

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

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

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

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

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## Limited Review Report for the Interim Financial Statements

To: The Board of Directors of Cleopatra Hospital (S.A.E.) and its subsidiaries

### Introduction

We conducted our limited review on the accompanying consolidated interim financial position of Cleopatra Hospital (S.A.E.) and its subsidiaries (the "Group") as at 31 March 2021 and the related consolidated interim statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows for the three months period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. The management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is limited to express a conclusion on these consolidated interim financial statements based on our limited review.

### Scope of the limited review

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

### Conclusion

In light of our limited review, nothing has come to our attention which causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated interim statement of financial position of the Group as at 31 March 2021, and its financial performance, and its cash flows for the three months 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



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

Consolidated interim statement of financial position - At 31 March 2021

(All amounts in Egyptian Pounds)	Note	31 March 2021	31 December 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	6	1,220,819,457	1,205,195,860
Right of use	7	176,221,343	18,824,508
Investments in associates	8	1,394,308	1,143,591
Paid under of investments purchased	9	5,673,000	-
Goodwill	10	369,263,334	369,263,334
Intangible assets	10	57,804,357	58,321,679
Deferred tax asset	34	11,243,182	11,010,872
<b>Total non-current assets</b>		<b>1,842,418,981</b>	<b>1,663,759,844</b>
<b>Current assets</b>			
Inventories	11	65,936,754	66,307,150
Trade receivables	12	441,018,627	418,760,499
Due from related parties	13	386,827	386,827
Debtors and other debit balances	14	86,197,302	94,560,254
Financial asset at amortized cost	15	332,829,684	220,565,830
Cash on hand and at banks	16	344,781,035	329,951,754
<b>Total current assets</b>		<b>1,271,150,229</b>	<b>1,130,532,314</b>
<b>Total assets</b>		<b>3,113,569,210</b>	<b>2,794,292,158</b>
<b>Equity</b>			
Share capital	17	800,000,000	800,000,000
Reserves	18	281,336,162	281,336,162
Retained earnings	19	1,041,331,387	984,874,111
<b>Total equity of the parent company</b>		<b>2,122,667,549</b>	<b>2,066,210,273</b>
Non-controlling interests	20	105,351,656	107,725,535
<b>Total equity</b>		<b>2,228,019,205</b>	<b>2,173,935,808</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease contracts liability	21	178,334,513	7,979,393
Deferred tax liabilities	34	89,269,270	88,905,234
Purchased investment liability	22	21,395,000	17,940,000
<b>Total non-current liabilities</b>		<b>288,998,783</b>	<b>114,824,627</b>
<b>Current liabilities</b>			
Banks overdrafts	23	52,979,743	-
Provisions	24	22,670,920	21,630,407
Due to related parties	13	80,482	597,889
Creditors and other credit balances	25	447,644,208	441,953,184
Obligation for share based payment		1,086,075	-
Lease contracts liability	21	31,514,617	5,295,687
Current income tax liabilities	33	40,575,177	36,054,556
<b>Total current liabilities</b>		<b>596,551,222</b>	<b>505,531,723</b>
<b>Total liabilities</b>		<b>885,550,005</b>	<b>620,356,350</b>
<b>Total equity and liabilities</b>		<b>3,113,569,210</b>	<b>2,794,292,158</b>

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

Mr, Ahmed Adel Badreldin  
Non Executive Chairman

Dr, Ahmed Ezz Eldin Mahmoud  
CEO & Managing Director

Mr, Ahmed Gamal  
Group CFO

3 June 2021



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

**Consolidated 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	633,163,172	502,881,418
Less:			
Operating costs	27	<u>(391,965,771)</u>	<u>(331,661,025)</u>
Gross profit		241,197,401	171,220,393
Add / (Less):			
General and administrative expenses	28	(81,731,234)	(57,001,582)
Costs of acquisition activates	29	(5,308,034)	-
Impairment of financial assets	24	(11,850,733)	(13,014,337)
Provisions	31	(9,635,875)	(3,884,203)
Other income	32	6,214,165	1,756,360
Finance income	32	12,635,505	18,290,349
Finance expenses	32	<u>(6,034,003)</u>	<u>(623,759)</u>
Profit for the period before income tax		145,487,192	116,743,221
Current tax	33	(37,417,603)	(29,681,886)
Deferred tax	33	<u>(131,726)</u>	<u>891,378</u>
Profit after income tax		107,937,863	87,952,713
Profit for:			
Owners of the parent company	20	101,308,913	82,086,403
Non-controlling interests		<u>6,628,950</u>	<u>5,866,310</u>
Profit after income tax		<u>107,937,863</u>	<u>87,952,713</u>
Earning per share (Basic / Diluted)	35	<u>0.06</u>	<u>0.05</u>

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

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

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

(All amounts in Egyptian Pounds)	Note	31 March 2021	31 March 2020
Profit for the period		107,937,863	87,952,713
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>107,937,863</b>	<b>87,952,713</b>
<b>Profit for:</b>			
Owners of the parent Company		101,308,913	82,086,403
Non-controlling interests		6,628,950	5,866,310
		<b>107,937,863</b>	<b>87,952,713</b>

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

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

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

	Total					
	Share capital	Reserves	Retained earnings	Shareholders equity of the parent Company	Non-controlling interest	Total equity
Balance at 1 January 2020	800,000,000	284,394,548	746,183,287	1,830,577,835	103,926,707	1,934,504,542
Profit and total compressive income for the period	-	-	82,086,403	82,086,403	5,866,310	87,952,713
Balance at 31 March 2020	<u>800,000,000</u>	<u>284,394,548</u>	<u>828,269,690</u>	<u>1,912,664,238</u>	<u>109,793,017</u>	<u>2,022,457,255</u>
Balance at 1 January 2021	800,000,000	281,336,162	984,874,111	2,066,210,273	107,725,535	2,173,935,808
The effect of applying the change in standards (Note 19)	-	-	(44,851,637)	(44,851,637)	(9,002,829)	(53,854,466)
Balance at 1 January 2021	<u>800,000,000</u>	<u>281,336,162</u>	<u>940,022,474</u>	<u>2,021,358,636</u>	<u>98,722,706</u>	<u>2,120,081,342</u>
Profit and total compressive income for the period	-	-	101,308,913	101,308,913	6,628,950	107,937,863
Balance at 31 March 2021	<u>800,000,000</u>	<u>281,336,162</u>	<u>1,041,331,387</u>	<u>2,122,667,549</u>	<u>105,351,656</u>	<u>2,228,019,205</u>

