Westrup A/S

Sorøvej 21, DK-4200 Slagelse

Annual Report for 1 April 2019 - 31 March 2020

CVR No 42 51 40 12

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 18/09 2020

Jens Dalsgaard Løgstrup
Chairman of the General Meeting

Contents

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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 2019 - 31 March 2020.

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 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019/20.

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, 18 September 2020

Executive Board

Bo Borne Jørgensen

Board of Directors

Jens Dalsgaard Løgstrup Chairman	Rajendra Badrimarayen Barwale Deputy Chairman	Aashish Rajendra Barwale
Ajay Arun Vaidya	Thiruvannathapuram Subramanian Sankaranarayanan	Lars Korsgaard Staff Representative
Jan Steen Christensen Staff Representative	Erik Wilms Raun 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 2020 and of the results of the Group and Parent Company operations and of consolidated cash flows for the financial year 1 April 2019 - 31 March 2020 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 2019 - 31 March 2020, 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, 18 September 2020
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 Rajendra Badrimarayen Barwale, Deputy Chairman Aashish Rajendra Barwale Ajay Arun Vaidya Thiruvannathapuram Subramanian Sankaranarayanan Lars Korsgaard, Staff Representative Jan Steen Christensen, Staff Representative Erik Wilms Raun, Staff Representative
Executive Board	Bo Borne Jørgensen
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				
	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000 15 months
Key figures					
Profit/loss					
Gross profit/loss	29,343	27,263	29,252	25,168	27,070
Operating profit/loss	-4,166	-10,625	-5,549	-7,674	-17,326
Net financials	-1,618	-1,278	-1,774	-2,858	-5,522
Net profit/loss for the year	-5,221	-10,778	14,817	-10,407	-24,101
Balance sheet					
Balance sheet total	79,254	84,411	79,723	79,910	92,356
Equity	11,685	16,892	27,297	10,264	16,120
Cash flows					
Cash flows from:					
- operating activities	-6,887	-8,369	26,366	-2,165	559
- investing activities	1,058	-3,746	-3,468	13,267	-1,463
including investment in property, plant and equipment	206	-1,028	-262	-132	-1,351
- financing activities	8,049	9,867	-22,216	207	20,583
Change in cash and cash equivalents for the year	2,220	-2,248	682	11,309	19,679
Number of employees	111	108	107	98	105

Financial Highlights

	Group				
	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000 15 months
Ratios					
Return on assets	-4.5%	-12.5%	20.5%	-9.6%	-18.8%
Solvency ratio	14.7%	20.0%	34.2%	12.8%	17.5%
Return on equity	-36.5%	-48.8%	78.9%	-78.9%	-155.7%

The financial highlights of the current year comprise 12 months whereas the financial year 2015/16 comprises 15 months.

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 2019/20 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 2019/20 shows a loss of DKK'000 5,221, and at 31 March 2020 the balance sheet of the Group shows equity of DKK'000 11,685.

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

This result is a significant improvement from 2018/2019 and a consequence of a focused and hard-driven turn around process, that was achieved despite a negative effect from COVID-19 between DKK'000 1,500 and 2,000.
The result contains amortizations and net depreciations of DKK'000 2,102 and impairment losses of DKK'000 871.
The loss before financial income and expenses has been reduced significantly from DKK'000 -10,587 in 2018/19 to DKK'000 -3,604 in 2019/20. However, the financial expenses have increased because of the loans from the parent company. The intercompany interests now represent 60% of the total financial costs.

2019/2020 started as expected with many orders based on previous years initiatives again with a growth budget for the primary activities. However, when COVID-19 appeared, orders were put on hold and orders for peak season ended at a lower level than normal. The Financial Statements show a loss from the operations of the Group and Parent Company of DKK'000 5.221 compared to a budgeted loss of DKK'000 292. The main reasons for the loss was the low activity in the end of the year, impaired immaterial assets and increased financial costs to Parent Company.

During 2019/2020 the Parent company have continuously shown full support to Westrup by increasing the loan packages as well as renewing the already existing support letter contributing additional capital, if necessary.

Management's Review

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.

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 2020/21 is to continue to strengthen the core business further with increased marked shares and Stabil earnings. The Company expects to further intensify its focus on the development of the market position and representation directly and through partners understanding competition will still be fierce.

The financial year 2020/21 started dramatically with the COVID-19 close down Globally which have affected the general activity level. However, the turnaround has continued and Westrup A/S have been shaped to operate under these conditions. The Group expects improved operating profit, which brings the Group closer to the break-even point.

Research and development

Key focus continues to be 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 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.

Management’s Review

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.

