

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

**LIMITED REVIEW REPORT AND THE INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED
30 SEPTEMBER 2023**

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

Interim condensed consolidated financial statements For the nine months period ended 30 September 2023

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Limited Review Report on the Interim Financial Statements

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

Introduction

We conducted our limited review on the accompanying interim condensed consolidated financial position of Cleopatra Hospital Company (S.A.E.) and its subsidiaries (the "Group") as at 30 September 2023 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended. The management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with the Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is limited to express a conclusion on these interim condensed consolidated financial statements based on our limited review.

Scope of the limited review

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

Conclusion

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


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

23 November 2023
Cairo



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

Interim condensed consolidated statement of financial position – At 30 September 2023

(All amounts are shown in Egyptian Pounds)

	Note	30 September 2023	31 December 2022
Assets			
Non-current assets			
Fixed assets	4	1,940,361,264	1,567,256,629
Right-of-use assets	5	103,534,359	149,161,936
Goodwill		355,192,334	369,263,334
Other intangible assets		52,631,146	54,183,109
Investments in associates		3,810,927	3,810,927
Paid under investments purchased		4,201,975	4,201,975
Total non-current assets		2,459,732,005	2,147,877,910
Current assets			
Inventories	6	236,031,198	108,020,724
Trade and other receivables	7	679,319,230	505,356,134
Due from related parties	20	5,276,090	3,152,972
Debtors and other debit balances	8	276,950,397	172,817,945
Cash and cash equivalent	9	335,152,093	346,143,272
Total current assets		1,532,729,008	1,135,491,047
Total assets		3,992,461,013	3,283,368,957
Equity and liabilities			
Equity			
Share capital		722,717,101	800,000,000
Treasury shares	22	(5,051,601)	(766,026,840)
Retained earnings		1,328,403,965	1,517,369,788
Employees' stock ownership Plan		6,037,707	8,383,763
Reserves		84,197,340	319,211,558
Equity attributable to the Company's owners		2,136,304,512	1,878,938,269
Non-controlling interests	10	179,782,086	148,412,296
Net equity		2,316,086,598	2,027,350,565
Liabilities			
Non-Current liabilities			
Lease liabilities	13	92,240,768	155,459,030
Deferred tax liabilities		93,054,854	89,449,007
Loans	11	262,530,575	88,033,127
Total non-current liabilities		447,826,197	332,941,164
Current liabilities			
Banks overdraft		262,046,718	244,464,052
Provisions		16,556,550	25,300,047
Trade and other payables	12	763,474,022	530,750,517
Loans	11	40,152,455	-
Other liabilities		45,945,000	35,580,000
Lease liabilities	13	42,074,647	38,983,371
Current income tax liabilities		58,298,826	47,999,241
Total current liabilities		1,228,548,218	923,077,228
Total liabilities		1,676,374,415	1,256,018,392
Total equity and liabilities		3,992,461,013	3,283,368,957

The accompanying notes from 1 to 24 are integral part of these interim condensed consolidated financial statements.

Mr. Ahmed Adel Badreldin
Non-Executive Chairman

Dr. Ahmed Ezz Eldin Mahmoud
CEO & Managing Director

Mr. Adel Elmistikawi
Group CFO

23 November 2023
Limited review report is attached



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

Interim condensed consolidated statement of profit or loss For the nine months period ended 30 September 2023

(All amounts in Egyptian Pounds)

	Note	Nine months ended 30 September		Three months ended 30 September	
		2023	2022	2023	2022
Revenue	14	2,532,047,649	1,871,840,288	947,511,032	660,552,864
Less:					
Cost of revenue	15	(1,689,344,864)	(1,245,481,135)	(626,540,083)	(436,777,646)
Gross profit		842,702,785	626,359,153	320,970,949	223,775,218
Add / (Less):					
General and administrative expenses	16	(333,688,819)	(272,581,840)	(115,306,202)	(92,362,834)
Impairment of financial assets	17	(38,085,027)	(23,478,641)	(13,702,686)	(4,170,465)
Other (Income) expense		(5,881,406)	(4,932,788)	(2,028,820)	950,597
Operating profit		465,047,533	325,365,884	189,933,241	128,192,516
Costs of acquisition activities		(642,810)	(2,806,918)	-	(1,887,928)
Finance income		21,292,683	33,627,335	4,124,927	6,030,471
Finance expenses		(51,100,849)	(22,478,866)	(19,623,420)	(10,526,693)
Profits for the period before income tax from continuing operations		434,596,557	333,707,435	174,434,748	121,808,366
Current tax		(81,755,145)	(64,772,551)	(41,005,058)	(23,882,698)
Deferred tax		(3,605,846)	(3,986,947)	(1,106,053)	(3,198,779)
Profit after income tax		349,235,566	264,947,937	132,323,637	94,726,889
Result from Discontinued operations	18	(4,262,386)	2,193,862	-	(4,059,651)
Total net profit		344,973,180	267,141,799	132,323,637	90,667,238
Owners of the parent company		310,959,215	246,932,144	119,721,484	82,505,298
Non-controlling interests		34,013,965	20,209,655	12,602,153	8,161,940
Profit after income tax		344,973,180	267,141,799	132,323,637	90,667,238
Earnings per share (Basic /Diluted)	19	0.22	0.16	0.09	0.05
Earnings per share from continuing operations	19	0.22	0.16	0.09	0.05

The accompanying notes from 1 to 24 are integral part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of comprehensive income For the nine months period ended 30 September 2023

(All amounts in Egyptian Pounds)

	Nine months ended 30 September		Three months ended 30 September	
	2023	2022	2023	2022
Profit for the period	344,973,180	267,141,799	132,323,637	90,667,238
Other comprehensive income	-	-	-	-
Comprehensive income for the period	344,973,180	267,141,799	132,323,637	90,667,238
Profit for:				
Owners of the parent Company	310,959,215	246,932,144	119,721,484	82,505,298
Non-controlling interests	34,013,965	20,209,655	12,602,153	8,161,940
Profit after income tax	344,973,180	267,141,799	132,323,637	90,667,238

The accompanying notes from 1 to 24 are integral part of these interim condensed consolidated financial statements.

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

**Interim condensed consolidated statement of changes in equity
For the nine months period ended 30 September 2023**

(All amounts in Egyptian Pounds)

	Share capital	Treasury Shares	Reserve	Retained Earnings	Employees stock ownership plan	Total Shareholders' equity of the parent company	Non-controlling interest	Total equity
Balance at 1 January 2022	800,000,000	(4,152,742)	302,942,579	1,269,995,272	8,289,941	2,377,075,050	120,742,065	2,497,817,115
Dividends	-	-	-	(63,825,164)	-	(63,825,164)	(4,659,818)	(68,484,982)
Employees stock ownership Plan	-	-	-	-	(4,004,238)	(4,004,238)	-	(4,004,238)
Treasury shares	-	(746,431,977)	-	-	-	(746,431,977)	-	(746,431,977)
Reserves formed	-	-	16,268,979	(15,979,670)	-	289,309	1,361,138	1,650,447
Comprehensive income for the period	-	-	-	246,932,144	-	246,932,144	20,209,655	267,141,799
Balance at 30 September 2022	800,000,000	(750,584,719)	319,211,558	1,437,122,582	4,285,703	1,810,035,124	137,653,040	1,947,688,164
Balance at 1 January 2023	800,000,000	(766,026,840)	319,211,558	1,517,369,788	8,383,763	1,878,938,269	148,412,296	2,027,350,565
Dividends	-	-	-	(61,746,137)	-	(61,746,137)	(4,154,969)	(65,901,106)
Employees stock ownership Plan	-	10,390,520	1,619,495	-	(2,346,056)	9,663,959	-	9,663,959
Treasury shares	(77,282,899)	750,584,719	(247,496,390)	(425,805,430)	-	-	-	-
Reserves formed	-	-	10,862,677	(12,373,471)	-	(1,510,794)	1,510,794	-
Comprehensive income for the period	-	-	-	310,959,215	-	310,959,215	34,013,965	344,973,180
Balance at 30 September 2023	722,717,101	(5,051,601)	84,197,340	1,328,403,965	6,037,707	2,136,304,512	179,782,086	2,316,086,598

