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

LIMITED REVIEW REPORT AND THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020

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

Consolidated interim financial statements
For the nine months period ended 30 September 2020

pwc

Limited Review Report for the Interim Financial Statements

To: The Board of Directors of Cleopatra Hospital (S.A.E.) and its subsidiaries

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of Cleopatra Hospital (S.A.E.) and its subsidiaries (the "Group") as of 30 September 2020, and the related consolidated interim statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is limited to express a conclusion on these consolidated financial statements based on our limited review.

Scope of the limited review

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

Conclusion

In light of our limited review, nothing has come to our attention which causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 30 September 2020, and its financial performance, and its cash flows for the nine months period then ended in accordance with the Egyptian Accounting Standards.

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

19 November 2020
Cairo

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
pwc
برايس ووترهاوس كوبرز عزالدين دياب وشركاهم

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

Consolidated statement of financial position - At 30 September 2020

(All amounts in Egyptian Pounds)

	Note	30 September 2020	31 December 2019
Assets			
Non-current assets			
Fixed assets	6	1,066,445,765	908,495,300
Right of use	32	19,343,695	10,247,595
Advanced payments for investments	8	106,337,900	-
Goodwill	7	369,263,334	369,263,334
Intangible assets	7	44,354,000	44,354,000
Total non-current assets		**1,605,744,694**	**1,332,360,229**
Current assets			
Inventories	9	56,103,131	49,260,610
Trade receivables	10	409,034,632	337,153,648
Due from related parties	29	1,674,521	2,019,705
Debtors and other debit balances	11	97,309,136	105,227,154
Treasury bills	12	34,442,320	50,099,258
Cash on hand and at banks	13	375,535,837	791,267,839
Total current assets		**974,099,577**	**1,335,028,214**
Total assets		**2,579,844,271**	**2,667,388,443**
Equity			
Share capital	17	800,000,000	800,000,000
Reserves	18	286,591,172	284,394,548
Retained earnings		877,182,080	746,183,287
Total equity of the parent company		**1,963,773,252**	**1,830,577,835**
Non-controlling interests	19	100,373,855	103,926,707
Total equity		**2,064,147,107**	**1,934,504,542**
Liabilities			
Non-current liabilities			
Lease liability	32	8,981,593	5,834,432
Deferred tax liabilities	27	75,574,495	74,794,486
Total non-current liabilities		**84,556,088**	**80,628,918**
Current liabilities			
Provisions	14	15,973,374	15,558,340
Creditors and other credit balances	15	381,518,899	442,334,530
Employee incentive plan	16	-	129,072,581
Lease liability	32	5,567,257	2,651,440
Current income tax liabilities	26	28,081,546	62,638,092
Total current liabilities		**431,141,076**	**652,254,983**
Total liabilities		**515,697,164**	**732,883,901**
Total equity and liabilities		**2,579,844,271**	**2,667,388,443**

- The accompanying notes from (1) to (34) are integral part of these consolidated financial statements.
- Limited review report is attached

Mr. Ahmed Adel Badreldin	**Dr. Ahmed Ezz Eldin Mahmoud**	**Mr. Ahmed Gamal**
Non-Executive Chairman	**CEO & Managing Director**	**Group CFO**

19 November 2020

CLEOPATRA HOSPITAL HELIOP

CLEOPATRA HOSPITAL (S,A,E,) AND ITS SUBSIDIARIES

Consolidated interim statement of profit or loss
For the nine months period ended 30 September 2020

(All amounts in Egyptian Pounds)

	Note	Nine months ended 30 September 2020	Nine months ended 30 September 2019	Three months ended 30 September 2020	Three months ended 30 September 2019
Operating revenue	20	1,378,970,421	1,287,076,289	535,883,470	462,034,524
Less:					
Operating costs	21	(925,128,210)	(835,563,578)	(349,439,726)	(295,390,752)
Gross profit		**453,842,211**	**451,512,711**	**186,443,744**	**166,643,772**
Add / (Less):					
General and administrative expenses	22	(228,251,933)	(272,989,922)	(77,775,806)	(82,811,616)
Costs of acquisition activities		(4,570,573)	(4,433,551)	367,872	(3,825,761)
Provisions	14	(14,493,625)	(1,472,034)	(8,915,715)	342,414
Other income	24	6,132,595	6,487,307	2,231,957	2,384,100
Finance income	25	41,166,178	71,915,908	8,983,829	16,501,013
Finance expenses	25	(1,953,905)	(5,832,546)	(732,189)	(1,006,774)
Pre operations expenses		-	(3,438,741)	-	-
Profit for the period before income tax		**251,870,948**	**241,749,132**	**110,603,692**	**98,227,148**
Current tax	26	(69,073,264)	(68,735,466)	(29,587,083)	(23,121,400)
Deferred tax	27	(780,011)	(3,051,010)	(967,584)	(2,888,714)
Profit after income tax		**182,017,673**	**169,962,656**	**80,049,025**	**72,217,034**
Profit for:					
Owners of the parent company		179,194,810	166,506,012	78,590,609	69,346,176
Non-controlling interests		2,822,863	3,456,644	1,458,416	2,870,858
Profit for the period		**182,017,673**	**169,962,656**	**80,049,025**	**72,217,034**
Earning per share	28	**0,11**	**0,10**	**0,05**	**0,04**

- The accompanying notes from (1) to (34) are integral part of these consolidated interim financial statements.

Consolidated interim statement of comprehensive income
For the nine months period ended 30 September 2020

(All amounts in Egyptian Pounds)

	Nine months ended		Three months ended	
	30 September 2020	**30 September 2019**	**30 September 2020**	**30 September 2019**
Profit for the period	182,017,673	169,962,656	80,049,025	72,217,034
Other comprehensive income	-	-	-	-
Comprehensive income for the period	**182,017,673**	**169,962,656**	**80,049,025**	**72,217,034**
Comprehensive income for:				
Owners of the parent company	179,194,810	166,506,012	78,590,609	69,346,176
Non-controlling interests	2,822,863	3,456,644	1,458,416	2,870,858
Profit for the period	**182,017,673**	**169,962,656**	**80,049,025**	**72,217,034**

- The accompanying notes from (1) to (34) are integral part of these consolidated interim financial statements.

CLEOPATRA HOSPITAL (S.A.E.) AND ITS SUBSIDIARIES

Consolidated interim statement of changes in equity
For the nine months period ended 30 September 2020

(All amounts in Egyptian Pounds)

	Share capital	Reserves	Retained earnings	Total Shareholders equity of the parent Company	Non-controlling interest	Total equity
Balance at 1 January 2019	**800,000,000**	**274,181,651**	**529,815,360**	**1,603,997,011**	**74,719,570**	**1,678,716,581**
Dividends for employees	-	-	(30,825,264)	(30,825,264)	(1,526,345)	(32,351,609)
Reserves	-	10,212,897	(10,214,871)	(1,974)	1,974	-
Non-controling interest	-	-	-	-	255,000	255,000
Comprensive income for the period	-	-	166,506,012	166,506,012	3,456,644	169,962,656
Balance at 30 September 2019	**800,000,000**	**284,394,548**	**655,281,237**	**1,739,675,785**	**76,906,843**	**1,816,582,628**
Balance at 1 January 2020	**800,000,000**	**284,394,548**	**746,183,287**	**1,830,577,835**	**103,926,707**	**1,934,504,542**
Dividends for employees	-	-	(37,340,454)	(37,340,454)	(6,491,854)	(43,832,308)
Reserves	-	2,196,624	(10,855,563)	(8,658,939)	970,419	(7,688,520)
Non-controling interest	-	-	-	-	(854,280)	(854,280)
Comprensive income for the period	-	-	179,194,810	179,194,810	2,822,863	182,017,673
Balance at 30 September 2020	**800,000,000**	**286,591,172**	**877,182,080**	**1,963,773,252**	**100,373,855**	**2,064,147,107**

- The accompanying notes from (1) to (34) are integral part of these consolidated interim financial statements.