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

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

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

(All amounts in Egyptian Pounds)		31 March	31 March
	Note	2021	2020
<b><u>Cash flows from operating activities</u></b>			
Profit before tax		145,487,192	116,743,221
<b>Adjustments to reconcile net income to cash flows from operating activities</b>			
Fixed assets depreciation	6	27,006,042	20,701,096
Profit from sale of fixed assets	31	(19,535)	(233,789)
Amortization of intangible assets		3,972,321	-
Impairment of inventories	11	(215,793)	14,051
Impairment of trade receivables	12	24,441,931	13,014,335
Impairment in the value of cash at banks	16	3,167,887	-
Provisions	24	9,635,875	3,884,203
Employee incentive plan		1,086,075	-
Interest and commissions	32	612,708	379,893
Interest and commissions - Lease contracts	32	5,395,753	-
Interest payable	32	(12,635,505)	(18,290,349)
Profit from investment in associates		(250,717)	-
<b>Operating profits before changes in assets and liabilities</b>		<b>207,684,234</b>	<b>136,212,661</b>
<b>Changes in assets and liabilities</b>			
Change in inventories		586,189	(15,677,368)
Change in trade receivables		(46,700,060)	(58,047,353)
Change in due from related parties		-	1,764,705
Change in due to related parties		(517,407)	-
Change in debtors and other debit balances		15,761,393	20,006,021
Change in creditors and other credit balances		6,788,800	(49,916,458)
Provision utilized	24	(8,595,362)	(3,328,253)
Income tax paid	33	(32,896,981)	(5,518,096)
<b>Net cash flows generated from operating activities</b>		<b>142,110,806</b>	<b>25,495,859</b>
<b><u>Cash flows from investing activities</u></b>			
Payments for purchase fixed assets	6	(19,832,819)	(7,468,084)
Payments for projects under construction	6	(22,796,820)	(36,071,349)
Prepayments for purchasing fixed assets		(5,728,145)	(43,968,212)
Proceeds from sale of fixed assets		12,478	263,918
Payments under investments purchased	10	(5,673,000)	(57,182,882)
Treasury bills		-	(98,965,465)
Interest received		10,965,210	18,234,124
<b>Net cash flows used in investing activities</b>		<b>(43,053,096)</b>	<b>(225,157,950)</b>
<b><u>Cash flows from financing activities</u></b>			
Proceeds from banks overdraft		52,979,743	-
Dividends paid		(47,772)	-
Interest and commissions paid		(7,051,408)	(379,893)
Lease liabilities payments - Lease contracts		(14,677,251)	-
<b>Net cash flows used in financing activities</b>		<b>31,203,312</b>	<b>(379,893)</b>
<b>Change in cash and cash equivalents during the period</b>		<b>130,261,022</b>	<b>(200,041,984)</b>
Cash and cash equivalents at the beginning of the period		550,517,584	791,267,839
<b>Cash and cash equivalents at the end of the period</b>	16	<b>680,778,606</b>	<b>591,225,855</b>

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



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

## Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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### 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 Company's purpose is to establish a private hospital to provide advanced modern health and medical services, as well as the medical care of inpatients. The Company may have interest or participate in any manner in companies or other firms which carry on similar activities in Egypt or abroad. The Company may acquire, merge or affiliate such entities under the General Authority for Investment.

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

Care Healthcare is the shareholder in the company with a 37.87% shareholding.

These consolidated interim financial statements have been approved for issuance by the Board of Directors of the Parent Company on 3 June 2021.

### 2. Accounting policies

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

#### A. Basis of preparation of the consolidated interim financial statements

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

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

Egyptian accounting standards require reference to International Financial Reporting Standards when there is no Egyptian accounting standard or legal requirements that clarify the accounting treatment of certain balances or transactions.

Matters that have not been addressed in the Egyptian Standards are subject to the International Financial Reporting Standards until the Egyptian Standards that address such matters are issued.

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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

In 28 March 2019, the minister of Investment issued a decree no. 69 for 2019 which includes new standards and amendments to the existing standards. The amendments in the EASs have been published in the official gazette on 7 April 2019.

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

Retained earnings 31 December 2020	984,874,111
Impact of the change in EAS 47 "Financial Instruments"	(14,414,763)
Impact of the change in EAS 48 "Revenue from contracts with customers"	-
Impact of the change in EAS 49 "Lease Contracts"	(30,436,874)
Retained earnings 1 January 2021 before non-controlling interests	<u>940,022,474</u>

##### (1) Egyptian Accounting Standard 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.

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 Company's 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.

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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

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
- Trade receivables and debtors and other debit balances
- Financial assets at amortized cost

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

##### 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). 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:

Trade receivable impairment at 31 Dec 2020	125,326,367
Impact of changes of the standards of retained earnings (Note 12)	11,289,842
Trade receivable impairment at 1 January 2021	<u>136,616,209</u>

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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

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

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

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

##### Impact

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

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

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

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

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

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

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

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

Subsequently, the usufruct right and the lease obligations 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 group has termination options for which the company is not significantly certain of the benefit of these options.

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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

A significant portion of the leases included in the Group's lease include leases that are extendable through a reciprocal agreement between the Group and the lessor or leases that can be cancelled by the Group immediately or at short notice. All extension and termination options are the right of the 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 Group decided that extendable future lease periods should be taken into account within the lease term, which represents an increase in future lease payments used in determining the lease liability at initial recognition. The exact term of the lease term is based on the facts and circumstances related to the leased assets and lease contracts.

#### C. Basis of consolidation

##### 1. Subsidiaries

Subsidiaries are the companies (including Special Purpose Entities/SPEs) with which the Group does not deal and shall not have rights in variable returns through its participation in the subsidiary and shall have the ability to impact such returns through its authority over its subsidiaries. The Group's authority over the subsidiary arises when the Group has outstanding rights giving the Group the current ability to instruct relevant activities, such as activities that impact the subsidiary's returns. Potential voting rights that may be practiced or transferred are taken into consideration when assessing the existence of authority over the subsidiary.

The acquisition method of accounting is used to account for the acquisition of a subsidiary from outside the group by the Group. The cost of an acquisition is measured at the fair value or consideration of assets given by the Company for acquisition and/ or equity instruments issued and/ or liabilities incurred by the Company, and/or the liabilities accepted on behalf of the acquire at the date of exchange plus any costs that are directly attributable to the acquisition. Net assets, including the identifiable contingent liabilities acquired at their fair value at the date of acquisition, are measured at fair value at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the mentioned net assets, the difference is recognised directly in the statement of profit and loss.