The accompanying notes from 1 to 24 are integral part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of cash flows For the nine months period ended 30 September 2023

(All amounts in Egyptian Pounds)	Note	30 September 2023	30 September 2022
Cash flows from operating activities			
Profit before tax		433,181,833	336,890,642
Adjustments to reconcile net income to cash flows from operating activities			
Fixed assets depreciation	4	110,777,932	97,390,122
Right of use depreciation	5	20,451,345	19,638,101
Profit from sale of fixed assets		4,419,862	(821,027)
Disposals of lease contracts		(21,707,543)	-
Intangible assets amortisation		11,916,963	11,916,963
Impairment of inventories	6	103,243	99,961
Impairment of trade receivables	8	33,435,040	(32,298,227)
Reversal of impairment of cash	9	1,688,051	571,693
Impairment of intangible assets		14,071,000	-
Provisions		9,065,904	10,243,264
Employees stock ownership Plan		12,294,179	12,388,000
Interests and commissions - Overdraft		38,520,896	10,129,980
Interests and commissions - Lease		15,516,914	18,843,992
Interest income		(18,105,110)	(33,743,616)
Operating profits before changes in assets and liabilities		665,630,509	451,249,848
Changes in assets and liabilities			
Change in inventories		(128,113,717)	(39,802,069)
Change in trade receivables		(207,398,138)	(65,188,019)
Change in debtors and other debit balances		(66,249,729)	(11,679,485)
Change in due from related parties		(2,123,118)	(944,779)
Change in Creditors and other credit balances		227,314,578	51,664,795
Change in working capital		489,060,382	385,300,291
Provision used		(17,809,400)	(12,368,840)
Income tax paid		(74,443,601)	(73,322,860)
Net cash flows generated from operating activities		396,807,381	299,608,591
Cash flows from investing activities			
Payments for purchase fixed assets	4	(119,026,650)	(123,680,226)
Payments for projects under construction		(370,761,940)	(132,050,888)
Proceeds from sale of fixed assets		1,486,160	2,191,388
Prepayments for purchasing fixed assets		(37,911,816)	10,768,601
Payments for investments		-	(11,000,000)
Interests received		18,134,203	33,287,599
Net cash flows used in investing activities		(508,080,043)	(220,483,526)
Cash flows from financing activities			
Payments of lease liabilities		(29,087,700)	(30,775,368)
Proceeds from bank overdraft		625,960,333	301,590,583
Payment of borrowings and bank overdraft		(608,377,667)	(109,315,034)
Proceeds from loans		214,649,903	20,758,663
Interests and commissions paid		(36,313,651)	(10,129,980)
Treasury shares		-	(665,735,836)
Dividends paid		(64,861,683)	(67,074,604)
Net cash flows used in financing activities		101,969,535	(560,681,576)
Change in cash and cash equivalents during the period		(9,303,128)	(481,556,511)
Cash and cash equivalents at the beginning of the period		347,434,402	847,525,002
Cash and cash equivalents at the end of the period	9	338,131,274	365,968,491

The accompanying notes from 1 to 24 are integral part of these interim condensed consolidated financial statements.

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2023

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

1. Introduction

Cleopatra Hospital Company the “parent company” previously (Lasheen and Partners) was established as a limited partnership on 19 July 1979. The decision of the Chairman of Investment Authority No. 4092 of 2005 was issued on 27 June 2005 authorising the conversion of the legal type of Cleopatra Hospital (Lasheen and Partners) from a "limited partnership" into Cleopatra Hospital Company "S.A.E." The Company was incorporated and is domiciled in the Arab Republic of Egypt. The Company is a public joint stock company and was incorporated in accordance with law no.95 of 1992.

The company is listed in the Egyptian Stock Exchange.

Principal activity

The Company's purpose is to establish a private hospital to provide advanced modern health and medical services, as well as the medical care of in-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.

Registered address and place of business.

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

Presentation currency

Presentation currency is Egyptian pound.

These interim condensed consolidated financial statements were approved for issue by the Parent Company's Board of Directors on 23 November 2023.

2. Basis of preparation

2.1 Statement of Compliance

This interim condensed consolidated financial statements for the nine-month reporting period ended 30 September 2023 have been prepared in accordance with Egyptian Accounting Standard 30 “Interim Financial Reporting”.

This interim condensed consolidated financial information does not include all the disclosures that would normally be disclosed in preparing the full annual financial statements. Therefore, this interim condensed consolidated financial information should be read with the annual consolidated financial statements of the Group on 31 December 2022.

The business results for the nine months ending at September 30, 2023 are not necessarily indicative of the business results for the fiscal year ending at December 31, 2023

The accounting policies used in preparing this interim condensed financial information are consistent with those used in preparing the annual financial statements for the fiscal year ending on 31 December 2022 and the fiscal periods Comparison.

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2023

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

2. Basis of preparation (continued)

2.1 Statement of Compliance (continued)

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

	<u>Relationship with Cleopatra Hospital</u>	<u>Country of incorporation</u>	<u>Percentage of ownership 30 September 2023</u>	<u>Percentage of ownership 31 December 2022</u>
Al-Shorouk Hospital Company S.A.E.	Subsidiary	Egypt	99.99%	99.99%
Nile Badrawi Hospital Company S.A.E.	Subsidiary	Egypt	99.99%	99.99%
Cairo Specialised Hospital Company S.A.E.	Subsidiary	Egypt	56.46%	56.46%
CHG for Medical Services Company S.A.E.	Subsidiary	Egypt	20% (Preference shares)	20% (Preference shares)
CHG Pharma for Pharmacies Management Company S.A.E.	Subsidiary	Egypt	98%	98%
CHG for hospitals S.A.E.	Subsidiary	Egypt	99.99%	99.99%
Bedaya El Gedida Company for Medical Centers and Hospitals S.A.E.	Subsidiary	Egypt	99.99%	99.99%
CHG Sky Hospital S.A.E.	Subsidiary	Egypt	99.99%	99.99%

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2023

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

2. Basis of preparation (continued)

2.2 Amended Egyptian accounting standards that the group has not yet applied and presentation currency.

The Minister of Investment issued Decision No. 883 of 2023 in March 2023, amending some provisions of Egyptian accounting standards, which include some new accounting standards and amendments to some existing standards. These amendments were published in the Accounting Standards in the Official Gazette on March 6, 2023. The most important amendments are summarized as follows, which are implemented for financial periods beginning on or after January 1, 2023. The Group did not choose to amend any of the following amendments in the financial statements for the financial period ending at September 30, 2023:

<u>Standard's name</u>	<u>Amendments to the Egyptian Accounting Standard "Fixed Assets" No. (10) and the Egyptian Accounting Standard No. (23) "Intangible Assets" related to depreciation and amortization</u>
The nature of the modification	The scope of the standard The scope of the standard has been amended to include "bearing plants". Measurement - An option to apply the revaluation model for fixed assets has been added - The fair value is determined by an estimate made by experts specialized in valuation and valuation among those registered in a register designated for that in the Financial Regulatory Authority. - Paragraph 20 / A has been added, according to which the facility must record the proceeds from the sale of any output produced during the delivery of the fixed asset to the condition necessary for it to be operable in the manner intended by the management within the profits or losses. Disclosures - Some new disclosures related to the re-evaluation form have been added.
The impact	There is no impact on the consolidated financial statements for the financial period ending on September 30, 2023. The management is currently evaluating the potential impact of the application on the financial statements.
Date of mandatory application/date of implementation by the Group	The amendments to add the option to use the revaluation model will be applied to the financial periods starting on or after January 1, 2023, with a retroactive effect, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus account within equity at the beginning of the financial period in which the company applies this model for the first time.

