Westrup A/S

Sorøvej 21, DK-4200 Slagelse

Annual Report for 1 April 2018 - 31 March 2019

CVR No 42 51 40 12

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26/08 2019

Jens Dalsgaard Løgstrup
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Westrup A/S for the financial year 1 April 2018 - 31 March 2019.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 March 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018/19.

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.

Slagelse, 26 August 2019

Executive Board

Anders Foverskov Thorsted

Board of Directors

Jens Dalsgaard Løgstrup Chairman	Ole Most Deputy Chairman	Rajendra Badrimarayen Barwale
Arun Thiagarajan	Ramkrishan Jalan	Søren Stampe
Jan Steen Christensen Staff Representative	Lars Korsgaard Staff Representative	

Independent Auditor's Report

To the Shareholders of Westrup A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2019 and of the results of the Group and Parent Company operations and of consolidated cash flows for the financial year 1 April 2018 - 31 March 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Westrup A/S for the financial year 1 April 2018 - 31 March 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows (”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 Group 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 Consolidated Financial Statements and the Parent Company 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.

Management's responsibilities for the Financial Statements

Independent Auditor's Report

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 Group and 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.

- 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 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.

Ringsted, 26 August 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Brian Petersen State Authorised Public Accountant mne33722	Martin Langhoff Hansen State Authorised Public Accountant mne36027

Company Information

The Company	Westrup A/S Sorøvej 21 DK-4200 Slagelse CVR No: 42 51 40 12 Financial period: 1 April - 31 March Municipality of reg. office: Slagelse
Board of Directors	Jens Dalsgaard Løgstrup, Chairman Ole Most, Deputy Chairman Rajendra Badrimarayen Barwale Arun Thiagarajan Ramkrishan Jalan Søren Stampe Jan Steen Christensen, Staff Representative Lars Korsgaard, Staff Representative
Executive Board	Anders Foverskov Thorsted
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-DK-4100 Ringsted

Financial Highlights

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

	Group				
	2018/19	2017/18	2016/17	2015/16	2014
	DKK'000	DKK'000	DKK'000	DKK'000 15 months	DKK'000
Key figures					
Profit/loss					
Gross profit/loss	27,263	29,252	25,168	27,070	21,134
Operating profit/loss	-10,625	-5,549	-7,674	-17,326	-15,519
Net financials	-1,278	-1,774	-2,858	-5,522	-5,885
Net profit/loss for the year	-10,778	14,817	-10,407	-24,101	-24,254
Balance sheet					
Balance sheet total	84,411	79,723	79,910	92,356	113,441
Equity	16,892	27,297	10,264	16,120	14,836
Cash flows					
Cash flows from:					
- operating activities	-8,375	26,366	-2,165	559	-26,257
- investing activities	-3,746	-3,468	13,267	-1,463	-6,531
including investment in property, plant and equipment	-1,028	-262	-132	-1,351	-6,391
- financing activities	9,873	-22,216	207	20,583	1,603
Change in cash and cash equivalents for the year	-2,248	682	11,309	19,679	-31,185
Number of employees	108	107	98	105	121

Financial Highlights

	Group				
	2018/19	2017/18	2016/17	2015/16	2014
	DKK'000	DKK'000	DKK'000	DKK'000 15 months	DKK'000
Ratios					
Return on assets	-12.5%	20.5%	-9.6%	-18.8%	-13.7%
Solvency ratio	20.0%	34.2%	12.8%	17.5%	13.1%
Return on equity	-48.8%	78.9%	-78.9%	-155.7%	-92.7%

The financial highlights of the current year comprise 12 months whereas the financial year 2015/16 comprises 15 months. Highlights for the financial years 2013 and 2014 also comprise 12 months.

The key figure for profit/loss for the year for the financial year 2015/16 (15 months), DKK (24,101k), is inconsistent with the figure listed in the financial highlights 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 stated at DKK (24,044k). The difference, DKK (57k), relates to minority interests' share of profit/loss. The change described above is attributed the amendment of the Danish Financial Statements Act under Bill No. 738 dated June 1, 2015.

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.

Management's Review

The Consolidated and Parent Company Financial Statements of Westrup A/S for 2018/19 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Key activities

The activities of the Westrup Group are development, manufacturing and sale of separators and cleaners as well as projects primarily relationg to grains and seeds for industrial purposes, ranging from single machines to complete process lines and after sale services.

