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Westrup A/S
Sorøvej 21
4200 Slagelse
Central Business Registration
No 42514012

Annual report 2016/17

The Annual General Meeting adopted the annual report on 21.08.2017

Chairman of the General Meeting

Name: Jens Dalsgaard Løgstrup

Contents

Entity details

Entity
Westrup A/S
Sorøvej 21
4200 Slagelse

Central Business Registration No: 42514012
Founded: 26.10.1972
Registered in: Slagelse
Financial year: 01.04.2016 - 31.03.2017

Board of Directors
Jens Dalsgaard Løgstrup, chairman
Ole Most, vice chairman
Rajendra Badrimarayen Barwale
Ramkrishan Jalan
Arun Thiagarajan
Leif Sommer Goldbeck, employee representative
Arne Sømark, employee representative

Executive Board
Anders Foverskov Thorsted, Chief Executive Officer

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Ndr. Ringgade 70A
4200 Slagelse

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Westrup A/S for the financial year 01.04.2016 - 31.03.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's and the Group's financial position at 31.03.2017 and of the results of its operations and cash flows for the financial year 01.04.2016 - 31.03.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Slagelse, 21.08.2017

Executive Board

Anders Foverskov Thorsted
Chief Executive Officer

Board of Directors

Jens Dalsgaard Løgstrup chairman	Ole Most vice chairman	Rajendra Badrimarayen Barwale
Ramkrishan Jalan	Arun Thiagarajan	Leif Sommer Goldbeck employee representative
Arne Sømark employee representative		

Independent auditor's report

To the shareholders of Westrup A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Westrup A/S for the financial year 01.04.2016 - 31.03.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.03.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.04.2016 - 31.03.2017 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

Material uncertainty related to going concern

Without giving a qualified opinion we drav your attention to the information stated in note 1, in which the Parent has issued a letter of support contributing additional capital to the Entity if necessary in order to continue as a going concern. Therefore, Management has presented the financial statements as a going concern. We found no reason to take a different view in this respect.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are

Independent auditor's report

responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Slagelse, 21.08.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Hillebrand
State Authorised Public Accountant

Management commentary

	2016/17 DKK'000	2015/16(15 months) DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	107.070	129.378	117.077	220.009	222.878
Gross profit/loss	25.168	27.070	21.134	28.283	44.840
Profit on ordinary activities	(7.959)	(19.049)	(18.615)	(16.616)	7.294
Operating profit/loss	(7.674)	(17.326)	(15.519)	(6.984)	9.334
Net financials	(2.858)	(5.522)	(5.885)	(5.249)	148
Profit/loss for the year	(10.407)	(24.101)	(24.254)	(10.498)	6.716
Total assets	79.910	92.356	113.441	132.682	153.257
Investments in property, plant and equipment	132	1.351	6.391	12.484	586
Equity incl minority interests	10.264	16.120	14.836	37.510	51.646
Average invested capital incl goodwill	46.669	59.444	66.738	62.141	54.932
Interest bearing debt, net	33.566	48.917	72.818	43.275	25.690
Ratios					
Gross margin (%)	23,5	20,9	18,1	12,9	20,1
Net margin (%)	(9,7)	(18,6)	(20,7)	(4,8)	3,0
Financial gearing (%)	3,3	3,0	4,9	1,2	0,5
Return on equity (%)	(78,9)	(155,3)	(92,7)	(23,5)	13,7
Equity ratio (%)	12,8	17,5	13,1	28,3	33,7
Return on invested capital including goodwill(%)	(16,4)	(29,1)	(23,3)	(10,3)	18,1
Turnover invested capital(%)	2,3	2,2	1,8	3,8	4,3

The financial highlights of the current year comprise 12 months while the comparison year comprises 15 months. Highlights for the financial years 2012 through 2014 also comprise 12 months.

The key figure for Profit/loss for the year for the Financial Year 2015/16 (15 months), DKK (24.101)k, is inconsistent compared to the figure listed in the financial highlights overview in the Annual report for the Financial Year 2015/16. In the Annual report for 2015/16 (15 months), Profit/loss for the year was listed as (24.044). The difference, DKK (57)k, relates to minority interests’ share of profit/loss.