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 COVID 19 have had a drastic effect on the general business environment. This have called for different approach to the total Westrup setup and market offering. Under the new management a drastic restructuring have been carried out, improving the budget for 2020/2021 as well as the following years. Therefore, the result for 2020/2021 is expected to be better than 2019/2020 despite pf COVID-19 market conditions

Income Statement 1 April - 31 March

	Note	Group		Parent Company	
		2019/20	2018/19	2019/20	2018/19
		DKK'000	DKK'000	DKK'000	DKK'000
Gross profit/loss		**29,343**	**27,263**	**23,204**	**16,969**
Distribution expenses	2	-21,068	-21,966	-12,655	-13,984
Development costs	2	-1,079	-2,953	-1,079	-2,953
Administrative expenses	2	-11,362	-12,969	-10,983	-11,633
Operating profit/loss		**-4,166**	**-10,625**	**-1,513**	**-11,601**
Other operating income		563	38	1,602	1,360
Profit/loss before financial income and expenses		**-3,603**	**-10,587**	**89**	**-10,241**
Income from investments in subsidiaries		0	0	-3,806	-693
Financial income		0	18	29	18
Financial expenses	3	-1,618	-1,296	-1,533	-942
Profit/loss before tax		**-5,221**	**-11,865**	**-5,221**	**-11,858**
Tax on profit/loss for the year	4	0	1,087	0	1,080
Net profit/loss for the year		**-5,221**	**-10,778**	**-5,221**	**-10,778**

Balance Sheet 31 March

Assets

	Note	Group 2019/20 DKK'000	Group 2018/19 DKK'000	Parent Company 2019/20 DKK'000	Parent Company 2018/19 DKK'000
Completed development projects		2,464	2,722	2,464	2,722
Acquired licences		1,499	1,975	1,499	1,975
Development projects in progress		0	871	0	871
Intangible assets	5	**3,963**	**5,568**	**3,963**	**5,568**
Land and buildings		30,622	31,374	30,622	31,374
Plant and machinery		1,551	2,268	1,463	2,127
Other fixtures and fittings, tools and equipment		434	509	434	508
Property, plant and equipment	6	**32,607**	**34,151**	**32,519**	**34,009**
Investments in subsidiaries	7	0	0	4	1,893
Fixed asset investments		**0**	**0**	**4**	**1,893**
Fixed assets		**36,570**	**39,719**	**36,486**	**41,470**
Raw materials and consumables		11,059	10,288	11,059	10,288
Work in progress		7,133	8,052	7,133	8,052
Finished goods and goods for resale		2,684	745	2,225	308
Inventories		**20,876**	**19,085**	**20,417**	**18,648**
Trade receivables		10,960	17,433	8,938	11,808
Contract work in progress	8	23	12	23	12
Receivables from group enterprises		0	0	1,667	3,709
Receivables from associates		66	31	66	31
Other receivables		751	804	624	667
Corporation tax		0	1,080	0	1,080
Prepayments	9	2,609	1,068	1,618	814
Receivables		**14,409**	**20,428**	**12,936**	**18,121**
Cash at bank and in hand		**7,399**	**5,179**	**5,147**	**3,969**
Currents assets		**42,684**	**44,692**	**38,500**	**40,738**
Assets		**79,254**	**84,411**	**74,986**	**82,208**

Balance Sheet 31 March

Liabilities and equity

	Note	Group 2019/20 DKK'000	Group 2018/19 DKK'000	Parent Company 2019/20 DKK'000	Parent Company 2018/19 DKK'000
Share capital		34,040	34,040	34,040	34,040
Revaluation reserve		4,620	5,449	4,620	5,449
Reserve for development costs		1,923	2,803	1,923	2,803
Retained earnings		-28,898	-25,400	-28,898	-25,400
Equity	10	**11,685**	**16,892**	**11,685**	**16,892**
Other provisions	12	1,828	2,199	1,796	2,054
Provisions		**1,828**	**2,199**	**1,796**	**2,054**
Mortgage loans		10,614	11,506	10,614	11,506
Other payables		2,865	0	2,865	0
Long-term debt	13	**13,479**	**11,506**	**13,479**	**11,506**
Mortgage loans	13	869	844	869	844
Credit institutions		2	2	0	0
Prepayments received from customers		6,817	6,277	3,642	5,315
Trade payables		8,825	14,309	8,707	13,839
Contract work in progress, liabilities	8	9,150	11,505	9,150	11,505
Payables to group enterprises		19,186	10,300	19,273	10,988
Payables to associates		449	419	449	419
Corporation tax		394	633	0	0
Other payables	13	6,570	9,525	5,936	8,846
Short-term debt		**52,262**	**53,814**	**48,026**	**51,756**
Debt		**65,741**	**65,320**	**61,505**	**63,262**
Liabilities and equity		**79,254**	**84,411**	**74,986**	**82,208**

	Note
Going concern	1
Distribution of profit	11
Contingent assets, liabilities and other financial obligations	16
Related parties	17
Accounting Policies	18

