CLEOPATRA HOSPITAL COMPANY "S.A.E."

LIMITED REVIEW REPORT AND
THE SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2021

CLEOPATRA HOSPITAL "S.A.E."

Separate interim financial statements - For the three months period ended 31 March 2021

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Limited review report on the interim financial statements

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

Introduction

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

Scope of the limited review

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

Conclusion

In light of our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 31 March 2021, its financial performance and cash flows for the three-month period then ended in accordance with the Egyptian Accounting Standards.

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

6 June 2021
Cairo

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

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Separate interim statement of financial position - At 31 March 2021

(All amounts in Egyptian Pounds)	Note	31 March 2021	31 December 2020
Assets			
Non-current assets			
Fixed assets	6	336,436,218	334,054,902
Investments in subsidiary	7	1,045,947,470	1,045,947,470
Investments in associates	8	1,394,308	1,143,591
Goodwill	9	172,587,300	172,587,300
Payment under investments purchase	10	5,673,000	-
Right of use	11	100,169,249	-
Deferred tax asset	34	1,956,445	1,694,473
Total non-current assets		**1,664,163,990**	**1,555,427,736**
Current assets			
Inventories	12	21,045,576	24,343,737
Trade receivables	13	188,065,426	179,476,385
Due from related parties	14	57,472,754	65,276,174
Debtors and other debit balances	15	33,116,689	35,480,888
Financial assets at amortized cost	16	241,423,722	139,446,980
Cash on hand and at banks	17	165,682,192	134,560,287
Total current assets		**706,806,359**	**578,584,451**
Total assets		**2,370,970,349**	**2,134,012,187**
Equity and Liabilities			
Equity			
Share capital	18	800,000,000	800,000,000
Reserves	19	369,101,452	369,101,452
Retained earnings	20	801,424,126	744,657,574
Total equity		**1,970,525,578**	**1,913,759,026**
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	34	12,050,794	12,031,237
Lease contracts liability	21	101,258,627	-
Investment creditors	22	14,485,000	14,485,000
Total non-current liabilities		**127,794,421**	**26,516,237**
Current liabilities			
Banks overdraft	23	52,979,743	-
Provisions	24	11,610,921	10,446,601
Creditors and other credit balances	25	158,378,983	147,546,667
Obligations for share-based payments		1,086,075	-
Lease contracts liability	21	10,875,099	-
Current income tax liabilities	33	37,719,529	35,743,656
Total current liabilities		**272,650,350**	**193,736,924**
Total liabilities		**400,444,771**	**220,253,161**
Total equity and liabilities		**2,370,970,349**	**2,134,012,187**

- The accompanying notes from (1) to (37) are integral part of these separate financial statements.
- Auditor's report is attached

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

3 June 2021

CLEOPATRA HOSPITAL

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Separate interim statement of profit or loss
For the three months period ended 31 March 2021

(All amounts in Egyptian Pounds)	Note	31 March 2021	31 March 2020
Operating revenue	26	310,197,587	227,360,665
Less:			
Operating costs	27	(169,392,690)	(137,915,102)
Gross profit		**140,804,897**	**89,445,563**
Add / (Less)			
General and administrative expenses	28	(33,545,071)	(21,589,175)
Impairment of financial instruments	29	(5,810,186)	(3,408,037)
Consulting expenses for acquisition activities		(5,308,034)	-
Provisions	24	(6,274,281)	(2,816,089)
Other income	31	4,359,714	2,421,078
Finance income	32	8,566,209	11,980,105
Finance expenses	32	(3,802,451)	(208,386)
Profit for the period before income tax		**98,990,797**	**75,825,059**
Current tax	33	(24,673,431)	(17,358,801)
Deferred tax	33	242,415	274,203
Profit after income tax		**74,559,781**	**58,740,461**
Earnings per share (Basic / Diluted)	35	**0.05**	**0.04**

- The accompanying notes from (1) to (37) are integral part of these separate financial statements.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Separate interim statement of comprehensive income
For the three months period ended 31 March 2021

(All amounts in Egyptian Pounds)	31 March 2021	31 March 2020
Profit for the period	74,559,781	58,740,461
Other comprehensive income	-	-
Comprehensive income for the period	**74,559,781**	**58,740,461**

- The accompanying notes from (1) to (37) are integral part of these separate financial statements.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Separate interim statement of changes in equity
For the three months period ended 31 March 2021

(All amounts in Egyptian Pounds)

	Note	Capital	Reserves	Retained earnings	Total
Balance at 1 January 2020		800,000,000	359,216,308	562,179,987	1,721,396,295
Profit and comprehensive income for the period		-	-	58,740,461	58,740,461
Balance at 31 March 2020		800,000,000	359,216,308	620,920,448	1,780,136,756
Balance at 1 January 2021		800,000,000	369,101,452	744,657,574	1,913,759,026
Impact on the change of standards	20	-	-	(17,793,229)	(17,793,229)
Balance at 1 January 2021		800,000,000	369,101,452	726,864,345	1,895,965,797
Profit and comprehensive income for the period		-	-	74,559,781	74,559,781
Balance at 31 March 2021		800,000,000	369,101,452	801,424,126	1,970,525,578

- The accompanying notes from (1) to (37) are integral part of these separate financial statements.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Separate interim statement of cash flows
For the three months period ended 31 March 2021

(All amounts in Egyptian Pounds)	Note	31 March 2021	31 March 2020
Cash flows from operating activities			
Profit before tax		98,990,797	75,825,059
Adjustments to reconcile net income to cash flows from operating activities			
Fixed assets depreciation	6	9,609,243	7,824,986
Impairment of trade receivables	13	10,831,084	3,408,035
Impairment of cash in bank	17	1,542,723	-
Provisions	24	6,274,281	2,816,089
Interest and commissions - Credit facilities	32	612,708	-
Interest and commissions - Lease contracts	32	3,164,251	-
Interest income	32	(8,566,209)	(11,980,105)
Financial Obligations for Share - Based Payments		1,086,075	-
Profit from investment in associates		(250,717)	-
Operating profits before changes in assets and liabilities		**123,294,236**	**77,894,064**
Changes in assets and liabilities			
Change in inventories		3,298,161	(6,483,842)
Change in trade receivables		(19,420,125)	(33,146,551)
Provision utilized	24	(5,109,961)	(1,400,652)
Change in due from related parties		7,803,421	(5,085,448)
Change in debtors and other debit balances		8,980,467	(4,931,949)
Change in creditors and other credit balances		10,762,442	(1,775,755)
Change in due to related parties		-	(2,794,469)
Tax paid	33	(22,697,558)	-
Net cash flows generated from operating activities		**106,911,083**	**22,275,398**
Cash flows from investing activities			
Payments for purchase of fixed assets	6	(10,360,367)	(2,511,645)
Payments for projects under construction	6	(1,630,192)	(2,173,130)
Advance payment for purchase of fixed assets		(5,485,955)	(2,278,167)
Interest received		7,435,896	11,918,410
Payments for investments	10	(5,673,000)	(57,182,882)
Treasury bills		-	(98,965,465)
Net cash flows used in investing activities		**(15,713,618)**	**(151,192,879)**
Cash flows from financing activities			
Banks overdraft	23	52,979,743	-
Interest and commissions paid		(3,707,086)	-
payments of principle lease liability		(5,828,752)	-
Net cash flows used in financing activities		**43,443,905**	-
Change in cash and cash equivalents during the period		**134,641,370**	**(128,917,481)**
Cash and cash equivalents at the beginning of the period		274,007,267	443,010,427
Cash and cash equivalents at the end of the period	17	**408,648,637**	**314,092,946**

- The accompanying notes from (1) to (37) are integral part of these separate financial statements.