The change described above can be attributed to changes to the Danish Financial Statements Act, as per bill no. 738 from June 1. 2015.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Management commentary

Ratios	Calculation formula	Ratios
Gross margin (%)	Gross profit/loss x 100 / Revenue	The entity's operating gearing.
Net margin (%)	Profit/loss for the year x 100 / Revenue	The entity's operating profitability.
Financial gearing	Interest bearing debt, net / Equity incl minority interests	The entity's financial gearing.
Return on equity (%)	Profit/loss for the year x 100 / Average equity incl minority interests	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	Equity incl minority interests x 100 / Total assets	The financial strength of the entity.
Return on invested capital including goodwill(%)	EBITA x 100 / Average invested capital incl. goodwill	The return generated by the Entity on the investors' funds.
Turnover invested capital(%)	Revenue / Average invested capital incl. goodwill	Turnover rate of capital employed by the Entity.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

EBITA(Earnings Before Interest, Tax and Amortisation) is defined as operationg profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill

Management commentary

Primary activities

The activities of the Westrup Group are allocated into the areas: development, manufacturing, and sale of sorting and cleaning machines for grain and seed for industrial use, ranging from single machines to complete process lines and after sale services.

Development in activities and finances

The Entity generated a loss of DKK 10,407k for the year. Seen in isolation, the loss is not satisfactory but as a whole, it shows a significant improvement compared to the loss generated in 2015/16 (15 months) of DKK 24,044k. Equity at the financial year-end reached DKK 10,264k. As a result, the Entity now falls within the provisions of section 119 of the Danish Companies Act governing loss of capital.

In 2016/2017, results of the initiatives started in 2015 has begun to show and are giving a direction which will be developed further in the coming years with continued growth and improvement of the profitability of the Entity. Improvement within the Agro business has been seen in the beginning of 2017 which has slightly improved the closing of the year 2016/17 and provided a good start of the year 2017/18.

During the financial year, significant measures have been taken to strengthen the management of the Entity. A new Chairman of the Board of Directors has been appointed as well as a new CEO. In this connection, a strategy has been prepared to ensure growth and profits in the future.

To enhance the financial position of the Entity, the owners have decided to strengthen its capital base and increase the cash position significantly. This financial strategy comprises two steps:

To simplify the overall group structure, Westrup has sold its shares held in the associated Fowler Westrup (India) Pvt. Ltd. to the parent, Sungro Seed Ltd., which generated DKK 13.3m in liquidity in the financial year. After year-end, the remaining part of the shares was sold which generated DKK 4.2m in liquidity.

As part of the future group strategy for entities of the Sungro Seed Group, the Entity has ongoing negotiations regarding sale of production rights and sales rights for specifically defined markets after financial year-end to the associated Fowler Westrup (India) Pvt. Ltd. at a total of DKK 22m. The disposal of such rights is not expected to affect future operations of the Entity as these markets are, by and large, serviced by Fowler Westrup (India) Pvt. Ltd. The DKK 22m provides a considerable reinforcement of the Entity's equity and cash flow. After recognising the DKK 22m, equity totals approx DKK 32m providing a solvency ration of approx 40%. As a result, the Entity no longer falls within the provisions of section 119 of the Danish Companies Act governing loss of capital.

With the above financial measures, which have improved the cash position significantly, the Entity is expected to perform the planned activities for FY 2017/18.

Added to the above, the Parent has issued a letter of support contributing additional capital if necessary.

Management commentary

The above-mentioned measures taken provide a strong platform both in terms of management and finance.

Development activities

Key focus continues to be on developing the sales activities in a direction with a broader mix of single machines and projects, along with increased after sales services. The initiatives set in motion are giving results, and will continue to be fuelled with further resources and initiatives. A strategy if teaming up with partners around the world will aid the flexiblability of Westrups competences to act and to be more present anywhere in the world.

Operating risks

The Company's most significant operating risk relates to the ability to be strongly positioned on the markets where the products are sold, which is very much in the focus of Westrups development strategy.

Currency risks

Earnings may be affected by changes in exchange rates as some part of the revenue is invoiced in foreign currencies, while costs, including salaries, are paid in DKK or EUR. The majority of the Group's revenue is attributable to other countries than Denmark, mainly the Euro-countries and countries in which the trading currency is USD.

Interest risks

The Group's interest-bearing net debt amounts to a total of DKK 33,566k by the end of the financial year, compared to DKK 48,917k previous accounting year, and with above initiatives this will be reduced even further. A considerable part of the debt carries floating rate of interest, which will be influenced by interest changes.

Credit risks

Credit risks related to financial assets correspond to the values recognised in the balance sheet. The Entity has no significant risks relating to individual customers or cooperation partners. The Group's policy for assuming credit risks means that all large customers are credit-rated and insured or proper payment conditions are established.