CLEOPATRA HOSPITAL (SAE) AND ITS SUBSIDIARIES

Consolidated interim statement of cash flows
For the nine months period ended 30 September 2020

(All amounts in Egyptian Pounds)	Note	30 September 2020	30 September 2019
Cash flows from operating activities			
Profit before tax		251,870,948	241,749,132
Adjustments to reconcile net income to cash flows from operating activities			
Fixed asserts depreciation	6	61,436,563	45,778,354
Profit from sale of fixed assets	24	(696,252)	(345,721)
Amortization of other debitors	11	21,932	(219,777)
Impairment of trade receivables	10	45,229,754	48,651,973
Impairment of inventories	9	68,084	(54,424)
Provisions	14	14,493,624	1,472,034
Interests and commissions	25	1,612,059	2,918,040
Interests payable	25	(41,166,178)	(71,915,908)
Employee incentive plan	17	7,761,024	72,662,497
Operating profits before changes in assets and liabilities		**340,631,558**	**340,696,200**
Changes in assets and liabilities			
Change in inventories	9	(6,910,605)	(5,232,202)
Change in trade receivables	10	(117,110,738)	(76,906,726)
Related Parties Transactions	29	345,184	2,084,091
Change in debtors and other debit balances		29,269,019	(6,977,596)
Change in Creditors and other credit balances		(10,668,599)	55,953,319
Provisions used	14	(14,078,590)	(6,804,984)
Income tax paid	26	(103,629,810)	(89,642,237)
employees' incentives system	16	(136,833,605)	-
Net cash flows generated from operating activities		**(18,986,186)**	**213,169,865**
Cash flows from investing activities			
Payments for purchase fixed assets	6	(69,388,978)	(52,877,659)
Payments for projects under construction	6	(159,140,783)	(88,634,899)
Proceeds from sale of fixed assets		742,885	648,973
Down payments for purchase of fixed assets		(23,143,000)	(62,552,556)
Interests received		42,936,246	72,455,040
Payments under long term investments	8	(145,488,461)	(135,080,000)
Payments for the acquisition of works		(8,542,800)	-
		-	(25,000,000)
Payments for capital increase of subsidiaries		-	(148,473,511)
Treasury bills	12	50,099,258	-
Net cash flows (used in) generated from investing activities		**(311,925,633)**	**(439,514,612)**
Cash flows from financing activities			
Receipts from borrowings and overdraft		-	62,643,822
Interests and commissions paid		(1,612,059)	(17,884,090)
Payment of borrowings and overdraft		-	(148,958,609)
Dividends paid		(48,765,804)	(31,938,892)
Net cash flows used in financing activities		**(50,377,863)**	**(136,137,769)**
Change in cash and cash equivalents during the period		**(381,289,682)**	**(362,482,516)**
Cash and cash equivalents at the beginning of the period		791,267,839	953,422,594
Cash in subsidiaries at acqusition date		-	562,500
Cash and cash equivalents at the end of the period	13	**409,978,157**	**591,502,578**

- The accompanying notes from (1) to (34) are integral part of these consolidated interim financial statements.

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 transfer of the legal type of Cleopatra Hospital (Lasheen and Partners) from a "limited partnership" into Cleopatra Hospital Company "S.A.E." in accordance with the provisions of Law No. (8) Of 1997 and Law No. (95) Of 1992.

The Company's purpose is to establish a private hospital to provide advanced modern health and medical services, as well as the medical care of inpatients. 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, 41 Cleopatra Street, Heliopolis, Cairo.

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

On 16 September 2015, Cleopatra Hospital S.A.E. acquired 52.7% of the total shares of Cairo Specialised Hospital. Cleopatra Hospital S.A.E share in Cairo Specialised Hospital has changed to reach 53.67% due to the write off of treasury shares, As of 28 September 2017, the shareholding rate has become 53.88% as a result of the company purchasing shares of non-controlling interests in Cairo Specialist Hospital. As of 14 November 2019, the percentage of the contribution of Cleopatra Hospital Company S.A.E. has changed to 54.58% for the subscription in the capital increase of the Cairo Specialist Hospital Company. On 1 April 2020 Cleopatra Hospital purchased 66,430 shares of non-controlling interest of Cairo Specialist Hospital , to become the sharing of Cleopatra Hospital to 55.54% Cleopatra Hospital purchased 18,998 shared of the non-controlling interest of Cairo Specialist Hospital To become the sharing of Cleopatra Hospital 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 Hospital Badrawi on 13 March 2019 and the approval of the Board of Directors of the Cleopatra Hospital Company on 14 March 2019, the authorized capital of the Nile Badrawy Company has been increased by EGP 180 million to become EGP 200 million and this has been subscribed in the amount of EGP 121 million to make the paid-up capital EGP 141 million. The amount of the capital increase has been paid in full by the Cleopatra Hospital Company, and consequently, the contribution of Cleopatra Company is 99.989%.

On 24 January 2016, Cleopatra Hospital S.A.E. acquired 99.99% of the total shares of Al-Shorouk Hospital.

On 6 August 2017 CHG Medical Services was established with a capital of EGP 250,000 and on 22 March 2018, the Extraordinary General Assembly approved the amendment of some articles of the company's articles of association as follows:

- Amending the authorized capital from EGP 250,000 to EGP 2,000,000, the issued and the paid up from EGP 250,000 to EGP 312,500 with a value of EGP 10 per share.
- The capital was underwritten by Cleopatra Hospital Company through preferred shares that entitles the owner to three times the ordinary share in the profits and voting on general assembly decisions.
- According to the above, the Cleopatra Hospital Company's contribution to the capital amounts to 20%, entitling it to 60% in voting rights and dividends as preferred shares.

Introduction (continued)

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

On 18 March 2019, Cleopatra Hospital S.A.E acquired the fixed assets, operations and management 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%.

These consolidated financial statements have been approved for issuance by the Board of Directors of the Parent Company on 19 November 2020.

2. Accounting policies

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

A. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards (EASs) and the relevant laws. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with EASs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies. The areas where the most significant accounting estimates and judgements applied in preparation of the consolidated 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.

Matters that have not been addressed in the Egyptian Standards are subject to the International Financial Reporting Standards (IFRS) until the Egyptian Standards that address such matters are issued.

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

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

In 28 March 2019, the minister of Investment issued a decree no. 69 for 2019 which includes new standards and amendments to the existing standards. The amendments in the EASs have been published in the official gazette on 7 April 2019. The group 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 should calculate and display earning per share in the profits according to Egyptian Accounting Standard No. (22).

- Egyptian Accounting Standard No. (49) - "Lease Contracts" - First Stage (Lease Contracts subject to Law 95 of 1995 is recognized in the statement of the financial position as an asset (the right to use the leased asset) and a financial obligation to pay the lease payments. Except for the short-term and the small valued lease contracts.

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 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.

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

Standard name	**EAS 47 "Financial instruments"**
Nature of change	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. The Group has reviewed its financial assets and liabilities and expects the following impact from the application of the new standard on 1 January 2020. 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. The company's financial assets consist of the following: Trade receivables Time deposits Cash and cash equivalents Related parties

New Egyptian Accounting Standards ("EAS") and interpretations not yet adopted (continued)

Impact	Trade receivables and amounts due from 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 Group has estimated that it meets the terms of the classification at the cost consumed according to Egyptian Accounting Standard No. 47, where it is are cash flows from principle payments and interest payments only, and the company's business model is to maintain and collect debt instruments. There will be no impact on the Group's registration of financial obligations, as the new requirements affect the recording of financial liabilities recorded at fair value through profit or loss and the Group 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. 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. The new standard also introduces extended terms of disclosure and changes in presentation. It is expected to change the nature and size of the Group's disclosures regarding its financial instruments, especially in the year in which the new standard is applied. The management did not conclude the assessment for the impact over the Financial statement for the group
Mandatory application date/ Date of adoption by group	Applies to financial periods beginning on or after 1 January 2020. The Group will apply the new rules retroactively from 1 January 2020 taking the practicable methods permitted under the standard. Comparative figures for 2019 will not be modified.

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

New Egyptian Accounting Standards ("EAS") and interpretations not yet adopted (continued)

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

Standard name	**EAS 48 "Revenue from contracts with customers"**
Nature of change	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. The new standard is based on the principle of revenue recognition when transferring control of goods or services to a customer.
Impact	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. The management did not conclude the assessment for the impact over the Financial statement for the group
Mandatory application date/ Date of adoption by group	Mandatory for financial years beginning on or after 1 January 2020. The company intends to apply the new standard using a modified approach to retroactively applying, which means that the cumulative effect of the application will be recognized in the retained earnings from 1 January 2020, and that comparative figures will not be modified. 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.

(3) EAS No. (49) – "Leases":

Standard name	**EAS 49 "Lease contracts" stage two (lease contract) except for those which were subject to Law 95 for the year 1995.**
Nature of change	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 explanation above shows the impact of the application of the first stage on the financial statements. 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. 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.

New Egyptian Accounting Standards ("EAS") and interpretations not yet adopted (continued)

Impact	The group has formed a team for the application of the standard, and it has been found that the group has contracts that meet the first stage. The application has been implemented and there is no effect on the retained earnings in the beginning of the period or the profits of the year because the contract to which the standard applies has been engaged to during the year 2019 and for the second stage of the Egyptian Accounting Standard No. 49, the team reviewed the rental arrangements other than those that were subject to Law 95 for the year 1995 in the group, in light of the new rent accounting rules.
Mandatory application date/ Date of adoption by group	The group 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 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.

C. Basis of consolidation

1. Subsidiaries

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

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

Basis of consolidation (continued)

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

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

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

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

	Country of incorporation	Percentage of ownership
Al-Shorouk Hospital Company S.A.E.	Egypt	99.99%
Nile Badrawi Hospital Company S.A.E.	Egypt	99.99%
Cairo Specialised Hospital Company S.A.E.	Egypt	55.69%
CHG for Medical Services Company S.A.E.	Egypt	20% (Preferred shares)
CHG Pharma for Pharmacies Management Company S.A.E.	Egypt	98%
CHG for hospitals	Egypt	99.99%

2. **Sale, acquisition and non-controlling interests**

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

3. **Associates**

- Associates are entities over which the Group has significant influence but not control. A shareholding in these entities ranges between 20% and 50% of the voting rights.
- Investments in associates are accounted for by the equity method of accounting, investments are initially recognised at cost.
- Goodwill arising from shareholding in associates is stated within investment cost net of accumulated impairment.

