



Scandinavian Hotels A/S

Strandvejen 25
8000 Aarhus C
CVR No. 36036524

Annual report 2020

The Annual General Meeting adopted the
annual report on 31.08.2021

Finn Bødstrup

Chairman of the General Meeting

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Entity details

Entity

Scandinavian Hotels A/S

Strandvejen 25

8000 Aarhus C

Business Registration No.: 36036524

Registered office: Aarhus

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Finn Bødstrup

Enan Raouf El-Galaly, formand

Hans Jørgen Malmlose Nyegaard

Margrete Monir Gorgy

Executive Board

Tamer Mamdouh Bahgat Elhossamy, direktør

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Scandinavian Hotels A/S for the financial year 01.01.2020 - 31.12.2020

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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

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.

Aarhus, 31.08.2021

Executive Board

Tamer Mamdouh Bahgat Elhossamy

direktør

Board of Directors

Finn Bødstrup

Enan Raouf El-Galaly

formand

Hans Jørgen Malmlose Nyegaard

Margrete Monir Gorgy

Independent auditor's report

To the shareholders of Scandinavian Hotels A/S

Report on the audit of the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of Scandinavian Hotels A/S for the financial year 01.01.2020 - 31.12.2020, 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, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 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.

Report on other legal and regulatory requirements**Violation of accounting legislation, including the Danish Bookkeeping Act**

It was observed that in several cases during the year, it was not possible to follow the transactions in the bookkeeping records for which reason Management may be held liable for violation of the Danish Bookkeeping Act.

Aalborg, 31.08.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Birner Sørensen

State Authorised Public Accountant
Identification No (MNE) mne11671

Management commentary

Financial highlights

	2020	2019	2018	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Operating profit/loss	(16,785)	20,112	13,150	17,367	20,600
Net financials	(3,611)	(4,392)	-5,427	-6,765	-9,400
Profit/loss for the year	(17,088)	10,260	5,677	8,120	10,793
Balance sheet total	467,296	471,967	405,274	379,079	240,373
Investments in property, plant and equipment	11,492	5,530	2,104	761	1,251
Equity	208,144	228,168	177,339	149,668	32,463
Equity excl. minority interests	207,940	227,621	0	0	0
Cash flows from operating activities	(4,984)	16,780	9,289	12,634	11,002
Cash flows from investing activities	(11,341)	(4,062)	(2,098)	(658)	(1,251)
Cash flows from financing activities	16,175	(3,884)	(10,550)	(8,752)	4,138

Ratios

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Primary activities

The company's activities comprise purchases, sales including share in companies, contributions of subordinated capital in other ways in existing companies or newly established companies in Denmark or abroad and related activities.

Development in activities and finances

The income statement for the period 01.01.20 - 31.12.20 shows a loss of DKK 17,087,852 against DKK 10,259,555 for the period 01.01.19 - 31.12.19. The balance sheet shows equity of DKK 208,144,055.

The gross profit/loss for the year includes compensation received during COVID-19 as other operating income totalling DKK 5,012k.

The Group has experienced a large turnover in staff in the financial department in 2020. As a consequence of this it has been challenging for The Company to sustain good accounting procedures. The management is aware of the situation and has taken actions to rectify this in 2021.

Profit/loss for the year in relation to expected developments

The earnings expectations for 2020 were a net profit at the level of 2019 which was not fulfilled due to the lockdown periods in the COVID-19 pandemic.

Outlook

The Group expects a loss between DKK 7 and 10 million before tax in 2021 due to the COVID-19 restrictions for the hotel industry.

Events after the balance sheet date

As a consequence of the COVID-19 pandemic, the Group is affected by a reduction in revenue, which is expected to have a negative impact on earnings and cash flows. Consequently, Management has adjusted costs to the greatest extent possible.

Management, however, expects normalised conditions in H2 2021, and therefore it is considered very likely that the hotel industry will approach the situation before the COVID-19 pandemic.

Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss	2	17,279,275	94,665,665
Staff costs	3	(23,169,664)	(62,626,352)
Depreciation, amortisation and impairment losses		(10,894,229)	(11,868,846)
Other operating expenses		0	(58,573)
Operating profit/loss		(16,784,618)	20,111,894
Income from investments in group enterprises		0	(17,711)
Other financial income		31,293	677,325
Other financial expenses		(3,642,113)	(5,069,145)
Profit/loss before tax		(20,395,438)	15,702,363
Tax on profit/loss for the year		3,307,586	(5,442,811)
Profit/loss for the year	4	(17,087,852)	10,259,552

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Goodwill		6,429,990	8,875,893
Intangible assets	5	6,429,990	8,875,893
Land and buildings		430,369,696	432,864,928
Other fixtures and fittings, tools and equipment		9,159,249	6,924,910
Property, plant and equipment	6	439,528,945	439,789,838
Other investments		0	366,522
Deposits		143,937	0
Financial assets	7	143,937	366,522
Fixed assets		446,102,872	449,032,253
Raw materials and consumables		1,024,153	1,165,428
Inventories		1,024,153	1,165,428
Trade receivables		4,048,938	8,878,839
Other receivables		5,802,875	2,021,034
Prepayments	8	160,619	562,209
Receivables		10,012,432	11,462,082
Cash		10,156,343	10,307,075
Current assets		21,192,928	22,934,585
Assets		467,295,800	471,966,838

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital	9	550,000	550,000
Revaluation reserve		145,616,905	147,582,321
Retained earnings		61,773,519	79,489,046
Equity belonging to Parent's shareholders		207,940,424	227,621,367
Equity belonging to minority interests		203,631	546,947
Equity		208,144,055	228,168,314
Deferred tax	10	75,136,116	78,708,955
Provisions		75,136,116	78,708,955
Mortgage debt		140,959,888	127,230,662
Lease liabilities		721,788	0
Payables to owners and management		11,733,736	0
Other payables		570,540	8,457,435
Non-current liabilities other than provisions	11	153,985,952	135,688,097
Current portion of non-current liabilities other than provisions	11	11,179,001	9,516,261
Bank loans		4,895,244	0
Lease liabilities		206,180	0
Payables to other credit institutions		4,734,318	1,887,874
Trade payables		4,620,199	6,562,056
Tax payable		809,440	3,328,681
Other payables		3,585,295	8,077,046
Deferred income	12	0	29,554
Current liabilities other than provisions		30,029,677	29,401,472
Liabilities other than provisions		184,015,629	165,089,569
Equity and liabilities		467,295,800	471,966,838
Events after the balance sheet date	1		
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Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Revaluation reserve DKK	Retained earnings DKK	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK
Equity beginning of year	550,000	147,582,321	79,489,046	227,621,367	546,947
Exchange rate adjustments	0	0	(2,628,731)	(2,628,731)	(17,248)
Other entries on equity	0	(1,965,416)	1,965,416	0	(290,428)
Profit/loss for the year	0	0	(17,052,212)	(17,052,212)	(35,640)
Equity end of year	550,000	145,616,905	61,773,519	207,940,424	203,631
					Total DKK
Equity beginning of year					228,168,314
Exchange rate adjustments					(2,645,979)
Other entries on equity					(290,428)
Profit/loss for the year					(17,087,852)
Equity end of year					208,144,055

Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		(16,784,618)	20,111,894
Amortisation, depreciation and impairment losses		10,894,229	11,868,846
Working capital changes	13	6,786,954	(9,606,663)
Other adjustments		0	(468,601)
Cash flow from ordinary operating activities		896,565	21,905,476
Financial income received		31,293	677,325
Financial expenses paid		(3,195,607)	(4,714,394)
Taxes refunded/(paid)		(2,716,612)	(1,088,708)
Cash flows from operating activities		(4,984,361)	16,779,699
Acquisition etc. of property, plant and equipment		(11,492,124)	(5,530,283)
Sale of property, plant and equipment		151,026	1,467,866
Cash flows from investing activities		(11,341,098)	(4,062,417)
Free cash flows generated from operations and investments before financing		(16,325,459)	12,717,282
Loans raised		26,000,000	3,763,350
Repayments of loans etc.		(17,773,141)	(16,335,365)
Arrangement of other long-term payables		7,947,868	8,687,908
Cash flows from financing activities		16,174,727	(3,884,107)
Increase/decrease in cash and cash equivalents		(150,732)	8,833,175
Cash and cash equivalents beginning of year		10,307,075	1,473,900
Cash and cash equivalents end of year		10,156,343	10,307,075
Cash and cash equivalents at year-end are composed of:			
Cash		10,156,343	10,307,075
Cash and cash equivalents end of year		10,156,343	10,307,075

Notes to consolidated financial statements

1 Events after the balance sheet date

As a consequence of the Corona pandemic, Scandinavian Hotels A/S and its subsidiaries are affected by a reduction in revenue, which is expected to have a negative impact on earnings and cash flows. Consequently, Management has adjusted costs to the greatest extent possible.

Management, however, expects normalised conditions in H2 2021, and therefore it is considered very likely that the hotel industry will approach the situation before COVID-19.