Intellectual capital resources

The ambition of being a market leader and at the leading edge of the technological development means that the Group needs employees with in-depth knowledge of products and customer requirements. This especially imposes heavy demands on the Entity in relation to gaining and propagating new knowledge. Furthermore, the individual employee's personal knowledge is decisive.

Management commentary

In order to continuously supply and develop competitive products and project solutions, it is crucial for the Group to recruit and retain employees with a high knowledge level.

The critical business processes are quality, service, and individual solutions. To ensure that the customer receives the agreed service, it is required that the individual methods and procedures are documented and followed up with management involvement. To measure whether the business processes work, compliance with time and quality of delivery are important indicators.

Outlook

The expectations for 2017/18 are to continue to grow the core business further. The Entity expects the focus on the development of the market position and representation directly and through partners continues to grow, well knowing that the competition will still be aggressive.

FY 2017/18 is prosperous and shows an increase in the volume of orders. The Group expects significantly improved operating profits and, following the recognition of yield from the sale of rights, net profits will increase as well.

Events after the balance sheet date

The process of selling the Fowler Westrup shares was finalised in May 2017 and the Entity is in negotiations regarding selling some of the Entitys production rights and sales rights after the financial year-end, see above.

Apart from the above, no events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Consolidated income statement for 2016/17

	Notes	2016/17 DKK'000	2015/16(15 months) DKK'000
Revenue		107.070	129.378
Production costs	3	(81.902)	(102.308)
Gross profit/loss		**25.168**	**27.070**
Distribution costs	3	(19.159)	(27.705)
Administrative costs	3	(13.967)	(18.414)
Other operating income		284	1.723
Operating profit/loss		**(7.674)**	**(17.326)**
Income from investments in associates		0	(1.813)
Other financial income	4	366	370
Other financial expenses	5	(3.224)	(4.079)
Profit/loss before tax		**(10.532)**	**(22.848)**
Tax on profit/loss for the year	6	125	(1.253)
Profit/loss for the year	7	**(10.407)**	**(24.101)**

Consolidated balance sheet at 31.03.2017

	Notes	2016/17 DKK'000	2015/16(15 months) DKK'000
Acquired intangible assets		857	1.851
Intangible assets	8	**857**	**1.851**
Land and buildings		29.887	31.600
Plant and machinery		3.681	4.456
Other fixtures and fittings, tools and equipment		1.081	1.494
Property, plant and equipment in progress		0	73
Property, plant and equipment	9	**34.649**	**37.623**
Investments in associates		0	17.549
Fixed asset investments	10	**0**	**17.549**
Fixed assets		**35.506**	**57.023**
Raw materials and consumables		5.090	9.259
Work in progress		15.009	8.384
Manufactured goods and goods for resale		2.378	2.889
Inventories		**22.477**	**20.532**
Trade receivables		11.255	9.493
Contract work in progress		795	1.190
Other receivables		1.350	898
Prepayments	12	1.782	947
Receivables		**15.182**	**12.528**
Other investments		4.223	0
Other investments		**4.223**	**0**
Cash		**2.522**	**2.273**
Current assets		**44.404**	**35.333**
Assets		**79.910**	**92.356**

Consolidated balance sheet at 31.03.2017

	Notes	2016/17 DKK'000	2015/16(15 months) DKK'000
Contributed capital		34.040	32.040
Revaluation reserve		4.960	5.687
Reserve for net revaluation according to the equity method		0	6.750
Retained earnings		(28.736)	(28.357)
Equity		**10.264**	**16.120**
Other provisions	13	2.022	1.784
Provisions		**2.022**	**1.784**
Mortgage debts		13.206	14.064
Bank loans		6.661	8.231
Other payables		2.952	3.402
Non-current liabilities other than provisions	14	**22.819**	**25.697**
Current portion of long-term liabilities other than provisions	14	3.411	4.652
Bank loans		9.189	20.249
Prepayments received from customers		8.596	4.974
Contract work in progress		4.821	1.753
Trade payables		8.142	4.832
Payables to associates		0	157
Income tax payable		669	592
Other payables		9.977	11.546
Current liabilities other than provisions		**44.805**	**48.755**
Liabilities other than provisions		**67.624**	**74.452**
Equity and liabilities		**79.910**	**92.356**
Going concern	1		
Events after the balance sheet date	2		
Associates	11		
Unrecognised rental and lease commitments	16		
Mortgages and securities	17		
Transactions with related parties	18		
Group relations	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2016/17