Basis of consolidation (continued)

- The Group's share of its associates' post-acquisition profit and loss is recognised in the profit and loss statement, and its share of post-acquisition movements in associates' reserves is recognised in reserves, in exchange for the adjustment of carrying value of investment against the Group's share in post-acquisition changes in equity after the acquisition date.
- When the Group's share of losses in associates equals or exceeds its interest in the associate, including any other receivables or unsecured borrowings, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies applied in the associates are adjusted when necessary to ensure consistency with the policies adopted by the Group.

D. 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.

E. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

Foreign currency transactions during the year are translated into the measurement 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 the consolidated financial position date are recognised in the consolidated statement of profit or loss.

F. Fixed assets

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

All expenses attributed to the acquisition and establishment of fixed assets are recognised at the accounts of projects under construction. When the fixed asset is complete and brought to a ready-for-use condition, the asset's amount is transferred to the account of fixed assets.

Fixed assets (continued)

All repair and maintenance costs are charged to the statement of profit and loss for 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 net carrying amount of the disposed part is eliminated.

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.

The depreciation rates by type of asset are as follows:

Machinery, equipment and devices	10%
Furniture	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 is greater than the amount estimated to be recovered 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.

G. Intangible assets

1. Goodwill

Goodwill results from the acquisition of subsidiaries and represents the excess of the cost of acquisition of shareholding in subsidiaries over the fair value of the Group's share of the net assets of the acquired associate at the date of acquisition. Goodwill resulting from the acquisition of a subsidiary is included within intangible assets.

The Group's management conducts analysis annually or at shorter intervals, where there is an indication for impairment, to estimate whether the carrying value of goodwill is expected to be fully recovered, and reduce the carrying value of goodwill if it is higher than the expected recoverable amount. Any losses resulting from impairment of goodwill are charged to the statement of profit or loss, and cannot be reversed subsequently.

Profits and losses resulting from the disposal of investments in subsidiaries or associates comprise the carrying value of the goodwill related to the investment.

Goodwill is allocated to cash generating units for the purpose of measurement of impairment. Allocation is made on cash generating units or a group of cash generating units that are expected to directly benefit from goodwill.

Intangible assets (continued)

2. Trade name
   Trade name is included within intangible assets, and represents the trade name of both Nile Badrawi Hospital S.A.E. and Al-Shorouk Hospital S.A.E., resulting from the acquisition at fair value at the date of acquisition.

3. Non-competition agreement
   The fair value of the recognised asset is depreciated in such agreements over the period during which it is expected to beneficial. The period is specified to be two years long.

H. Inventories

Inventories are evaluated at the lower of actual cost or net realisable value. Cost is determined using the moving 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 realisable expenses. Allowance is made for slow moving inventories based on management's assessment of inventory movements.

I. Financial assets

First – 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. The management of the Company has classified its financial assets within the group of loans and receivables.

Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed 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.

Second: Initial and subsequent measurement:
1. The financial assets are measured on acquisition at fair value plus transaction costs.
2. 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.
3. Loans and receivables are subsequently measured at amortised cost using the effective interest method.

Financial assets (continued)

Third: Impairment of financial assets:

Assets recognised at amortised cost
The Company assesses, at the end of each financial period, whether there is evidence that a financial asset or a group of financial assets is impaired.

Impairment of a financial asset or group of financial assets is recognised if an impairment evidence 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 group of financial assets that can be reliably measured.

Evidence of impairment may include indications that the debtors or a group of debtors are 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.

J. Impairment of non-financial assets

Intangible assets that have an indefinite useful life, and so are not depreciated, are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal of the asset or the value expected to be recovered its use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are independent cash inflows.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that impairment losses recognised for the asset no longer exist or have decreased. Loss of impairment, which should not exceed the fair value that will be determined (net of depreciation), is reversed. Such reversal is recognised in the statement of profit or loss, excluding goodwill.

K. Share capital

Ordinary shares are classified as equity.

L. Legal reserve

As required by the parent Company, 5% of the net profit shall be transferred to constitute the legal reserve, once the financial statements are approved by the Company's ordinary general assembly meeting. 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.

M. 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, and it is probable that the resource usage will be required to settle the obligation 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 money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

N. 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.

O. 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 obligations for a period of not less than 12 months after the date of the financial statements.

P. Employees' benefits

(1) Pension and insurance scheme

The Group pays contributions to the Public Authority for Social Insurance on a mandatory basis in accordance with the rules of Social Security Law. The Group has no further obligations other than the payment of its obligations. The regular contributions are recognised as periodic costs for the period in which they are due and as such are included in staff costs.

(2) Employee incentive plan

Cleopatra Hospital grants units of cash bonus to the selected employees of the Group 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.

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 average market value of the Parent Company's shares on 2 June 2020 during the six months preceding the date of the financial position 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.

Employees' benefits (continued)

- The Group 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 Group recognises the fair value of the employees' services received as expenses in the statement of profit or loss.

Q. Revenue recognition

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

Revenues are recognised 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 Group; and when other specific criteria have been met for each of the Group's activities as described below. The revenue amount will not be considered reliably measurable unless all contingent liabilities are settled. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

<u>Medical services revenue</u>
The Group renders several medical services, including surgeries, admission, medical supervision, analyses, investigations, x-rays and outpatient services. The medical service income is recognised when the service is rendered to the patient.

<u>Sale of medicine revenue</u>
The Group sells drugs through the hospital's pharmacy or when giving them to inpatients admitted in the hospital. The Group recognises the revenues of medicines when the patient receives the medicine or when the medicine is used for the treatment of inpatients.

<u>Rental income</u>
The Groups rents spaces to others. Such rental is recognised in the statement of profit or loss over the period of contract.

<u>Interest income</u>
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.

R. 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.

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.

S. Current and deferred income tax

The income tax for the period is calculated on the basis of the tax laws enacted at the financial position date. The management periodically evaluates the 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 consolidated financial statements. The deferred income taxes are not accounted for if it arises 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 tax is determined using tax rates in accordance with the law prevailing at the consolidated financial position date that are expected to apply when the deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred 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.

T. Dividends

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

U. Cash and cash equivalents

For the purpose of preparation of consolidated statement of cash flows, cash and cash equivalents includes cash in hand, bank current accounts, and term deposits with maturities of three months of the date of deposit.

V. 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, 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.

Fair value of financial instruments (continued)

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 valuators are engaged in the valuation of significant assets. The criteria for selecting the valuator 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.

The management in cooperation with the Company's external valuators 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.

3. Financial risk management

(1) Financial risk factors

The Group'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 rates), credit risk and liquidity risk. The Group is not exposed to any price risk as it does not have financial assets at fair value through profit and loss. The Group's management aims to minimise potential adverse effects of such risks on the financial performance of the Group by the monitoring process performed by the Finance Department, Company's General Manager, and Executive Committee at the level of the Parent Company.

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

Financial risk management (continued)

A) Market risk

i. Risk of change in foreign currency rates

Foreign exchange risk arises from the foreign currency rates that affect the payments and receipts in foreign currency, as well as the valuation of assets and liabilities in foreign currencies. Given the nature of the Group's activities, the Group does not undertake transactions denominated in foreign currencies as it carries out all purchases in the Egyptian Pound. The Group's very limited revenue in foreign currencies are generated from certain foreign embassies. The management considers that foreign currency denominated balances are insignificant.

At the end of the period, the net financial assets of foreign currencies before impairment are denominated in Egyptian Pound as follows:

	30 September 2020	31 December 2019
US Dollars	10,496,562	12,790,017
Euro	146,989	372,677
GBP	341,023	51,784

If the EGP had been more/ less by 10% against foreign currencies, with all other variables held constant, net profit after taxes would have increased / decreased as follows:

	30 September 2020	31 December 2019
US Dollars	10,049,656	1,279,002
Euro	14,699	37,268
GBP	34,102	5,178

ii. Fair value and cash flows risks resulting from the change in interest rates

The Parent Company obtained long-term loans at interest rates linked to the corridor rate declared by the Central Bank of Egypt, and therefore, it is exposed to cash flow risks.

B) Credit risk

Credit risk arises from cash and deposits with banks as well as credit risks associated with the Group's customers. Risk management is monitored for the Group taken as a whole, through the executive management, the central finance department and the executive committee at the level of the Parent Company.

For banks, only highly credit rating banks with high solvency are dealt with and are subject to the control of the Central Bank of Egypt.

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

Financial risk management (continued)

For customers, each Hospital's management analyses the credit risks of each potential new customer before being approved as a credit customer by the Finance Director and the General Manager in accordance with the Group's established policies, including Cleopatra Hospital Company or the subsidiaries. The Parent Company's Executive Committee follows-up the compliance with credit terms, and reviews cases of default 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.

The management makes impairment of 100% for customers in default for more than 150 days as of the date of the invoice. After deducting the amounts that expected to be collected after calculating the loss given default rate. The management also establishes the Group-based provision for impairment at historical default rates. The management calculates historical default rates for each customer individually on a monthly basis for defaulted customer balances for more than 150 days until 360 days from the financial position date. Based on those rates, the management calculates a provision on defaulted customer's receivables for less than 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 limited.

