

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**AUDITOR'S REPORT AND  
THE SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**CLEOPATRA HOSPITAL "S.A.E."**

**Separate financial statements - For the year ended 31 December 2020**

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<b>Index</b>	<b>Page</b>
Auditor's report	1 – 2
Separate statement of financial position	3
Separate statement of profit or loss	4
Separate statement of comprehensive income	5
Separate statement of changes in equity	6
Separate statement of cash flows	7
Notes to the separate financial statements	8 – 45



## **Auditor's report**

**To: The Shareholders of Cleopatra Hospital Company S.A.E.**

### **Report on the separate financial statements**

We have audited the accompanying separate financial statements of Cleopatra Hospital Company "S.A.E." (the Company) which comprise the separate statement of financial position as at 31 December 2020 and the separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the separate financial statements**

These separate financial statements are the responsibility of the Company's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Egyptian Accounting Standards and in light of the prevailing Egyptian laws. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error. Management's responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these separate financial statements.



## The Shareholders of Cleopatra Hospital Company S.A.E.

Page 2

### Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Cleopatra Hospital Company "S.A.E." as at 31 December 2020, its financial performance, and its separate cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

### Report on other legal and regulatory requirements

The Company maintains proper financial records, which includes all that is required by the law and the Company's statutes, and the accompanying financial statements are in agreement therewith. The inventory counts were taken by the management in accordance with proper principles.

The financial information included in the Board of Directors' report is prepared in accordance with law No. 159 of 1981 and its executive regulations, is in agreement with Company's accounting records, within the limits that such information recorded therein.

Wael Sakr  
R.A.A. 26144  
F.R.A.381

21 March 2021  
Cairo



CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Separate statement of financial position - At 31 December 2020

(All amounts in Egyptian Pounds)

	Note	2020	2019
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	6	334,054,902	299,034,977
Investments in subsidiaries	7	1,045,947,470	889,583,770
Investments in associates	8	1,143,591	-
Goodwill	10	172,587,300	172,587,300
Payment under investments	9	-	7,500,000
<b>Total non-current assets</b>		<b>1,553,733,263</b>	<b>1,368,706,047</b>
<b>Current assets</b>			
Inventories	11	24,343,737	18,189,643
Trade receivables	12	179,476,385	129,498,041
Due from related parties	31	65,276,174	36,317,205
Debtors and other debit balances	13	35,480,888	24,230,750
Treasury bills	14	139,446,980	50,099,258
Cash on hand and at banks	15	134,560,287	443,010,427
<b>Total current assets</b>		<b>578,584,451</b>	<b>701,345,324</b>
<b>Total assets</b>		<b>2,132,317,714</b>	<b>2,070,051,371</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	19	800,000,000	800,000,000
Reserves	20	369,101,452	359,216,308
Retained earnings		744,657,574	562,179,987
<b>Total equity</b>		<b>1,913,759,026</b>	<b>1,721,396,295</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	28	10,336,764	8,631,269
Purchases of investments creditors	29	14,485,000	-
<b>Total non-current liabilities</b>		<b>24,821,764</b>	<b>8,631,269</b>
<b>Current liabilities</b>			
Provisions	16	10,446,601	5,718,122
Due to related parties	31	-	2,794,469
Creditors and other credit balances	17	147,546,667	155,827,280
Employees incentive plan	18	-	129,072,581
Current income tax liabilities	27	35,743,656	46,611,355
<b>Total current liabilities</b>		<b>193,736,924</b>	<b>340,023,807</b>
<b>Total liabilities</b>		<b>218,558,688</b>	<b>348,655,076</b>
<b>Total equity and liabilities</b>		<b>2,132,317,714</b>	<b>2,070,051,371</b>

- The accompanying notes from (1) to (34) are integral part of these separate financial statements.  
- Auditor's report is attached

  
Mr. Ahmed Gamal  
Group CFO

  
Dr. Ahmed Ezz Eldin Mahmoud  
CEO & Managing Director

  
Mr. Ahmed Adel Badr Eldin  
Non Executive Chairman

18 March 2021



**CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

**Separate statement of profit or loss - For the year ended 31 December 2020**

(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Operating revenue	15	931,042,869	780,837,520
<b>Less:</b>			
Operating costs	16	<u>(541,098,320)</u>	<u>(457,680,587)</u>
<b>Gross profit</b>		<b>389,944,549</b>	<b>323,156,933</b>
<b>Add / (Less)</b>			
General and administrative expenses	17	(122,878,779)	(128,109,380)
Aquisition costs		(13,158,521)	(6,281,828)
Provisions	11	(12,463,993)	(3,976,186)
Other income	19	16,305,412	8,081,959
Finance income	20	31,752,048	74,585,547
Finance expenses	20	<u>(277,109)</u>	<u>(4,959,519)</u>
<b>Profit for the year before income tax</b>		<b>289,223,607</b>	<b>262,497,526</b>
Current tax	21	(68,842,037)	(60,770,757)
Deferred tax	22	<u>(1,705,495)</u>	<u>(4,023,898)</u>
<b>Profit after income tax</b>		<b><u>218,676,075</u></b>	<b><u>197,702,871</u></b>
<b>Earning per share</b>	23	<b><u>0.11</u></b>	<b><u>0.10</u></b>

- The accompanying notes from (1) to (33) are integral part of these separate financial statements.

**CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

**Separate statement of comprehensive income - For the year ended 31 December 2020**

(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Profit for the year		218,676,075	197,702,871
Other comprehensive income		-	-
<b>Comprehensive income for the year</b>		<u><u>218,676,075</u></u>	<u><u>197,702,871</u></u>

- The accompanying notes from (1) to (33) are integral part of these separate financial statements.

**CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

**Separate statement of changes in equity - For the year ended 31 December 2020**

(All amounts in Egyptian Pounds)

	Share capital	Reserves	Retained earnings	Total
<b>Balance at 1 January 2019</b>	<b>800,000,000</b>	<b>349,003,411</b>	<b>397,711,251</b>	<b>1,546,714,662</b>
Distributions for employees and board of directors	-	-	(23,021,238)	(23,021,238)
Legal reserve	-	10,212,897	(10,212,897)	-
Comprehensive income for the year	-	-	197,702,871	197,702,871
<b>Balance at 31 December 2019</b>	<b>800,000,000</b>	<b>359,216,308</b>	<b>562,179,987</b>	<b>1,721,396,295</b>
<b>Balance at 1 January 2020</b>	<b>800,000,000</b>	<b>359,216,308</b>	<b>562,179,987</b>	<b>1,721,396,295</b>
Distributions for employees and board of directors	-	-	(26,313,344)	(26,313,344)
Legal reserve	-	9,885,144	(9,885,144)	-
Comprehensive income for the year	-	-	218,676,075	218,676,075
<b>Balance at 31 December 2020</b>	<b>800,000,000</b>	<b>369,101,452</b>	<b>744,657,574</b>	<b>1,913,759,026</b>

- The accompanying notes from (1) to (33) are integral part of these separate financial statements.



CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Separate statement of cash flows - For the year ended 31 December 2020

(All amounts in Egyptian Pounds)

	Note	2020	2019
<b><u>Cash flows from operating activities</u></b>			
Profit before tax		289,223,607	262,497,526
<b>Adjustments to reconcile net income to cash flows from operating activities</b>			
Fixed assets depreciation	6	33,353,232	21,822,250
Gains from sales of fixed assets	25	(369,559)	(331,792)
Impairment of trade receivables	12	19,424,395	20,158,701
Impairment of inventory	11	115,285	-
Provisions	16	12,463,993	3,976,186
Interest and commissions	26	-	1,926,854
Interest income	26	(31,752,048)	(74,585,547)
Employee incentive plan	18	7,761,024	83,840,084
Loss from investments in sister companies	8	81,399	-
<b>Operating profits before changes in assets and liabilities</b>		<b>330,301,328</b>	<b>319,304,262</b>
<b>Changes in assets and liabilities</b>			
Change in inventories	11	(6,269,379)	(422,088)
Change in trade receivables	12	(69,402,739)	(9,472,786)
Change in due from related parties	30	(28,903,969)	(28,342,852)
Change in debtors and other debit balances		(11,963,181)	10,787,565
Change in due to related parties	30	(2,794,469)	2,769,100
Change in creditors and other credit balances		32,749,258	24,649,344
Provision used	16	(7,735,514)	(4,692,556)
Income tax paid	27	(79,709,736)	(67,871,088)
Paid from employees incentive plan	18	(136,833,605)	-
<b>Net cash flows generated from operating activities</b>		<b>19,437,994</b>	<b>246,708,901</b>
<b><u>Cash flows from investing activities</u></b>			
Payments for purchase of fixed assets	5	(46,821,538)	(33,012,705)
Payments for projects under construction	5	(21,906,976)	(52,217,739)
Proceeds from sale of fixed assets		724,916	536,915
Advance payment for purchase of fixed assets		(1,227,969)	-
Treasury bills	13	50,099,258	(50,099,258)
Interest received		33,638,062	74,593,053
Payment for investments in subsidiaries	7	(134,378,700)	(283,473,511)
Payments for investments in sister companies		(1,224,990)	-
Payments for purchase of long term investments		(41,080,212)	-
Payment for acquisition of investment		-	(7,500,000)
Payments for business acquisition		-	(160,080,000)
<b>Net cash flows generated from investing activities</b>		<b>(162,178,149)</b>	<b>(511,253,245)</b>
<b><u>Cash flows from financing activities</u></b>			
Proceeds from borrowings and bank overdraft		-	7,149,527
Interests and commissions paid		-	(14,338,586)
Payments of loans and credit facilities		-	(102,252,574)
Dividends paid		(26,263,005)	(22,612,802)
<b>Net cash flows (used in) generated from financing activities</b>		<b>(26,263,005)</b>	<b>(132,054,435)</b>
<b>Change in cash and cash equivalents during the year</b>		<b>(169,003,160)</b>	<b>(396,598,779)</b>
Cash and cash equivalents at the beginning of the year		443,010,427	839,609,206
<b>Cash and cash equivalents at the end of the year</b>	15	<b>274,007,267</b>	<b>443,010,427</b>

- The accompanying notes from (1) to (33) are integral part of these separate financial statements.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### 1. Introduction

Cleopatra Hospital Company (Lasheen and Partners) was established as a limited partnership on 19 July 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 purpose of the Company is to establish a private hospital with the aim to offer modern and high quality medical services and provide medical care and treatment for patients. The Company may have interest or participate in any manner in companies or other firms which carry on similar activities in Egypt or abroad, The Company may acquire, merge or affiliate such entities under the General Authority for Investment.

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

Care HealthCare is the main shareholder, owning 37.87% in the company.