	Contributed capital DKK'000	Share premium DKK'000	Revaluation reserve DKK'000	Reserve for net revaluation according to the equity method DKK'000
Equity beginning of year	32.040	0	5.687	6.750
Increase of capital	2.000	2.033	0	0
Transferred from share premium	0	(2.033)	0	0
Exchange rate adjustments	0	0	0	0
Dissolution of revaluations	0	0	(727)	0
Value adjustments	0	0	0	0
Other equity postings	0	0	0	(6.750)
Tax of equity postings	0	0	0	0
Profit/loss for the year	0	0	0	0
Equity end of year	**34.040**	**0**	**4.960**	**0**

	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	(28.357)	16.120
Increase of capital	0	4.033
Transferred from share premium	2.033	0
Exchange rate adjustments	167	167
Dissolution of revaluations	727	0
Value adjustments	450	450
Other equity postings	6.750	0
Tax of equity postings	(99)	(99)
Profit/loss for the year	(10.407)	(10.407)
Equity end of year	**(28.736)**	**10.264**

Consolidated cash flow statement for 2016/17

	Notes	2016/17 DKK'000	2015/16(15 months) DKK'000
Operating profit/loss		(7.674)	(17.326)
Amortisation, depreciation and impairment losses		4.047	5.475
Working capital changes	15	4.217	15.448
Cash flow from ordinary operating activities		**590**	**3.597**
Financial income received		366	0
Financial income paid		(3.224)	(3.709)
Income taxes refunded/(paid)		103	671
Cash flows from operating activities		**(2.165)**	**559**
Acquisition etc of property, plant and equipment		(132)	(1.351)
Sale of property, plant and equipment		73	387
Sale of fixed asset investments		13.326	0
Other cash flows from investing activities		0	(499)
Cash flows from investing activities		**13.267**	**(1.463)**
Instalments on loans etc		(3.669)	(4.142)
Incurrence of debt to associates		(157)	169
Cash increase of capital		4.033	24.999
Other cash flows from financing activities		0	(443)
Cash flows from financing activities		**207**	**20.583**
Increase/decrease in cash and cash equivalents		**11.309**	**19.679**
Cash and cash equivalents beginning of year		(17.976)	(37.655)
Cash and cash equivalents end of year		**(6.667)**	**(17.976)**
Cash and cash equivalents at year-end are composed of:			
Cash		2.522	2.273
Short-term debt to banks		(9.189)	(20.249)
Cash and cash equivalents end of year		**(6.667)**	**(17.976)**

Notes to consolidated financial statements

1. Going concern

The Group's liquidity has improved significantly after having sold the shares in the associated Fowler Westrup and negotiations regarding sale of rights will be finalised after the financial year-end as mentioned in the management commentary and the Group expects to perform the planned activities in 2017/18.

Furthermore, the Parent has issued a letter of support contributing additional capital. The letter of support is effective until 31 March 2018.

2. Events after the balance sheet date

The process of selling the Fowler Westrup shares was finalised in May 2017 and negotiations regarding selling production rights and sales rights will be finalised after the financial year-end.

	2016/17 DKK'000	2015/16(15 months) DKK'000
3. Staff costs		
Wages and salaries	50.153	64.431
Pension costs	4.032	5.433
	54.185	**69.864**
Average number of employees	**98**	**105**

	Remuneration of management 2016/17 DKK'000	Remuneration of management 2015/16(15 months) DKK'000
Total amount for management categories	3.777	2.531
	3.777	**2.531**

	2016/17 DKK'000	2015/16(15 months) DKK'000
4. Other financial income		
Interest income	0	370
Exchange rate adjustments	366	0
	366	**370**

Notes to consolidated financial statements

	2016/17 DKK'000	2015/16(15 months) DKK'000
5. Other financial expenses		
Interest expenses	2.579	3.560
Exchange rate adjustments	444	198
Other financial expenses	201	321
	3.224	**4.079**

	2016/17 DKK'000	2015/16(15 months) DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	(26)	52
Change in deferred tax for the year	(99)	1.201
	(125)	**1.253**

	2016/17 DKK'000	2015/16(15 months) DKK'000
7. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	0	(1.813)
Retained earnings	(10.407)	(22.231)
Minority interests' share of profit/loss	0	(57)
	(10.407)	**(24.101)**

	Acquired intangible assets DKK'000
8. Intangible assets	
Cost beginning of year	4.970
Cost end of year	**4.970**
Amortisation and impairment losses beginning of year	(3.119)
Amortisation for the year	(994)
Amortisation and impairment losses end of year	**(4.113)**
Carrying amount end of year	**857**

The carrying amount of acquired intangible assets includes financing of DKK 26k.

