

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

**AUDITOR'S REPORT AND
THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Consolidated financial statements - For the year ended 31 December 2021

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Auditor's report

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Cleopatra Hospital Company "S.A.E." (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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



The Shareholders of Cleopatra Hospital Company “S.A.E.” and its Subsidiaries
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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cleopatra Hospital Company “S.A.E.” as at 31 December 2021, its consolidated financial performance, and its consolidated cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.



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

20 March 2022
Cairo

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


Consolidated statement of financial position - At 31 December 2021

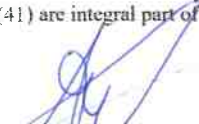
(All amounts in Egyptian Pounds)


	Note	2021	2020
Assets			
Non-current assets			
Fixed assets	8	1,351,725,422	1,205,195,860
Right-of-use assets	9	174,691,615	18,824,508
Goodwill	10	369,263,334	369,263,334
Other intangible assets	10	56,252,393	58,321,679
Investments in associates	11	2,178,301	1,143,591
Paid under investments purchased		5,673,000	-
Total non-current assets		1,959,784,065	1,652,748,972
Current assets			
Inventories	12	51,301,188	66,307,150
Trade receivables	13	383,324,030	418,760,499
Due from related parties	36	530,300	386,827
Debtors and other debit balances	14	191,702,419	94,560,254
Financial assets at amortized cost - treasury bills	15	677,072,914	220,565,830
Cash on hands and at banks	16	168,906,593	329,951,754
Total current assets		1,472,837,444	1,130,532,314
Total assets		3,432,621,509	2,783,281,286
Equity and Liabilities			
Equity			
Share capital	21	800,000,000	800,000,000
Treasury Shares	21	(4,152,742)	-
Retained earnings	22	1,269,995,272	984,874,111
Employees stock ownership plan	23	8,289,941	-
Reserves	24	302,942,579	281,336,162
Equity attributable to the Company's owners		2,377,075,050	2,066,210,273
Non-controlling interests	25	120,742,065	107,725,535
Total equity		2,497,817,115	2,173,935,808
Liabilities			
Non-current liabilities			
Lease liabilities	20	172,715,165	7,979,393
Deferred tax liabilities	34	81,809,839	77,894,362
Purchased investment liability	39	31,760,000	17,940,000
Total non-current liabilities		286,285,004	103,813,755
Current liabilities			
Banks overdraft	17	60,627,560	-
Provisions	18	21,917,498	21,630,407
Trade and other payables	19	461,032,559	441,953,184
Due to related parties	36	-	597,889
Lease liabilities	20	38,742,917	5,295,687
Current income tax liabilities	33	66,198,856	36,054,556
Total current liabilities		648,519,390	505,531,723
Total liabilities		934,804,394	609,345,478
Total liabilities and equity		3,432,621,509	2,783,281,286

- The accompanying notes from (1) to (41) are integral part of these consolidated financial statements.

- Auditor's report is attached


Mr. Ahmed Gamal
Group CFO


Dr. Ahmed Ezz Eldin Mahmoud
CEO & Managing Director


Mr. Ahmed Adel Badreldin
Non Executive Chairman

17 March 2022



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

Consolidated statement of profit or loss - For the year ended 31 December 2021

(All amounts in Egyptian Pounds)

	Note	2021	2020
Operating revenue	26	2,549,286,862	1,989,543,291
Deduct:			
Operating cost	27	(1,618,621,622)	(1,299,969,135)
Gross profit		930,665,240	689,574,156
(Deduct) Add;			
General and administrative expenses	28	(344,937,147)	(256,452,213)
Net impairment losses on financial assets	30	(43,030,111)	(52,467,296)
Provisions	18	(25,050,909)	(24,664,233)
Other income	31	9,359,862	6,699,983
Operating profit		527,006,935	362,690,397
Finance income	32	59,586,759	49,139,077
Finance expenses	32	(34,449,556)	(2,448,702)
Consulting expenses for acquisition activities		(17,523,030)	(13,158,521)
Profit for the year before income tax		534,621,108	396,222,251
Current income tax	33	(120,033,506)	(95,477,101)
Deferred tax	34	(3,915,474)	(3,099,876)
Net profit for the year		410,672,128	297,645,274
Profit is attributable to			
- Owners of the Parent Company		387,245,151	286,922,017
- Non-controlling interest		23,426,977	10,723,257
		410,672,128	297,645,274
Earnings per share (basic & diluted)	35	0.20	0.15

- The accompanying notes from (1) to (41) are integral part of these consolidated financial statements.

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

Consolidated statement of comprehensive income - For the year ended 31 December 2021

(All amounts in Egyptian Pounds)

	<u>2021</u>	<u>2020</u>
Profit for the year	410,672,128	297,645,274
Other comprehensive income items	-	-
Comprehensive income for the year	<u><u>410,672,128</u></u>	<u><u>297,645,274</u></u>
Profit is attributable to:		
- Owners of the Parent Company	387,245,151	286,922,017
- Non-controlling interest	<u>23,426,977</u>	<u>10,723,257</u>

- The accompanying notes from (1) to (41) are integral part of these consolidated financial statements.

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

Consolidated statement of changes in equity - For the year ended 31 December 2021

(All amounts in Egyptian Pounds)

	Share capital	Treasury Shares	Reserves	Retained earnings	Employees stock ownership plan	Total Shareholders equity of the parent company	Non-controlling interest	Total equity
Balance at 1 January 2020	800,000,000	-	284,394,548	746,183,287	-	1,830,577,835	103,926,707	1,934,504,542
Employees and board of directors dividends	-	-	-	(37,375,630)	-	(37,375,630)	(6,456,678)	(43,832,308)
Reserves	-	-	(3,058,386)	(10,855,563)	-	(13,913,949)	970,419	(12,943,530)
Minority interest share in acquisition of subsidiaries	-	-	-	-	-	-	(1,438,170)	(1,438,170)
Total comprehensive income	-	-	-	286,922,017	-	286,922,017	10,723,257	297,645,274
Balance at 31 December 2020	800,000,000	-	281,336,162	984,874,111	-	2,066,210,273	107,725,535	2,173,935,808
Balance at 31 December 2020	800,000,000	-	281,336,162	984,874,111	-	2,066,210,273	107,725,535	2,173,935,808
Impact of new standards adoption (Note 5)	-	-	-	(45,013,349)	-	(45,013,349)	(8,945,528)	(53,958,877)
Balance at 1 January 2021	800,000,000	-	281,336,162	939,860,762	-	2,021,196,924	98,780,007	2,119,976,931
Treasury shares	-	(4,152,742)	-	-	-	(4,152,742)	-	(4,152,742)
Employees and board of directors dividends	-	-	-	(45,444,024)	-	(45,444,024)	(2,197,732)	(47,641,756)
Reserves	-	-	21,606,417	(11,666,617)	-	9,939,800	732,813	10,672,613
Employees stock ownership plan	-	-	-	-	8,289,941	8,289,941	-	8,289,941
Total comprehensive income	-	-	-	387,245,151	-	387,245,151	23,426,977	410,672,128
Balance at 31 December 2021	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

- The accompanying notes from (1) to (41) are integral part of these consolidated financial statements.

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

Consolidated statement of cash flows - For the year ended 31 December 2021

(All amounts in Egyptian Pounds)

	Note	2021	2020
Cash flows from operating activities			
Profit before tax		534,621,108	396,222,251
Adjustments to settle Net profit with cash flow from operating activities:			
Fixed Assets depreciation	8	113,882,651	82,401,609
Right of use depreciation	9	25,956,342	1,959,857
Losses / (Gains)		786,749	(475,170)
Financial assets impairment	30	43,030,111	52,467,294
Inventory impairment	12	1,051,896	308,894
Provisions	18	25,050,909	24,664,232
Interest and commission - Bank's overdraft	32	9,934,055	2,163,984
Interest and commission - Lease contracts	32	24,506,126	-
Interest income	32	(59,586,759)	(49,139,077)
Share of results of associates and joint ventures		(1,034,710)	81,399
Intangible assets amortization	28	15,889,285	3,972,321
Employees stock ownership plan	23	8,289,941	7,761,024
Operating cash flows before changing in assets & liabilities		742,377,704	522,388,618
Changes in assets and liabilities			
Decrease/(increase) in inventories	12	13,954,066	(17,355,434)
Decrease/(increase) in trade receivables	13	30,923,259	(132,658,295)
Decrease/(increase) in due from related parties	36	(143,473)	1,632,878
Decrease/(increase) in debtors and other debit balances	14	13,618,371	36,687,470
Decrease/(increase) in due to related parties	36	(597,889)	597,889
Decrease/(increase) in creditors and other credit balances	19	(352,354)	45,347,104
Employees incentive plan payments		-	(136,833,605)
Changes in working capital		799,779,684	319,806,625
Income taxes paid	33	(89,889,206)	(122,060,637)
Impairment of financial assets used		(36,971,406)	(1,415,850)
Provisions used	18	(24,763,818)	(18,592,166)
Net cash flow generated from operating activities		648,155,254	177,737,972
Cash flows from investing activities			
Fixed assets purchase	8	(97,474,252)	(159,512,190)
Projects under construction purchase	8	(167,122,143)	(221,106,145)
Proceeds from the sale of fixed assets		3,397,434	1,991,335
Fixed assets downpayments		(17,567,325)	(27,333,334)
Payments under acquisition of long-term investments		(5,673,000)	(41,080,212)
Payments under acquisition of associates		-	(1,224,990)
Payments under acquisition of subsidiaries		-	(14,381,700)
Treasury bills (maturities more than 90 days)		-	50,099,258
Interest received		50,822,178	50,451,841
Net cash flows used in investing activities		(233,617,108)	(362,096,137)
Cash flows from financing activities			
Proceeds from bank's overdraft	17	464,648,812	-
Lease liabilities payments	20	(43,722,954)	(5,747,562)
Repayments of bank's overdraft	17	(404,021,252)	-
Purchase of treasury shares		(74,176,267)	-
Interest and commission paid		(13,217,154)	(2,163,984)
Dividends paid		(47,041,913)	(48,480,544)
Net cash used in financing activities		(117,530,728)	(56,392,090)
Changed in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year		297,007,418	(240,750,255)
Cash and cash equivalents at the end of the year	16	847,525,002	550,517,584

- The accompanying notes from (1) to (41) are integral part of these consolidated financial statements.

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

Notes to the consolidated financial statements - For the year ended 31 December 2021

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

1. Introduction

Cleopatra Hospital Company (Lasheen and Partners) was established as a limited partnership on 19 July 1979. The decision of the Chairman of Investment Authority No. 4092 of 2005 was issued on 27 June 2005 authorising the conversion of the legal type of 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.

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 inpatients. The Company may have interest or participate in any manner in companies or other firms which carry on similar activities in Egypt or abroad. The Company may acquire, merge or affiliate such entities under the General Authority for Investment.

