



**Mark & Wedell A/S. Ingeniør- Og
Handelsfirma**

Oldenvej 5
3490 Kvistgård
CVR No. 48299210

**Annual report 01.05.2019 -
30.04.2020**

The Annual General Meeting adopted the
annual report on 11.12.2020

Precylinda Zafra Ekvall
Chairman of the General Meeting

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Entity details

Entity

Mark & Wedell A/S. Ingeniør- Og Handelsfirma
Oldenvej 5
3490 Kvistgård

Business Registration No.: 48299210
Registered office: Kvistgård
Financial year: 01.05.2019 - 30.04.2020

Board of Directors

Precylinda Zafra Ekvall, chairman
Bjarke Pålsson
Marie-Ann Winther Pålsson

Executive Board

Bjarke Pålsson, CEO
Torben Filip Ekvall

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P. O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Mark & Wedell A/S. Ingeniør- Og Handelsfirma for the financial year 01.05.2019 - 30.04.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2020 and of the results of their operations for the financial year 01.05.2019 - 30.04.2020.

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

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

Kvistgård, 11.12.2020

Executive Board

Bjarke Pålsson
CEO

Torben Filip Ekvall

Board of Directors

Precylinda Zafra Ekvall
chairman

Bjarke Pålsson

Marie-Ann Winther Pålsson

Independent auditor's report

To the shareholders of Mark & Wedell A/S. Ingeniør- Og Handelsfirma

Opinion

We have audited the consolidated financial statements and the parent financial statements of Mark & Wedell A/S. Ingeniør- Og Handelsfirma for the financial year 01.05.2019 - 30.04.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2020 and of the results of their operations for the financial year 01.05.2019 - 30.04.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

København, 11.12.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Keld Juel Danielsen

State Authorised Public Accountant
Identification No (MNE) mne26741

Management commentary

Primary activities

As in previous years, the company's activities have consisted in sales, development and production of specialized machines as well as the development and production of special orders for the company's subsidiary.

In addition, subcontracting work is carried out both in the studio and in the workshop.

Description of material changes in activities and finances

The profit for the year is 1,154 t.kr. against a profit of 2,340 t.kr. in 2018/19. The equity is per 30th of April 2020 18,688 t.kr. against 20,176 t.kr. last year.

Management considers the development to be satisfactory given the unexpected effect of the COVID19 situation.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Gross profit/loss		21,201,568	22,979,963
Staff costs	1	(19,072,077)	(19,125,955)
Depreciation, amortisation and impairment losses	2	(475,977)	(519,700)
Operating profit/loss		1,653,514	3,334,308
Other financial income	3	28,440	13,068
Other financial expenses	4	(196,663)	(289,591)
Profit/loss before tax		1,485,291	3,057,785
Tax on profit/loss for the year	5	(330,971)	(718,200)
Profit/loss for the year		1,154,320	2,339,585
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		2,500,000	2,500,000
Extraordinary dividend distributed in the financial year		0	15,000,000
Retained earnings		(1,345,680)	(15,160,415)
Proposed distribution of profit and loss		1,154,320	2,339,585

Consolidated balance sheet at 30.04.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Acquired intangible assets		492,113	36,216
Intangible assets	6	492,113	36,216
Land and buildings		20,165,584	20,500,000
Plant and machinery		5,582,138	5,018,030
Other fixtures and fittings, tools and equipment		159,225	413,728
Property, plant and equipment	7	25,906,947	25,931,758
Fixed assets		26,399,060	25,967,974
Raw materials and consumables		553,200	329,500
Manufactured goods and goods for resale		1,677,539	980,675
Inventories		2,230,739	1,310,175
Trade receivables		5,898,469	7,974,864
Contract work in progress	8	5,947,961	5,632,961
Receivables from group enterprises		310,294	465,670
Other receivables		3,501,050	1,866,383
Tax receivable		273,352	273,352
Prepayments		110,385	41,885
Receivables		16,041,511	16,255,115
Cash		202,526	1,390,453
Current assets		18,474,776	18,955,743
Assets		44,873,836	44,923,717

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital		500,000	500,000
Revaluation reserve		7,646,353	7,788,925
Retained earnings		8,041,023	9,386,703
Proposed dividend for the financial year		2,500,000	2,500,000
Equity		18,687,376	20,175,628
Deferred tax		5,210,000	5,940,000
Provisions		5,210,000	5,940,000
Mortgage debt		9,254,792	9,792,840
Tax payable		899,044	0
Other payables		736,635	0
Non-current liabilities other than provisions	9	10,890,471	9,792,840
Current portion of non-current liabilities other than provisions	9	546,305	552,007
Bank loans		481,325	0
Contract work in progress	8	31,000	2,014,000
Trade payables		1,914,324	1,848,079
Tax payable		123,662	0
Other payables	10	6,989,373	4,601,163
Current liabilities other than provisions		10,085,989	9,015,249
Liabilities other than provisions		20,976,460	18,808,089
Equity and liabilities		44,873,836	44,923,717
Unrecognised rental and lease commitments	11		
Assets charged and collateral	12		
Subsidiaries	13		

