

CLEOPATRA HOSPITAL COMPANY "S.A.E."

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

CLEOPATRA HOSPITAL "S.A.E."

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

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

Scope of the limited review

We conducted our limited review in accordance with Egyptian Standard on Limited Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Auditor of the Entity". A limited review of interim 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 separate interim financial statements.

Conclusion

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

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

19 November 2020
Cairo



CLEOPATRA HOSPITAL COMPANY (S.A.E.)

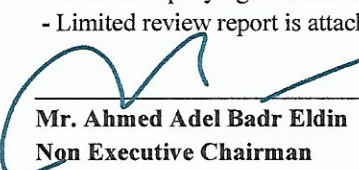
Separate statement of financial position - At 30 September 2020

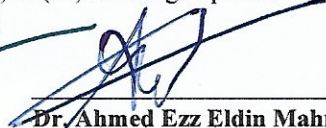
(All amounts in Egyptian Pounds)

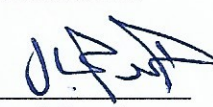
	Note	30 September 2020	31 December 2019
Assets			
Non-current assets			
Fixed assets	6	325,782,531	299,034,977
Investments in subsidiaries	7	920,626,570	889,583,770
Goodwill	9	172,587,300	172,587,300
Advance payments for investments	8	106,335,900	7,500,000
Total non-current assets		1,525,332,301	1,368,706,047
Current assets			
Inventories	10	23,622,390	18,189,643
Trade receivables	11	169,624,589	129,498,041
Due from related parties	29	56,942,590	36,317,205
Debtors and other debit balances	12	32,560,819	24,230,750
Treasury bills	13	-	50,099,258
Cash on hand and at banks	14	216,215,896	443,010,427
Total current assets		498,966,284	701,345,324
Total assets		2,024,298,585	2,070,051,371
Equity and Liabilities			
Equity			
Share capital	18	800,000,000	800,000,000
Reserves	19	369,101,452	359,216,308
Retained earnings		665,530,161	562,179,987
Total equity		1,834,631,613	1,721,396,295
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	27	9,627,427	8,631,269
Total non-current liabilities		9,627,427	8,631,269
Current liabilities			
Provisions	15	7,745,297	5,718,122
Due to related parties	29	-	2,794,469
Creditors and other credit balances	16	148,891,727	155,827,280
Employees incentive plan	17	-	129,072,581
Current income tax liabilities	26	23,402,521	46,611,355
Total current liabilities		180,039,545	340,023,807
Total liabilities		189,666,972	348,655,076
Total equity and liabilities		2,024,298,585	2,070,051,371

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

- Limited review report is attached


Mr. Ahmed Adel Badr Eldin
Non Executive Chairman


Dr. Ahmed Ezz Eldin Mahmoud
CEO & Managing Director


Mr. Ahmed Gamal
Group CFO

19 November 2020



CLEOPATRA HOSPITAL COMPANY (S,A,E,)

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

(All amounts in Egyptian Pounds)

	Note	Nine months ended		Three months ended	
		30 September 2020	30 September 2019	30 September 2020	30 September 2019
Operating revenue	20	631,219,254	560,437,260	243,849,226	197,583,503
Less:					
Operating costs	21	(381,829,659)	(321,149,919)	(146,113,420)	(109,302,641)
Gross profit		249,389,595	239,287,341	97,735,806	88,280,862
Add / (Less)					
General and administrative expenses	22	(92,034,269)	(109,988,533)	(32,153,306)	(30,218,353)
Aquisition costs		(4,570,573)	(4,433,551)	367,872	(3,825,761)
Provisions	14	(7,830,470)	638,791	(4,526,167)	1,081,468
Other income	24	12,548,988	2,602,883	1,850,352	268,286
Finance income	25	27,764,114	61,863,475	5,866,665	13,900,028
Finance expenses	25	(297,363)	(4,665,692)	(184,499)	(729,839)
Profit for the period before income tax		184,970,022	185,304,714	68,956,723	68,756,691
Current tax	26	(44,425,202)	(46,588,082)	(16,878,887)	(15,185,662)
Deferred tax	27	(996,159)	(1,633,180)	(947,742)	(1,282,649)
Profit after income tax		139,548,661	137,083,452	51,130,094	52,288,380

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

CLEOPATRA HOSPITAL COMPANY (S,A,E,)

Separate 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	139,548,662	137,083,452	51,130,094	52,288,380
Other comprehensive income	-	-	-	-
Comprehensive income for the period	139,548,662	137,083,452	51,130,094	52,288,380

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

3.

