

**CLEOPATRA HOSPITAL COMPANY “S.A.E.”
AND ITS SUBSIDIARIES**

**LIMITED REVIEW REPORT AND THE INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED
30 JUNE 2021**

CLEOPATRA HOSPITAL “S.A.E.” AND ITS SUBSIDIARIES

Interim condensed consolidated financial statements For the six months period ended 30 June 2021

Index	Page
Limited review report	1
Condensed consolidated statement of financial position	2
Condensed consolidated statement of profit or loss	3
Condensed consolidated statement of comprehensive income	4
Condensed consolidated statement of changes in equity	5
Condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7 – 28



Limited Review Report for the Interim Financial Statements

To: The Board of Directors of Cleopatra Hospital Company (S.A.E.)

Introduction

We conducted our limited review on the accompanying condensed consolidated interim financial position of Cleopatra Hospital Company (S.A.E.) and its subsidiaries (the "Group") as at 30 June 2021 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months period then ended, and notes comprising a summary of changes in the significant accounting policies and other explanatory notes. The management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is limited to express a conclusion on these condensed consolidated interim financial statements based on our limited review.

Scope of the limited review

We conducted our limited review in accordance with the Egyptian Standard on Limited Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Auditor of the Entity". A limited review of the condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently does not enable us to obtain an assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention which causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects in accordance with the Egyptian Accounting Standards.

Tamer Abdel Tawab
Member of Egyptian Society of Accountants & Auditors
Member of AICPA
R.A.A. 17996
F.R.A. 388



August 29, 2021
Cairo

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

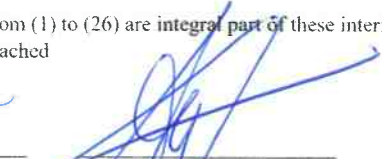
Interim condensed consolidated statement of financial position - At 30 June 2021

(All amounts in Egyptian Pounds)	Note	30 June 2021	31 December 2020
Assets			
Non-current assets			
Fixed assets	4	1,271,747,756	1,205,195,860
Right of use	5	186,590,082	18,824,508
Investments in associates		1,225,490	1,143,591
Paid under of investments purchased		5,673,000	-
Goodwill		369,263,334	369,263,334
Intangible assets		57,287,036	58,321,679
Deferred tax asset		11,343,669	11,010,872
Total non-current assets		1,903,130,367	1,663,759,844
Current assets			
Inventories	6	63,256,689	66,307,150
Trade receivables	8	421,345,464	418,760,499
Due from related parties	9	607,967	386,827
Debtors and other debit balances	10	82,213,950	94,560,254
Financial asset at amortized cost	11	129,002,101	220,565,830
Cash on hand and at banks	12	614,352,456	329,951,754
Total current assets		1,310,778,627	1,130,532,314
Total assets		3,213,908,994	2,794,292,158
Equity			
Share capital		800,000,000	800,000,000
Treasury shares	24	(46,612,865)	-
Reserves		292,269,966	281,336,162
Retained earnings	13	1,074,633,740	984,874,111
Total equity of the parent company		2,120,290,841	2,066,210,273
Non-controlling interests	14	107,449,156	107,725,535
Total equity		2,227,739,997	2,173,935,808
Liabilities			
Non-current liabilities			
Lease contracts liability	15	186,370,671	7,979,393
Deferred tax liabilities		87,913,552	88,905,234
Purchased investment liability		24,850,000	17,940,000
Total non-current liabilities		299,134,223	114,824,627
Current liabilities			
Banks overdrafts	16	138,449,860	-
Provisions		22,417,293	21,630,407
Due to related parties	9	-	597,889
Creditors and other credit balances	17	431,566,111	441,953,184
Lease contracts liability	15	32,422,774	5,295,687
Current income tax liabilities		62,178,736	36,054,556
Current income tax liabilities		687,034,774	505,531,723
Total liabilities		986,168,997	620,356,350
Total equity and liabilities		3,213,908,994	2,794,292,158

- The accompanying notes from (1) to (26) are integral part of these interim condensed consolidated financial statements.

- Limited review report is attached


Mr. Ahmed Adel Badreldin
Non Executive Chairman


Dr. Ahmed Ezz Eldin Mahmoud
CEO & Managing Director


Mr. Ahmed Gamal
Group CFO

Cairo 26 August 2021



CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Interim condensed consolidated statement of profit or loss
For the six months period ended 30 June 2021

(All amounts in Egyptian Pounds)

	Note	Six months ended 30 June		Three months ended 30 June	
		2021	2020	2021	2020
Operating revenue	18	1,276,752,529	843,086,951	643,589,357	340,205,533
Less:					
Operating costs	19	(796,064,219)	(575,688,484)	(404,098,448)	(244,027,459)
Gross profit		480,688,310	267,398,467	239,490,909	96,178,074
Add / (Less):					
General and administrative expenses	20	(160,898,471)	(124,479,648)	(79,167,237)	(67,478,066)
Costs of acquisition activities		(6,861,358)	(4,938,445)	(1,553,324)	(4,938,445)
Provisions		(11,322,744)	(5,577,910)	(1,686,869)	(1,693,707)
Impairment of Trade Receivables	21	(41,107,025)	(25,996,479)	(29,256,292)	(12,982,142)
Other income		7,232,104	3,900,638	1,017,939	2,144,278
Finance income		25,856,088	32,182,349	13,220,583	13,892,000
Finance expenses		(14,851,400)	(1,221,716)	(8,817,397)	(597,957)
Profit for the period before income tax		278,735,504	141,267,256	133,248,312	24,524,035
Current tax		(78,042,297)	(39,486,181)	(40,624,694)	(9,804,295)
Deferred tax		1,324,480	187,573	1,456,206	(703,805)
Profit after income tax		202,017,687	101,968,648	94,079,824	14,015,935
Profit for:					
Owners of the parent company		191,883,619	100,604,201	90,574,706	18,517,798
Non-controlling interests	14	10,134,068	1,364,447	3,505,118	(4,501,863)
Profit after income tax		202,017,687	101,968,648	94,079,824	14,015,935
Earning per share	22	0.12	0.06	0.06	0.01

- The accompanying notes from (1) to (26) are integral part of these interim condensed consolidated financial statements.

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Interim condensed consolidated statement of comprehensive income
For the six months period ended 30 June 2021

(All amounts in Egyptian Pounds)

	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
Profit for the period	202,017,687	101,968,648	94,079,824	14,015,935
Other comprehensive income	-	-	-	-
Comprehensive income for the period	202,017,687	101,968,648	94,079,824	14,015,935
Profit for:				
Owners of the parent Company	191,883,619	100,604,201	90,574,706	18,517,798
Non-controlling interests	10,134,068	1,364,447	3,505,118	(4,501,863)
Profit after income tax	202,017,687	101,968,648	94,079,824	14,015,935

- The accompanying notes from (1) to (26) are integral part of these interim condensed consolidated financial statements.