On 16 September 2015, Cleopatra Hospital S.A.E. acquired 52,7% of the total shares of Cairo Specialised Hospital. And as of 31 December 2016 Cleopatra Hospital S.A.E share in Cairo Specialised Hospital has changed to reach 53.67% due to the write off of treasury shares. On 28 September 2017, the ownership in Cairo specialised Hospital increased to 53, 88% due acquisition of shares from the non-controlling shareholders in of Cairo specialised Hospital, On 14 November 2019, the percentage of the contribution of Cleopatra Hospital Company S.A.E. has changed to 54.58% for the underwriting in the capital increase of the Cairo Specialised Hospital Company, On 1 April, 2020, Cleopatra Hospital Company purchased Company "S.A.E." 66,430 shares of the non-controlling interests of Cairo Specialized Hospital, making the contribution of Cleopatra Hospital to 55.45%. On 7 September 2020, Cleopatra Hospital Company bought 18998 shares of the non-controlling interest of Cairo Specialist Hospital, making the contribution of Cleopatra Hospital to 55.69%

On 22 September 2015, Cleopatra Hospital S.A.E. acquired 99.92% of the total shares of Nile Badrawi Hospital Company. According to the decision of the Board of Directors of the Nile Badrawi Hospital on March 13, 2019 and the approval of the Board of Directors of the Cleopatra Hospital Company on March 14, 2019, the authorized capital of the Nile Badrawy Company has been increased by 180 million EGP to become 200 million EGP and this has been underwritten in the amount of 121 million EGP to make the paid-up capital 141 million EGP. The amount of the capital increase has been paid in full by the Cleopatra Hospital Company, thus the Cleopatra Company's contribution becomes 99.989%.

On 24 January 2016, Cleopatra Hospital S.A.E. acquired 99.99% of the total shares of Al-Shorouk Hospital, On 7 April 2019, the company's extraordinary general assembly agreed to increase the authorized capital from 50 million Egyptian pounds to 300 million EGP and the paid up capital from 25 million EGP to 205 million EGP, the paid-up capital amounted to 100 million EGP in that date. On 3 November 2019, the commercial registry indicated an increase in the paid-up capital by an amount of 60 million EGP to become 160 million EGP. The amount of the capital increase has been fully paid by the Cleopatra Hospital Company, and thus the contribution of the Cleopatra Company becomes 99.999%.

On 6 August 2017 CHG for Medical Services was established with a capital of 250,000 EGP and On 22 March 2018, the company's paid-up capital was increased to 312,500 EGP, and the increase was fully subscribed by Cleopatra Hospital Company through preferred shares that entitle the owner to three times the share of the ordinary share in profits and vote on the decisions of the association.

## **CLEOPATRA HOSPITAL COMPANY "S.A.E."**

### **Notes to the separate financial statements - For the year ended 31 December 2020**

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

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#### **Introduction (continued)**

On December 23, 2018, CHG Pharma was established to manage pharmacies with a capital of 250,000 EGP and the contribution of Cleopatra Hospital Company is 98% of the capital.

On 18 March 2019, Cleopatra Hospital S.A.E. acquired the assets, management and operation of Queens Hospital.

On 1 November 2019, Cleopatra Hospital Company finalized the acquisition of Al Kateb Hospital Operations, land and building, and on 27 November, Cleopatra Hospital Company established CHG for Hospitals with a capital of EGP 30 million with ownership percentage of 99.99%.

On 29 September 2020, the company signed a partnership agreement with EFS specialised in serving facilities in Egypt. And that is to establish Egypt Healthcare Facilities Services to manage the facilities. Under this agreement, the total share of Cleopatra Hospital Company is 49% of the capital of the new entity, provided that EFS will obtain the controlling share of 51%. The company was established on October 12, 2020, with an issued capital of 5,000,000 EGP, and 2,500,000 EGP was paid.

On 20 September 2020, the New Bedaya Company for Medical Centers and Hospitals was established in order to acquire the business and assets of Bedaya Hospital with an issued and paid capital of 105 million Egyptian pounds, and the contribution of the Cleopatra Hospital Company is 99.99% of the share capital.

These separate financial statements have been approved for issuance by the management of the Company on 18 March 2021.

#### **2. Accounting policies**

The principal accounting policies used in the preparation of these separate financial statements are set out below.

##### **A. Basis of preparation of the separate financial statements**

The separate financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and relevant laws, which have all been applied consistently throughout the fiscal year except when otherwise indicated, the separate financial statements have been prepared under the historical cost convention.

The preparation of the separate financial statements in conformity with EASs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas where the most significant accounting estimates and judgements applied in preparation of the separate financial statements are disclosed in (Note 4).

The EAS's require the reference to the most recent issues by other parties with which they are associated, which are responsible for setting accounting standards and use similar scopes and concepts to develop accounting standards and philosophies and other procedures accepted in the industry, to the extent at which these concepts do not conflict with the requirements of the Egyptian Standards on Auditing, which deal with similar related subjects, definitions, basis of recognition, concepts on the measurement of assets, liabilities, revenue and expenses included in the scope of the preparation and presentation of the financial statements when there is no Egyptian standard on accounting or legal requirements that explain the accounting process for certain balances or transactions.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### Basis of preparation of the separate financial statements (continued)

##### Subsidiaries

Subsidiaries are all companies (including SPEs) in which the Company has control directly or indirectly over their financial and operating policies. The Company usually owns more than half of the voting rights. The future voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls the subsidiary.

The Company's separate financial statements have been prepared in accordance with the local laws, while the consolidated financial statements of the Company and its subsidiaries have been prepared according to Egyptian Accounting Standards (EASs). The Company's separate financial statements should be read in conjunction with its consolidated financial statements as at and for the financial year ended 31 December 2019 to obtain full information on the Company's financial position, results of operations, cash flows and changes in equity.

The subsidiaries and associates are accounted for in the Parent Company's separate financial statements at cost method. Under this method, investments are recognised at the cost of acquisition, including goodwill, less any impairment loss. Dividends are recognised in the statement of profit or loss, when the dividends are approved to be distributed and the Company's right of collection is established.

#### 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. The Company has applied the following accounting standards, amendments and interpretations for the first time on its annual reporting periods starting from 1 January 2019.

##### Adopted standards

- Egyptian Accounting Standard No. (22) - "earning per share" - All establishments that apply the Egyptian accounting standards must calculate and display the earning per share in the profits according to the Egyptian Accounting Standard No. (22).
- Egyptian Accounting Standard No. (49) - "Leasing Contracts" - partially implemented, as explained below.

##### New standards to be adopted

- Some new and revised accounting standards have been published that are not mandatory for the financial statements for the financial years beginning on or after 1 January 2020. On 0 September 2020, the Financial Supervisory Authority decided to postpone the application of amendments to the Egyptian Accounting Standards to the financial statements and limit them to the annual financial statements by the year 2021.

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the year ended 31 December 2020**

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

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

**(1) EAS No. (47) – "Financial instruments":**

<b>Standard name</b>	<b>EAS 47 "Financial instruments"</b>
<b>Nature of change</b>	<p>EAS 47, addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.</p> <p>The company has reviewed its assets and financial liabilities, and it expects the impact below from the application of the new standard on January 1, 2020, and on September 20, 2020, the General Authority for Financial Supervision decided to postpone the application of amendments to the Egyptian Accounting Standards for the fiscal year 2021.</p> <p>The company's financial assets consist of the following:                      Trade receivables                      Time deposits                      Cash and cash equivalents                      Related parties</p>
<b>Impact</b>	<p>Trade receivables and amounts owed by related parties and bank balances are debt instruments currently classified as loans and receivables and are measured at the cost consumed under Egyptian Accounting Standard No. 26. The company has estimated that it meets the terms of the classification at the cost consumed according to Egyptian Accounting Standard No. 47, where it's cash flows from principle payments and interest payments only, and the company's business model is to maintain and collect debt instruments</p>
	<p>There will be no impact on the company's registration of financial obligations, as the new requirements affect the registration of financial liabilities recorded at fair value through profit or loss and the company does not have any of these obligations. The rules for de-recognition have been transferred from the Egyptian Accounting Standard 26 "Financial Instruments: Measurement and Recognition" and have not been changed.</p> <p>The new impairment model requires recognition of provisions for impairment based on expected credit losses instead of credit losses incurred only, as is the case in accordance with the Egyptian Accounting Standard 26. It applies to financial assets classified at amortized cost and debt instruments measured at fair value through other comprehensive income and contract assets Under Egyptian Accounting Standard 48, "Revenue from Contracts concluded with Clients", Debt Lease Balances, Loan Commitments, and Some Financial Guarantee Contracts and based on the evaluations implemented to date.</p> <p>The new standard also introduces extended terms of disclosure and changes in presentation, it is expected to change the nature and size of the company's disclosures regarding its financial instruments, especially in the year in which the new standard is applied.</p>
<b>Mandatory application date/ Date of adoption by group</b>	<p>On 20 September 2020, the Financial Supervisory Authority decided to postpone the application of amendments to the Egyptian Accounting Standards to the interim financial statements and limit them to the annual financial statements by the year 2021.</p>

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the year ended 31 December 2020**

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

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

**(2) EAS No. (48) – "Revenue from contracts with customers":**

<b>Standard name</b>	EAS 48 "Revenue from contracts with customers"
<b>Nature of change</b>	<p>It issued a new standard for revenue recognition, replacing Egyptian Accounting Standard No. 11 covering contracts for sales of goods and services and Egyptian Accounting Standard No. 8 covering construction contracts.</p> <p>The new standard is based on the principle of revenue recognition when transferring control of goods or services to a customer.</p>
<b>Impact</b>	The effects of applying the new standard on the company's financial statements are being evaluated, and revenue is measured for all existing contracts in force under Egyptian Accounting Standard Model 48 consisting of five steps.
<b>Mandatory application date/ Date of adoption by group</b>	The group will apply the standard from its mandatory adoption date of 1 January 2020. The group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2020 and that comparatives will not be modified. On 20 September 2020, the General Authority for Financial Supervision decided to postpone the application of amendments to the Egyptian Accounting Standards by the year 2021.

**(3) EAS No. (49) – "Leases":**

<b>Standard name</b>	EAS 49 "Lease contracts" stage two (lease contract) except for those which were subject to Law 95 for the year 1995.
<b>Nature of change</b>	<p>Egyptian Accounting Standard No. (49) for rental contracts was issued, which requires two-stage implementation. The first stage relates to leasing contracts that were subject to Law 95 of 1995 and is applicable in the financial periods beginning on or after 1 January 2019. The second stage is related to leasing contracts other than those that were subject to Law 95 of 1995 and is applicable for financial periods beginning on or after 1 January 2020.</p> <p>In accordance with the new standard, at the statement of financial position an asset is recognised as (the right to use the leased asset) and a financial obligation to make the lease payments. Except for the short-term and small-valued leasing contracts.</p>
<b>Impact</b>	The company has formed a team for the project to apply the standard and it was found that the company does not have contracts that meet the first stage. With regard to the second stage of Egyptian Accounting Standard No. 49, the team reviewed the rental arrangements other than those that were subject to Law No. 95 of 1995 in the company, in light of the new rental accounting rules.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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

<b>Mandatory application date/ Date of adoption by group</b>	The company will apply the second stage of Egyptian Accounting Standard No. 49 to operating lease contracts from the mandatory date of application from 1 January 2020. The group intends to use the practical means provided by the standard and the comparison numbers for the year will not be modified before the initial application of the standard. The right of use assets arising from operating lease contracts will be measured at the amount of the lease liability at the date of the initial application (adjusted for any advance or due rental expense). On 20 September 2020, the General Authority for Financial Supervision decided to postpone the application of amendments to the Egyptian Accounting Standards by the year 2021.
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#### C. Foreign currency translation

##### (1) Functional and presentation currency

Items included in the separate financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'), The Company's separate financial statements are presented in Egyptian Pounds, which is the Company's functional and presentation currency.