Notes to consolidated financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment				
Cost beginning of year	43.986	12.573	6.020	73
Exchange rate adjustments	0	0	20	0
Additions	0	7	125	0
Disposals	0	0	(34)	(73)
Cost end of year	**43.986**	**12.580**	**6.131**	**0**
Revaluations beginning of year	22.638	0	0	0
Revaluations end of year	**22.638**	**0**	**0**	**0**
Depreciation and impairment losses beginning of the year	(35.024)	(8.117)	(4.526)	0
Depreciation for the year	(1.713)	(782)	(558)	0
Reversal regarding disposals	0	0	34	0
Depreciation and impairment losses end of the year	**(36.737)**	**(8.899)**	**(5.050)**	**0**
Carrying amount end of year	**29.887**	**3.681**	**1.081**	**0**
Carrying amount if asset had not been revalued	**23.521**	**-**	**-**	**-**
Financial expenses included in carrying amount	**-**	**67**	**-**	**-**
Recognised assets not owned by entity	**-**	**3.007**	**-**	**-**

Land and buildings have been revalued based on an independent assessment of the market value.

Notes to consolidated financial statements

	Investments in associates DKK'000
10. Fixed asset investments	
Cost beginning of year	10.800
Disposals	(10.800)
Cost end of year	**0**
Revaluations beginning of year	6.749
Reversal regarding disposals	(6.749)
Revaluations end of year	**0**
Carrying amount end of year	**0**

	Registered in	Equity inte-rest %
11. Associates		
Fowler Westrup Private Limited	India	9,3

The Group’s share of equity in Fowler Westrup Private Limited was 40,27% as at 31.03.2016. During the current financial year, the Group has reduced the share of equity to 9,3% by selling of shares to the Parent, Sungro Seeds Private Limited. As a result, the investment in Fowler Westrup Private Limited as of 31.03.2017 is presented as other investments.

12. Prepayments

Prepayments are comprised of prepaid expenses.

13. Other provisions

Other provisions contains provisions for warranties.

Notes to consolidated financial statements

	Instalments within 12 months 2016/17 DKK'000	Instalments within 12 months 2015/16(15 months) DKK'000	Instalments beyond 12 months 2016/17 DKK'000	Outstanding after 5 years DKK'000
14. Liabilities other than provisions				
Mortgage debts	844	835	13.206	9.822
Bank loans	1.570	1.570	6.661	3.956
Finance lease liabilities	997	2.247	0	0
Other payables	0	0	2.952	0
	3.411	**4.652**	**22.819**	**13.778**

To hedge recognised as well as unrecognised transactions, Westrup A/S applies hedging instruments such as interest rate swaps. The Group's hedging instruments are similar to those of the Parent.

The Group hedges expected non-current interest risks by use of interest rate swaps. The value of the interest rate swaps is DKK 2,925k (2015/16: DKK 3,375k) and the value adjustment recognised under equity amounts to DKK 450k (2015/16: DKK 228k).

	2016/17 DKK'000	2015/16(15 months) DKK'000
15. Change in working capital		
Increase/decrease in inventories	(1.945)	(492)
Increase/decrease in receivables	4.036	15.002
Increase/decrease in trade payables etc	1.741	1.392
Other changes	385	(454)
	4.217	**15.448**

	2016/17 DKK'000	2015/16(15 months) DKK'000
16. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**2.423**	**2.758**

Notes to consolidated financial statements

17. Mortgages and securities

Mortgage and bank debt are secured by way of mortgage deed registered to the mortgagor on properties of DKK 10,000k on properties. Carrying amount of mortgage properties is DKK 29,887k. The mortgage also includes plant and machinery.

Bank debt is secured by way of floating charge of nominal DKK 25,000k. Comprehensive of unsecured claims, inventory and fixtures.

The Group and parent have signed the usual performance guarantees etc.

	Parent DKK'000	Other related parties. DKK'000
18. Transactions with related parties		
Sale of fixed asset investments	17.694	0
Sale of goods	0	658
Operating expenses	0	(988)
Liabilities other than provisions	0	(89)

Sale of fixed asset investments consists of sale of shares in Fowler Westrup Private Limited as described in note 11.

Other related parties only consist of Fowler Westrup Private Limited, which is a sister company to Westrup A/S as both companies are affiliates of Sungro Seeds Private Limited.

All transactions have been carried out following an arm's length principle.

19. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Sungro Seeds Private Limited, Mumbai, India

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Sungro Seeds Private Limited, Mumbai, India

The consolidated financial statements for Sungro Seeds Private Limited upon request to Westrup Management.