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Interim condensed consolidated statement of changes in equity
For the six months period ended 30 June 2021

(All amounts in Egyptian Pounds)

	Share capital	Treasury shares	Reserves	Retained earnings	Total Shareholders equity of the parent Company		Non-controlling interest	Total equity
					equity of the parent Company	Non-controlling interest		
Balance at 1 January 2020	800,000,000	-	284,394,548	746,183,287	1,830,577,835	103,926,707	1,934,504,542	
Dividends	-	-	-	(37,329,236)	(37,329,236)	(6,503,072)	(43,832,308)	
Reserves formed	-	-	3,906,444	(10,855,563)	(6,949,119)	970,419	(5,978,700)	
Non-controlling interest of acquisition of subsidiaries	-	-	-	-	-	(664,300)	(664,300)	
Comprehensive income for the period	-	-	-	100,604,201	100,604,201	1,364,447	101,968,648	
Balance at 30 June 2020	800,000,000	-	288,300,992	798,602,689	1,886,903,681	99,094,201	1,985,997,882	
Balance at 31 December 2020 (as previously published)	800,000,000	-	281,336,162	984,874,111	2,066,210,273	107,725,535	2,173,935,808	
New EAS adoption	-	-	-	(45,013,349)	(45,013,349)	(8,945,528)	(53,958,877)	
Balance at 1 January 2021	800,000,000	-	281,336,162	939,860,762	2,021,196,924	98,780,007	2,119,976,931	
Dividends	-	-	-	(45,444,024)	(45,444,024)	(2,197,732)	(47,641,756)	
Treasury shares	-	(46,612,865)	-	-	(46,612,865)	-	(46,612,865)	
Reserves formed	-	-	10,933,804	(11,666,617)	(732,813)	732,813	-	
Comprehensive income for the period	-	-	-	191,883,619	191,883,619	10,134,068	202,017,687	
Balance at 30 June 2021	800,000,000	(46,612,865)	292,269,966	1,074,633,740	2,120,290,841	107,449,156	2,227,739,997	

- The accompanying notes from (1) to (26) are integral part of these interim condensed consolidated financial statements.

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Interim condensed consolidated statement of cash flows
For the six months period ended 30 June 2021

(All amounts in Egyptian Pounds)	Note	30 June 2021	30 June 2020
<u>Cash flows from operating activities</u>			
Profit before tax		278,735,504	141,267,256
Adjustments to reconcile net income to cash flows from operating activities			
Fixed assets depreciation	4	54,508,999	40,212,250
Intangible assets amortiation		7,944,643	-
Profit from sale of fixed assets		(39,302)	(662,146)
Impairment of inventories	6	373,890	123,020
Impairment of trade receivables	8	41,107,025	25,455,153
Reversal of impairment of cash	12	(2,137,753)	-
Provisions		11,322,644	5,577,910
Employee incentive plan		-	7,761,024
Interests and commissions - Overdraft		3,422,255	1,169,067
Interests and commissions - Lease		11,380,590	-
Interest income		(25,855,083)	(32,182,349)
Gain in investments in associates		(81,899)	-
Operating profits before changes in assets and liabilities		380,681,513	188,721,185
Changes in assets and liabilities			
Change in inventories		2,676,571	(13,849,793)
Change in trade receivables		(43,648,999)	(36,181,276)
Change in due from related parties		(221,140)	1,533,778
Change in debtors and other debit balances		38,247,721	29,045,501
Change in due to related parties		(597,889)	-
Change in Creditors and other credit balances		(10,209,797)	(19,160,350)
Provision used		(10,578,748)	(5,621,930)
Income tax paid		(51,918,117)	(82,817,088)
Employees incentives paid		-	(136,833,605)
Change in lease liability and right of use		(16,206,086)	-
Net cash flows generated from (used in) operating activities		288,225,029	(75,163,578)
<u>Cash flows from investing activities</u>			
Payments for purchase fixed assets	4	(34,362,520)	(37,335,603)
Payments for projects under construction	4	(86,855,309)	(121,197,919)
Prepayments for purchasing fixed assets		(20,402,894)	(37,846,812)
Proceeds from sale of fixed assets		196,236	692,276
Payments under investments in subsidiaries		-	(6,643,000)
Payments for investments		(305,687,787)	(35,489,229)
Interests received		20,356,560	33,958,231
Treasury bills (more than 90 days)		-	50,099,258
Net cash flows used in investing activities		(426,755,714)	(153,762,798)
<u>Cash flows from financing activities</u>			
Treasury shares		(46,612,865)	-
Proceeds from bank overdraft		219,261,355	8,707,029
Payment of borrowings and bank overdraft		(80,811,495)	(8,707,029)
Dividends paid		(47,157,098)	(48,871,436)
Interests and commissions paid		(15,464,779)	(1,169,067)
Net cash flows generated from (used in) financing activities		29,215,118	(50,040,503)
Change in cash and cash equivalents during the period		(109,315,567)	(278,966,879)
Cash and cash equivalents at the beginning of the period		550,517,584	791,267,839
Cash and cash equivalents at the end of the period	12	441,202,017	512,300,960

- The accompanying notes from (1) to (26) are integral part of these interim condensed consolidated financial statements.

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

1. Introduction

Cleopatra Hospital Company "the Parent Company" (formerly Lashin & Co.) was incorporated as a limited partnership on July 19, 1979.

The decision of the Chairman of Investment Authority No. 4092 of 2005 was issued on 27 June 2005 authorising the conversion of the legal type of Cleopatra Hospital (Lasheen and Partners) from a "limited partnership" into Cleopatra Hospital Company "S.A.E." in accordance with the provisions of Law No. (8) Of 1997 and Law No. (95) Of 1992. The Company is listed on the Egyptian Stock Exchange.

The purpose of the Company and its subsidiaries (together referred to as the "Group") is to establish a private hospital to provide modern and high-quality health and medical services and to provide medical care to inpatients. The company may have an interest or may participate in any way with companies or others that carry out business like its business in Egypt or abroad. The company may also acquire, merge or attach to these facilities.

The Company is located at 39, 41 Cleopatra Street, Heliopolis, Cairo.

Care Healthcare is the controlling shareholder in the company with a 37.87% shareholding.

These interim condensed consolidated financial statements have been approved for issuance by the Board of Directors of the Parent Company on 26 August 2021.

2. Basis of preparation

A. Statement of Compliance.

This interim condensed consolidated financial statements for the six-month reporting period ended 30 June 2021 has been prepared in accordance with Egyptian Accounting Standard 30 "Interim Financial Reporting". As it is the first time for the company to prepare condensed financial statements.

This condensed consolidated interim financial information does not include all of the disclosures that would normally be disclosed in preparing the full annual financial statements. Therefore, this condensed consolidated interim financial information should be read with the annual consolidated financial statements of the Group on December 31, 2020.

The accounting policies used in preparing this condensed interim financial information are consistent with those used in preparing the annual financial statements for the fiscal year ending on December 31, 2020 and the fiscal periods Comparison, except for the effect of applying the new standards as shown in (Disclosure 2-b).

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

B. New Egyptian Accounting Standards ("EAS") and interpretations adopted

In 28 March 2019, the minister of Investment issued a decree no. 69 for 2019 which includes new standards and amendments to the existing standards. The amendments in the EASs have been published in the official gazette on 7 April 2019. These standards are to be applied for the fiscal year 2021.

In accordance with the Prime Minister's Resolution No. 1871 of 2020 regarding postponing the application of the previous standards for the fiscal year that begins on January 1, 2021, the Group has applied new standards that include Egyptian Accounting Standard No. 47 "Financial Instruments" and Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers" And the Egyptian Accounting Standard No. 49 "Leasing Contracts" and the following is the impact of applying these standards on retained earnings on January 1, 2021:

Retained earnings 31 December 2020	984,874,111
Impact of the change in EAS 47 "Financial Instruments"	(15,782,588)
Impact of the change in EAS 49 "Lease Contracts"	(29,230,761)
Retained earnings 1 January 2021 before non-controlling interests	939,860,762

(1) Egyptian Accounting Standard No. 47 " Financial instruments "

This standard is applied for financial periods beginning on or after January 1, 2021. This standard replaces the corresponding topics in Egyptian Accounting Standard No. (26) and therefore it was amended and reissued after eliminating the paragraphs related to the topics covered by the Egyptian Accounting Standard No. (47), and the scope of the amended Egyptian Accounting Standard No. (26) to address the cases of hedge accounting.