Below are the balances that are exposed to the credit risks:

	30 September 2020	31 December 2019
Cash at banks	373,514,618	788,913,329
Trade receivables	528,539,309	411,428,571
Accrued income	694,759	2,383,756
Employees loans custodies	1,591,442	1,597,912
Due from related parties	1,674,521	2,019,705
Treasury bills	34,442,320	50,099,258

C) Liquidity risk

The management makes cash flow projections on monthly basis, which are discussed during the Executive Committee's meeting of the Parent Company, 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:

	Below 3 months	3 months to 1 year	1 year to 5 years
Suppliers and notes payable	140,082,943	45,239,459	-
Accrued expenses	153,344,707	8,259,506	-
Lease liability	-	5,567,257	8,981,593

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

Financial risk management (continued)

(2) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maximise returns for shareholders and provide benefits to the stakeholders, and to maintain an optimal capital structure to reduce the cost of capital, as is followed by other companies operating in the same industry.

The Group's management monitors capital structure using the gearing ratio, which is calculated as the ratio of net debt to total borrowings, advances, notes payable, and due to related parties, less cash. The total capital represents the total net debt in addition to shareholders' equity as shown in the consolidated financial position.

Net debt to total invested capital as at 30 September 2020 and 31 December 2019 is as follows:

	30 September 2020	**31 December 2019**
Creditors and other credit balances	381,518,899	442,334,530
Employee incentive plan	-	129,072,581
Less: Cash on hand and at banks	(409,978,157)	(791,267,839)
Net debt	**(28,459,258)**	**(219,860,728)**
Total shareholders' equity	2,064,147,107	1,934,504,542
Total invested capital	**2,035,687,849**	**1,714,643,814**
Net debts to total invested capital	**(1.4%)**	**(12.8%)**

(3) Estimations of fair values of financial instruments

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

4. Critical accounting estimates, assumptions and judgements

Critical accounting estimates and assumptions
Estimates and assumptions are continually evaluated and are 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. 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; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Group reviews the provision at the date of each financial position, and adjusts it to reflect the best current estimate by using the appropriate advisory expertise.

Critical accounting estimates, assumptions and judgements (continued)

Impairment of goodwill and other intangible assets
The Group's management evaluates goodwill and other intangible assets annually to determine any impairment in goodwill. The carrying amount of goodwill is reduced if it is higher than the expected recoverable amount. Any losses resulting from the impairment of goodwill is charged to the statement of profit or loss, and cannot be reversed subsequently, (Note 7) illustrates more information regarding this.

Impairment of trade receivables and customers
Impairment of receivables and customer balances is estimated by monitoring ageing of receivables. The Group'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 on the Group basis for customers and balances that suffered impairment but not yet determined, by reference to historical default rates applicable to some of the Group companies.

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. The discounts rates used in calculating the system values are also reviewed with the market discount rates and reviewing the calculated valued by system elements with the approved five years plans from the management yearly.

The plan consists of 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 during the six months preceding the date of the financial position 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.

- Liabilities are estimated at each financial position date based on the present value of the expected cash flows discounted at market rate of return.
- These estimates are calculated by an independent export and include the impact of market conditions using the total shareholders return (TSR) as well as other non-market conditions using earnings before interest, tax, depreciation and amortization (EBITDA).
- The assumption used, including the discount rates and expected performance are reviewed in accordance with approved management plans annually and assumptions adjusted if necessary.

(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 nine months period ended 30 September 2020 for each segment:

	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG for Medical Services	CHG Pharma for pharmacies management	CHG for Hospitals	Queens Hospitals	Al Kateb Hospitals	Consolidated adjustment	Total
Statement of financial position											
Non-current assets	1,393,133,714	179,397,529	212,481,093	190,957,331	112,338	-	-	11,174,748	121,023,839	(502,535,898)	1,605,744,694
Current assets	484,317,597	178,713,050	164,641,311	146,796,732	14,802,420	5,041,959	22,966,035	26,274,549	35,535,827	(104,989,903)	974,099,577
Total assets	**1,877,451,311**	**358,110,579**	**377,122,404**	**337,754,063**	**14,914,063**	**5,041,959**	**22,966,035**	**37,449,297**	**156,559,666**	**(607,525,801)**	**2,579,844,271**
Current liabilities	149,406,128	94,721,424	89,573,474	67,955,062	60,033,413	8,631,261	104,857	47,291,035	30,504,157	(117,079,735)	431,141,076
Non-current liabilities	9,434,761	8,835,827	12,287,139	3,211,401	-	-	-	159,353	33,313	50,594,294	84,556,088
Total Liabilities	**158,840,889**	**103,557,251**	**101,860,613**	**71,166,463**	**60,033,413**	**8,631,261**	**104,857**	**47,450,388**	**30,537,470**	**(66,485,441)**	**515,697,164**
Statement of profit or loss:											
Operating revenue	521,786,055	261,083,687	237,709,738	231,415,770	27,921,497	6,646,779	419,287	25,618,912	83,814,735	(17,446,039)	1,378,970,421
Operating costs	(298,655,826)	(180,460,886)	(167,798,601)	(165,876,710)	(34,939,064)	(7,598,558)	-	(24,208,649)	(58,965,184)	13,375,268	(925,128,210)
Gross profit	**223,130,229**	**80,622,801**	**69,911,137**	**65,539,060**	**(7,017,567)**	**(951,779)**	**419,287**	**1,410,263**	**24,849,551**	**(4,070,771)**	**453.842.211**
Other expenses and revenues	(85,042,262)	(59,661,256)	(46,011,523)	(42,577,221)	(9,061,280)	(933,097)	(94,339)	(2,976,160)	(21,822,612)	(3,644,788)	(271,824,538)
Profit for period	**138,087,967**	**20,961,545**	**23,899,614**	**22,961,839**	**(16,078,847)**	**(1,884,876)**	**324,948**	**(1,565,897)**	**3,026,939**	**(7,715,559)**	**182,017,673**
Other Items											
Capital expenditure	43,242,828	46,591,984	69,993,035	50,350,553	125,400	-	-	4,091,734	3,597,458	-	217,992,992
Fixed assets depreciation	19,506,239	14,616,866	6,847,524	7,832,939	13,062	-	-	1,786,560	2,880,753	6,511,951	59,995,894

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

Segment reporting (continued)

Below is a summary of each segment, which is presented for the year ended 31 December 2019 for each segment:

	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG for Medical Services	CHG Pharma for pharmacies management	CHG for Hospitals	Queens Hospitals	Al Kateb Hospitals	Consolidated adjustment	Total
Statement of financial position											
Non-current assets	1,359,643,045	147,428,234	140,238,484	148,468,614	-	-	-	8,869,573	193,429	(472,481,150)	**1,332,360,229**
Current assets	705,330,892	233,370,563	232,500,663	185,150,667	8,202,583	4,574,484	7,546,748	10,833,205	18,553,824	(71,035,415)	**1,335,028,214**
Total assets	**2,064,973,937**	**380,798,797**	**372,739,147**	**333,619,281**	**8,202,583**	**4,574,484**	**7,546,748**	**19,702,778**	**18,747,253**	**(543,516,565)**	**2,667,388,443**
Current liabilities	331,437,965	123,655,876	108,908,634	83,174,425	37,242,391	6,278,910	10,518	26,056,373	15,902,066	(80,412,175)	**652,254,983**
Non-current liabilities	8,631,269	8,957,602	8,114,485	2,703,279	-	-	-	-	-	52,222,283	**80,628,918**
Total Liabilities	**340,069,234**	**132,613,478**	**117,023,119**	**85,877,704**	**37,242,391**	**6,278,910**	**10,518**	**26,056,373**	**15,902,066**	**(28,189,892)**	**732,883,901**
Statement of profit or loss:											
Operating revenue	750,271,506	373,955,142	322,735,021	301,279,547	21,477,331	3,974,128	46,748	13,632,520	16,933,494	(6,162,324)	**1,798,143,113**
Operating costs	(425,681,171)	(245,185,932)	(216,204,117)	(214,177,237)	(29,088,570)	(5,263,040)	-	(20,365,644)	(11,633,772)	(5,055,258)	**(1,172,654,741)**
Gross profit	**324,590,335**	**128,769,210**	**106,530,904**	**87,102,310**	**(7,611,239)**	**(1,288,912)**	**46,748**	**(6,733,124)**	**5,299,722**	**(11,217,582)**	**625,488,372**
Other expenses and revenues	(123,212,785)	(86,052,780)	(73,891,594)	(57,391,467)	(21,741,069)	(665,514)	(10,519)	175,711	(2,416,988)	5,076,714	**(360,130,291)**
Profit for year	**201,377,550**	**42,716,430**	**32,639,310**	**29,710,843**	**(29,352,308)**	**(1,954,426)**	**36,229**	**(6,557,413)**	**2,882,734**	**(6,140,868)**	**265,358,081**
Other Items											
Capital expenditure	203,200,992	78,286,089	97,547,569	88,322,348	-	-	-	10,516,616	193,536	-	**478,067,150**
Fixed assets depreciation	21,822,250	15,868,122	7,071,582	8,676,920	-	-	-	1,647,042	106	9,518,063	**64,604,063**

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

Segment reporting (continued)

Below is a summary of each segment, which is presented for the period ended 30 September 2019 for each segment:

	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG for Medical Services	CHG Pharma for pharmacies management	Consolidated adjustment	Total
Statement of financial position								
Non-current assets	1,138,429,594	112,319,428	80,147,412	121,035,979	-	-	(253,716,344)	**1,198,216,069**
Current assets	818,113,517	179,151,220	180,904,905	134,320,379	7,576,465	3,607,300	(81,497,424)	**1,242,176,362**
Total assets	**1,956,543,111**	**291,470,648**	**255,356,358**	**255,356,358**	**7,576,465**	**3,607,300**	**(335,213,768)**	**2,440,392,431**
Current liabilities	289,525,683	103,454,763	140,948,990	78,105,100	27,537,140	4,564,114	(90,246,147)	**553,889,643**
Non-current liabilities	6,240,552	7,449,225	1,590,010	1,790,050	-	-	52,850,323	**69,920,160**
Total Liabilities	**295,766,235**	**110,903,988**	**142,539,000**	**79,895,150**	**27,537,140**	**4,564,114**	**(37,395,824)**	**623,809,803**
Statement of profit or loss:								
Operating revenue	560,437,260	265,288,077	230,789,652	220,721,566	11,515,869	2,210,313	(3,886,448)	**1,287,076,289**
Operating costs	(329,380,092)	(173,686,798)	(154,784,903)	(156,781,738)	(16,800,853)	(2,968,235)	(792,842)	**(835,195,461)**
Gross profit	**231,057,168**	**91,601,279**	**76,004,749**	**63,939,828**	**(5,284,984)**	**(757,922)**	**(4,679,290)**	**451,880,828**
Other expenses and revenues	(93,973,716)	(66,503,508)	(59,568,150)	(46,509,354)	(14,988,191)	(448,892)	73,639	**(281,918,172)**
Profit for year	**137,083,452**	**25,097,771**	**16,436,599**	**17,430,474**	**(20,273,175)**	**(1,206,814)**	**(4,605,651)**	**169,962,656**
Other Items								
Capital expenditure	73,567,031	39,861,768	44,262,058	54,941,257	-	-	-	**212,632,114**
Fixed assets depreciation	15,273,594	11,138,239	4,806,031	6,186,599	-	-	8,373,891	**45,778,354**

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

6. Fixed assets

	Lands	Machinery, equipment and devices	Furniture	Buildings	Vehicles	Computers	Projects under construction	Total
At 1 January 2019								
Cost	105,329,262	372,944,067	47,734,227	296,765,608	7,179,661	46,207,759	21,462,765	**897,623,349**
Accumulated depreciation	-	(201,886,430)	(28,698,846)	(84,845,687)	(5,292,690)	(16,412,609)	-	**(337,136,262)**
Net book Amount	**105,329,262**	**171,057,637**	**19,035,381**	**211,919,921**	**1,886,971**	**29,795,150**	**21,462,765**	**560,487,087**
Year ended 31 December 2019								
Opening net book amount	105,329,262	171,057,637	19,035,381	211,919,921	1,886,971	29,795,150	21,462,765	**560,487,087**
Additions	67,911,000	96,598,912	5,441,238	29,972,602	5,707,361	13,512,845	194,091,983	**413,235,941**
Disposals	-	(4,710,344)	(1,637,964)	-	(728,570)	(174,716)	-	**(7,251,594)**
Transfers from projects under construction	-	24,305,231	8,134,661	35,087,404	406,500	10,299,288	(78,233,084)	**-**
Depreciation for the year	-	(32,060,753)	(5,146,467)	(13,935,163)	(1,221,853)	(12,239,826)	-	**(64,604,062)**
Accumulated depreciation of disposal	-	4,117,770	1,606,872	-	728,570	174,716	-	**6,627,928**
Closing net book amount	**173,240,262**	**259,308,453**	**27,433,721**	**263,044,764**	**6,778,979**	**41,367,457**	**137,321,664**	**908,495,300**
At 31 December 2019								
Cost	173,240,262	489,137,866	59,672,162	361,825,614	12,564,952	69,845,176	137,321,664	**1,303,607,696**
Accumulated depreciation	-	(229,829,413)	(32,238,441)	(98,780,850)	(5,785,973)	(28,477,719)	-	**(395,112,396)**
Net book Amount	**173,240,262**	**259,308,453**	**27,433,721**	**263,044,764**	**6,778,979**	**41,367,457**	**137,321,664**	**908,495,300**
At 30 September 2020								
Opening net book amount	173,240,262	259,308,453	27,433,721	263,044,764	6,778,979	41,367,457	137,321,664	**908,495,300**
Additions	-	39,200,245	6,928,725	373,894	3,413,235	8,936,109	159,140,783	**217,992,991**
Disposals	-	(2,118,007)	(1,356,061)	-	(208,515)	(366,771)	-	**(4,049,354)**
Transfers from projects under construction	-	721,130	225,800	3,299,137	-	11,792,581	(16,038,648)	**-**
Depreciation for the period	-	(29,173,341)	(4,753,314)	(12,167,933)	(1,227,630)	(12,673,675)	-	**(59,995,893)**
Accumulated depreciation of disposal	-	2,113,847	1,328,841	-	197,602	362,431	-	**4,002,721**
Balance at 30 September 2020	**173,240,262**	**270,052,327**	**29,807,712**	**254,549,862**	**8,953,671**	**49,418,132**	**280,423,799**	**1,066,445,765**
Cost	173,240,262	526,941,234	65,470,626	365,498,645	15,769,672	90,207,095	280,423,799	**1,517,551,333**
Accumulated depreciation	-	(256,888,907)	(35,662,914)	(110,948,783)	(6,816,001)	(40,788,963)	-	**(451,105,568)**
Net book Amount	**173,240,262**	**270,052,327**	**29,807,712**	**254,549,862**	**8,953,671**	**49,418,132**	**280,423,799**	**1,066,445,765**

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

7. Business combination and intangible assets

Cost	Trade name	Goodwill
Balance at 1 January 2019	44,354,000	196,676,034
Acquisition of Queens Hospital	-	14,071,000
Acquisition of Al-Kateb Hospital	-	158,516,300
Balance at 31 December 2019	**44,354,000**	**369,263,334**
Balance at 1 January 2020	44,354,000	369,263,334
Balance at 30 September 2020	**44,354,000**	**369,263,334**

The good will is as follows:

	Balance at 1 January 2020	Balance at 30 September 2020
Nile Badrawi Hospital	75,853,020	75,853,020
Al Shorouk Hospital S.A.E.	120,823,014	120,823,014
Queens Hospital Works	14,071,000	14,071,000
Al-Kateb Hospital Works	158,516,300	158,516,300
Total	**369,263,334**	**369,263,334**

Goodwill
To calculate goodwill, Nile Badrawi Hospital Company S.A.E. and Al-Shorouk Hospital S.A.E. were considered as a cash generating unit, and goodwill resulting from acquisition was allocated.

Recoverable amount of cash-generating unit is estimated by calculating the value in use, using pre-tax cash flows based on financial budgets approved by the management, which cover a period of five years maximum. The management determines the specific assumptions of cash flow forecasts based on past experience and expectations of the market.

Estimates have been made in terms of sales growth, operating costs and expected gross profit. Future capital expenditures for future replenishment plans have been taken into account for the same outstanding assets. A discount rate and a long-term growth rate have been used to reflect the specific risks associated with the activity and economy sector.

Trade name
The fair value of the trade name is estimated using relief from royalty method. This method determines the value by referring to the nominal royalty payments, which are provided when acquiring the asset compared with the license of the asset and trade name by a third party.

As a result of the effects of the emerging corona virus the management has evaluated the goodwill impairment and the intangible assets on the date of the financial statements by using adjusted cash flow that reflect the actual data till may 2020 and the expected changes in the following periods including revenue, operating & capital expenses and this didn't result any effect on the impairment of the goodwill or the intangible assets

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

Business combination and intangible assets (continued)

Queens Hospital acquisition
On 16 January 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 18 March 2019 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 18 March 2019, the date on which the acquire 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:

	EGP
Acquisition cost	
Cash paid	25,000,000
Total acquisition cost	**25,000,000**
Total fair value of acquired assets	(10,929,000)
Intangible asset	**14,071,000**

	EGP
Fixed assets	8,567,000
Medical inventory	1,274,000
Debtors and other debit balances	1,088,000
Total fair value of acquired assets	**10,929,000**
Intangible asset	**14,071,000**

ElKateb Hospital acquisition
On 31 August 2017, the Company entered into an initial (conditional) contract for the purchase of the land and the building of Elkatib Hospital in the Arab Republic of Egypt. On 12 October 2017, the Company deposited an amount of EGP 143,550,000 under an ESCROW account contract which was concluded on 4 October 2017, on 13 December 2018, the ownership of the land and the building was transferred to the company under a public power of attorney and ESCROW account was released as part of the total acquisition, which includes management and operation of the hospital. On 3 December 2018, the Extraordinary General Assembly approved the acquisition of fixed assets, the management and operation of the hospital, and on 7 August 2019, the Cleopatra Hospital Company signed a contract to transfer the Elkateb activity from the Egyptian Hospital Company, and therefore an amount of EGP 135,080,000 was deposited under an ESCROW account, which It was concluded on 7 August 2019. On 1 November 2019, the company has completed the acquisition of the entire works, land and building of ElKateb Hospital.