##### (2) Transactions and balances

Foreign currency transactions during the year are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the revaluation of monetary assets and liabilities denominated in foreign currencies at financial position date are recognised in the financial position date.

#### D. Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes all expenses that are attributable to the acquisition of the asset and bringing it to a ready-for-use condition.

All expenses incurred by the Company to acquire or construct fixed assets are recognised within "projects under construction", When the fixed asset is commissioned and brought to a ready-for-use condition, the asset's value is transferred to the fixed assets.

All repair and maintenance costs are charged to the statement of profit or loss during the fiscal year in which they are incurred, Major renovation costs are capitalised over the asset's cost when they are expected to raise the expected pattern of the Company's future economic benefits over the estimated original benefits of the asset acquisition, These costs will be depreciated at the lower of the asset's remaining useful life or the expected useful life of these renovations.

The straight line method is used to calculate the depreciation by reducing the asset's value to its salvage value over the estimated useful life except the land that is not considered a depreciable asset, the fixed assets' salvage value and useful life are reviewed annually, and adjusted if appropriate.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### Fixed assets (continued)

The depreciation rates by type of asset are as follows:

Machinery and equipment	10%
Tools and instruments	25%
Furniture and fixtures	15%
Buildings	2,5%
Vehicles	20%
Computers	25%
Leasehold improvement	Remaining of the lease contract
Acquired assets	Over the remaining productive years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount from operation, Gains and losses on disposals are determined by comparing the realisable value with the net carrying amount, and the difference is recognised in the statement of profit or loss.

#### E. Inventories

Inventories are measured at the lower of actual cost and net realisable value, Cost is determined using the weighted average method and includes purchase cost and other direct costs, The net realisable value comprises the estimated selling price in the ordinary course of business, less sale expenses, Allowance is made for slow moving inventories on the basis of management's assessment of inventory movements.

#### F. Financial assets

##### (1) Classification:

The Company classifies its financial assets into the following categories at initial recognition depending on the purpose for which the financial assets were acquired:

##### Loans and receivables:

Loans and receivables are non-derivative financial assets with determined or determinable values that are not quoted in an active market.

They are included in current assets, except for those with maturities greater than 12 months after the financial position date, In this case, they are classified as non-current assets.

Loans and receivables include accounts receivables, cash and bank balances, and due from related parties.

##### (2) Initial and subsequent measurement:

Financial assets are measured on acquisition at fair value plus transaction costs.

The financial assets are derecognised when the right to receive cash flows from such assets has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables are subsequently measured at amortised cost using the effective interest method.



## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### Financial assets (continued)

##### (3) Impairment of financial assets:

###### Assets recognised at amortised cost

The Company assesses at the end of each reporting period whether there is evidence that a financial asset or group of financial assets is impaired.

Impairment of a financial asset or a group of financial assets is recognised if an impairment indicator exists as a result of one or more events that occurred after the initial recognition (a "loss event") and if the loss event (or events) has an impact on the future cash flows of the financial asset or the group of financial assets that can be reliably measured.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a decrease in the estimated future cash flows, such as future changes or economic conditions that correlate with the impairment evidence.

Fixed assets' impairment loss is measured at amortised cost, which is the difference between the asset's carrying amount and the present value of the estimated future cash flows (after eliminating future losses that have not occurred) discounted at the original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss.

If, in a subsequent period, the amount of the impairment decreases and the decrease can be related to an event occurring after the initial recognition (such as an improvement in the debtor's credit rating), the reversal of the impairment is recognised in the statement of profit or loss.

#### G. Share capital

Ordinary shares are classified as equity.

#### H. Legal reserve

As required by the Company's Articles of Association, 5% of the net profit shall be transferred to constitute the legal reserve, once the financial statements are approved by the Company's general assembly. Such transfer may be discontinued when the reserve equals 50% of the company's issued and paid up capital. Whenever this reserve is lower than this percentage, the deduction should be continued. This reserve is not available for distribution.

#### I. Provisions

Provisions are recognised when the Company has a (legal or constructive) obligation as a result of past events; it is expected that this settlement will result in an outflow of the Company's resources, which ensures that economic benefits will arise. It is probable that an outflow of resources will be required to settle these obligations; and a reliable estimate of the amount of this obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects market assessments of the time value of contracts and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### **J. Trade payables**

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business, Trade payables are initially recognised at fair value of products and services received from others, whether they have been billed or not, Long term liabilities are recognised at their present value, and trade payables are subsequently shown at amortised cost using the effective interest method.

#### **K. Borrowings and advances**

Borrowings are initially recorded at received amounts less the cost of obtaining the loan, Borrowings are subsequently stated at amortised cost using the effective interest method; any difference between proceeds (net of borrowing cost) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective yield method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of this asset, The cost of borrowing, which is capitalised, is determined based on actual borrowing costs, which are incurred by the Group during the year due to borrowing process, less any income realised from the temporary investment of funds borrowed,

Borrowings and advances are classified as current liabilities unless the Group has an unconditional right to defer the settlement of such liabilities for a period of not less than 12 months after the date of the financial statements,

#### **L. Employees' benefits**

##### **(1) Employees' share of profit**

According to the Companies Law, the Company pays 10% of its cash dividends to its employees up to a maximum equal to the total salaries of the latest fiscal year before distribution, Employees' share of profit is recognised as dividends in equity and as a liability when approved by the Shareholders' General Assembly, No liability is recognised for employees' share of profit relating to undistributed profits.

##### **(2) Pension and insurance scheme**

The Company pays contributions to the Public Authority for Social Insurance on a mandatory basis in accordance with the rules of Social Security Law, The Company has no further payment obligations other than those which have been paid, Regular contributions are recognised as periodic costs for the year in which they are due and as such are included in staff costs.

##### **(3) Employee incentive plan**

Cleopatra Hospital grants units of cash bonus to the selected employees of the company according to the criteria, basis, and rules established by the Remuneration Committee to activate this plan, To connect the interests of the beneficiaries of the system with the interest of the shareholders and to ensure that the participants with high efficiency obtain the appropriate incentive to support the growth and stability and maintain the high-efficiency workers within the management team.

The remuneration committee of the Company supervises the implementation of the system under the control and supervision of the Company's Board of Directors.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### Employees' benefits (continued)

##### System elements

Each beneficiary shall be given units of monetary reward or a fixed percentage of the amounts allocated to the system in accordance with the award of the remuneration committee.

The remuneration committee shall determine the date of grant.

Amounts due to the plan are determined according to a specific mechanism and include the following:

- A) Payments calculated on the basis of the difference between the market value of the Parent Company's shares on 2 June 2020 and the share price at the date of its public offering on the Stock Exchange on 2 June 2016.
- B) Payments are calculated on the basis of the difference between earnings before interest, tax depreciation and amortization (EBITDA) on the maturity date 2 June 2020 and 2 June 2016.
  - The beneficiaries' entitlements from the system shall be paid within one month of the end of the fourth year of the system ("maturity date" or within one month from the date of any entitlement to the system in accordance with its terms and conditions).
  - This system is not a system of remuneration and motivation for the employees of the Company by granting or giving any rights in the shares of the Company as this system is a system of monetary incentives.
  - The Remuneration Committee shall be entitled to amend the mechanism for calculating amounts due in light of any developments related to the Company's activities or achieving its objectives and after the presentation to the Board of Directors for approval and clarification of the justifications for this amendment, The Remuneration Committee is entitled to reallocate units that have not been used or are available in general to existing or new beneficiaries.
  - The Company recognizes the cost of incentives related to the services rendered by the employees under the system over the period in which the service is performed, The Group recognizes the liability for the system at the date of each financial position in accordance with the fair value of the consideration expected to be paid to the employees on the grant date, The fair value of these liabilities is estimated at the date of the financial position taking into account all the circumstances relating to the expected discounted cash flows at the effective rate of return applicable.
  - The recognition of the fair value of the employees' services received as expenses in the statement of profit or loss.

#### (4) Share based payment

- On 15 October 2020, the company's general assembly agreed to approve the system of reward and motivation for employees, managers, and executive board members of the company, by promising to sell shares, to be effective from July 1, 2020, taking into account obtaining the approval of the Financial Regulatory Authority first so that the company can announce and apply The system, the system was approved by the Financial Regulatory Authority on December 13, 2020

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### Share based payment (continued)

- Definition of the system:

1- A promise to sell shares equivalent to 5% of the shares issued to the company is made to the employees, managers and members of the executive board of directors of the company and its subsidiary companies who are selected by the supervision committee, noting that the same beneficiary may be selected more than once during the term of the system within the limits of this percentage . The supervision committee may include other beneficiaries during the term of the system.

2- The term of the system is a maximum of seven years, starting from 1/7/2020, during which each beneficiary is allocated a specific number of units according to the decision of the supervision committee, with a maximum of five segments.

3- The shares allocated to the beneficiary are calculated according to the following equation:

The difference between (1) the share price determined on the basis of the weighted average (Volume Weighted Average Price) in the month prior to the date of allotment and (2) the share price determined on the basis of the weighted average (Volume Weighted Average Price) in the month preceding the date of commencement of exercise Right, which is the date that one year has passed since the date of each allocation ("the share price upon exercising the right"). Then the result is multiplied by the number of units allocated to each particular segment for each beneficiary, and the indicated output is divided by the share price upon exercising the right, resulting in the final number of shares allocated to the beneficiary ("the final number of shares"), which links the economic interest of the beneficiaries of the system with the interest of the shareholders of the company ( An illustrative example is attached). In the event that the total percentage of the output of the number of shares for all the beneficiaries of the system exceeds 1% of the total shares issued to the company annually at any time, the percentage increase will be reduced to 1% in proportion and proportionality to all the beneficiaries of the system who have not exercised their right on the shares allocated to them.

4- The final number of shares allocated to each beneficiary is distributed over three years according to the allocation contract for each beneficiary.

5- In the event that the beneficiary does not exercise his right during the period of exercising the right, his right to these shares shall be forfeited.

6- The issuance of the increase in shares allocated to the application of the system is funded through a special reserve, share premium and / or retained earnings, and / or by converting the reserve money or part thereof into shares, the value of which is increased by the issued capital based on a decision by the company's board of directors or by cash purchase Of the company's shares traded on the Egyptian Stock Exchange, as treasury shares, and their allocation according to the system.

7- And the fair value of these liabilities is recognized in the statement of profit or loss.

8- The General Assembly may terminate this system, subject to obtaining the approval of the Financial Supervisory Authority, without any prejudice to the rights of the beneficiaries.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### M: Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, including cash, balances of trade receivables and notes payable for rendering medical services and sale of medicine throughout the ordinary course of business, and excluding sales taxes, deductions or discounts.