CLEOPATRA HOSPITAL COMPANY (S,A,E,)

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

(All amounts in Egyptian Pounds)

	Capital	Reserves	Retained earnings	Total
Balance at 1 January 2019	800,000,000	349,003,411	397,711,251	1,546,714,662
Legal reserve	-	10,212,897	(10,212,897)	-
Dividends for employees	-	-	(23,021,238)	(23,021,238)
Comprehensive income for the period	-	-	137,083,452	137,083,452
Balance at 30 September 2019	800,000,000	359,216,308	501,560,568	1,660,776,876
Balance at 1 January 2020	800,000,000	359,216,308	562,179,987	1,721,396,295
Dividends for employees	-	-	(26,313,344)	(26,313,344)
Legal reserve	-	9,885,144	(9,885,144)	-
Comprehensive income for the period	-	-	139,548,662	139,548,662
Balance at 30 September 2020	800,000,000	369,101,452	665,530,161	1,834,631,613

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

CLEOPATRA HOSPITAL COMPANY (S,A,E)

**separate 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
<u>Cash flows from operating activities</u>			
Profit before tax		184,970,022	185,304,714
Adjustments to reconcile net income to cash flows from operating activities			
Fixed assets depreciation	6	24,173,552	15,273,594
Gain from sale of fixed assets	24	(20,757)	(121,177)
Impairment of trade receivables	11	15,844,831	17,950,526
Provisions	15	7,830,470	(638,791)
Interests and commissions	25	-	1,926,854
Interest income	25	(27,764,114)	(61,863,475)
Employee incentive plan	17	7,761,024	72,662,497
Operating profits before changes in assets and liabilities		212,795,028	230,494,742
Changes in assets and liabilities			
Change in inventories	10	(5,432,747)	595,376
Change in trade receivables	11	(55,971,379)	(13,789,901)
Change in due from related parties	29	(20,570,385)	(78,456,779)
Change in debtors and other debit balances		(7,250,987)	14,693,658
Change in creditors and other credit balances		32,164,668	(1,544,866)
Change in due to related parties		(2,794,469)	(25,369)
Provision utilized	15	(5,803,294)	(951,768)
Tax paid	26	(67,634,036)	(63,198,846)
Paid Under Long-Term Investment Plan	17	(136,833,605)	-
Net cash flows (used in) / generated from operating activities		(57,331,206)	87,816,247
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets	6	(34,782,007)	(17,919,163)
Payments for projects under construction	6	(16,150,012)	(46,286,418)
Proceeds from sale of fixed assets		31,670	153,035
Advance payment for purchase of fixed assets		(3,009,149)	(794,450)
Interest income		29,639,181	59,791,129
Paid under capital increase in subsidiaries		-	(148,473,511)
		(145,486,461)	-
Payments for business acquisition		(23,542,800)	(100,000,000)
Treasury Bills		50,099,258	-
Deposits with a maturity of more than 3 months from the date of placement		-	(135,080,000)
Net cash flows used in investing activities		(143,200,320)	(388,609,378)
<u>Cash flows from financing activities</u>			
Proceeds from bank overdraft			7,149,527
Interests and commissions paid			(14,285,821)
Payments for bank overdraft			(102,252,574)
Dividends paid		(26,263,005)	(22,612,802)
Net cash flows used in financing activities		(26,263,005)	(132,001,670)
Change in cash and cash equivalents during the period		(226,794,531)	(432,794,801)
Cash and cash equivalents at the beginning of the period		443,010,427	839,609,206
Cash and cash equivalents at the end of the period	14	216,215,896	406,814,405

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

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the separate interim financial statements For the nine months period ended 30 September 2020

(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.

On 27 September 2005, a resolution no, 4092 of 2005 was issued by the Chairman of the General Authority for Investment (GAFI) authorising Cleopatra Hospital (Lasheen & Co), "a limited partnership company", to transform its legal form to Cleopatra Hospital S,A,E, in accordance with the provisions of Law No, 8 for 1997 and Law No, 95 for 1992.

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

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

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

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

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

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

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

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

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the separate interim financial statements For the nine months period ended 30 September 2020

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

Introduction (continued)

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

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

These separate financial statements have been approved for issuance by the management of the Company on 3 September 2020.

2. Accounting policies

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

A. Basis of preparation of the separate financial statements

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

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

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

Subsidiaries

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

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

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the separate interim financial statements For the nine months period ended 30 September 2020

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

Basis of preparation of the separate financial statements (continued)

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

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

In 28 March 2019, the minister of Investment issued a decree no. 69 for 2019 which includes new standards and amendments to the existing standards. The amendments in the EASs have been published in the official gazette on 7 April 2019. The Company has applied the following accounting standards, amendments and interpretations for the first time on its annual reporting periods starting from 1 January 2019.

Adopted standards

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

New standards to be adopted

- Some new and revised accounting standards have been published that are not mandatory for the financial statements for the financial years beginning on or after 1 January 2020. On 0 September 2020, the Financial Supervisory Authority decided to postpone the application of amendments to the Egyptian Accounting Standards to the 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	<p>EAS 47, addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.</p> <p>The company has reviewed its assets and financial liabilities, and it expects the impact below from the application of the new standard on January 1, 2020, and on September 20, 2020, the General Authority for Financial Supervision decided to postpone the application of amendments to the Egyptian Accounting Standards for the fiscal year 2021.</p> <p>The company's financial assets consist of the following: Trade receivables Time deposits Cash and cash equivalents Related parties</p>

CLEOPATRA HOSPITAL COMPANY "S.A.E."

**Notes to the separate interim financial statements
For the nine months period ended 30 September 2020**

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

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

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

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

Standard name	EAS 48 "Revenue from contracts with customers"
Nature of change	<p>It issued a new standard for revenue recognition, replacing Egyptian Accounting Standard No. 11 covering contracts for sales of goods and services and Egyptian Accounting Standard No. 8 covering construction contracts.</p> <p>The new standard is based on the principle of revenue recognition when transferring control of goods or services to a customer.</p>

CLEOPATRA HOSPITAL COMPANY "S.A.E."