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2023

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

2. Basis of preparation (continued)

2.2 Amended Egyptian accounting standards that the group has not yet applied and presentation currency (continued)

<u>Standard's name</u>	<u>Egyptian Accounting Standard No. (23) "Intangible Assets".</u>
<u>The nature of the modification</u>	<p>The scope of the standard</p> <p>The scope of the intangible's standard has been amended to include the rights that the lessee retains under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents, and copyrights.</p> <p>Measurement</p> <ul style="list-style-type: none">- An option to apply the revaluation model for intangible assets has been added- The fair value is determined by an estimate made by experts specialized in valuation and valuation among those registered in a register designated for that in the Financial Supervisory Authority. <p>Disclosures</p> <p>Some new disclosures have been added to the re-evaluation form.</p>
<u>The impact</u>	<p>There is no impact on the consolidated financial statements for the financial period ending on September 30, 2023.</p>
<u>Date of mandatory application/date of implementation by the Group</u>	<p>The facility applies the amendments to add the option of using the revaluation model to the financial periods starting on or after January 1, 2023, retroactively, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation account within equity at the beginning of the financial period in which the facility applies This model for the first time.</p>
<u>Standard's name</u>	<u>Amendments to the Egyptian Accounting Standard "Fixed Assets" No. (10) and the Egyptian Accounting Standard No. (23) "Intangible Assets" related to depreciation and amortization</u>
<u>The nature of the modification</u>	<p>This amendment clarifies that a depreciation method that is based on revenue generated from an activity that includes depreciation of an asset may not be used. As the generation of revenue related to the asset reflects factors other than the consumption of economic benefits related to the asset.</p> <p>It is possible to refute this assumption in limited cases related to intangible assets when there is a close correlation between the volume of revenue and the intangible asset.</p>
<u>The impact</u>	<p>There is no impact on the consolidated financial statements for the financial period ending on September 30, 2023.</p> <ul style="list-style-type: none">• Applies to fiscal periods beginning on or after January 1, 2023.
<u>Date of mandatory application/date of implementation by the Group</u>	

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2023

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

2. Basis of preparation (continued)

2.2 Amended Egyptian accounting standards that the group has not yet applied and presentation currency (continued)

<u>Standard's name</u>	<u>Egyptian Accounting Standard No. (34) "Real Estate Investment"</u>
<u>The nature of the modification</u>	Measurement - An option to apply the fair value model for real estate investment has been added. - The fair value is determined by an estimate made by experts specialized in evaluation and valuation among those registered in a register designated for that in the Financial Supervisory Authority.
<u>The impact</u>	There is no impact on the consolidated financial statements for the financial period ending on September 30, 2023.
<u>Date of mandatory application/date of implementation by the Group</u>	The facility applies the amendments to add the option of using the revaluation model to the financial periods starting on or after January 1, 2023, retroactively, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation account within equity at the beginning of the financial period in which the facility applies This model for the first time.
<u>Standard's name</u>	<u>Egyptian Accounting Standard No. (36) "Exploration and Evaluation of Mineral Resources"</u>
<u>The nature of the modification</u>	Measurement - An option to use the re-evaluation model has been added, and it is processed according to the re-evaluation form in Fixed Assets Standard No. 10. - The evaluation is carried out by experts specialized in evaluation and valuation among those registered in a register designated for this purpose at the Ministry of Petroleum.
<u>The impact</u>	Disclosures Some new disclosures have been added to the re-evaluation form. There is no impact on the consolidated financial statements for the financial period ending on September 30, 2023.
<u>Date of mandatory application/date of implementation by the Group</u>	The facility applies the amendments to add the option of using the revaluation model to the financial periods starting on or after January 1, 2023, retroactively, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation account within equity at the beginning of the financial period in which the facility applies This model for the first time.

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2023

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

2. Basis of preparation (continued)

2.2 Amended Egyptian accounting standards that the group has not yet applied and presentation currency (continued)

Standard's name	<u>Egyptian Accounting Standard No. (49) "Lease Contracts"</u>
The nature of the modification	Measurement A revaluation model option has been added to all usufruct assets, if the usufruct asset is related to a category of fixed assets in which the lessee applies the revaluation model contained in Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation"
	Disclosures Some new disclosures have been added regarding the revaluation model in accordance with Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation".
The impact	There is no impact on the consolidated financial statements for the financial period ending on September 30, 2023.
Date of mandatory application/date of implementation by the Group	The facility applies the amendments to add the option of using the revaluation model to the financial periods starting on or after January 1, 2023, retroactively, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation account within equity at the beginning of the financial period in which the facility applies This model for the first time.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

Significant judgments used by management in applying the group's accounting policies and the main sources of estimation uncertainty are the same as those disclosed in the latest consolidated financial statements and for the financial year ended 31 December 2022.

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2023

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

2. Basis of preparation (continued)

2.5 Financial assets and financial liabilities

The Company holds the following financial instruments:

	Amortized cost	
	30 September 2023	31 December 2022
Financial assets		
Trade receivables before	799,837,357	592,439,221
Due from related parties	5,276,090	3,152,972
Debtors and other debit balances *	12,281,589	15,063,368
Cash on hand and at banks	338,131,274	347,434,402
	1,155,526,310	958,089,963

* Excluding prepayments, advances to suppliers, and withholding taxes.

	Amortized cost	
	30 September 2023	31 December 2022
Financial Liabilities		
Loan	302,683,030	88,033,127
Creditors and other credit balances **	754,162,184	521,996,773
Lease liabilities	134,315,415	194,442,401
Bank's overdraft	262,046,718	244,464,052
	1,453,207,347	1,048,936,353

** Excluding social insurance.

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

Notes to the consolidated interim financial statements - For the nine months period ended 30 September 2023

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

3. Segment reporting

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

Below is a summary of each segment, which is presented for the period ended 30 September 2023 for each segment:

Statement of financial position	Cleopatra Hospital Company		Cairo Specialised Hospital		Nile Badrawi Hospital		Al Shorouk Hospital		CHG Medical Services		CHG Pharma for management		Queens Hospitals		Al Kateb Hospitals		Bedaya El Gedida for Medical Centers and Hospitals		CHG SKY Hospital		Consolidated Hospital adjustment*		Total
	1,841,137,583	416,892,991	374,152,329	320,020,601	27,127,513	2,661,661	-	3,296,719	155,629,951	99,604,305	102,421,430	(883,213,078)	2,459,732,005										
Non-current assets	485,045,910	301,024,192	239,634,198	232,445,884	33,060,910	25,485,218	32,640,658	74,440,835	52,135,614	75,202,762	113,758,480	(132,145,653)	1,532,729,008										
Current assets	2,326,183,493	717,917,183	613,786,527	552,466,485	60,188,423	28,146,879	32,640,658	77,737,554	207,765,565	174,807,067	216,179,910	(1,015,358,731)	3,992,461,013										
Total assets	640,257,030	202,186,080	156,646,407	120,392,225	97,212,004	34,334,425	1,340,875	21,422,472	77,698,066	70,804,670	35,277,370	(229,023,406)	1,228,548,218										
Non-current liabilities	125,628,402	68,458,157	110,241,358	30,693,207	23,795,805	3,186,245	-	(430,394)	3,202,780	2,884,568	35,000,000	45,166,069	447,826,197										
Total Liabilities	765,885,432	270,644,237	266,887,765	151,085,432	121,007,809	37,520,670	1,340,875	20,992,078	80,900,846	73,689,238	70,277,370	(183,857,337)	1,676,374,415										
Statement of profit or loss:	930,828,345	537,640,029	385,022,533	423,232,293	82,411,727	44,404,691	-	-	89,491,772	62,118,299	-	(23,102,040)	2,532,047,649										
Revenue	(538,511,326)	(369,552,333)	(289,410,537)	(294,526,215)	(63,645,517)	(43,449,482)	-	-	(73,019,472)	(38,155,374)	-	20,925,392	(1,689,344,864)										
Cost of revenue	392,317,019	168,087,696	95,611,996	128,706,078	18,766,210	955,209	-	-	16,472,300	23,962,925	-	(2,176,648)	842,702,785										
Gross profit	(193,612,460)	(93,784,041)	(73,175,288)	(75,408,618)	(13,522,980)	(2,742,796)	(225,186)	(4,262,386)	(15,651,542)	(24,013,154)	(299,588)	(1,031,567)	(497,729,606)										
Other expenses and revenues	198,704,559	74,303,655	22,436,708	53,297,460	5,243,230	(1,787,587)	(225,186)	(4,262,386)	820,758	(50,229)	(299,588)	(3,208,215)	344,973,179										
Profit for the period	139,163,664	88,297,632	106,395,116	29,513,983	285,054	51,724	-	-	16,036,459	14,192,641	95,852,317	-	489,788,590										
Capital expenditure	29,761,611	23,140,362	17,761,898	22,989,911	220,340	19,733	-	-	1,135,751	5,916,545	4,087,194	-	5,744,587										
Fixed assets depreciation																							

* Consolidated adjustment is mainly represented by elimination of intercompany balances, transactions and consolidation adjustments for investment in subsidiaries.

** Based on the closure of the hospital on May 30, 2023 and the decision of the Board of Directors on July 6, 2023, all operations and operating activities of Queen's Hospital (one of the company's subsidiaries) were suspended and were excluded from the company and considered among the non-continuing operations

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

Notes to the consolidated interim financial statements - For the nine months period ended 30 September 2023

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

3. Segment reporting (continued)

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

Statement of financial position	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG for Medical Services	CHG Pharma for management	CHG for Hospitals	Queens Hospitals	Al Kateb Hospitals	Bedaya El Gedida for Medical Centers and Hospitals	CHG SKY Hospital	Consolidated adjustment*	Total
Non-current assets	1,644,670,640	351,715,466	288,891,045	314,891,373	33,580,003	3,163,143	-	64,974,500	143,338,304	91,548,692	6,569,114	(795,464,370)	2,147,877,910
Current assets	337,431,210	190,785,262	207,844,535	178,251,501	23,149,902	14,570,552	32,640,658	77,328,280	26,180,904	59,066,363	82,710,545	(94,468,665)	1,135,491,047
Total assets	1,982,101,850	542,500,728	496,735,580	493,142,874	56,729,905	17,733,695	32,640,658	142,302,780	169,519,208	150,615,055	89,279,659	(889,933,035)	3,283,368,957
Current liabilities	549,109,605	134,265,495	97,518,839	109,512,367	90,690,373	21,457,970	1,115,689	28,264,647	39,928,098	15,469,717	1,266,247	(165,521,819)	923,077,228
Non-current liabilities	20,985,896	25,604,134	69,951,018	27,269,432	32,102,148	3,861,929	-	69,948,933	3,547,149	33,260,609	-	46,409,916	332,941,164
Total Liabilities	570,095,501	159,869,629	167,469,857	136,781,799	122,792,521	25,319,899	1,115,689	98,213,580	43,475,247	48,730,326	1,266,247	(119,111,903)	1,256,018,392
Statement of profit or loss:													
Revenue	1,014,052,500	525,559,329	378,418,379	439,722,048	87,646,799	48,036,184	-	30,388,796	48,998,403	68,886,213	-	(27,287,481)	2,614,421,170
Cost of revenue	(573,406,102)	(358,271,371)	(286,979,023)	(314,547,047)	(67,173,514)	(45,405,318)	-	(22,341,515)	(57,778,172)	(39,401,570)	-	24,197,547	(1,741,106,085)
Gross profit	440,646,398	167,287,958	91,439,356	125,175,001	20,473,285	2,630,866	-	8,047,281	(8,779,769)	29,484,643	-	(3,089,934)	873,315,085
Other expenses and revenues	(197,848,076)	(97,034,893)	(64,950,868)	(76,466,648)	(18,544,032)	(3,319,523)	(359,336)	(10,001,395)	(14,810,906)	(32,450,276)	513,413	(1,310,706)	(516,583,246)
Profit for the year	242,798,322	70,253,065	26,488,488	48,708,353	1,929,253	(688,657)	(359,336)	(1,954,114)	(23,590,675)	(2,965,633)	513,413	(4,400,640)	356,731,839
Other Items													
Capital expenditure	77,648,177	85,100,844	58,558,885	102,561,496	459,680	80,782	-	365,942	11,914,328	8,011,679	6,569,114	-	350,811,247
Fixed assets depreciation	39,036,628	26,723,229	21,032,836	24,207,781	224,983	15,548	-	3,300,858	5,408,666	4,597,951	-	8,575,523	133,124,003

* Consolidated adjustment is mainly represented by elimination of intercompany balances, transactions and consolidation adjustments for investment in subsidiaries.

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

3. Segment reporting (continued)

Below is a summary of each segment, which is presented for the period ended 30 September 2022 for each segment:

Statement of financial position	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG for Medical Services	CHG for Pharmacies management	CHG for Hospitals	Queens Hospitals	Al Kateb Hospitals	Bedaya El Gedida for Medical Centers and Hospitals	CHG Sky hospital,	Consolidation adjustment	Total
Non-current assets	1,547,562,625	347,541,472	264,271,252	303,904,617	36,179,288	3,292,268	-	67,461,952	140,066,725	90,678,887	3,310,983	(696,228,111)	2,108,041,958
Current assets	408,977,263	170,618,348	172,288,007	210,366,809	21,161,359	13,159,752	32,640,658	78,235,036	25,178,307	59,247,280	32,603,103	(174,962,792)	1,049,513,130
Total assets	1,956,539,888	518,159,820	436,559,259	514,271,426	57,340,647	16,452,020	32,640,658	145,696,988	165,245,032	149,926,167	35,914,086	(871,190,903)	3,157,555,088
Current liabilities	538,439,768	139,898,141	92,196,625	140,730,397	91,502,935	19,556,439	1,032,658	29,189,239	30,908,397	17,251,380	689,120	(200,624,640)	900,770,459
Non-current liabilities	55,319,706	18,205,892	21,411,571	27,735,919	34,551,491	4,054,698	-	68,270,571	3,140,823	29,513,709	-	46,892,085	309,096,465
Total Liabilities	593,759,474	158,104,033	113,608,196	168,466,316	126,054,426	23,611,137	1,032,658	97,459,810	34,049,220	46,765,089	689,120	(153,732,555)	1,209,866,924
Statement of profit or loss:													
Operating revenue	748,656,457	372,014,539	273,721,529	318,796,424	61,169,454	34,458,726	-	-	31,528,884	51,349,900	-	(19,855,625)	1,871,840,288
Operating costs	(422,629,099)	(256,517,505)	(208,133,716)	(224,933,124)	(48,069,607)	(32,466,997)	-	-	(41,220,679)	(29,060,550)	-	17,550,142	(1,245,481,135)
Gross profit	326,027,358	115,497,034	65,587,813	93,863,300	13,099,847	1,991,729	-	-	(9,691,795)	22,289,350	-	(2,305,483)	626,359,153
Other expenses and revenues	(139,852,917)	(67,819,284)	(45,413,985)	(55,710,912)	(13,821,757)	(2,253,299)	(276,305)	2,193,862	(9,541,323)	(23,959,709)	224,966	(1,231,919)	(359,217,354)
Profit for the period	186,174,441	47,677,750	20,173,828	38,152,388	(721,910)	(261,570)	(276,305)	2,193,862	(19,233,118)	(1,670,359)	224,966	(3,537,400)	267,141,799
Other Items													
Capital expenditure	54,683,832	73,151,300	27,618,501	83,213,662	351,018	20,312	-	365,942	7,564,137	5,451,427	3,310,983	-	255,731,114
Fixed assets depreciation	28,800,370	19,386,120	15,308,563	16,865,628	160,648	3,751	-	2,473,808	4,534,764	3,424,827	-	6,431,643	97,390,122