In case the acquisition process is carried out by an entity under joint control, subsidiaries are fully consolidated from the date on which control is transferred to the Group. The historical cost method is used where assets and liabilities are transferred from the consolidated interim financial statements to the highest joint control entity which consolidated the transferred company. If this is not possible, transfer will be made at the same value stated in the transferred company's books. The difference between the carrying value of the net assets referred to and the cost of acquisition is recognised in equity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Inter-companies' transactions, balances and unrealised gains on transactions between the Group's companies are excluded. Unrealised losses are eliminated and are considered as an indication of the impairment of the transferred assets.

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

## Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

### Basis of consolidation (continued)

Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted at the Group's level.

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

	<u>Country of incorporation</u>	<u>Percentage of ownership</u>
Al-Shorouk Hospital Company S.A.E.	Egypt	99.99%
Nile Badrawi Hospital Company S.A.E.	Egypt	99.99%
Cairo Specialised Hospital Company S.A.E.	Egypt	56.46%
CHG for Medical Services Company S.A.E.	Egypt	20% (Preferred shares)
CHG Pharma for Pharmacies Management Company S.A.E.	Egypt	98%
CHG for hospitals	Egypt	99.99%
Investments in new Bedaya for Medical Centers and Hospitals	Egypt	99.99%

### 2. Sale, acquisition and non-controlling interests

The Group recognises sales and acquisitions made with the minority, as transactions with parties outside the Group. Gains or losses on disposal of equity to the minority, are recognised in the consolidated equity. Where purchase is made from minority, the difference between the consideration paid and the carrying value of the share purchased in the subsidiary's assets is recognised as a reserve in the consolidated equity.

### 3. Associates

- Associates are entities over which the Group has significant influence but not control. A shareholding in these entities ranges between 20% and 50% of the voting rights.
- Investments in associates are accounted for by the equity method of accounting, investments are initially recognised at cost.
- Goodwill arising from shareholding in associates is stated within investment cost net of accumulated impairment.
- The Group's share of its associates' post-acquisition profit and loss is recognised in the profit and loss statement, and its share of post-acquisition movements in associates' reserves is recognised in reserves, in exchange for the adjustment of carrying value of investment against the Group's share in post-acquisition changes in equity after the acquisition date.
- When the Group's share of losses in associates equals or exceeds its interest in the associate, including any other receivables or unsecured borrowings, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies applied in the associates are adjusted when necessary to ensure consistency with the policies adopted by the Group.

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

## Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

### D. 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.

### E. Foreign currency translation

#### (1) Functional and presentation currency

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

#### (2) Transactions and balances

Foreign currency transactions during the year are translated into the measurement 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 the consolidated statement of financial position date.

### F. Fixed assets

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

All expenses attributed to the acquisition and establishment of fixed assets are recognised at the accounts of projects under construction. When the fixed asset is complete and brought to a ready-for-use condition, the asset's amount is transferred to the account of fixed assets.

All repair and maintenance costs are charged to the statement of profit and loss for 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 net carrying amount of the disposed part is eliminated.

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

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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#### Fixed assets (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the amount estimated to be recovered 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.

#### G. Intangible assets

##### 1. Goodwill

Goodwill results from the acquisition of subsidiaries and represents the excess of the cost of acquisition of shareholding in subsidiaries over the fair value of the Group's share of the net assets of the acquired associate at the date of acquisition. Goodwill resulting from the acquisition of a subsidiary is included within intangible assets.

The Group's management conducts analysis annually or at shorter intervals, where there is an indication for impairment, to estimate whether the carrying value of goodwill is expected to be fully recovered, and reduce the carrying value of goodwill if it is higher than the expected recoverable amount. Any losses resulting from impairment of goodwill are charged to the statement of profit or loss and cannot be reversed subsequently.

Profits and losses resulting from the disposal of investments in subsidiaries or associates comprise the carrying value of the goodwill related to the investment. Goodwill is allocated to cash generating units for the purpose of measurement of impairment. Allocation is made on cash generating units or a group of cash generating units that are expected to directly benefit from goodwill.

##### 2. Trade name

Trade name is included within intangible assets and represents the trade name of both Nile Badrawi Hospital S.A.E. and Al-Shorouk Hospital S.A.E., resulting from the acquisition at fair value at the date of acquisition.

##### 3. Non-competition agreement

The fair value of the recognised asset is depreciated in such agreements over the period during which it is expected to be beneficial.

#### H. Inventories

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



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### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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#### I. Financial assets under Egyptian Accounting Standard No. 47

##### (1) Classification:

Effective 1 January 2021, the Group classifies its financial assets into the following measurement classes:

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

The classification depends on the Group'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 Group 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 Group 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 and 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:

##### Assets recognised at amortised cost

Effective January 1, 2021, the Group 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.

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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#### Financial assets under Egyptian Accounting Standard No. 47 (continued)

##### Impairment of non-financial assets

Intangible assets that have an indefinite useful life, and so are not depreciated, are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal of the asset or the value expected to be recovered its use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are independent cash inflows.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that impairment losses recognised for the asset no longer exist or have decreased. Loss of impairment, which should not exceed the fair value that will be determined (net of depreciation), is reversed. Such reversal is recognised in the statement of profit or loss, excluding goodwill.

#### J. Share capital

Ordinary shares are classified as equity.

#### K. Legal reserve

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

#### L. Provisions

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

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

#### M. Trade payables

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

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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#### N. Borrowings and advances and banks overdraft

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

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

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

#### O. Employees' benefits

##### (1) Pension and insurance scheme

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

##### (2) Employee 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.

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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#### Employees' benefits (continued)

- 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.
- 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.

#### P. Revenue recognition

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

Revenues are recognised 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 Group; and when other specific criteria have been met for each of the Group's activities as described below. The revenue amount will not be considered reliably measurable unless all contingent liabilities are settled. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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#### Revenue recognition (continued)

(1) Medical services revenue

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

(2) Sale of medicine revenue

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

(3) Rental income

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

(4) 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.

#### Q. 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.

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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#### R. Current and deferred income tax

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

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

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

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

#### S. Dividends

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

#### T. Cash and cash equivalents

For the purpose of preparation of consolidated statement of cash flows, cash and cash equivalents includes cash in hand, bank current accounts, and term deposits with maturities of three months of the date of deposit.

