2017 by ensuring that all significant foreign customers commit themselves to follow the code of conduct. In 2017 this project has been finalized and in the future the policy is to ensure that all significant suppliers and customers commit themselves to the terms.

All strategic suppliers have signed the Code of Conduct.

Statutory statement regarding the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act

The company is working on complying with provisions of the law for the underrepresented gender in the supreme management body and on other management levels.

Targets for Board of Directors

JHL has targets and a policy for the gender composition in management. The target for female representation on the board of directors elected by the general meeting is 20 percent by 2018. The target has been fixed with a time horizon of three years. The shareholders have not succeeded in finding a female candidate for the board of directors within 2017 and the work will continue in 2018.

Diversity in other management levels

The Company is also considering diversity in other management levels than the Board of Directors.

The long-term aim is that the Company reflects the surrounding society and especially the Company's customers, not only in terms of gender, but also in terms of nationality and ethnicity. This reflection of the surrounding society is to contribute to the Company being an attractive choice for customers as well as present and future employees and in this way enabling the Company to achieve its long-term business goals.

The policy of the company states that women are encouraged equal as men to apply for vacant positions in the company. Women are also guaranteed the same rights and conditions during their employment as men. In connection to this, personnel is ensured good conditions regarding maternity leave, flexible working hours and the possibility to work from home.

As we strive for an equal gender representation in management, we acknowledge that women are currently underrepresented. Therefore, we have in 2017 put special focus on ensuring that women are, where possible, included in the list of candidates for new hires and internal promotions. Moreover, we have in situations where more candidates are assessed to be equally qualified for a position selected the female candidate.

During 2017 one female manager has been hired to join the middle management group.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2017	2016
		DKK	DKK
Revenue	1	**349.071.669**	**369.169.205**
Other operating income		624.412	732.268
Expenses for raw materials and consumables		-222.133.807	-250.486.907
Other external expenses		-27.869.979	-30.426.635
Gross profit/loss		**99.692.295**	**88.987.931**
Staff expenses	2	-94.795.398	-92.615.885
Operating profit/loss (EBITDA)		**4.896.897**	**-3.627.954**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-4.754.842	-6.375.340
Profit/loss before financial income and expenses (EBIT)		**142.055**	**-10.003.294**
Income from investments in subsidiaries		-62.850	72.836
Financial income	4	293.285	1.837.200
Financial expenses	5	-2.550.759	-2.772.882
Profit/loss before tax		**-2.178.269**	**-10.866.140**
Tax on profit/loss for the year	6	328.375	2.394.287
Net profit/loss for the year		**-1.849.894**	**-8.471.853**

Balance Sheet 31 December

Assets

	Note	2017	2016
		DKK	DKK
Completed development projects		2.639.699	3.741.276
Acquired licenses		573.604	1.072.493
Goodwill		1.599.943	2.036.957
Intangible assets	8	**4.813.246**	**6.850.726**
Land and buildings		17.635.797	18.775.195
Plant and machinery		2.279.293	2.061.823
Other fixtures and fittings, tools and equipment		155.656	135.184
Leasehold improvements		467.125	518.886
Property, plant and equipment	9	**20.537.871**	**21.491.088**
Investments in subsidiaries	10	2.591.421	2.591.421
Fixed asset investments		**2.591.421**	**2.591.421**
Fixed assets		**27.942.538**	**30.933.235**
Raw materials and consumables		16.897.246	14.957.145
Work in progress		33.724.302	32.767.133
Finished goods and goods for resale		58.390.726	27.745.257
Inventories		**109.012.274**	**75.469.535**
Trade receivables		16.272.461	16.138.945
Receivables from group enterprises		22.185.119	22.852.161
Other receivables	15	467.653	4.301.233
Corporation tax		502.660	928.647
Prepayments		1.640.534	850.801
Receivables		**41.068.427**	**45.071.787**
Cash at bank and in hand		**2.007.161**	**3.570.888**
Currents assets		**152.087.862**	**124.112.210**
Assets		**180.030.400**	**155.045.445**

Balance Sheet 31 December

Liabilities and equity

	Note	2017	2016
		DKK	DKK
Share capital		6.500.000	6.500.000
Retained earnings		39.956.919	41.870.353
Proposed dividend for the year		0	17.000.000
Equity	11	**46.456.919**	**65.370.353**
Provision for deferred tax	12	2.880.532	2.274.759
Other provisions	13	2.925.000	2.925.000
Provisions		**5.805.532**	**5.199.759**
Mortgage loans		5.675.511	14.971.795
Lease obligations		0	102.854
Payables to group enterprises		40.000.000	0
Long-term debt	14	**45.675.511**	**15.074.649**
Mortgage loans	14	1.129.635	1.723.050
Lease obligations	14	111.706	95.964
Prepayments received from customers		3.120.380	3.775.520
Trade payables		47.254.746	38.127.770
Payables to group enterprises	14	9.682.690	4.506.163
Other payables		20.793.281	21.172.217
Short-term debt		**82.092.438**	**69.400.684**
Debt		**127.767.949**	**84.475.333**
Liabilities and equity		**180.030.400**	**155.045.445**
Distribution of profit	7		
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
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Accounting Policies	19		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	6.500.000	41.870.353	17.000.000	65.370.353
Ordinary dividend paid	0	0	-17.000.000	-17.000.000
Fair value of hedging instruments, beginning of year	0	-362.922	0	-362.922
Fair value of hedging instruments, end of year	0	281.461	0	281.461
Tax on adjustment of hedging instruments for the year	0	17.921	0	17.921
Net profit/loss for the year	0	-1.849.894	0	-1.849.894
Equity at 31 December	**6.500.000**	**39.956.919**	**0**	**46.456.919**