* Consolidated adjustment is mainly represented by elimination of intercompany balances, transactions and consolidation adjustments for investment in subsidiaries.

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4. Fixed Assets

	Lands	Machinery, equipment and devices	Furniture	Buildings	Vehicles	Computers	Projects under construction	Total
At 1 January 2022								
Cost	173,240,262	675,007,435	134,976,073	658,603,504	20,518,537	136,484,247	122,618,821	1,921,448,879
Accumulated depreciation	-	(304,249,103)	(50,127,080)	(135,487,954)	(10,196,264)	(69,663,056)	-	(569,723,457)
Net book value	173,240,262	370,758,332	84,848,993	523,115,550	10,322,273	66,821,191	122,618,821	1,351,725,422
Year ended 31 December 2022								
Opening net book value	173,240,262	370,758,332	84,848,993	523,115,550	10,322,273	66,821,191	122,618,821	1,351,725,422
Additions	-	128,830,449	16,777,434	1,513,754	-	14,544,695	189,604,595	351,270,927
Disposals	-	(9,980,156)	(4,193,733)	(220,000)	(1,606,042)	(718,334)	-	(16,718,265)
Transfers from projects under construction	-	1,265,886	19,565,319	72,275,065	-	4,025,101	(97,131,371)	-
Depreciation for the year	-	(59,282,606)	(18,654,591)	(24,419,422)	(4,255,730)	(26,511,654)	-	(133,124,003)
Accumulated depreciation of disposal	-	8,673,706	3,998,126	-	757,917	672,799	-	14,102,548
Closing net book value	173,240,262	440,265,611	102,341,548	572,264,947	5,218,418	58,833,798	215,092,045	1,567,256,629
At 31 December 2022								
Cost	173,240,262	795,123,614	167,125,093	732,172,323	18,912,495	154,335,709	215,092,045	2,256,001,541
Accumulated depreciation	-	(354,858,003)	(64,783,545)	(159,907,376)	(13,694,077)	(95,501,911)	-	(688,744,912)
Net book value	173,240,262	440,265,611	102,341,548	572,264,947	5,218,418	58,833,798	215,092,045	1,567,256,629
At 30 September 2023								
Opening net book value	173,240,262	440,265,611	102,341,548	572,264,947	5,218,418	58,833,798	215,092,045	1,567,256,629
Additions	-	72,827,172	13,650,767	6,434,101	17,195,000	8,919,610	370,761,940	489,788,590
Disposals	-	(8,283,012)	(1,246,461)	(512,208)	(3,527,298)	(2,715,222)	-	(16,284,201)
Write-off	-	-	-	-	-	-	(2,669,840)	(2,669,840)
Transfers from projects under construction	-	43,840,111	221,080	2,958,793	-	356,501	(47,376,485)	-
Depreciation for the period	-	(51,685,246)	(16,109,043)	(20,286,671)	(2,165,198)	(20,531,774)	-	(110,777,932)
Accumulated depreciation of disposal	-	6,850,350	1,006,165	126,483	3,506,847	1,558,173	-	13,048,018
Balance at 30 September 2023	173,240,262	503,814,986	99,864,056	560,985,445	20,227,769	46,421,086	535,807,660	1,940,361,264
Cost	173,240,262	903,507,885	179,750,479	741,051,119	32,580,197	160,896,600	535,807,660	2,726,834,202
Accumulated depreciation	-	(399,692,899)	(79,886,423)	(180,065,674)	(12,352,428)	(114,475,514)	-	(786,472,938)
Net book value at the period end	173,240,262	503,814,986	99,864,056	560,985,445	20,227,769	46,421,086	535,807,660	1,940,361,264

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

4. Fixed Assets (Continued)

The value of the projects under implementation that were financed through the Ahli United Bank loan for the purpose of renovating and developing hospitals is 333,638,050 Egyptian pounds, and the value of interest and bank commissions charged at a value of 13,861,197 Egyptian pounds, as Egyptian Accounting Standard No. 14 Borrowing Costs was applied, and according to the principles of Standard No. 14 Borrowing costs (interests) directly related to the acquisition of an asset or the construction of an asset are charged to this asset as part of the cost, provided that the asset is eligible for capitalization in a specific period of time.

5. Right-of-use assets

The Egyptian Standard No. (49) “Leasing Contracts” has been applied in two phases as follows:

The first stage relates to lease contracts that were subject to Law (95) for the year 1995 starting on or after 1 January 2019. which are lease contracts related to medical equipment and measured at the beginning of the contract at a value equal to the value of the lease obligations in addition to rental expenses and subsequently depreciated over the life of the lease contracts using the straight-line method.

The second phase represents lease contracts related to buildings that were subject to Law (95) for the year 1995 starting on or after 1 January 2021 and measured at a carrying amount as if the standard had been applied since inception of the lease but discounted using the lending rate to the lessee at the date of application. and it is subsequently depreciated over the life of the lease using the straight-line method.

	<u>30 September 2023</u>	<u>31 December 2022</u>
Machinery and equipment		
Beginning balance for the period/year	14,702,650	16,818,578
Depreciation during the period/year	(1,586,946)	(2,115,928)
Total – machinery and equipment	<u>13,115,704</u>	<u>14,702,650</u>
Buildings		
Beginning balance for the period/year	134,459,286	157,873,037
Settlements	(327,604)	(4,157,171)
Additions for the period /year	31,241,925	5,369,594
Disposals for the period year	(56,090,553)	(785,421)
Depreciation for the period /year	(17,865,363)	(19,599,660)
Discontinued operations	(999,036)	(4,241,093)
Total	<u>90,418,656</u>	<u>134,459,286</u>
	<u>103,534,359</u>	<u>149,161,936</u>

Lease payments are discounted using the interest rate implicit in the lease, if this rate cannot be determined, the lessee's borrowing rate is used, which is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions, an average interest rate of 11.15% was used.

* The value of exclusions during the financial period ending on September 30, 2023 represents the value of the usufruct of Queens Hospital after terminating the lease on May 30, 2023 and considering it as part of discontinued operations.