The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits related to the sale process will flow to the Company; and when other specific criteria have been met for each of the Company's activities as described below, The revenue amount will not be considered reliably measurable unless all contingent liabilities are settled, The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

##### Medical services revenue

The Company, through Cleopatra Hospital, renders several medical services, including surgeries, admission, medical supervision, laboratories, tests, different types of radiology and outpatient clinics, Revenue from medical service is recognised when the service is rendered to the patient.

##### Sale of medicine revenue

The Company sells medicine through a hospital pharmacy or uses them for treatment in case of stay, Revenue is recognised once the medicine is received by the patient or used during the patient's stay in hospital.

##### Interest income

Interest income is recognised on a time-proportion basis using the effective interest method, when a receivable generated from the recognition of interest is impaired, the carrying amount will be reduced to its recoverable amount.

#### N. Leases

##### 1. Lease in accordance to law 95 for the year 1995

Before 1 January 2019, leases were accounted in accordance to Law 95 for the year 1995, if the tenant is not obliged to purchase the asset at the end of the lease term; the lease is registered in the register of the Companies' Department; the lease grants the tenant the right to purchase the assets at a definite date and a definite amount; and the contract period represents at least 75% of the expected useful life of the asset, at least, or the present value of the total lease payments represents at least 90% of the value of the asset.

The cost of lease, including the cost of maintenance of the leased assets are recognised as an expense in the consolidated statement of profit or loss for the period in which they occurred. If the Group decides to exercise the right to purchase the leased assets, the cost of the right to purchase is capitalised as a fixed asset, which is depreciated over the useful life of the expected remaining life of the asset in the same method followed with similar assets.

After 1 January 2019, the company evaluated the effect of applying the revised Egyptian rental standard No. (49) to all lease contracts subject to Law 95 of 1995.

On the date of the initial recognition, the company recognized the right of use asset in the statement of financial position with an amount equal to the value of the lease contract commitment after deduction of the rent paid in advance. Subsequently, the right of use is measured at cost less accumulated depreciation and impairment losses.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### Leases (continued)

The right of use is depreciated using the straight-line method over the estimated useful life of these assets or the lease term, whichever is less - unless there is a right to the asset at the end of the contract since the company has a right at the end of the lease term.

The first measurement of the lease obligations is made at the present value of future payments discounted using the additional interest rate that the company borrows, and later is measured using the effective interest rate method.

The right of use, as well as lease obligations, are remeasured in the following cases:

- 1- Change in the rental price.
- 2- Amending the lease contract.
- 3- Adjusting the rental period.

#### 2. Lease other the rent in accordance to Law 95 for the year 1995

Leases in which the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any discounts received from the lessor) are recognised as expense in the statement of profit or loss on a straight-line basis over the period of the lease.

#### O. Current and deferred income tax

The income tax for the year is calculated on the basis of the tax laws enacted at the financial position date, Management periodically evaluates tax situation through tax returns, taking into account the differences that may arise from some interpretations issued by administrative or regulatory authorities, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authority.

Deferred income tax is fully recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. Deferred income taxes are not accounted for if they arise from initial recognition of an asset or liability other than those arising from business combination that at the time of the transaction affects neither accounting nor taxable income.

Deferred income taxes are determined using tax rates in accordance with the law prevailing at the financial position date that is expected to apply when the deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### P. Dividends

Dividends are recognised in the separate financial statements in the period in which the dividends are approved by the Company's General Assembly of Shareholders.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### Q. Cash and cash equivalents

For the purpose of preparation of the statement of cash flows, cash and cash equivalents include cash on hand, bank current accounts and term deposits with maturities of three months from the date of placement.

#### R. Fair value of financial instruments

Fair value is the price that would be obtained for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, Fair value measurement is based on the assumption that the transaction of selling an asset or transferring a liability occurs either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market.

The Company must be able to reach the primary market or the most beneficial market.

The fair value of the asset or liability is measured using the assumptions that market participants might use when pricing the asset or liability by assuming that market participants act for their economic benefit.

Fair value measurement for a non-financial asset takes into consideration the market participant's ability to generate economic benefits through the best and ultimate use of the asset, or by selling them to another market participant that would ensure the best and ultimate use of the asset.

The Company uses valuation techniques appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value of all assets and liabilities in the financial statements are measured and included in the fair value hierarchy below, on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

- Level 1 Quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Other valuation techniques where all lowest level inputs that are significant to the fair value measurement are directly or indirectly observable.
- Level 3 Valuation techniques where all lowest level inputs that are significant to the fair value measurement are not observable.

As for assets and liabilities in the separate financial statements, on a periodic basis, the company determines the level, in the case of transfers between levels within the hierarchy during the revaluation of the classification (based on the lowest input levels that are considered to be significant to the fair value measurement in its entirety) at the end of each reporting period.

The management determines the policies and procedures for measuring the fair value either regularly or irregularly. External values are engaged in the valuation of significant assets, the criteria for selecting the value include their knowledge of the market, reputation, independence and compliance with the professional standards, the management determines the valuation techniques that should be applied on a case by case basis.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### Fair value of financial instruments (continued)

The management in cooperation with the Company's external valuers compare the changes in fair value for each asset and liability with the relative external sources to assess whether these changes are reasonable.

The fair value of non-current investments is determined based on the discounted cash flows, pricing models, net assets of invested companies or prices in counterpart markets.

The financial instruments are measured according to Level No, 2, and there is no difference between book value and fair value of financial instruments as the deposits are payable on relatively short terms and a variable interest is added to the loans associated with the declared Corridor of the Central Bank of Egypt.

The company's financial instruments are financial assets and liabilities, and financial assets include cash balances, current accounts, deposits with banks and financial investments.

#### Treasury bills

Treasury bills and other government deductible papers are valued at cost upon initial recognition and subsequently evaluated at amortized cost. They are displayed in the statement of financial position at face value, minus accrued interest

#### S. Corresponding figures

Where necessary, corresponding figures have been reclassified to conform to changes in presentation in the current period.

#### T. 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 segment's performance in the Company and the senior management is represented in Group's executive management committee, the segment reports of the company are submitted on the basis of information provided to senior management.

### 3. Financial risk management

#### 3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks; market risk (including the risk of change in foreign currency, and risk of change in interest rate), credit risk and liquidity risk. The Company is not exposed to any price risk as it does not have financial assets at fair value through profit and loss. The Company's management aims to minimise potential adverse effects of such risks on the financial performance of the Company by the monitoring process performed by the Finance Department, Company's General Manager, and Executive Committee at the level of the Parent Company.

The Company does not use any derivative financial instruments to hedge specific risks.



## CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the separate financial statements - For the year ended 31 December 2020

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

### Financial risk management (Continued)

#### (A) Market risk

##### Risk of change in foreign currency rates

Foreign currency risk represents the changes in foreign currency rates, which impact the payments and receipts denominated in foreign currencies, as well as the evaluation of foreign currency assets and liabilities. Given the nature of the Company's activities, the Company does not undertake transactions denominated in foreign currencies as it carries out all purchases in Egyptian Pound. The Company's very limited revenue in foreign currencies are generated from certain foreign embassies. Management is of the opinion that the foreign currency balances are considered immaterial.

At the end of the year, the net foreign currency financial assets denominated in EGP was as follows:

	<u>2020</u>	<u>2019</u>
US Dollar	13,495,856	9,671,839
Pound	4,091	4,978
Euro	356,446	333,834

At 31 December, if the value of EGP increased/ decreased by 10% against USD, with all other variables held constant, net profit after taxes would increase or decrease as follows:

	<u>2020</u>	<u>2019</u>
US Dollar	1,349,586	967,184
Pound	409	498
Euro	35,645	33,383

#### (B) Credit risk

Credit risk arises from cash and bank balances, deposits with banks, as well as credit exposures to customers. The credit risks are managed for the Company's as a whole by its Executive Management, Central Finance Department, and Executive Committee at the level of the Parent Company.

For banks, the Company deals with banks with high credit ratings and creditworthiness that are regulated by the Central Bank of Egypt.

In case of customers, the Hospital's Financial Director and General Manager perform analysis on the credit risk for each potential credit customer in accordance with the Group's policies, including Cleopatra Hospital or subsidiaries. The Parent Company's Executive Committee follows-up the compliance with credit terms, and reviews default cases and debt ageing report to take the necessary decisions whether to cancel the credit or to refer the defaulted customer to the Legal Department for their necessary actions, Note (10) to these financial statements provides more detailed information in respect of this matter.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

#### Financial risk management (Continued)

The management establishes a provision for impairment of 100% for defaulted customers for more than 150 days from the claim date after deducting the amounts that expected to be collected after that date (Loss Given Default), in addition to a category-based provision at historical default rates. Where the management calculates historic default rates for each individual customer per month on the balances of customers due over 150 days up to 360 days from the date of the financial position, Based on these rates, the management calculates a provision for debts of customers with a maturity of 150 days.

Cash at banks is placed with local banks that are subject to the supervision of the Central Bank of Egypt. Accordingly, management believes that credit risk resulting from the cash at bank is minimal.

Balances exposed to credit risks are as follows:

	<u>2020</u>	<u>2019</u>
Cash at banks	133,478,741	441,790,943
Trade receivables	223,435,740	154,033,001
Due from related parties	65,276,174	36,317,205
Due from employees	423,517	399,906
Treasury bills	139,446,980	50,099,258
Accrued interest income	2,607	2,349,161

#### (C) Liquidity risk

The management makes cash flow projections on a monthly basis, which are discussed during the Executive Committee's meeting, and takes the necessary actions to negotiate with suppliers, follow-up the collection process and manage the inventory balances in order to ensure sufficient cash is maintained to discharge the Company's liabilities.

The table below shows the Company's liabilities by maturity:

	<u>Less than 3 months</u>	<u>3 months to 1 year</u>
<b>2020</b>		
Accrued expenses	62,413,304	-
Suppliers and notes payable	77,578,948	-
	<u>Less than 3 months</u>	<u>3 months to 1 year</u>
<b>2019</b>		
Accrued expenses	68,501,596	-
Suppliers and notes payable	56,608,457	15,738,242

### 3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital consistent with other companies operating in the same field.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

#### Financial risk management (Continued)

The Company's management monitors capital on the basis of the gearing ratio, This ratio is calculated as net debt divided by total capital, Net debt is calculated as total loans and advances, notes payable and due to related parties less cash, Total share capital is represented by Total net debt plus equity as shown in the financial position plus net debt.

Net debt to total capital ratio as at 31 December 2020 and 31 December 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Creditors and other credit balances	147,546,667	155,827,280
Employee incentive plan	-	129,072,581
Due to related parties	-	2,794,469
Less: Cash at banks and on hand	(274,007,267)	(443,010,427)
<b>Net debt</b>	<b>(126,460,600)</b>	<b>(155,316,097)</b>
Total equity	1,913,759,026	1,721,396,295
<b>Total Capital</b>	<b>1,787,298,426</b>	<b>1,566,080,198</b>
<b>Net debts to total capital ratio</b>	<b>(7%)</b>	<b>(10%)</b>

#### 3.3 Estimation of fair value of financial instruments

The fair value of the current financial assets and liabilities approximate their carrying amount, after considering any impairment.