Notes to consolidated financial statements

20. Subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Westrup Inc.	Plano, Texas, USA	Inc.	100,0	2.235	696
Westrup France	St Melaine sur Aubance, France	SA	99,7	299	67
Westrup Ukraine LLC	Kiev, Ukraine	LLC	100,0	322	(204)
Westrup Anlagenbau GmbH	Lienen, Germany	GmbH	100,0	880	(580)

Parent income statement for 2016/17

	Notes	2016/17 DKK'000	2015/16(15 months) DKK'000
Revenue		99.142	121.153
Production costs	3	(82.261)	(97.731)
Gross profit/loss		**16.881**	**23.422**
Distribution costs	3	(13.259)	(23.312)
Administrative costs	3	(12.848)	(17.282)
Other operating income		1.506	1.201
Operating profit/loss		**(7.720)**	**(15.971)**
Income from investments in group enterprises		(23)	(1.399)
Income from investments in associates		0	(1.813)
Other financial income	4	344	77
Other financial expenses	5	(3.107)	(3.737)
Profit/loss before tax		**(10.506)**	**(22.843)**
Tax on profit/loss for the year	6	99	(1.201)
Profit/loss for the year	7	**(10.407)**	**(24.044)**

Parent balance sheet at 31.03.2017

	Notes	2016/17 DKK'000	2015/16(15 months) DKK'000
Acquired intangible assets		857	1.851
Intangible assets	8	**857**	**1.851**
Land and buildings		29.887	31.600
Plant and machinery		3.674	4.456
Other fixtures and fittings, tools and equipment		1.060	1.491
Property, plant and equipment in progress		0	73
Property, plant and equipment	9	**34.621**	**37.620**
Investments in group enterprises		3.440	3.596
Investments in associates		0	17.549
Fixed asset investments	10	**3.440**	**21.145**
Fixed assets		**38.918**	**60.616**
Raw materials and consumables		4.672	9.259
Work in progress		15.009	8.384
Manufactured goods and goods for resale		2.378	2.531
Inventories		**22.059**	**20.174**
Trade receivables		7.659	6.274
Contract work in progress		795	1.190
Receivables from group enterprises		841	2.163
Other receivables		543	538
Prepayments	11	1.617	845
Receivables		**11.455**	**11.010**
Other investments		4.223	0
Other investments		**4.223**	**0**
Cash		**1.029**	**190**
Current assets		**38.766**	**31.374**
Assets		**77.684**	**91.990**

Parent balance sheet at 31.03.2017

	Notes	2016/17 DKK'000	2015/16(15 months) DKK'000
Contributed capital	12	34.040	32.040
Revaluation reserve		4.960	5.687
Reserve for net revaluation according to the equity method		0	2.709
Retained earnings		(28.736)	(24.318)
Equity		**10.264**	**16.118**
Other provisions	13	2.012	1.757
Provisions		**2.012**	**1.757**
Mortgage debts		13.206	14.064
Bank loans		6.661	8.231
Other payables		2.952	3.402
Non-current liabilities other than provisions	14	**22.819**	**25.697**
Current portion of long-term liabilities other than provisions	14	3.411	4.652
Bank loans		9.188	20.247
Prepayments received from customers		6.437	4.280
Contract work in progress		4.821	1.753
Trade payables		8.068	4.534
Payables to group enterprises		1.162	1.859
Payables to associates		0	157
Other payables		9.502	10.936
Current liabilities other than provisions		**42.589**	**48.418**
Liabilities other than provisions		**65.408**	**74.115**
Equity and liabilities		**77.684**	**91.990**

Going concern	1
Events after the balance sheet date	2
Unrecognised rental and lease commitments	15
Mortgages and securities	16
Related parties with controlling interest	17
Transactions with related parties	18

Parent statement of changes in equity for 2016/17

	Contributed capital DKK'000	Share premium DKK'000	Revaluation reserve DKK'000	Reserve for net revaluation according to the equity method DKK'000
Equity beginning of year	32.040	0	5.687	2.709
Increase of capital	2.000	2.033	0	0
Transferred from share premium	0	(2.033)	0	0
Exchange rate adjustments	0	0	0	0
Dissolution of revaluations	0	0	(727)	0
Value adjustments	0	0	0	0
Other equity postings	0	0	0	(2.709)
Tax of equity postings	0	0	0	0
Profit/loss for the year	0	0	0	0
Equity end of year	**34.040**	**0**	**4.960**	**0**

	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	(24.317)	16.119
Increase of capital	0	4.033
Transferred from share premium	2.033	0
Exchange rate adjustments	168	168
Dissolution of revaluations	727	0
Value adjustments	450	450
Other equity postings	2.709	0
Tax of equity postings	(99)	(99)
Profit/loss for the year	(10.407)	(10.407)
Equity end of year	**(28.736)**	**10.264**

Notes to parent financial statements

1. Going concern

The Group's liquidity has improved significantly after having sold the shares in the associated Fowler Westrup and negotiations regarding sale of rights will be finalised after the financial year-end as mentioned in the management commentary and the Group expects to perform the planned activities in 2017/18.