#### U. 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, the most advantageous market.

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

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

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

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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#### Fair value of financial instruments (continued)

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

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

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

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

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

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

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

#### V. Earnings per share (Basic/ diluted)

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.

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
- Net profit (loss) for the year attributable to the shareholders of the parent company over the weighted average number of shares outstanding during the year, excluding the common shares purchased during the year.

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

## Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

### W. Goodwill resulting from investment

The excess of the aggregate consideration transferred over the Group's share of the net fair value of the identifiable assets acquired and contingent liabilities at the acquisition date is recognized as goodwill.

The goodwill resulting from the participation in associate companies is included in the cost of investment in associate companies after deducting the accumulated impairment losses in the value of the investment in the enterprise and is not recognized separately.

### X. Corresponding figures

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

## 3. Financial risk management

### (1) Financial risk factors

The Group'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 rates), credit risk and liquidity risk. The Group is not exposed to any price risk as it does not have financial assets at fair value through profit and loss. The Group's management aims to minimise potential adverse effects of such risks on the financial performance of the Group by the monitoring process performed by the Finance Department, Company's General Manager, and Executive Committee at the level of the Parent Company.

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

#### A) Market risk

##### i. Risk of change in foreign currency rates

Foreign exchange risk arises from the foreign currency rates that affect the payments and receipts in foreign currency, as well as the valuation of assets and liabilities in foreign currencies. Given the nature of the Group's activities, the Group does not undertake transactions denominated in foreign currencies as it carries out all purchases in the Egyptian Pound. The Group's very limited revenue in foreign currencies are generated from certain foreign embassies. The management considers that foreign currency denominated balances are insignificant.

At the end of the period, the net financial assets of foreign currencies before impairment are denominated in Egyptian Pounds as follows:

	31 March 2021	31 December 2020
US Dollars	19,579,779	16,928,437
Euro	89,839	74,796
GBP	322,385	356,446



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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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#### Financial risk management (continued)

If the EGP had been more/ less by 10% against foreign currencies, with all other variables held constant, net profit after taxes would have increased / decreased as follows:

	<u>31 March</u> <u>2021</u>	<u>31 December</u> <u>2020</u>
US Dollars	1,957,978	1,692,844
Euro	8,984	7,480
GBP	32,239	35,645

ii. **Fair value and cash flows risks resulting from the change in interest rates**

The Parent Company obtained long-term loans at interest rates linked to the corridor rate declared by the Central Bank of Egypt, and therefore, it is exposed to cash flow risks.

#### B) Credit risk

Credit risk arises from cash and deposits with banks as well as credit risks associated with the Group's customers. Risk management is monitored for the Group taken as a whole, through the executive management, the central finance department and the executive committee at the level of the Parent Company.

For banks, only highly credit rating banks with high solvency are dealt with and are subject to the control of the Central Bank of Egypt.

For customers, each Hospital's management analyses the credit risks of each potential new customer before being approved as a credit customer by the Finance Director and the General Manager in accordance with the Group's established policies, including Cleopatra Hospital Company or the subsidiaries. The Parent Company's Executive Committee follows-up the compliance with credit terms, and reviews cases of default 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.

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.

As for the covenant and advances, they are fully guaranteed by salaries.

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

#### Financial risk management (continued)

Below are the balances that are exposed to the credit risks:

	31 March 2021	31 December 2020
Cash at banks	345,016,160	327,624,413
Trade receivables	596,516,886	544,086,866
Accrued income	116,658	17,171
Employees loans custodies	1,541,439	1,375,596
Due from related parties	386,827	386,827
Treasury bills	332,829,684	220,565,830

#### C) Liquidity risk

The management makes cash flow projections on monthly basis, which are discussed during the Executive Committee's meeting of the Parent Company, 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 group's liabilities.

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

	Less than A year	1 to 5 years
<b>31 March 2021</b>		
Suppliers and notes payable	227,615,799	-
Accrued expenses	172,713,752	-
Financial liabilities of the share payments	1,086,075	-
Banks overdraft	52,979,743	-
Financial investments creditors	-	21,395,000
Lease liability	31,514,617	178,334,513
	Less than A year	1 to 5 years
<b>31 December 2020</b>		
Suppliers and notes payable	237,377,762	-
Accrued Expense	166,999,155	-
Lease liability	5,295,687	7,979,392

#### (2) Capital risk management

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

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

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

#### Financial risk management (continued)

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

	<u>31 March</u> <u>2021</u>	<u>31 December</u> <u>2020</u>
Creditors and other credit balances	447,644,208	441,953,184
Lease liability	209,849,130	-
Financial liabilities of the share payments	1,086,075	-
Due to related parties	80,482	597,889
Banks overdraft	52,979,743	-
Less: Cash on hand and at banks	<u>(680,778,606)</u>	<u>(550,517,584)</u>
<b>Net debt</b>	<b>30,861,032</b>	<b>(107,966,511)</b>
Total equity	<u>2,228,019,205</u>	<u>2,173,935,808</u>
<b>Total invested capital</b>	<b><u>2,258,880,237</u></b>	<b><u>2,065,969,297</u></b>
<b>Net debts to total invested capital</b>	<b>1.37%</b>	<b>(5.23%)</b>

#### (3) Estimations of fair values of financial instruments

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

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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#### 4. Critical accounting estimates, assumptions and judgements

##### **Critical accounting estimates and assumptions**

Estimates and assumptions are continually evaluated and are 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. 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; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Group reviews the provision at the date of each financial position, and adjusts it to reflect the best current estimate by using the appropriate advisory expertise.