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 consolidated financial statements have been approved for issuance by the Board of Directors of the Parent company on 17 March 2022 and the shareholders of the Parent company have the right to amend the financial statements after issuance.

2. Operating Environment of the Group

The Arab Republic of Egypt displays certain characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. Further, on 12 March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. These measures have, among other things, severely restricted economic activity in Egypt and have impacted, and could continue to negatively impact businesses, market participants, clients of the Group, as well as the global economy for an unknown period of time.

Management is taking necessary measures to ensure sustainability of the Group's operations and support its customers and employees

The management has reviewed the decrease in receivables during the year 2020, and they formed extra provisions against the expected effects. As well as reviewing the non financial assets impairment using adjusted valuations to reflect the current circumstances and the expectation for those assets, resulting in no decrease in the assets.

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2021

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

Operating Environment of the Group (continued)

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

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

The future effects of the current economic situation and the above measures are difficult to predict and management’s current expectations and estimates could differ from actual results.

For the purpose of measurement of expected credit losses (“ECL”) on the Group’s financial assets, liabilities and similar assets the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

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

Notes to the consolidated financial statements - For the year ended 31 December 2021

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

3. Significant Accounting Policies

A. Basis of preparation .

The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards (EASs) and the relevant laws. The consolidated financial statements have been prepared under the historical cost convention, The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented in note (5), unless otherwise stated.

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

B. Consolidated financial statements

1. Subsidiaries

Subsidiaries are those investees, [including structured entities,] that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor’s returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of the investee’s activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, by using the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

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

Notes to the consolidated financial statements - For the year ended 31 December 2021

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

Consolidated financial statements (continued)

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date., after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group’s policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group’s equity.

The consolidated financial statements consist of Cleopatra Hospital and the following companies:

	Relationship with Cleopatra Hospital	Country of incorporation	Percentage of ownership 2021	Percentage of ownership 2020
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%

Purchases and sales of non-controlling interests.

The Group applies the economic entity model to account for transactions with owners of non-controlling interest in transactions that do not result in a loss of control. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and the carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

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

Notes to the consolidated financial statements - For the year ended 31 December 2021

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

Consolidated financial statements (continued)

2. Associates

Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as the share of results of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii); all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

C. Foreign currency translation

1. Functional and presentation currency

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the national currency of the Arab Republic of Egypt, Egyptian Pounds. The consolidated financial statements are presented in Egyptian Pounds, which is the Group's presentation currency.

2. Transactions and balances

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank of Egypt at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end are recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within 'finance income or costs'. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

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

Notes to the consolidated financial statements - For the year ended 31 December 2021

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

D. Fixed Assets.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of fixed assets items are capitalised and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of fixed assets. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs of disposal.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year within other income/(expenses).

Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

The depreciation rates by type of asset are as follows:

Machinery, equipment and devices	10%
Furniture	15%
Buildings	2.5%
Vehicles	20% to 25%
Computers	25%
Leasehold improvement	Remaining of the lease contract
Acquired assets	Over the remaining productive years

The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate.

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E. Intangible assets

1. Goodwill

Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. The carrying value of the cash-generating unit containing goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

Intangible assets other than goodwill

The Group's intangible assets other than goodwill have definite useful lives and primarily include capitalised computer software and Non-competition agreement

Acquired computer software licences, trademarks and Non-competition agreement are capitalised on the basis of the costs incurred to acquire and bring them to use.

Internally generated Intangible assets

Internally generated Intangible assets represented in software development with finite lives are measured at costs that are directly associated with the development of software are recognized as intangible assets where the following criteria are met:

- It is technology feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- There is an ability to use or sell the software product.
- It can be demonstrated how the software product will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Other development expenditure that does not meet the above criteria is recognized as an expense incurred. Development costs previously recognized as expense are not recognized as asset in a subsequent period. Research costs and costs associated with maintenance are recognized as an expense as incurred.

The useful lives of the software development assets are assessed to be finite lives. Assets with finite lives are amortized over their useful lives and tested for impairment whenever there are indications that the assets may be impaired.

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Intangible assets (continued)

Amortization is recognized in the income statement on a straight-line basis over the estimated useful life of the Software development asset from the date it is available for use the estimated useful lives are 5 years.

	<u>Useful lives in years</u>
Trade name	Indefinite
Non-competition agreement	7 years

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

F. Financial instruments

Key measurement terms

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue, or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost (“AC”) is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses (“ECL”). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

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Financial instruments (continued)

Financial assets – classification and subsequent measurement – measurement categories

The Group classifies financial assets in the following measurement category at amortised costs. The classification and subsequent measurement of debt financial assets depends on: (i) the Group’s business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets impairment – credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and for the exposures arising from contract assets. The Group measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC, trade receivables and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL. For, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss

The Group applies a simplified approach for impairment of financial assets.

Financial assets – write-off

The Group writes off a financial asset when (a) the assets are redeemed or the rights to cash flows from the assets expire or (b) the Group has transferred the rights to cash flows from the financial assets or has entered into a qualifying pass-through arrangement while (i) it has also transferred all the risks and rewards of ownership of the assets or (ii) transfers substantially all the risks and rewards of ownership of the assets or (ii) does not transfer or retain substantially all the risks and rewards of ownership but does not retain control. Control is retained if the counterparty does not have the practical ability to sell the entire asset to an unrelated third party without the need to impose additional restrictions on the sale.

Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC, contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – write-off

Financial liabilities are written-off when they are terminated (i.e., when the obligation specified in the contract has been fulfilled or cancelled).

G. Cash and cash equivalents.

Cash and cash equivalents represent’s cash on hand, callable deposits at banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent only principal and interest payments, and (ii) they are not designated at FVTPL.

H. Trade and other receivables.

Trade and other receivables are recognised initially at fair value and are subsequently carried at AC using the effective interest method.

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I. Trade and other 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.

J. Borrowings and bank's overdraft

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

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

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

K. Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Extension and termination options are included in a number of property and equipment lease contracts across the Group. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

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Lease liabilities (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small medical equipment and small items of office equipment.

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases. The Group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. Typically the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the Group does not expect to pay anything under the guarantees. At the end of each reporting period, the expected residual values are reviewed, and adjusted if appropriate, to reflect actual residual values achieved on comparable assets and expectations about future prices.

L. Current and deferred income tax

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

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

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

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

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M. Inventories

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

N. Share capital

Ordinary shares are classified as equity.

Treasury shares. Where the Company or its subsidiaries purchase the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from the equity attributable to the Company's owners until the equity instruments are reissued, disposed of or cancelled. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners

O. Legal reserve

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

P. Dividends

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

The company does not record the dividends payable until the distribution project is approved by the general assembly.

Q. Provisions

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

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

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R. Revenue recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Medical services revenue

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

Sale of medicine revenue

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

Rental income

The Groups rents spaces to others. The rental amount is recognised in the statement of profit or loss over the period of contract.

Interest income

Interest income is recorded for all debt instruments on an accrual basis using the effective interest method.

S. Earnings per share

Preference shares are not redeemable and are considered to be participating shares. Earnings per share are determined by dividing the profit or loss attributable to owners of the Company by the weighted average number of participating shares outstanding during the financial year.

T. Employees' benefits

(1) Pension and insurance scheme

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

(2) Employee stock ownership plan

- a. On 15 October 2020, the Company's general assembly agreed to approve the system of reward and motivation for employees, managers, and executive board members of the company, by promising to sell shares, to be effective from July 1, 2020, the system was approved by the Financial Regulatory Authority on 31 December 2020.
- b. Definition of the system:
 - 1- A promise to sell shares equivalent to 5% of the shares issued to the company is made to the employees, managers and members of the executive board of directors of the company and its subsidiary companies who are selected by the supervision committee, noting that the same beneficiary may be selected more than once during the term of the system within the limits of this percentage. The supervision committee may include other beneficiaries during the term of the system.

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Employees' benefits (continued)

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

The difference between (1) the share price determined on the basis of the weighted average (Volume Weighted Average Price) in the month prior to the date of allotment and (2) the share price determined on the basis of the weighted average (Volume Weighted Average Price) in the month preceding the date of commencement of exercise Right, which is the date that one year has passed since the date of each allocation (“the share price upon exercising the right”). Then the result is multiplied by the number of units allocated to each particular segment for each beneficiary, and the indicated output is divided by the share price upon exercising the right, resulting in the final number of shares allocated to the beneficiary ("the final number of shares"), which links the economic interest of the beneficiaries of the system with the interest of the shareholders of the company

In the event that the total percentage of the output of the number of shares for all the beneficiaries of the system exceeds 1% of the total shares issued to the company annually at any time, the percentage increase will be reduced to 1% in proportion and proportionality to all the beneficiaries of the system who have not exercised their right on the shares allocated to them.

- a. The final number of shares allocated to each beneficiary is distributed over three years according to the allocation contract for each beneficiary.
- b. In the event that the beneficiary does not exercise his right during the period of exercising the right, his right to these shares shall be forfeited.
- c. The issuance of the increase in shares allocated to the application of the system is funded through a special reserve, share premium and / or retained earnings, and / or by converting the reserve money or part thereof into shares, the value of which is increased by the issued capital based on a decision by the company’s board of directors or by cash purchase of the company’s shares traded on the Egyptian Stock Exchange, as treasury shares, and their allocation according to the system.
- d. And the fair value of these liabilities is recognized in the statement of profit or loss.
- e. The General Assembly may terminate this system, subject to obtaining the approval of the Financial Supervisory Authority, without any prejudice to the rights of the beneficiaries.

U. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group’s chief operating decision maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

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4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

a. Impairment of goodwill and other intangible assets

The Group's management evaluates goodwill and other intangible assets annually to determine any impairment in goodwill. The carrying amount of goodwill is reduced if it is higher than the expected recoverable amount. Any losses resulting from the impairment of goodwill is charged to the statement of profit or loss, and cannot be reversed subsequently, (Note 10) illustrates more information regarding this.

b. ECL measurement

Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, probability of default (“PD”), exposure at default (“EAD”), and loss given default (“LGD”), as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs of the models to reduce any differences between expected credit loss estimates and actual credit loss experience. The data for future information has been extracted from studies from independent companies such as Moody's and S&P.

The Group used supportable forward looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model. The most significant forward looking assumptions that correlate with ECL level and their assigned weights were as follows at 31 December 2021:

Variable	Scenario	Assigned weight	Assumption for:				
			2022	2023	2024	2025	2026
Inflation rate	[Base]	[40%]	7.20%	7.40%	7.50%	7.50%	7.30%
	[Upside]	[30%]	7.56%	7.77%	7.88%	7.88%	7.67%
	[Downside 1]	[30%]	6.84%	7.03%	7.13%	7.13%	6.94%
[GDP Growth rate]	[Base]	[40%]	5.70%	5.60%	5.60%	5.80%	5.80%
	[Upside]	[30%]	5.99%	5.88%	5.88%	6.09%	6.09%
	[Downside 1]	[30%]	5.42%	5.32%	5.32%	5.51%	5.51%

c. Useful lives of fixed assets and right of use

The estimation of the useful lives of items of fixed assets is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

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Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

Depreciation of right-of-use assets: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of buildings and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate) the lease. Most extension options in buildings and equipment leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate) the lease.