Consolidated statement of changes in equity for 2019/20

	Contributed capital DKK	Revaluation reserve DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Total DKK
Equity beginning of year	500,000	7,788,925	9,386,703	2,500,000	20,175,628
Ordinary dividend paid	0	0	0	(2,500,000)	(2,500,000)
Tax of entries on equity	0	40,213	0	0	40,213
Dissolution of reserves	0	(182,785)	0	0	(182,785)
Profit/loss for the year	0	0	(1,345,680)	2,500,000	1,154,320
Equity end of year	500,000	7,646,353	8,041,023	2,500,000	18,687,376

Notes to consolidated financial statements

1 Staff costs

	2019/20 DKK	2018/19 DKK
Wages and salaries	17,985,134	18,142,780
Pension costs	491,121	507,253
Other social security costs	247,966	320,876
Other staff costs	347,856	155,046
	19,072,077	19,125,955
Average number of full-time employees	34	35

2 Depreciation, amortisation and impairment losses

	2019/20 DKK	2018/19 DKK
Amortisation of intangible assets	29,763	10,600
Depreciation on property, plant and equipment	466,214	509,100
Profit/loss from sale of intangible assets and property, plant and equipment	(20,000)	0
	475,977	519,700

3 Other financial income

	2019/20 DKK	2018/19 DKK
Financial income from group enterprises	7,661	4,173
Other interest income	13,003	8,895
Exchange rate adjustments	7,776	0
	28,440	13,068

4 Other financial expenses

	2019/20 DKK	2018/19 DKK
Other interest expenses	108,723	75,554
Exchange rate adjustments	24,309	35,096
Other financial expenses	63,631	178,941
	196,663	289,591

5 Tax on profit/loss for the year

	2019/20 DKK	2018/19 DKK
Current tax	1,020,758	0
Change in deferred tax	(689,787)	718,200
	330,971	718,200

6 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	53,000
Transfers	34,753
Additions	457,858
Cost end of year	545,611
Amortisation and impairment losses beginning of year	(16,784)
Transfers	(6,951)
Amortisation for the year	(29,763)
Amortisation and impairment losses end of year	(53,498)
Carrying amount end of year	492,113

7 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	13,598,900	19,948,301	2,627,371
Transfers	0	755,810	(1,563,378)
Additions	0	490,105	161,888
Cost end of year	13,598,900	21,194,216	1,225,881
Revaluations beginning of year	11,484,481	0	0
Reversal of revaluations	(182,785)	0	0
Revaluations end of year	11,301,696	0	0
Depreciation and impairment losses beginning of year	(4,583,381)	(14,930,271)	(2,213,643)
Transfers	0	(377,589)	1,157,352
Depreciation for the year	(151,631)	(304,218)	(10,365)
Depreciation and impairment losses end of year	(4,735,012)	(15,612,078)	(1,066,656)
Carrying amount end of year	20,165,584	5,582,138	159,225
Carrying amount if asset had not been revalued	10,362,557		

8 Contract work in progress

	2019/20	2018/19
	DKK	DKK
Contract work in progress	35,034,961	59,458,961
Progress billings	(29,087,000)	(53,826,000)
	5,947,961	5,632,961

9 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after	Outstanding
	months	months	more than 12	after 5 years
	2019/20	2018/19	months	2019/20
	DKK	DKK	2019/20	DKK
Mortgage debt	546,305	552,007	9,254,792	7,288,408
Tax payable	0	0	899,044	0
Other payables	0	0	736,635	0
	546,305	552,007	10,890,471	7,288,408

10 Other payables

	2019/20	2018/19
	DKK	DKK
VAT and duties	3,254,377	626,801
Wages and salaries, personal income taxes, social security costs, etc. payable	2,171,522	1,156,486
Holiday pay obligation	1,198,190	2,219,707
Other costs payable	365,284	598,169
	6,989,373	4,601,163

11 Unrecognised rental and lease commitments

	2019/20	2018/19
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	557,762	758,244

12 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

For security of bank debt there is a deposited owner mortgage letter nom. 4,400 t.kr. (2018/19: 4,400 t.kr.) and indemnity letters nom. 15,000 t.kr. (2018/19: 15,000 t.kr.) in properties.

The carrying amount of mortgaged properties amounts to 20,166 t.kr. (2018/19: 20,500 t.kr.).

The group has issued bank and labor guarantees to ensure fulfillment of orders with customers for a total of 4.9 mio.kr. (2018/19: 1.6 mio.kr.)