#### 4. Critical accounting estimates, assumptions and judgements

Estimates and assumptions are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances,

The Company makes estimates and assumptions concerning the future, given the nature of the accounting estimates, the resulting accounting estimates will seldom equal the actual results,

##### Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The company reviews the provision at each financial position date, and adjusts it to reflect the current best estimate by using the appropriate advisory experience of experts,

##### Impairment of trade receivables and customers

Impairment of trade receivables and customers is estimated by monitoring ageing of borrowings. The Company's management examines the credit position and ability of debtors and customers to make payments for their past due debts. Impairment is recognised for amounts due from debtors and customers whose credit position does not allow them to pay their dues as believed by the management. In addition, the Group calculates impairment based on the Group for customers and balances that suffered impairment but not determined by reference to historical default rates applicable to some of the Group companies.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### Critical accounting estimates, assumptions and judgements (continued)

##### Employee incentive plan

Cleopatra Hospital Group has an incentive plan for some employees of the parent company. The remuneration committee of the parent company oversees the implementation of the plan under the supervision of the parent company's board of directors. Each beneficiary is granted a cash bonus or a fixed percentage of the amounts allocated to the plan.

This plan is not considered as a plan of remuneration and motivation for employees in the group by granting any rights in the shares of the parent company, as it is a plan of cash incentives based in part on the value of shares. The values of the components of the plan are calculated at current discount rates, either for share-based payments or for payments calculated on the basis of the difference between (EBITDA) and maturity as of 2 June 2020 and 2 June 2016.

Employee incentive plan determined as follows:

- A) Payments calculated on the basis of the difference between the market value of the Parent Company's shares on 2 June 2020 and the share price at the date of its public offering on the Stock Exchange on 2 June 2016.
- B) Payments are calculated on the basis of the difference between earnings before interest, tax depreciation and amortization (EBITDA) on the maturity date 2 June 2020 and 2 June 2016.

The liabilities are estimated at each financial position date based on the present value of the cash flows expected to be paid, discounted at the market rate of return.

These estimates are calculated by an independent expert, and include the effect of market related conditions using "TSR" - "Total Shareholders Return" as well as other non-market conditions using profits from normal activity before interest, taxes, depreciation, and amortization.

The assumptions used, including the discount rates and expected performance, are reviewed in accordance with the approved management plans annually, and the assumptions are adjusted if necessary.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

#### 5. 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 year ended 31 December 2020 for each segment:

	Cleopatra Hospital	Queens Hospital	El Kateb Hospital	Consolidated adjustment	Total
<u>Statement of financial position</u>					
Non-current assets	1,418,884,666	12,622,947	122,225,650	-	1,553,733,263
Current assets	530,084,089	47,762,788	48,764,069	(48,026,495)	578,584,451
<b>Total assets</b>	<b>1,948,968,755</b>	<b>60,385,735</b>	<b>170,989,719</b>	<b>(48,026,495)</b>	<b>2,132,317,714</b>
Current liabilities	151,198,029	57,212,796	33,352,594	(48,026,495)	193,736,924
Non-current liabilities	24,382,481	275,514	163,769	-	24,821,764
<b>Total Liabilities</b>	<b>175,580,510</b>	<b>57,488,310</b>	<b>33,516,363</b>	<b>(48,026,495)</b>	<b>218,558,688</b>
<u>Statement of profit or loss:</u>					
Operating revenue	748,360,588	59,997,377	122,684,904	-	931,042,869
Operating costs	(424,924,706)	(37,454,147)	(78,719,467)	-	(541,098,320)
<b>Gross profit</b>	<b>323,435,882</b>	<b>22,543,230</b>	<b>43,965,437</b>	<b>-</b>	<b>389,944,549</b>
Other expenses and revenues	(133,256,708)	(11,211,058)	(26,800,708)	-	(171,268,474)
<b>Profit for year</b>	<b>190,179,174</b>	<b>11,332,172</b>	<b>17,164,729</b>	<b>-</b>	<b>218,676,075</b>
<u>Other Items</u>					
Capital expenditure	57,537,645	6,220,772	4,970,096	-	68,728,513
Fixed assets depreciation	27,834,253	2,467,399	3,051,579	-	33,353,231

According to the approval of the Board of Directors on February 15, 2021 and the management and operation agreement concluded on December 1, 2019 between: Cleopatra Hospital Company and CHG Hospitals Company, according to which the Cleopatra Hospital Company agreed to grant CHG Hospitals the right to manage and operate the hospital located at 17 Dr Abdullah Al-Katib Street - Dokki (Al-Kateb Hospital), which are represented in the following:

- 1- Management and operation of the medical activity of Alkateb Hospital.
- 2- Appointing the necessary manpower to manage and operate the medical activity at Al Kateb Hospital and sign contracts for the hospital's CHG employees.
- 3- Signing all necessary contracts with clients, insurance companies and suppliers in the name of CHG Hospitals.
- 4- Purchasing the assets necessary for the activity and the stock needed to manage and operate the medical activity at Al-Kateb Hospital on behalf of CHG Hospitals Company.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

#### Segment reporting (continued)

Accordingly, all revenues and expenses of the medical activity of Alkateb Hospital are included in the income statement of the Cleopatra Hospital Company and not the managing company, including the wages and salaries and all expenses of the medical activity.

But due to market conditions, medical marketing and the concluded contract, contracts with customers, suppliers and employees are concluded in the name of CHG Hospitals.

Consequently, the revenues and expenses of the medical activity are extracted in the name of the management company (CHG Hospitals), but they are included in the revenues and expenses of the Cleopatra Hospital Company.

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 year ended 31 December 2019 for each segment:

	Cleopatra Hospital	Queens Hospital	El Kateb Hospital	Consolidated adjustment	Total
<u>Statement of financial position</u>					
Non-current assets	1,359,643,045	8,869,573	193,429	-	1,368,706,047
Current assets	705,330,892	10,833,205	18,553,824	(33,372,597)	701,345,324
<b>Total assets</b>	<b>2,064,973,937</b>	<b>19,702,778</b>	<b>18,747,253</b>	<b>(33,372,597)</b>	<b>2,070,051,371</b>
Current liabilities	331,437,965	26,056,373	15,902,066	(33,372,597)	340,023,807
Non-current liabilities	8,631,269	-	-	-	8,631,269
<b>Total Liabilities</b>	<b>340,069,234</b>	<b>26,056,373</b>	<b>15,902,066</b>	<b>(33,372,597)</b>	<b>348,655,076</b>
<u>Statement of profit or loss:</u>					
Operating revenue	750,271,506	13,632,520	16,933,494	-	780,837,520
Operating costs	(425,681,171)	(20,365,644)	(11,633,772)	-	(457,680,587)
<b>Gross profit</b>	<b>324,590,335</b>	<b>(6,733,124)</b>	<b>5,299,722</b>	<b>-</b>	<b>323,156,933</b>
Other expenses and revenues	(123,212,785)	175,711	(2,416,988)	-	(125,454,062)
<b>Profit for year</b>	<b>201,377,550</b>	<b>(6,557,413)</b>	<b>2,882,734</b>	<b>-</b>	<b>197,702,871</b>
<u>Other Items</u>					
Capital expenditure	203,200,992	10,516,616	193,536	-	213,911,144
Fixed assets depreciation	20,175,101	1,647,043	106	-	21,822,250

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the year ended 31 December 2020**

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

**6. Fixed assets**

	Land	Machinery, equipment and devices	Tools and instruments	Furniture	Buildings	Vehicles	Computers	Leasehold improvements	Projects under construction	Total
<b>At 1 January 2019</b>										
Cost	14,967,000	110,699,679	5,192,116	8,059,537	43,989,219	2,612,581	14,596,176	2,260,516	4,035,233	206,412,057
Accumulated depreciation	-	(60,142,086)	(3,711,319)	(5,220,351)	(23,007,802)	(1,949,374)	(4,518,328)	(711,591)	-	(99,260,851)
<b>Net book amount</b>	<b>14,967,000</b>	<b>50,557,593</b>	<b>1,480,797</b>	<b>2,839,186</b>	<b>20,981,417</b>	<b>663,207</b>	<b>10,077,848</b>	<b>1,548,925</b>	<b>4,035,233</b>	<b>107,151,206</b>
<b>Year ended 31 December 2019</b>										
Beginning of the year	14,967,000	50,557,593	1,480,797	2,839,186	20,981,417	663,207	10,077,848	1,548,925	4,035,233	107,151,206
Additions	67,911,000	53,062,111	1,106,473	1,191,068	28,557,900	5,376,261	3,966,282	522,310	52,217,739	213,911,144
Disposals	-	(421,172)	(136,759)	-	-	(618,000)	-	-	-	(1,175,931)
Transfers from projects under construction	-	16,550,983	332,273	1,609,077	2,790,983	406,500	4,719,425	26,007,475	(52,416,716)	-
Depreciation for the year	-	(9,185,111)	(1,119,099)	(1,142,064)	(3,045,463)	(751,023)	(4,394,342)	(2,185,148)	-	(21,822,250)
Accumulated depreciation of disposals	-	247,908	104,900	-	-	618,000	-	-	-	970,808
<b>Closing net book amount</b>	<b>82,878,000</b>	<b>110,812,312</b>	<b>1,768,585</b>	<b>4,497,267</b>	<b>49,284,837</b>	<b>5,694,945</b>	<b>14,369,213</b>	<b>25,893,562</b>	<b>3,836,256</b>	<b>299,034,977</b>
<b>At 31 December 2019</b>										
Cost	82,878,000	179,891,601	6,494,103	10,859,682	75,338,102	7,777,342	23,281,883	28,790,301	3,836,256	419,147,270
Accumulated depreciation	-	(69,079,289)	(4,725,518)	(6,362,415)	(26,053,265)	(2,082,397)	(8,912,670)	(2,896,739)	-	(120,112,293)
<b>Net book amount</b>	<b>82,878,000</b>	<b>110,812,312</b>	<b>1,768,585</b>	<b>4,497,267</b>	<b>49,284,837</b>	<b>5,694,945</b>	<b>14,369,213</b>	<b>25,893,562</b>	<b>3,836,256</b>	<b>299,034,977</b>
<b>At 31 December 2020</b>										
Balance at January 1	82,878,000	110,812,312	1,768,585	4,497,267	49,284,837	5,694,945	14,369,213	25,893,562	3,836,256	299,034,977
Additions	-	27,930,166	3,618,527	5,614,445	535,000	3,134,000	5,250,206	739,194	21,906,976	68,728,514
Disposals	-	(706,719)	-	-	-	(82,977)	(53,894)	-	-	(843,590)
Transfers from projects under construction	-	735,380	45,600	-	4,049,696	-	11,894,611	125,312	(16,850,599)	-
Depreciation for the year	-	(15,493,028)	(1,148,088)	(1,717,342)	(3,638,659)	(1,215,949)	(6,720,550)	(3,419,616)	-	(33,353,232)
Depreciation of disposals	-	391,719	-	-	-	72,064	24,450	-	-	488,233
<b>Closing net book amount</b>	<b>82,878,000</b>	<b>123,669,830</b>	<b>4,284,624</b>	<b>8,394,370</b>	<b>50,230,874</b>	<b>7,602,083</b>	<b>24,764,036</b>	<b>23,338,452</b>	<b>8,892,633</b>	<b>334,054,902</b>
Cost	82,878,000	207,850,430	10,158,230	16,474,127	79,922,797	10,828,365	40,372,807	29,654,807	8,892,633	487,032,196
Accumulated depreciation	-	(84,180,600)	(5,873,606)	(8,079,757)	(29,691,923)	(3,226,282)	(15,608,771)	(6,316,355)	-	(152,977,294)
<b>Net book amount</b>	<b>82,878,000</b>	<b>123,669,830</b>	<b>4,284,624</b>	<b>8,394,370</b>	<b>50,230,874</b>	<b>7,602,083</b>	<b>24,764,036</b>	<b>23,338,452</b>	<b>8,892,633</b>	<b>334,054,902</b>