##### Impairment of goodwill and other intangible assets

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

##### 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 (2 /B)

##### 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.

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

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### 5. Segment reporting

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

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

Statement of financial position	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG			Queens Hospitals	AI Kateb Hospitals	New Bedaya company for medical centers and hospitals	Consolidated adjustment	Total
					CHG for Medical Services	Pharma for management	CHG for Hospitals					
Non-current assets	1,462,276,020	201,095,271	235,133,098	219,280,202	54,763,332	4,326,600	-	78,100,712	125,610,219	94,006,872	(632,173,345)	1,842,418,981
Current assets	623,015,008	194,964,089	174,915,785	161,536,579	16,535,147	19,720,150	25,003,584	73,233,273	61,566,408	37,082,740	(116,422,534)	1,271,150,229
<b>Total assets</b>	<b>2,085,291,028</b>	<b>396,059,360</b>	<b>410,048,883</b>	<b>380,816,781</b>	<b>71,298,479</b>	<b>24,046,750</b>	<b>25,003,584</b>	<b>151,333,985</b>	<b>187,176,627</b>	<b>131,089,612</b>	<b>(748,595,879)</b>	<b>3,113,569,210</b>
Current liabilities	212,932,936	104,567,761	98,351,282	86,954,633	75,505,510	24,291,153	726,644	71,373,507	39,352,238	12,113,045	(129,617,487)	596,551,222
Non-current liabilities	52,191,381	10,195,123	22,813,593	8,729,726	55,594,399	4,837,783	-	70,944,375	3,550,626	7,355,251	49,786,526	285,998,783
<b>Total liabilities</b>	<b>265,124,317</b>	<b>114,762,884</b>	<b>121,164,875</b>	<b>95,684,359</b>	<b>131,099,909</b>	<b>29,128,936</b>	<b>726,644</b>	<b>142,317,882</b>	<b>42,902,864</b>	<b>19,468,296</b>	<b>(79,830,961)</b>	<b>882,550,005</b>
<b>Statement of profit or loss:</b>												
Operating revenue	220,687,826	111,964,649	99,036,007	90,954,420	17,807,901	8,044,115	740,415	48,556,459	40,953,302	9,835,912	(15,417,834)	633,163,172
Operating costs	(124,061,527)	(76,225,117)	(70,374,967)	(62,363,620)	(14,983,257)	(6,302,252)	-	(21,327,085)	(24,004,078)	(6,268,759)	13,944,891	(391,965,771)
<b>Gross profit</b>	<b>96,626,299</b>	<b>35,739,532</b>	<b>28,661,040</b>	<b>28,590,800</b>	<b>2,824,644</b>	<b>1,741,863</b>	<b>740,415</b>	<b>27,229,374</b>	<b>16,949,224</b>	<b>3,567,153</b>	<b>(1,472,943)</b>	<b>241,197,401</b>
Other expenses and revenues	(44,808,609)	(18,623,894)	(16,642,249)	(17,991,719)	(4,921,287)	(1,088,054)	(194,368)	(11,555,814)	(9,880,692)	(7,846,657)	293,805	(133,259,538)
<b>Profit for period</b>	<b>51,817,690</b>	<b>17,115,638</b>	<b>12,018,791</b>	<b>10,599,081</b>	<b>(2,096,643)</b>	<b>653,809</b>	<b>546,047</b>	<b>15,673,560</b>	<b>7,068,532</b>	<b>(4,279,504)</b>	<b>(1,179,137)</b>	<b>107,937,863</b>
<b>Other Items</b>												
Capital expenditure	10,451,676	20,926,463	3,021,657	1,313,145	-	-	-	627,115	911,765	5,370,760	-	42,622,581
Fixed assets depreciation	5,946,632	5,989,147	3,880,073	4,364,016	12,798	-	-	743,888	2,918,721	1,006,873	2,143,894	27,006,042

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### Segment reporting (continued)

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

Statement of financial position	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG			Queens Hospitals	AI Kateb Hospitals	New Bedaya company for medical centers and hospitals	Consolidated adjustment	Total
					CHG for Medical Services	Pharma for pharmacies management	CHG for Hospitals					
Non-current assets	1,429,895,538	185,546,891	232,651,248	220,339,339	-	-	12,622,947	122,225,650	90,160,307	(630,029,452)	1,663,759,844	
Current assets	530,084,089	197,326,460	169,825,905	160,698,651	20,468,765	11,968,554	47,762,788	48,764,069	38,950,241	(119,580,377)	1,130,532,314	
<b>Total assets</b>	<b>1,959,979,627</b>	<b>382,873,351</b>	<b>402,477,153</b>	<b>381,037,990</b>	<b>20,816,141</b>	<b>11,968,554</b>	<b>60,385,735</b>	<b>170,989,719</b>	<b>129,110,548</b>	<b>(749,609,829)</b>	<b>2,794,292,158</b>	
Current liabilities	151,198,029	105,298,366	99,238,465	98,421,376	67,027,382	16,004,900	57,212,796	33,352,594	9,538,283	(132,157,180)	505,531,723	
Non-current liabilities	35,393,353	10,345,616	15,411,827	6,757,977	(7,463,572)	-	275,514	163,769	3,671,446	50,268,697	114,824,627	
<b>Total Liabilities</b>	<b>186,591,382</b>	<b>115,643,982</b>	<b>114,650,292</b>	<b>105,179,353</b>	<b>59,563,810</b>	<b>16,004,900</b>	<b>57,488,310</b>	<b>33,516,363</b>	<b>13,209,729</b>	<b>(81,888,483)</b>	<b>620,356,350</b>	
<b>Statement of profit or loss:</b>												
Operating revenue	748,360,588	364,532,064	338,389,450	319,742,799	43,848,094	15,546,382	59,997,377	122,684,904	10,326,846	(35,601,634)	1,989,543,291	
Operating costs	(424,924,706)	(252,052,581)	(238,181,370)	(227,733,985)	(49,953,840)	(16,328,664)	(37,454,147)	(78,719,467)	(5,496,719)	30,876,344	(1,299,969,135)	
<b>Gross profit</b>	<b>323,435,882</b>	<b>112,479,483</b>	<b>100,208,080</b>	<b>92,008,814</b>	<b>(6,105,746)</b>	<b>(782,282)</b>	<b>22,543,230</b>	<b>43,965,437</b>	<b>4,830,127</b>	<b>(4,725,290)</b>	<b>689,574,156</b>	
Other expenses and revenues	(133,256,707)	(78,841,897)	(63,743,396)	(59,775,938)	(3,602,115)	(1,549,638)	(11,211,058)	(26,800,708)	(8,414,307)	(4,346,923)	(391,928,882)	
<b>Profit for year</b>	<b>190,179,175</b>	<b>33,637,586</b>	<b>36,464,684</b>	<b>32,232,876</b>	<b>(9,707,861)</b>	<b>(2,331,920)</b>	<b>11,332,172</b>	<b>17,164,729</b>	<b>(3,584,180)</b>	<b>(9,072,213)</b>	<b>297,645,274</b>	
<b>Other Items</b>												
Capital expenditure	57,537,645	57,776,449	94,341,350	82,422,502	369,415	-	6,220,772	4,970,096	76,980,106	-	380,618,335	
Fixed assets depreciation	27,834,253	19,624,167	9,471,532	10,460,560	22,039	-	2,467,399	3,051,579	787,477	8,682,603	82,401,609	

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## Segment reporting (continued)