For security of bank debt assets are charged nom. 5 mio.kr. (2018/19: 5 mio.kr.). The carrying amount of

assets charged amounts to 11,855 t.kr. (2018/19: 8,659 t.kr.)

13 Subsidiaries

	Registered in	Corporate form	Ownership %
M & W JAWO Handling A/S	Kvistgård	A/S	100

Parent income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Gross profit/loss		20,514,344	21,776,200
Staff costs	1	(19,072,077)	(19,125,955)
Depreciation, amortisation and impairment losses	2	(475,977)	(519,700)
Operating profit/loss		966,290	2,130,545
Income from investments in group enterprises		565,249	897,112
Other financial income	3	20,664	12,168
Other financial expenses	4	(227,195)	(237,702)
Profit/loss before tax		1,325,008	2,802,123
Tax on profit/loss for the year	5	(170,688)	(462,538)
Profit/loss for the year		1,154,320	2,339,585
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		2,500,000	2,500,000
Extraordinary dividend distributed in the financial year		0	15,000,000
Retained earnings		(1,345,680)	(15,160,415)
Proposed distribution of profit and loss		1,154,320	2,339,585

Parent balance sheet at 30.04.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Acquired intangible assets		492,113	36,216
Intangible assets	6	492,113	36,216
Land and buildings		20,165,584	20,500,000
Plant and machinery		5,582,138	5,018,030
Other fixtures and fittings, tools and equipment		159,225	413,728
Property, plant and equipment	7	25,906,947	25,931,758
Investments in group enterprises		4,057,905	3,492,656
Fixed asset investments	8	4,057,905	3,492,656
Fixed assets		30,456,965	29,460,630
Raw materials and consumables		553,200	329,500
Manufactured goods and goods for resale		1,677,539	980,675
Inventories		2,230,739	1,310,175
Trade receivables		4,017,615	1,916,879
Contract work in progress	9	1,282,000	2,485,000
Receivables from group enterprises		5,040,507	3,242,400
Other receivables		416,089	1,653,231
Joint taxation contribution receivable		123,662	123,662
Prepayments		110,385	41,885
Receivables		10,990,258	9,463,057
Cash		8,449	1,194,515
Current assets		13,229,446	11,967,747
Assets		43,686,411	41,428,377

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital		500,000	500,000
Revaluation reserve		7,646,353	7,788,925
Reserve for net revaluation according to the equity method		2,548,637	1,983,388
Retained earnings		5,492,386	7,403,315
Proposed dividend for the financial year		2,500,000	2,500,000
Equity		18,687,376	20,175,628
Deferred tax		4,886,000	5,566,000
Provisions		4,886,000	5,566,000
Mortgage debt		9,254,792	9,792,840
Tax payable		812,423	0
Other payables		736,635	0
Non-current liabilities other than provisions	10	10,803,850	9,792,840
Current portion of non-current liabilities other than provisions	10	546,305	552,007
Bank loans		481,325	0
Trade payables		1,894,324	1,808,139
Other payables	11	6,387,231	3,533,763
Current liabilities other than provisions		9,309,185	5,893,909
Liabilities other than provisions		20,113,035	15,686,749
Equity and liabilities		43,686,411	41,428,377
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Assets charged and collateral	14		

Parent statement of changes in equity for 2019/20

	Contributed capital DKK	Revaluation reserve DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK
Equity beginning of year	500,000	7,788,925	1,983,388	7,403,315	2,500,000
Ordinary dividend paid	0	0	0	0	(2,500,000)
Tax of entries on equity	0	40,213	0	0	0
Dissolution of reserves	0	(182,785)	0	0	0
Profit/loss for the year	0	0	565,249	(1,910,929)	2,500,000
Equity end of year	500,000	7,646,353	2,548,637	5,492,386	2,500,000

	Total DKK
Equity beginning of year	20,175,628
Ordinary dividend paid	(2,500,000)
Tax of entries on equity	40,213
Dissolution of reserves	(182,785)
Profit/loss for the year	1,154,320
Equity end of year	18,687,376

Notes to parent financial statements

1 Staff costs

	2019/20 DKK	2018/19 DKK
Wages and salaries	17,985,134	18,142,780
Pension costs	491,121	507,253
Other social security costs	247,966	320,876
Other staff costs	347,856	155,046
	19,072,077	19,125,955
Average number of full-time employees	34	35

2 Depreciation, amortisation and impairment losses

	2019/20 DKK	2018/19 DKK
Amortisation of intangible assets	29,763	10,600
Depreciation on property, plant and equipment	466,214	509,100
Profit/loss from sale of intangible assets and property, plant and equipment	(20,000)	0
	475,977	519,700

3 Other financial income

	2019/20 DKK	2018/19 DKK
Financial income from group enterprises	7,661	4,173
Other interest income	13,003	7,995
	20,664	12,168