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in buildings and equipment leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

Extension and termination options: Extension and termination options are included in a number of buildings and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group’s operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

d. Discount rates used for determination of lease liabilities

The Group uses its incremental borrowing rate as a base for calculation of the discount rate because the interest rate implicit in the lease cannot be readily determined.

The following factors determine the usage of the latest incremental borrowing rate: uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

e. Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Group reviews the provision at the date of each financial position, and adjusts it to reflect the best current estimate by using the appropriate advisory expertise.

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5. New and amended standards adopted by the Group

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. These standards are to be applied for the financial year 2021.

The Group has applied new standards that include Egyptian Accounting Standard No. 47 “Financial Instruments” and Egyptian Accounting Standard No. 48 “Revenue from Contracts with Customers” and the Egyptian Accounting Standard No. 49 “Leasing Contracts” and the following is the impact of applying these standards on retained earnings on 1 January 2021:

Retained earnings 31 December 2020 – parent company	984,874,111
Impact of the change in EAS 47 “Financial Instruments”	(14,471,353)
Impact of the change in EAS 49 “Lease Contracts”	(30,541,996)
Total	(45,013,349)
Retained earnings 1 January 2021 – parent company	939,860,762
Retained earnings 31 December 2020 to non-controlling interests	65,546,116
Impact of the change in EAS 47 “Financial Instruments”	(1,367,824)
Impact of the change in EAS 49 “Lease Contracts”	(7,577,704)
Total	(8,945,528)
Retained earnings 1 January 2021 to non-controlling interests	56,600,588

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New and amended standards adopted by the Group (continued)

- **Impact on the financial statements**

The following tables show the adjustments recognized for each individual line item:

<u>Consolidated statement of financial position</u>	<u>Balance as of 31 December 2020</u>	<u>EAS 47</u>	<u>EAS 49 (Second phase)</u>	<u>Adjusted opening balance as at 1 January 2021</u>
Assets				
Non-current assets				
Fixed assets	1,205,195,860	-	-	1,205,195,860
Right of use assets	18,824,508	-	161,848,949	180,673,457
Goodwill	369,263,334	-	-	369,263,334
Intangible assets	58,321,679	-	-	58,321,679
Investments in associates	1,143,591	-	-	1,143,591
Total non-current assets	1,652,748,972	-	161,848,949	1,814,597,921
Current assets				
Inventories	66,307,150	-	-	66,307,150
Trade receivables	418,760,499	(11,289,842)	-	407,470,657
Due from related parties	386,827	-	-	386,827
Debtors and other debit balances	94,560,254	-	(2,599,906)	91,960,348
Financial assets at amortized cost - treasury bills	220,565,830	-	-	220,565,830
Cash on hand and at banks	329,951,754	(4,492,746)	-	325,459,008
Total current assets	1,130,532,314	(15,782,588)	(2,599,906)	1,112,149,820
Total assets	2,783,281,286	(15,782,588)	159,249,043	2,926,747,741
Equity				
Share capital	800,000,000	-	-	800,000,000
Reserves	281,336,162	-	-	281,336,162
Retained earnings	984,874,111	(14,414,764)	(30,598,585)	939,860,762
Total equity for parent company	2,066,210,273	(14,414,764)	(30,598,585)	2,021,196,924
Non-controlling interests	107,725,535	(1,367,824)	(7,577,704)	98,780,007
Total Equity	2,173,935,808	(15,782,588)	(38,176,289)	2,119,976,931
Non-current liabilities				
Lease liabilities	7,979,393	-	151,635,013	159,614,406
Deferred tax liabilities	77,894,362	-	-	77,894,362
Purchased investment liabilities	17,940,000	-	-	17,940,000
Total non-current liabilities	103,813,755	-	151,635,013	255,448,768
Current liabilities				
Provisions	21,630,407	-	-	21,630,407
Due to related parties	597,889	-	-	597,889
Trade and other payables	441,953,184	-	-	441,953,184
Lease liabilities	5,295,687	-	45,790,319	51,086,006
Current income tax liabilities	36,054,556	-	-	36,054,556
Total current liabilities	505,531,723	-	45,790,319	551,322,042
Total liabilities	609,345,478	-	197,425,332	806,770,810
Total equity and liabilities	2,783,281,286	(15,782,588)	159,249,043	2,926,747,741

(1) Egyptian Accounting Standard No. 47 " Financial instruments "

This standard is applied for financial periods beginning on or after 1 January 2021. This standard replaces the corresponding topics in Egyptian Accounting Standard No. (26) and therefore it was amended and reissued after eliminating the paragraphs related to the topics covered by the Egyptian Accounting Standard No. (47), and the scope of the amended Egyptian Accounting Standard No. (26) to address the cases of hedge accounting.

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New and amended standards adopted by the Group (continued)

The details of the new significant accounting policies, the nature and impact of change in previous accounting policies are as follows:

Classification and measurement of financial assets and financial liabilities:

Egyptian Accounting Standard No. (47) largely retains the existing requirements in Egyptian Accounting Standard No. (26) for the classification and measurement of financial liabilities, but it excludes the categories previously mentioned in EAS No. (26) related to financial assets held until Maturity, loans and receivables, and financial investments available for sale or to trade at fair value.

In accordance with EAS 47, upon initial recognition, financial assets are classified and measured at amortized cost, or at fair value through other comprehensive income - investments in debt instruments, or at fair value through other comprehensive income - investments in equity instruments, or at fair value through profit or loss. The classification of financial assets in accordance with Egyptian Accounting Standard No. (47) is usually based on the business model through which financial assets are managed as well as their contractual cash flows. Accordingly, the Group classifies bonds, treasury bills, trade receivables and other debit balances as financial assets at amortized cost.

All the Group's investments in debt instruments that were classified as loans and similar assets will meet the conditions of classification at amortized cost under accounting standard No. (47) and therefore there will be no change in the accounting for these assets and measure those financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities at fair value through profit or loss and the Group has none of these obligations. Also, the Group has no financial commitments that have been restructured or modified.

Impairment of financial assets

The Group has four types of financial assets that are subject to the new expected credit loss model:

- Balances with banks
- Due from related parties balances
- Trade receivables and debtors and other debit balances
- Financial assets at amortized cost

The Egyptian Accounting Standard No. (47) to review the impairment model of those financial assets subject to the expected credit losses model and its impact of first application on retained earnings and equity.

On that basis, the loss allowance as at 31 December 2020 was determined as follows for trade receivables:

<u>1 January 2021</u>	<u>0 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 120 days</u>	<u>121 to 360 days</u>	<u>361 to 720 days</u>	<u>Over 720</u>
Expected loss rate	2%	2%	4%	10%	44%	100%	99%
Gross carrying amount	335,319,461	44,033,673	20,050,339	9,941,795	31,190,632	356,108	103,194,859
Loss allowance	5,699,666	1,087,176	878,153	960,171	13,714,844	356,108	102,630,249

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New and amended standards adopted by the Group (continued)

Customers and other receivables

The new impairment model requires measurement of financial assets recognizing provisions for impairment based on expected credit losses rather than realized credit losses.

The new impairment model applies to financial assets at amortized cost. The Group has implemented the new rules with effect from 1 January 2021, with the adoption of practical means permitted under the standard. Comparative figures for the year 2020 will not be adjusted.

Financial assets at amortized cost

There will be no material impact on treasury bills for the following reasons:

- Issued and guaranteed by the Egyptian government.
- There is no case of late payments in the past.
- Therefore, the availability of future information will not lead to an increase in the rate of late payments expected.

The following is the effect of applying these standards on the impairment in trade receivables on 1 January 2021:

Trade receivable impairment at 31 Dec 2020	125,326,367
The impact of the first adoption of EAS 47 "Financial Instruments" (Note 13)	11,289,842
Trade receivable impairment at 1 January 2021	136,616,209

Impairment of Cash in Banks at 31 Dec 2020	-
The impact of the first adoption of EAS 47 "Financial Instruments" (Note 16)	4,492,746
Impairment of Cash in Banks at 1 January 2021	4,492,746

(2) Egyptian Accounting Standard No. 48 "Revenue from contracts with customers"

A new revenue recognition standard was issued, replacing Egyptian Accounting Standard No. 11 covering contracts for sales of goods and services and Egyptian Accounting Standard No. 8 covering construction contracts.

The new standard is based on the principle of revenue being recognized when control of goods or services is transferred to a customer.

Impact

Management has assessed the effects of applying the new standard on the financial statements and has determined that the recognition and revenue measurement of all existing contracts under the EAS No. (48) five-steps model (identify contract - identify performance obligation determine transaction price - allocate transaction price - recognise revenue) will not change as currently recognized under EAS (11).

(3) Egyptian Accounting Standard No. 49 "Lease Contracts"

Egyptian Accounting Standard No. (49) provided a single model for accounting for lease contracts. The lessee recognizes the right to use the assets and to be bound by the lease, which represents their obligation to make lease payments.

This standard replaces the Egyptian Accounting Standard No. (20) "Accounting Rules and Standards Relating to Finance Leasing Operations".

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New and amended standards adopted by the Group (continued)

Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

The Group, as a lessee, recognizes a right-of-use asset and a lease liability on the commencement date of the lease.

On the date of initial recognition, the “right of use” asset is recognized in the statement of financial position at a carrying amount as if the standard had been applied since the inception of the lease but discounted using the lending rate to the lessee at the date of application. The right of use asset is depreciated using the straight-line method over the estimated useful life of those assets or the lease term.

The lease liability is initially measured at the present value of future lease payments and the related fixed costs, discounted using the interest rate at which the Group borrows. Subsequently, the lease liability is measured at amortized cost using the effective interest rate method.

Subsequently, the right of use asset and the lease liabilities are re-measured in the following cases:

- Change in the rental price.
- Amendment of the lease contract.
- Adjustment of the rental period.

Leases of short-term assets (less than 12 months including extension options) and leases of low-value items are recognized as an expense in the income statement as incurred.

Egyptian Accounting Standard No. 49 requires the company to assess the lease term as the non-cancellable lease term in line with the lease, as well as the periods covered by the option to determine the lease if the lessee is reasonably certain to exercise that option, and the periods covered by the option to terminate the lease.

A significant portion of the Group's lease includes leases that are extendable through a reciprocal agreement between the Group and the lessor or leases that can be cancelled by the Group immediately or at short notice. All extension and termination options are the right of the Group and not the lessor. In determining the term of the lease, management takes into account all facts and circumstances that create an economic incentive to exercise the option to terminate. Years after termination options are only included in the lease term if it is highly certain that the lease will not be terminated.