The details of the new significant accounting policies, the nature and impact of change in previous accounting policies are as follows:

Classification and measurement of financial assets and financial liabilities:

Egyptian Accounting Standard No. (47) largely retains the existing requirements in Egyptian Accounting Standard No. (26) for the classification and measurement of financial liabilities, but it excludes the categories previously mentioned in EAS No. (26) related to financial assets held until Maturity and loans, receivables and financial investments available for sale.

In accordance with EAS 47, upon initial recognition, financial assets are classified and measured at amortized cost, or at fair value through other comprehensive income - investments in debt instruments, or at fair value through other comprehensive income - investments in equity instruments, or At fair value through profit or loss. The classification of financial assets in accordance with Egyptian Accounting Standard No. (47) is usually based on the business model through which financial assets are managed as well as their contractual cash flows.

Accordingly, the Group classifies bonds, treasury bills, trade receivables and other debit balances as financial assets at amortized cost.

All the Group's investments in debt instruments that are currently classified as held to maturity will meet the conditions of classification at amortized cost under accounting standard No. (47) and therefore there will be no change in the accounting for these assets and measure those financial assets.

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

New Egyptian Accounting Standards ("EAS") and interpretations adopted (continued)

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities at fair value through profit or loss and the Group has none of these obligations. Also, the Group has no financial commitments that have been restructured or modified.

Impairment of financial assets

The Group has four types of financial assets that are subject to the new expected credit loss model:

- Balances with banks
- Due from related parties balances
- Trade receivables and debtors and other debit balances
- Financial assets at amortized cost

The Egyptian Accounting Standard No. (47) to review the impairment model of those financial assets subject to the expected credit losses model and its impact of first application on retained earnings and equity.

Customers and other receivables

The new impairment model requires measurement of financial assets recognizing provisions for impairment based on expected credit losses rather than realized credit losses.

The new impairment model applies to financial assets at amortized cost, debt instruments that are measured at fair value through comprehensive income, contract assets resulting from Egyptian Accounting Standard No. 48 "Revenue from contracts with customers", lease receivables, loan commitments and some financial guarantee contracts. The Group has implemented the new rules with effect from January 1, 2021, with the adoption of practical means permitted under the standard. Comparative figures for the year 2020 will not be adjusted.

Financial assets at amortized cost

There will be no material impact on treasury bills for the following reasons:

- Issued and guaranteed by the Egyptian government.
- There is no case of late payments in the past.
- Therefore, the availability of future information will not lead to an increase in the rate of late payments expected.

The following is the effect of applying these standards on the impairment in trade receivables on 1 January 2021:

Trade receivable impairment at 31 Dec 2020	125,326,367
Impact of changes of the standards of retained earnings (Note 8)	11,289,842
Trade receivable impairment at 1 January 2021	136,616,209

Impairment of Cash in Banks at 31 Dec 2020	-
Impact of changes of the standards of retained earnings (Note 12)	4,492,746
Impairment of Cash in Banks at 1 January 2021	4,492,746

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

New Egyptian Accounting Standards ("EAS") and interpretations adopted (continued)

(2) Egyptian Accounting Standard No. 48 "Revenue from contracts with customers"

A new revenue recognition standard was issued, replacing Egyptian Accounting Standard No. 11 covering contracts for sales of goods and services and Egyptian Accounting Standard No. 8 covering construction contracts.

The new standard is based on the principle of revenue being recognized when control of goods or services is transferred to a customer.

Impact

Management has assessed the effects of applying the new standard on the financial statements and has determined that the recognition and revenue measurement of all existing contracts under the EAS No. (48) five-steps model (identify contract - identify performance obligation determine transaction price – allocate transaction price – recognise revenue) will not change as currently recognized under EAS (11).

(3) Egyptian Accounting Standard No. 49 "Lease"

Egyptian Accounting Standard No. (49) provided a single model for accounting for lease contracts. The lessee recognizes the right to use the assets and to be bound by the lease, which represents their obligation to make lease payments.

This standard replaces the Egyptian Accounting Standard No. (20) "Accounting Rules and Standards Relating to Finance Leasing Operations".

Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

The Group, as a lessee, recognizes a right-of-use asset and a lease liability on the commencement date of the lease.

On the date of initial recognition, the "right of use" asset is recognized in the statement of financial position at a carrying amount as if the standard had been applied since the inception of the lease, but discounted using the lending rate to the lessee at the date of application. The right of use asset is depreciated using the straight-line method over the estimated useful life of those assets or the lease term.

The lease liability is initially measured at the present value of future lease payments and the related fixed costs, discounted using the interest rate at which the Group borrows. Subsequently, the lease liability is measured at amortized cost using the effective interest rate method.

Subsequently, the right of use asset and the lease liabilities are re-measured in the following cases:

- Change in the rental price.
- Amendment of the lease contract.
- Adjustment of the rental period.

Leases of short-term assets (less than 12 months including extension options) and leases of low-value items are recognized as an expense in the income statement as incurred.

Egyptian Accounting Standard No. 49 requires the Group to assess the lease term as the non-cancellable lease term in line with the lease contract, as well as the period in which the group has termination options for which the Group is not significantly certain of the benefit of these options.

CLEOPATRA HOSPITAL COMPANY “S.A.E.” AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

New Egyptian Accounting Standards (“EAS”) and interpretations adopted (continued)

A significant portion of the Group's lease includes leases that are extendable through a reciprocal agreement between the Group and the lessor or leases that can be cancelled by the Group immediately or at short notice. All extension and termination options are the right of the Group and not the lessor. In determining the term of the lease, management takes into account all facts and circumstances that create an economic incentive to exercise the option to terminate. Years after termination options are only included in the lease term if it is highly certain that the lease will not be terminated.

When evaluating the lease term for the adoption of Egyptian Accounting Standard No. 49, the Group decided that extendable future lease periods should be taken into account within the lease term, which represents an increase in future lease payments used in determining the lease liability at initial recognition. The exact term of the lease term is based on the facts and circumstances related to the leased assets and lease contracts.

The impact of applying these standards on lease obligations (Phase II) on January 1, 2021 is as follows:

Rent Obligations at 31st December 2020	13,275,080
Impact of changes of the Egyptian accounting standards	167,522,659
Rent Obligations at 1 January 2021	180,797,739

C. Basis of consolidation

1. Subsidiaries

Subsidiaries are the companies (including Special Purpose Entities/SPEs) with which the Group does not deal and shall not have rights in variable returns through its participation in the subsidiary and shall have the ability to impact such returns through its authority over its subsidiaries. The Group's authority over the subsidiary arises when the Group has outstanding rights giving the Group the current ability to instruct relevant activities, such as activities that impact the subsidiary's returns. Potential voting rights that may be practiced or transferred are taken into consideration when assessing the existence of authority over the subsidiary.