Development in the year

The income statement of the Group for 2018/19 shows a loss of DKK'000 10,778, and at 31 March 2019 the balance sheet of the Group shows equity of DKK'000 16,892.

The past year and follow-up on development expectations from last year

2018/2019 started as expected with many orders based on previous years initiatives again with a growth budget for the primary activities. A loss was budgeted for the year due to additional investments made in the organisation, processes and systems to increase future profitability and to support the continued growth. The Financial Statements show a loss from the oprations of the Group and Parent Company of DKK 10,778k compared to a budgeted loss of approx DKK 3.5 million. The main reasons for the higher loss was, the costs of reorganisation, unexpected costs from finalising and closing historical projects and, finally, the increased development costs which have almost tripled in 2018/19 compared to 2017/18.

The initiatives mentioned in Management's Review in the Annual Report for 2017/18 to strengthen the financial position have been carried through. The Company's interest-bearing bank loans have been repaid as part of the Parent Company investments in Westrup in previous years and, in this connection, the Parent Company provided a loan of DKK 10 million to Westrup. As part of its continued financial support, the Parent Company has issued a letter of support contributing additional capital, if necessary.

Operating risks

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

Management's Review

Foreign exchange risks

Earnings may be affected by changes in exchange rates as some part of revenue is invoiced in foreign currencies, whereas 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 EUR-countries and countries in which the trading currency is USD.

Credit risks

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

Targets and expectations for the year ahead

The expectations for 2019/20 is to continue to grow the core business further. The Company expects to further intensify its focus on the development of the market position and representation directly and through partners being well aware that competition will still be fierce.

The financial year 2019/20 started positively with the accumulation of a large order book, and the Group expects improved operating profit, which means that the Group approaches the break-even point.

Research and development

Key focus continues on development of the sales and product activities in the direction of a broader mix of single machines and projects, along with increased after sales services. The initiatives initiated deliver results and will continue to be powered by further resources and initiatives. A strategy of teaming up with partners around the world will aid the flexibility of Westrup's competences to act and to be more present anywhere in the world.

External environment

The Company focuses on the proper use of equipment and materials for all materials to be used, stored and disposed of in accordance with all applicable rules. The primary materials used in Westrup's production are wood and metal, and residual products are sold for recycling. Consequently, the overall impact by Westrup on the environment is minimal, and the Company is constantly focusing on reducing it further, if possible.

Management's Review

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 places heavy demands on especially the Company in relation to gaining and propagating new knowledge. Furthermore, the individual employee's personal knowledge is decisive.

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. Ensuring that the customer receives the agreed service requires the individual methods and procedures to be documented and checked with Management involvement. Measurement of whether the business processes work, deadlines are met and quality of delivery in an important indicator.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Subsequent events

After the balance sheet date the owners have invested further in Westrup to support the growth and development plans of the Company by increasing the loan from the owners. The owners have injected a total of app. 8 mDKK of which the majority was in August 2019.

Income Statement 1 April - 31 March

	Note	Group 2018/19 DKK'000	Group 2017/18 DKK'000	Parent Company 2018/19 DKK'000	Parent Company 2017/18 DKK'000
Gross profit/loss		**27,263**	**29,252**	**16,969**	**20,768**
Distribution expenses	2	-21,966	-20,074	-13,984	-12,843
Development costs	2	-2,953	-1,001	-2,953	-1,001
Administrative expenses	2	-12,969	-13,726	-11,633	-12,667
Operating profit/loss		**-10,625**	**-5,549**	**-11,601**	**-5,743**
Other operating income		38	21,930	1,360	23,234
Profit/loss before financial income and expenses		**-10,587**	**16,381**	**-10,241**	**17,491**
Income from investments in subsidiaries		0	0	-693	-1,121
Financial income		18	52	18	49
Financial expenses	3	-1,296	-1,826	-942	-1,718
Profit/loss before tax		**-11,865**	**14,607**	**-11,858**	**14,701**
Tax on profit/loss for the year	4	1,087	210	1,080	116
Net profit/loss for the year		**-10,778**	**14,817**	**-10,778**	**14,817**