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

#### 7. Investments in subsidiaries

	Percentage of investment	Country of incorporation	2020	2019
Investments in Nile Badrawi Hospital Co.	99.989%	Egypt	380,004,947	380,004,947
Investments in Al-Shorouk Hospital Co.	99.999%	Egypt	374,142,000	374,142,000
Investments in Cairo Specialised Hospital	55.65%	Egypt	143,672,123	135,129,323
Investments in New Bedaya for medical centres and hospitals	99.99%	Egypt	119,482,000	-
Investments in CHG for hospitals	99.99%	Egypt	22,500,000	-
Investments in CHG Pharma for pharmacies management	98%	Egypt	245,000	245,000
Investments in CHG for medical services	20%	Egypt	62,500	62,500
			<u>1,045,947,470</u>	<u>889,583,770</u>

In accordance with the extraordinary general assembly decision and Article 16 of the statute of CHG Medical Services Company, the shares of Cleopatra Hospital Company are preferred shares which entitle the owner to three times of the ordinary share in profits and voting power on the decisions of the general meeting.

#### 8. Investments in associates

	2020	2019
Egypt Healthcare Facilities Services for facility management	<u>1,143,591</u>	<u>7,500,000</u>
	<u>1,143,591</u>	<u>7,500,000</u>
<b>Amount recognized in profit or loss:</b>		
Egypt Healthcare Facilities Services for facility management	<u>(81,399)</u>	<u>-</u>
	<u>(81,399)</u>	<u>-</u>

The statement below clarifies the sister companies of the company on 31 December 2020, and the share capital of the below sister companies consists of ordinary shares only, in which the company contributes directly.

Company name	The main business place Country of incorporation	Measurement	Group contribution method
Egypt Healthcare Facilities Services for facility management	Egypt	Equity method	49%

The following is the most important summarized financial information on the sister companies as of 31 December 2020:

	Total assets	Total equity	Total revenues	Loss for the year
Egypt Healthcare Facilities Services for facility management	6,532,429	2,333,879	5,023,679	(166,121)



## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

#### 9. Payment under investments

	<u>2020</u>	<u>2019</u>
Payment under CHG's capital account for Hospitals	-	7,500,000
	<u>-</u>	<u>7,500,000</u>

#### 10. Business combination process and intangible assets

	<u>2020</u>	<u>2019</u>
Goodwill cost - Queens Hospital	14,071,000	14,071,000
Goodwill cost - El Kateb Hospital	158,516,300	158,516,300
	<u>172,587,300</u>	<u>172,587,300</u>

#### Queens Hospital Business acquisition

On January 16, 2019, Cleopatra Hospital S.A.E signed a contract to transfer the activity of Queen's Hospital. Cleopatra Hospital S.A.E acquired the assets, inventory and contracted with the employment of Queens Hospital from the date of acquisition with a total of EGP 25 million. The acquisition resulted in an increase in the cost of acquisition over the fair value of the net assets of the acquired company which was recognized as goodwill as shown in the table above. Cleopatra Hospital S.A.E has acquired fixed assets except for land and buildings. Cleopatra Hospital S.A.E has signed an 18-year lease contract for the Queens Hospital land and building.

The fair value of net assets was calculated at the acquisition date. Which represents assets other than non-current tangible assets at the date of acquisition.

Queens Hospital was consolidated in accordance with the Egyptian Accounting Standard No. 29 on Business Combinations as of March 18, 2019. The date on which the acquiree effectively controlled the business and assets acquired by the Company and transferred the ability to control the financial and operating policies of the Company.

Assets acquired and goodwill are as follows:

	<u>EGP</u>
<b>Acquisition cost</b>	
Cash paid	25,000,000
<b>Total acquisition cost</b>	<u>25,000,000</u>
Fixed assets	8,567,000
Medical inventory	1,274,000
Debtors and other debit balances	1,088,000
<b>Total fair value of acquired assets</b>	<u>10,929,000</u>
<b>Goodwill</b>	<u>14,071,000</u>

#### El Kateb business acquisition

On 7 August 2019, Cleopatra Hospital Company LLC has signed a contract to transfer Al-Kateb Hospital activity. Accordingly, Cleopatra Hospital Company LLC has acquired the assets and contracted employment with Al-Kateb Hospital from the date of acquisition on November 1, 2019 with a total of EGP 278,630,000. This acquisition resulted in an increase in the acquisition cost over the fair value of the net assets acquired by the company which were recognized as goodwill. Cleopatra Hospital Company LLC has acquired the fixed assets.

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the year ended 31 December 2020**

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

**Business combination process and intangible assets (continued)**

The fair value of the net assets has been calculated on the date of acquisition, which represents the assets other than the non-current tangible assets at the date of acquisition. The net assets acquired, and goodwill are as follows:

	<u>EGP</u>
<b>Acquisition cost</b>	
Cash paid	278,630,000
<b>Total acquisition cost</b>	<u>278,630,000</u>
Land	67,911,000
Buildings	28,350,000
Machinery and equipment	23,852,700
<b>Total fair value of acquired assets</b>	<u>120,113,700</u>
<b>Goodwill</b>	<u>158,516,300</u>

**11. Inventories**

	<u>2020</u>	<u>2019</u>
Medical supply inventory	12,301,180	11,097,456
Medicine inventory	9,511,569	4,409,705
Hospitality supplies inventory	1,186,021	1,256,408
Stationary inventory	1,009,020	862,707
Maintenance and spare parts inventory	432,317	532,999
Food and beverage inventory	18,915	30,368
	<u>24,459,022</u>	<u>18,189,643</u>
Less: Impairment of inventory	(115,285)	-
	<u>24,343,737</u>	<u>18,189,643</u>

Movement in the provision for inventory is as follows:

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	-	-
Provisions formed during the year	(115,285)	-
Provisions used during the year	-	-
<b>Balance at the end of the year</b>	<u>(115,285)</u>	<u>-</u>

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the year ended 31 December 2020**

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

**12. Trade receivables**

	<u>2020</u>	<u>2019</u>
Due from customers	212,919,135	149,791,203
Income from inpatients	10,516,605	4,241,798
	<u>223,435,740</u>	<u>154,033,001</u>
<b>Less:</b>		
Impairment of customers' balances	<u>(43,959,355)</u>	<u>(24,534,960)</u>
	<u>179,476,385</u>	<u>129,498,041</u>

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 amounts collected in advance during the period of their stay.

The movement of the provision for impairment is as follows:

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	24,534,960	4,376,258
Provisions formed during the year	28,965,471	34,215,251
Provisions no longer required during the year	<u>(9,541,076)</u>	<u>(14,056,549)</u>
<b>Balance at the end of the year</b>	<u>43,959,355</u>	<u>24,534,960</u>

- Trade receivable balances, which have not been due till the financial position date and have no impairment indicators, amounted to EGP 96,680,101 (2019: EGP 62,296,692).
- At the financial position date, the balances that were past due but not impaired amounted to EGP 70,895,216 (2019: EGP 56,394,812). The analysis of these balances' useful lives is as follows:

	<u>2020</u>	<u>2019</u>
Less than one month	42,451,664	29,475,762
From one to five months	28,443,552	26,919,050

The management creates a 100% impairment of customers who are overdue for more than 150 days from the claim date after deducting the amounts that expected to be collected after calculating the loss given default rate. It also creates a group-based provision based on historical failure rates. The management calculates historical failure rates for each customer per month on the accounts of customers whose debts exceed 150 days to 360 days from the date of the financial position. Based on these rates, the management calculates a provision for debts of customers whose debts are not more than 150 days, the balances of the Trade receivable whose ages exceeded 150 days in the history of the financial position amounted to EGP 76,014,336 (31 December 2019: EGP 31,099,699).

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the year ended 31 December 2020**

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

**13. Debtors and other debit balances**

	<u>2020</u>	<u>2019</u>
Prepaid expenses	17,167,687	4,546,582
Deposits with others	4,237,093	3,495,093
Withholding taxes	3,925,487	183,160
Advances to suppliers	3,137,165	9,740,379
Due from employees	423,517	399,906
Accrued interest income	2,607	2,349,161
Other debtors	6,587,332	3,516,469
	<u>35,480,888</u>	<u>24,230,750</u>

**14. Treasury bills**

	<u>2020</u>	<u>2019</u>
Treasury bills (maturities in 182 days)	-	53,600,000
Treasury bills (maturities in 30 days)	100,000,000	-
Treasury bills (maturities in 60 days)	40,000,000	-
Less: Unearned Interest Income	(553,020)	(3,500,742)
	<u>139,446,980</u>	<u>50,099,258</u>

Interest on treasury bills are due at an annual rate of between 8.96% and 9.6% after taxes on 31 December 2020 (31 December 2019: 9% and 9.5%).

**15. Cash on hand and at banks**

	<u>2020</u>	<u>2019</u>
Current accounts	1,081,546	1,219,484
Cash on hand	128,779,451	329,769,056
Time deposits	4,699,290	112,021,887
	<u>134,560,287</u>	<u>443,010,427</u>

Current accounts are maintained in banks controlled by the Central Bank.

Time deposits at 31 December 2020 equivalent to EGP 4,699,290 are denominated in local banks in US dollars and are payable within one month from the date of deposit and are subject to a fixed annual interest rate of 0.75% (2019: from 2.17% to 2.22%).

Current accounts are subject to a fixed annual rate of 6.5% (2019: 10%).