When evaluating the lease term for the adoption of Egyptian Accounting Standard No. 49, the Group decided that extendable future lease periods should be taken into account within the lease term, which represents an increase in future lease payments used in determining the lease liability at initial recognition. The exact term of the lease term is based on the facts and circumstances related to the leased assets and lease contracts.

The impact of applying these standards on lease liabilities (Phase II) on 1 January 2021 is as follows:

Lease liabilities at 31 December 2020	13,275,080
Impact of changes of the Egyptian accounting standards EAS No.49 “Lease Contracts”	197,425,332
Lease liabilities at 1 January 2021	<u>210,700,412</u>

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6. Financial risk management

(1) Financial risk factors

The risk management function within the Group is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

Credit risk. The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position. For financial guarantees issued, commitments to extend credit, undrawn credit lines and export/import letters of credit, the maximum exposure to credit risk is the amount of the commitment.

Credit risk management: Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk.

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and the corresponding range of probabilities of default ("PD") are applied for the following financial instruments: [Cash At banks.]

Expected credit loss (ECL) measurement. ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities.

Management models Lifetime ECL, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The 12-month ECL, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining lifetime period of the financial instrument if it is less than a year.

For purposes of measuring PD, the Group defines default as a situation when the exposure meets one or more of the following criteria:

For trade receivable and other debit balance:

- The customer meets the unlikelihood-to-pay criteria listed below:
- Evidence that the customer is unable to pay
- Customer checks are returned

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Financial Risk Management (continued)

For purposes of disclosure, the Group fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Group.

The Group performs assessments based on external ratings for [Cash at banks]

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future month during the lifetime period for each individual exposure or collective segment. These three components are multiplied together. This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

PD used for calculating ECLs is lifetime PD. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument

Principles of assessment based on external ratings. Certain exposures have external credit risk ratings and these are used to estimate credit risk parameters PD and LGD from the default and recovery statistics published by the respective rating agencies. This approach is applied to cash at banks.

Forward-looking information incorporated in the ECL models. the calculation of ECLs both incorporate supportable forward-looking information. The Group identified certain key economic variables that correlate with developments in credit risk and ECLs. Forecasts of economic variables (the "base economic scenario") are provided by the Group's [management] and provide the best estimate of the expected macro-economic development over the next [five] years. After [five] years, a mean reversion approach is used, which means that economic variables tend to revert to either a long run average rate (e.g. for Inflation) or a long run average growth rate (e.g. GDP). The impact of the relevant economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact that the changes in these variables historically had on the default rates and on the components of LGD and EAD.

The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit.

The following are the balances exposed to credit risk before deducting the ECL:

	<u>2021</u>	<u>2020</u>
Cash at banks	166,950,224	327,624,413
Trade receivables	513,163,607	544,086,866
Other debit balances	90,182,543	6,158,101
Treasury bills	677,072,914	220,565,830
	<u>1,447,369,288</u>	<u>1,098,435,210</u>

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Financial Risk Management (continued)

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity investments, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Group’s exposure to foreign currency exchange rate risk at the end of the reporting period:

	At 31 December 2021			At 31 December 2020		
	Monetary financial assets	Monetary financial liabilities	Net position	Monetary financial assets	Monetary financial liabilities	Net position
US Dollars	20,338,797	-	20,338,797	13,776,733	-	13,776,733
Euros	99,087	-	99,087	41,944	-	41,944
Pound Sterling	313,809	-	313,809	53,019	-	53,019
Total	20,751,693	-	20,751,693	13,871,696	-	13,871,696

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant:

	2021	2020
Impact on profit or loss		
US Dollar strengthening by 10% (2020: strengthening by 10%)	2,033,880	1,377,673
US Dollar weakening by 10% (2020: weakening by 10%)	(2,033,880)	(1,377,673)
Euro strengthening by 10% (2020: strengthening by 10%)	9,909	4,194
Euro weakening by 10% (2020: weakening by 10%)	(9,909)	(4,194)
Pound Sterling strengthening by 10% (2020: strengthening by 10%)	31,381	5,302
Pound Sterling weakening by 10% (2020: weakening by 10%)	(31,381)	(5,302)

Interest rate risk. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

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Financial Risk Management (continued)

The table below summarises the Group’s exposure to interest rate risks. The table presents the aggregated amounts of the Group’s financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates:

	Less than 1 year	More than 1 year	Total
31 December 2021			
Total financial assets	845,979,507	-	845,979,507
Total financial liabilities	(60,627,560)	-	(60,627,560)
Net interest sensitivity gap at 31 December 2021	785,351,947	-	785,351,947
31 December 2020			
Total financial assets	550,517,584	-	550,517,584
Net interest sensitivity gap at 31 December 2020	550,517,584	-	550,517,584

At 31 December 2021, if interest rates at that date had been 100 basis points lower (2020: [100] basis points lower) with all other variables held constant, profit for the year would have been EGP 2,514,658 (2020: EGP 4,697,509) higher, mainly as a result of lower interest expense on variable interest liabilities.

If interest rates had been 100 basis points higher (2021: [100] basis points higher), with all other variables held constant, profit would have been EGP 2,514,658 (2020: EGP 4,697,509) lower, mainly as a result of higher interest expense on variable interest liabilities.

The Group monitors interest rates for its financial instruments. The table below summarises interest rates at the respective reporting date based on reports reviewed by key management personnel. For securities, the interest rates represent yields to maturity based on market quotations at the reporting date:

	2021		2020	
	EGP	USD	EGP	USD
Assets				
Cash and cash equivalents Current accounts	6.5% - 6%	-	6.5% - 6%	-
Cash and cash equivalents Time Deposits	-	0.75% - 0.5%	-	0.75% - 0.5%
Investments in Treasury bills	9% - 8.40%	-	9.6% - 8.96%	-
Liabilities				
Banks overdraft	9.35%	-	-	-

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by Finance department of the Group. Management monitors monthly rolling forecasts of the Group’s cash flows.

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Financial Risk Management (continued)

The Group seeks to maintain a stable funding base primarily consisting of borrowings, trade and other payables. The Group invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. The Group’s liquidity portfolio comprises cash and cash equivalents (Note 16) [and][,] investments in treasury bills (Note 15). Management estimates that the liquidity portfolio cash, bank deposits can be realised in cash [within a day] in order to meet unforeseen liquidity requirements.

The liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the [Finance Department].

The table below shows liabilities at 31 December 2021 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges), gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received, unless the Group expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows. For the purposes of the maturity analysis, embedded derivatives are not separated from hybrid (combined) financial instruments.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial liabilities at 31 December 2021 is as follows:

	Less Than 1 Year	More Than 1 Year	Total
Liabilities			
Banks overdraft	60,627,560	-	60,627,560
Trade payables	461,032,559	-	461,032,559
Lease liabilities	38,742,917	345,574,165	384,317,082
Total future payments, including future principal and interest payments	560,403,036	345,574,165	905,977,201

The maturity analysis of financial liabilities at 31 December 2020 is as follows:

	Less Than 1 Year	More Than 1 Year	Total
Liabilities			
Trade payables	441,953,184	-	441,953,184
Due to related parties	597,889	-	597,889
Lease liabilities	5,295,687	17,737,443	23,033,130
Total future payments, including future principal and interest payments	447,846,760	17,737,443	465,584,203

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Financial Risk Management (continued)

(2) Capital risk management

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

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

Net debt to total invested capital as at 31 December 2021 and 31 December 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Creditors and other credit balances	461,032,559	441,953,184
Bank Overdrafts	60,627,560	-
Lease Liabilities	211,458,082	13,275,080
Due to related parties	-	597,889
Less: Cash on hand and at banks	(847,525,002)	(550,517,584)
Net debt	(114,406,801)	(94,691,431)
Total equity	2,497,817,115	2,173,935,808
Total invested capital	1,922,883,787	2,079,244,377
Net debts to total invested capital	(5.95%)	(4.55%)

(3) Estimations of fair values of financial instruments

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

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7. Segment reporting

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

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

Statement of financial position	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG Pharma for			Bedaya El Gedida for			Total	
					Medical Services	pharmacies management	Hospitals	Al Kateb Hospitals	Queens Hospitals	Medical Centers and Hospitals		Consolidated adjustment
Non-current assets	1,460,626,912	294,687,131	253,669,733	237,447,580	49,061,664	3,809,120	-	72,791,123	134,865,621	90,287,957	(637,462,776)	1,959,784,065
Current assets	791,225,113	179,127,975	159,423,841	188,924,507	20,212,049	9,090,455	25,456,940	106,725,556	63,940,470	44,503,263	(115,792,725)	1,472,837,444
Total assets	2,251,852,025	473,815,106	413,093,574	426,372,087	69,273,713	12,899,575	25,456,940	179,516,679	198,806,091	134,791,220	(753,255,501)	3,432,621,509
Current liabilities	241,752,965	138,147,695	84,073,028	87,690,796	88,785,291	15,220,662	911,972	66,870,655	43,577,783	11,362,104	(129,873,561)	648,519,390
Non-current liabilities	38,015,589	13,032,679	22,107,912	23,308,314	48,480,290	4,576,460	-	66,602,710	3,382,956	18,596,421	48,181,673	286,285,004
Total Liabilities	279,768,554	151,180,374	106,180,940	110,999,110	137,265,581	19,797,122	911,972	133,473,365	46,960,739	29,958,525	(81,691,888)	934,804,394
Statement of profit or loss:												
Operating revenue	935,166,243	458,923,126	375,285,656	379,473,301	74,520,431	37,365,554	1,193,771	164,383,486	110,217,897	49,272,776	(36,515,379)	2,549,286,862
Operating costs	(523,192,530)	(308,912,823)	(268,928,355)	(266,151,463)	(63,104,174)	(35,782,687)	-	(77,718,776)	(77,201,230)	(30,030,881)	32,401,297	(1,618,621,622)
Gross profit	411,973,713	150,010,303	106,357,301	113,321,838	11,416,257	1,582,867	1,193,771	86,664,710	33,016,667	19,241,895	(4,114,082)	930,665,240
Other expenses and revenues	(184,257,324)	(86,719,952)	(71,000,261)	(67,987,355)	(21,703,339)	(2,744,419)	(379,696)	(33,963,941)	(21,063,178)	(30,310,011)	136,364	(519,993,112)
Profit for the year	227,716,389	63,290,351	35,357,040	45,334,483	(10,287,082)	(1,161,552)	814,075	52,700,769	11,953,489	(11,068,116)	(3,977,718)	410,672,128
Other Items												
Capital expenditure	57,220,004	131,756,662	36,713,943	21,194,874	581,728	17,430	-	2,830,097	8,004,500	6,277,157	-	264,596,395
Fixed assets depreciation	34,827,246	24,387,131	16,828,440	17,837,994	106,399	1,493	-	3,171,302	3,987,360	4,159,763	8,575,523	113,882,651