**Notes to the separate interim financial statements
For the nine months period ended 30 September 2020**

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

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

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.
Mandatory application date/ Date of adoption by group	The group will apply the standard from its mandatory adoption date of 1 January 2020. The group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2020 and that comparatives will not be modified. On 20 September 2020, the General Authority for Financial Supervision decided to postpone the application of amendments to the Egyptian Accounting Standards by the year 2021.

(3) EAS No. (49) – "Leases":

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	<p>Egyptian Accounting Standard No. (49) for rental contracts was issued, which requires two-stage implementation. The first stage relates to leasing contracts that were subject to Law 95 of 1995 and is applicable in the financial periods beginning on or after 1 January 2019. The second stage is related to leasing contracts other than those that were subject to Law 95 of 1995 and is applicable for financial periods beginning on or after 1 January 2020.</p> <p>In accordance with the new standard, at the statement of financial position an asset is recognised as (the right to use the leased asset) and a financial obligation to make the lease payments. Except for the short-term and small-valued leasing contracts.</p>
Impact	The company has formed a team for the project to apply the standard and it was found that the company does not have contracts that meet the first stage. With regard to the second stage of Egyptian Accounting Standard No. 49, the team reviewed the rental arrangements other than those that were subject to Law No. 95 of 1995 in the company, in light of the new rental accounting rules.
Mandatory application date/ Date of adoption by group	The company will apply the second stage of Egyptian Accounting Standard No. 49 to operating lease contracts from the mandatory date of application from 1 January 2020. The group intends to use the practical means provided by the standard and the comparison numbers for the year will not be modified before the initial application of the standard. The right of use assets arising from operating lease contracts will be measured at the amount of the lease liability at the date of the initial application (adjusted for any advance or due rental expense). On 20 September 2020, the General Authority for Financial Supervision decided to postpone the application of amendments to the Egyptian Accounting Standards by the year 2021.

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the separate interim financial statements For the nine months period ended 30 September 2020

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

C. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

D. Fixed assets

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

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

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

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

The depreciation rates by type of asset are as follows:

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

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

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the separate interim financial statements For the nine months period ended 30 September 2020

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

E. Inventories

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

F. Financial assets

(1) Classification:

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

Loans and receivables:

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

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

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

(2) Initial and subsequent measurement:

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

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

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

(3) Impairment of financial assets:

Assets recognised at amortised cost

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

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

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

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the separate interim financial statements For the nine months period ended 30 September 2020

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

Financial assets (continued)

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

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

G. Share capital

Ordinary shares are classified as equity.

H. Legal reserve

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

I. Provisions

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

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

J. Trade payables

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

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the separate interim financial statements For the nine months period ended 30 September 2020

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

K. Borrowings and advances

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

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

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

L. Employees' benefits

(1) Employees' share of profit

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

(2) Pension and insurance scheme

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

(3) Employee incentive plan

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

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

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.

CLEOPATRA HOSPITAL COMPANY "S.A.E."

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

Employees' benefits (continued)

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

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

M. Revenue recognition

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

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

Medical services revenue

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

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

Revenue recognition (continued)

Sale of medicine revenue

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

Interest income

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

N. Leases

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

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

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

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

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

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.

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Notes to the separate interim financial statements For the nine months period ended 30 September 2020

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

O. Current and deferred income tax

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

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

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

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

P. Dividends

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

Q. Cash and cash equivalents

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

R. Fair value of financial instruments

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

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

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

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

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

CLEOPATRA HOSPITAL COMPANY "S.A.E."

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

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 values are engaged in the valuation of significant assets, the criteria for selecting the value include their knowledge of the market, reputation, independence and compliance with the professional standards, the management determines the valuation techniques that should be applied on a case by case basis.

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

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

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

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

Treasury bills

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

S. Corresponding figures

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

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the separate interim financial statements For the nine months period ended 30 September 2020

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

T. Segment reporting

Business segments are reported in line with the reports provided internally to the senior management, which makes decisions related to resources allocation and evaluation of segment's performance in the Company and the senior management is represented in Group's executive management committee, the segment reports of the company are submitted on the basis of information provided to senior management.

3. Financial risk management

3.1 Financial risk factors

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

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

(A) Market risk

Risk of change in foreign currency rates

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

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

	<u>30 September 2020</u>	<u>31 December 2019</u>
US Dollar	7,260,763	9,671,839
Pound	4,148	4,978
Euro	341,023	333,834

At 30 September 2020, if the value of EGP increased/ decreased by 10% against USD, with all other variables held constant, net profit after taxes would increase or decrease as follows:

	<u>30 September 2020</u>	<u>31 December 2019</u>
US Dollar	726,076	967,184
Pound	415	498
Euro	34,102	33,383

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

Financial risk management (Continued)

(B) Credit risk

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

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

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

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

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

Balances exposed to credit risks are as follows:

	<u>30 September 2020</u>	<u>31 December 2019</u>
Cash at banks	215,583,326	441,790,943
Trade receivables	210,004,380	154,033,001
Due from related parties	56,942,590	36,317,205
Due from employees	422,749	399,906
Treasury bills	-	50,099,258

(C) Liquidity risk

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

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Financial risk management (Continued)