Furthermore, the Parent has issued a letter of support contributing additional capital. The letter of support is effective until 31 March 2018.

2. Events after the balance sheet date

The process of selling the Fowler Westrup shares finalised in May 2017 and negotiations regarding selling production rights and sales rights will be finalised after the financial year-end.

	2016/17 DKK'000	2015/16(15 months) DKK'000
3. Staff costs		
Wages and salaries	46.360	58.840
Pension costs	2.086	3.807
Other social security costs	1.063	752
	49.509	**63.399**
Average number of employees	**91**	**98**

	Remuneration of management 2016/17 DKK'000	Remuneration of management 2015/16(15 months) DKK'000
Total amount for management categories	3.777	2.531
	3.777	**2.531**

	2016/17 DKK'000	2015/16(15 months) DKK'000
4. Other financial income		
Exchange rate adjustments	344	77
	344	**77**

Notes to parent financial statements

5. Other financial expenses	2016/17 DKK'000	2015/16(15 months) DKK'000
Interest expenses	2.535	3.218
Exchange rate adjustments	401	198
Other financial expenses	171	321
	3.107	**3.737**

6. Tax on profit/loss for the year	2016/17 DKK'000	2015/16(15 months) DKK'000
Change in deferred tax for the year	(99)	2.004
Adjustment concerning previous years	0	(803)
	(99)	**1.201**

7. Proposed distribution of profit/loss	2016/17 DKK'000	2015/16(15 months) DKK'000
Transferred to reserve for net revaluation according to the equity method	0	(5.787)
Retained earnings	(10.407)	(18.257)
	(10.407)	**(24.044)**

8. Intangible assets	Acquired intangible assets DKK'000
Cost beginning of year	4.970
Cost end of year	**4.970**
Amortisation and impairment losses beginning of year	(3.119)
Amortisation for the year	(994)
Amortisation and impairment losses end of year	**(4.113)**
Carrying amount end of year	**857**

The carrying amount of acquired intangible assets includes financing of DKK 26k.

Notes to parent financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment				
Cost beginning of year	43.986	12.573	5.645	73
Additions	0	0	122	0
Disposals	0	0	(34)	(73)
Cost end of year	**43.986**	**12.573**	**5.733**	**0**
Revaluations beginning of year	22.638	0	0	0
Revaluations end of year	**22.638**	**0**	**0**	**0**
Depreciation and impairment losses beginning of the year	(35.024)	(8.117)	(4.154)	0
Depreciation for the year	(1.713)	(782)	(553)	0
Reversal regarding disposals	0	0	34	0
Depreciation and impairment losses end of the year	**(36.737)**	**(8.899)**	**(4.673)**	**0**
Carrying amount end of year	**29.887**	**3.674**	**1.060**	**0**
Carrying amount if asset had not been revalued	**23.503**	**-**	**-**	**-**
Financial expenses included in carrying amount	**-**	**67**	**-**	**-**
Recognised assets not owned by entity	**-**	**3.007**	**-**	**-**

Land and buildings have been revalued based on an independent assessment of the market value in 2014.

Notes to parent financial statements

	Investments in group enterprises DKK'000	Investments in associates DKK'000
10. Fixed asset investments		
Cost beginning of year	7.637	10.800
Disposals	0	(10.800)
Cost end of year	**7.637**	**0**
Revaluations beginning of year	(4.040)	6.749
Exchange rate adjustments	164	0
Share of profit/loss for the year	(21)	0
Impairment losses for the year	(300)	0
Reversal regarding disposals	0	(6.749)
Revaluations end of year	**(4.197)**	**0**
Carrying amount end of year	**3.440**	**0**

	Registered in	Equity interest %
Investments in associates comprise:		
Fowler Westrup Private Limited	Mumbai, India	9,3

The Entity's share of equity in Fowler Westrup Private Limited was 40,27% as at 31.03.2016. During the current financial year, the Entity has reduced the share of equity to 9,3% by selling of shares to the Parent Company, Sungro Seeds Private Limited. As a result, the investment in Fowler Westrup Private Limited as of 31.03.2017 is presented as other investments.