2 Gross profit/loss

Gross profit/loss includes compensation received during COVID-19 as other operating income totalling DKK 5,012k.

The compensation amounts are composed of the following schemes:

Compensation for fixed costs: DKK 2,165k

Payroll compensation: DKK 2,847k

3 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	21,522,393	51,497,668
Pension costs	1,595,476	10,222,334
Other social security costs	13,732	369,189
Other staff costs	38,063	537,161
	23,169,664	62,626,352
Average number of full-time employees	122	99

	Remuneration of manage- ment 2020 DKK
Board of Directors	572,000
	572,000

The Executive Board has not received salaries from the group in 2020.

4 Proposed distribution of profit/loss

	2020 DKK	2019 DKK
Retained earnings	(17,087,852)	10,259,552
	(17,087,852)	10,259,552

5 Intangible assets

	Goodwill DKK
Cost beginning of year	24,342,227
Exchange rate adjustments	(1,001,181)
Cost end of year	23,341,046
Amortisation and impairment losses beginning of year	(15,466,334)
Exchange rate adjustments	302,839
Amortisation for the year	(1,747,561)
Amortisation and impairment losses end of year	(16,911,056)
Carrying amount end of year	6,429,990

6 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	347,187,918	42,274,368
Exchange rate adjustments	(2,761,078)	1,553,591
Additions	7,325,996	4,166,128
Disposals	(1,067,448)	(2,176,984)
Cost end of year	350,685,388	45,817,103
Revaluations beginning of year	204,797,622	0
Revaluations end of year	204,797,622	0
Depreciation and impairment losses beginning of year	(119,120,612)	(35,349,458)
Exchange rate adjustments	107,992	(937,065)
Depreciation for the year	(7,168,142)	(2,397,289)
Reversal regarding disposals	1,067,448	2,025,958
Depreciation and impairment losses end of year	(125,113,314)	(36,657,854)
Carrying amount end of year	430,369,696	9,159,249
Carrying amount if asset had not been revalued	230,715,712	9,159,249

7 Financial assets

	Other investments DKK	Deposits DKK
Cost beginning of year	366,522	0
Additions	0	143,937
Disposals	(366,522)	0
Cost end of year	0	143,937
Carrying amount end of year	0	143,937

8 Prepayments

The item consists among others of prepayments for telephony and data hotel.

9 Contributed capital

	Number	Par value DKK	Nominal value DKK	Recorded par value DKK
A shares	11,000	1	11,000	11,000
B shares	539,000	1	539,000	539,000
	550,000		550,000	550,000

10 Deferred tax

	2020 DKK	2019 DKK
Changes during the year		
Beginning of year	78,708,955	71,860,902
Recognised in the income statement	(3,572,839)	0
Tilgang ved fusion og køb af virksomhed	0	6,848,053
End of year	75,136,116	78,708,955

11 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Mortgage debt	11,179,001	9,516,261	140,959,888	103,896,232
Lease liabilities	0	0	721,788	0
Payables to owners and management	0	0	11,733,736	11,733,736
Other payables	0	0	570,540	0
	11,179,001	9,516,261	153,985,952	115,629,968

12 Deferred income

Deferred income comprises of income received for recognition in subsequent financial years.

13 Changes in working capital

	2020	2019
	DKK	DKK
Increase/decrease in inventories	141,275	(21,803)
Increase/decrease in receivables	1,449,650	4,412,327
Increase/decrease in trade payables etc.	5,196,029	(6,619,242)
Other changes	0	(7,377,945)
	6,786,954	(9,606,663)

14 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

The carrying amount of properties is DKK 430,370k.

Mortgage deeds registered to the mortgagor of DKK 73,838k are provided as security for commitments with credit institutions

15 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report.

The Executive Board has not received salaries from the group in 2020 which is a non-arm's length decision. Other than the above no such transactions were conducted during the financial year.