(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." in accordance with the provisions of Law No. (8) Of 1997 and Law No. (95) Of 1992. The company is listed on the Egyptian stock exchange.

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

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

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

These separate interim financial statements have been approved for issuance by the management of the Company on the 3 June 2021.

2. Accounting policies

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

A. Basis of preparation of the separate interim financial statements

The separate interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and relevant laws, which have all been applied consistently throughout the fiscal year except when otherwise indicated in (Note 2/B), the separate interim financial statements have been prepared under the historical cost convention.

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

Subsidiaries

Companies (including Special Purpose Entities / SPEs) in which the company directly or indirectly has the ability to control its financial and operating policies, and usually the company has an ownership interest in more than half of the voting rights. The existence of the effect of future voting rights that can be exercised or transferred in the present time is taken into account when assessing whether the parent company has the ability to control the subsidiary.

The company's separate interim financial statements were prepared in accordance with the provisions of the relevant local laws, and the consolidated interim financial statements for the company and its subsidiaries were prepared in accordance with Egyptian accounting standards. The company's separate interim financial statements are read with its consolidated financial statements as of and for the three-month period ending on March 31, 2021, so that you can obtain complete information about the company's consolidated financial position, business results, cash flows and changes in equity.

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

Basis of preparation of the separate interim financial statements (continued)

Subsidiaries are accounted for in the separate interim financial statements of the parent company using the cost method. According to this method, investments are recorded at the cost of acquisition, including any goodwill, and any impairment losses are deducted from it. Dividends are recorded in the profit and loss statement when the distribution of these profits is approved and the parent company's right to collect them is established.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights in the associate.

i. Equity method

Under the equity method, the investment in associates is initially recognised at cost, and the cost is modified after the date of acquisition to the changes during post-acquisition period on the Company's share in the net assets of the associate. The Company's profit or loss includes its share in the associate's profit or loss, and the statement of comprehensive income includes the Company's share in the associate's other comprehensive income. The carrying amount of the investment is adjusted by the Company's total share in the changes in equity after the date of acquisition.

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

In 28 March 2019, the ministry of investment issued a decree no. 69 of 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.

In accordance with the Prime Minister's Resolution No. 1871 of 2020 regarding postponing the application of the previous standards for the fiscal year that begins on 1 January 2021, the company 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 January 1, 2021:

Retained earnings 31 December 2020	**744,657,574**
Impact of the change in EAS 47 "Financial Instruments"	(6,563,621)
Impact of the change in EAS 48 "Revenue from contracts with customers"	-
Impact of the change in EAS 49 "Lease Contracts"	(11,229,608)
Retained earnings 1 January 2021	**726,864,345**

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

This standard is applied for financial periods beginning on or after January 1, 2021. This standard replaces the corresponding topics in Egyptian Accounting Standard No. (26) "financial Instruments, Recognition and Management" 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.

New Egyptian Accounting Standards ("EAS") and interpretations adopted (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 and loans and receivables available for sale.

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 company classifies bonds, treasury bills, trade receivables and other debit balances as financial assets at amortized cost.

All the investments in debt instruments that are currently classified as held to maturity 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 company'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 company has none of these obligations. Also, the company has no financial commitments that have been restructured or modified.

Impairment of financial assets
The company has four types of financial assets that are subject to the new expected credit loss model:
- Balances with banks
- Due from related parties balances
- Debtors and other debit balances
- Financial assets at amortized cost

The Egyptian Accounting Standard No. (47) requires the review of 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.

Customers and other receivables
The new impairment model requires recognizing provisions for impairment based on expected credit losses rather than realized credit losses.

The new impairment model requires recognizing provisions for impairment in the value of financial assets according to the expected credit losses model instead of the realized credit losses in case there is objective evidence of impairment in value as a result of the occurrence of one or more events after the initial recognition of the asset (loss event) in accordance with Egyptian Accounting Standard No. (26).

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

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

The new impairment model applies to financial assets at amortized cost, debt instruments that are measured at fair value through comprehensive income, contract assets resulting from Egyptian Accounting Standard No. 48 "Revenue from contracts with customers", lease receivables, loan commitments and some financial guarantee contracts. The company has implemented the new rules with effect from January 1, 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 average late payment rate.
- 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 January 1, 2021:

	31 December 2020
Trade receivable impairment at 31 Dec 2020	43,959,355
Impact of changes of the standards of retained earnings	4,940,868
Trade receivable impairment at 1 January 2021	48,900,223

(2) Egyptian Accounting Standard No. 48 "Revenue from contracts with customers"
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) EAS No. (49) – "Leases":

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 liability, which represents their obligation to make lease payments.

This standard replaces the Egyptian Accounting Standard No. (20) "Accounting rules and standards relating to financial leasing operations".

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

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

The Company, 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 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 Company borrows. Subsequently, the lease liability is measured at amortized cost using the effective interest rate method.

Subsequently, the right of use 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 period in which the Company has termination options for which the company is not significantly certain of the benefit of these options.

A significant portion of the leases included in the company's lease include leases that are extendable through a reciprocal agreement between the Company and the lessor or leases that can be cancelled by the Company immediately or at short notice. All extension and termination options are the right of the company and not the lessor. In determining the term of the lease, management considers 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 company 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.

C. Foreign currency translation

(1) Functional and presentation currency

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

Foreign currency translation (continued)

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

D. Fixed assets

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

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

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

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

The depreciation rates by type of asset are as follows:

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

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

E. Inventories

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

F. Under EAS 47 - Financial Assets

(1) Classification:
Effective of 1 January 2021, the company classifies its financial assets into the following:

- Those that must subsequently be measured at fair value (either through other comprehensive income or through profit or loss), and
- Assets that will be measured at amortized cost. The company's financial assets include trade and other receivables, treasury bills, cash at banks, due from related parties and the fund.

The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets recognized at fair value, the gain or loss will be recognized in the statement of profit or loss or in other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has irrevocably elected upon initial recognition to account for equity investments at fair value through other comprehensive income.

The Company reclassifies debt investments only with the modification of the business model.

(2) Initial and subsequent measurement:
On initial recognition, the company measures the financial asset at its fair value plus transaction costs directly attributable to the acquisition of the financial asset "in the case of a financial asset not at fair value through profit or loss". Transaction costs of financial assets carried at fair value are recognized in the statement of profit or loss.