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

	Less than 3 months	3 months to 1 year
30 September 2020		
Accrued expenses	-	68,501,596
Suppliers and notes payable	56,608,457	15,738,242
	Less than 3 months	3 months to 1 year
31 December 2019		
Accrued expenses	72,762,011	19,578,831
Suppliers and notes payable	41,142,723	18,185,341
Due to related parties	2,794,469	-

3.2 Capital risk management

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

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

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

	30 September 2020	31 December 2019
Creditors and other credit balances	148,891,727	155,827,280
Employee incentive plan	-	129,072,581
Due to related parties	-	2,794,469
Less: Cash at banks and on hand	(216,215,896)	(443,010,427)
Net debt	(67,324,169)	(155,316,097)
Total shareholders' equity	1,834,631,613	1,721,396,295
Total Capital	1,767,307,444	1,566,080,198
Net debts to total capital ratio	(4%)	(10%)

3.3 Estimation of fair value of financial instruments

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

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4. Critical accounting estimates, assumptions and judgements

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

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

Provisions

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

Impairment of trade receivables and customers

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

Employee incentive plan

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

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

Employee incentive plan determined as follows:

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

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

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

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

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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 period ended 30 September 2020 for each segment:

	Cleopatra Hospital	Queens Hospital	El Kateb Hospital	Consolidated adjustment	Total
<u>Statement of financial position</u>					
Non-current assets	1,393,133,714	11,174,748	121,023,839	-	1,525,332,301
Current assets	484,317,597	26,274,549	35,535,827	(47,161,689)	498,966,284
Total assets	1,877,451,311	37,449,297	156,559,666	(47,161,689)	2,024,298,585
Current liabilities	149,406,139	47,290,923	30,504,157	(47,161,674)	180,039,545
Non-current liabilities	9,434,761	159,353	33,313	-	9,627,427
Total Liabilities	158,840,900	47,450,276	30,537,470	(47,161,674)	189,666,972
<u>Statement of profit or loss:</u>					
Operating revenue	521,786,055	25,618,464	83,814,735	-	631,219,254
Operating costs	(298,655,826)	(24,208,649)	(58,965,184)	-	(381,829,659)
Gross profit	223,130,229	1,409,815	24,849,551	-	249,389,595
Other expenses and revenues	(85,042,273)	(2,976,048)	(21,822,612)	-	(109,840,933)
Profit for period	138,087,956	(1,566,233)	3,026,939	-	139,548,662
<u>Other Items</u>					
Capital expenditure	43,242,828	4,091,734	3,597,458	-	50,932,019
Fixed assets depreciation	19,506,239	1,786,560	2,880,753	-	24,173,552

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.

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Segment reporting (continued)

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

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

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6. Fixed assets

	Land	Machinery, equipment and devices	Tools and instruments	Furniture	Buildings	Vehicles	Computers	Leasehold improvements	Projects under construction	Total
At 1 January 2019										
Cost	14,967,000	110,699,679	5,192,116	8,059,537	43,989,219	2,612,581	14,596,176	2,260,516	4,035,233	206,412,057
Accumulated depreciation	-	(60,142,086)	(3,711,319)	(5,220,351)	(23,007,802)	(1,949,374)	(4,518,328)	(711,591)	-	(99,260,851)
Net book amount	14,967,000	50,557,593	1,480,797	2,839,186	20,981,417	663,207	10,077,848	1,548,925	4,035,233	107,151,206
Year ended 31 December 2019										
Beginning of the year	14,967,000	50,557,593	1,480,797	2,839,186	20,981,417	663,207	10,077,848	1,548,925	4,035,233	107,151,206
Additions	67,911,000	53,062,111	1,106,473	1,191,068	28,557,900	5,376,261	3,966,282	522,310	52,217,739	213,911,144
Disposals	-	(421,172)	(136,759)	-	-	(618,000)	-	-	-	(1,175,931)
Transfers from projects under construction	-	16,550,983	332,273	1,609,077	2,790,983	406,500	4,719,425	26,007,475	(52,416,716)	-
Depreciation for the year	-	(9,185,111)	(1,119,099)	(1,142,064)	(3,045,463)	(751,023)	(4,394,342)	(2,185,148)	-	(21,822,250)
Accumulated depreciation of disposals	-	247,908	104,900	-	-	618,000	-	-	-	970,808
Closing net book amount	82,878,000	110,812,312	1,768,585	4,497,267	49,284,837	5,694,945	14,369,213	25,893,562	3,836,256	299,034,977
At 31 December 2019										
Cost	82,878,000	179,891,601	6,494,103	10,859,682	75,338,102	7,777,342	23,281,883	28,790,301	3,836,256	419,147,270
Accumulated depreciation	-	(69,079,289)	(4,725,518)	(6,362,415)	(26,053,265)	(2,082,397)	(8,912,670)	(2,896,739)	-	(120,112,293)
Net book amount	82,878,000	110,812,312	1,768,585	4,497,267	49,284,837	5,694,945	14,369,213	25,893,562	3,836,256	299,034,977
At 30 September 2020										
Balance at January 1	82,878,000	110,812,312	1,768,585	4,497,267	49,284,837	5,694,945	14,369,213	25,893,562	3,836,256	299,034,977
Additions	-	20,427,880	2,891,287	4,880,660	250,000	3,208,235	3,123,945	-	16,150,012	50,932,019
Disposals	-	-	-	-	-	(82,977)	-	-	-	(82,977)
Transfers from projects under construction	-	675,530	45,600	-	2,675,517	-	11,792,581	-	(15,189,228)	-
Depreciation for the year	-	(11,271,567)	(853,816)	(1,206,159)	(3,047,406)	(826,157)	(4,426,369)	(2,542,078)	-	(24,173,552)
Depreciation of Disposals	-	-	-	-	-	72,064	-	-	-	72,064
Closing net book amount	82,878,000	120,644,155	3,851,656	8,171,768	49,162,948	8,066,110	24,859,370	23,351,484	4,797,040	325,782,531
Cost	82,878,000	200,995,011	9,430,990	15,740,342	78,263,619	10,902,600	38,198,409	28,790,301	4,797,040	469,996,312
Accumulated depreciation	-	(80,350,856)	(5,579,334)	(7,568,574)	(29,100,671)	(2,836,490)	(13,339,039)	(5,438,817)	-	(144,213,781)
Net book amount	82,878,000	120,644,155	3,851,656	8,171,768	49,162,948	8,066,110	24,859,370	23,351,484	4,797,040	325,782,531

