

CLEOPATRA HOSPITAL COMPANY "S.A.E."

**LIMITED REVIEW REPORT AND
THE INTERIM CONDENSED SEPARATE FINANCIAL
STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2022**

CLEOPATRA HOSPITAL COMPANY "S.A.E."

**Interim condensed separate financial statements
For the three months period ended 31 March 2022**

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Limited Review Report on the Interim Financial Statements

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

Introduction

We conducted our limited review on the accompanying interim condensed separate financial position of Cleopatra Hospital Company (S.A.E.) (the "Company") as at 31 March 2022 and the related interim condensed separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended. The management is responsible for the preparation and fair presentation of these interim condensed separate financial statements in accordance with the Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is limited to express a conclusion on these interim condensed separate 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 interim condensed separate financial statements consists of applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently does not enable us to obtain an assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim condensed separate financial statements.

Conclusion

Based on our limited review, nothing has come to our attention which causes us to believe that the accompanying interim condensed separate financial statements are not prepared, in all material respects in accordance with the Egyptian Accounting Standard No. (30) "Interim Financial Reporting".

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




26 May 2022
Cairo

CLEOPATRA HOSPITAL COMPANY "S.A.E."

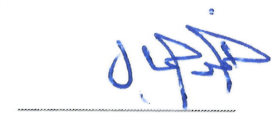
Interim condensed separate statement of financial position - At 31 March 2022

(All amounts in Egyptian Pounds)			
	Note	31 March 2022	31 December 2021
Assets			
Non-current assets			
Fixed assets	5	358,075,110	358,849,948
Right-of-use assets	6	86,730,040	93,348,683
Goodwill		172,587,300	172,587,300
Investments in subsidiary		1,080,947,170	1,045,947,470
Investments in associates		1,224,990	1,224,990
Paid under investments purchased		5,673,000	5,673,000
Total non-current assets		1,705,237,610	1,677,631,391
Current assets			
Inventories	7	23,725,873	21,813,480
Trade receivables	8	169,411,669	158,999,352
Due from related parties	9/A	58,688,497	59,357,533
Debtors and other debit balances	10	44,945,661	115,669,638
Financial assets at amortized cost - treasury bills	11	300,890,395	495,338,060
Cash on hands and at banks	12	88,735,378	75,551,933
Total current assets		686,397,473	926,729,996
Total assets		2,391,635,083	2,604,361,387
Equity and liabilities			
Equity			
Share capital		800,000,000	800,000,000
Treasury Shares	22	(234,816,315)	(4,152,742)
Retained earnings		1,046,432,310	975,126,950
Employees stock ownership Plan		12,434,912	8,289,941
Reserves		390,707,869	390,707,869
Total equity		2,014,758,776	2,169,972,018
Liabilities			
Non-current liabilities			
Lease liabilities	13	90,235,200	95,184,292
Deferred tax liabilities		7,129,765	7,679,698
Purchased investment liability		14,485,000	14,485,000
Total non-current liabilities		111,849,965	117,348,990
Current liabilities			
Banks over drafts	14	-	60,627,560
Provisions		8,837,297	8,157,517
Trade and other credit balances	15	154,758,883	158,941,199
Due to related parties	9/B	2,598,268	13,979,754
Lease liabilities	13	14,504,740	13,292,019
Current income tax liabilities		84,327,154	62,042,330
Total current liabilities		265,026,342	317,040,379
Total liabilities		376,876,307	434,389,369
Total liabilities and equity		2,391,635,083	2,604,361,387

- The accompanying notes from (1) to (23) are integral part of these separate interim condensed statement financial :
- Auditor's limited review report is attached.


Mr. Ahmed Adel Badreldin
Non Executive Chairman


Dr. Ahmed Ezz Eldin Mahmoud
CEO & Managing Director


Mr. Ahmed Gamal
Group CFO

Cairo 26 May 2022



CLEOPATRA HOSPITAL COMPANY “S.A.E.”

**Interim condensed separate statement of profits or losses
For the three months period ended 31 March 2022**

(All amounts in Egyptian Pounds)	<u>Note</u>	<u>31 March 2022</u>	<u>31 March 2021</u>
Operating revenue	16	287,298,275	310,197,587
Less:			
Operating costs	17	(165,694,387)	(169,392,690)
Gross profit		121,603,888	140,804,897
Add / (Less)			
General and administrative expenses	18	(39,008,843)	(33,545,071)
Impairment of financial instruments	19	(1,398,502)	(5,810,186)
Provisions		(781,433)	(6,274,281)
Other income		2,318,452	4,359,714
Operating Income		82,733,562	99,535,073
Consulting expenses for acquisition activities		(794,522)	(5,308,034)
Finance income		15,014,284	8,566,209
Finance expenses		(3,913,073)	(3,802,451)
Profit for the period before income tax		93,040,251	98,990,797
Current tax		(22,284,824)	(24,673,431)
Deferred tax		549,933	242,415
Profit after income tax		71,305,360	74,559,781
Earnings per share (Basic / Diluted)	20	0.05	0.05