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

Statement of financial position	CHG										Total
	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG for Medical Services	Pharma for Pharmacies management	CHG for Hospitals	Queens Hospitals	Al Kateb Hospitals	Consolidated adjustment	
Non-current assets	1,377,135,461	148,362,090	151,845,167	164,667,791	-	-	-	8,897,423	1,226,605	(475,272,449)	1,376,862,088
Current assets	722,249,746	235,299,084	215,668,112	162,669,483	11,609,676	7,748,243	7,666,780	9,744,524	22,986,760	(78,740,667)	1,316,901,741
<b>Total assets</b>	<b>2,099,385,207</b>	<b>383,661,174</b>	<b>367,513,279</b>	<b>327,337,274</b>	<b>11,609,676</b>	<b>7,748,243</b>	<b>7,666,780</b>	<b>18,641,947</b>	<b>24,213,365</b>	<b>(554,013,116)</b>	<b>2,693,763,829</b>
Current liabilities	303,226,218	110,485,899	93,458,607	68,879,134	44,416,672	9,739,118	37,525	30,586,714	19,933,765	(88,745,474)	592,018,178
Non-current liabilities	8,241,321	8,748,297	7,810,027	2,778,764	-	-	-	172,099	(56,354)	51,594,242	79,288,396
<b>Total Liabilities</b>	<b>311,467,539</b>	<b>119,234,196</b>	<b>101,268,634</b>	<b>71,657,898</b>	<b>44,416,672</b>	<b>9,739,118</b>	<b>37,525</b>	<b>30,758,813</b>	<b>19,877,411</b>	<b>(37,151,232)</b>	<b>671,306,574</b>
Statement of profit or loss:											
Operating revenue	201,874,469	101,775,485	82,999,652	81,409,023	9,992,920	2,482,931	120,032	1,479,743	24,006,453	(3,259,290)	502,881,418
Operating costs	(115,340,323)	(66,389,719)	(57,199,062)	(58,682,365)	(10,712,211)	(2,517,161)	-	(4,800,491)	(17,774,287)	1,754,594	(331,661,025)
<b>Gross profit</b>	<b>86,534,146</b>	<b>35,385,766</b>	<b>25,800,590</b>	<b>22,726,658</b>	<b>(719,291)</b>	<b>(34,230)</b>	<b>120,032</b>	<b>(3,320,748)</b>	<b>6,232,166</b>	<b>(1,504,696)</b>	<b>171,220,393</b>
Other expenses and revenues	(25,565,959)	(19,144,107)	(15,271,973)	(14,788,859)	(3,047,897)	(252,219)	(27,007)	(361,371)	(4,777,773)	(30,515)	(83,267,680)
<b>Profit for year</b>	<b>60,968,187</b>	<b>16,241,659</b>	<b>10,528,617</b>	<b>7,937,799</b>	<b>(3,767,188)</b>	<b>(286,449)</b>	<b>93,025</b>	<b>(3,682,119)</b>	<b>1,454,393</b>	<b>(1,535,211)</b>	<b>87,952,713</b>
Other Items											
Capital expenditure	3,003,291	5,704,646	14,363,514	18,786,500	-	-	-	619,086	1,062,396	-	43,539,433
Fixed assets depreciation	7,204,526	4,770,556	2,214,031	2,557,426	-	-	-	591,237	29,222	2,791,297	20,158,295

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6. Fixed assets

	Lands	Machinery, equipment and devices	Furniture	Buildings	Vehicles	Computers	Projects under construction	Total
At 1 January 2020	173,240,262	489,137,866	59,672,162	361,825,614	12,564,952	69,845,176	137,321,664	1,303,607,696
Cost	-	(229,829,413)	(32,238,441)	(98,780,850)	(5,785,973)	(28,477,719)	-	(395,112,396)
Accumulated depreciation								
Net book Amount	173,240,262	259,308,453	27,433,721	263,044,764	6,778,979	41,367,457	137,321,664	908,495,300
Year ended 31 December 2020								
Opening net book amount	173,240,262	259,308,453	27,433,721	263,044,764	6,778,979	41,367,457	137,321,664	908,495,300
Additions	-	69,890,814	11,075,483	61,398,088	3,339,000	13,808,805	221,106,145	380,618,335
Disposals	-	(9,376,396)	(1,592,247)	-	(212,215)	(739,763)	-	(11,920,621)
Transfers from projects under construction	-	76,515,656	36,636,664	125,781,156	-	19,773,567	(258,707,043)	-
Depreciation for the year	-	(39,258,065)	(7,342,580)	(16,217,097)	(1,744,302)	(17,839,565)	-	(82,401,609)
Accumulated depreciation of disposal	-	7,974,341	1,526,062	-	201,302	702,750	-	10,404,455
Closing net book amount	173,240,262	365,054,803	67,737,103	434,006,911	8,362,764	57,073,251	99,720,766	1,205,195,860
At 31 December 2020								
Cost	173,240,262	626,167,940	105,792,062	549,004,858	15,691,737	102,687,785	99,720,766	1,672,305,410
Accumulated depreciation:	-	(261,113,137)	(38,054,959)	(114,997,947)	(7,328,973)	(45,614,534)	-	(467,109,550)
Net book Amount	173,240,262	365,054,803	67,737,103	434,006,911	8,362,764	57,073,251	99,720,766	1,205,195,860
At 31 March 2021								
Opening net book amount	173,240,262	365,054,803	67,737,103	434,006,911	8,362,764	57,073,251	99,720,766	1,205,195,860
Additions	-	8,247,732	8,286,418	92,369	-	3,206,300	22,796,820	42,629,639
Transfers from projects under construction	-	1,109,624	-	141,426	-	181,636	(1,432,686)	-
Depreciation for the period	-	(12,455,769)	(3,386,884)	(4,828,676)	(487,795)	(5,846,918)	-	(27,006,042)
Balance at 31 March 2021	173,240,262	361,956,390	72,636,637	429,412,030	7,874,969	54,614,269	121,084,900	1,220,819,457
Cost	173,240,262	635,525,296	114,078,480	549,238,653	15,691,737	106,075,721	121,084,900	1,714,935,049
Accumulated depreciation	-	(273,568,906)	(41,441,843)	(119,826,623)	(7,816,768)	(51,461,452)	-	(494,115,592)
Net book amount at the end of the period	173,240,262	361,956,390	72,636,637	429,412,030	7,874,969	54,614,269	121,084,900	1,220,819,457



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#### 7. Right of use

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..