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the separate interim financial statements For the nine months period ended 30 September 2020

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

7. Investments in subsidiaries

	Percentage of investment	Country of incorporation	30 September 2020	31 December 2019
Investments in Nile Badrawi Hospital Co.	99.989%	Egypt	380,004,947	380,004,947
Investments in Al-Shorouk Hospital Co.	99.999%	Egypt	374,142,000	374,142,000
Investments in Cairo Specialised Hospital	55.65%	Egypt	143,672,123	135,129,323
Investments in CHG for medical services	20%	Egypt	62,500	62,500
Investments in CHG Pharma for pharmacies management	98%	Egypt	245,000	245,000
Investments in CHG for hospitals	99.99%	Egypt	22,500,000	-
			920,626,570	889,583,770

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

8. Advance payment for investments

	30 September 2020	31 December 2019
Advance payment for capital increase of CHG for hospitals	-	7,500,000
Payment under investment in CSH Hospital	1,338,900	-
Payment under investment in El Bedaya El Gedida Hospital (Note 32)	104,997,000	-
	106,335,900	7,500,000

9. Business combination process and intangible assets

	Goodwill	30 September 2020
Goodwill cost - Queens Hospital	14,071,000	14,071,000
Goodwill cost - El Kateb Hospital	158,516,300	158,516,300

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

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

Business combination process and intangible assets (continued)

Queens Hospital Business acquisition

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

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

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

As a result of the effects of the emerging corona virus the management has evaluated the goodwill impairment 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.

Assets acquired and goodwill are as follows:

	<u>EGP</u>
Acquisition cost	
Cash paid	25,000,000
Total acquisition cost	25,000,000
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
Goodwill	14,071,000

El Kateb business acquisition

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

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Notes to the separate interim financial statements For the nine months period ended 30 September 2020

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

Business combination process and intangible assets (continued)

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

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

10. Inventories

	<u>30 September 2020</u>	<u>31 December 2019</u>
Medical supply inventory	10,769,370	11,097,456
Medicine inventory	10,148,100	4,409,705
Maintenance and spare parts inventory	1,212,670	1,256,408
Hospitality supplies inventory	531,369	532,999
Stationary inventory	917,161	862,707
Food and beverage inventory	43,720	30,368
	<u>23,622,390</u>	<u>18,189,643</u>

11. Trade receivables

	<u>30 September 2020</u>	<u>31 December 2019</u>
Due from customers	204,377,703	149,791,203
Income from inpatients	5,626,677	4,241,798
	<u>210,004,380</u>	<u>154,033,001</u>
Less:		
Impairment of customers' balances	(40,379,791)	(24,534,960)
	<u>169,624,589</u>	<u>129,498,041</u>

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

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

Trade receivables (continued)

The movement of the provision for impairment is as follows:

	<u>30 September 2020</u>	<u>31 December 2019</u>	<u>30 September 2019</u>
Balance at the beginning of the period	24,534,960	4,376,258	4,376,258
Provisions formed during the period	23,424,244	34,215,251	30,946,088
Provisions no longer required during the period	(7,579,413)	(14,056,549)	(12,995,561)
Balance at the end of the period	<u>40,379,791</u>	<u>24,534,960</u>	<u>22,326,785</u>

- Trade receivable balances, which have not been due till the financial position date and have no impairment indicators, amounted to EGP 84,173,592 (2019: EGP 62,296,692).
- At the financial position date, the balances that were past due but not impaired amounted to EGP 44,189,775 (2019: EGP 56,394,812). The analysis of these balances' useful lives is as follows:

	<u>30 September 2020</u>	<u>31 December 2019</u>
Less than one month	26,566,177	29,475,762
From one to five months	17,623,598	26,919,050

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

12. Debtors and other debit balances

	<u>30 September 2020</u>	<u>31 December 2019</u>
Advances to suppliers	8,793,606	9,740,379
Prepaid expenses	12,457,768	4,546,582
Deposits with others	3,612,093	3,495,093
Accrued interest income	678,348	2,349,161
Due from employees	422,749	399,906
Withholding taxes	3,298,240	183,160
Other debtors	3,298,015	3,516,469
	<u>32,560,819</u>	<u>24,230,750</u>

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

13. Treasury bills

	<u>30 September 2020</u>	<u>31 December 2019</u>
Treasury bills (maturities in 182 days)	-	53,600,000
Less: Unearned Interest Income	-	(3,500,742)
	<u>-</u>	<u>50,099,258</u>

14. Cash on hand and at banks

	<u>30 September 2020</u>	<u>31 December 2019</u>
Current accounts	632,570	1,219,484
Cash on hand	109,302,246	329,769,056
Time deposits	106,281,080	112,021,887
	<u>216,215,896</u>	<u>443,010,427</u>

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

Time deposits at 30 September 2020 equivalent to EGP 6,281,080 are denominated in local banks in US dollars and are payable within one month from the date of deposit and are subject to a fixed annual interest rate of 2.17% to 2.22%.