- The accompanying notes from (1) to (23) are integral part of these separate interim condensed statement financial statements.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

**Interim condensed separate statement of comprehensive income
For the three months period ended 31 March 2022**

(All amounts in Egyptian Pounds)	31 March 2022	31 March 2021
Profit for the period	71,305,360	74,559,781
Other comprehensive income	-	-
Comprehensive income for the period	71,305,360	74,559,781

- The accompanying notes from (1) to (23) are integral part of these separate interim condensed statement financial statements.

CLEOPATRA HOSPITAL COMPANY "S.A.E."

**Interim condensed separate statement of changes in equity
For the three months period ended 31 March 2022**

(All amounts in Egyptian Pounds)

	Capital	Treasury Shares	Reserves	Retained earnings	Employees stock ownership Plan	Total
Balance at 1 January 2021	800,000,000	-	369,101,452	744,657,574	-	1,913,759,026
Impact on the change of standards	-	-	-	(17,793,229)	-	(17,793,229)
Comprehensive income for the period	-	-	-	74,559,781	-	74,559,781
Balance at 31 March 2021	800,000,000	-	369,101,452	801,424,126	-	1,970,525,578
Balance at 1 January 2022	800,000,000	(4,152,742)	390,707,869	975,126,950	8,289,941	2,169,972,018
Treasury Shares	-	(230,663,573)	-	-	-	(230,663,573)
Employees stock ownership Plan	-	-	-	-	4,144,971	4,144,971
Comprehensive income for the period	-	-	-	71,305,360	-	71,305,360
Balance at 31 March 2022	800,000,000	(234,816,315)	390,707,869	1,046,432,310	12,434,912	2,014,758,776

- The accompanying notes from (1) to (23) are integral part of these separate interim condensed statement financial statements.

CLEOPATRA HOSPITAL COMPANY "S.A.E."

**Interim condensed separate statement of cash flows
For the three months period ended 31 March 2022**

(All amounts in Egyptian Pounds)	Note	31 March 2022	31 March 2021
<u>Cash flows from operating activities</u>			
Profit before tax		93,040,251	98,990,797
Adjustments to reconcile net income to cash flows from operating activities			
Fixed assets depreciation	5	12,520,788	9,609,243
Right of use depreciation	6	2,672,480	2,816,963
Impairment of trade receivables	8	1,372,560	10,831,084
Impairment of cash at banks	12	25,942	1,542,723
Impairment of inventory	7	(3,433)	109,636
Provisions		781,433	6,274,281
Interest and commissions - Credit facilities		570,641	612,708
Interest and commissions - Lease contracts		3,342,432	3,164,251
Interest income		(12,663,751)	(8,566,209)
Financial Obligations for Share - Based Payments		4,144,971	1,086,075
Profit from investment in associates		-	(250,717)
Operating profits before changes in assets and liabilities		105,804,314	126,220,835
Changes in assets and liabilities			
Change in inventories		(1,908,960)	3,188,525
Change in trade receivables		(11,784,879)	(19,420,125)
Change in due from related parties		669,036	7,803,421
Change in debtors and other debit balances		(9,378,994)	8,980,467
Change in creditors and other credit balances		(3,063,681)	10,762,442
Change in due to related parties		(11,381,486)	-
Change in working Capital		68,955,350	137,535,565
Provision utilized		(101,652)	(5,109,961)
Tax paid		-	(22,697,558)
Net cash flows generated from operating activities		68,853,698	109,728,046
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets	5	(6,937,920)	(10,360,367)
Payments for projects under construction	5	(4,808,030)	(1,630,192)
Advance payment for purchase of fixed assets		(593,170)	(5,485,955)
Payments for projects under construction		(34,999,700)	-
Interest received		12,663,751	7,435,896
Payments for investments		-	(5,673,000)
Net cash flows used in investing activities		(34,675,069)	(15,713,618)
<u>Cash flows from financing activities</u>			
Banks overdraft		(60,627,560)	52,979,743
payment for purchase of treasury Shares		(149,967,432)	-
Interest and commissions paid		(4,717,507)	(3,707,086)
payments of principle lease liability		(104,408)	(8,645,715)
Net cash flows (used in) provided from financing activities		(215,416,907)	40,626,942
Change in cash and cash equivalents during the period		(181,238,278)	134,641,370
Cash and cash equivalents at the beginning of the period		571,297,568	274,007,267
Cash and cash equivalents at the end of the period	12	390,059,290	408,648,637

- The accompanying notes from (1) to (23) are integral part of these separate interim condensed statement financial statements.