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

6. Inventories

	<u>30 September 2023</u>	<u>31 December 2022</u>
Medical supply inventory	154,024,242	64,489,857
Medicine inventory	76,533,761	39,735,167
Hospitality inventory	2,801,595	1,548,385
Stationary inventory	1,692,154	1,752,880
Maintenance and spare parts inventory	1,545,409	1,092,657
Food and beverage inventory	326,561	191,059
	<u>236,923,722</u>	<u>108,810,005</u>
Less: Impairment of inventory	(892,524)	(789,281)
	<u>236,031,198</u>	<u>108,020,724</u>

Movement in the provision for inventory is as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>	<u>30 September 2022</u>
Balance at the beginning of the period / year	789,281	468,972	468,972
Provisions formed during the period / year	324,893	686,895	222,294
Provisions no longer required during the period / year	-	(160,636)	(122,333)
Used during the period / year	(221,650)	(205,950)	-
Balance at the end of the period / year	<u>892,524</u>	<u>789,281</u>	<u>568,933</u>

7. Trade receivables

	<u>30 September 2023</u>	<u>31 December 2022</u>
Trade receivables	779,972,918	579,083,205
Inpatients	19,864,439	13,356,016
	<u>799,837,357</u>	<u>592,439,221</u>
Less: Expected credit losses	(120,518,127)	(87,083,087)
	<u>679,319,230</u>	<u>505,356,134</u>

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

The Group applies the EAS no. (47) is simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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

7. Trade receivables (continued)

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

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

Trade receivables	30 September 2023			Net carrying value
	Loss Rate	Gross carrying amount	Lifetime ECL	
- current until less than 30 days overdue	0.2%	509,137,695	1,241,832	507,895,863
- 31 to 60 days overdue	2%	68,793,394	1,648,519	67,144,875
- 61 to 90 days overdue	5%	38,959,481	2,080,123	36,879,358
- 91 to 120 days overdue	10%	22,743,096	2,212,253	20,530,843
- 121 to 360 days overdue	26%	53,727,455	13,848,579	39,878,876
- 361 to 720 days overdue	46%	13,032,133	6,042,718	6,989,415
- More than 720 days	100%	93,444,103	93,444,103	-
		799,837,357	120,518,127	679,319,230

Trade receivables	31 December 2022			Net carrying value
	Loss Rate	Gross carrying amount	Lifetime ECL	
- current until less than 30 days overdue	0.2%	396,045,019	981,582	395,063,437
- 31 to 60 days overdue	2%	43,908,049	976,967	42,931,082
- 61 to 90 days overdue	4%	20,589,638	775,431	19,814,207
- 91 to 120 days overdue	8%	12,943,079	1,055,967	11,887,112
- 121 to 360 days overdue	28%	40,768,725	11,419,488	29,349,237
- 361 to 720 days overdue	44%	11,199,388	4,888,329	6,311,059
- More than 720 days	100%	66,985,323	66,985,323	-
		592,439,221	87,083,087	505,356,134

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

Notes to the consolidated interim financial statements For the nine months period ended 30 September 2023

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

7. Trade receivables (continued)

The movement in the impairment consists of the following:

	<u>30 September 2023</u>	<u>31 December 2022</u>	<u>30 September 2022</u>
Balance at the beginning of the period / year	87,083,087	129,839,577	129,839,577
Formed during the period / year	38,308,280	34,825,615	29,580,272
Used during the period / year	(3,035,963)	(69,258,483)	(53,263,040)
No longer required during the period / year	(1,911,314)	(6,197,609)	(6,673,327)
Discontinued operation	74,037	(2,126,013)	(1,942,132)
	<u>120,518,127</u>	<u>87,083,087</u>	<u>97,541,350</u>

8. Debtors and other debit balances

	<u>30 September 2023</u>	<u>31 December 2022</u>
Advances to suppliers	199,422,229	131,893,622
Prepaid expenses	30,835,811	14,790,848
Withholding taxes	14,266,543	11,072,891
Deposits with others	5,716,973	5,699,554
Employee's custodies	863,512	179,631
Accrued income	336,491	365,584
Other debtors	25,511,622	8,818,599
	<u>276,953,181</u>	<u>172,820,729</u>
Less: ECL of other debit balances during the period / year	(2,784)	(2,784)
	<u>276,950,397</u>	<u>172,817,945</u>

The movement of the provision for ECL during the period / year is as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>	<u>30 September 2022</u>
Balance at 1 January	2,784	2,784	2,784
	<u>2,784</u>	<u>2,784</u>	<u>2,784</u>

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

Notes to the consolidated interim financial statements For the nine months period ended 30 September 2023

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

9. Cash and cash equivalent

	30 September 2023	31 December 2022
Current accounts	329,655,030	222,933,856
Time deposit	165,000	21,161,530
Cash on hand	8,126,183	4,438,994
Treasury bills	185,061	98,900,022
Deduct: Cash and cash equivalents impairment	(2,979,181)	(1,291,130)
	335,152,093	346,143,272

Financial assets at amortized cost - treasury bills are as follows:

	30 September 2023	31 December 2022
Treasury Bills (Maturity 31 days)	200,000	50,000,000
Treasury Bills (Maturity 61 days)	-	50,000,000
Less: Unearned revenue	(14,939)	(1,099,978)
	185,061	98,900,022

- Treasury bills are entitled to a constant annual return of 15% after taxes on 30 September 2023 (31 December 2022: 11.20% and 11.40%).
- The fair value of the treasury bills does not differ materially from the book value. as all maturities of treasury bills are short-term.
- Credit risk rating for treasury bills is B3.
- Current accounts deposited in Egyptian Pounds are subject to a fixed annual rate of 10% to 10.5% (31 December 2022: from 7% to 7.5%)

Movement in the impairment is as follows:

	30 September 2023	31 December 2022	30 September 2022
Balance at the beginning of the period / year	1,291,130	1,545,489	1,545,495
Formed during the period / year	2,332,832	1,548,434	1,489,828
No longer required	(644,781)	(1,802,793)	(918,135)
Ending balance at the ending of the period / year	2,979,181	1,291,130	2,117,188

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

	30 September 2023	30 September 2022
Cash and bank balances	337,946,213	270,761,063
Treasury bills with maturities of 3 months or less	185,061	95,207,428
Total	338,131,274	365,968,491

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

Notes to the consolidated interim financial statements For the nine months period ended 30 September 2023

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

10. Non-controlling interests

	Capital	Reserves	Retained earnings	NCI share in acquisition adjustments	Total
Balance at 1 January 2022	34,074,639	8,717,409	77,829,833	120,184	120,742,065
Employee profit share	-	-	(4,659,818)	-	(4,659,818)
Legal reserve	-	1,361,138	-	-	1,361,138
Comprehensive income for the year	-	-	30,968,911	-	30,968,911
Balance at 31 December 2022	34,074,639	10,078,547	104,138,926	120,184	148,412,296
Balance at 1 January 2023	34,074,639	10,078,547	104,138,926	120,184	148,412,296
Employee profit share	-	-	(4,154,969)	-	(4,154,969)
Legal reserve	-	1,510,794	-	-	1,510,794
Comprehensive income for the period	-	-	34,013,965	-	34,013,965
Balance at 30 September 2023	34,074,639	11,589,341	133,997,922	120,184	179,782,086

11. Loans

30 September 2023	Current	Non-current	Total
Loans	40,152,455	262,530,575	302,683,030
Total	40,152,455	262,530,575	302,683,030
31 December 2022	Current	Non-current	Total
Loans	-	88,033,127	88,033,127
Total	-	88,033,127	88,033,127