Time deposits equivalent to EGP 100,000,000 are denominated in local banks in EGP and are payable within one month from the date of deposit and are subject to a fixed annual interest rate of 9.75% (31 December 2019 :10%)

Current accounts are subject to a fixed annual rate of 7% (31 December 2019: 10%).

15. Provisions

	<u>30 September 2020</u>	<u>31 December 2019</u>
Provisions for human resources	6,309,556	4,432,381
Provision for claims	1,435,741	1,285,741
	<u>7,745,297</u>	<u>5,718,122</u>

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

	<u>30 September 2020</u>				
	<u>Balance at 1 January 2019</u>	<u>Formed during the period</u>	<u>Utilised during the period</u>	<u>Provisions no longer required</u>	<u>Balance at 30 September 2020</u>
Provisions for HR	4,432,381	12,053,623	(5,648,540)	(4,527,908)	6,309,556
Provision for claims	1,285,741	304,755	(154,755)	-	1,435,741
Total	5,718.122	12,358,378	(5,803,295)	(4,527,908)	7,745,297

CLEOPATRA HOSPITAL COMPANY "S.A.E."

**Notes to the separate interim financial statements
For the nine months period ended 30 September 2020**

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

Provisions (continued)

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

	30 September 2019				
	Balance at 1 January 2019	Formed during the year	Utilised during the year	Provisions no longer required	Balance at 30 September 2019
Provisions for human resources	4,821,751	6,238,241	(544,768)	(6,877,032)	3,638,192
Provision for claims	1,612,741	-	(407,000)	-	1,205,741
Total	6,434,492	6,238,241	(951,768)	(6,877,032)	4,843,933

Provision for human resources

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

Provisions for claims

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

16. Creditors and other credit balances

	30 September 2020	31 December 2019
Accrued expenses	68,501,596	92,294,094
Suppliers and notes payable	72,346,699	59,328,064
Social insurance	3,200,485	1,854,415
Other creditors	4,842,947	2,350,707
	148,891,727	155,827,280

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17. Employee incentive plan

	<u>30 September 2020</u>	<u>31 December 2019</u>
Employee incentive plan	-	129,072,581
Total	-	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 movement of verify financial liabilities during the period /year is as follows:

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

The movement of verify financial liabilities during the year is as follows:

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

18. Share capital

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

The shareholders' structure is as follows:

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

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

19. Reserves

	<u>30 September 2020</u>	<u>31 December 2019</u>
Legal reserve	74,225,339	64,340,195
Special reserve	47,379,722	47,379,722
Other reserves	247,496,391	247,496,391
Total	<u>369,101,452</u>	<u>359,216,308</u>

19.1. Legal reserve

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

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

	<u>30 September 2020</u>		
	<u>Balance at the beginning of the period</u>	<u>Formed during the period</u>	<u>Balance at the end of the period</u>
Legal reserve	64,340,195	9,885,144	74,225,339
Total	<u>64,340,195</u>	<u>9,885,144</u>	<u>74,225,339</u>
	<u>31 December 2019</u>		
	<u>Balance at the beginning of the year</u>	<u>Formed during the year</u>	<u>Balance at the end of the year</u>
Legal reserve	54,127,298	10,212,897	64,340,195
Total	<u>54,127,298</u>	<u>10,212,897</u>	<u>64,340,195</u>

19.2 Special reserve

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

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

	<u>30 September 2020</u>		
	<u>Balance at the beginning of Period</u>	<u>Formed during the period</u>	<u>Balance. at the end of period</u>
Special reserve	47,379,722	-	47,379,722
Total	<u>47,379,722</u>	<u>-</u>	<u>47,379,722</u>

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Reserves (continued)

	31 December 2019		
	Balance at the beginning of year	Formed during the year	Balance. at the end of year
Special reserve	47,379,722	-	47,379,722
Total	47,379,722	-	47,379,722

19.3 Other reserves

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

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

	30 September 2020		
	Balance at the beginning of period	Used during the period	Balance. at the end of period
Other reserves	247,496,391	-	247,496,391
Total	247,496,391	-	247,496,391

	31 December 2019		
	Balance at the beginning of year	Used during the year	Balance. at the end of year
Other reserves	247,496,391	-	247,496,391
Total	247,496,391	-	247,496,391