Debt instruments - treasury bills
The subsequent measurement of debt instruments depends on the company's asset management model and the cash flow of the asset. The company then measures the debt instruments at the amortized cost of the assets held to collect the contractual cash flows, where these cash flows represent payments of principal and interest only. Interest income from these financial assets is included in financing income using the effective interest rate method. Any gain or loss resulting from derecognition is recognized directly in the statement of profit or loss and is presented in other income / (expenses), in addition to foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

(3) Impairment of financial assets:

Financial assets at amortised cost
Effective January 1, 2021, the Company estimates the expected credit losses associated with debt instruments carried at amortized cost and at fair value through other comprehensive income. The impairment depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by EAS (47), which requires recognition of expected losses from initial recognition of receivables.

G. Share capital

Ordinary shares are classified as equity.

H. Legal reserve

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

I. Provisions

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

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

J. Trade payables

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

K. Borrowings and advances and banks overdrafts

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

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of this asset, The cost of borrowing, which is capitalised, is determined based on actual borrowing costs, which are incurred by the Company 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 Company has an unconditional right to defer the settlement of such liabilities for a period of not less than 12 months after the date of the financial statements,

L. Employees' benefits

(1) Employees' share of profit

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

(2) Pension and insurance scheme

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

(3) Employee incentive plan

On October 15, 2020, the company's general assembly agreed to adopt a system of rewarding and motivating the company's employees, managers and executive board members by promising to sell shares, to be effective as of July 1, 2020, taking into account obtaining the approval of the Financial Supervisory Authority first so that the company can announce and implement the system, The system was approved by the Financial Supervisory Authority on December 13, 2020.

Definition of the system:

1- A promise is made to sell shares equivalent to 5% of the company's issued shares to employees, managers and executive board members of the company and its subsidiaries who are selected by the supervisory 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 supervisory committee may include other beneficiaries during the term of the system.

2- The duration of the system is a maximum of seven years, starting from July 1, 2020, during which each beneficiary is allocated a specific number of units in accordance with the decision of the supervisory committee, with a maximum of five segments.

3- The shares allocated to the beneficiary are calculated according to the following formula: The difference between (1) the share price which is determined on the basis of the weighted average price (Volume Weighted Average Price) in the month preceding the date of the allotment and (2) the share price which is determined on the basis of the weighted average (Volume Weighted Average Price) in the month preceding the date on which the right began to be exercised and the date on which one year has passed since the date of each allotment (the "share price upon exercise of the right"). Then the result is multiplied by the number of units allocated to each specific segment for each beneficiary and the output referred to is divided by the share price upon exercising the right, to result 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 company's shareholders (An illustrative example is attached). In the event that the total percentage of the product of the number of shares for all beneficiaries of the system exceeds 1% of the total shares issued to the company annually at any time, the percentage increase is reduced to 1% in proportion to all beneficiaries of the system who did not exercise their right to the shares allocated to them.

Employees' benefits (continued)

4- The final number of shares allotted to each beneficiary is distributed over three years in accordance with each beneficiary's allotment contract.

5- 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.

6- Issuance of the increase shares allocated to the application of the system is financed through a special reserve, share premium, and/a, and retained earnings, and/a, and by transferring the reserve money (a) and part of it into shares whose value is increased by the issued capital based on a decision of the Board of Directors of Company A and through cash purchase. From the company's shares traded on the Egyptian Stock Exchange as treasury shares and allocate them in accordance with the system.

7- The fair value of these obligations is recognized in the statement of profit or loss.

8- The association may terminate the work of this system, subject to obtaining the approval of the General Authority for Financial Supervision, without any prejudice to the rights of the beneficiaries.

M. Revenue recognition

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

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

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

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

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

N. Leases

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 is depreciated using the straight-line method over the estimated useful life of those assets or the lease term.

The right of use is depreciated using the straight-line method over the estimated useful life of these assets or the lease term, whichever is less - unless there is a right to the asset at the end of the contract since the company has a right at the end of the lease term.

The first measurement of the lease obligations is made at the present value of future payments discounted using the additional interest rate that the company borrows, and later is measured using the effective interest rate method.

The right of use, as well as lease obligations, are remeasured in the following cases:
1- Change in the rental price.
2- Amending the lease contract.
3- Adjusting the rental period.

O. Current and deferred income tax

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

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

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

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

P. Dividends

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

Q. Cash and cash equivalents

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

R. Fair value of financial instruments

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

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

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

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

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

The Company uses valuation techniques appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value of all assets and liabilities in the financial statements are measured and included in the fair value hierarchy below, on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 Quoted market prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 Other valuation techniques where all lowest level inputs that are significant to the fair value measurement are directly or indirectly observable.
Level 3 Valuation techniques where all lowest level inputs that are significant to the fair value measurement are not observable.

As for assets and liabilities in the separate interim financial statements, on a periodic basis, the company determines the level, in the case of transfers between levels within the hierarchy during the revaluation of the classification (based on the lowest input levels that are considered to be significant to the fair value measurement in its entirety) at the end of each reporting period.

The management determines the policies and procedures for measuring the fair value either regularly or irregularly. External values are engaged in the valuation of significant assets, the criteria for selecting the value include their knowledge of the market, reputation, independence and compliance with the professional standards, the management determines the valuation techniques that should be applied on a case by case basis.

Fair value of financial instruments (continued)

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

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

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

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

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

S. Earnings per share

i. Basic earnings per share
Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

ii. Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares

T. Goodwill resulting from investment

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired, and contingent liabilities at the date of acquisition. If the consideration transferred, non-controlling interest in the acquiree and the date of acquisition fair value pf the Company's equity previously held at the acquiree is less than the net of the identifiable acquired assets and liabilities assumed at the date of acquisition, the Company recognises the gain resulting from profit and loss at the date of acquisition and the gains are attributed to the Company.

Goodwill resulting from investment (continued)

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The Company undertakes impairment reviews of goodwill acquired in a business combination annually if indicators or evidence indicate impairment of the CGU by comparing its carrying amount including goodwill with its recoverable amount, which is the higher of fair value less costs sale and value in use. The Company recognises any impairment loss immediately in profit or loss, and is not subsequently reversed.

U. Corresponding figures

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

V. Segment reporting

Business segments are reported in line with the reports provided internally to the senior management, which makes decisions related to resources allocation and evaluation of segment's performance in the Company.

3. Financial risk management

3.1 Financial risk factors

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

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

(A) Market risk

Risk of change in foreign currency rates

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

Financial risk management (Continued)

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

	31 March 2021	31 December 2020
US Dollar	15,537,295	13,495,856
Pound	4,329	4,091
Euro	322,385	356,446

At 31 December, if the value of EGP increased/ decreased by 10% against USD, with all other variables held constant, net profit after taxes would increase or decrease as follows:

	31 March 2021	31 December 2020
US Dollar	1,553,730	1,349,586
Pound	433	409
Euro	32,239	35,645

(B) Credit risk

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

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

In case of customers, the Hospital's Financial Director and General Manager perform analysis on the credit risk for each potential credit customer in accordance with the Company's policies, including Cleopatra Hospital or subsidiaries. The Parent Company's Executive Committee follows-up the compliance with credit terms, and reviews default cases and debt ageing report to take the necessary decisions whether to cancel the credit or to refer the defaulted customer to the Legal Department for their necessary actions, Note (13) to these financial statements provides more detailed information in respect of this matter.