The acquisition method of accounting is used to account for the acquisition of a subsidiary from outside the group by the Group. The cost of an acquisition is measured at the fair value or consideration of assets given by the Company for acquisition and/ or equity instruments issued and/ or liabilities incurred by the Company, and/or the liabilities accepted on behalf of the acquire at the date of exchange plus any costs that are directly attributable to the acquisition. Net assets, including the identifiable contingent liabilities acquired at their fair value at the date of acquisition, are measured at fair value at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the mentioned net assets, the difference is recognised directly in the statement of profit and loss.

In case the acquisition process is carried out by an entity under joint control, subsidiaries are fully consolidated from the date on which control is transferred to the Group. The historical cost method is used where assets and liabilities are transferred from the consolidated interim financial statements to the highest joint control entity which consolidated the transferred company. If this is not possible, transfer will be made at the same value stated in the transferred company's books. The difference between the carrying value of the net assets referred to and the cost of acquisition is recognised in equity.

CLEOPATRA HOSPITAL COMPANY “S.A.E.” AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Basis of consolidation (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Inter-companies' transactions, balances and unrealised gains on transactions between the Group's companies are excluded. Unrealised losses are eliminated and are considered as an indication of the impairment of the transferred assets.

Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted at the Group's level.

The consolidated interim financial statements include the financial statements of the following subsidiaries:

	<u>Country of incorporation</u>	<u>Percentage of ownership</u>
Al-Shorouk Hospital Company S.A.E.	Egypt	99.99%
Nile Badrawi Hospital Company S.A.E.	Egypt	99.99%
Cairo Specialised Hospital Company S.A.E.	Egypt	56.46%
CHG for Medical Services Company S.A.E.	Egypt	20% (Preferred shares)
CHG Pharma for Pharmacies Management Company S.A.E.	Egypt	98%
CHG for hospitals	Egypt	99.99%
Investments in new Bedaya for Medical Centers and Hospitals	Egypt	99.99%

2. Sale, acquisition and non-controlling interests

The Group recognises sales and acquisitions made with the minority, as transactions with parties outside the Group. Gains or losses on disposal of equity to the minority, are recognised in the consolidated equity. Where purchase is made from minority, the difference between the consideration paid and the carrying value of the share purchased in the subsidiary's assets is recognised as a reserve in the consolidated equity.

3. Associates

- Associates are entities over which the Group has significant influence but not control. A shareholding in these entities ranges between 20% and 50% of the voting rights.
- Investments in associates are accounted for by the equity method of accounting, investments are initially recognised at cost.
- Goodwill arising from shareholding in associates is stated within net cost of investment.
- The Group's share of its associates' post-acquisition profit and loss is recognised in the profit and loss statement, and its share of post-acquisition movements in associates' reserves is recognised in reserves, in exchange for the adjustment of carrying value of investment against the Group's share in post-acquisition changes in equity after the acquisition date.
- When the Group's share of losses in associates equals or exceeds its interest in the associate, including any other receivables or unsecured borrowings, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies applied in the associates are adjusted when necessary to ensure consistency with the policies adopted by the Group.

CLEOPATRA HOSPITAL COMPANY “S.A.E.” AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Basis of consolidation (continued)

- Associate companies are represented in investments in Egypt Healthcare Facilities Services Company for the management of facilities. Where the total share of Cleopatra Hospital Company is 49% of the capital of the new entity, with EFS Company obtaining the controlling share of 51%. The company was established on October 12, 2020 with an issued capital of 5,000,000 Egyptian pounds, and 2,500,000 Egyptian pounds have been paid.

D. Functional and presentation currency

Items included in the consolidated interim financial statements are measured using the currency of the primary economic environment in which the Group operates (‘the functional currency’). The consolidated interim financial statements are presented in Egyptian Pounds (EGP), which is the Group’s functional and presentation currency.

E. Use of estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

Significant judgments used by management in applying the group's accounting policies and the main sources of estimation uncertainty are the same as those disclosed in the latest consolidated financial statements and for the financial year ended December 31, 2020.

With the exception of estimates and judgments related to accounting standards that have been applied starting from the current year, which are as follows:

Impairment of financial assets:

Loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Group uses a range of significant judgments in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history and current market conditions as well as future estimates at the end of each year. Expected loss rates are based on historical credit losses and historical loss rates are adjusted to reflect current and future information about macroeconomic factors that affect customers' ability to settle receivables. The Group has determined GDP and therefore adjusts historical loss rates based on expected changes in these factors.

Sensitivity:

Reasonable changes in the inputs/assumptions would not materially change the impairment of the expected credit loss recognized in the financial statements.

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

3. Segment reporting

Business segments are reported in line with the reports provided internally to the senior management, which makes decisions related to resources allocation and evaluation of segments' performance in the Group. The senior management is represented in Group's executive management committee. The segment reports are provided to the Group based on each company, as each subsidiary is considered a separate business segment.

Below is a summary of each segment, which is presented for the period ended 30 June 2021 for each segment:

Statement of financial position	CHG							New Bedaya company for medical centers and hospitals	Consolidated adjustment	Total		
	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG for Medical Services	Pharma for pharmacies management	CHG for Hospitals				Queens Hospitals	AI Kateb Hospitals
Non-current assets	1,581,452,997	241,329,001	238,433,711	237,005,288	45,462,736	4,132,094	-	75,853,190	9,675,085	92,759,806	(622,973,541)	1,903,130,367
Current assets	675,877,875	167,410,089	169,728,404	157,317,784	23,106,841	20,285,797	25,455,658	94,196,036	66,254,303	36,337,345	(125,191,505)	1,310,778,627
Total assets	2,257,330,872	408,739,090	408,162,115	394,323,072	68,569,577	24,417,891	25,455,658	170,049,226	75,929,388	129,097,151	(748,165,046)	3,213,908,994
Current liabilities	301,317,508	110,324,080	94,632,356	79,250,473	86,271,584	25,442,375	856,135	78,853,649	38,190,635	10,582,008	(138,686,029)	687,034,774
Non-current liabilities	50,024,370	9,891,793	20,637,265	24,448,188	46,441,905	4,746,028	-	67,135,107	4,086,939	11,074,805	60,647,823	299,134,223
Total liabilities	351,341,878	120,215,873	115,269,621	103,698,661	132,713,489	30,188,403	856,135	145,988,756	42,277,574	21,656,813	(78,038,206)	986,168,997
Statement of profit or loss:												
Operating revenue	450,063,217	224,667,580	190,996,841	183,861,272	35,748,766	15,973,164	1,192,489	102,253,604	76,200,244	20,226,725	(24,431,373)	1,276,752,529
Operating costs	(253,253,110)	(153,196,716)	(134,734,379)	(126,397,654)	(30,148,633)	(14,022,995)	-	(45,322,123)	(46,942,639)	(13,819,795)	21,773,825	(796,064,219)
Gross profit	196,810,107	71,470,864	56,262,462	57,463,618	5,600,133	1,950,169	1,192,489	56,931,481	29,257,605	6,406,930	(2,657,548)	480,688,310
Other expenses and revenues	(93,879,159)	(42,292,029)	(34,925,563)	(37,138,573)	(12,039,258)	(1,906,531)	(323,859)	(26,213,557)	(15,383,957)	(14,867,412)	(299,275)	(278,970,623)
Profit for period	102,930,948	29,178,835	21,336,899	20,325,045	(6,439,125)	43,638	868,630	30,717,924	13,873,648	(8,460,482)	(2,358,273)	202,017,687
Other Items												
Capital expenditure	25,993,585	67,395,389	11,316,943	7,658,526	204,988	10,590	-	1,054,621	1,911,646	5,671,541	-	121,217,829
Fixed assets depreciation	14,789,169	12,030,720	7,853,268	8,787,784	32,532	-	-	1,501,133	3,189,237	2,037,398	4,287,758	54,508,999