20. Operating revenue

	Nine months ended 30 September		Three months ended 30 September	
	2020	2019	2020	2019
Surgeries revenue	109,297,103	119,198,482	44,321,464	45,824,225
Accommodation and medical	163,797,962	112,194,060	58,301,425	36,680,344
Outpatient clinics revenue	64,018,241	95,642,060	21,791,187	34,213,558
Laboratories revenue	74,320,085	53,052,697	30,035,877	17,136,109
Emergency revenue	29,923,365	33,929,126	10,113,492	11,606,115
Cardiac catheterization revenue	49,398,259	34,785,899	20,900,670	12,364,296
Service charge revenue	44,571,435	37,963,288	16,740,160	13,792,494
Radiology revenue	49,199,149	30,549,223	21,832,371	10,943,091
Pharmacy revenue	21,345,714	15,824,418	12,291,614	5,404,465
Dentistry revenue	9,034,375	9,078,368	2,003,537	3,192,546
Physiotherapy revenue	5,358,676	8,291,957	1,550,481	2,827,952
Cardiac tests revenue	4,767,487	5,489,988	1,681,111	1,873,960
Endoscopy revenue	4,733,386	4,437,694	1,787,352	1,724,348
Other departments revenue	1,454,017	-	498,485	-
	631,219,254	560,437,260	243,849,226	197,583,503

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(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
Doctors' fees	109,224,378	79,544,370	37,150,392	23,127,776
Medical and pharmaceutical supplies	109,487,537	118,124,667	44,256,040	42,294,432
Salaries, wages and benefits	98,553,316	87,029,034	38,734,630	29,283,114
Maintenance, spare parts and energy expenses	19,949,993	12,149,475	6,951,788	4,421,210
Food, beverage and consumables costs	13,056,233	9,253,673	5,521,919	4,350,822
Fixed assets depreciation	10,456,349	10,579,118	5,246,039	6,728,236
Other expenses	21,101,853	4,469,582	8,252,612	(902,949)
	381,829,659	321,149,919	146,113,420	109,302,641

22. General and administrative expenses

	Nine months ended 30 September		Three months ended 30 September	
	2020	2019	2020	2019
Salaries, wages and benefits	74,310,620	123,330,181	20,697,645	38,477,469
Impairment of trade receivables	15,844,834	17,950,523	7,966,689	934,917
Professional and consulting fees	10,410,399	7,163,133	2,451,755	1,842,250
Fixed assets depreciation	4,223,559	3,124,119	1,523,389	1,116,205
Maintenance, spare parts and energy expenses	4,086,435	1,411,505	1,532,895	285,312
Rent	3,221,097	2,318,124	996,609	772,332
Cost of Consumables	992,029	908,215	174,245	373,716
Other expenses	9,681,773	19,316,562	5,857,208	7,453,188
	122,770,746	175,522,361	41,200,435	51,255,388
Less: the Group's share of the Company's expenses	(30,736,477)	(65,533,828)	(9,047,129)	(21,037,035)
	92,034,269	109,988,533	32,153,306	30,218,353

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(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*	183,534,998	202,874,551	57,848,037	61,605,245
Doctors' fees	109,487,537	118,124,667	44,256,040	42,294,432
Medical and pharmaceutical supplies	98,553,316	87,029,034	38,734,630	29,283,114
Fixed assets depreciation	24,173,552	15,273,594	8,475,177	5,537,415
Maintenance, spare parts and energy expenses	17,142,668	10,665,178	7,054,814	4,636,134
Impairment of trade receivables	15,844,834	17,950,523	7,966,689	934,917
consumables costs	11,448,378	11,487,333	5,420,284	7,101,952
Other expenses	44,415,122	33,267,401	17,558,184	9,164,821
	504,600,405	496,672,280	187,313,855	160,558,029
Less: the Group's share of the Company's expenses	(30,736,477)	(65,533,828)	(9,047,129)	(21,037,035)
	473,863,928	431,138,452	178,266,726	139,520,994

* Employees' costs

	Nine months ended 30 September		Three months ended 30 September	
	2020	2019	2020	2019
Salaries and wages	152,400,604	112,273,790	50,938,700	38,740,967
Employee incentives system	7,761,024	72,662,497	-	19,318,882
Social insurance	8,624,729	6,375,435	2,909,860	2,408,075
Employees' benefits	14,748,641	11,562,829	3,999,477	1,137,321
	183,534,998	202,874,551	57,848,037	61,605,245

Other expenses item includes an amount of EGP 2,560,000 (30 September 2019: EGP 2,800,000) as sitting allowance of the board members.

24. Other income

	Nine months ended 30 September		Three months ended 30 September	
	2020	2019	2020	2019
Rent	4,616,251	1,271,239	727,668	171,353
Capital gain	20,757	121,177	20,757	-
Subsidiaries profit distribution	5,544,239	-	-	-
Miscellaneous income	2,367,741	1,210,467	1,101,927	96,933
	12,548,988	2,602,883	1,850,352	268,286

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25. Finance income/ (expenses)

	Nine months ended 30 September		Three months ended 30 September	
	2020	2019	2020	2019
Credit interest	27,764,114	61,863,475	5,866,665	13,900,028
Total finance income	27,764,114	61,863,475	5,866,665	13,900,028
Debit interest	-	(1,926,854)	-	-
Currency valuation difference	(297,363)	(2,738,838)	(184,499)	(729,839)
Total finance expenses	(297,363)	(4,665,692)	(184,499)	(729,839)
Net finance expenses	27,466,751	57,197,783	5,682,166	13,170,189

26. Income tax

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 / year	44,425,202	46,588,082	16,878,887	15,185,662
Deferred tax	996,158	1,632,180	947,742	1,282,649
	45,421,360	48,221,262	17,826,729	16,468,311