Balance Sheet 31 March

Assets

	Note	Group 2018/19 DKK'000	Group 2017/18 DKK'000	Parent Company 2018/19 DKK'000	Parent Company 2017/18 DKK'000
Completed development projects		2,722	0	2,722	0
Acquired licences		1,975	1,493	1,975	1,493
Development projects in progress		871	1,736	871	1,736
Intangible assets	5	**5,568**	**3,229**	**5,568**	**3,229**
Land and buildings		31,374	31,356	31,374	31,356
Plant and machinery		2,268	2,905	2,127	2,901
Other fixtures and fittings, tools and equipment		509	751	508	733
Property, plant and equipment	6	**34,151**	**35,012**	**34,009**	**34,990**
Investments in subsidiaries	7	0	0	1,893	2,214
Fixed asset investments		**0**	**0**	**1,893**	**2,214**
Fixed assets		**39,719**	**38,241**	**41,470**	**40,433**
Raw materials and consumables		10,288	9,647	10,288	9,647
Work in progress		8,052	8,663	8,052	8,663
Finished goods and goods for resale		745	1,173	308	812
Inventories		**19,085**	**19,483**	**18,648**	**19,122**
Trade receivables		17,433	11,437	11,808	8,331
Contract work in progress	8	12	1,038	12	1,038
Receivables from group enterprises		0	0	3,709	1,661
Receivables from associates		31	0	31	0
Other receivables		804	1,183	667	927
Corporation tax		1,080	80	1,080	0
Prepayments	9	1,068	834	814	752
Receivables		**20,428**	**14,572**	**18,121**	**12,709**
Cash at bank and in hand		**5,179**	**7,427**	**3,969**	**6,018**
Currents assets		**44,692**	**41,482**	**40,738**	**37,849**
Assets		**84,411**	**79,723**	**82,208**	**78,282**

Balance Sheet 31 March

Liabilities and equity

		Group		Parent Company	
	Note	2018/19	2017/18	2018/19	2017/18
		DKK'000	DKK'000	DKK'000	DKK'000
Share capital		34,040	34,040	34,040	34,040
Revaluation reserve		5,449	6,856	5,449	6,856
Reserve for development costs		2,803	1,354	2,803	1,354
Retained earnings		-25,400	-14,953	-25,400	-14,953
Equity	10	**16,892**	**27,297**	**16,892**	**27,297**
Other provisions	12	2,199	1,694	2,054	1,669
Provisions		**2,199**	**1,694**	**2,054**	**1,669**
Mortgage loans		11,506	12,362	11,506	12,362
Long-term debt	13	**11,506**	**12,362**	**11,506**	**12,362**
Mortgage loans	13	844	840	844	840
Credit institutions		2	1	0	0
Prepayments received from customers		6,277	2,808	5,315	2,307
Trade payables		14,309	7,365	13,839	7,285
Contract work in progress, liabilities	8	11,505	17,097	11,505	17,097
Payables to group enterprises		10,300	0	10,988	372
Payables to associates		424	0	424	0
Corporation tax		633	306	0	0
Other payables		9,520	9,953	8,841	9,053
Short-term debt		**53,814**	**38,370**	**51,756**	**36,954**
Debt		**65,320**	**50,732**	**63,262**	**49,316**
Liabilities and equity		**84,411**	**79,723**	**82,208**	**78,282**

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Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Reserve for development costs	Retained earnings	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 April	34,040	6,856	1,354	-14,953	27,297
Dissolution of previous years' revaluation	0	-577	0	577	0
Exchange adjustments relating to foreign entities	0	0	0	374	374
Development costs for the year	0	0	1,467	-1,467	0
Depreciation, amortisation and impairment losses for the year	0	-830	-18	847	-1
Net profit/loss for the year	0	0	0	-10,778	-10,778
Equity at 31 March	**34,040**	**5,449**	**2,803**	**-25,400**	**16,892**

Parent Company

	Share capital	Revaluation reserve	Reserve for development costs	Retained earnings	Total
Equity at 1 April	34,040	6,856	1,354	-14,953	27,297
Dissolution of previous years' revaluation	0	-577	0	577	0
Exchange adjustments relating to foreign entities	0	0	0	374	374
Development costs for the year	0	0	1,467	-1,467	0
Depreciation, amortisation and impairment losses for the year	0	-830	-18	847	-1
Net profit/loss for the year	0	0	0	-10,778	-10,778
Equity at 31 March	**34,040**	**5,449**	**2,803**	**-25,400**	**16,892**