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Segment reporting (continued)

Below is a summary of each segment, which is presented for the year ended 31 December 2020 for each segment:

Statement of financial position	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG			Queens Hospitals	Al Kateb Hospitals	New Bedaya company for medical centers and hospitals	Consolidated adjustment	Total
					CHG for Medical Services	Pharma for management	CHG for Hospitals					
Non-current assets	1,429,895,538	185,546,891	232,651,248	220,339,339	347,376	-	-	12,622,947	122,225,650	90,160,307	(630,029,452)	1,663,759,844
Current assets	530,084,089	197,326,460	169,825,905	160,698,651	20,468,765	11,968,554	24,263,169	47,762,788	48,764,069	38,950,241	(119,580,377)	1,130,532,314
Total assets	1,959,979,627	382,873,351	402,477,153	381,037,990	20,816,141	11,968,554	24,263,169	60,385,735	170,989,719	129,110,548	(749,609,829)	2,794,292,158
Current liabilities	151,198,029	105,298,366	99,238,465	98,421,376	67,027,382	16,004,900	396,712	57,212,796	33,352,594	9,538,283	(132,157,180)	505,531,723
Non-current liabilities	35,393,353	10,345,616	15,411,827	6,757,977	(7,463,572)	-	-	275,514	163,769	3,671,446	50,268,697	114,824,627
Total Liabilities	186,591,382	115,643,982	114,650,292	105,179,353	59,563,810	16,004,900	396,712	57,488,310	33,516,363	13,209,729	(81,888,483)	620,356,350
Statement of profit or loss:												
Operating revenue	748,360,588	364,532,064	338,389,450	319,742,799	43,848,094	15,546,382	1,716,421	59,997,377	122,684,904	10,326,846	(35,601,634)	1,989,543,291
Operating costs	(424,924,706)	(252,052,581)	(238,181,370)	(227,733,985)	(49,953,840)	(16,328,664)	-	(37,454,147)	(78,719,467)	(5,496,719)	30,876,344	(1,299,969,135)
Gross profit	323,435,882	112,479,483	100,208,080	92,008,814	(6,105,746)	(782,282)	1,716,421	22,543,230	43,965,437	4,830,127	(4,725,290)	689,574,156
Other expenses and revenues	(133,256,707)	(78,841,897)	(63,743,396)	(59,775,938)	(3,602,115)	(1,549,638)	(386,194)	(11,211,058)	(26,800,708)	(8,414,307)	(4,346,923)	(391,928,882)
Profit for year	190,179,175	33,637,586	36,464,684	32,232,876	(9,707,861)	(2,331,920)	1,330,227	11,332,172	17,164,729	(3,584,180)	(9,072,214)	297,645,274
Other Items												
Capital expenditure	57,537,645	57,776,449	94,341,350	82,422,502	369,415	-	-	6,220,772	4,970,096	76,980,106	-	380,618,335
Fixed assets depreciation	27,834,253	19,624,167	9,471,532	10,460,560	22,039	-	-	2,467,399	3,051,579	787,477	8,682,603	82,401,609

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Segment reporting (continued)

Below is a summary of each segment, which is presented for the period ended 30 June 2020 for each segment:

Statement of financial position	CHG										Consolidated adjustment	Total
	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	AI Shorouk Hospital	CHG for Medical Services	Pharma for Pharmacies management	CHG for Hospitals	Queens Hospitals	AI Kateb Hospitals			
Non-current assets	1,386,100,323	166,476,868	203,311,340	181,405,949	-	-	-	9,216,815	2,605,524	(498,465,449)	1,450,651,370	
Current assets	563,299,298	183,654,874	158,815,889	139,364,191	12,438,509	5,852,945	22,802,022	22,592,367	28,700,246	(101,613,716)	1,035,906,625	
Total assets	1,949,399,621	350,131,742	362,127,229	320,770,140	12,438,509	5,852,945	22,802,022	31,809,182	31,305,770	(600,079,165)	2,486,557,995	
Current liabilities	154,881,002	94,703,578	86,742,146	65,735,436	52,689,459	8,690,815	67,954	41,237,129	24,215,214	(113,214,699)	415,748,034	
Non-current liabilities	8,543,498	8,913,623	12,974,400	2,998,882	-	-	-	140,121	(3,934)	51,245,489	84,812,079	
Total Liabilities	163,424,500	103,617,201	99,716,546	68,734,318	52,689,459	8,690,815	67,954	41,377,250	24,211,280	(61,969,210)	500,560,113	
<u>Statement of profit or loss:</u>												
Operating revenue	323,739,609	159,237,380	139,995,641	142,138,690	15,886,506	3,880,420	255,274	12,575,606	51,054,813	(5,676,988)	843,086,951	
Operating costs	(190,579,420)	(110,989,503)	(102,819,196)	(104,312,689)	(21,315,329)	(4,429,205)	-	(11,428,428)	(33,708,391)	3,893,677	(575,688,484)	
Gross profit	133,160,189	48,247,877	37,176,445	37,826,001	(5,428,823)	(548,785)	255,274	1,147,178	17,346,422	(1,783,311)	267,398,467	
Other expenses and revenues	(47,821,230)	(35,325,119)	(26,127,939)	(29,415,940)	(5,782,319)	(584,659)	(57,436)	(2,280,499)	(13,133,491)	(4,901,187)	(165,429,819)	
Profit for period	85,338,959	12,922,758	11,048,506	8,410,061	(11,211,142)	(1,133,444)	197,838	(1,133,321)	4,212,931	(6,684,498)	101,968,648	
<u>Other Items</u>												
Capital expenditure	19,237,881	28,703,224	57,798,379	38,106,012	-	-	-	1,530,911	2,503,198	-	147,879,605	
Fixed assets depreciation	14,423,598	9,654,356	4,467,261	5,138,780	-	-	-	1,183,670	91,106	4,341,300	39,300,071	