The management establishes a provision for impairment of 100% for defaulted customers for more than 211 days from the claim date after deducting the amounts that expected to be collected after that date (Loss Given Default) after default, provision is calculated according to the expected credit loss made.

Treasury bills are issued and granted by the Egyptian government, and there is no average rate of late payment, therefore the management believes that the credit risk resulting from them is limited.

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

Financial risk management (Continued)

Balances exposed to credit risks are as follows:

	31 March 2021	31 December 2020
Cash at banks	165,875,711	133,478,741
Trade receivables	242,855,865	223,435,740
Due from related parties	57,472,754	65,276,174
Due from employees	593,823	423,517
Treasury bills	241,423,722	139,446,980
Accrued interest income	101,816	2,607

(C) Liquidity risk

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

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

	Less than A year	1 to 5 years
31 March 2021		
Accrued expenses	62,385,085	-
Suppliers and notes payable	22,456,304	61,637,821
Lease liability	10,875,099	101,258,627
Financial liabilities of the share payments	1,086,075	-
Banks overdraft	52,979,743	-
Financial investments creditors	-	14,485,000

	Less than A year	1 to 5 years
31 December 2020		
Accrued Expense	62,413,304	-
Suppliers and notes payable	77,578,948	-
Financial investments creditors	-	14,485,000

3.2 Capital risk management

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

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

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

Financial risk management (Continued)

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

	31 March 2021	31 December 2020
Creditors and other credit balances	158,378,983	147,546,667
Lease liability	112,133,726	-
Employee incentive plan	1,086,075	-
Banks overdraft	52,979,743	-
Less: Cash and cash equivalents	(408,648,637)	(274,007,267)
Net debt	**(84,070,110)**	**(126,460,600)**
Total equity	1,970,525,578	1,913,759,026
Total Capital	**1,886,455,468**	**1,787,298,426**
Net debts to total capital ratio	**(4%)**	**(7%)**

3.3 Estimation of fair value of financial instruments

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

4. Critical accounting estimates, assumptions and judgements

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

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

Provisions

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

Impairment of trade receivables and customers

Trade receivables are amounts due from the company's customers for services rendered in the ordinary course of business. Trade receivables are classified within current assets if these amounts are expected to be collected in one year or less. They are classified as non-current assets if this is not the case. Trade receivables are generally due for settlement within 60 days and are therefore all classified as current. The impairment and other accounting policies for trade and other debit balances are explained in Note (B/1)

Impairment of goodwill

The Company reviews annually the impairment of goodwill in light of the accounting policy.

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

Critical accounting estimates, assumptions and judgements (continued)

Determination of lease period
When evaluating the lease term for the adoption of EAS No. (49), the Company decided that extendable future lease period should be taken into account within the lease term, which represents an increase in future lease payments used in determine the lease liability of initial recognition. The lease term is based on the facts and circumstances related to the lease assets and lease contracts.

5. Segment reporting

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

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

	Cleopatra Hospital	Queens Hospital	El Kateb Hospital	Consolidated adjustment	Total
Statement of financial position					
Non-current assets	1,460,453,059	78,100,712	125,610,219	-	1,664,163,990
Current assets	623,015,009	73,233,273	61,566,408	(51,008,331)	706,806,359
Total assets	**2,083,468,068**	**151,333,985**	**187,176,627**	**(51,008,331)**	**2,370,970,349**
Current liabilities	212,932,936	71,373,507	39,352,238	(51,008,331)	272,650,350
Non-current liabilities	53,299,420	70,944,375	3,550,626	-	127,794,421
Total Liabilities	**266,232,356**	**142,317,882**	**42,902,864**	**(51,008,331)**	**400,444,771**
Statement of profit or loss:					
Operating revenue	220,687,826	48,556,459	40,953,302	-	310,197,587
Operating costs	(124,061,527)	(21,327,085)	(24,004,078)	-	(169,392,690)
Gross profit	**96,626,299**	**27,229,374**	**16,949,224**	-	**140,804,897**
Other expenses and revenues	(44,808,610)	(11,555,814)	(9,880,692)	-	(66,245,116)
Profit for year	**51,817,689**	**15,673,560**	**7,068,532**	-	**74,559,781**
Other Items					
Capital expenditure	10,451,676	627,115	911,765	-	11,990,557
Fixed assets depreciation	5,946,632	743,888	2,918,721	-	9,609,242

Segment reporting (continued)

According to the approval of the Board of Directors on February 15, 2021 and the management and operation agreement concluded on December 1, 2019 between: Cleopatra Hospital Company and CHG Hospitals Company, according to which the Cleopatra Hospital Company agreed to grant CHG Hospitals the right to manage and operate the hospital located at 17 Dr Abdullah Al-Katib Street - Dokki (Al-Kateb Hospital), which are represented in the following:

1- Management and operation of the medical activity of Alkateb Hospital.
2- Appointing the necessary manpower to manage and operate the medical activity at Al Kateb Hospital and sign contracts for the hospital's CHG employees.
3- Signing all necessary contracts with clients, insurance companies and suppliers in the name of CHG Hospitals.
4- Purchasing the assets necessary for the activity and the stock needed to manage and operate the medical activity at Al-Kateb Hospital on behalf of CHG Hospitals Company.

Accordingly, all revenues and expenses of the medical activity of Alkateb Hospital are included in the income statement of the Cleopatra Hospital Company and not the managing company, including the wages and salaries and all expenses of the medical activity.

But due to market conditions, medical marketing and the concluded contract, contracts with customers, suppliers and employees are concluded in the name of CHG Hospitals.

Consequently, the revenues and expenses of the medical activity are extracted in the name of the management company (CHG Hospitals), but they are included in the revenues and expenses of the Cleopatra Hospital Company.

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.