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	184,970,022	185,304,714	68,956,723	68,756,691
Income tax calculated based on the applicable local tax rate	41,618,255	41,693,561	15,515,263	15,470,256
Add / (less):				
Non-deductible expenses	6,815,334	9,451,209	3,019,164	1,816,318
Income not subject to tax	(3,012,229)	(2,924,001)	(707,798)	(818,756)
Income taxes	45,421,360	48,221,262	17,826,629	16,468,311
Effective tax rate	24,56%	26,02%	25,85%	23,95%

Current income tax liabilities

	30 September 2020	31 December 2019
Balance at 1 January	46,611,355	53,711,686
Payments during the period/year	(43,482,636)	(53,854,362)
Advance payment during the period/year	(24,151,400)	(14,016,726)
Current tax	44,425,202	60,770,757
	23,402,521	46,611,355

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27. Deferred tax

<u>Deferred tax assets</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
Provisions (excluding claims provision)	1,419,650	997,286
<u>Deferred tax liabilities</u>		
Fixed assets depreciation	(11,047,077)	(9,628,555)
Deferred tax - liability	<u>(9,627,427)</u>	<u>(8,631,269)</u>

The movement on the deferred income tax is as follows:

	<u>30 September 2020</u>	<u>31 December 2019</u>
Deferred tax assets		
Balance at 1 January	997,286	1,084,894
Charged to the statement profit or loss	422,364	(87,608)
Balance at the end of the period / year	<u>1,419,650</u>	<u>997,286</u>
Deferred tax liabilities		
Balance at 1 January	(9,628,555)	(5,692,266)
Charged to the statement of profit or loss	(1,418,522)	(3,936,289)
Balance at the end of the period / year	<u>(11,047,077)</u>	<u>(9,628,555)</u>
Net deferred tax liabilities	<u>(9,627,427)</u>	<u>(8,631,269)</u>

28. Earning 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.

	<u>30 September 2020</u>	<u>31 December 2019</u>
Distributable profit	<u>139,549,009</u>	<u>137,083,452</u>
Weighted average number of shares	<u>1,600,000,000</u>	<u>1,600,000,000</u>
Earnings per share of the shareholders' share in the net profit for the period	<u>0.09</u>	<u>0.09</u>

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29. Related parties' transaction

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

<u>The company's name</u>	<u>Nature of transaction</u>	<u>Transaction value</u>	<u>Balance due from / (to) related parties 30 September 2020</u>	<u>Balance due from / (to) related parties 31 December 2019</u>
Care HealthCare (Parent Company)	Expenses paid on behalf of the Parent Company			1,764,703
Nile Badrawi Hospital (Subsidiary)	The Group's share of the Company's expenses	9,551,703	977,461	(894,566)
	Income from medical activity	80,546	-	-
	Expense from medical activity	47,392	-	-
Cairo Specialised Hospital (Subsidiary)	The Group's share of the Company's expenses	10,493,144	-	(819,309)
	Expenses from medical activity	1,728,935	-	-
	Income from medical activity	2,924,003	-	-
	Other income (rents)		-	-
Al Shorouk Hospital (Subsidiary)	The Group's share of the Company's expenses *	9,299,741	-	(924,856)
	Expenses from medical activity	78,605	-	(108,988)
	Income from medical activity	40,149	-	-
CHG for medical services (Subsidiaries)	Expenses on behalf of the company	19,257,714	48,281,107	29,023,393
	The Group's share of the Company's expenses *	1,124,774	979,682	149,001
CHG Pharma for Pharmacies Management (Subsidiary)	Expenses on behalf of the company	128,612	5,253,720	5,125,108
	The Group's share of the Company's expenses *	267,116	237,951	
Other parties	Expenses on behalf of related parties	231,930	486,930	255,000
CHG Hospitals Hospitals	Management fees	(415,085)	(461,835)	(46,750)
	Relationships	1,187,574	1,187,574	-
			56,942,590	33,522,736

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

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

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30. Commitments

Capital commitments:

The capital commitments related to fixed assets at financial period end is EGP 4,140,800 (31 December 2019: EGP 8,145,900).

31. Tax position

(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 2013, 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 till 2013, the amount was fully paid.
- Years from 2014 to 2018 inspection is being processed.

(4) VAT

- Inspection was made up to 31 December 2015.
- Inspection for 2016 , 2017 , 2018 and 2019 was not made.
- Tax returns were filed regularly in the legal deadline.

(5) Advances to tax authority

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

32. 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.

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Significant events (continued)

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.
 - On 30 September 2020, the company has signed an agreement to transfer the assets and activities of Bedaya Hospital Company, a pioneer in the field of reproduction and assisted fertilization in the Arab Republic of Egypt, owned by its founder, Dr. Ismail Abul-Fotouh. Under the new agreement, the assets and operating activities of Bidaya 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 29 September 2020, the company signed a partnership agreement with EFS to serve facilities in Egypt. In order to establish the Egyptian Company for Health Care Facilities Services (EHFS), and according to this agreement, the total share of Cleopatra Hospital is 49% of the capital of the new entity, provided that EFS acquires the controlling share of 51%

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33. Subsequent events

On 15 October 2020, the company's general assembly agreed to approve the system of reward and motivation for employees , managers and executive board members of the company, with the promise to sell shares, to be effective as of 1 July 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.