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

**Notes to the consolidated interim financial statements
For the six months period ended 30 June 2021**

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

4. Fixed assets

	Lands	Machinery, equipment and devices	Furniture	Buildings	Vehicles	Computers	Projects under construction	Total
At 1 January 2020								
Cost	173,240,262	489,137,866	59,672,162	361,825,614	12,564,952	69,845,176	137,321,664	1,303,607,696
Accumulated depreciation	-	(229,829,413)	(32,238,441)	(98,780,850)	(5,785,973)	(28,477,719)	-	(395,112,396)
Net book Amount	173,240,262	259,308,453	27,433,721	263,044,764	6,778,979	41,367,457	137,321,664	908,495,300
Year ended 31 December 2020								
Opening net book amount	173,240,262	259,308,453	27,433,721	263,044,764	6,778,979	41,367,457	137,321,664	908,495,300
Additions	-	69,890,814	11,075,483	61,398,088	3,339,000	13,808,805	221,106,145	380,618,335
Disposals	-	(9,376,396)	(1,592,247)	-	(212,215)	(739,763)	-	(11,920,621)
Transfers from projects under construction	-	76,515,656	36,636,664	125,781,156	-	19,773,567	(258,707,043)	-
Depreciation for the year	-	(39,258,065)	(7,342,580)	(16,217,097)	(1,744,302)	(17,839,565)	-	(82,401,609)
Accumulated depreciation of disposal	-	7,974,341	1,526,062	-	201,302	702,750	-	10,404,455
Closing net book amount	173,240,262	365,054,803	67,737,103	434,006,911	8,362,764	57,073,251	99,720,766	1,205,195,860
At 31 December 2020								
Cost	173,240,262	626,167,940	105,792,062	549,004,858	15,691,737	102,687,785	99,720,766	1,672,305,410
Accumulated depreciation	-	(261,113,137)	(38,054,959)	(114,997,947)	(7,328,973)	(45,614,534)	-	(467,109,550)
Net book Amount	173,240,262	365,054,803	67,737,103	434,006,911	8,362,764	57,073,251	99,720,766	1,205,195,860
At 30 June 2021								
Opening net book amount	-	365,054,803	67,737,103	434,006,911	8,362,764	57,073,251	99,720,766	1,205,195,860
Additions	-	16,927,281	10,146,455	92,369	-	7,196,415	86,855,309	121,217,829
Disposals	-	(233,002)	(58,458)	(14,850)	-	-	-	(306,310)
Transfers from projects under construction	-	1,791,937	123,120	4,242,296	-	424,282	(6,581,635)	-
Depreciation for the period	-	(25,285,725)	(6,724,488)	(9,681,739)	(971,891)	(11,845,156)	-	(54,508,999)
Accumulated depreciation of disposal	-	82,815	58,458	8,103	-	-	-	149,376
Balance at 30 June 2021	-	358,338,109	71,282,190	428,653,090	7,390,873	52,848,792	179,994,440	1,271,747,756
Cost	173,240,262	644,654,156	116,003,179	553,324,673	15,691,737	110,308,482	179,994,440	1,793,216,929
Accumulated depreciation	-	(286,316,047)	(44,720,989)	(124,671,583)	(8,300,864)	(57,459,690)	-	(521,469,173)
Net book amount at the end of the period	173,240,262	358,338,109	71,282,190	428,653,090	7,390,873	52,848,792	179,994,440	1,271,747,756

CLEOPATRA HOSPITAL COMPANY “S.A.E.” AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

5. Right of use

The right of use represents lease contracts related to buildings and was measured at a carrying amount as if the standard had been applied since the inception of the lease, but discounted using the lending rate to the lessee at the date of application, and it is subsequently depreciated over the life of the lease using the straight line..

	30 June 2021	31 December 2020
Machinery, equipment		
Beginning balance for the period / year	18,824,508	10,247,595
Adjustments	(51,840)	-
Additions for the period / year	-	10,536,770
Depreciation for the period / year	(1,057,964)	(1,959,857)
Total	17,714,704	18,824,508
Buildings		
Beginning balance for the period / year	-	-
Impact of applying the change in accounting standards	131,236,902	-
Additions for the period / year	49,369,608	-
Depreciation for the period / year	(11,731,132)	-
Total	168,875,378	-
	186,590,082	18,824,508

Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined, then the borrowing rate of the lessee is used, which is the rate that the lessee would have to pay to borrow the money needed to obtain an asset of similar value in a similar economic environment with similar terms and conditions. An average interest rate of 11.15% has been used.

6. Inventories

	30 June 2021	31 December 2020
Medical supply inventory	28,002,570	27,915,858
Medicine inventory	31,537,361	34,173,334
Maintenance and spare parts inventory	2,119,595	1,795,624
Stationary inventory	1,259,330	1,705,403
Hospitality inventory	1,011,080	1,089,636
Food and beverage inventory	167,193	93,845
	64,097,129	66,773,700
Less: Impairment of inventory	(840,440)	(466,550)
	63,256,689	66,307,150

CLEOPATRA HOSPITAL COMPANY “S.A.E.” AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Inventories (continued)

Movement in the provision for inventory is as follows:

	<u>30 June 2021</u>	<u>31 December 2020</u>	<u>30 June 2020</u>
Balance at 1 January	466,550	157,656	157,656
Decrease during the period/year	737,734	418,250	125,171
Reversed inventory provision	(85,022)	(109,356)	-
Write-offs	(278,822)	-	(2,151)
Balance at the end of the period / year	<u>840,440</u>	<u>466,550</u>	<u>280,676</u>

7. Financial assets and financial liabilities

The Group holds the following financial instruments:

	<u>Financial assets at amortised cost</u>	<u>Total</u>
Financial assets at 30 June 2021		
Trade receivables	421,345,464	421,345,464
Debtors and other debit balances*	13,839,095	13,839,095
Due from related parties	607,967	607,967
Investments at amortized cost - treasury bills	129,002,101	129,002,101
Restricted cash	300,014,787	300,014,787
Cash and bank balances	314,337,669	314,337,669
	<u>1,179,147,083</u>	<u>1,179,147,083</u>
Financial assets at 31 December 2020		
Trade receivables	418,760,499	418,760,499
Debtors and other debit balances*	14,627,791	14,627,791
Due from related parties	386,827	386,827
Financial assets at amortized cost	220,565,830	220,565,830
Cash and bank balances	329,951,754	329,951,754
	<u>984,292,701</u>	<u>984,292,701</u>

* Excluding prepayments, prepaid expenses, advances to suppliers, employee advances, and withholding tax.

CLEOPATRA HOSPITAL COMPANY “S.A.E.” AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

	Liabilities at amortised cost	Lease Contracts Liabilities	Total
Financial liabilities at 30 June 2021			
Creditors and other credit balances**	426,499,028	-	426,499,028
Banks overdraft	138,449,860	-	138,449,860
Lease liabilities	-	218,793,445	218,793,445
	564,948,888	218,793,445	783,742,333
Creditors and other credit balances**	438,627,539	-	438,627,539
Loans and borrowings	597,889	-	597,889
Rental Obligations	-	13,275,080	13,275,080
	439,225,428	13,275,080	452,500,508

** Excluding advances from customers, social insurance and taxes.

8. Trade receivables

	30 June 2021	31 December 2020
Due from customers	586,848,391	526,889,175
Income from inpatients	12,177,416	17,197,691
	599,025,807	544,086,866
Less:		
Impairment of customers' balances	(177,680,343)	(125,326,367)
	421,345,464	418,760,499

The income from inpatients comprises the revenues that have not been billed at the financial position date for their stay while the procedures of the medical services have not been completed. Such income is calculated net of the amounts collected in advance during the year of their stay.

Movement in the provision for impairment is as follows:

	30 June 2021	31 December 2020	30 June 2020
Balance at 1 January	125,326,367	74,274,923	74,274,923
The effect of implementing the change of the standards	11,289,842	-	-
Formed during the period/year	77,520,869	81,459,592	37,666,287
Provisions no longer required	(36,413,844)	(28,992,298)	(11,669,811)
Impairment Written off	(42,891)	(1,415,850)	(541,323)
Balance at the end of the period / year	177,680,343	125,326,367	99,730,076

Trade receivable balances, which have not been due till the financial position date and have no impairment indicators, amounted to EGP 244,411,077 (31 December 2020: EGP 226,325,482).

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Trade receivables (continued)

At the financial position date, the balances that were past due but not impaired amounted to EGP 170,714,996 (31 December 2020: EGP 170,531,383) regarding customers and transactions with no history of default. The ageing analysis of these balances is as follows:

	<u>30 June 2021</u>	<u>31 December 2020</u>
Less than one month	69,653,017	94,400,135
From one to five months	101,061,979	76,131,249

The balances of trade debtors that exceed 150 days in the date of the financial centre amounted to 171,722,318 Egyptian pounds (December 31, 2020: 132,032,310 Egyptian pounds).