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Segment reporting (continued)

Below is a summary of each segment, which is presented for the year ended 31 December 2020 for each segment:

Statement of financial position	Cairo				Nile		Al Shorouk Hospital		CHG for Medical Services		CHG for Pharma for management		Queens Hospitals		Al Kateb Hospitals		Bedaya El Gedida for Medical Centers and Hospitals		Consolidated adjustment	Total
	Cleopatra Hospital Company	Specialised Hospital	Badrawi Hospital	Specialised Hospital	Al Shorouk Hospital	CHG for Medical Services	CHG for Pharma for management	Queens Hospitals	Al Kateb Hospitals	Bedaya El Gedida for Medical Centers and Hospitals	Consolidated adjustment	Total								
Non-current assets	1,418,884,666	185,546,891	232,651,248	220,339,339	-	-	12,622,947	122,225,650	90,160,307	(630,029,452)	1,652,748,972									
Current assets	530,084,089	197,326,460	169,825,905	160,698,651	20,468,765	11,968,554	47,762,788	48,764,069	38,950,241	(119,580,377)	1,130,532,314									
Total assets	1,948,968,755	382,873,351	402,477,153	381,037,990	20,816,141	11,968,554	60,385,735	170,989,719	129,110,548	(749,609,829)	2,783,281,286									
Current liabilities	151,198,029	105,298,366	99,238,465	98,421,376	67,027,382	16,004,900	57,212,796	33,352,594	9,538,283	(132,157,180)	505,531,723									
Non-current liabilities	24,382,481	10,345,616	15,411,827	6,757,977	(7,463,572)	-	275,514	163,769	3,671,446	50,268,697	103,813,755									
Total Liabilities	175,580,510	115,643,982	114,650,292	105,179,353	59,563,810	16,004,900	57,488,310	33,516,363	13,209,729	(81,888,483)	609,345,478									
<u>Statement of profit or loss:</u>																				
Operating revenue	748,360,588	364,532,064	338,389,450	319,742,799	43,848,094	15,546,382	59,997,377	122,684,904	10,326,846	(35,601,634)	1,989,543,291									
Operating costs	(424,924,706)	(252,052,581)	(238,181,370)	(227,733,985)	(49,953,840)	(16,328,664)	-	(78,719,467)	(5,496,719)	30,876,344	(1,299,969,135)									
Gross profit	323,435,882	112,479,483	100,208,080	92,008,814	(6,105,746)	(782,282)	22,543,230	43,965,437	4,830,127	(4,725,290)	689,574,156									
Other expenses and revenues	(133,256,708)	(78,841,897)	(63,743,396)	(59,775,938)	(3,602,115)	(1,549,638)	(386,194)	(26,800,708)	(8,414,307)	(4,346,923)	(391,928,882)									
Profit for the year	190,179,174	33,637,586	36,464,684	32,232,876	(9,707,861)	(2,331,920)	11,332,172	17,164,729	(3,584,180)	(9,072,213)	297,645,274									
<u>Other Items</u>																				
Capital expenditure	57,537,645	57,776,449	94,341,350	82,422,502	369,415	-	6,220,772	4,970,096	76,980,106	-	380,618,335									
Fixed assets depreciation	27,834,253	19,624,167	9,471,532	10,460,560	22,039	-	2,467,399	3,051,579	787,477	8,682,603	82,401,609									

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

Notes to the consolidated financial statements - For the year ended 31 December 2021

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

8. Fixed Assets

	Lands	Machinery, equipment and devices	Furniture	Buildings	Vehicles	Computers	Projects under construction	Total
At 1 January 2020								
Cost	173,240,262	489,137,866	59,672,162	361,825,614	12,564,952	69,845,176	137,321,664	1,303,607,696
Accumulated depreciation	-	(229,829,413)	(32,238,441)	(98,780,850)	(5,785,973)	(28,477,719)	-	(395,112,396)
Net book value	173,240,262	259,308,453	27,433,721	263,044,764	6,778,979	41,367,457	137,321,664	908,495,300
Year ended 31 December 2020								
Opening net book value	173,240,262	259,308,453	27,433,721	263,044,764	6,778,979	41,367,457	137,321,664	908,495,300
Additions	-	69,890,814	11,075,483	61,398,088	3,339,000	13,808,805	221,106,145	380,618,335
Disposals	-	(9,376,396)	(1,592,247)	-	(212,215)	(739,763)	-	(11,920,621)
Transfers from projects under construction	-	76,515,656	36,636,664	125,781,156	-	19,773,567	(258,707,043)	-
Depreciation for the year	-	(39,258,065)	(7,342,580)	(16,217,097)	(1,744,302)	(17,839,565)	-	(82,401,609)
Accumulated depreciation of disposal	-	7,974,341	1,526,062	-	201,302	702,750	-	10,404,455
Closing net book value	173,240,262	365,054,803	67,737,103	434,006,911	8,362,764	57,073,251	99,720,766	1,205,195,860
At 31 December 2020								
Cost	173,240,262	626,167,940	105,792,062	549,004,858	15,691,737	102,687,785	99,720,766	1,672,305,410
Accumulated depreciation	-	(261,113,137)	(38,054,959)	(114,997,947)	(7,328,973)	(45,614,534)	-	(467,109,550)
Net book value	173,240,262	365,054,803	67,737,103	434,006,911	8,362,764	57,073,251	99,720,766	1,205,195,860
At 31 December 2021								
Opening net book value	173,240,262	365,054,803	67,737,103	434,006,911	8,362,764	57,073,251	99,720,766	1,205,195,860
Additions	-	48,252,892	19,125,873	868,488	4,902,800	24,324,199	167,122,143	264,596,395
Disposals	-	(8,189,448)	(1,349,937)	(106,884)	(76,000)	(11,528)	-	(9,733,797)
Write-off	-	(4,179,426)	(967,569)	-	-	(572,134)	-	(5,719,129)
Transfers from projects under construction	-	12,955,477	12,375,644	108,837,042	-	10,055,925	(144,224,088)	-
Depreciation for the year	-	(51,598,344)	(14,197,713)	(20,513,110)	(2,943,291)	(24,630,193)	-	(113,882,651)
Accumulated depreciation of disposal	-	8,462,378	2,125,592	23,103	76,000	581,671	-	11,268,744
Balance at 31 December 2021	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
Cost	173,240,262	675,007,435	134,976,073	658,603,504	20,518,537	136,484,246	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 at the year end	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

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

Notes to the consolidated financial statements - For the year ended 31 December 2021

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

9. 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.

	31 December 2021	31 December 2020
Machinery and equipment		
Beginning balance for the year	18,824,508	10,247,595
Additions during the year	-	10,536,770
Depreciation during the year	(2,005,930)	(1,959,857)
Total – machinery and equipment	16,818,578	18,824,508
Buildings		
Beginning balance for the year	-	-
Impact of applying the Egyptian Accounting Standard no. 49 “Lease contracts”	161,848,949	-
Additions for the year	19,974,500	-
Depreciation for the year	(23,950,412)	-
Total	157,873,037	-
	174,691,615	18,824,508

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

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10. Goodwill and other intangible assets

<u>Cost</u>	<u>Non-competition agreement</u>	<u>Trade name</u>	<u>Total</u>	<u>Goodwill</u>
Balance at 1 January 2021	13,967,679	44,354,000	58,321,679	369,263,334
El Bedaya El Gedida for Medical Centers and Hospitals	(2,069,286)	-	(2,069,286)	-
	11,898,393	44,354,000	56,252,393	369,263,334

The goodwill is as follows:

	<u>Balance at 31 December 2021</u>	<u>Balance at 31 December 2020</u>
Nile Badrawi Hospital	75,853,020	75,853,020
Al Shorouk Hospital S.A.E.	120,823,014	120,823,014
Queens Hospital Works	14,071,000	14,071,000
El-Kateb Hospital Works	158,516,300	158,516,300
Total	369,263,334	369,263,334

Goodwill

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

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

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

Trade name

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

As a result of the effects of the COVID-19 the management has evaluated the goodwill impairment and the intangible assets on the date of the financial statements by using adjusted cash flow which reflects the actual data till the date of the financial statements 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

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)

Goodwill and other intangible assets (continued)

Queens Hospital acquisition

On 16 January 2019, Cleopatra Hospital S.A.E signed a contract to transfer the activity of Queen's Hospital. Cleopatra Hospital S.A.E acquired the assets and inventory and contracted with Queens Hospital from the date of acquisition 18 March 2019 with a total of EGP 25 million. The acquisition resulted in an increase in the cost of acquisition over the fair value of the net assets of the acquired company which was recognized as goodwill as shown in the table above. Cleopatra Hospital S.A.E has acquired fixed assets except for land and buildings. Cleopatra Hospital S.A.E has signed an 18-year lease contract for Queens Hospital is 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 "Business Combinations" as at 18 March 2019, the date on which the acquire effectively obtained control over the business and assets acquired by the Company and transferred the ability to control the financial and operating policies of the Company. Assets acquired and goodwill are as follows:

	<u>EGP</u>
Acquisition cost	
Cash paid	25,000,000
Total acquisition cost	25,000,000
Total fair value of acquired assets	(10,929,000)
Goodwill	14,071,000
	<u>EGP</u>
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

ElKateb Hospital acquisition

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

On 1 November 2019, the company has completed the acquisition of the entire works, land and building of ElKateb Hospital.

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

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

Goodwill and other intangible assets (continued)

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

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

El Bedaya El Gedida for Medical Centers and Hospitals

On September 2020, the Cleopatra Hospital Company signed an agreement to transfer the assets and activities of the Bedaya Hospital Company, owned by its founder, Dr. Ismail Aboul Fotouh. Under the new agreement, the assets and operational activity of Bedaya Hospital will be transferred to a new company - El Bedaya El Gedida for Medical Centers and Hospitals - at the start of October 2020.

Provided that the total share of the Cleopatra Hospital Company is 60% of its capital, while the share of Dr. Aboul Fotouh reaches the remaining 40%. The value of the deal is fully completed in June 2023. The deal estimated the value of medical equipment, assets, and real estate at approximately EGP 105 million, which were paid as capital in the new company, provided that the remainder of the deal's value will be determined and paid based on the results of the new company's business during 2021 and 2022. And an appointment contract was signed between the New Beedaya Company for Medical Centers and Hospitals and Dr. Ismail Aboul Fotouh (note 33).