Cash Flow Statement 1 April - 31 March

	Note	Group 2018/19	Group 2017/18
		DKK'000	DKK'000
Net profit/loss for the year		-10,778	14,817
Adjustments	14	2,830	4,513
Change in working capital	15	431	9,045
Cash flows from operating activities before financial income and expenses		**-7,517**	**28,375**
Financial income		18	52
Financial expenses		-1,291	-1,827
Cash flows from ordinary activities		**-8,790**	**26,600**
Corporation tax paid		415	-234
Cash flows from operating activities		**-8,375**	**26,366**
Purchase of intangible assets		-2,719	-3,205
Purchase of property, plant and equipment		-1,028	-262
Fixed asset investments made etc		1	-1
Cash flows from investing activities		**-3,746**	**-3,468**
Repayment of mortgage loans		-852	-848
Repayment of loans from credit institutions		1	-17,419
Reduction of lease obligations		0	-3,949
Repayment of payables to group enterprises		-23	0
Raising of loans from group enterprises		10,323	0
Raising of loans from associates		424	0
Cash flows from financing activities		**9,873**	**-22,216**
Change in cash and cash equivalents		**-2,248**	**682**
Cash and cash equivalents at 1 April		7,427	6,745
Cash and cash equivalents at 31 March		**5,179**	**7,427**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		5,179	7,427
Current asset investments		0	0
Cash and cash equivalents at 31 March		**5,179**	**7,427**

Notes to the Financial Statements

1 Going concern

The initiatives mentioned in Management's Review in the Annual Report for 2017/18 to strengthen the financial position have been carried through. The Company's interest-bearing bank loans have been repaid as part of the Parent Company investments in Westrup in previous years and, in this connection, the Parent Company provided a loan of DKK 10 million to Westrup. As part of its continued financial support, the Parent Company has issued a letter of support contributing additional capital, if necessary. The letter of support is effective until 31 August 2020.

2 Staff

	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	DKK'000	DKK'000	DKK'000	DKK'000
Wages and salaries	58,351	52,835	52,752	47,180
Pensions	2,112	2,214	2,112	2,214
Other social security expenses	1,118	813	1,049	813
Other staff expenses	740	639	740	639
	62,321	**56,501**	**56,653**	**50,846**
Wages and salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:				
Cost of sales	39,685	35,231	39,685	35,231
Distribution expenses	15,883	13,918	10,215	8,263
Development costs	761	905	761	905
Administrative expenses	5,992	6,447	5,992	6,447
	62,321	**56,501**	**56,653**	**50,846**
Including remuneration to the Executive Board and Board of Directors	**2,085**	**2,316**	**2,085**	**2,316**
Average number of employees	**108**	**107**	**100**	**99**

Notes to the Financial Statements

		Group		Parent Company	
		2018/19	2017/18	2018/19	2017/18
		DKK'000	DKK'000	DKK'000	DKK'000
3	**Financial expenses**				
	Interest paid to group enterprises	357	0	357	0
	Other financial expenses	761	1,757	407	1,649
	Exchange loss	178	69	178	69
		1,296	**1,826**	**942**	**1,718**
4	**Tax on profit/loss for the year**				
	Current tax for the year	-1,087	-94	-1,080	0
	Adjustment of tax concerning previous years	0	-116	0	-116
		-1,087	**-210**	**-1,080**	**-116**

5 Intangible assets

Group

	Completed development projects	Acquired licences	Development projects in progress
	DKK'000	DKK'000	DKK'000
Cost at 1 April	0	6,440	1,736
Additions for the year	0	838	2,238
Disposals for the year	0	0	-358
Transfers for the year	2,745	0	-2,745
Cost at 31 March	2,745	7,278	871
Impairment losses and amortisation at 1 April	0	4,947	0
Amortisation for the year	23	356	0
Impairment losses and amortisation at 31 March	23	5,303	0
Carrying amount at 31 March	**2,722**	**1,975**	**871**

Notes to the Financial Statements

5 Intangible assets (continued)

Group

	Completed development projects	Acquired licences	Development projects in progress
	DKK'000	DKK'000	DKK'000
Amortised over	3-10 years	3-5 years	
Interest expenses recognised as part of cost	26	0	0

During the year, initiatives have continued from the previous year, now with increased focus on selling the launched new products. In the coming year, new products will be launched, and the continued development of the sale of new products will be further intensified.

Finished development projects are transferred to completed development projects and are depreciated over a period of 3-10 years considering the individual product.