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	5,450	2,803	-25,399	16,894
Exchange adjustments relating to foreign entities	0	0	0	12	12
Depreciation, amortisation and impairment losses for the year	0	-830	-880	1,710	0
Net profit/loss for the year	0	0	0	-5,221	-5,221
Equity at 31 March	**34,040**	**4,620**	**1,923**	**-28,898**	**11,685**

Parent Company

	Share capital	Revaluation reserve	Reserve for development costs	Retained earnings	Total
Equity at 1 April	34,040	5,450	2,803	-25,399	16,894
Exchange adjustments relating to foreign entities	0	0	0	12	12
Depreciation, amortisation and impairment losses for the year	0	-830	-880	1,710	0
Net profit/loss for the year	0	0	0	-5,221	-5,221
Equity at 31 March	**34,040**	**4,620**	**1,923**	**-28,898**	**11,685**

Cash Flow Statement 1 April - 31 March

		Group	
	Note	2019/20	2018/19
		DKK'000	DKK'000
Net profit/loss for the year		-5,221	-10,778
Adjustments	14	3,762	2,830
Change in working capital	15	-4,652	435
Cash flows from operating activities before financial income and expenses		**-6,111**	**-7,513**
Financial income		1	18
Financial expenses		-1,618	-1,289
Cash flows from ordinary activities		**-7,728**	**-8,784**
Corporation tax paid		841	415
Cash flows from operating activities		**-6,887**	**-8,369**
Purchase of intangible assets		853	-2,719
Purchase of property, plant and equipment		206	-1,028
Fixed asset investments made etc		-1	1
Cash flows from investing activities		**1,058**	**-3,746**
Repayment of mortgage loans		-867	-852
Repayment of loans from credit institutions		0	1
Repayment of payables to group enterprises		-10	-23
Repayment of payables to associates		0	-6
Raising of loans from group enterprises		8,896	10,323
Raising of loans from associates		30	424
Cash flows from financing activities		**8,049**	**9,867**
Change in cash and cash equivalents		**2,220**	**-2,248**
Cash and cash equivalents at 1 April		5,179	7,427
Cash and cash equivalents at 31 March		**7,399**	**5,179**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		7,399	5,179
Cash and cash equivalents at 31 March		**7,399**	**5,179**

Notes to the Financial Statements

1 Going concern

Westrup's financial position and performance have been strengthened during the financial year 2019/20. As part of its continued financial support in the turn around of Westrup, the Parent Company has issued a letter of support contributing additional capital, if necessary. The letter of support is effective until 30 September 2021.

2 Staff

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
	DKK'000	DKK'000	DKK'000	DKK'000
Wages and salaries	56,357	58,351	50,646	52,752
Pensions	2,133	2,112	2,133	2,112
Other social security expenses	940	1,118	920	1,049
Other staff expenses	411	740	411	740
	59,841	**62,321**	**54,110**	**56,653**
Wages and salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:				
Cost of sales	38,180	39,685	38,180	39,685
Distribution expenses	15,373	15,883	9,642	10,215
Development costs	91	761	91	761
Administrative expenses	6,197	5,992	6,197	5,992
	59,841	**62,321**	**54,110**	**56,653**
Including remuneration to the Executive Board and Board of Directors	**2,330**	**2,085**	**2,330**	**2,085**
Average number of employees	**111**	**108**	**101**	**100**

Notes to the Financial Statements

		Group		Parent Company	
		2019/20	2018/19	2019/20	2018/19
		DKK'000	DKK'000	DKK'000	DKK'000
3	**Financial expenses**				
	Interest paid to group enterprises	965	357	965	357
	Other financial expenses	546	761	432	407
	Exchange loss	107	178	136	178
		1,618	**1,296**	**1,533**	**942**
4	**Tax on profit/loss for the year**				
	Current tax for the year	0	-1,087	0	-1,080
		0	**-1,087**	**0**	**-1,080**

5 Intangible assets

Group

	Completed development projects	Acquired licences	Development projects in progress
	DKK'000	DKK'000	DKK'000
Cost at 1 April	2,745	7,278	871
Cost at 31 March	2,745	7,278	871
Impairment losses and amortisation at 1 April	23	5,303	0
Impairment losses for the year	0	0	871
Amortisation for the year	258	476	0
Impairment losses and amortisation at 31 March	281	5,779	871
Carrying amount at 31 March	**2,464**	**1,499**	**0**