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

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

	<u>EGP</u>
Acquisition cost	
Cash paid	105,000,000
Purchased investments liabilities	<u>14,485,000</u>
Total acquisition cost	<u>119,485,000</u>
Fair value of the assets acquired	
Buildings	60,000,000
Machinery and Equipment	15,099,000
Furniture	789,000
Computers	145,000
Inventory	3,967,000
Cash	<u>25,000,000</u>
Fair value of acquired assets	<u>105,000,000</u>
Non-competition agreement	<u>14,485,000</u>

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11. Investments in associates

	<u>2021</u>	<u>2020</u>
Egypt Healthcare Facilities Services for facility management	2,178,301	1,143,591
	2,178,301	1,143,591
Amount recognized in profit or loss:		
Egypt Healthcare Facilities Services for facility management	1,034,710	(81,399)
	1,034,710	(81,399)

The statement below illustrates the sister companies of the company on 31 December 2021, and the share capital of the below sister companies consists of ordinary shares only, in which the company contributes directly.

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

The following is the most important summarized financial information on the sister companies as of 31 December 2021:

	<u>Total assets</u>	<u>Total equity</u>	<u>Total revenues</u>	<u>Profit for the year</u>
Egypt Healthcare Facilities Services for facility management	9,861,258	4,445,532	38,705,333	1,945,532

12. Inventories

	<u>2021</u>	<u>2020</u>
Medical supply inventory	26,439,233	34,173,334
Medicine inventory	21,709,850	27,915,858
Maintenance and spare parts inventory	1,647,600	1,795,624
Stationary inventory	1,142,632	1,705,403
Hospitality inventory	655,754	1,089,636
Food and beverage inventory	175,091	93,845
	51,770,160	66,773,700
Less: Impairment of inventory	(468,972)	(466,550)
	51,301,188	66,307,150

Movement in the provision for inventory is as follows:

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	466,550	157,656
Provisions formed during the year	1,132,118	418,250
Provisions no longer required during the year	(1,049,474)	(57,087)
Write-offs during the year	(260,222)	(52,269)
Balance at the end of the year	468,972	466,550

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

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13. Trade receivables

	<u>2021</u>	<u>2020</u>
Due from customers	502,010,165	526,889,175
Income from inpatients	11,153,442	17,197,691
	513,163,607	544,086,866
Less:		
Impairment of customers' balances	(129,839,577)	(125,326,367)
	383,324,030	418,760,499

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.

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 movement in the impairment consists of the following:

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	125,326,367	74,274,923
Effect of application of the new EAS 47 “Financial assets”	11,289,842	-
Formed during the year	105,383,023	81,459,592
Used during the year	(52,753,994)	(1,415,850)
No longer required during the year	(59,405,661)	(28,992,298)
	129,839,577	125,326,367

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	31 December 2021				31 December 2020			
	Loss Rate	Gross carrying amount	Lifetime ECL	Net carrying value	Loss rate	Gross carrying amount	Lifetime ECL	Net carrying value
- current until less than 30 days overdue	1%	313,356,068	1,970,326	311,385,742	2%	335,319,461	5,699,666	329,619,795
- 31 to 60 days overdue	5%	34,286,882	1,747,469	32,539,413	2%	44,033,673	1,087,176	42,946,497
- 61 to 90 days overdue	11%	18,700,626	2,027,866	16,672,760	4%	20,050,339	878,153	19,172,186
- 91 to 120 days overdue	23%	9,174,368	2,114,843	7,059,525	10%	9,941,795	960,171	8,981,624
- 121 to 360 days overdue	57%	28,980,899	16,485,495	12,495,404	44%	31,190,631	13,714,844	17,475,787
- 361 to 720 days overdue	70%	10,477,794	7,306,608	3,171,186	100%	356,108	356,108	-
- More than 720 days	100%	98,186,970	98,186,970	-	99%	103,194,859	102,630,249	564,610
Total		513,163,607	129,839,577	383,324,030		544,086,866	125,326,367	418,760,499

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

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14. Debtors and other debit balances

	<u>2021</u>	<u>2020</u>
Advances to suppliers	67,780,202	53,558,633
Prepaid expenses	7,592,208	21,636,545
Withholding taxes	11,494,414	4,737,285
Employees custodies	648,595	1,375,596
Deposits with others	5,105,318	4,782,505
Accrued income	421,907	17,171
Treasury shares debtors	84,428,630	-
Other debtors	14,233,929	8,494,721
	<u>191,705,203</u>	<u>94,602,456</u>
Less: Impairment of other debit balances during the year	(2,784)	(42,202)
	<u>191,702,419</u>	<u>94,560,254</u>

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

	<u>2020</u>	<u>2019</u>
Balance at 1 January	42,202	143,734
No longer required	(39,418)	(101,532)
	<u>2,784</u>	<u>42,202</u>

15. Financial assets at amortised cost – treasury bills

	<u>2021</u>	<u>2020</u>
Treasury Bills (Maturity 61 days)	636,400,000	30,000,000
Treasury bills (Maturity 91 days)	45,450,070	191,300,000
Less: Unearned revenue	(4,777,156)	(734,170)
	<u>677,072,914</u>	<u>220,565,830</u>

Treasury bills are entitled to a constant annual return of 8.40% and 9.6% after taxes on 31 December 2021 (2020: 8.96% and 9.6%).

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

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16. Cash on hand and at banks

	<u>2021</u>	<u>2020</u>
Time deposit	15,036,965	4,699,290
Current accounts	151,913,259	322,925,123
Cash on hand	3,501,864	2,327,341
Deduct:		
Cash and cash equivalents impairment	(1,545,495)	-
	<u>168,906,593</u>	<u>329,951,754</u>

movement in the impairment is as follows:

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	-	-
Formed during the year	246,880	-
Impact of applying the Egyptian Accounting Standard no. 47 "Financial Instruments"	4,492,746	-
No longer required	(3,194,137)	-
Ending balance	<u>1,545,489</u>	<u>-</u>

The time deposits item includes an amount EGP 15,036,065 at 31 December 2021 (2020: EGP 4,699,290) are denominated in local banks in US dollars and are payable within one from the date of deposit and are subject to a fixed annual return of 0.75%.

Current accounts deposited in Egyptian Pounds are subject to a fixed annual rate of 6% to 6.5% (2020: from 6.5% to 7%).

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

	<u>2021</u>	<u>2020</u>
Cash and bank balances	170,452,088	329,951,754
Treasury bills with maturities of 3 months or less	677,072,914	220,565,830
Total	<u>847,525,002</u>	<u>550,517,584</u>

17. Banks overdraft

The group obtained total credit limits in the form of overdrafts from banks in order to finance working capital at an interest rate of 0.1% in addition to the announced lending rate from the Central Bank. The total available credit limits amounted to 165 million EGP and the withdrawn value of these credit limits in 31 December 2021 equals EGP 60,627,560 (Nil in 31 December 2020).

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

Net debt reconciliation

	<u>2021</u>	<u>2020</u>
Cash and cash equivalent	847,525,002	550,517,584
Less:		
Lease liabilities	(211,458,082)	(13,275,080)
Bank Overdraft	(60,627,560)	-
Total	<u>575,439,360</u>	<u>537,242,504</u>

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Banks overdraft (continued)

	Rent	Cash at bank	Bank overdrafts	Net
Net debt as at 31 December 2020	13,275,080	(550,517,584)	-	(537,242,504)
Effect of applying EAS 49 “Lease Contracts” (Note 3/5)	197,425,332	-	-	197,425,332
Cash flows	(43,722,954)	(297,007,418)	60,627,560	(280,102,812)
Net rents	19,974,499	-	-	19,974,499
Other changes				
Interest expense	24,506,125	-	-	24,506,125
Net debt as at 31 December 2021	211,458,082	(847,525,002)	60,627,560	(575,439,360)

18. Provisions

	2021	2020
Provision for claims	10,765,879	8,780,774
Provision for human resources	11,151,619	12,849,633
	21,917,498	21,630,407

Movement in the provision during the year is as follows:

	2021				
	Balance at the beginning of the year	Formed during the year	Utilised during the year	Provisions no longer required	Balance at the end of the year
Provision for human resources	12,849,633	34,829,810	(21,090,859)	(15,436,965)	11,151,619
Provision for claims	8,780,774	5,658,064	(3,672,959)	-	10,765,879
Total	21,630,407	40,487,874	(24,763,818)	(15,436,965)	21,917,498

	2020				
	Balance at the beginning of the year	Formed during the year	Utilised during the year	Provisions no longer required	Balance at the end of the year
Provision for human resources	8,261,003	33,003,435	(12,970,476)	(15,444,329)	12,849,633
Provisions for claims	7,297,337	7,205,127	(5,621,690)	(100,000)	8,780,774
Total	15,558,340	40,208,562	(18,592,166)	(15,544,329)	21,630,407

Provision for human resources

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

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Provisions (continued)

Provision for claims

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

19. Trade and other payables

	<u>2021</u>	<u>2020</u>
Suppliers and notes payable	227,368,417	237,377,762
Accrued expenses	173,697,850	166,999,155
Dividends payable	3,925,487	3,325,645
Social insurance	5,787,212	3,323,266
Other creditors	50,253,593	30,927,356
	<u>461,032,559</u>	<u>441,953,184</u>

20. Lease liabilities

The lease liabilities represent the present value of the lease obligations related to medical equipment that one of the group companies obtained in exchange for lease contracts and lease contracts for buildings, and it was measured at the present value of the contractual lease payments discounted at an implied rate of return of 12.15%, 16.65% and 11.15%.

	<u>2021</u>	<u>2020</u>
During the year	40,045,267	6,731,920
More than a year	345,574,165	11,633,924
	<u>385,619,432</u>	<u>18,365,844</u>
The present value of the lease obligations is as follows:		
During the year	38,742,917	5,295,687
More than a year	172,715,165	7,979,393
Balance	<u>211,458,082</u>	<u>13,275,080</u>
		<u>2021</u>
Lease Liabilities were presented as follows:		
Lease liabilities shown as at 31 December 2020		13,275,078
Impact of applying the new Egyptian accounting standard no. 49 "Lease contracts" (Notes 3/5)		197,425,332
Lease liabilities at 1 January 2021		<u>210,700,410</u>
Add: Additions during the year		19,974,500
Add: Interest formed during the year		24,506,126
Deduct: Payments during the year		(43,722,954)
Lease liabilities at 31 December 2021		<u>211,458,082</u>

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21. Share capital

Paid share capital of the Company is EGP 800,000,000 distributed on 1,600,000,000 shares

Shareholders structure in 31 December 2021 and 31 December 2020 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

The Group purchased treasury shares during the year, and the outstanding balance as at 31 December 2021 is EGP 4,152,742.