4 Other financial expenses

	2019/20 DKK	2018/19 DKK
Financial expenses from group enterprises	61,670	25,131
Other interest expenses	100,840	72,348
Exchange rate adjustments	24,309	11,045
Other financial expenses	40,376	129,178
	227,195	237,702

5 Tax on profit/loss for the year

	2019/20 DKK	2018/19 DKK
Current tax	810,475	0
Change in deferred tax	(639,787)	586,200
Refund in joint taxation arrangement	0	(123,662)
	170,688	462,538

6 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	53,000
Transfers	34,753
Additions	457,858
Cost end of year	545,611
Amortisation and impairment losses beginning of year	(16,784)
Transfers	(6,951)
Amortisation for the year	(29,763)
Amortisation and impairment losses end of year	(53,498)
Carrying amount end of year	492,113

7 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	13,598,900	19,948,301	2,468,386
Transfers	0	755,810	(1,563,378)
Additions	0	490,105	161,888
Cost end of year	13,598,900	21,194,216	1,066,896
Revaluations beginning of year	11,484,481	0	0
Reversal of revaluations	(182,785)	0	0
Revaluations end of year	11,301,696	0	0
Depreciation and impairment losses beginning of year	(4,583,381)	(14,930,271)	(2,054,658)
Transfers	0	(377,589)	1,157,352
Depreciation for the year	(151,631)	(304,218)	(10,365)
Depreciation and impairment losses end of year	(4,735,012)	(15,612,078)	(907,671)
Carrying amount end of year	20,165,584	5,582,138	159,225
Carrying amount if asset had not been revalued	10,362,557		

8 Fixed asset investments

	Investments in group enterprises DKK
Cost beginning of year	1,509,268
Cost end of year	1,509,268
Revaluations beginning of year	1,983,388
Share of profit/loss for the year	565,249
Revaluations end of year	2,548,637
Carrying amount end of year	4,057,905

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

9 Contract work in progress

	2019/20 DKK	2018/19 DKK
Contract work in progress	4,644,000	21,789,000
Progress billings	(3,362,000)	(19,304,000)
	1,282,000	2,485,000

10 Non-current liabilities other than provisions

	Due within 12 months 2019/20 DKK	Due within 12 months 2018/19 DKK	Due after more than 12 months 2019/20 DKK	Outstanding after 5 years 2019/20 DKK
Mortgage debt	546,305	552,007	9,254,792	7,288,408
Tax payable	0	0	812,423	
Other payables	0	0	736,635	0
	546,305	552,007	10,803,850	7,288,408

11 Other payables

	2019/20 DKK	2018/19 DKK
VAT and duties	2,938,763	0
Wages and salaries, personal income taxes, social security costs, etc. payable	2,171,522	1,156,486
Holiday pay obligation	1,198,190	2,219,707
Other costs payable	78,756	157,570
	6,387,231	3,533,763

12 Unrecognised rental and lease commitments

	2019/20	2018/19
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	557,762	758,244

13 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Foton Holding ApS serves as the administration company.

According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

14 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

For security of bank debt there is a deposited owner mortgage letter nom. 4,400 t.kr. (2018/19: 4,400 t.kr.) and indemnity letters nom. 15,000 t.kr. (2018/19: 15,000 t.kr.) in properties.

The carrying amount of mortgaged properties amounts to 20,166 t.kr. (2018/19: 20,500 t.kr.).

The group has issued bank and labor guarantees to ensure fulfillment of orders with customers for a total of 3.4 mio.kr. (2018/19: 1.6 mio.kr.)

For security of bank debt assets are charged nom. 5 mio.kr. (2018/19: 5 mio.kr.). The carrying amount of assets charged amounts to 11,855 t.kr. (2018/19: 8,659 t.kr.)

Collateral provided for group enterprises

Above-mentioned mortgage letter nom. 4,400 t.kr. (2018/19: 4,400 t.kr.) has also been deposited for security for group enterprises' debts to Jyske Bank.

The company has secured guarantees for group enterprises' debts to Jyske Bank.

Bank debt in group enterprises amounts to 0 t.DKK.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, costs of raw materials and consumables and external expenses.

Revenue

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

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

Other operating income

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

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

Balance sheet**Intellectual property rights etc.**

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

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

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

Property, plant and equipment

Land and buildings are measured at cost plus revaluation, and for buildings, less accumulated depreciation and impairment losses.

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Buildings	50 years
Plant and machinery	2 - 10 years
Other fixtures and fittings, tools and equipment	2 - 10 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

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

Inventories

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

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

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

Receivables

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

Contract work in progress

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

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

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

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

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

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's

taxable income, adjusted for prepaid tax.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Mortgage debt

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

Other financial liabilities

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