9. Related parties Transactions:

During the period / year, the group dealt with some related parties. The balances with related parties at the date of the financial statements, and the transactions during the period / year were as follows:

Financial position balances:

<u>Company</u>	<u>Nature of related parties</u>	<u>30 June 2021</u>	<u>31 December 2020</u>
Other related parties	Amounts paid on behalf of other related company	607,967	(211,062)
		<u>607,967</u>	<u>(211,062)</u>

10. Debtors and other debit balances

	<u>30 June 2021</u>	<u>31 December 2020</u>
Advances to suppliers	43,090,870	53,558,633
Prepaid expenses	18,472,173	21,636,545
Withholding taxes	6,811,812	4,737,285
Deposits with others	4,999,518	4,782,505
Accrued income	1,563,381	17,171
Employees custodies	1,230,215	1,375,596
Other debtors	6,088,183	8,494,721
	<u>82,256,152</u>	<u>94,602,456</u>
Less:		
Impairment in other debit balances during period / year	(42,202)	(42,202)
	<u>82,213,950</u>	<u>94,560,254</u>

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Debtors and other debit balances (continued)

The movement of the debtors impairment during the period / year is as follows:

	<u>30 June 2021</u>	<u>31 December 2020</u>	<u>30 June 2020</u>
Balance at 1 January	42,202	143,734	143,734
No longer required	-	(101,532)	(21,932)
Balance at the end of the period / year	<u>42,202</u>	<u>42,202</u>	<u>121,802</u>

11. Financial assets at amortized cost

	<u>30 June 2021</u>	<u>31 December 2020</u>
Treasury Bills (Maturity 61 days)	-	30,000,000
Treasury bills (Maturity 91 days)	-	191,300,000
Treasury bills (Maturity 30 days)	130,450,000	-
Less: Unearned revenue	(1,447,898)	(734,170)
	<u>129,002,101</u>	<u>220,565,830</u>

The interest rate on the treasury bills is a constant annual return of 9.76% and 9.6% after tax on 30 June 2021 (31 December 2020: 8.96% and 9.6%).

12. Cash and cash equivalents

	<u>30 June 2021</u>	<u>31 December 2020</u>
Time deposit	14,836,720	4,699,290
Current accounts	599,078,326	322,925,123
Cash on hand	2,792,403	2,327,341
Deduct:		
Cash and cash equivalents impairment	(2,354,993)	-
	<u>614,352,456</u>	<u>329,951,754</u>

The time deposits item includes an amount EGP 4,693,620 at 31 March 2021 (31 December 2020: EGP 4,699,290) are denominated in local banks in US dollars and are payable within one from the date of deposit and are subject to a fixed annual return of 0.75%.

Current accounts deposited in Egyptian Pounds are subject to a fixed annual rate of 6.5% to 7% (31 December 2020: from 6.5% to 7%).

The movement in the provision for impairment is as follows:

	<u>30 June 2021</u>	<u>31 December 2020</u>	<u>30 June 2020</u>
Balance at the beginning of the period/year	-	-	-
Impact of applying the change in accounting standards	4,492,746	-	-
Provisions no longer required	(2,137,753)	-	-
Ending balance	<u>2,354,993</u>	<u>-</u>	<u>-</u>

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Cash and cash equivalents (continued)

For the purpose of preparation of the cash flow statements, cash and cash equivalents consist of:

	30 June 2021	31 December 2020	30 June 2020
Cash and bank balances	316,692,662	329,951,754	390,460,881
Treasury bills with maturities of 3 months or less	129,002,101	220,565,830	121,840,079
Impact of applying the change in accounting standards	(4,492,746)	-	-
Total	441,202,017	550,517,584	512,300,960

(i) *Classification as cash equivalents*

Term deposits are held with banks and presented as cash equivalents if they have a maturity of three months or less from the date of placement and are repayable with 24 hours' notice with no loss of interest. Treasury bills included under Cash and cash equivalent have original maturities of not more than three months from the date of acquisition, are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(ii) *Treasury bills*

The investment in treasury bills with maturity date one month.

(iii) *Restricted cash*

The retained cash represents 300,014,787 EGP, which is deposited with banks as a cash cover for the letters of guarantee issued in favour of the Financial Supervisory Authority, in return for the compulsory purchase offer of Alexandria Medical Services Company - the new medical centre as part of its quest to obtain the necessary approvals for the acquisition.

13. Retained earning

The group has applied the change in the Egyptian accounting standards related to Standard 47 "Financial Instruments" and Standard 49 "Leasing Contracts". Therefore, the effect of applying the standards on the balances at the beginning of the period was included in the retained earnings. There was no impact on retained earnings from application of EAS 48 "Revenue from contracts with customers"

The movement in profits is as follows:

	30 June 2021	31 December 2020
<u>Parent company's equity</u>		
Balance at the beginning of the period/year before adjustment	984,874,111	746,183,287
Effect of applying the change in Standard 47 "Financial Instruments"	(15,782,588)	-
Effect of applying the change in Standard 49 "Leasing contracts"	(29,230,761)	-
Balance after adjustment	939,860,762	746,183,287
Profits for the period / year	191,883,619	286,922,017
Reserves	(11,666,617)	(10,855,563)
Dividend	(45,444,024)	(37,375,630)
Balance at the end of the period / year	1,074,633,740	984,874,111

CLEOPATRA HOSPITAL COMPANY “S.A.E.” AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Retained earning (continued)

	30 June 2021	31 December 2020
<u>Non-controlling equity</u>		
Balance at the beginning of the period/year before adjustment	65,546,116	61,279,537
Effect of applying the change in Standard 47 “Financial Instruments”	(1,367,824)	-
Effect of applying the change in Standard 49 “Leasing contacts”	(7,577,704)	-
Balance after adjustment	56,600,588	61,279,537
Profits for the period / year	10,134,068	10,723,257
Dividends	(2,197,732)	(6,456,678)
balance at the end of the period / year	64,536,924	65,546,116

14. Non-controlling rights

	Share capital	Reserves	Retained earnings	Share of minority interest on settlement of acquisition	Total
Balance at 1 January 2020	35,512,809	7,014,177	61,279,537	120,184	103,926,707
Non-controlling interest in the acquisition of subsidiaries	(1,438,170)	-	-	-	(1,438,170)
Dividends of employees	-	-	(6,456,678)	-	(6,456,678)
Legal reserve	-	970,419	-	-	970,419
Comprehensive income for the year	-	-	10,723,257	-	10,723,257
Balance at 31 December 2020	34,074,639	7,984,596	65,546,116	120,184	107,725,535
Balance at 1 January 2021 (as previously published)	34,074,639	7,984,596	65,546,116	120,184	107,725,535
impact of applying the change in the accounting standards	-	-	(8,945,528)	-	(8,945,528)
Balance at 1 January 2021	34,074,639	7,984,596	56,600,588	120,184	98,780,007
Dividends of employees	-	-	(2,197,732)	-	(2,197,732)
Legal reserve	-	732,813	-	-	732,813
Comprehensive income for the period	-	-	10,134,068	-	10,134,068
Balance at 30 June 2021	34,074,639	8,717,409	64,536,924	120,184	107,449,156

CLEOPATRA HOSPITAL COMPANY “S.A.E.” AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

15. Lease liabilities

The lease obligations represent the present value of the lease obligations related to medical equipment that one of the group companies obtained in exchange for lease contracts and lease contracts for buildings, and it was measured at the present value of the contractual lease payments discounted at an implied rate of return of 12.15%, 16.65% and 11.15%.