22. Retained earning

The group has applied the change in the Egyptian Accounting Standards related to EAS 47 "Financial Instruments" and EAS 49 "Leasing Contracts". Therefore, the effect of applying the standards on the balances at the beginning of the period was included in the retained earnings. There was no impact on retained earnings from application of EAS 48 "Revenue from contracts with customers"

The movement in profits is as follows:

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year before adjustment	984,874,111	746,183,287
Impact of applying the change in EAS 47 "Financial Instruments"	(14,471,353)	-
Impact of applying the change in EAS 49 "Leasing contracts"	(30,541,996)	-
Balance after adjustment	939,860,762	746,183,287
Profits for the year	387,245,151	286,922,017
Reserves	(11,666,617)	(10,855,563)
Dividend	(45,444,024)	(37,375,630)
Balance at the end of the year (Parent Company)	1,269,995,272	984,874,111

The movement in profits is as follows:

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year before adjustment	65,546,116	61,279,537
Impact of applying the change in EAS 47 "Financial Instruments"	(1,367,824)	-
Impact of applying the change in EAS 49 "Leasing contracts"	(7,577,704)	-
Balance after adjustment	56,600,588	61,279,537
Profits for the year	23,426,977	10,723,257
Reserves	-	(6,456,678)
Dividend	(2,197,732)	-
Balance at the end of the year (Non-controlling interest)	77,829,833	65,546,116

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23. Employee stock ownership plan

The balance of the employees' stock ownership plan is calculated on the basis of the difference between The price's weighted average on the month preceding the units granting date and the month prior the units vesting date which is a one year after the granting. the difference is multiplied by the number of units granted to each beneficiary and then divided by the price at vesting resulting in the final shares for beneficiary.

The estimated discounted value of the incentive and reward scheme for three years is EGP 49,739,647 (estimated payment in the year is EGP 16,579,882), the estimated value for the period recorded in the equity is EGP 8,289,941.

24. Reserves

Below is the movement on reserves during the year:

	2021		
	Balance at the beginning of the year	formed during the year	Balance at the end of the year
Legal reserve	74,225,339	10,933,804	85,159,143
Special reserve	49,090,006	-	49,090,006
Acquisition reserve	(89,475,574)	-	(89,475,574)
Other reserves	247,496,391	10,672,613	258,169,004
Total	281,336,162	21,606,417	302,942,579
	2020		
	Balance at the beginning of the year	formed during the year	Balance at the end of the year
Legal reserve	64,340,195	9,885,144	74,225,339
Special reserve	49,090,006	-	49,090,006
Acquisition reserve	(76,532,044)	(12,943,530)	(89,475,574)
Other reserves	247,496,391	-	247,496,391
Total	284,394,548	(3,058,386)	281,336,162

a) Legal reserve

In accordance with the Law No. 159 of 1981 and the Company's Articles of Association, 5% of the net profit for the year are transferred to the legal reserve. Based on a proposal by the Board of Directors, this transfer may be stopped if the legal reserve reaches 50% of the issued paid-up capital. The legal reserve is not available for distribution to shareholders.

b) Acquisition reserve

This reserve represents the difference between the value of the acquisition by Cleopatra Hospital Company S.A.E. and the carrying value of net assets and liabilities of Cairo Specialised Hospital Company S.A.E. at the acquisition date, as the two companies are under common control. The reason for the acquisition is the reorganisation of the group companies. Therefore, the assets and liabilities of the subsidiary were transferred at historical cost. Cleopatra Hospital Company S.A.E. acquired additional 85,428 Shares from the non-controlling interest of Cairo Specialised Hospital Company S.A.E which resulted additional EGP 7,688,520 added to the acquisition reserve represented in the difference between the fair value of the shares EGP 100 per share and nominal value EGP 10 per share.

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Other Reserves (continued)

c) Special reserve

The special reserve represents the amount that was due to Care Healthcare Ltd. (Shareholder) valued at EGP 47,379,722. As per the letter issued by the Company on 12 April 2016, both parties have agreed that this amount shall be claimed only in the case of dissolution or liquidation of the Company, either voluntary or for any other legal reason. In that case, the due amount shall be divided between recent shareholders of the Company upon liquidation or dissolution at the same proportion of their shares in the Company's share capital to the total number of shares issued. Accordingly, this amount has been recognised as special reserve in equity. In addition to the resulting reconciliation from treasury shares related to Cairo Specialised Hospital (Subsidiary Company). Valued at EGP 1,710,284.

d) Other reserves

The amount represents the amount transferred from share premium according to the requirements of Law No.159 of 1981, and there is no movement in this reserve during the year. In addition to the difference between the buying and selling price of the treasury shares.

25. Non-controlling interests

	Capital	Reserves	Retained earnings	NCI share in acquisition adjustments	Total
Balance at 1 January 2020	35,512,809	7,014,177	61,279,537	120,184	103,926,707
NCI share of acquisition of associates	(1,438,170)	-	-	-	(1,438,170)
Employee profit share	-	-	(6,456,678)	-	(6,456,678)
Legal reserve	-	970,419	-	-	970,419
Comprehensive income for the year	-	-	10,723,257	-	10,723,257
Balance at 31 December 2020	34,074,639	7,984,596	65,546,116	120,184	107,725,535
Balance at 31 December 2020	34,074,639	7,984,596	65,546,116	120,184	107,725,535
Effect of changes in accounting standards	-	-	(8,945,528)	-	(8,945,528)
Balance at 1 January 2021	34,074,639	7,984,596	56,600,588	120,184	98,780,007
Employee profit share	-	-	(2,197,732)	-	(2,197,732)
Legal reserve	-	732,813	-	-	732,813
Comprehensive income for the year	-	-	23,426,977	-	23,426,977
Balance at 31 December 2021	34,074,639	8,717,409	77,829,833	120,184	120,742,065

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Non-controlling interests (continued)

The following table provides information about each subsidiary that has non-controlling interest that is material to the Group:

	Place of business	Percentage of non-controlling interest	Percentage of non-controlling interest's voting rights held	Profit or loss attributable to non-controlling interest
Year ended 31 December 2021				
Cairo Specialised Hospital Company S.A.E.	Egypt	43.54%	43.54%	27,556,619
Nile Badrawi Hospital Company S.A.E.	Egypt	0.01%	0.01%	3,889
Al-Shorouk Hospital Company S.A.E.	Egypt	0.01%	0.01%	4,533
CHG for Medical Services Company S.A.E.	Egypt	80%	40%	(4,114,833)
CHG Pharma for Pharmacies Management Company S.A.E.	Egypt	2%	2%	(23,231)
Total				23,426,977
Year ended 31 December 2020				
Cairo Specialised Hospital Company S.A.E.	Egypt	43.54%	43.54%	14,645,805
Nile Badrawi Hospital Company S.A.E.	Egypt	0.01%	0.01%	4,011
Al-Shorouk Hospital Company S.A.E.	Egypt	0.01%	0.01%	3,223
CHG for Medical Services Company S.A.E.	Egypt	80%	40%	(3,883,144)
CHG Pharma for Pharmacies Management Company S.A.E.	Egypt	2%	2%	(46,638)
Total				10,723,257

26. Operating revenue

	2021	2020
Accommodation and medical supervision revenue	641,340,368	493,604,180
Surgeries revenue	482,811,623	387,821,985
Laboratories revenue	278,888,810	209,076,725
Outpatient clinics revenue	268,983,244	193,020,937
Cardiac catheterization revenue	187,654,337	164,520,780
Radiology revenue	188,537,209	153,502,628
Service charge revenue	181,859,320	144,407,984
Emergency revenue	80,993,846	67,706,622
Pharmacy revenue	120,935,589	65,363,121
Oncology centre revenue	37,977,076	36,316,154
Physiotherapy revenue	22,735,482	15,818,550
Endoscopy revenue	18,221,196	14,799,562
Dentistry revenue	10,464,090	13,692,660
Cardiac tests revenue	15,512,792	11,347,965
Other sections revenue	12,371,880	18,543,438
	2,549,286,862	1,989,543,291

All types of revenue are recognized at a point in time.

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27. Operating costs

	2021	2020
Salaries, wages and benefits	419,500,348	357,935,645
Medical and pharmaceutical supplies	505,768,752	393,121,948
Doctor fees	404,102,932	329,433,546
Fixed assets depreciation	91,599,858	69,438,188
Right of use depreciation	18,074,111	-
Maintenance, spare parts and energy expenses	71,260,338	55,846,831
Consumables costs	46,152,071	37,329,633
Other expenses	62,163,212	56,863,344
	1,618,621,622	1,299,969,135

28. General and administrative expenses

	2021	2020
Salaries, wages and benefits	172,177,475	153,715,362
Professional and consulting fees	28,890,874	18,917,285
Fixed assets depreciation	22,282,793	14,923,264
Right of use depreciation	7,882,231	-
Maintenance, spare parts and energy expenses	18,654,505	14,817,029
Intangible assets amortization	15,889,285	3,972,321
Consumables costs	2,569,161	3,191,808
Other expenses	76,590,823	46,915,144
	344,937,147	256,452,213

29. Expenses By nature

	2021	2020
Salaries, wages and benefits	591,677,823	511,651,007
Medical and pharmaceutical supplies	505,768,752	393,121,948
Doctor fees	404,102,932	329,433,546
Fixed assets depreciation	113,882,651	84,361,466
Right of use depreciation	25,956,342	-
Maintenance , spare parts and energy expenses	89,914,843	70,663,860
Net impairment losses on financial assets (Note 30)	43,030,111	52,467,296
Consumables costs	48,721,232	40,521,441
Intangible assets amortization	15,889,285	3,972,321
Other expenses	167,644,909	122,695,759
	2,006,588,880	1,608,888,644

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30. Net impairment losses on financial assets

	<u>2021</u>	<u>2020</u>
Impairment in trade receivables	45,977,368	52,467,296
Impairment in cash no longer required	(2,947,257)	-
	<u>43,030,111</u>	<u>52,467,296</u>

31. Other income

	<u>2021</u>	<u>2020</u>
Rent	1,945,895	1,715,110
Capital (losses)/gains	(786,749)	475,170
Other income	8,200,716	4,509,703
	<u>9,359,862</u>	<u>6,699,983</u>

32. Finance income / (expenses)

	<u>2021</u>	<u>2020</u>
Finance income		
Interest income	59,586,759	49,139,077
Total finance income	<u>59,586,759</u>	<u>49,139,077</u>
Finance costs		
Interest expense – credit facilities	(9,934,055)	(2,163,984)
Interest expense – lease contracts	(24,506,126)	-
Foreign currency valuation	(9,375)	(284,718)
Total finance expenses	<u>(34,449,556)</u>	<u>(2,448,702)</u>
Net finance (expenses) / income	<u>25,137,203</u>	<u>46,690,375</u>

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33. Income taxes

	<u>2021</u>	<u>2020</u>
Current income tax	120,033,506	95,477,101
Deferred tax (Note 34)	3,915,474	3,099,876
	<u>123,948,980</u>	<u>98,576,977</u>

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

	<u>2021</u>	<u>2020</u>
Net profit before tax	534,621,108	400,194,572
Income tax calculated based on the applicable local tax rate	120,289,749	89,985,482
Add/ (deduct):		
Non-taxable expenses	19,551,454	19,108,539
Income not subject to tax	(21,680,398)	(7,574,629)
Deferred tax assets on previous years losses	-	(3,600,000)
Deferred tax assets	5,788,175	657,585
Income taxes	<u>123,948,980</u>	<u>98,576,977</u>
Effective tax rate	<u>23.18%</u>	<u>24.63%</u>