Parent Company

	Completed development projects	Acquired licences	Development projects in progress
	DKK'000	DKK'000	DKK'000
Cost at 1 April	0	6,440	1,736
Additions for the year	0	838	2,238
Disposals for the year	0	0	-358
Transfers for the year	2,745	0	-2,745
Cost at 31 March	2,745	7,278	871
Impairment losses and amortisation at 1 April	0	4,947	0
Amortisation for the year	23	356	0
Impairment losses and amortisation at 31 March	23	5,303	0
Carrying amount at 31 March	**2,722**	**1,975**	**871**
Amortised over	3-10 years	3-5 years	
Interest expenses recognised as part of cost	26	0	0

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK'000	DKK'000	DKK'000
Cost at 1 April	43,986	12,581	6,513
Additions for the year	623	154	256
Disposals for the year	0	0	-83
Cost at 31 March	44,609	12,735	6,686
Revaluations at 1 April	25,255	0	0
Revaluations at 31 March	25,255	0	0
Impairment losses and depreciation at 1 April	37,885	9,676	5,763
Depreciation for the year	605	791	497
Reversal of impairment and depreciation of sold assets	0	0	-83
Impairment losses and depreciation at 31 March	38,490	10,467	6,177
Carrying amount at 31 March	**31,374**	**2,268**	**509**
Revaluation less amortisation, depreciation and impairment losses	6,987	0	0
Carrying amount at 31 March before revaluations	**24,387**	**2,268**	**509**
Depreciated over	10-50 years	5-10 years	3-5 years

Land and buildings have been revalued based on an independent assessment of the market value in 2017.

Notes to the Financial Statements

6 Property, plant and equipment (continued)

Parent Company

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
	DKK'000	DKK'000	DKK'000	DKK'000
Cost at 1 April	43,986	12,573	6,114	62,673
Additions for the year	623	0	233	856
Disposals for the year	0	0	-83	-83
Kostpris at 31 March	44,609	12,573	6,264	63,446
Revaluations at 1 April	25,255	0	0	25,255
Revaluations at 31 March	25,255	0	0	25,255
Impairment losses and depreciation at 1 April	37,885	9,672	5,382	52,939
Depreciation for the year	605	774	457	1,836
Reversal of impairment and depreciation of sold assets	0	0	-83	-83
Impairment losses and depreciation at 31 March	38,490	10,446	5,756	54,692
Carrying amount at 31 March	**31,374**	**2,127**	**508**	**34,009**
Depreciated over	10-50 years	5-10 years	3-5 years	

Notes to the Financial Statements

		Parent Company	
		2018/19	2017/18
		DKK'000	DKK'000
7	**Investments in subsidiaries**		
	Cost at 1 April	7,652	7,651
	Cost at 31 March	7,652	7,651
	Value adjustments at 1 April	-5,437	-4,198
	Exchange adjustment	374	-400
	Net profit/loss for the year	-693	-1,121
	Other adjustments	-3	282
	Value adjustments at 31 March	-5,759	-5,437
	Carrying amount at 31 March	**1,893**	**2,214**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Westrup Inc.	Piano, Texas, USA	100%
Westrup France SA	St Melaine sur Aubance, France	99.7%
Westrup Anlagenbau GmbH	Lienen, Germany	100%

		Group		Parent Company	
		2018/19	2017/18	2018/19	2017/18
		DKK'000	DKK'000	DKK'000	DKK'000
8	**Contract work in progress**				
	Selling price of work in progress	-11,493	-16,059	-11,493	-16,059
		-11,493	**-16,059**	**-11,493**	**-16,059**
	Recognised in the balance sheet as follows:				
	Contract work in progress recognised in assets	12	1,038	12	1,038
	Prepayments received recognised in debt	-11,505	-17,097	-11,505	-17,097
		-11,493	**-16,059**	**-11,493**	**-16,059**

Notes to the Financial Statements

9 Prepayments

Prepayments comprise prepaid expenses.

10 Equity

The share capital is broken down as follow:

	Number	Nominal value
		DKK'000
Shares	2,002	10,010
Shares	703	3,515
Shares	2	1,000
Shares	1	600
Shares	6	150
Shares	4	200
Shares	4	40
Shares	3,305	16,525
Shares	400	2,000
		34,040

11 Distribution of profit

	Parent Company	
	2018/19	2017/18
	DKK'000	DKK'000
Retained earnings	-10,778	14,817
	-10,778	**14,817**

Notes to the Financial Statements

12 Other provisions

The Company provides warranties for one year on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims as follows:

	Group 2018/19 DKK'000	Group 2017/18 DKK'000	Parent Company 2018/19 DKK'000	Parent Company 2017/18 DKK'000
Other provisions	2,199	1,694	2,054	1,669
	2,199	**1,694**	**2,054**	**1,669**
The provisions are expected to mature as follows:				
Within 1 year	2,072	1,694	2,054	1,669
	2,072	**1,694**	**2,054**	**1,669**