The acquisition resulted in an excess of the acquisition cost over the fair value of the net assets acquired by the company which were recognized as goodwill.

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

Business combination and intangible assets (continued)

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

	EGP
Acquisition cost	
Cash paid	278,630,000
Total acquisition cost	**278,630,000**
Land	67,911,000
Buildings	28,350,000
Machinery and Equipment	23,852,700
Fair value of acquired assets	**120,113,700**
Goodwill	**158,516,300**

8. Advanced payments for investments

	30 September 2020	31 December 2019
Cairo Specialist Hospital advance payments for investments	1,338,900	-
Payment under an investment account in the New Bedaya Company for Hospital Management (Note 33)	104,999,00Z	-
	106,337,900	**-**

9. Inventories

	30 September 2020	31 December 2019
Medical supply inventory	27,042,672	29,073,827
Medicine inventory	24,341,818	15,672,268
Maintenance and spare parts inventory	1,748,556	2,370,177
Stationary inventory	1,554,011	1,429,697
Hospitality inventory	1,563,509	750,298
Food and beverage inventory	78,305	121,999
	56,328,871	**49,418,266**
Less: Impairment of inventory	(225,740)	(157,656)
	56,103,131	**49,260,610**

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

Inventories (continued)

Movement in the provision for inventory is as follows:

	30 September 2020	31 December 2019	30 September 2019
Balance at the beginning of the period / year	157,656	252,273	252,273
Provisions formed during the period / year	125,171	178,439	167,545
Provisions no longer required during the period / year	(57,087)	(221,970)	-
Write-offs during the period / year	-	(51,086)	(221,969)
Balance at the end of the period / year	**225,740**	**157,656**	**197,848**

10. Trade receivables

	30 September 2020	31 December 2019
Due from customers	518,444,865	404,257,833
Income from inpatients	10,094,444	7,170,738
	528,539,309	**411,428,571**
Less:		
Impairment of customers' balances	(119,504,677)	(74,274,923)
	409,034,632	**337,153,648**

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

Movement in the provision for impairment is as follows:

	30 September 2020	31 December 2019	30 September 2019
Balance at the beginning of the period / year	74,274,923	15,920,165	15,920,165
Provision formed during the period / year	68,142,830	90,136,850	75,388,465
Provision no longer required during the period / year	(22,371,753)	(31,538,796)	(26,493,194)
Used during the period / year	(541,323)	(243,296)	(243,298)
Balance at the end of the period / year	**119,504,677**	**74,274,923**	**64,572,138**

Trade receivable balances, which have not been due till the financial position date and have no impairment indicators, amounted to EGP 222,495,224 (2019: EGP 175,266,845).

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

Trade receivables (continued)

At the financial position date, the balances that were past due but not impaired amounted to EGP 127,483,161 (31 December 2019: EGP 139,528,894) regarding customers and transactions with no history of default. The ageing analysis of these balances is as follows:

	30 September 2020	31 December 2019
Less than one month	71,190,298	54,114,665
From one to five months	56,292,864	85,414,229

The management creates a 100% impairment for 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 old. The trade receivables balance which their ages exceeded 150 days as of 31 December 2019 amounted to EGP 168,466,480 (31 December 2019: EGP 89,462,094).

In addition, due to the circumstances of the emerging corona virus. The management determined some of the customers who they faced problems matching their balances. An extra impairment provision has been formed against the risk of defaulting.

11. Debtors and other debit balances

	30 September 2020	31 December 2019
Advances to suppliers	64,124,712	85,296,087
Prepaid expenses	18,138,089	6,584,551
Withholding taxes	3,517,137	817,251
Employees custodies	1,591,442	1,597,912
Deposits with others	4,157,505	4,039,506
Accrued income	694,759	2,383,756
Other debtors	5,207,294	4,651,825
	97,430,938	**105,370,888**
Less: Impairment in other debit balances during period/year	(121,802)	(143,734)
	97,309,136	**105,227,154**

Debtors and other debit balances (continued)

The movement of the provision for impairment during the period is as follows:

	30 September 2020	31 December 2019	30 September 2019
Balance at 1 January	143,734	911,240	911,240
No longer required	(21,932)	(767,506)	(219,777)
	121,802	**143,734**	**691,463**

12. Treasury bills

	30 September 2020	31 December 2019
Treasury bills (Maturity 182 days)	-	53,600,000
Treasury Bills (Maturity 61 days)	20,000,000	-
Treasury bills (Maturity 91 days)	15,000,000	-
Less: Unearned revenue	(557,680)	(3,500,742)
	34,442,320	**50,099,258**

Treasury bills are entitled to a constant annual return of 10.40% and 9.80% after tax on 30 September 2020 (31 December 2019 : 9% and 9.5%).

13. Cash and cash equivalents

	30 September 2020	31 December 2019
Time deposit	138,986,287	177,021,887
Current accounts	234,528,331	611,891,442
Cash on hand	2,021,219	2,354,510
	375,535,837	**791,267,839**

The time deposits item includes an amount of EGP 132,705,207 (31 December 2019: EGP 167,426,027) deposited in local banks in the Egyptian pound and payable within one month from the date of deposit and is subject to a fixed annual rate of 9.75% (31 December 2019: 10%).

The time deposits item includes an amount EGP 6,281,080 at 30 September 2020 (31 December 2019: EGP 9,595,860) are denominated in local banks in US dollars and are payable within one from the date of deposit and are subject to a fixed annual return of 2.17% to 2.22%.

Current accounts deposited in Egyptian Pounds are subject to a fixed annual rate of 6.5% to 7% (31 December 2019: from 9.5%to 10%).

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

14. Provisions

	30 September 2020	31 December 2019
Provision for claims	5,563,221	7,297,337
Provision for human resources	10,410,153	8,261,003
	15,973,374	**15,558,340**

Movement in the provision during the period is as follows:

	30 September 2020				
	Balance at the beginning of the period	Formed during the period	Utilised during the period	Provisions no longer required	Balance at the end of the period
Provision for human resources	8,261,003	22,961,076	(10,069,849)	(10,742,076)	**10,410,154**
Provision for claims	7,297,337	2,274,625	(4,008,741)	-	**5,563,221**
Total	**15,558,340**	**25,235,701**	**(14,078,590)**	**(10,742,076)**	**15,973,375**

	31 December 2019				
	Balance at the beginning of the year	Formed during the year	Utilised during the year	Provisions no longer required	Balance at the end of the year
Provision for human resources	12,942,032	27,238,314	(11,908,806)	(20,010,537)	**8,261,003**
Provisions for claims	11,959,643	220,000	(4,882,306)	-	**7,297,337**
Total	**24,901,675**	**27,458,314**	**(16,791,112)**	**(20,010,537)**	**15,558,340**

	30 September 2019				
	Balance at the beginning of the year	Formed during the year	Utilised during the year	Provisions no longer required	Balance at the end of the year
Provision for human resources	12,942,032	16,911,814	(3,386,766)	(15,489,780)	**10,977,300**
Provision for claims	11,959,643	50,000	(3,418,218)	-	**8,591,425**
Total	**24,901,675**	**16,961,814**	**(6,804,984)**	**(15,489,780)**	**19,568,725**

Provision for human resources

Other provisions for human resources include 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.

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

Provisions (continued)

Provision for claims
Other provisions represent provisions for contingent liabilities on potential claims from certain authorities and parties regarding the Company's activity. The Company did not disclose the usual information on the provisions in accordance to the accounting standards as management believes that doing so may severely affect the outcome of the negotiations with those bodies and authorities. The management reviews these provisions on a yearly basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

15. Creditors and other credit balances

	30 September 2020	31 December 2019
Accrued expenses	161,604,213	185,130,961
Suppliers and notes payable	185,322,402	238,768,735
Social insurance	5,898,566	3,960,937
Dividends payable	3,040,385	2,430,224
Other creditors	25,653,333	12,043,673
	381,518,899	**442,334,530**

16. Employee incentive plan

	30 September 2020	31 December 2019
Employee incentive plan based on parent company's market value of shares	-	109,072,692
Employee incentive plan based on earning performance before interest, tax, depreciation and amortization	-	19,999,889
	-	**129,072,581**

On the 9th of June 2020, the company paid an amount of 136,833,605 Egyptian pounds to those deserving the employee incentive plan which ends on 2nd 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 nominee committee accepted the proposed study and accordingly the management hasn't changed the provision amount for this purpose as the change during the period was insignificant.