	<u>30 June 2021</u>	<u>31 December 2020</u>
During the year	38,293,549	6,731,920
More than a year	370,804,653	11,633,924
	<u>409,098,202</u>	<u>18,365,844</u>
The present value of the lease obligations is as follows:		
During the year	32,422,774	5,295,687
More than a year	186,370,671	7,979,393
Balance	<u>218,793,445</u>	<u>13,275,080</u>

	<u>30 June 2021</u>
Lease Liabilities were presented as follows:	
Lease liabilities shown as at December 31, 2020	13,275,080
Additions during the period	215,742,907
Lease liabilities at January 31, 2021	<u>229,017,987</u>
Add: Interest formed during the period	11,380,590
Deduct: Payments during the period	(21,605,132)
Lease liabilities at 30 June 2021	<u>218,793,445</u>

16. Banks overdraft

The group obtained total credit limits in the form of overdrafts from banks in order to finance working capital at an interest rate of 0.1% in addition to the announced lending rate from the Central Bank. The total available credit limits amounted to 165 million EGP and the user value of these credit limits in 30 June 2021, an amount of 138,449,860 EGP.(0 EGP on 31 December 2020)

17. Creditors and other credit balances

	<u>30 June 2021</u>	<u>31 December 2020</u>
Suppliers and notes payable	204,780,612	237,377,762
Accrued expenses	170,842,874	166,999,155
Dividends payable	3,810,303	3,323,266
Social insurance	5,067,083	3,325,645
Other creditors	47,065,239	30,927,356
	<u>431,566,111</u>	<u>441,953,184</u>

CLEOPATRA HOSPITAL COMPANY "S.A.E." AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

18. Operating revenue

	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
Accommodation and medical supervision revenue	342,358,809	216,051,724	170,929,020	92,661,753
Surgeries revenue	226,268,364	153,068,535	116,371,702	44,466,148
Laboratories revenue	151,046,069	87,279,729	76,421,321	40,303,819
Outpatient clinics revenue	128,164,737	84,617,445	65,134,066	26,815,397
Radiology revenue	100,324,287	62,228,814	50,226,783	37,618,540
Cardiac catheterization revenue	97,153,342	68,985,117	47,258,996	24,378,409
Service charge revenue	87,343,393	61,772,970	43,569,913	23,956,063
Pharmacy revenue	51,366,482	24,923,967	26,795,150	11,767,055
Emergency revenue	38,923,802	32,252,721	20,500,326	17,526,389
Revenues of oncology centre	17,724,197	17,652,684	8,622,752	8,544,164
Physiotherapy revenue	9,483,190	7,265,483	4,580,387	2,096,255
Endoscopy revenue	8,482,528	6,652,762	4,679,153	2,918,751
Cardiac tests revenue	7,372,213	5,153,464	3,735,590	2,145,429
Dentistry revenue	4,674,813	8,609,746	2,695,209	1,441,843
Other departments revenues	6,066,303	6,571,790	2,068,989	3,565,518
	<u>1,276,752,529</u>	<u>843,086,951</u>	<u>643,589,357</u>	<u>340,205,533</u>

19. Operating costs

	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
Medical and pharmaceutical supplies	255,116,862	163,377,294	127,040,475	64,172,825
Salaries, wages and benefits	214,351,616	175,418,601	112,003,098	85,037,841
Doctors' fees	191,398,247	135,043,994	96,252,886	47,192,870
Fixed assets depreciation	44,825,436	32,682,166	22,620,314	15,713,521
Maintenance, spare parts and energy expenses	31,938,025	21,557,411	15,664,024	11,751,647
consumables costs	22,298,161	14,875,765	11,326,636	3,682,645
Lease amortization	8,588,653	-	4,060,144	-
Other expenses	27,547,219	32,733,253	15,130,871	16,476,110
	<u>796,064,219</u>	<u>575,688,484</u>	<u>404,098,448</u>	<u>244,027,459</u>

CLEOPATRA HOSPITAL COMPANY “S.A.E.” AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

20. General and administrative expenses

	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
Salaries, wages and benefits	82,158,495	81,028,012	40,693,402	42,176,911
Professional and consulting fees	12,773,931	12,250,782	5,802,618	6,992,724
Fixed assets depreciation	9,683,563	7,530,084	4,882,643	3,797,633
Intangibles amortization	7,944,643	-	3,972,322	-
Service from others	6,586,995	-	2,125,890	-
Maintenance, spare parts and energy expenses	6,473,138	6,813,122	3,565,240	3,851,519
Lease amortization	4,200,443	-	2,536,276	-
Donations	1,226,600	(5,953,352)	(27,200)	204,967
consumables costs	1,081,351	1,610,642	517,729	534,308
Rent	706,777	2,833,537	252,688	1,396,318
Other expenses	28,026,535	18,366,821	14,845,629	8,523,686
	160,898,471	124,479,648	79,167,237	67,478,066

The present value of the fair value of the part of the equity instruments related to the acquisition of Bidaya Hospital (which represents 40% of the shares of the New Bedaya Company for Medical Centres and Hospitals) was estimated in June 2023 in exchange for 38,005,000 Egyptian pounds, of which 6,910,000 Egyptian pounds were recognized as part of the year's expenses, which represents the period from January 1, 2021 to June 30, 2021

21. Impairment in trade receivables and cash

	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
Impairment in trade receivables	41,107,025	25,455,153	29,256,292	12,440,816
Reversal of impairment in cash	(2,137,753)	-	(812,895)	-
	38,969,272	25,455,153	28,443,397	12,440,816

CLEOPATRA HOSPITAL COMPANY “S.A.E.” AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2021

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

22. Earnings per share

The basic share of the profit is calculated by dividing the net profit for the year by the number of shares outstanding during the year.

	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
Distributable profit	191,883,619	100,604,201	90,574,706	18,517,798
Number of shares issued	1,600,000,000	1,600,000,000	1,600,000,000	1,600,000,000
The weighted average number of shares purchased (Treasury Shares)	(10,046,667)	-	(10,046,667)	-
The number of shares available after the purchase	1,589,953,333	1,600,000,000	1,589,953,333	1,600,000,000
Earnings per share	0.12	0.06	0.06	0.01

23. Commitments

Capital commitments:

Capital commitments related to fixed assets at financial year end, which are not yet due, amounted to EGP 34,054,795 (31 December 2020: EGP 178,323,784).

24. Significant events

Based on the decision of the Board of Directors on June 14, 2021, the group purchased 10,960,000 shares of its shares in the stock market and kept in the treasury for a total amount of EGP 46,612,865, and it was offered by deduction from equity as treasury shares.

25. Contingent Liabilities

There are contingent liabilities on the Group in the form of letters of guarantee, amounting to 550,014,787 Egyptian pounds secured by the cash restricted in banks amounting to 300,014,787 Egyptian pounds (disclosure 12). The letter of guarantee expired on August 8, 2021 and the company did not renew it.

26. Subsequent Events

During the period following the date of the financial statements, Cleopatra Hospitals Company purchased treasury shares with a value of EGP 22,549,142 for 4,990,000 shares.