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the interim condensed separate financial statements For the three months period ended 31 March 2022

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

1. Introduction

Cleopatra Hospital Company (Lasheen and Partners) was established as a limited partnership on 19 July 1979. The decision of the Chairman of Investment Authority No. 4092 of 2005 was issued on 27 June 2005 authorising the conversion of the legal type of the Company from a "limited partnership" into Cleopatra Hospital Company "S.A.E." in accordance with the provisions of Law No. (8) Of 1997 and Law No. (95) Of 1992. The company is listed on the Egyptian stock exchange.

The purpose of the Company is to establish a private hospital with the aim to offer modern and high quality medical services and provide medical care and treatment for patients. The Company may have interest or participate in any manner in companies or other firms which carry on similar activities in Egypt or abroad, The Company may acquire, merge or affiliate such entities.

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

These separate interim financial statements have been approved for issuance by the management of the Company on the 26 May 2022.

2. Basis of preparation

A. Statement of compliance

This interim condensed separate financial statements for the three-month reporting period ended 31 March 2022 has been prepared in accordance with Egyptian Accounting Standard 30 "Interim Financial Reporting".

This interim condensed separate financial information does not include all the notes of the type normally included in an annual financial statement. Accordingly, this interim condensed separate financial information is to be read in conjunction with the annual financial statement for the year ended 31 December 2021.

The accounting policies adopted in the preparation of this interim condensed separate financial information are consistent with those of the previous financial year and corresponding interim reporting period.

B. Functional and presentation currency

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

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the interim condensed separate financial statements For the three months period ended 31 March 2022

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

C. Use of estimates and judgements

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

The significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those described in the last consolidated financial statements as at and for the year ended 31 December 2021.

3. Segment reporting

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

Below is a summary of each segment, which is presented for the period ended 31 March 2022 for each segment:

	Cleopatra Hospital Company	Queens Hospitals	Al Kateb Hospitals	Eliminations	Total
<u>Statement of financial position</u>					
Non-current assets	1,497,975,436	71,187,956	136,074,218	-	1,705,237,610
Current assets	561,537,014	103,570,750	41,570,973	(20,281,264)	686,397,473
Total assets	2,059,512,450	174,758,706	177,645,191	(20,281,264)	2,391,635,083
Current liabilities	202,965,415	50,929,990	31,412,199	(20,281,264)	265,026,340
Non-current liabilities	41,533,659	66,869,109	3,447,197	-	111,849,965
Total Liabilities	244,499,074	117,799,099	34,859,396	(20,281,264)	376,876,305
<u>Statement of profit or loss:</u>					
Operating revenue	250,884,230	30,221,642	6,192,403	-	287,298,275
Operating costs	(138,240,663)	(15,416,023)	(12,037,701)	-	(165,694,387)
Gross profit	112,643,567	14,805,619	(5,845,298)	-	121,603,888
Other expenses and revenues	(43,194,941)	(3,889,326)	(3,214,261)	-	(50,298,528)
Profit for period	69,448,626	10,916,293	(9,059,559)	-	71,305,360
<u>Other Items</u>					
Capital expenditure	9,523,630	290,943	2,017,719	-	11,832,292
Fixed assets depreciation	8,461,420	821,591	3,237,776	-	12,520,787

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the interim condensed separate financial statements For the three months period ended 31 March 2022

(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 2021 for each segment:

	Cleopatra Hospital Company	Queens Hospitals	Al Kateb Hospitals	Consolidated adjustment	Total
<u>Statement of financial position</u>					
Non-current assets	1,469,974,647	72,791,123	134,865,621	-	1,677,631,391
Current assets	791,225,113	106,725,556	63,940,470	(35,161,143)	926,729,996
Total assets	2,261,199,760	179,516,679	198,806,091	(35,161,143)	2,604,361,387
Current liabilities	241,753,084	66,870,655	43,577,783	(35,161,143)	317,040,379
Non-current liabilities	47,363,324	66,602,710	3,382,956	-	117,348,990
Total Liabilities	289,116,408	133,473,365	46,960,739	(35,161,143)	434,389,369
<u>Statement of profit or loss:</u>					
Operating revenue	935,166,243	164,383,486	110,217,897	-	1,209,767,626
Operating costs	(523,192,530)	(77,718,776)	(77,201,230)	-	(678,112,536)
Gross profit	411,973,713	86,664,710	33,016,667	-	531,655,090
Other expenses and revenues	(184,257,324)	(33,963,941)	(21,063,178)	-	(239,284,443)
Profit for year	227,716,389	52,700,769	11,953,489	-	292,370,647
<u>Other Items</u>					
Capital expenditure	57,220,004	2,830,097	8,004,500	-	68,054,601
Fixed assets depreciation	34,827,246	3,171,302	3,987,360	-	41,985,908