Notes to the Financial Statements

		2017	2016
		DKK	DKK
1	**Revenue**		
	Geographical segments		
	Revenue, Denmark	119.023.883	112.961.285
	Export sales, EU	181.673.844	227.008.257
	Export sales, non-EU	48.373.942	29.199.663
		349.071.669	**369.169.205**
	Business segments		
	Sale of sewer cleaning units	302.420.355	315.421.429
	Sale of spare parts and service	45.787.507	51.573.169
	Other sales	863.807	2.174.607
		349.071.669	**369.169.205**
2	**Staff expenses**		
	Wages and salaries	82.935.744	81.116.946
	Pensions	9.929.219	9.469.368
	Other social security expenses	1.930.435	2.029.571
		94.795.398	**92.615.885**
	Including remuneration to the Executive Board of:		
	Executive Board	4.132.242	16.562.193
		4.132.242	**16.562.193**
	Average number of employees	**183**	**178**

Remuneration to the executive board in 2017 and 2016 is affected by bonus and severance payments to former executive board members.

Notes to the Financial Statements

		2017	2016
		DKK	DKK
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	2.505.181	3.977.819
	Depreciation of property, plant and equipment	2.249.661	2.397.521
		4.754.842	**6.375.340**
4	**Financial income**		
	Interest received from group enterprises	278.504	130.722
	Other financial income	14.781	1.706.478
		293.285	**1.837.200**
5	**Financial expenses**		
	Interest paid to group enterprises	413.817	25.684
	Other financial expenses	2.136.942	2.747.198
		2.550.759	**2.772.882**
6	**Tax on profit/loss for the year**		
	Current tax for the year	-502.661	-828.648
	Deferred tax for the year	605.776	-1.637.241
	Adjustment of tax concerning previous years	-449.411	0
		-346.296	**-2.465.889**
	which breaks down as follows:		
	Tax on profit/loss for the year	-328.375	-2.394.287
	Tax on changes in equity	-17.921	-71.602
		-346.296	**-2.465.889**

Notes to the Financial Statements

		2017	2016
		DKK	DKK
7	**Distribution of profit**		
	Proposed dividend for the year	0	17.000.000
	Retained earnings	-1.849.894	-25.471.853
		-1.849.894	**-8.471.853**

8 Intangible assets

	Completed development projects	Acquired licenses	Goodwill
	DKK	DKK	DKK
Cost at 1 January	7.932.800	6.720.950	5.170.328
Additions for the year	0	467.702	0
Disposals for the year	0	-83.206	0
Cost at 31 December	7.932.800	7.105.446	5.170.328
Impairment losses and amortisation at 1 January	4.191.524	5.648.457	3.133.371
Amortisation for the year	1.101.577	966.591	437.014
Reversal of amortisation of disposals for the year	0	-83.206	0
Impairment losses and amortisation at 31 December	5.293.101	6.531.842	3.570.385
Carrying amount at 31 December	**2.639.699**	**573.604**	**1.599.943**
Amortised over	5 years	3-7 years	5-10 years

Completed development projects consists of development of features for sewer cleaning units. The impairment testing of the development costs is based on expectations of future sales of sewer cleaning units.

Notes to the Financial Statements

9 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK	DKK
Cost at 1 January	36.962.638	11.717.371	861.750	2.858.990
Additions for the year	0	1.125.120	90.000	81.324
Disposals for the year	0	-2.796.525	0	0
Cost at 31 December	36.962.638	10.045.966	951.750	2.940.314
Impairment losses and depreciation at 1 January	18.187.443	9.655.548	726.566	2.340.104
Depreciation for the year	1.139.398	907.650	69.528	133.085
Reversal of impairment and depreciation of sold assets	0	-2.796.525	0	0
Impairment losses and depreciation at 31 December	19.326.841	7.766.673	796.094	2.473.189
Carrying amount at 31 December	**17.635.797**	**2.279.293**	**155.656**	**467.125**
Depreciated over	30 years	3-7 years	3-7 years	3-7 years
Including assets under finance leases amounting to	0	105.017	0	0

Notes to the Financial Statements

		2017	2016
		DKK	DKK
10	**Investments in subsidiaries**		
	Cost at 1 January	2.591.421	2.591.421
	Carrying amount at 31 December	**2.591.421**	**2.591.421**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
J. Hvidtved Larsen UK Ltd.	United Kingdom	100%	1.568.491	767.392
J. Hvidtved Larsen US Inc.	USA	100%	403.823	565.590
J. Hvidtved Larsen AB	Sweden	100%	3.948.840	512.067

11 Equity

The share capital consists of 6,500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

		2017	2016
		DKK	DKK
12	**Provision for deferred tax**		
	Provision for deferred tax at 1 January	2.274.759	3.912.000
	Amounts recognised in the income statement for the year	623.697	-1.565.639
	Amounts recognised in equity for the year	-17.924	-71.602
	Provision for deferred tax at 31 December	**2.880.532**	**2.274.759**

Notes to the Financial Statements

13 Other provisions

The Company provides warranties of 1 to 3 years on sewer cleaning units.