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	2,745	7,278	871
Cost at 31 March	2,745	7,278	871
Impairment losses and amortisation at 1 April	23	5,303	0
Impairment losses for the year	0	0	871
Amortisation for the year	258	476	0
Impairment losses and amortisation at 31 March	281	5,779	871
Carrying amount at 31 March	**2,464**	**1,499**	**0**
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	44,608	12,736	6,687
Additions for the year	0	115	101
Disposals for the year	-393	0	0
Cost at 31 March	44,215	12,851	6,788
Revaluations at 1 April	25,255	0	0
Revaluations at 31 March	25,255	0	0
Impairment losses and depreciation at 1 April	38,490	10,467	6,177
Depreciation for the year	601	833	177
Reversal of impairment and depreciation of sold assets	-243	0	0
Impairment losses and depreciation at 31 March	38,848	11,300	6,354
Carrying amount at 31 March	**30,622**	**1,551**	**434**
Revaluation less amortisation, depreciation and impairment losses	5,923	0	0
Carrying amount at 31 March before revaluations	**24,699**	**1,551**	**434**
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	44,608	12,574	6,265	63,447
Additions for the year	0	115	101	216
Disposals for the year	-393	0	0	-393
Kostpris at 31 March	44,215	12,689	6,366	63,270
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	38,490	10,446	5,756	54,692
Depreciation for the year	601	780	176	1,557
Reversal of impairment and depreciation of sold assets	-243	0	0	-243
Impairment losses and depreciation at 31 March	38,848	11,226	5,932	56,006
Carrying amount at 31 March	**30,622**	**1,463**	**434**	**32,519**
Depreciated over	10-50 years	5-10 years	3-5 years	

Notes to the Financial Statements

		Parent Company	
		2019/20	2018/19
		DKK'000	DKK'000
7	**Investments in subsidiaries**		
	Cost at 1 April	7,653	7,652
	Cost at 31 March	7,653	7,652
	Value adjustments at 1 April	-5,759	-5,437
	Exchange adjustment	12	374
	Net profit/loss for the year	-3,807	-693
	Other adjustments	0	-3
	Value adjustments at 31 March	-9,554	-5,759
	Equity investments with negative net asset value amortised over receivables	1,905	0
	Carrying amount at 31 March	**4**	**1,893**

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%

Notes to the Financial Statements

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
	DKK'000	DKK'000	DKK'000	DKK'000
8 Contract work in progress				
Selling price of work in progress	-9,127	-11,493	-9,127	-11,493
	-9,127	**-11,493**	**-9,127**	**-11,493**
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	23	12	23	12
Prepayments received recognised in debt	-9,150	-11,505	-9,150	-11,505
	-9,127	**-11,493**	**-9,127**	**-11,493**

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

Notes to the Financial Statements

11 Distribution of profit

	Parent Company	
	2019/20	2018/19
	DKK'000	DKK'000
Retained earnings	-5,221	-10,778
	-5,221	**-10,778**

12 Other provisions

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
	DKK'000	DKK'000	DKK'000	DKK'000

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:

Other provisions	1,828	2,199	1,796	2,054
	1,828	**2,199**	**1,796**	**2,054**
The provisions are expected to mature as follows:				
Within 1 year	1,796	2,072	1,796	2,054
	1,796	**2,072**	**1,796**	**2,054**

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

After 5 years	7,167	7,463	7,167	7,463
Between 1 and 5 years	3,447	4,043	3,447	4,043
Long-term part	10,614	11,506	10,614	11,506
Within 1 year	869	844	869	844
	11,483	**12,350**	**11,483**	**12,350**

Notes to the Financial Statements

13 Long-term debt (continued)

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
	DKK'000	DKK'000	DKK'000	DKK'000
Other payables				
Between 1 and 5 years	2,865	0	2,865	0
Long-term part	2,865	0	2,865	0
Other short-term payables	6,570	9,525	5,936	8,846
	9,435	**9,525**	**8,801**	**8,846**

14 Cash flow statement - adjustments

	Group	
	2019/20	2018/19
	DKK'000	DKK'000
Financial income	0	-18
Financial expenses	1,618	1,296
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,095	2,265
Tax on profit/loss for the year	0	-1,087
Exchange adjustments	49	374
	3,762	**2,830**

15 Cash flow statement - change in working capital

Change in inventories	-1,790	395
Change in receivables	4,937	-4,852
Change in other provisions	-371	504
Change in trade payables, etc	-7,428	4,388
	-4,652	**435**

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
	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	30,622	31,374	30,622	31,374

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	970	869	574	479
Between 1 and 5 years	1,272	1,560	1,011	1,132
	2,242	**2,429**	**1,585**	**1,611**

Other contingent liabilities

Deferred tax on revaluation of land and buildings, DKK 2,350k, 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
Mahyco Private Limited	Mumbai, India

The consolidated financial statements for Mahyco 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 2019/20 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 2019/20 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

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

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.

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

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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 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 14,100 are expensed in the year of acquisition.

Notes to the Financial Statements

18 Accounting Policies (continued)

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 acquisition 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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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 expenses 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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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 deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial debts

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

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

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

Notes to the Financial Statements

18 Accounting Policies (continued)

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 debt as well as payments to and from shareholders.

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

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