13 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

	Group 2018/19 DKK'000	Group 2017/18 DKK'000	Parent Company 2018/19 DKK'000	Parent Company 2017/18 DKK'000
After 5 years	7,463	8,973	7,463	8,973
Between 1 and 5 years	4,043	3,389	4,043	3,389
Long-term part	11,506	12,362	11,506	12,362
Within 1 year	844	840	844	840
	12,350	**13,202**	**12,350**	**13,202**

Notes to the Financial Statements

14 Cash flow statement - adjustments

	Group 2018/19 DKK'000	Group 2017/18 DKK'000
Financial income	-18	-52
Financial expenses	1,296	1,826
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,265	3,349
Tax on profit/loss for the year	-1,087	-210
Exchange adjustments	374	-400
	2,830	**4,513**

15 Cash flow statement - change in working capital

	Group 2018/19 DKK'000	Group 2017/18 DKK'000
Change in inventories	395	2,995
Change in receivables	-4,852	687
Change in other provisions	504	-328
Change in trade payables, etc	4,384	5,691
	431	**9,045**

	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	DKK'000	DKK'000	DKK'000	DKK'000

16 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings	31,374	31,356	31,374	31,356

Bank debt is secured by way of mortgage deed registered to the mortgagor on properties of DKK 10,000k on properties.

The Group and Parent Company have signed the usual performance guarantees etc.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	869	681	479	524
Between 1 and 5 years	1,560	536	1,132	361
	2,429	**1,217**	**1,611**	**885**

Other contingent liabilities

Deferred tax on revaluation of land and buildings, DKK 2,296k, is eliminated by deferred tax on tax losses.

Notes to the Financial Statements

17 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm'slength basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. All transactions have been carried out under the arm'slength principle.

Consolidated Financial Statements

Name and registered office of the Parent Company preparing consolidated financial statements for the largest and the smallest group:

Name	Place of registered office
Sungro Seeds Private Limited	Mumbai, India

The consolidated financial statements for Sungro Seeds Private Limited can be obtained by contacting the Management of Westrup.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Westrup A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018/19 are presented in DKK thousands.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Westrup A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

18 Accounting Policies (continued)

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related.

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

18 Accounting Policies (continued)

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 from the sale of services is recognised inthe income statement when delivery is made to the buyer.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Cost of sales also includes provisions for losses on contract work.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and cost of sales.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Development costs

Development costs comprises indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Notes to the Financial Statements

18 Accounting Policies (continued)

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for the administration of the Company.

Other operating income and expenses

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

Income from investments in subsidiaries

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

Financial income and expenses

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

Tax on profit/loss for the year

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Balance Sheet

Intangible assets

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.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

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.

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

Property, plant and equipment

On acquisition, land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost comprising the acquisition price and costs of acquisition.

Interest expenses on loans contracted directly for the financing of the construction of properties are recognised in cost over the construction period. All other finance costs are recognised in the income statement.

After the initial recognition, land and buildings are measured at fair value. Adjustments to the fair value are recognised directly in equity.

The fair value of land and buildings has been determined by using a return-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on property budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The budgeted cash flow is divided by the estimated rate of return to arrive at the fair value of the

Notes to the Financial Statements

18 Accounting Policies (continued)

properties.

The fair value of land and buildings has been assessed by the independent assessor firm Nybolig Erhverv Jørgen Klode P/S in the financial year 2017/18.

Other 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 added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	10-50	years
Plant and machinery	5-10	years
Other fixtures and fittings, tools and equipment	3-5	years

Land is not depreciated.

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 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.

Investments in subsidiaries

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

The item "Investments in subsidiaries" in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acqui-

18 Accounting Policies (continued)

sition of the enterprises.

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

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

Inventories

Inventories are measured at the lower of cost under the FIFO method, as well as weighted average prices 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. 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.

Impairment losses are recognised on slow-moving items.

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.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expen-

Notes to the Financial Statements

18 Accounting Policies (continued)

ses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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

Ehen 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.

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, including the tax base of tax loss carry-forwards, 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 de-

Notes to the Financial Statements

18 Accounting Policies (continued)

ferred 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.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term

Notes to the Financial Statements

18 Accounting Policies (continued)

debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Overdraft facilities”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

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	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$