Below is a summary of each segment, which is presented for the year ended 31 March 2021 for each segment:

	Cleopatra Hospital	Queens Hospital	El Kateb Hospital	Consolidated adjustment	Total
<u>Statement of financial position</u>					
Non-current assets	1,460,453,059	78,100,712	125,610,219	-	1,664,163,990
Current assets	623,015,009	73,233,273	61,566,408	(51,008,331)	706,806,359
Total assets	2,083,468,068	151,333,985	187,176,627	(51,008,331)	2,370,970,349
Current liabilities	212,932,936	71,373,507	39,352,238	(51,008,331)	272,650,350
Non-current liabilities	53,299,420	70,944,375	3,550,626	-	127,794,421
Total Liabilities	266,232,356	142,317,882	42,902,864	(51,008,331)	400,444,771
<u>Statement of profit or loss:</u>					
Operating revenue	220,687,826	48,556,459	40,953,302	-	310,197,587
Operating costs	(124,061,527)	(21,327,085)	(24,004,078)	-	(169,392,690)
Gross profit	96,626,299	27,229,374	16,949,224	-	140,804,897
Other expenses and revenues	(44,808,610)	(11,555,814)	(9,880,692)	-	(66,245,116)
Profit for period	51,817,689	15,673,560	7,068,532	-	74,559,781
<u>Other Items</u>					
Capital expenditure	10,451,676	627,115	911,765	-	11,990,556
Fixed assets depreciation	5,946,632	743,888	2,918,721	-	9,609,241

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the interim condensed separate financial statements For the three months period ended 31 March 2022

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

4. Financial assets and financial liabilities

The Company holds the following financial instruments:

	Amortised cost	
	31 March 2022	31 December 2021
Financial assets		
Trade receivables	216,633,092	204,848,215
Due from related parties	58,688,497	59,357,533
Debtors and other debit balances *	11,582,924	6,669,172
Financial assets at amortized cost -Treasury Bills	300,890,395	495,338,060
Cash on hand and at banks	89,168,895	75,959,508
	676,963,803	842,172,488

* Excluding prepayments, advance to suppliers and withholding taxes.

	Amortised cost	
	31 March 2022	31 December 2021
Financial Liabilities		
Creditors and other credit balances **	154,758,883	157,283,223
Lease liabilities	104,739,940	108,476,311
Bank's overdraft	-	60,627,560
Due to Related Parties	2,598,268	13,979,754
	262,097,091	340,366,848

** Excluding social insurance.

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the interim condensed separate financial statements - For the three months period ended 31 March 2022

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

5. Fixed assets

	Lands	Machinery, equipment and devices	Tools and instruments	Furniture	Buildings	Vehicles	Computers	Leasehold improvements	Projects under construction	Total
At 1 January 2021										
Cost	82,878,000	207,850,428	10,158,230	16,474,127	79,922,798	10,828,365	40,372,806	29,654,807	8,892,633	487,032,194
Accumulated depreciation	-	(84,180,598)	(5,873,606)	(8,079,757)	(29,691,924)	(3,226,282)	(15,608,770)	(6,316,355)	-	(152,977,292)
Net book value	82,878,000	123,669,830	4,284,624	8,394,370	50,230,874	7,602,083	24,764,036	23,338,452	8,892,633	334,054,902
Year ended 31 December 2021										
Opening balance at the beginning of the year	82,878,000	123,669,830	4,284,624	8,394,370	50,230,874	7,602,083	24,764,036	23,338,452	8,892,633	334,054,902
Additions	-	24,853,588	1,114,150	7,819,430	-	3,092,000	10,722,488	507,481	19,945,466	68,054,603
Disposals	-	(2,372,415)	(289,718)	(222,310)	-	-	-	-	-	(2,884,443)
Transfers from projects under construction	-	1,658,725	1,596,624	10,133	9,416,761	-	432,283	11,344,183	(24,458,709)	-
Depreciation for the year	-	(18,211,075)	(1,138,279)	(2,681,511)	(2,828,206)	(2,427,909)	(10,319,018)	(4,379,911)	-	(41,985,909)
Accumulated depreciation of disposal	-	1,098,780	289,718	222,297	-	-	-	-	-	1,610,795
Balance at 31 December 2021	82,878,000	130,697,433	5,857,119	13,542,409	56,819,429	8,266,174	25,599,789	30,810,205	4,379,390	358,849,948
At 31 December 2021										
Cost	82,878,000	231,990,326	12,579,286	24,081,380	89,339,559	13,920,365	51,527,577	41,506,471	4,379,390	552,202,354
Accumulated depreciation	-	(101,292,893)	(6,722,167)	(10,538,971)	(32,520,130)	(5,654,191)	(25,927,788)	(10,696,266)	-	(193,352,406)
Net book amount	82,878,000	130,697,433	5,857,119	13,542,409	56,819,429	8,266,174	25,599,789	30,810,205	4,379,390	358,849,948
At 31 March 2022										
Opening balance at the beginning of the period	82,878,000	130,697,433	5,857,119	13,542,409	56,819,429	8,266,174	25,599,789	30,810,205	4,379,390	358,849,948
Additions	-	2,931,740	620,403	2,275,006	-	-	957,272	153,499	4,894,374	11,832,294
Disposals	-	-	-	-	-	-	-	-	(86,344)	(86,344)
Transfers from projects under construction	-	-	-	-	1,031,105	-	-	-	(1,031,105)	-
Depreciation for the period	-	(4,906,455)	(285,734)	(847,741)	(850,313)	(1,751,027)	(2,550,863)	(1,328,655)	-	(12,520,788)
Balance at 31 March 2022	82,878,000	128,722,718	6,191,788	14,969,674	57,000,221	6,515,147	24,006,198	29,635,049	8,156,315	358,075,110
Cost	82,878,000	234,922,066	13,199,689	26,356,386	90,370,664	13,920,365	52,484,849	41,659,970	8,156,315	563,948,304
Accumulated depreciation	-	(106,199,348)	(7,007,901)	(11,386,712)	(33,370,443)	(7,405,218)	(28,478,651)	(12,024,921)	-	(205,873,194)
Net book value at period end	82,878,000	128,722,718	6,191,788	14,969,674	57,000,221	6,515,147	24,006,198	29,635,049	8,156,315	358,075,110