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

Segment reporting (continued)

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

	Cleopatra Hospital	Queens Hospital	El Kateb Hospital	Consolidated adjustment	Total
Statement of financial position					
Non-current assets	1,418,884,666	12,622,947	122,225,650	-	1,553,733,263
Current assets	530,084,089	47,762,788	48,764,069	(48,026,495)	578,584,451
Total assets	**1,948,968,755**	**60,385,735**	**170,989,719**	**(48,026,495)**	**2,132,317,714**
Current liabilities	151,198,029	57,212,796	33,352,594	(48,026,495)	193,736,924
Non-current liabilities	24,382,481	275,514	163,769	-	24,821,764
Total Liabilities	**175,580,510**	**57,488,310**	**33,516,363**	**(48,026,495)**	**218,558,688**
Statement of profit or loss:					
Operating revenue	748,360,588	59,997,377	122,684,904	-	931,042,869
Operating costs	(424,924,706)	(37,454,147)	(78,719,467)	-	(541,098,320)
Gross profit	**323,435,882**	**22,543,230**	**43,965,437**	-	**389,944,549**
Other expenses and revenues	(133,256,708)	(11,211,058)	(26,800,708)	-	(171,268,474)
Profit for year	**190,179,174**	**11,332,172**	**17,164,729**	-	**218,676,075**
Other Items					
Capital expenditure	57,537,645	6,220,772	4,970,096	-	68,728,513
Fixed assets depreciation	27,834,253	2,467,399	3,051,579	-	33,353,231

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

6. Fixed assets

	Land	Machinery, equipment and devices	Tools and instruments	Furniture	Buildings	Vehicles	Computers	Leasehold improvements	Projects under construction	Total
At 1 January 2020										
Cost	82,878,000	179,891,601	6,494,103	10,859,682	75,338,102	7,777,342	23,281,883	28,790,301	3,836,256	419,147,270
Accumulated depreciation	-	(69,079,289)	(4,725,518)	(6,362,415)	(26,053,265)	(2,082,397)	(8,912,670)	(2,896,739)	-	(120,112,293)
Net book amount	**82,878,000**	**110,812,312**	**1,768,585**	**4,497,267**	**49,284,837**	**5,694,945**	**14,369,213**	**25,893,562**	**3,836,256**	**299,034,977**
Year ended 31 December 2020										
Beginning of the year	**82,878,000**	**110,812,312**	**1,768,585**	**4,497,267**	**49,284,837**	**5,694,945**	**14,369,213**	**25,893,562**	**3,836,256**	**299,034,977**
Additions	-	27,930,166	3,618,527	5,614,445	535,000	3,134,000	5,250,206	739,194	21,906,976	**68,728,514**
Disposals	-	(706,719)	-	-	-	(82,977)	(53,894)	-	-	**(843,590)**
Transfers from projects under construction	-	735,380	45,600	-	4,049,696	-	11,894,611	125,312	(16,850,599)	-
Depreciation for the year	-	(15,493,028)	(1,148,088)	(1,717,342)	(3,638,659)	(1,215,949)	(6,720,550)	(3,419,616)	-	**(33,353,232)**
Accumulated depreciation of disposals	-	391,719	-	-	-	72,064	24,450	-	-	**488,233**
Closing net book amount	**82,878,000**	**123,669,830**	**4,284,624**	**8,394,370**	**50,230,874**	**7,602,083**	**24,764,036**	**23,338,452**	**8,892,633**	**334,054,902**
At 31 December 2020										
Cost	82,878,000	207,850,430	10,158,230	16,474,127	79,922,797	10,828,365	40,372,807	29,654,807	8,892,633	**487,032,196**
Accumulated depreciation	-	(84,180,600)	(5,873,606)	(8,079,757)	(29,691,923)	(3,226,282)	(15,608,771)	(6,316,355)	-	**(152,977,294)**
Net book amount	**82,878,000**	**123,669,830**	**4,284,624**	**8,394,370**	**50,230,874**	**7,602,083**	**24,764,036**	**23,338,452**	**8,892,633**	**334,054,902**
At 31 March 2021										
Balance at 1 January	**82,878,000**	**123,669,830**	**4,284,624**	**8,394,370**	**50,230,874**	**7,602,083**	**24,764,036**	**23,338,452**	**8,892,633**	**334,054,902**
Additions	-	5,451,856	560,095	3,321,539	-	-	1,026,877	-	1,630,192	11,990,559
Transfers from projects under construction	-	387,600	722,024	-	141,426	-	181,636	-	(1,432,686)	-
Depreciation for the period	-	(4,375,140)	(280,858)	(606,987)	(616,530)	(390,914)	(2,438,357)	(900,457)	-	(9,609,243)
Closing net book amount	**82,878,000**	**125,134,146**	**5,285,885**	**11,108,922**	**49,755,770**	**7,211,169**	**23,534,192**	**22,437,995**	**9,090,139**	**336,436,218**
At 31 March 2021										
Cost	82,878,000	213,689,886	11,440,349	19,795,666	80,064,224	10,828,365	41,581,320	29,654,806	9,090,139	499,022,755
Accumulated depreciation	-	(88,555,740)	(6,154,464)	(8,686,744)	(30,308,454)	(3,617,196)	(18,047,128)	(7,216,811)	-	(162,586,537)
Net book amount	**82,878,000**	**125,134,146**	**5,285,885**	**11,108,922**	**49,755,770**	**7,211,169**	**23,534,192**	**22,437,995**	9,090,139	**336,436,218**

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

7. Investments in subsidiaries

	Percentage of investment	Country of incorporation	31 March 2021	31 December 2020
Investments in Nile Badrawi Hospital Co.	99.989%	Egypt	380,004,947	380,004,947
Investments in Al-Shorouk Hospital Co.	99.999%	Egypt	374,142,000	374,142,000
Investments in Cairo Specialised Hospital	55.46%	Egypt	149,511,023	149,511,023
Investments in New Bedaya for medical centres and hospitals	99.99%	Egypt	119,482,000	119,482,000
Investments in CHG for hospitals	99.99%	Egypt	22,500,000	22,500,000
Investments in CHG Pharma for pharmacies management	98%	Egypt	245,000	245,000
Investments in CHG for medical services	20%	Egypt	62,500	62,500
			1,045,947,470	**1,045,947,470**

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

The following is the most important summarized financial information related to the subsidiaries as of 31 March 2021:

	Total assets	Total equity	Total revenue	Profit for the period
Investments in Nile Badrawi Hospital Co.	410,048,883	288,815,008	99,036,007	12,018,791
Investments in Al-Shorouk Hospital Co.	380,816,781	285,132,422	90,954,420	10,599,081
Investments in Cairo Specialised Hospital	396,059,360	281,296,476	111,964,649	17,115,638
Investments in New Bedaya for medical centres and hospitals	131,089,612	111,621,316	9,835,912	(4,279,504)
Investments in CHG for hospitals	25,003,584	24,276,940	740,415	546,047
Investments in CHG Pharma for pharmacies management	24,046,750	(5,082,186)	8,044,115	653,809
Investments in CHG for medical services	71,298,479	(59,801,430)	17,807,901	(2,096,643)

8. Investments in associates

	31 March 2021	31 December 2020
Egypt Healthcare Facilities Services for facility management	1,394,308	1,143,591
	1,394,308	**1,143,591**
Amount recognized in profit or loss:		
Egypt Healthcare Facilities Services for facility management	250,717	(81,399)
	250,717	**(81,399)**

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

Investments in associates (continued)

The statement below clarifies the sister companies of the company on 31 March 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 March 2021:

	Total assets	Total equity	Total revenues	Profit for the year
Egypt Healthcare Facilities Services for facility management	8,706,911	2,845,546	8,420,302	511,668