11. Prepayments

Prepayments are comprised of prepaid expenses.

Notes to parent financial statements

	Number	Par value DKK'000	Nominal value DKK'000
12. Contributed capital			
Stocks	2.002	5	10.010
Stocks	703	5	3.515
Stocks	2	500	1.000
Stocks	1	600	600
Stocks	6	25	150
Stocks	4	50	200
Stocks	4	10	40
Stocks	3.305	5	16.525
Stocks	400	5	2.000
	6.427		**34.040**

13. Other provisions

Other provisions contains provisions for warranties.

	Instalments within 12 months 2016/17 DKK'000	Instalments within 12 months 2015/16(15 months) DKK'000	Instalments beyond 12 months 2016/17 DKK'000	Outstanding after 5 years DKK'000
14. Liabilities other than provisions				
Mortgage debts	844	835	13.206	9.822
Bank loans	1.570	1.570	6.661	3.956
Finance lease liabilities	997	2.247	0	0
Other payables	0	0	2.952	0
	3.411	**4.652**	**22.819**	**13.778**

To hedge recognised as well as unrecognised transactions, Westrup A/S applies hedging instruments such as interest rate swaps. The Group's hedging instruments are similar to those of the Parent.

The Group hedges expected non-current interest risks by use of interest rate swaps. The value of the interest rate swaps is DKK 2,925k (2015/16: DKK 3,375k) and the value adjustment recognised under equity amounts to DKK 450k (2015/16: DKK 228k).

Notes to parent financial statements

	2016/17 DKK'000	2015/16(15 months) DKK'000
15. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**1.928**	**1.821**

16. Mortgages and securities

Mortgage and bank debt are secured by way of mortgage deed registered to the mortgagor on properties of DKK 10,000k on properties. Carrying amount of mortgage properties is DKK 29,887k. The mortgage also includes plant and machinery of the properties.

Bank debt is secured by way of floating charge of nominal DKK 25,000k. Comprehensive of unsecured claims, inventory and fixtures.

The Group and parent have signed the usual performance guarantees etc.

17. Related parties with controlling interest

Sungro Seeds Private Limited, Mumbai, India, holds the majority of shares of the Entity and thus controls the Entity.

	Parent DKK'000	Other related parties. DKK'000
18. Transactions with related parties		
Sale of fixed asset investments	17.694	0
Sale of goods	0	658
Operating expenses	0	(988)
Liabilities other than provisions	0	(89)

Sale of fixed asset investments consists of sale of shares in Fowler Westrup Private Limited as described in note 10.

Other related parties only consists of Fowler Westrup Private Limited, which is a sister company to Westrup A/S as both companies are affiliates of Sungro Seeds Private Limited.

All transactions have been carried out following an arm’s length principle.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (middle).

The accounting policies applied for this consolidated financial statements and parent financial statements are, with the above stated exception, consistent with those applied last year.

Non-comparability
Last year, the Entity changed it's financial year and as a result, the financial period in the comparison period is January 2015 to 31 March 2016. Prior years, the financial year was alligned with the calender year. The extension of the financial year in the comparison period was to align the Entity's financial year with that of the Parent, Sungro Seeds Private Limited. As the finanical year for this year only comprises the period from 1 April 2016 to 31 March 2017, it is not possible to compare the figures in the income statement for both the Group and for the Entity.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on

Accounting policies

transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Profits or losses from divestment of equity investments
Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Accounting policies

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

Income statement
Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Production costs
Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Production costs concerning work in progress is recognised as incurred, also provisions for loss on contract work in progress are recognised under production costs.

Accounting policies

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative costs

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationary and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Accounting policies

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are recognised at cost less accumulated depreciation and impairment losses. Land is not depreciated.

After initial recognition, land and buildings are measured at fair value. Adjustments to the fair value are recognised directly in equity. Fair value of land and buildings are revalued basen on independent assesments of the market value.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

For assests subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Depreciation is recognised in the income statement under cost of sales, selling costs and administrative cost

Profits and loss from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement together with depriciation and impairment losses under other operating income if the selling price exceeds original cost.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Accounting policies

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally 7 years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised pro rata internal profits and losses.

Associates with negative equity are measured at DKK 0, and any receivables from these associates are written down by the share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant associate.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally 7 years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Accounting policies

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Impairment of slow-moving items is carried out

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments
Securities recognised under current assets comprise investments in unlisted entities measured at fair value (market price) at the balance sheet date.

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructurings, etc.

Accounting policies

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Accounting policies

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.