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the interim condensed separate financial statements For the three months period ended 31 March 2022

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

6. Right of use asset

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

	<u>31 March 2022</u>	<u>31 December 2021</u>
Buildings		
Balance at the beginning of the period / year	93,348,683	-
The impact of the first adoption standard no. 49 "Lease Contracts"	-	102,673,541
Adjustments	(3,946,163)	
Additions during the period / year		2,132,533
Amortization during the period / year	<u>(2,672,480)</u>	<u>(11,457,391)</u>
Balance	<u>86,730,040</u>	<u>93,348,683</u>

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

7. Inventories

	<u>31 March 2022</u>	<u>31 December 2021</u>
Medical supply inventory	10,929,006	10,570,455
Medicine inventory	10,781,477	9,331,382
Maintenance and spare parts inventory	927,016	1,063,951
Stationary inventory	624,036	518,167
Hospitality inventory	515,168	390,428
Food and beverage inventory	18,948	72,678
	<u>23,795,651</u>	<u>21,947,061</u>
Less: Impairment of inventory	(69,778)	(133,581)
	<u>23,725,873</u>	<u>21,813,480</u>

Movement in the provision for inventory is as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>	<u>31 March 2021</u>
Balance at the beginning of the period / year	133,581	115,285	115,285
Provisions formed during the period / year	21,198	360,550	-
Provisions no longer required during the period / year	(24,631)	(160,557)	-
Used during the year	(60,370)	(181,697)	-
Balance at the end of the year	<u>69,778</u>	<u>133,581</u>	<u>115,285</u>

CLEOPATRA HOSPITAL COMPANY "S.A.E."

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

8. Trade receivables

	31 March 2022	31 December 2021
Due from customers	213,308,878	201,039,753
Income from inpatients	3,324,214	3,808,462
	216,633,092	204,848,215
Less:		
Expected credit losses in the trade receivables balances	(47,221,423)	(45,848,863)
	169,411,669	158,999,352

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.

The Company applies the EAS 47 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of customers over a period of 36 month before each balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The credit loss allowance for trade receivables is determined according to the provision matrix presented in the table below. The provision matrix is based on the number of days that an asset is past due, with adjusting it.

	31 March 2022			
	Loss Rate	Gross carrying amount	Lifetime ECL	Net carrying value
<u>Trade receivables</u>				
- Current until less than 30 days overdue	1%	132,322,853	768,538	131,554,315
- 31 to 60 days overdue	4%	18,715,617	807,425	17,908,192
- 61 to 90 days overdue	10%	9,001,163	866,992	8,134,171
- 91 to 120 days overdue	20%	5,272,557	1,069,498	4,203,059
- 121 to 360 days overdue	47%	12,913,720	6,048,239	6,865,481
- 361 to 720 days overdue	75%	3,034,882	2,288,431	746,451
- More than 720 days	100%	35,372,300	35,372,300	-
Total		216,633,092	47,221,423	169,411,669

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Trade receivables (continued)