	2017	2016
	DKK	DKK
Warranty provisions	2.925.000	2.925.000
	2.925.000	**2.925.000**

The provisions are expected to mature as follows:		
Within 1 year	1.455.000	1.755.000
Later than 1 year	1.470.000	1.170.000
	2.925.000	**2.925.000**

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Mortgage loans		
After 5 years	1.835.959	8.290.384
Between 1 and 5 years	3.839.552	6.681.411
Long-term part	5.675.511	14.971.795
Within 1 year	1.129.635	1.723.050
	6.805.146	**16.694.845**
Lease obligations		
Between 1 and 5 years	0	102.854
Long-term part	0	102.854
Within 1 year	111.706	95.964
	111.706	**198.818**
Payables to group enterprises		
After 5 years	20.000.000	0
Between 1 and 5 years	20.000.000	0
Long-term part	40.000.000	0
Other short-term debt to group enterprises	9.682.690	4.506.163
	49.682.690	**4.506.163**

Notes to the Financial Statements

15 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	2017	2016
	DKK	DKK
Assets	280.412	548.135

Forward exchange contracts have been concluded to hedge future sales of goods in USD and GBP. At the balance sheet date, the fair value of the forward exchange rate contracts amounts to DKK 280.412. Total hedge in USD of USD 3.500.000 corresponds to approx. 62 % of the budgeted USD cash-flow in 2018. Total hedge in GBP of GBP 13.200.000 corresponds to approx. 90 % of the budgeted GBP cash-flow in 2018.

16 Contingent assets, liabilities and other financial obligations

Charges and security

Land and buildings recognised with a value of DKK 17.635.797 has been placed as security for mortgade debt and bank debt within credit institutes.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:		
Within 1 year	2.067.187	2.425.141
Between 1 and 5 years	1.333.980	2.474.859
	3.401.167	**4.900.000**

Notes to the Financial Statements

16 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

Buy-back guarantees totalling DKK 27,029k have been provided for sewer cleaning units at 31 December 2017. At 31 December 2016 the buy-back guarantees amounted to DKK 26,556k.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. 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.

Security has been provided for J. Hvidtved Larsen UK Ltd's and J. Hvidtved Larsen AB's bank debt.

17 Related parties

	Basis
Controlling interest	
Bucher Industries AG	Ultimate Parent
Bucher Industries Danmark ApS	Immediate Parent

Transactions

Referring to section 98 C, litra 7 of the Danish Financial Statements Act, no information describing transactions with related parties is provided.

Consolidated Financial Statements

J. Hvidtved Larsen A/S and its subsidiaries is included in the consolidated financial statements of Bucher Industries AG, Niederweningen, Switzerland, ISIN CH0002432174. The consolidated financial statements of Bucher Industries AG can be downloaded at the company's website www.bucherindustries.com.

Name	Place of registered office
Bucher Industries AG	Niederweningen, Switzerland

Notes to the Financial Statements

18 Fee to auditors appointed at the general meeting

	2017	2016
	DKK	DKK
PricewaterhouseCoopers		
Audit fee	324.827	280.000
Other assurance engagements	0	50.000
Tax advisory services	55.000	0
	379.827	**330.000**
Deloitte		
Other assurance engagements	0	11.700
Tax advisory services	0	30.000
Other services	0	702.009
	0	**743.709**
	379.827	**1.073.709**

Notes to the Financial Statements

19 Accounting Policies

The Annual Report of J. Hvidtved Larsen A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year. Minor reclassifications have been made to the comparative figures. The reclassifications have no impact on the profit for the year and equity.

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 Bucher Industries AG, ISIN: CH0002432174, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Bucher Industries AG, the Company has not prepared a cash flow statement.

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

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

Notes to the Financial Statements

19 Accounting Policies (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

Information on business segments and geographical segments based on the Companys risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT.

Notes to the Financial Statements

19 Accounting Policies (continued)

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5-10 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3-7 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Land & buildings	30	years
Plant and machinery	3-7	years
Other fixtures and fittings, tools and equipment	3-7	years
Leasehold improvements		over the term period

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 25,000 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

19 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums and subscriptions.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-3 years. Provisions are measured and recognised based on experience with guarantee work.

Notes to the Financial Statements

19 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

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

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Notes to the Financial Statements

19 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$