For the purposes of preparing the statement of cash flows, the balance of cash and cash equivalents is as follows:

	<u>2020</u>	<u>2019</u>
Cash on hand and banks	134,560,287	443,010,427
Treasury bills (maturities in less than 3 months)	139,446,980	-
	<u>274,007,267</u>	<u>443,010,427</u>

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the year ended 31 December 2020**

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

**16. Provisions**

	<u>2020</u>	<u>2019</u>
Provisions for human resources	7,530,989	4,432,381
Provision for claims	2,915,612	1,285,741
	<u>10,446,601</u>	<u>5,718,122</u>

The movement of provisions during the year is as follows:

	<b>2020</b>				
	<b>Balance at 1 January 2019</b>	<b>Formed during the year</b>	<b>Utilised during the year</b>	<b>Provisions no longer required</b>	<b>Balance at 31 December 2020</b>
Provisions for HR	1,285,741	1,908,873	(279,002)	-	2,915,612
Provision for claims	4,432,381	18,748,769	(7,456,512)	(8,193,649)	7,530,989
<b>Total</b>	<b>5,718,122</b>	<b>20,657,642</b>	<b>(7,735,514)</b>	<b>(8,193,649)</b>	<b>10,446,601</b>

	<b>2019</b>				
	<b>Balance at 1 January 2019</b>	<b>Formed during the year</b>	<b>Utilised during the year</b>	<b>Provisions no longer required</b>	<b>Balance at 31 December 2019</b>
Provisions for human resources	4,821,751	11,769,504	(4,285,556)	(7,873,318)	4,432,381
Provision for claims	1,612,741	80,000	(407,000)	-	1,285,741
<b>Total</b>	<b>6,434,492</b>	<b>11,849,504</b>	<b>(4,692,556)</b>	<b>(7,873,318)</b>	<b>5,718,122</b>

Provision for human resources

Other provisions for human resources comprise provisions for the restructure of the Company's employees, the employees leave provision and the provision for the benefits of the employees over 60 years old in accordance with the law.

Provisions for claims

Other provisions represent provisions for contingent liabilities for potential claims from certain authorities and bodies regarding the Company's activities. The information that is usually published on provisions has not been disclosed in accordance with Egyptian Standards on Auditing, since the management believes that their disclosure may strongly affect the results of negotiations with such authorities and bodies, the management reviews such provisions annually. The specified amount shall be adjusted in line with the latest developments, discussions and agreement with such authorities and bodies.

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the year ended 31 December 2020**

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

**17. Creditors and other credit balances**

	<u>2020</u>	<u>2019</u>
Suppliers and notes payable	77,578,948	59,328,064
Accrued expenses	62,413,304	92,294,094
Social insurance	1,466,015	1,854,415
Other creditors	6,088,400	2,350,707
	<u>147,546,667</u>	<u>155,827,280</u>

Accrued expenses account includes the amount of 724,050 EGP which is the value of the portion for the year 2020 regarding the bonus and motivation system for share based payments.

**18. Employee incentive plan**

	<u>2020</u>	<u>2019</u>
Employee incentive plan	-	129,072,581
<b>Total</b>	<u>-</u>	<u>129,072,581</u>

On the 9<sup>th</sup> of June 2020, the company paid an amount of 136,833,605 Egyptian pounds to those deserving the employee incentive plan which ends on 2<sup>nd</sup> of June 2020 according to the plan's conditions. The amount was calculated based on a study made by the management and presented to the committee of nominations which is delegated by the board which includes the method to calculate the final amount for the employee incentive plan in the light of the formed provision as well as the total number of units assigned to the plan which amount to 44 million units with a total of 136,833,605 Egyptian pounds.

The movement during the year is as follows:

	<u>Balance at 1 January 2020</u>	<u>Formed during the year</u>	<u>Used during the year</u>	<u>Balance at 31 December 2020</u>
Employee incentive plan	129,072,581	7,761,024	(136,833,605)	-
<b>Total</b>	<u>129,072,581</u>	<u>7,761,024</u>	<u>(136,833,605)</u>	<u>-</u>

The movement during 2019 is as follows:

	<u>Balance at 1 January 2019</u>	<u>Formed during the year</u>	<u>Balance at 31 December 2019</u>
Employee incentive plan	45,232,497	83,840,084	129,072,581
<b>Total</b>	<u>45,232,497</u>	<u>83,840,084</u>	<u>129,072,581</u>

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

#### 19. Share capital

Share capital of the Company is EGP 800,000,000 paid share capital distributed across 1,600,000,000 shares

Shareholders structure in 31 December 2020 and 31 December 2019 as follows:

<u>Name</u>	<u>Percentage of ownership</u>	<u>Number of shares</u>	<u>Nominal value</u>
Care Healthcare Ltd.	37.87%	605,969,377	302,984,689
Norgez Bank	4.99%	79,840,000	39,920,000
Other shareholders	57.14%	914,190,623	457,095,311
<b>Total</b>	<b>100%</b>	<b>1,600,000,000</b>	<b>800,000,000</b>

#### 20. Reserves

	<u>2020</u>	<u>2019</u>
Legal reserve	74,225,339	64,340,195
Special reserve	47,379,722	47,379,722
Other reserves	247,496,391	247,496,391
<b>Total</b>	<b>369,101,452</b>	<b>359,216,308</b>

##### 20.1. Legal reserve

In accordance with the Law No, 159 of 1981 and the Company's Articles of Association, 5% of the net profit for the year shall be transferred to the legal reserve. As proposed by the Board of Directors, this transfer may be partially discontinued if the legal reserve reaches 50% of the issued capital. This reserve is not available for distribution to shareholders.

Below is the movement in the legal reserve during the year:

	<u>2020</u>		
	<u>Balance at the beginning of the year</u>	<u>Formed during the year</u>	<u>Balance at the end of the year</u>
Legal reserve	64,340,195	9,885,144	74,225,339
<b>Total</b>	<b>64,340,195</b>	<b>9,885,144</b>	<b>74,225,339</b>
	<u>2019</u>		
	<u>Balance at the beginning of the year</u>	<u>Formed during the year</u>	<u>Balance at the end of the year</u>
Legal reserve	54,127,298	10,212,897	64,340,195
<b>Total</b>	<b>54,127,298</b>	<b>10,212,897</b>	<b>64,340,195</b>

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the year ended 31 December 2020**

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

**Reserves (continued)**

**20.2 Special reserve**

Special reserve represents the amount due to Care Healthcare Ltd. (Parent Company), under the letter issued by the Company on 12 April 2016. Both parties have agreed that this amount shall be claimed only in the case of dissolution or liquidation of the Company, either voluntary or for any other legal reason. In that case, the due amount shall be divided between recent shareholders of the Company upon liquidation or dissolution at the same proportion of their shares in the Company's share capital to the total number of shares issued. Accordingly, this amount has been recognised as special reserve in equity.

Below is the movement in the special reserve during the year:

	<b>2020</b>		
	<b>Balance at the beginning of the year</b>	<b>Formed during the year</b>	<b>Balance at the end of the year</b>
Special reserve	47,379,722	-	47,379,722
<b>Total</b>	<b>47,379,722</b>	<b>-</b>	<b>47,379,722</b>
	<b>2019</b>		
	<b>Balance at the beginning of the year</b>	<b>Formed during the year</b>	<b>Balance at the end of the year</b>
Special reserve	47,379,722	-	47,379,722
<b>Total</b>	<b>47,379,722</b>	<b>-</b>	<b>47,379,722</b>

**20.3 Other reserves**

The amount represents the amount transferred from share premium according to the requirements of Law No. 159 of 1981.

Below is the movement in the other reserves during the year:

	<b>2020</b>		
	<b>Balance at the beginning of the year</b>	<b>Used during the year</b>	<b>Balance at the end of the year</b>
Other reserves	247,496,391	-	247,496,391
<b>Total</b>	<b>247,496,391</b>	<b>-</b>	<b>247,496,391</b>
	<b>2019</b>		
	<b>Balance at the beginning of the year</b>	<b>Used during the year</b>	<b>Balance at the end of the year</b>
Other reserves	247,496,391	-	247,496,391
<b>Total</b>	<b>247,496,391</b>	<b>-</b>	<b>247,496,391</b>



**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the year ended 31 December 2020**

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

**21. Operating revenue**

	<u>2020</u>	<u>2019</u>
Accommodation and medical supervision revenue	264,115,066	158,151,926
Surgeries revenue	153,829,751	163,514,211
Laboratories revenue	113,144,913	74,507,783
Outpatient clinics revenue	91,623,902	129,867,088
Radiology revenue	74,198,237	42,258,080
Cardiac catheterization revenue	68,553,148	51,300,056
Service charge revenue	65,446,025	53,641,753
Emergency revenue	41,203,083	46,764,251
Pharmacy revenue	21,661,122	21,838,340
Dentistry revenue	11,209,988	12,228,962
Physiotherapy revenue	7,839,685	11,738,626
Cardiac tests revenue	6,716,662	7,827,439
Endoscopy revenue	6,488,716	6,351,360
Other sections revenue	5,012,571	847,645
	<u><b>931,042,869</b></u>	<u><b>780,837,520</b></u>

**22. Operating costs**

	<u>2020</u>	<u>2019</u>
Doctors' fees	159,369,428	163,490,576
Salaries, wages and benefits	149,782,334	107,255,328
Medical and pharmaceutical supplies	144,432,562	124,201,847
Fixed assets depreciation	26,825,823	17,540,667
Maintenance, spare parts and energy expenses	17,435,785	13,713,849
Food, beverage and consumables costs	14,155,177	20,095,256
Other expenses	29,097,211	11,382,958
	<u><b>541,098,320</b></u>	<u><b>457,680,587</b></u>

**23. General and administrative expenses**

	<u>2020</u>	<u>2019</u>
Salaries, wages and benefits	97,415,100	150,821,999
Impairment of trade receivables	19,424,395	20,158,702
Professional and consulting fees	9,129,592	7,146,410
Maintenance, spare parts and energy expenses	8,975,414	2,285,137
Fixed assets depreciation	6,527,409	4,281,477
Rent	4,411,261	3,106,205
Food, beverage and consumables costs	1,503,111	2,217,302
Other expenses	15,532,335	15,821,178
Less: The Group's share of the Company's expenses	40,039,838-	(77,729,030)
	<u><b>122,878,779</b></u>	<u><b>128,109,380</b></u>

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the year ended 31 December 2020**

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

**24. Expenses by nature**

	<u>2020</u>	<u>2019</u>
Salaries, wages and benefits*	247,197,434	258,077,327
Doctors' fees	159,369,428	163,490,576
Medical and pharmaceutical supplies	144,432,562	124,201,847
Fixed assets depreciation	33,353,232	21,822,144
Maintenance, spare parts and energy expenses	26,411,199	15,998,986
Impairment of trade receivables	19,424,395	20,158,702
Food, beverage and consumables costs	15,658,288	22,312,558
Other expenses	58,170,399	37,456,751
Less: The Group's share of the Company's expenses	<u>(40,039,838)</u>	<u>(77,729,030)</u>
	<b><u>663,977,099</u></b>	<b><u>585,789,967</u></b>

\* Employees' costs

	<u>2020</u>	<u>2019</u>
Salaries, wages and incentives	218,447,660	238,830,862
Social insurance	10,007,646	9,132,935
Employees' benefits	<u>18,742,128</u>	<u>10,113,530</u>
	<b><u>247,197,434</u></b>	<b><u>258,077,327</u></b>

Other expenses item includes an amount of EGP 3,765,000 (2019: EGP 4,351,667) as sitting allowance of the board members.