	31 December 2021			
	Loss rate	Gross carrying amount	Lifetime ECL	Net carrying value
Trade receivables				
- Current until less than 30 days overdue	1%	125,261,394	1,223,555	124,037,839
- 31 to 60 days overdue	6%	19,622,547	1,206,112	18,416,435
- 61 to 90 days overdue	13%	10,053,403	1,351,196	8,702,207
- 91 to 120 days overdue	28%	4,726,985	1,317,034	3,409,951
- 121 to 360 days overdue	64%	11,392,966	7,304,641	4,088,325
- 361 to 720 days overdue	87%	2,694,382	2,349,787	344,595
- More than 720 days	100%	31,096,538	31,096,538	-
Total		204,848,215	45,848,863	158,999,352

Movement in the provision for trade receivables impairments is as follows:

	31 March 2022	31 December 2021	31 March 2021
Balance at the beginning of the period / year	45,848,863	43,959,355	43,959,355
The impact of the first adoption standard no.47 "Financial Instruments"	-	4,940,868	4,940,868
Provisions formed during the period / year	4,297,640	44,383,734	8,724,445
Provision used during the period / year	-	(22,173,459)	-
Provision no longer required during period /year	(2,925,080)	(25,261,635)	(2,834,229)
Ending balance at the end of period / year	47,221,423	45,848,863	54,790,439

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9. Related Parties Transactions

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

A. Due from related parties

<u>Company name</u>	<u>Nature of transaction</u>	<u>Transaction value</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
Nile Badrawi Hospital (Subsidiary)	The Group's share of the company's expenses *	3,698,836	-	-
	Income from medical activity	878,562	-	-
	Expense from medical activity	10,063	-	-
Cairo Specialised Hospital (Subsidiary)	The Group's share of the company's expenses *	4,960,128	-	-
	Expense from medical activity	525,873	-	-
	Income from medical activity	2,996,000	-	-
	Other Income (Rents)	15,960	-	-
Al Shorouk Hospital (Subsidiary)	The Group's share of the company's expenses *	4,424,142	-	-
	Expense from medical activity	94,609	-	-
	Income from medical activity	374,505	-	-
CHG for Medical Service (Subsidiary)	Expenses on behalf of the company	(2,163,068)	52,729,992	54,288,116
	Income from medical activity	604,943	-	-
CHG Pharma for Pharmacies Management (Subsidiary)	Expenses on behalf of the company	5,476	3,106,583	-
Other parties	Expenses on behalf of related parties	219,890	563,670	343,820
New Bedaya for management of medical centres and Hospitals	Expenses on behalf of the company	58,533	-	-
	The Group's share of the company's expenses *	605,230	2,288,252	1,624,490
			<u>58,688,497</u>	<u>59,357,533</u>

B. Due to related parties

<u>Company name</u>	<u>Nature of transaction</u>	<u>Transaction value</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
CHG for Hospitals	Management fees	2,955,658	2,598,268	13,979,754
			<u>2,598,268</u>	<u>13,979,754</u>

- During 2017, Cleopatra Hospital Company signed an agreement with its subsidiaries. Under this contract, the company distributes the costs of joint activities to the group companies according to the percentages related to the revenues generated by each company. This agreement has been approved by the boards of directors of the group companies and their general assemblies.
- Transactions with related parties are through buying, selling or exchanging services. Prices, policies and conditions related to these operations have been approved by the company's management and follow the same principles as dealing with others.

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10. Debtors and other debit balances

	31 March 2022	31 December 2021
Advances to suppliers	14,016,827	8,731,932
Withholding taxes	12,096,175	9,519,109
Prepaid expenses	7,249,735	1,877,967
Deposits with others	4,326,706	4,326,706
Employee's custodies	311,065	116,122
Debtors from selling treasury shares	-	84,428,630
Other debtors	6,945,153	6,669,172
	44,945,661	115,669,638

11. Financial assets at amortised cost – Treasury bills

	31 March 2022	31 December 2021
Treasury Bills (Maturity 31 days)	217,000,000	-
Treasury bills (Maturity 61 days)	85,000,000	498,000,000
Less: Unearned revenue	(1,109,605)	(2,661,940)
	300,890,395	495,338,060

Treasury bills are entitled to a constant annual return of 8.40 % and 8.88% after taxes on 31 March 2022 (31 December 2021: 8.40% and 9%).

The fair value of treasury bills does not differ substantially from the book value, as all maturities of treasury bills are short-term.

12. Cash on hand and at banks

	31 March 2022	31 December 2021
Time deposit	17,289,145	14,871,965
Current accounts	71,044,501	59,993,785
Cash on hand	835,249	1,093,758
Less:		
Cash at banks impairment	(433,517)	(407,575)
	88,735,378	75,551,933

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

Cash on hand and at banks (continued)

Movement in the impairment in cash is as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>	<u>31 March 2021</u>
Balance at the beginning of the period / year	407,575	-	-
The impact of the first adoption standard no.47 "Financial Instruments"	-	1,622,753	1,622,753
Formed during the period / year	25,942	-	-
No longer required during the period / year	-	(1,215,178)	(80,030)
Ending balance at the end of period / year	<u>433,517</u>	<u>407,575</u>	<u>1,542,723</u>

Current accounts are maintained in banks under the supervision of the Central Bank of Egypt.