- On October 27, 2021, Cleopatra Hospital Company signed a medium-term loan contract with Ahli United Bank, with a total amount of 145 million Egyptian pounds, with a return of 0.65% in addition to the lending rate announced by the Central Bank.
- On August 10, 2022, Cleopatra Hospital Company, Nile Badrawi Hospital Company, and Cairo Specialist Hospital Company signed an appendix to the loan contract from Ahli United Bank. The following are the most important terms of the contract:
- Increasing the financing amount to 285 million Egyptian pounds and it will be divided among the companies as follows:
 - Cleopatra Hospital Company 45 million Egyptian pounds
 - Cairo Specialist Hospital Company 90 million Egyptian pounds
 - Nile Badrawi Hospital Company 150 million Egyptian pounds

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

Notes to the consolidated interim financial statements For the nine months period ended 30 September 2023

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

11. Loans (continued)

- The purpose of the loan is to finance and/or refinance the capital needs and renovation of the group's hospitals starting from 2021. including medical equipment. medical beds. medical and non-medical furniture. as well as internal development of movables (finishes. electromechanical equipment. and power station).
- The validity of this contract begins for a period of six years and six months from the date of signing the financing contract on 27 October 2021. with the group being granted a grace period of a maximum of one year and six months ending on 31 December 2023. and a grace period (applied to repayment of the principal) of one year and six Months ending on 31 January 2024. and in the event that the entire amount of financing is not withdrawn during the aforementioned grace period. the unwithdrawn part will be automatically cancelled, and the bank is not obligated to lend the group any amounts other than what has been withdrawn from the financing amount.
- The group is committed to repaying the total financing amount in 20 quarterly instalments. with the first instalments starting on 31 December 2024.

Financial ratios

According to the terms of the contract. the company is committed to achieving the following financial ratios:

- The financial leverage of the group should not exceed 0.7 and that of the Nile Badrawi Hospital Company should not be less than 1.
- The debt service ratio should not be less than 1.3.
- The liquidity ratio should not be less than 1.
- On June 5, 2023, CHG Sky Hospital (a subsidiary) signed a medium-term loan contract with a total amount of 1,339,573,000 Egyptian pounds (only one billion three hundred thirty-nine million five hundred seventy-three thousand Egyptian pounds only) to finance The company's capital expansions related to finishing, furnishing and equipping Sky Hospital with a debit return of 0.5% in addition to the corridor return for lending announced by the Central Bank of Egypt for the first nine months from the date of activation of the facility and with a debit return of 0.9% in addition to the return of the corridor for lending announced by the Central Bank of Egypt Starting from the tenth month.

The amount will be paid in 24 instalments starting from June 30, 2026, and ending on December 31, 2032.

- 35 million was withdrawn from the total loan value for the financial period for the nine-month period ending on September 30, 2023.

According to the terms of the contract, the company is committed to achieving the following financial ratios:

- The financial leverage should not exceed the following
- | <u>2026</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> | <u>2030</u> | <u>2031</u> | <u>2032</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 5.18 | 1.85 | 1.98 | 1.14 | 0.94 | 0.65 | 0.46 |

- The debt service rate should not be less than 1

- The value of capital expansions should not exceed the following in each fiscal year

<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>
68,380,000	8,117,000	9,404,000	10,663,000	12,252,000	13,960,000	17,291,000

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

Notes to the consolidated interim financial statements For the nine months period ended 30 September 2023

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

12. Trade and other payables

	<u>30 September 2023</u>	<u>31 December 2022</u>
Trade and other payables	431,986,943	253,631,129
Accrued expenses	258,590,603	228,526,996
Social insurance	9,311,838	8,753,744
Dividends payable	4,113,970	3,074,547
Other creditors	59,470,668	36,764,101
	<u>763,474,022</u>	<u>530,750,517</u>

13. Lease liabilities

The lease liabilities represent the present value of the lease obligations related to medical equipment (first stage - Note 8) entered by one of the group companies and lease contracts for buildings (second stage). It was measured at the present value of the contractual lease payments discounted at an implied rate of return in the range between 11.15% and 16.65%.

	<u>30 September 2023</u>	<u>31 December 2022</u>
Undiscounted		
During the period/year	42,074,647	38,983,371
More than a period/year	130,916,013	305,552,641
	<u>172,990,660</u>	<u>344,536,012</u>
The present value of the lease obligations is as follows:		
During the period/year	42,074,647	38,983,371
More than a period/year	92,240,768	155,459,030
Balance	<u>134,315,415</u>	<u>194,442,401</u>
	<u>30 September 2023</u>	<u>31 December 2022</u>
Lease Liabilities were presented as follows:		
Lease liabilities shown as at 31 December 2022	194,442,401	211,458,082
Adjustments	1,055,230	(3,589,929)
Add: Additions during the period /year	31,241,896	5,142,778
Add: Interest formed during the period /year	13,309,669	15,282,665
Add: Discontinued operation during the period /year	2,207,245	7,848,330
Deduct: Disposal during the period /year	(77,798,096)	(965,001)
Deduct: Payments during the period / year	(30,142,930)	(40,734,524)
Lease liabilities at 30 September 2023	<u>134,315,415</u>	<u>194,442,401</u>

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

Notes to the consolidated interim financial statements For the nine months period ended 30 September 2023

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

14. Revenue

	Nine months ended 30 September		Three months ended 30 September	
	2023	2022	2023	2022
Surgeries revenue	548,205,016	403,987,279	212,114,188	154,041,483
Accommodation and medical supervision revenue	462,062,363	374,677,120	179,848,933	128,082,231
Outpatient clinics revenue	292,848,465	214,505,220	100,205,742	78,117,719
Laboratories revenue	274,141,625	208,544,501	100,341,496	72,558,324
Cardiac catheterization revenue	200,305,402	133,706,506	67,421,567	39,279,678
Service charge revenue	183,719,001	132,894,502	67,733,867	47,898,288
Radiology revenue	165,030,163	131,842,437	57,758,238	44,238,573
Pharmacy revenue	153,817,887	101,648,319	64,801,927	37,134,702
Emergency revenue	87,389,669	65,946,229	32,318,961	23,225,637
Physiotherapy revenue	49,258,299	19,501,086	21,748,716	7,964,029
Revenues of oncology centre	28,023,929	27,584,873	9,971,338	8,422,357
Endoscopy revenue	26,290,790	20,541,151	9,811,475	8,618,720
Cardiac tests revenue	26,283,231	14,882,504	9,234,492	4,589,789
Dentistry revenue	10,278,407	11,781,703	3,931,005	3,616,318
Other departments revenues	24,393,402	9,796,858	10,269,087	2,765,016
	2,532,047,649	1,871,840,288	947,511,032	660,552,864

* “Service charge” does not represent a separate performance obligation but is a surcharge at a fixed percentage rate applied to all revenue streams except for sale of medicines.

