



**Scandinavian International Hotels
A/S**

Strandvejen 25
8000 Aarhus C
CVR No. 73528712

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 International Hotels A/S

Strandvejen 25

8000 Aarhus C

CVR No.: 73528712

Registered office: Aarhus

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Enan Raouf El-Galaly, formand

Hans Jørgen Malmose Nyegaard

Rauf Enan El-Galaly

Finn Bødstrup

Executive Board

Margrete Monir Gorgy, direktør

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Scandinavian International 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 financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations 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

Margrete Monir Gorgy
direktør

Board of Directors

Enan Raouf El-Galaly
formand

Hans Jørgen Malmose Nyegaard

Rauf Enan El-Galaly

Finn Bødstrup

Independent auditor's report

To the shareholders of Scandinavian International Hotels A/S

Opinion

We have audited the financial statements of Scandinavian International 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. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations 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 financial statements" section of this auditor's report. We are independent of the Entity 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 financial statements

Management is responsible for the preparation of 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 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 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 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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.

Aalborg, 31.08.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Birner Sørensen

State Authorised Public Accountant
Identification No (MNE) mne11671

Management commentary

Primary activities

The company's activities comprise investing in and hotel management and related activities.

The company is legally owned by Scandinavian Hotels A/S - Denmark.

Scandinavian International Hotels A/S is one of recognized profit maker company in the Middel East which it is well known as Helnan Hotels in diffident public and private sectors.

All hotels are managed under the brand "Helnan".

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		589,430	1,469,865
Staff costs	1	(515,782)	(432,233)
Depreciation, amortisation and impairment losses		(72,000)	(18,937)
Operating profit/loss		1,648	1,018,695
Income from investments in group enterprises		(6,079,735)	2,392,287
Other financial income		0	525,300
Other financial expenses	2	(536,906)	(887,026)
Profit/loss before tax		(6,614,993)	3,049,256
Tax on profit/loss for the year	3	117,757	(815,781)
Profit/loss for the year		(6,497,236)	2,233,475
Proposed distribution of profit and loss			
Retained earnings		(6,497,236)	2,233,475
Proposed distribution of profit and loss		(6,497,236)	2,233,475

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		419,063	491,063
Property, plant and equipment	4	419,063	491,063
Investments in group enterprises		52,951,165	60,510,375
Financial assets	5	52,951,165	60,510,375
Fixed assets		53,370,228	61,001,438
Receivables from group enterprises		2,852,659	59,416
Deferred tax		96,820	0
Other receivables		18,573	1,256
Income tax receivable		0	101,218
Receivables		2,968,052	161,890
Cash		106,311	2,600,151
Current assets		3,074,363	2,762,041
Assets		56,444,591	63,763,479

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital	6	6,131,000	6,131,000
Retained earnings		36,843,928	36,159,313
Equity		42,974,928	42,290,313
Deferred tax		0	20,937
Provisions for investments in group enterprises		1,186,411	947,737
Provisions		1,186,411	968,674
Payables to shareholders and management		11,733,736	11,462,385
Other payables		53,037	0
Non-current liabilities other than provisions	7	11,786,773	11,462,385
Trade payables		198,525	86,939
Payables to group enterprises		68,353	8,869,840
Other payables		229,601	85,328
Current liabilities other than provisions		496,479	9,042,107
Liabilities other than provisions		12,283,252	20,504,492
Equity and liabilities		56,444,591	63,763,479
Contingent liabilities	8		
Assets charged and collateral	9		

Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	6,131,000	36,159,313	42,290,313
Exchange rate adjustments	0	(1,718,149)	(1,718,149)
Group contributions etc	0	8,900,000	8,900,000
Profit/loss for the year	0	(6,497,236)	(6,497,236)
Equity end of year	6,131,000	36,843,928	42,974,928

Notes

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	512,145	426,214
Other social security costs	3,637	6,019
	515,782	432,233
Average number of full-time employees	1	1

2 Other financial expenses

	2020 DKK	2019 DKK
Other interest expenses	65,093	440,386
Other financial expenses	471,813	446,640
	536,906	887,026

3 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	0	794,844
Change in deferred tax	(117,757)	20,937
	(117,757)	815,781

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	510,000
Cost end of year	510,000
Depreciation and impairment losses beginning of year	(18,937)
Depreciation for the year	(72,000)
Depreciation and impairment losses end of year	(90,937)
Carrying amount end of year	419,063

5 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	60,796,694
Cost end of year	60,796,694
Revaluations beginning of year	27,065,124
Revaluations end of year	27,065,124
Impairment losses beginning of year	(27,351,443)
Exchange rate adjustments	(1,718,149)
Amortisation of goodwill	(586,544)
Share of profit/loss for the year	(5,493,191)
Investments with negative equity value transferred to provisions	238,674
Impairment losses end of year	(34,910,653)
Carrying amount end of year	52,951,165
Carrying amount if asset had not been revalued	31,067,650

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Helnan Hotel Management	Egypt	SAE	99,5%	5,772,697	(1,652,246)
Helnan International Hotels Company	Egypt	Branch	100%	(1,186,411)	(228,117)
Helnan Chellah Hotel	Morocco	SA	99%	22,765,545	(1,737,886)

6 Share capital

	Number	Recorded par value DKK
Share class A	122,620	122,620
Share class B	6,008,380	6,008,380
	6,131,000	6,131,000

7 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Payables to shareholders and management	11,733,736	11,733,736
Other payables	53,037	53,037
	11,786,773	11,786,773

8 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Scandinavian Hotels A/S 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 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend 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.

9 Assets charged and collateral

Thy Company has provided a guarantee whereby the guarantor assumes primary liability 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.

The Company has provided a guarantee whereby they will financially support the subsidiari in Morocco.

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 Entity has changed its reporting class from class C to class B. Consequently less information is provided in the annual report for 2020.

Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income 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 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 salaries and wages, 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 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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Property, plant and equipment**

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

Other fixtures and fittings, tools and equipment	5 years
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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 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. Refer to the above section on business combinations for more details about the accounting policies used on 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 positive difference between cost of investments 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. 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.

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

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.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise provisions for investments in group enterprises

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

Other financial liabilities

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