The time deposits item includes an amount EGP 17,289,145 on 31 March 2022 (31 December 2021: EGP 14,871,965) are denominated in local banks in US dollars and are payable within one from the date of deposit and are subject to a fixed annual return of 0.5% to 0,75%.

Current accounts deposited in Egyptian Pounds are subject to a fixed annual rate of 6% to 6.5% (31 December 2021: from 6% to 6.5%).

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

	<u>31 March 2022</u>	<u>31 December 2021</u>
Cash and bank balances before deduct the expected credit losses	89,168,895	167,224,915
Treasury bills with maturities dates of 3 months or less	<u>300,890,395</u>	<u>241,423,722</u>
	<u>390,059,290</u>	<u>408,648,637</u>

(A) Classification within cash and cash equivalent

Time deposits held at banks presented as cash and cash equivalents if they are due for a period of three months or less from the date of deposit and are repayable with a notice of 24 hours without loss of interest. Treasury bills under cash and cash equivalents have original maturities of no more than three months from the date of acquisition, are easily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

The Company's cash and bank balances are held with reputable financial institutions with credit ratings from Moody's and Standard & Poor's from B to B2.

(B) Treasury bills

Investment in treasury bills with a maturity period of one to two months.

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13. Lease liabilities

The lease liabilities represent the present value of the lease obligations related to lease contracts for buildings, and it was measured at the present value of the contractual lease payments discounted at the incremental borrowing rate of the lessee 11.15%.

	31 March 2022	31 December 2021
The undiscounted value of the lease obligations as follows:		
During the period / year	14,626,024	15,453,191
More than a year	223,145,337	231,977,520
	<u>237,771,361</u>	<u>247,430,711</u>
The present value of the lease obligations as follows:		
During the period / year	14,504,740	13,292,019
More than a year	90,235,200	95,184,292
	<u>104,739,940</u>	<u>108,476,311</u>
	31 March 2022	31 December 2021
Lease liabilities shown as of 31 December 2021	108,476,311	-
The impact of the first adoption standard no. 49 "Lease contracts"	-	111,877,956
Adjustments during the period / year	(3,632,114)	-
Additions during the period / year	-	2,132,532
Lease liabilities on 1 January 2022	<u>104,844,197</u>	<u>114,010,488</u>
Add: Interest formed during the period / year	3,342,432	12,454,626
(Less): Payments during the period / year	(3,446,689)	(17,988,803)
Lease liabilities on 31 March 2022	<u>104,739,940</u>	<u>108,476,311</u>

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Notes to the interim condensed separate financial statements For the three months period ended 31 March 2022

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

14. Bank Overdraft

The company obtained total credit limits in the form of overdrafts from banks in order to finance working capital at an interest rate of 0.1% in addition to the announced lending rate from the Central Bank. The total available credit limits amounted to 280 million Egyptian pounds and the withdrawn value of these credit limits on 31 March equals nil EGP (31 December 2021: 60,627,560).

15. Creditors and other credit balances

	<u>31 March 2022</u>	<u>31 December 2021</u>
Suppliers and notes payable	74,932,030	84,035,841
Accrued expenses	63,292,488	59,859,755
Social insurance	1,972,327	1,657,976
Other creditors	14,562,038	13,387,627
	<u>154,758,883</u>	<u>158,941,199</u>

Current trade payables are unsecured and are usually paid within 90 to 120 days of recognition.

16. Operating revenue

	<u>31 March 2022</u>	<u>31 March 2021</u>
Accommodation and medical supervision revenue	71,045,111	105,548,142
Surgeries revenue	50,676,804	38,574,603
Laboratories revenue	37,999,556	44,399,833
Outpatient clinics revenue	33,552,715	30,078,471
Radiology revenue	22,682,818	23,630,719
Service charge revenue	20,679,255	22,305,648
Cardiac catheterization revenue	15,528,797	18,500,527
Pharmacy revenue	13,672,467	8,629,717
Emergency revenue	12,305,824	10,892,760
Cardiac tests revenue	2,618,935	2,002,199
Dentistry revenue	2,261,694	1,440,005
Physiotherapy revenue	2,445,799	2,092,891
Endoscopy revenue	1,666,562	1,692,135
Other sections revenue	161,938	409,937
	<u>287,298,275</u>	<u>310,197,587</u>

All types of revenue are recognized at the revenue recognition point in time.