All types of revenue are recognized at a point in time except accommodation and medical supervision are recognized over time, as shown:

	30 September 2023	30 September 2022
At a point in time	2,069,985,286	1,497,163,168
Over time -Accommodation and medical supervision revenue	462,062,363	374,677,120
	2,532,047,649	1,871,840,288

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

**Notes to the consolidated interim financial statements
For the nine months period ended 30 September 2023**

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

15. Cost of revenue

	Nine months ended 30 September		Three months ended 30 September	
	2023	2022	2023	2022
Medical and pharmaceutical supplies	542,999,654	361,629,944	213,873,757	126,447,972
Doctors' fees	414,203,027	318,331,883	153,517,922	113,223,304
Salaries, wages and benefits	402,165,897	329,239,490	139,577,373	110,873,338
Fixed assets depreciation	88,485,695	74,261,128	30,352,626	26,580,286
Maintenance, spare parts and energy expenses	77,174,599	55,758,495	27,377,916	18,229,795
consumables costs	52,036,778	34,110,914	17,650,980	12,726,401
Services from others	41,675,709	26,505,760	14,181,882	8,915,419
Right of use amortization	11,888,323	11,563,459	4,201,870	3,838,662
Other expenses	58,715,182	34,080,062	25,805,757	15,942,469
	1,689,344,864	1,245,481,135	626,540,083	436,777,646

16. General and administrative expenses

	Nine months ended 30 September		Three months ended 30 September	
	2023	2022	2023	2022
Salaries, wages, and benefits	150,489,833	140,789,658	51,926,213	46,212,177
Maintenance, spare parts and energy expenses	29,732,182	14,671,700	12,622,263	4,815,408
Professional and consulting fees	29,339,702	20,558,106	7,696,673	6,428,260
Service from others	22,158,089	17,944,089	7,426,659	6,519,737
Fixed assets depreciation	21,156,485	20,655,187	6,903,792	6,603,308
Intangible amortization	11,916,963	11,916,963	3,972,321	3,972,321
Right of use amortization	7,563,986	3,625,418	2,277,377	429,135
consumables costs	2,517,437	1,733,009	663,252	513,280
Other expenses	58,814,142	40,687,710	21,817,652	16,869,208
	333,688,819	272,581,840	115,306,202	92,362,834

17. impairment on financial assets

	Nine months ended 30 September		Three months ended 30 September	
	2023	2022	2023	2022
Impairment in trade receivables	36,396,966	22,906,945	12,837,176	3,676,600
Impairment in cash at banks	1,688,051	571,693	865,510	493,865
	38,085,017	23,478,631	13,702,686	4,170,465

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

Notes to the consolidated interim financial statements For the nine months period ended 30 September 2023

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

18. Result from discontinued operations

	Nine months ended 30 September		Three months ended 30 September	
	2023	2022	2023	2022
Discontinued operations	12,656,276	3,183,207	-	(4,503,522)
Impairment of intangible assets	(14,071,000)	-	-	-
	(1,414,724)	3,183,207	-	(4,503,522)
Tax on discontinued operations	(2,847,662)	(989,345)	-	443,871
Profit after income tax from discontinued operations	(4,262,386)	2,193,862	-	(4,059,651)

19. Earnings per share

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

	Nine months ended 30 September		Three months ended 30 September	
	2023	2022	2023	2022
Distributable profit	310,959,215	246,932,144	119,721,484	82,505,298
Weighted average number of shares	1,441,509,083	1,516,968,223	1,441,509,083	1,516,968,223
Earnings per share	0.22	0.16	0.09	0.05

The weighted average number of shares is adjusted to take into account the shares held under the bonus and incentive scheme for employees, directors and executive board members.

Earnings per share from continuing operations:

Basic earnings per share for the period from continuing operations is calculated by dividing the net profit for the period from continuing operations attributable to shareholders of the Company by the weighted average number of shares outstanding during the period after excluding employee dividends.

	Nine months ended 30 September		Three months ended 30 September	
	2023	2022	2023	2022
Profit for the period from continuing operations	315,221,601	244,738,282	119,721,484	86,564,949
Weighted average number of shares	1,441,509,083	1,516,968,223	1,441,509,083	1,516,968,223
Earnings per share from continuing operations	0.22	0.16	0.09	0.05

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

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

20. Related parties' transactions

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

Balances of financial position

<u>(Related parties)</u>	<u>Nature of transaction</u>	<u>Balance due from / (to) related parties 30 September 2023</u>	<u>Balance due from / (to) related parties 31 December 2022</u>
Other parties	Expenses paid on behalf of the Company	5,276,090	3,152,972
		<u>5,276,090</u>	<u>3,152,972</u>

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

21. Commitments

Capital commitments:

Capital commitments at financial period end, which are not yet due, amounted to EGP 109,881,068 (31 December 2022: EGP 1,110,636,050), which represent the capital commitments to purchase of fixed assets and projects under constructions.

22. Treasury shares

On February 2, 2022, the Board of Directors unanimously approved that the company purchase treasury shares from the open market, provided that execution takes place on the price of the security during the trading sessions. From the session on 27 February 2022, until the purchase of treasury shares amounting to a maximum of 10% of the total shares of the company, without the participation of any of the main or internal shareholders and their associated groups in accordance with the law.

Based on the decision of the Board of Directors, the company purchased 160,737,312 shares of its shares from the stock market for a total amount of EGP 766,026,840, and they were offered by deduction from the ownership rights of the treasury shares, and on December 6, 2022, The Board of Directors unanimously decided to convert 2,298,784 shares of treasury shares owned by the Company into ESOP shares. Accordingly, the Board unanimously agreed on converting 2,298,784 shares of treasury shares owned by the Company into ESOP shares, in order to enable the Company to fulfil its obligation towards the beneficiaries of the plan, and it shall be distributed to the beneficiaries in accordance with the regulating rules.

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

Notes to the consolidated interim financial statements For the nine months period ended 30 September 2023

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

23. Significant and Subsequent events

During the month of May 2023, the company's management decided to stop the activity of Queen's Hospital and to close the company's branch located at 4 Sheikh Nour El-Din Street – Queen's Hospital – Heliopolis after the hospital contract was terminated. It was approved by the company's board of directors on July 6, 2023, and Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Non-Continuing Operations has been applied to Queen's Hospital Company and the results of its business within the non-continuing operations are presented in the consolidated periodic abbreviated statements on September 30, 2023.

On February 13, 2020, the Cleopatra Hospital Company, the General Authority for River Transport, the Nile Badrawi Hospital Company, and the heirs of Engineer Hassan Badrawi signed a comprehensive and final settlement agreement, according to which it was agreed to resolve, settle, and end all disputes and claims related to the land on which the Nile Badrawi Hospital was built. The total settlement amounted to 36 million pounds, noting that part of the settlement falls within the limits of the amounts deducted from the sale price of Nile Badrawi Hospital shares in favour of Cleopatra Hospital. Concerning the land subject to settlement, On March 31, 2021, the Administrative Court issued a ruling accepting the case in form and rejecting it in substance. Cairo Governorate and the Nile Badrawi Hospital Company appealed the aforementioned ruling before the Supreme Administrative Court, and a session was set for June 21, 2022, so that both parties submit settlement contracts drawn up between the parties. The consideration of the appeal has been adjourned to a session on February 7, 2023, to take measures for the intervention of the heirs of the late Hassan Badrawi, and to review and review notes for whomever he wants.

24. Discontinued Operation

Based on the hospital closure on May 30th, 2023, based on the decision of the Board of Directors on 6, 2023, all operations and operating activities of Queen's Hospital were closed and suspended in preparation for its exclusion from the group and its consideration as part of the non-continuing operations

Egyptian Pounds)	Nine months ended 30 September		Three months ended 30 September	
	2023	2022	2023	2022
Operating Revenue	-	30,349,001	-	(43,910)
(Less)				
Operating Cost	(1,939,553)	(21,029,092)	-	(2,144,232)
Gross profit	(1,939,553)	9,319,909	-	(2,188,142)
Add / (Less)				
General and administrative expenses	(793,802)	(4,188,730)	-	(93,640)
Impairment of intangible assets	(74,037)	1,942,132	-	-
Net impairment losses on financial assets	124,613	(1,173,051)	-	(91,002)
Provisions	(59,542,994)	26,330	-	26,316
Other expense	20,914	3,797,205	-	28,554
Finance income	74,861,135	(6,540,588)	-	(2,185,608)
Finance expenses	(793,802)	(4,188,730)	-	(93,640)
Profit for the period before income tax	12,656,276	3,183,207	-	(4,503,522)
Tax on discontinued operations	(2,847,662)	(989,345)	-	443,871
Profit after income tax	9,808,614	2,193,862	-	(4,059,651)