	<u>2021</u>	<u>2020</u>
<u>Current income tax liabilities</u>		
Balance at 1 January	36,054,556	62,638,092
Payments during the year	(36,402,286)	(66,768,159)
Current year tax	120,033,506	95,477,101
Advance payments to tax authorities	(53,486,920)	(55,292,478)
	<u>66,198,856</u>	<u>36,054,556</u>

34. Deferred tax

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

	<u>Balance at 1 January 2021 (Liability)</u>	<u>(Expense)/ Income charged to the statement of profit or loss during the year</u>	<u>Balance at 2021 (Liability)</u>
<u>Liabilities</u>			
Fixed assets	(38,636,541)	(5,644,733)	(44,281,274)
Fixed assets - Effect of fair value	(40,289,043)	1,929,493	(38,359,550)
Intangible assets - Effect of fair value	(9,979,650)	-	(9,979,650)
Total Liabilities	<u>(88,905,234)</u>	<u>(3,715,240)</u>	<u>(92,620,474)</u>
<u>Assets</u>			
Provisions (excluding claims provision)	3,547,300	(200,237)	3,347,063
Subsidiaries Accumulated losses	7,463,572	-	7,463,572
Net deferred tax - liability	<u>(77,894,362)</u>	<u>(3,915,477)</u>	<u>(81,809,839)</u>

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Deferred tax (continued)

	Balance at 1 January 2020 (Liability)	(Expense)/ Income charged to the statement of profit or loss during the year	Balance at 2020 (Liability)
<u>Liabilities</u>			
Fixed assets	(25,051,476)	(13,585,065)	(38,636,541)
Fixed assets - Effect of fair value	(42,242,629)	1,953,586	(40,289,043)
Intangible assets - Effect of fair value	(9,979,650)	-	(9,979,650)
Total Liabilities	(77,273,755)	(11,631,479)	(88,905,234)
<u>Assets</u>			
Provisions (excluding claims provision)	2,479,269	1,068,031	3,547,300
Subsidiaries Accumulated losses	-	7,463,572	7,463,572
Net deferred tax - liability	(74,794,486)	(3,099,876)	(77,894,362)

35. Earnings per share

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

	2021	2020
Profit for the year	387,245,151	286,992,017
(Less) Employees and Board of Directors dividends	(66,127,121)	(47,283,997)
	321,118,030	239,708,020
Number of shares issued	1,598,704,166	1,600,000,000
Earning per share (Basic & diluted)	0.20	0.15

36. Related parties transactions

During the 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 year were as follows:

Balances of financial position

(Related parties)	Nature of transaction	Balance due from / (to) related parties 2021	Balance due from / (to) related parties 2020
Other parties	Expenses paid on behalf of the Company	530,300	386,827
Other parties	Expenses paid on behalf of related parties	-	(597,889)
		530,300	(211,062)

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.

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37. Tax position

Cleopatra Hospital Company

First: Corporate tax inspection

- The examination was conducted until 31 December 2019 and the settlement and payment were made in full.
- The year 2020 has been examined, payment has been made, and settlement is underway.

Secondly: Income tax inspection

- The examination was conducted until 31 December 2019 and the settlement and payment were made in full.
- 2020 is not inspected.

Third: Stamp taxes

- Inspected until 31 July 2006, and payment has been made.
- The inspection was carried out until the year 2020, and the payment was made and the settlement is underway.

Fourth: Value Added Taxes

- Inspected until 31 December 2004.
- The sales tax was inspected for the years from 2005 to 2015 and the examination differences were paid.
- The sales tax was checked for the years from 2016 to 2019 and the tax differences were paid.
- Monthly tax returns are submitted on the legal dates.

Fifth: Payments made under tax account

- A request was submitted to the Tax Office to approve the system of advance payments under tax account from 1 January 2021 until 31 December 2021.
- The system of advance payments was approved for the tax period from 1 January 2021 to 31 December 2021.

Cairo Specialized Hospital Company

First: Corporate tax inspection

- The inspection was conducted until 31 December 2019 and the settlement and payment were made in full.
- The year 2020 has been inspected, payment has been made, and settlement is underway.

Secondly: Income tax inspection

- The inspection was carried out until 31 December 2018, and the settlement and payment were made in full.
- The year 2019 was inspected, payment has been made.
- The year 2020 is not inspected.

Third: Stamp taxes

- Inspected until 31 December 2016 and payment was made.
- The years from 2017 to 2019 have been inspected, payment has been made and settlement is underway
- 2020 is under inspection.

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Tax position (continued)

Fourth: Value Added Taxes

- The inspection was conducted from 2016 to 2020, and the tax differences are being paid and the settlement is being done.
- Monthly tax returns are submitted on the legal dates.

Fifth: Payments made under tax account

- A request was submitted to the Tax Office to approve the system of advance payments under tax account from 1 January 2021 until 31 December 2021.
- The system of advance payments was approved for the tax period from 1 January 2021 to 31 December 2021.

Nile Badrawi Hospital Company

First: Corporate tax

- The inspection was carried out until 31 December 2020, and the settlement and payment were made in full.

Secondly: Income tax

- The inspection was carried out until 31 December 2019 and the settlement was made and the principal tax paid.
- The year 2020 is not inspected.

Third: Stamp taxes

- The inspection was carried out until the year 2019 and the settlement and payment were made in full.

Fourth: Value Added Taxes

- Monthly tax returns are submitted on the legal dates.

Fifth: Payments made under tax account

- A request was submitted to the Tax Office to approve the system of advance payments under tax account from 1 January 2021 until 31 December 2021.
- The system of advance payments was approved for the tax period from 1 January 2021 to 31 December 2021.

Al Shorouk Hospital Company

First: Corporate tax

- The inspection was conducted until 31 December 2019 and the settlement and payment were made in full.
- The year 2020 has been inspected, payment has been made, and settlement is in progress.

Secondly: Income tax

- The inspection was carried out until 31 December 2014 and the settlement and payment was made in full.
- The years from 2015 to 2020 were inspected and the original tax was paid.

Third: Stamp taxes

- The inspection was carried out until 31 December 2018, and the settlement and payment were made in full.
- The years from 2019 to 2020 are under inspection.

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Tax position (continued)

Fourth: Value Added Taxes

- The inspection was carried out from 2016 to November 2020 and the original tax was paid.
- Monthly tax returns are submitted on the legal dates.

Fifth: Payments made under tax account

- A request was submitted to the Tax Office to approve the system of advance payments under tax account from 1 January 2021 until 31 December 2021.
- The system of advance payments was approved for the tax period from 1 January 2021 to 31 December 2021.

38. Commitments

Capital commitments:

Capital commitments at financial year end, which are not yet due, amounted to EGP 141,285,345 (2020: EGP 78,994,121), which represent the capital commitments to purchase of fixed assets and projects under constructions.

39. Purchase of investments liability

The present value of the cash portion of the remainder of the deal value was estimated at 14,485,000 EGP, and the present value of the fair value of the part of the equity instruments (which represents 40% of the shares of the El Bedaya El Gedida for Medical Centers and Hospitals) was estimated in June 2023 against the commitment of Dr. Abul-Fotouh with all the conditions for the contracts between the two parties, at an amount of 38,005,000 EGP, an amount of 3,455,000 was recognized within the year's expenses, and it represents for the period from October 1, 2020 to 31 December 2020.

The present value of the cash portion of the remainder of the deal value was estimated at 14,485,000 EGP, and the present value of the fair value of the part of the equity instruments (which represents 40% of the shares of the El Bedaya El Gedida for Medical Centers and Hospitals) was estimated in June 2023 in exchange for the continuity of the appointment contract. With an amount of 38,005,000 EGP.

40. Significant events

With reference to the voluntary tender offer announcement issued on 12 September 2021 submitted by MCI Capital Healthcare Partners, MCI Capital Healthcare Partners increased its stake in Cleopatra Hospital Company on December 30, 2021 from 3.79% to 26.78%, and Care Healthcare's share has become 29% under this offer. This transaction has been settled at 3rd of January 2022.

On 30 December 2021, the Company sold 19,948,142 shares from the treasury stock as part of the voluntary offer made by MCI Capital Healthcare Partners for Medicare and the transaction was settled on January 3, 2022. This transaction was not included in the statement of cash flows because it is non-cash transaction until the date of the financial statements.

The Company signed agreements on 5 October 2021, which are conditional agreements to be implemented under several conditions, the most important of which is obtaining the approvals of the Ministry of Health and Population, as part of a deal to complete and equip a hospital building with a capacity of more than 400 beds in the New Cairo area. Since the conditional grace period has expired, negotiations are currently underway to change some of the terms of the agreement.

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On 13 February 2020, the Cleopatra Hospital Company, the General Authority for River Transport, the Nile Badrawi Hospital Company and the heirs of Eng. Hassan Badrawi signed a comprehensive and final settlement agreement, according to which it was agreed to resolve, settle and end all disputes and claims related to the land on which Nile Badrawi Hospital was built. The total settlement amounted to 36 million EGP, bearing in mind that part of the settlement falls within the limits of the amounts deducted from the sale price of the shares of Nile Badrawi Hospital in favor of Cleopatra Hospital, and it was agreed to waive between the General Authority for River Transport and the Nile Badrawi Hospital Company for the disputes raised by each of them regarding the land being settled. On 31 March 2021, the Administrative Court of Justice issued a ruling accepting the case in form and rejecting it in substance. The Cairo Governorate and the Nile Badrawi Hospital Company appealed the aforementioned ruling before the Supreme Administrative Court, and a session was set for 18 May 2022, until both parties submit the settled settlement contracts between the parties.

On 29 December 2021, the Board of Directors agreed to sign an agreement to complete the construction, management and operation of a medical facility (Sky Hospital) for a period of 27 years, located in the Fifth Settlement area and owned by: Housing and Social Services Fund for Petroleum Sector Workers / Egyptian Natural Gas Company (GASCO) “SAE” The Egyptian Company for the Distribution of Natural Gas for Cities (Town Gas) “LLC” of the General Petroleum Corporation, knowing that the ownership of the hospital will remain for the duration of the contract and after its termination, for the current owners. The contract was signed on 30 December 2021.

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41. Subsequent events

On 24 February 2022, the board of directors of Cleopatra Hospital Company "Egyptian Joint Stock Company" unanimously agreed that the company would purchase treasury shares from the open market, provided that execution would be carried out at the price of the security during the trading sessions. From the company's resources and to be implemented from the session on 27 February 2022, until the execution of the purchase of treasury shares amounting to a maximum of 10% of the total shares of the company, and without the participation of any of the main or internal shareholders and their related groups in accordance with the law.