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

Employee incentive plan (continued)

The movement during the period is as follows:

	Balance at 1 January 2020	Formed during the period	Used during the period	Balance at 30 September 2020
Employee incentive plan	129,072,581	7,761,024	(136,833,605)	-
Total	**129,072,581**	**7,761,024**	**(136,833,605)**	**-**

The movement during the year is as follows:

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

17. Share capital

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

Shareholders structure is as follows:

Name	Percentage of ownership	Number of shares	Nominal value
Care Healthcare Ltd.	37.87%	605,969,377	302,984,689
Other shareholders	62.13%	994,030,623	497,015,311
Total	**100%**	**1,600,000,000**	**800,000,000**

18. Reserves

Below is the movement on reserves during the period:

	30 September 2020		
	Balance at the beginning of the period	formed during the period	Balance at the end of the period
Legal reserve	64,340,195	9,885,144	74,225,339
Special reserve	49,090,006	-	49,090,006
Acquisition reserve	(76,532,044)	(7,688,520)	(84,220,564)
Other reserves	247,496,391	-	247,496,391
Total	**284,394,548**	**2,196,624**	**286,591,172**

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

Reserves (continued)

	31 December 2019		
	Balance at the beginning of the year	formed during the year	Balance at the end of the year
Legal reserve	54,127,298	10,212,897	**64,340,195**
Special reserve	49,090,006	-	**49,090,006**
Acquisition reserve	(76,532,044)	-	**(76,532,044)**
Other reserves	247,496,391	-	**247,496,391**
Total	**274,181,651**	**10,212,897**	**284,394,548**

a) 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. Based on a proposal by the Board of Directors, this transfer may be partially discontinued if the legal reserve reaches 50% of the issued capital. The legal reserve is not available for distribution to shareholders.

b) Acquisition reserve
This reserve represents the difference between the value of the acquisition by Cleopatra Hospital Company S.A.E. and the carrying value of net assets and liabilities of Cairo Specialised Hospital Company S.A.E. at the acquisition date, as the two companies are under common control. The reason for the acquisition is the reorganisation of the group companies. Therefore, the assets and liabilities of the subsidiary were transferred at historical cost. Cleopatra Hospital Company S.A.E acquired additional 85,428 Shares from the none controlling interests of Cairo Specialised Hospital Company S.A.E which resulted additional EGP 7,688,520 added to the acquisition reserve represented in the difference between the fair value of the shares EGP 100 Per share and nominal value EGP 10 per share

c) Special reserve
The special reserve represents the amount that was due to Care Healthcare Ltd. (Parent Company). Valued at EGP 47,379,722 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. In addition to the resulting reconciliation from treasury shares related to Cairo Specialised Hospital (Subsidiary Company). Valued at EGP 1,710,284.

d) Other reserves
The amount represents the amount transferred from share premium according to the requirements of Law No.159 of 1981, and there is no movement in this reserve during the year.

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

19. Non-controlling interests

	Share capital	Legal reserve	Retained earnings	Share of minority interest on settlement of acquisition	Total
Balance at 1 January 2019	12,731,320	7,012,203	54,855,863	120,184	74,719,570
Non-controlling interest in the acquisition of subsidiaries	22,526,489	-	-	-	22,526,489
Minority interests in the acquisition of subsidiaries	255,000	-	-	-	255,000
Dividends of employees	-	-	(1,526,345)	-	(1,526,345)
Legal reserve	-	1,974	-	-	1,974
Comprehensive income for the year	-	-	7,950,019	-	7,950,019
Balance at 31 December 2019	**35,512,809**	**7,014,177**	**61,279,537**	**120,184**	**103,926,707**
Balance at 1 January 2020	**35,512,809**	**7,014,177**	**61,279,537**	**120,184**	**103,926,707**
Non-controlling interest in the acquisition of subsidiaries	35,512,809	7,014,177	61,279,537	120,184	**103,926,707**
Minority interests in the acquisition of subsidiaries	(854,280)	-	-	-	**(854,280)**
Dividends of employees	-	-	(6,491,854)	-	**(6,491,854)**
Legal reserve	-	970,419	-	-	**970,419**
Comprehensive income for the period	-	-	2,822,863	-	**2,822,863**
Balance at 30 September 2020	**34,658,529**	**7,984,596**	**57,610,546**	**120,184**	**100,373,855**

20. Operating revenue

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
Accommodation and medical supervision revenue	337,570,958	302,502,533	121,519,234	99,613,839
Surgeries revenue	265,839,306	271,139,425	112,770,771	105,108,035
Outpatient clinics revenue	132,960,344	160,715,963	48,342,899	58,451,518
Laboratories revenue	142,594,386	115,195,220	55,314,657	39,743,356
Cardiac catheterization revenue	118,658,573	103,220,205	49,673,456	39,373,633
Service charge revenue	100,694,166	94,813,375	38,921,196	34,059,614
Radiology revenue	105,132,719	71,783,273	42,903,905	26,226,320
Emergency revenue	49,496,405	52,976,514	17,243,684	18,502,497
Pharmacy revenue	47,881,467	33,325,781	22,957,500	12,453,993
Oncology revenue	26,690,127	27,643,818	9,037,443	9,079,081
Physiotherapy revenue	10,719,353	13,580,353	3,453,870	4,575,805
Dentistry revenue	10,973,887	12,143,502	2,364,141	4,548,431
Endoscopy revenue	11,128,924	11,484,067	4,476,162	4,487,115
Cardiac tests revenue	8,074,039	8,978,476	2,920,575	3,146,241
Other departments revenues	10,555,767	7,573,784	3.983.977	2,665,046
	1,378,970,421	**1,287,076,289**	**535,883,470**	**462,034,524**

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

21. Operating costs

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
Medical and pharmaceutical supplies	271,638,332	249,861,461	108,261,038	87,938,818
Doctors' fees	226,771,945	232,056,521	91,727,951	85,790,021
Salaries, wages and benefits	262,622,687	226,152,125	87,204,086	76,979,639
Food, beverage and consumables costs	26,191,220	28,168,222	11,315,455	10,413,604
Fixed assets depreciation	50,971,621	38,222,963	18,289,455	13,394,308
Maintenance, spare parts and energy expenses	39,743,759	31,013,337	18,186,348	12,747,371
Other expenses	47,188,646	30,088,956	14,455,393	8,126,998
	925,128,210	**835,563,578**	**349,439,726**	**295,390,752**

22. General and administrative expenses

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
Salaries, wages and benefits	115,380,861	159,532,604	34,352,849	51,607,072
Consultancy and legal fees	16,697,754	13,135,990	4,446,972	5,204,487
Impairment of trade receivables	45,771,080	48,895,266	19,774,601	7,698,609
Fixed assets depreciation	10,464,942	7,555,388	2,934,858	2,702,875
Maintenance, spare parts and energy expenses	10,963,672	5,183,024	4,150,550	1,750,758
Food, beverages, and consumable costs	2,113,581	2,386,570	502,939	533,182
Rents	4,063,730	2,635,766	1,230,193	908,419
Other expenses	22,796,313	33,665,314	10,382,844	12,406,214
	228,251,933	**272,989,922**	**77,775,806**	**82,811,616**

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

23. Expenses by nature

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
Salaries, wages and benefits *	378,003,548	386,706,570	121,556,935	128,586,708
Medical and pharmaceutical supplies	271,638,332	249,861,461	108,261,038	87,938,818
Doctors' fees	226,771,945	232,056,521	91,727,951	85,790,021
Maintenance, spare parts and energy expenses	50,707,431	36,240,818	22,336,898	14,498,129
Fixed assets depreciation	61,436,563	45,778,354	21,224,313	16,097,183
Food, beverage and consumables costs	28,304,801	30,554,788	11,818,394	10,946,782
Impairment of trade receivables	45,771,080	48,895,266	19,774,601	7,698,609
Other expenses	90,746,443	81,898,467	30,515,402	26,646,118
	1,153,380,143	**1,111,992,245**	**427,215,532**	**378,202,368**

* Employees' costs

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
Salaries, wages and bonuses	315,949,462	270,537,117	102,696,242	94,642,303
Employees' incentives system	7,761,024	72,662,497	-	19,318,882
Employees' benefits	35,821,211	28,557,560	12,639,092	9,282,414
Social insurance	18,471,851	14,949,396	6,221,601	5,343,109
	378,003,548	**386,706,570**	**121,556,935**	**128,586,708**

Miscellaneous expenses included an amount of EGP 2,701,000 Allowances of members of the Board of Directors (31 December 2019: EGP 4,351,667).

24. Other income

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
Rent	2,236,530	3,609,197	845,524	1,684,867
Gain on sales of assets	696,252	345,721	34,106	48,927
Miscellaneous income	3,199,813	2,532,387	1,352,327	650,306
	6,132,595	**6,487,307**	**2,231,957**	**2,384,100**

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

25. Finance income / (expenses)

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
Finance income				
Interest payable	41,166,178	71,915,908	8,983,829	16,501,013
Total finance income	**41,166,178**	**71,915,908**	**8,983,829**	**16,501,013**
Finance costs				
Interest receivable	(1,612,059)	(2,918,040)	(442,992)	(252,788)
Currency valuation differences	(341,846)	(2,914,506)	(289,197)	(753,986)
Total finance expenses	**(1,953,905)**	**(5,832,546)**	**(732,189)**	**(1,006,774)**
Net finance (expenses)/ income	**39,212,273**	**66,083,362**	**8,251,640**	**15,494,239**

26. Income taxes

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

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
Current income tax for the period	69,073,264	68,735,466	29,587,083	23,121,400
Deferred tax (Note 29)	780,011	3,051,010	967,584	2,888,714
	69,853,275	**71,786,476**	**30,554,667**	**26,010,114**

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:

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
Net profit before tax	251,870,948	241,749,133	110,603,692	98,227,149
Income tax calculated based on the applicable local tax rate	59,226,555	59,226,555	24,436,738	23,461,551
Add/ (less):				
Non-taxable expenses	15,493,824	18,520,889	6,792,185	5,006,761
Income not subject to tax	(6,353,351)	(5,960,968)	(2,387,655)	(2,458,198)
Deferred tax assets not recognized	4,490,931	-	1,713,399	-
Income taxes	**69,853,275**	**71,786,476**	**30,554,667**	**26,010,114**
Effective tax rate	**28%**	**30%**	**28%**	**26%**

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

Income taxes (continued)

Current income tax liabilities	30 September 2020	31 December 2019
Balance at 1 January	62,638,092	69,398,261
Payments during the period / year	(66,450,337)	(75,674,028)
Current period / year tax	69,073,264	94,261,190
Advance payments to tax authorities	(37,179,473)	(25,347,331)
	28,081,546	**62,638,092**

27. Deferred tax

Change in tax assets and liabilities during the period is as follows:

	Balance at 1 January 2020 (Liability)	(Expense)/ Income charged to the statement of profit or loss during the period	Balance at 30 September 2020 (Liability)
Liabilities			
Fixed assets	(25,051,476)	(2,884,043)	(27,935,519)
Fixed assets - Effect of fair value	(42,242,629)	1,627,987	(40,614,640)
Intangible assets - Effect of fair value	(9,979,650)	-	(9,979,650)
Total Liabilities	**(77,273,755)**	**(1,256,056)**	**(78,529,809)**
Assets			
Provisions (excluding claims provision)	2,479,269	476,045	2,955,314
Net deferred tax - liability	**(74,794,486)**	**(780,009)**	**(75,574,495)**

	Balance at 1 January 2019 (Liability)	(Expense)/ Income charged to the statement of profit or loss during the year	Balance at 31 December 2019 (Liability)
Liabilities			
Fixed assets	(15,718,421)	(9,333,055)	**(25,051,476)**
Fixed assets - Effect of fair value	(44,754,796)	2,512,167	**(42,242,629)**
Intangible assets - Effect of fair value	(9,979,650)	-	**(9,979,650)**
Total Liabilities	**(70,452,867)**	**(6,820,888)**	**(77,273,755)**
Assets			
Provisions (excluding claims provision)	3,583,717	(1,104,448)	**2,479,269**
Net deferred tax - liability	**(66,869,150)**	**(7,925,336)**	**(74,794,486)**

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

Deferred tax (continued)

Liabilities	Balance at 1 January 2019 (Liability)	(Expense)/ Income charged to the statement of profit or loss during the period	Balance at 30 September 2019 (Liability)
Fixed assets	(15,718,421)	(1,499,073)	(17,217,494)
Fixed assets - Effect of fair value	(44,754,796)	1,256,084	(43,498,712)
Intangible assets - Effect of fair value	(9,979,650)	-	(9,979,650)
Total Liabilities	**(70,450,847)**	**(242,989)**	**(70,695,856)**
Assets			
Provisions (excluding claims provision)	3,583,717	80,693	3,664,410
Net deferred tax - liability	**(66,869,150)**	**(162,296)**	**(67,031,446)**

28. Earnings per share

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

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
Distributable profit	179,194,810	166,506,012	78,590,610	69,346,176
Number of shares issued	1,600,000,000	1,600,000,000	1,600,000,000	1,600,000,000
Earning per share	**0.11**	**0.10**	**0.05**	**0.04**

29. Related parties transactions

During the period / year the Group made transactions with certain related parties. The Balances with related parties at the financial statements date as well as the transactions during the period were as follows:

Balances of financial position

(Related parties)	Nature of transaction	Balance due from / (to) related parties 30 September 2020	Balance due from / (to) related parties 31 December 2019
Care HealthCare	Expenses paid on behalf of the parent Company	-	1,764,705
Other parties	Expenses paid on behalf of related parties	486,947	255,000
	Expenses paid on behalf of the parent Company	1,187,574	-
		1,674,521	**2,019,705**

Related parties transactions (continued)

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.

30. Tax position

Cleopatra Hospital S.A.E.

(1) Corporate tax

- Inspection was made up to 31 December 2019, and a clearance certificate was obtained from the Tax Authority.
- Tax returns were filed regularly in the legal deadlines.

(2) Salaries tax

- Inspection was made up to 31 December 2019, and all tax payables were settled, and a clearance certificate was obtained from the Tax Authority.
- Years from 2014 to 2019 were inspected and the amount were fully paid

(3) Stamp duty tax

- Inspection was made up to 2013 and tax was paid.
- Years from 2014 to 2018 inspection is being processed.

(4) VAT

- Inspection was made up to 31 December 2015.
- The years 2016, 2017, 2018, 2019 are currently under inspection.
- Tax returns were filed regularly in the legal deadline.

(5) Advance payments

- 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.

Cairo Specialised Hospital "S.A.E."

(1) Corporate tax

- The company was inspected from inception till 2019, and all entitlements were paid.

(2) Tax on salaries and wages

- The Company was inspected since the inception of activity to 2018, and all tax dues were paid.
- 2019 is currently under inspection.

(3) Stamp duty

- The Company was inspected since the inception to 2016, and all entitlements were paid.
- Years 2017, 2018 and 2019 are being inspected.

Tax position (continued)

(4) VAT
- The Company registered in April 2017.
- Tax returns were filed monthly in the legal deadline.

(5) Advance payments
- Hospital is subjected to advance payments system after obtaining an approval from the tax authority regarding such matter (From 1 January 2020 : 31 December 2020).

Nile Badrawi Hospital

(1) Corporate tax
- Years up to 2019 were settled, and all dues were paid.

(2) Salaries tax
- Years up to 2016 were inspected, settled, and paid, no tax is due for the years up to 2016.
- 2017, 2018, 2019 has not been inspected yet.

(3) Stamp duty
- Years up to 2017 were inspected and paid.
- 2018 and 2019 has not been inspected yet.

(4) VAT
- The Company registered in April 2017.
- Tax returns were monthly submitted in the legal deadline.

(5) Advance payments
- 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.

Al Shorouk Hospital S.A.E.

(1) Industrial and commercial profits tax
- Years from 2014 to 2019 have been inspected, payment was made, tax differences were settled.

(2) Salaries tax
- The Company was inspected and settled up to 31 December 2014 and settled.
- For 2015: 2018, the company is being inspected currently.

(3) Stamp duty tax
- The Company was inspected up to 31 December 2016, and settlement was made.
- Years from 2017 to 2018 are inspected, internal committee was formed, payment was made, and tax differences were settled.
- 2019 is currently being inspected

(4) VAT
- The Company was registered since April 2017.
- Tax returns annually submitted in its legal deadline.

(5) Advance payments
- Hospital is subjected to advance payments system after obtaining an approval from the tax authority regarding such matter [From 1 January 2020: 31 December 2020]

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

31. Commitments

Capital commitments:
Capital commitments related to fixed assets at financial year end, which are not yet due, amounted to EGP 75,973,720 (31 December 2019: EGP 7,994,121).

32. Right of use

Lease liabilities
Leasing liabilities represent the present value of the leasing obligations related to medical equipment that one of the group companies obtained in exchange for the lease contracts, measured at the present value of contractual lease payments discounted at an implicit rate of return

	30 September 2020	31 December 2019
During one year	6,853,202	3,068,741
More than a year	13,395,273	9,168,016
	20,248,475	**12,236,757**
The present value of the lease obligations is as follows:		
During one year	5,567,257	2,651,440
More than a year	8,981,593	5,834,432
Balance	**14,549,850**	**8,485,872**

Right of use:
The right of use is a lease contract related to medical equipment that was measured at the beginning of the contract at a value equal to the value of the lease obligations in addition to the rental expenses and is subsequently depreciated over the life of the lease using the straight line.

	30 September 2020	31 December 2019
Beginning balance	10,247,595	-
Additional during the period / year	10,536,770	10,646,173
Depreciation	(1,440,670)	(398,578)
	19,343,695	**10,247,595**

33. 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.

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.

Significant events (continued)

On September 30, 2020, the company signed an agreement to transfer the assets and activities of Bedaya Hospital Company, the leading company in the field of reproduction and assisted fertilization in the Arab Republic of Egypt, owned by its founder, Dr. Ismail Aboul Fotouh. Under the new agreement, the assets and operational activity of Bedaya Hospital will be transferred to a new company under incorporation, with the total share of Cleopatra Hospital Company reaching 60% of its capital, while Dr. Aboul Fotouh's share will reach the remaining 40%. The deal estimated the value of medical equipment, assets and real estate at approximately 105 million Egyptian pounds, provided that the remainder of the deal's value would be determined and paid based on the results of the new company's business during 2021 and 2022.

On September 20, 2020, the company signed a partnership agreement with EFS to serve facilities in Egypt. And for the establishment of the Egyptian Company for Health Care Facilities Services (EHFS), and according to this agreement, the total share of Cleopatra Hospital Company is 49% of the capital of the new entity, provided that EFS acquires the controlling share of 51%.

34. Subsequent Events

On October 15, 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, with the promise to sell shares, to be effective as of July 1, 2020, taking into account obtaining the approval of the General Authority for Financial Supervision first so that the company can announce And application of the system. The necessary measures are being taken to obtain the approval of the General Authority for Financial Supervision.