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

17. Operating costs

	<u>31 March 2022</u>	<u>31 March 2021</u>
Doctors' fees	48,477,763	45,263,063
Medical and pharmaceutical supplies	45,021,515	52,774,514
Salaries, wages and benefits	45,005,882	42,831,362
Fixed assets depreciation	7,772,307	7,093,973
Maintenance, spare parts and energy expenses	6,944,485	5,640,568
Consumables costs	3,814,520	3,497,544
Services from others	2,865,773	4,345,367
Right of use depreciation	1,303,885	1,572,190
Other expenses	4,488,257	6,374,109
	<u>165,694,387</u>	<u>169,392,690</u>

18. General and administrative expenses

	<u>31 March 2022</u>	<u>31 March 2021</u>
Salaries, wages and benefits	31,836,972	24,860,347
Fixed assets depreciation	4,748,481	2,515,270
Professional and consulting fees	3,462,902	3,803,213
Maintenance, spare parts and energy expenses	2,820,284	1,818,534
Services from others	1,776,603	1,926,309
Right of use depreciation	1,368,595	1,244,773
Consumables costs	220,884	169,889
Other expenses	6,671,370	8,294,707
(Less): The Group's share of the Company's expenses	(13,897,248)	(11,087,971)
	<u>39,008,843</u>	<u>33,545,071</u>

19. Impairment in financial assets

	<u>31 March 2022</u>	<u>31 March 2021</u>
Trade receivables impairment	1,372,560	5,890,216
Cash at banks impairment	25,942	(80,030)
	<u>1,398,502</u>	<u>5,810,186</u>

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

20. Earning per share (Basic / Diluted)

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.

	<u>31 March 2022</u>	<u>31 March 2021</u>
Distributable net profit for the period	71,305,360	74,559,781
Weighted average number of shares	<u>1,532,511,712</u>	<u>1,600,000,000</u>
Earnings per share of the shareholders' share in the net profit for the period (Basic / Diluted)	<u>0.05</u>	<u>0.05</u>

21. Commitments

Capital commitments:

The capital commitments related to fixed assets at financial period end is EGP 52,454,953 (31 December 2021: EGP 8,448,002).

22. Treasury shares

On February 24, 2022, the board of directors unanimously agreed that the company would purchase treasury shares from the stock market, It was also unanimously agreed that the financing of the purchase process would be self-financing from the company's resources, and that implementation would take place from the session on February 27, 2022, until the implementation of the purchase of treasury shares amounting to a maximum of 10% of the company's total shares, without the participation of any of the main or internal shareholders and their associated groups in accordance with the law.

Based on the of the Board of Directors resolution, the company purchased 48,576,083 of its shares from the stock market for a total amount of 230,663,573 Egyptian pounds, and it was presented by deduction from the equity of treasury shares.

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23. Significant changes and subsequent events

On 13 February 2020, Cleopatra Hospital Company, the River Transport Authority, Nile Badrawi Hospital Company and the heirs of Eng. Hassan Badrawi signed a comprehensive and final settlement agreement, according to which it was agreed to resolve, settle and end all disputes and claims related to the land on which Nile Badrawi Hospital was built. The total settlement amount of EGP 36 million, which falls within the limits of the deducted amounts from the sale price of the shares of Nile Badrawi Hospital in favour of Cleopatra Hospital, a waiver has been agreed upon between each of the River Transport Authority and the Nile Badrawi Hospital Company for the disputes that each raise regarding the land. On 31 March 2021, the Administrative Court issued a ruling accepting the case in form and rejecting it in substance. The Cairo Governorate and the Nile Badrawi Hospital Company appealed the aforementioned ruling before the Supreme Administrative Court, On 21 June 2022 court session determined for both parties to submit the settlement contracts between parties.

On December 29, 2021, the Board of Directors agreed to sign an agreement to complete the construction, management and operation of a medical facility (Sky Hospital) for a period of 27 years, located in the Fifth Settlement area and owned by: Housing and Social Services Fund for Workers in the Petroleum Sector / Egyptian Natural Gas Company (GASCO) LLC/ The Egyptian Company for the Distribution of Natural Gas for Cities (Town Gas) "SAE" affiliated with the General Petroleum Corporation, bearing in mind that the ownership of the hospital will remain for the duration of the contract and after its termination to the current owners. This contract was signed on December 30, 2021. And on 3 March 2022, CHG Sky Hospital Company was established to manage the business of Sky Hospital, with a total authorized capital of 350,000,000 EGP, of which 35,000,000 was paid, and Cleopatra Hospital Company's contribution is 99.99%.

The company signed agreements on 5 October 2021, which are conditional on their implementation by several conditions, the most important of which is obtaining the approvals of the Ministry of Health and Population, as part of a deal to complete and equip a hospital building with a capacity of more than 400 beds in the New Cairo area, and the group seeks to complete the deal after obtaining approvals The Ministry of Health and Population, in addition to completing the rest of the preconditions stipulated in the agreements, and on 26 April 2022, the two parties decided to end talks and negotiations to complete the deal, due to the failure to complete the preconditions stipulated in the agreements.