	<u>31 March 2021</u>	<u>31 December 2020</u>
<b>Machinery, equipment</b>		
Beginning balance for the period / year	18,824,508	10,247,595
Additions for the period / year	-	10,536,770
Depreciation for the period / year	(466,049)	(1,959,857)
<b>Total</b>	<u>18,358,459</u>	<u>18,824,508</u>
<b>Buildings</b>		
Beginning balance for the period / year	-	-
Impact of applying the change in accounting standards	131,236,902	-
Additions for the period / year	32,352,609	-
Depreciation for the period / year	(5,726,627)	-
<b>Total</b>	<u>157,862,884</u>	<u>-</u>
	<u>176,221,343</u>	<u>18,824,508</u>

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.

#### 8. Investments in subsidiaries

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

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%

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#### Investments in subsidiaries (continued)

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

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

#### 9. Paid under investment account

	<u>31 March 2021</u>	<u>31 December 2020</u>
Paid under an investment account in Cairo Specialized Hospital Company	5,673,000	-
	<u>5,673,000</u>	<u>-</u>

#### 10. Goodwill and intangible assets

<u>Cost</u>	<u>Non-competition agreement</u>	<u>Trade name</u>	<u>Total</u>	<u>Goodwill</u>
Balance at 1 January 2020	-	44,354,000	44,354,000	369,263,334
El Bedaya El Gedida for Medical Centers and Hospitals	13,967,679	-	13,967,679	-
<b>Balance at 31 December 2020</b>	<b>13,967,679</b>		<b>58,321,679</b>	<b>369,263,334</b>
El Bedaya El Gedida for Medical Centers and Hospitals	(517,322)	-	(517,322)	-
<b>Balance at 31 March 2021</b>	<b>13,450,357</b>	<b>44,354,000</b>	<b>57,804,357</b>	<b>369,263,334</b>

The goodwill is as follows:

	<u>Balance at 1 January 2021</u>	<u>Balance at 31 March 2021</u>
Nile Badrawi Hospital	75,853,020	75,853,020
Al Shorouk Hospital S.A.E.	120,823,014	120,823,014
Queens Hospital Works	14,071,000	14,071,000
Al-Kateb Hospital Works	158,516,300	158,516,300
<b>Total</b>	<b>369,263,334</b>	<b>369,263,334</b>

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### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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#### Good will and intangible assets (continued)

##### Goodwill

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

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

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

##### Trade name

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

##### Queens Hospital acquisition

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

	<u>EGP</u>
Acquisition cost	
Cash paid	25,000,000
<b>Total acquisition cost</b>	<b>25,000,000</b>
Total fair value of acquired assets	<u>(10,929,000)</u>
<b>Intangible asset</b>	<b>14,071,000</b>
	<u>EGP</u>
Fixed assets	8,567,000
Medical inventory	1,274,000
Debtors and other debit balances	1,088,000
<b>Total fair value of acquired assets</b>	<b>10,929,000</b>
<b>Intangible asset</b>	<b>14,071,000</b>

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

#### Good will and intangible assets (continued)

##### ElKateb Hospital acquisition

On 31 August 2017, the Company entered into an initial (conditional) contract for the purchase of the land and the building of Elkatib Hospital in the Arab Republic of Egypt. On 12 October 2017, the Company deposited an amount of EGP 143,550,000 under an ESCROW account contract which was concluded on 4 October 2017, on 13 December 2018, the ownership of the land and the building was transferred to the company under a public power of attorney and ESCROW account was released as part of the total acquisition, which includes management and operation of the hospital. On 3 December 2018, the Extraordinary General Assembly approved the acquisition of fixed assets, the management and operation of the hospital, and on 7 August 2019, the Cleopatra Hospital Company signed a contract to transfer the ElKateb activity from the Egyptian Hospital Company, and therefore an amount of EGP 135,080,000 was deposited under an ESCROW account, which It was concluded on 7 August 2019. On 1 November 2019, the company has completed the acquisition of the entire works, land and building of ElKateb Hospital.

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

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

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

##### New Bedaya company for medical centers and hospitals

On September 2020, the Cleopatra Hospital Company signed an agreement to transfer the assets and activities of the Bedaya Hospital Company, owned by its founder, Dr. Ismail Aboul Fotouh. Under the new agreement, the assets and operational activity of Bedaya Hospital will be transferred to a new company - The New Bedaya Company for Medical Centers and Hospitals- at the start of October 2020, provided that the total share of the Cleopatra Hospital Company is 60% of its capital, while the share of Dr. Aboul Fotouh reaches the remaining 40%. The value of the deal is fully completed in June 2023. The deal estimated the value of medical equipment, assets, and real estate at approximately 105 million Egyptian pounds, which were paid as capital in the new company, provided that the remainder of the deal's value will be determined and paid based on the results of the new company's business during 2021 and 2022. And an appointment contract was signed between the New Beedaya Company for Medical Centers and Hospitals and Dr. Ismail Aboul Fotouh (Note 33).

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

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

#### Good will and intangible assets (continued)

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

	EGP
<b>Acquisition cost</b>	
Cash paid	105,000,000
Purchase of investments creditors (Note 22)	14,485,000
<b>Total acquisition cost</b>	<b>119,485,000</b>
<b>Fair value of the assets acquired</b>	
Buildings	60,000,000
Machinery and Equipment	15,099,000
Furniture	789,000
Computers	145,000
Inventory	3,967,000
Cash	25,000,000
<b>Fair value of acquired assets</b>	<b>105,000,000</b>
<b>Non-competition agreement</b>	<b>14,485,000</b>

#### 11. Inventories

	31 March 2021	31 December 2020
Medical supply inventory	31,744,278	27,915,858
Medicine inventory	29,862,683	34,173,334
Maintenance and spare parts inventory	2,162,109	1,795,624
Stationary inventory	1,290,066	1,705,403
Hospitality inventory	1,029,440	1,089,636
Food and beverage inventory	98,935	93,845
	<b>66,187,511</b>	<b>66,773,700</b>
Less: Impairment of inventory	(250,757)	(466,550)
	<b>65,936,754</b>	<b>66,307,150</b>

Movement in the provision for inventory is as follows:

	31 March 2021	31 December 2020	31 March 2020
Balance at 1 January	466,550	157,656	157,656
Provisions formed during the period / year	141,554	418,250	16,202
Provisions no longer required	(357,347)	(109,356)	(2,151)
<b>Balance at the end of the period / year</b>	<b>250,757</b>	<b>466,550</b>	<b>171,707</b>