9. Business combination process and goodwill

	31 March 2021	31 December 2020
Goodwill cost - Queens Hospital	14,071,000	14,071,000
Goodwill cost - El Kateb Hospital	158,516,300	158,516,300
	172,587,300	172,587,300

Queens Hospital Business acquisition

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

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

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

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

Business combination process and intangible assets (continued)

Assets acquired and goodwill are as follows:

	EGP
Acquisition cost	
Cash paid	25,000,000
Total acquisition cost	**25,000,000**
Fixed assets	8,567,000
Medical inventory	1,274,000
Debtors and other debit balances	1,088,000
Total fair value of acquired assets	**10,929,000**
Goodwill	**14,071,000**

El Kateb business acquisition

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

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

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

10. Payment under investments purchase

	31 March 2021	31 December 2020
Payment under CHG's capital account for Hospitals	5,673,000	-
	5,673,000	**-**

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

11. Right of use asset

The right of use represents lease contracts related to buildings and was measured at a carrying amount as if the standard had been applied since the inception of the lease, but discounted using the 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.

	31 March 2021	31 December 2020
Balance at the beginning of the period / year	-	-
The effect of implementing a change in standards	75,791,444	-
Additions during the period/year	27,194,767	-
Depreciation during the period/year	(2,816,962)	-
Balance	**100,169,249**	-

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

12. Inventories

	31 March 2021	31 December 2020
Medical supply inventory	10,442,963	12,301,180
Medicine inventory	8,252,347	9,511,569
Hospitality supplies inventory	1,303,206	1,186,021
Stationary inventory	567,667	1,009,020
Maintenance and spare parts inventory	586,139	432,317
Food and beverage inventory	8,539	18,915
	21,160,861	**24,459,022**
Less: Impairment of inventory	(115,285)	(115,285)
	21,045,576	**24,343,737**

Movement in the provision for inventory is as follows:

	31 March 2021	31 December 2020
Balance at the beginning of the period / year	(115,285)	-
Provisions formed during the period / year	-	(115,285)
Provisions used during the period / year	-	-
Balance at the end of the period / year	**(115,285)**	**(115,285)**

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

13. Trade receivables

	31 March 2021	31 December 2020
Due from customers	228,786,747	212,919,135
Income from inpatients	14,069,118	10,516,605
	242,855,865	**223,435,740**
Less:		
Impairment of customers' balances	(54,790,439)	(43,959,355)
	188,065,426	179,476,385

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

The movement of the provision for impairment is as follows:

	31 March 2021	31 December 2020	31 March 2020
Balance at the beginning of the period / year	43,959,355	24,534,960	24,534,960
Effect of applying new standards	4,940,868	-	-
Provisions formed during the period / year	8,724,445	28,965,471	4,793,644
Provisions no longer required during the period / year	(2,834,229)	(9,541,076)	(1,385,609)
Balance at the end of the period / year	**54,790,439**	**43,959,355**	**27,942,995**

- Trade receivable balances, which have not been due till the financial position date and have no impairment indicators, amounted to EGP 101,613,934 (31 December: EGP 96,680,101).
- At the financial position date, the balances that were past due but not impaired amounted to EGP 74,284,633 (31 December: EGP 70,895,216). The analysis of these balances' useful lives is as follows:

	31 March 2021	31 December 2020
Less than one month	38,832,090	42,451,664
From one to five months	35,452,543	28,443,552

The balances of trade receivables that are more than 150 days old at the date of the financial position amounted to 52,888,181 Egyptian pounds (December 31, 2020: 45,343,818 Egyptian pounds).

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

14. Due from related parties

During the period / year, the company dealt with some related parties, and the following is a statement of the transactions with related parties at the date of the periodic financial statements during the period / year:

Company	Nature of related parties	Transaction Amount	31 March 2021	31 December 2020
Nile Badrawi Hospital Company (subsidiary)	Share of group companies in the company's expenses*	3,310,954	-	-
	Sales from medical activities	567,901	-	-
	Expenses from medical activities	548,735	-	-
Cairo Specialised Hospital (Subsidiary)	Share of group companies in the company's expenses*	3,695,912	-	-
	Expenses from medical activities	661,916	(609,033)	-
	Sales from medical activities	3,203,771	-	-
	Other Sales (Rent)	51,924	-	-
El Sherouk Hostpial (Subsidiary)	Share of group companies in the company's expenses*	2,878,615	-	-
	Expenses from medical activities	527,892	-	-
	Sales from medical activities	120,277	-	-
CHG For Medical Services (Subsidiary)	Amounts paid on behalf of the company	-	49,791,614	52,616,548
	Share of group companies in the company's expenses*	566,716	566,715	1,631,877
CHG Pharma Company Pharmacies Administration (subsidiary company)	Amounts paid on behalf of the company	-	7,713,595	8,634,298
	Share of group companies in the company's expenses*	323,350	323,350	439,433
other parties	Amounts paid on behalf of the related parties		386,827	386,827
CHG For Hospitals	Admin fees	2,503,584	(2,503,584)	(1,763,148)
New Beginning Hospital Management Company	Amounts paid on behalf of the company		1,490,847	3,330,339
	Share of group companies in the company's expenses*	312,423	312,423	
			57,472,754	65,276,174

- During 2017, Cleopatra Hospital Company signed an agreement with its subsidiaries. Under this contract, the company distributes the costs of joint activities to the group companies according to percentages related to the revenues generated by each company. This agreement has been approved by the boards of directors of the group companies and their general assemblies.

- Transactions with related parties are represented in the company's dealings with affiliated / sister companies, whether through sale, purchase or exchange of services. The prices, policies and conditions related to these operations are approved by the company's management and are on the same basis as dealing with others.

15. Debtors and other debit balances

	31 March 2021	31 December 2020
Prepaid expenses	12,334,722	17,167,687
Deposits with others	4,175,093	4,237,093
Withholding taxes	4,175,423	3,925,487
Advances to suppliers	7,354,760	3,137,165
Due from employees	593,823	423,517
Accrued interest income	101,816	2,607
Other debtors	4,381,052	6,587,332
	33,116,689	**35,480,888**

16. Financial assets at amortised cost

	31 March 2021	31 December 2020
Treasury bills (maturity 30 days)	242,700,000	100,000,000
Treasury bills (maturity 60 days)	-	40,000,000
Less: Unearned profit	(1,276,278)	(553,020)
	241,423,722	**139,446,980**

Interest from treasury bills is between 9.4% and 9.7% after tax at 31 Mar 2021 (31 Dec 2020: between 8.96% and 9.6%)

17. Cash on hand and at banks

	31 March 2021	31 December 2020
Current accounts	1,349,204	1,081,546
Cash on hand	161,182,091	128,779,451
Time deposits	4,693,620	4,699,290
Less: Cash impairment	(1,542,723)	-
	165,682,192	**134,560,287**

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

It includes term deposits on March 31, 2021, equivalent to EGP 4,693,620 deposited with local banks in US dollars, maturing within a month from the date of deposit, and accruing a fixed average annual return of 0.75% (December 31, 2020: 0.75%).