**25. Other income**

	<u>2020</u>	<u>2019</u>
Gain on sale of fixed assets	369,559	331,792
Subsidiaries dividends	5,544,239	-
Rent	6,745,024	5,837,201
Investment in associates losses	(81,999)	-
Miscellaneous income	<u>3,728,589</u>	<u>1,898,737</u>
	<b><u>16,305,412</u></b>	<b><u>8,081,959</u></b>

**26. Finance income/ (expenses)**

	<u>2020</u>	<u>2019</u>
Interest income	31,752,048	74,585,547
<b>Total finance income</b>	<b><u>31,752,048</u></b>	<b><u>74,585,547</u></b>
Debit interest	-	(1,926,854)
Foreign currency valuation	(277,109)	(3,032,665)
<b>Total finance expenses</b>	<b><u>(277,109)</u></b>	<b><u>(4,959,519)</u></b>
<b>Net finance expenses</b>	<b><u>31,474,939</u></b>	<b><u>69,626,028</u></b>

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the year ended 31 December 2020**

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

**27. Income tax**

Income tax expense as stated in the statement of profit or loss includes:

	<u>2020</u>	<u>2019</u>
Current income tax for the year	68,842,037	60,770,757
Deferred tax (Note 28)	1,705,495	4,023,898
	<u>70,547,532</u>	<u>64,794,655</u>

The tax on profit before tax theoretically differs from the amount expected to be earned by applying the average tax rate applicable to the Company's profits as follows:

	<u>2020</u>	<u>2019</u>
Net profit before tax	289,223,607	262,497,526
Income tax calculated based on the applicable local tax rate	65,075,312	59,061,943
<b>Add / (less):</b>		
Non-deductible expenses	8,657,480	8,895,439
Income not subject to tax	(3,185,260)	(3,162,727)
<b>Income taxes</b>	<u>70,547,532</u>	<u>64,794,655</u>
<b>Effective tax rate</b>	<u>24.39%</u>	<u>24.68%</u>

<u>Current income tax liabilities</u>	<u>2020</u>	<u>2019</u>
Balance at 1 January	46,611,355	53,711,686
Payments during the year	(43,482,636)	(53,854,362)
Advance payment during the year	(36,227,100)	(14,016,726)
Current year tax	68,842,037	60,770,757
	<u>35,743,656</u>	<u>46,611,355</u>

**28. Deferred tax**

<u>Deferred tax assets</u>	<u>2020</u>	<u>2019</u>
Provisions (excluding claims provision)	1,694,473	997,286
<u>Deferred tax liabilities</u>		
Fixed assets depreciation	(12,031,237)	(9,617,693)
<b>Deferred tax - liability</b>	<u>(10,336,764)</u>	<u>(8,659,790)</u>

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

#### Deferred tax (continued)

The movement on the deferred income tax is as follows:

	2020	2019
<b>Deferred tax assets</b>		
Balance at 1 January	997,286	1,084,894
Charged to the statement profit or loss	697,187	(87,608)
<b>Balance at the end of the year</b>	<b>1,694,473</b>	<b>997,286</b>
<b>Deferred tax liabilities</b>		
Balance at 1 January	(9,628,555)	(5,692,266)
Charged to the statement of profit or loss	(2,402,682)	(3,936,289)
<b>Balance at the end of the year</b>	<b>(12,031,237)</b>	<b>(9,628,555)</b>
<b>Net deferred tax liabilities</b>	<b>(10,336,764)</b>	<b>(8,631,269)</b>

#### 29. investments creditors

During September 2020, Cleopatra Hospital Company signed an agreement to transfer the assets and activities of Bedaya Hospital Company, owned by its founder, Dr. Ismail Aboul Fotouh. Under the new agreement, all the assets and operational activity of Bedaya Hospital were transferred to a new company - The New Bedaya Company for Medical Centers and Hospitals at the beginning of October 2020, provided that the total share of Cleopatra Hospital Company is 60% of its capital, while the share of Dr Ismail Abul Fotouh is the remaining 40% will be upon completion of the full value of the deal in June 2023. The deal value for medical equipment, assets and real estate was estimated at approximately 105 million Egyptian pounds that were paid as capital in the new company, provided that the remainder of the deal value will be determined and paid based on the results of the new company's business during 2021 and 2022.

The present value of the cash portion of the remaining value of the deal was estimated at 14,485,000 EGP.

Liabilities are estimated at each financial position date based on the present value of the cash flows expected to be repaid, discounted at the market rate of return.

#### 30. Earning per share

The basic share of the profit for the year is calculated by dividing the net profit for the year for the company's shareholders by the weighted average number of shares outstanding during the year after excluding the distribution of employee dividends.

	2020	2019
Distributable profit	218,676,075	197,702,871
Legal reserves	(10,930,688)	(9,885,144)
Employees and Board of Directors dividends (Distributable)	(33,035,961)	(26,314,344)
<b>Earnings per share</b>	<b>174,709,426</b>	<b>161,503,383</b>
Weighted average number of shares	1,600,000,000	1,600,000,000
<b>Earnings per share of the shareholders' share in the net profit for the year</b>	<b>0.11</b>	<b>0.10</b>

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

#### 31. Related parties' transaction

During the year the Company made transactions with certain related parties, The Balances with related parties at the date of the financial statements as well as the transactions during the year are as follows:

The company's name	Nature of transaction	Transaction value	Balance due from / (to) related parties 2020	Balance due from / (to) related parties 2019
Care HealthCare (Parent Company)	Expenses paid on behalf of the Parent Company	-	-	1,764,703
Nile Badrawi Hospital (Subsidiary)	The Group's share of the Company's expenses	12,509,363	-	(894,566)
	Income from medical activity	1,573,840	-	-
	Expense from medical activity	132,111	-	-
Cairo Specialised Hospital (Subsidiary)	The Group's share of the Company's expenses	13,594,326	-	(819,309)
	Expenses from medical activity	3,600,876	-	-
	Income from medical activity	6,428,247	-	-
	Other income (rents)	188,813	-	-
Al Shorouk Hospital (Subsidiary)	The Group's share of the Company's expenses *	11,864,843	-	(924,856)
	Expenses from medical activity	1,712,840	-	(108,988)
	Income from medical activity	66,766	-	-
CHG for medical services (Subsidiaries)	Expenses on behalf of the company	23,593,155	52,616,548	29,023,393
	The Group's share of the Company's expenses *	1,631,877	1,631,877	149,001
CHG Pharma for Pharmacies Management (Subsidiary)	Expenses on behalf of the company	3,509,190	8,634,298	5,025,108
	The Group's share of the Company's expenses *	439,433	439,433	-
Other parties	Expenses on behalf of related parties	131,827	386,827	255,000
CHG Hospitals	Management fees	1,716,398	(1,763,148)	(46,750)
New Bedaya for management of medical centres and hospitals	Expenses on behalf of the company	3,330,339	3,330,339	-
			<b>65,276,174</b>	<b>33,522,736</b>

\* During the year 2017. Cleopatra Hospital Company signed an agreement with its subsidiaries under this contract. The Company allocates the costs of the joint activities to the Group's Companies based on percentages related to the revenues earned for each Company. This agreement was approved by the Company's board of directors and their General Assemblies.

The transactions with the related parties are the company's dealings with the subsidiary / associates companies, whether by buying, selling or exchanging services. Prices, policies and conditions related to these operations are approved by the company's management and are on the same basis as dealing with others.

#### 32. Commitments

##### Capital commitments:

The capital commitments related to fixed assets at financial year end is EGP 3,503,700 (2019: EGP 8,145,900).

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### 33. Tax position

(1) **Corporate tax**

- Inspected until 31 December 2019, and payment was made in fullTax returns were filed regularly in the legal deadlines.
- Tax returns are submitted regularly on legal dates.

(2) **Salaries tax**

- Inspected until 31 December 2019 and all dues have been paid.

(3) **Stamp duty tax**

- Inspected until 2013, and payment was made.
- The years from 2014 to 2018 are being inspected.

(4) **VAT**

- Inspected until 31 December 2015.
- The years 2016, 2017, 2018 and 2019 are being inspected.
- Monthly tax returns are submitted on legal dates.

(5) **Advances to tax authority**

- Approval has been submitted to the tax Authority for the advance payment for the taxable period from 1 January 2020 till 31 December 2020.
- The advance payment has been approved by the Tax Authority for the taxable period from 1 January 2020 till 31 December 2020.

#### 34. Significant events

On February 13, 2020, Cleopatra Hospital Company, the General Authority for River Transport and Nile Badrawi Hospital Company and the heirs of the late Engineer Hassan Badrawi signed a comprehensive and final settlement agreement according to which agreement was reached to resolve, settle and end all disputes and claims related to the land on which the Nile Badrawi Hospital is located, And it was also agreed that both the General Authority for River Transport and the Nile Badrawi Hospital Company will give up disputes arising from each of them regarding the land subject to settlement. The total settlement amounted to 36 million Egyptian pounds as part of the settlement located within the confiscated amounts from the sale of shares of the Nile Badrawi Hospital to the Cleopatra Hospital. Negotiations are also being held with the Nile Badrawi Hospital shareholders on the final settlement of any matters related to the company and the sellers.

When it comes to the outbreak of the emerging corona virus effect on the financial services from a financial perspective, the management has reviewed the decrease in receivables, and they formed extra provisions against the expected effects (Disclosure 10). As well as reviewing the intangible assets impairment using adjusted valuations to reflect the current circumstances and the expectation for those assets, resulting in no decrease in the assets.

The management also reviewed the working capital's position and liquidity in light of the increase of inventory retention to control the risk of supplies and medical services inflow, and the management thinks that the expected effect is going to be insignificant as there is adequate liquidity.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the year ended 31 December 2020

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

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#### Significant events (continued)

Regarding operation risks, the Group's number one priority is guaranteeing the safety and wellbeing of its staff, both medical and non-medical, and of its patients and their families. Across all eight of the Group's medical facilities and offices health and safety protocols have been tightened, with additional measures including:

- Daily deep cleaning and sterilization of all medical and non-medical facilities.
- Provision of necessary Personal Protective Equipment (PPE) for all staff and patients.
- Strict internal hygiene and sanitization protocols for all medical staff, patients, and visitors.
- Infrared temperature screening at all group hospital entrances.
- Switch to facial recognition and away from fingerprint identification across all CHG facilities.
- New patient engagement and visitor management protocols to minimize the risk of exposure.
- New ER and outpatient clinic protocols to ensure prompt detection, isolation, and reporting of all potential COVID-19-positive patients.
- Fourteen days of paid leave, with extensions granted on a case-by-case basis, for all staff working in high-risk departments and who are suspected of having encountered potential COVID-19-positive cases.
- Work-from-home arrangement for all non-medical staff with limited access to the Group's offices granted on a rotational basis.
- In parallel, the Group has enhanced its Hospital Incident Command System to guarantee CHG's ability to adapt to the evolving COVID-19 situation from an operational point of view. As of today, measures include:
  - The draw up of an emergency staffing plan to ensure the Group can meet round-the-clock staffing needs.
  - Back-office contingency planning to ensure business continuity.
  - Engagement programme with the Group's consultants to address any needs or concerns that may arise.
  - Applying protocols for supply chain management and ensuring that stores and warehouses are sufficient with the necessary medical resources and supplies to ensure that no disturbances occur in the group's activities and operations.