16 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Scandinavian Hotels A/S, Aarhus

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Scandinavian Hotels A/S, Aarhus

17 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity DKK	Profit/loss DKK
Helnan Phønix Hotel A/S	Aalborg	A/S	100%	47,159,423	(6,745,129)
Helnan Marselis Hotel A/S	Aarhus	A/S	100%	112,687,541	(3,419,109)
Scandinavian International Hotels A/S	Aarhus	A/S	100%	42,974,928	(6,497,236)
Helnan Hotel Management	Egypt	SAE	99,5%	5,772,697	(1,643,985)
Helnan International Hotels Company	Egypt	Branch	100%	(1,186,411)	(228,117)
Helnan Chellah Hotel	Morocco	SA	99%	22,765,545	(1,737,886)

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		(251,822)	(127,886)
Income from investments in group enterprises		(17,822,491)	10,318,939
Other financial income	2	226,271	93,005
Other financial expenses	3	(154,324)	(82,739)
Profit/loss before tax		(18,002,366)	10,201,319
Tax on profit/loss for the year	4	39,572	24,295
Profit/loss for the year	5	(17,962,794)	10,225,614

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Investments in group enterprises		207,465,954	222,406,594
Financial assets	6	207,465,954	222,406,594
Fixed assets		207,465,954	222,406,594
Trade receivables		12,422	3,893
Receivables from group enterprises		4,088,496	10,476,718
Deferred tax	7	63,867	24,295
Tax receivable		0	804,000
Receivables		4,164,785	11,308,906
Cash		18,323	63,122
Current assets		4,183,108	11,372,028
Assets		211,649,062	233,778,622

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		550,000	550,000
Reserve for net revaluation according to the equity method		161,848,538	182,052,184
Retained earnings		45,541,886	45,019,183
Equity		207,940,424	227,621,367
Trade payables		105,955	78,200
Payables to group enterprises		2,793,243	6,079,055
Tax payable		809,440	0
Current liabilities other than provisions		3,708,638	6,157,255
Liabilities other than provisions		3,708,638	6,157,255
Equity and liabilities		211,649,062	233,778,622

Events after the balance sheet date	1
Contingent liabilities	8
Assets charged and collateral	9
Related parties with controlling interest	10
Transactions with related parties	11

Parent statement of changes in equity for 2020

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	550,000	182,052,184	45,019,183	227,621,367
Exchange rate adjustments	0	(1,718,149)	0	(1,718,149)
Other entries on equity	0	4,175,977	(4,175,977)	0
Dividends from group enterprises	0	(6,000,000)	6,000,000	0
Profit/loss for the year	0	(16,661,474)	(1,301,320)	(17,962,794)
Equity end of year	550,000	161,848,538	45,541,886	207,940,424

Notes to parent financial statements

1 Events after the balance sheet date

As a consequence of the Corona pandemic, Scandinavian Hotels A/S and its subsidiaries are affected by a reduction in revenue, which is expected to have a negative impact on earnings and cash flows. Consequently, Management has adjusted costs to the greatest extent possible.

Management, however, expects normalised conditions in H2 2021, and therefore it is considered very likely that the hotel industry will approach the situation before COVID-19.

2 Other financial income

	2020 DKK	2019 DKK
Financial income from group enterprises	226,271	93,005
	226,271	93,005

3 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from group enterprises	154,324	75,503
Other interest expenses	0	7,236
	154,324	82,739

4 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Change in deferred tax	(39,572)	(24,295)
	(39,572)	(24,295)

5 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Retained earnings	(17,962,794)	10,225,614
	(17,962,794)	10,225,614

6 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	45,617,418
Cost end of year	45,617,418
Revaluations beginning of year	176,789,176
Exchange rate adjustments	(1,718,149)
Adjustments on equity	10,600,000
Amortisation of goodwill	(1,161,017)
Dividend	(6,000,000)
Revaluations for the year	(16,661,474)
Revaluations end of year	161,848,536
Carrying amount end of year	207,465,954

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

7 Deferred tax

	2020 DKK	2019 DKK
Tax losses carried forward	63,867	24,295
Deferred tax	63,867	24,295

Changes during the year	2020 DKK	2019 DKK
Beginning of year	24,295	24,295
Recognised in the income statement	39,572	0
End of year	63,867	24,295

Deferred tax relates to tax losses carried forward.

8 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 these entities.

9 Assets charged and collateral

The company has provided a guarantee for group enterprises' debt to credit institutions.

The group enterprises' debt to the credit institutions concerned amounts to DKK 56,073k at the balance sheet date.

10 Related parties with controlling interest

Enan Raouf El-Galaly, Cairo, Egypt, owns all shares in the Entity, thus exercising control.

11 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

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

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. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, costs of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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.

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.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

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.

Other operating expenses

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

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc. received from the individual group enterprises in the financial year.

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

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The estimated useful life of goodwill is 10 years.

Goodwill is 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. Revaluation is calculated on the basis of regular, independent fair value measurements.

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:

Buildings	35-50 years
Other fixtures and fittings, tools and equipment	3-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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 plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

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.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. Useful lives are reassessed annually.

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

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date.

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.

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.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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.

Lease liabilities

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

Other financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

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

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

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.