Current accounts have a fixed annual return of 6.5% (December 31, 2020: 6.5%). For the purposes of preparing the statement of cash flows, the balance of cash and cash equivalents is as follows:

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

Cash on hand and at banks (continued)

For the purposes of preparing the statement of cash flows, the balance of cash and cash equivalents is as follows:

	31 March 2021	31 March 2020
Cash on hand and banks	167,224,915	314,092,946
Treasury bills (maturities in less than 3 months)	241,423,722	-
	408,648,637	**314,092,946**

The movement in the provision for impairment is as follows:

	31 March 2021	31 December 2020	31 March 2020
Balance in the period beginning period / year	-	-	-
Composed during the period / year	-	-	-
The effect of implementing a change in standards	1,622,753	-	-
Provisions no longer required	(80,030)	-	-
	1,542,723	-	-

18. Share capital

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

Shareholders structure in 31 March 2021 and 31 December 2020 as follows:

Name	Percentage of ownership	Number of shares	Nominal value
Care Healthcare Ltd.	37.87%	605,969,377	302,984,689
Norgez Bank	4.99%	79,840,000	39,920,000
Other shareholders	57.14%	914,190,623	457,095,311
Total	**100%**	**1,600,000,000**	**800,000,000**

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

19. Reserves

	31 March 2021	31 December 2020
Legal reserve	74,225,339	74,225,339
Special reserve	47,379,722	47,379,722
Other reserves	247,496,391	247,496,391
Total	**369,101,452**	**369,101,452**

19.1. Legal reserve

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

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

	31 March 2021		
	Balance at the beginning of the period	Formed during the period	Balance at the end of the period
Legal reserve	74,225,339	-	74,225,339
Total	**74,225,339**	-	**74,225,339**

	31 December 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
Total	**64,340,195**	**9,885,144**	**74,225,339**

19.2 Special reserve

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

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

	31 March 2021		
	Balance at the beginning of the period	Formed during the period	Balance at the end of the period
Special reserve	47,379,722	-	47,379,722
Total	**47,379,722**	-	**47,379,722**

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

Reserves (continued)

	31 December 2020		
	Balance at the beginning of the year	Formed during the year	Balance at the end of the year
Special reserve	47,379,722	-	47,379,722
Total	**47,379,722**	-	**47,379,722**

19.3 Other reserves

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

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

	31 March 2021		
	Balance at the beginning of the period	Used during the period	Balance at the end of the period
Other reserves	247,496,391	-	247,496,391
Total	**247,496,391**	-	**247,496,391**

	31 December 2020		
	Balance at the beginning of the year	Used during the year	Balance at the end of the year
Other reserves	247,496,391	-	247,496,391
Total	**247,496,391**	-	**247,496,391**

20. Retained earnings

The company applied the change in the Egyptian accounting standards related to Standard 47 "Financial Instruments" and Standard 49 "Leasing Contracts". Therefore, the effect of applying the standards on the balances of the beginning of the period was included in the retained earnings. The movement in profits is as follows:

	31 March 2021	31 December 2020
Beginning Balance	744,657,574	562,179,987
The effect of applying the change in Standard 47 "Financial Instruments"	(6,563,621)	-
The effect of applying the change in Standard 49 "Financial Instruments"	(11,229,608)	-
Balance after amendments	**726,864,345**	**562,179,987**
Earnings of the period	74,559,781	218,676,075
Reserves	-	(9,885,144)
Profit Distribution	-	(26,313,344)
Ending Balance	**801,424,126**	**744,657,574**

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

21. Lease contract liability

Liability represents current value for rent liability related to buildings company got in exchange with Contract Lease, and it has been evaluated with current value of contractual rent payments deductible with implicit return 11.15%.

	31 March 2021	31 December 2020
During a year	14,346,560	-
More than a year	244,341,795	-
	258,688,355	-
Current Value		
During a year	10,875,099	-
More than a year	101,258,627	-
	112,133,726	-

22. Investments creditors

During September 2020, Cleopatra Hospital Company signed an agreement to transfer the assets and activities of Bedaya Hospital Company, owned by its founder, Dr. Ismail Aboul Fotouh. Under the new agreement, all the assets and operational activity of Bedaya Hospital were transferred to a new company - The New Bedaya Company for Medical Centers and Hospitals at the beginning of October 2020, provided that the total share of Cleopatra Hospital Company is 60% of its capital, while the share of Dr Ismail Abul Fotouh is the remaining 40% will be upon completion of the full value of the deal in June 2023. The deal value for medical equipment, assets and real estate was estimated at approximately 105 million Egyptian pounds that were paid as capital in the new company, provided that the remainder of the deal value will be determined and paid based on the results of the new company's business during 2021 and 2022.

The present value of the cash portion of the remaining value of the deal was estimated at 14,485,000 EGP.

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.

23. Banks overdraft

Banks overdrafts include amount 52,979,743 EGP with interest 0.1% plus corridor price announced in Central Bank of Egypt.

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

24. Provisions

	31 March 2021	31 December 2020
Provisions for human resources	8,695,309	7,530,989
Provision for claims	2,915,612	2,915,612
	11,610,921	**10,446,601**

The movement of provisions during the year is as follows:

31 March 2021	Balance at 1 January 2019	Formed during the year	Utilised during the year	Provisions no longer required	Balance at 31 December 2020
Provisions for HR	7,530,989	6,745,465	(5,109,961)	(471,184)	8,695,309
Provision for claims	2,915,612	-	-	-	2,915,612
Total	**10,446,601**	**6,745,465**	**(5,109,961)**	**(471,184)**	**11,610,921**

31 December 2020	Balance at 1 January 2019	Formed during the year	Utilised during the year	Provisions no longer required	Balance at 31 December 2020
Provisions for HR	4,432,381	18,748,769	(7,456,512)	(8,193,649)	7,530,989
Provision for claims	1,285,741	1,908,873	(279,002)	-	2,915,612
Total	**5,718,122**	**20,657,642**	**(7,735,514)**	**(8,193,649)**	**10,446,601**

31 March 2020	Balance at 1 January 2019	Formed during the year	Utilised during the year	Provisions no longer required	Balance at 31 December 2020
Provisions for HR	4,432,381	4,936,477	(1,245,897)	(2,275,143)	5,847,818
Provision for claims	1,285,741	154,755	(154,755)	-	1,285,741
Total	**5,718,122**	**5,091,232**	**(1,400,652)**	**(2,275,143)**	**7,133,559**

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

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

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

25. Creditors and other credit balances

	31 March 2021	31 December 2020
Suppliers and notes payable	84,094,125	77,578,948
Accrued expenses	63,727,235	62,413,304
Social insurance	1,836,866	1,466,015
Other creditors	8,720,757	6,088,400
	158,378,983	**147,546,667**

26. Operating revenue

	31 March 2021	31 March 2020
Surgeries revenue	38,574,603	52,137,954
Accommodation and medical supervision revenue	105,548,142	55,881,270
Outpatient clinics revenue	30,078,471	29,656,298
Laboratories revenue	44,399,833	21,982,915
Emergency revenue	10,892,760	8,497,992
Cardiac catheterization revenue	18,500,527	17,632,069
Service charge revenue	22,305,648	16,929,380
Radiology revenue	23,630,719	8,690,569
Pharmacy revenue	8,629,717	4,036,429
Dentistry revenue	1,440,005	5,860,120
Physiotherapy revenue	2,092,891	2,775,253
Cardiac tests revenue	2,002,199	1,620,229
Endoscopy revenue	1,692,135	1,233,078
Other sections revenue	409,937	427,109
	310,197,587	**227,360,665**

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

27. Operating costs

	31 March 2021	31 March 2020
Doctors' fees	45,263,063	42,934,359
Medical and pharmaceutical supplies	52,774,514	36,816,583
Salaries, wages and benefits	42,831,362	37,358,673
Food, beverage and consumables costs	3,497,544	4,585,507
Maintenance, spare parts and energy expenses	5,640,568	3,218,835
Fixed assets depreciation	7,093,973	6,484,383
Leased Assets depreciation	1,572,190	-
Services from others	4,345,367	-
Other expenses	6,374,109	6,516,762
	169,392,690	**137,915,102**

28. General and administrative expenses

	31 March 2021	31 March 2020
Salaries, wages and benefits	24,860,347	24,520,416
Professional and consulting fees	3,803,213	3,375,003
Fixed assets depreciation	2,515,270	1,340,603
Depreciation of lease assets	1,244,773	-
Maintenance, spare parts and energy expenses	1,818,534	881,881
Rent	169,889	745,486
Food, beverage and consumables costs	1,926,309	-
Other expenses	8,294,707	(165,276)
Less: The Group's share of the Company's expenses	(11,087,971)	(9,108,938)
	33,545,071	**21,589,175**

29. Impairment in financial instruments

	31 March 2021	31 March 2020
Trade receivables impairment	5,890,216	3,408,037
Cash in bank impairment	(80,030)	-
	5,810,186	**3,408,037**

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

30. Expenses by nature

	31 March 2021	31 March 2020
Salaries, wages and benefits*	67,691,709	61,879,089
Doctors' fees	45,263,063	42,934,359
Medical and pharmaceutical supplies	52,774,514	36,816,583
Food, beverage and consumables costs	4,235,713	5,330,993
Maintenance, spare parts and energy expenses	7,459,102	4,100,716
Fixed assets depreciation	9,609,243	7,824,986
Leased assets depreciation	2,816,963	-
Services from others	6,271,676	-
Impairment of trade receivables	5,810,186	3,408,037
Other expenses	17,218,229	9,726,489
Less: The group's share on company's expense	(11,087,971)	(9,108,938)
	208,062,427	**162,912,314**

* Employees' costs

	31 March 2021	31 March 2020
Salaries and wages	57,896,813	54,373,994
Employees' incentive	1,086,075	-
Social insurance	2,992,134	2,763,175
Employees' benefits	5,716,687	4,741,920
	67,691,709	**61,879,089**

31. Other income

	31 March 2021	31 March 2020
Rent	1,934,515	1,972,447
Miscellaneous income	2,425,199	448,631
	4,359,714	**2,421,078**

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

32. Finance income/ (expenses)

	31 March 2021	31 March 2020
Interest Income	8,566,209	11,980,105
Total finance income	**8,566,209**	**11,980,105**
Interest Expense – Credit Facilities	(612,708)	-
Interest Expense – Lease rent	(3,164,251)	-
Currency valuation difference	(25,492)	(208,386)
Total finance expenses	**(3,802,451)**	**(208,386)**
Net finance income / (expense)	**4,763,758**	**11,771,719**

33. Income tax

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

	31 March 2021	31 March 2020
Current income tax for the period	24,673,431	17,358,801
Deferred tax (Note 27)	(242,415)	(274,203)
	24,431,016	**17,084,598**

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:

	31 March 2021	31 March 2020
Net profit before tax	98,990,797	75,825,059
Income tax calculated based on the applicable local tax rate	22,272,929	17,060,638
Add / (less):		
Non-deductible expenses	2,513,683	1,721,344
Income not subject to tax	(355,596)	(1,697,384)
Income taxes	**24,431,016**	**17,084,598**
Effective tax rate	**24.68%**	**22.53%**

Current income tax liabilities	31 March 2021	31 December 2020
Balance at 1 January	35,743,656	46,611,355
Payments during the period / year	(22,697,558)	(43,482,636)
Advance payment during the period / year	-	(36,227,100)
Current year tax	24,673,431	68,842,037
	37,719,529	**35,743,656**

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

34. Deferred tax

Deferred tax assets	31 March 2021	31 December 2020
Provisions (excluding claims provision)	1,956,445	1,694,473
Deferred tax liabilities		
Fixed assets depreciation	(12,050,794)	(12,031,237)
Deferred tax - liability	**(10,094,349)**	**(10,336,764)**

The movement on the deferred income tax is as follows:

	31 March 2021	31 December 2020
Deferred tax assets		
Balance at 1 January	1,694,473	997,286
Charged to the statement profit or loss	261,972	697,187
Balance at the end of the period / year	**1,956,445**	**1,694,473**
Deferred tax liabilities		
Balance at 1 January	(12,031,237)	(9,628,555)
Charged to the statement of profit or loss	(19,557)	(2,402,682)
Balance at the end of the period / year	**(12,050,794)**	**(12,031,237)**
Net deferred tax liabilities	**(10,094,349)**	**(10,336,764)**

35. Earning per share (Basic / Diluted)

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

	31 March 2021	31 March 2020
Distributable profit	74,559,781	58,740,461
Earnings per share	**74,559,781**	**58,740,461**
Weighted average number of shares	1,600,000,000	1,600,000,000
Earnings per share of the shareholders' share in the net profit for the period	**0.05**	**0.04**

36. Tax position

(1) Corporate tax

- Inspected until 31 December 2019, and payment was made in full Tax returns were filed regularly in the legal deadlines.
- Tax returns are submitted regularly on legal dates.

(2) Salaries tax

- Inspected until 31 December 2019 and all dues have been paid.

(3) Stamp duty tax

- Inspected until 2013, and payment was made.
- The years from 2014 to 2019 are being inspected.

(4) VAT

- Inspected until 31 December 2015.
- The years 2016, 2017, 2018 and 2019 are being inspected.
- Monthly tax returns are submitted on legal dates.

(5) Advances to tax authority

- Approval has been submitted to the tax Authority for the advance payment for the taxable period from 1 January 2020 till 31 March 2021.
- The advance payment has been approved by the Tax Authority for the taxable period from 1 January 2020 till 31 March 2021.

37. Commitments

Capital commitments:
The capital commitments related to fixed assets at financial year end is EGP 908,000 (31 December 2020: EGP 3,503,700).