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

#### 12. Trade receivables

	31 March 2021	31 December 2020
Due from customers	568,773,765	526,889,175
Income from inpatients	22,013,160	17,197,691
	<u>590,786,925</u>	<u>544,086,866</u>
<b>Less:</b>		
Impairment of customers' balances	<u>(149,768,298)</u>	<u>(125,326,367)</u>
	<u>441,018,627</u>	<u>418,760,499</u>

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

Movement in the provision for impairment is as follows:

	31 March 2021	31 December 2020	31 March 2020
Balance at 1 January	125,326,367	74,274,923	74,274,923
The effect of implementing a change in standards	11,289,842	-	-
Formed during the period/year	29,798,437	81,459,592	18,750,157
Provisions no longer required	(16,646,348)	(28,992,298)	(5,735,822)
Impairment Written off	-	(1,415,850)	-
<b>Balance at the end of the period / year</b>	<u>149,768,298</u>	<u>125,326,367</u>	<u>87,289,258</u>

Trade receivable balances, which have not been due till the financial position date and have no impairment indicators, amounted to EGP 240,028,823 (31 December 2020: EGP 226,325,482).

At the financial position date, the balances that were past due but not impaired amounted to EGP 179,648,318 (31 December 2020: EGP 170,531,383) regarding customers and transactions with no history of default. The ageing analysis of these balances is as follows:

	31 March 2021	31 December 2020
Less than one month	89,899,108	94,400,135
From one to five months	89,749,209	76,131,249

The balances of trade debtors that exceed 150 days in the date of the financial center amounted to 150,593,805 Egyptian pounds (December 31, 2020: 132,032,310 Egyptian pounds).

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

#### 13. Related parties Transactions:

During the period / year, the group dealt with some related parties. The balances with related parties at the date of the financial statements, and the transactions during the period / year were as follows:

##### Financial position balances:

Company	Nature of related parties	31 March 2021	31 December 2020
HealthCare Company	Amounts paid on behalf of the company	-	-
Other related parties	Amounts paid on behalf of other related company	386,827	386,827
Other related parties	Amounts paid on behalf of other related company	(80,482)	(597,889)
		<u>306,345</u>	<u>(211,062)</u>

Transactions with related parties are represented in the group's dealings with the parent company, whether through sale, purchase or exchange of services. Prices, policies and conditions related to these operations are approved by the parent company's management and are on the same basis as dealing with third parties.

#### 14. Debtors and other debit balances

	31 March 2021	31 December 2020
Advances to suppliers	51,643,528	53,558,633
Prepaid expenses	18,877,619	21,636,545
Withholding taxes	4,551,032	4,737,285
Employees custodies	1,541,439	1,375,596
Deposits with others	4,709,505	4,782,505
Accrued income	116,658	17,171
Other debtors	4,799,723	8,494,721
	<u>86,239,504</u>	<u>94,602,456</u>
Less: Impairment in other debit balances during period / year	(42,202)	(42,202)
	<u>86,197,302</u>	<u>94,560,254</u>

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

	31 March 2021	31 December 2020	31 March 2020
Balance at 1 January	42,202	143,734	143,734
No longer required	-	(101,532)	-
Balance at the end of the period / year	<u>42,202</u>	<u>42,202</u>	<u>143,734</u>

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

Notes to the consolidated interim financial statements  
For the three months period ended 31 March 2021

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

15. Investments at amortized cost

	<u>31 March 2021</u>	<u>31 December 2020</u>
Treasury bills (Maturity 182 days)	-	-
Treasury Bills (Maturity 61 days)	-	30,000,000
Treasury bills (Maturity 91 days)	-	191,300,000
Treasury bills (Maturity 30 days)	335,225,000	-
Less: Unearned revenue	(2,395,316)	(734,170)
	<u>332,829,684</u>	<u>220,565,830</u>

Treasury bills are entitled to a constant annual return of 9.76% and 9.6% after tax on 31 March 2021 (31 December 2020: 8.96% and 9.6%).

16. Cash and cash equivalents

	<u>31 March 2021</u>	<u>31 December 2020</u>
Time deposit	4,693,620	4,699,290
Current accounts	340,322,540	322,925,123
Cash on hand	2,932,762	2,327,341
<b>Deduct:</b>		
<b>Cash and cash equivalents impairment</b>	<u>(3,167,887)</u>	<u>-</u>
	<u>344,781,035</u>	<u>329,951,754</u>

The time deposits item includes an amount EGP 4,693,620 at 31 March 2021 (31 December 2020: EGP 4,699,290) are denominated in local banks in US dollars and are payable within one from the date of deposit and are subject to a fixed annual return of 0.75%.

Current accounts deposited in Egyptian Pounds are subject to a fixed annual rate of 6.5% to 7% (31 December 2020: from 6.5% to 7%).

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
Cash and bank balances	347,948,922	329,951,754
Treasury bills with maturities of 3 months or less	332,829,684	220,565,830
<b>Total</b>	<u>680,778,606</u>	<u>550,517,584</u>

The movement in the provision for impairment is as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>	<u>31 March 2020</u>
Balance at the beginning of the period/year	-	-	-
Impact of applying the change in accounting standards	4,492,745	-	-
Provisions no longer required	(1,324,858)	-	-
<b>Ending balance</b>	<u>3,167,887</u>	<u>-</u>	<u>-</u>



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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

#### 17. 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
<b>Total</b>	<b>100%</b>	<b>1,600,000,000</b>	<b>800,000,000</b>

#### 18. Reserves

Below is the movement on reserves during the period / 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
Special reserve	49,090,006	-	49,090,006
Acquisition reserve	(89,475,574)	-	(89,475,574)
Other reserves	247,496,391	-	247,496,391
<b>Total</b>	<b>281,336,162</b>	<b>-</b>	<b>281,336,162</b>

	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
Special reserve	49,090,006	-	49,090,006
Acquisition reserve	(76,532,044)	(12,943,530)	(89,475,574)
Other reserves	247,496,391	-	247,496,391
<b>Total</b>	<b>284,394,548</b>	<b>(3,058,386)</b>	<b>281,336,162</b>

##### a) Legal reserve

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

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

#### Reserves (continued)

##### b) Acquisition reserve

This reserve represents the difference between the value of the acquisition by Cleopatra Hospital Company S.A.E. and the carrying value of net assets and liabilities of Cairo Specialised Hospital Company S.A.E. at the acquisition date, as the two companies are under common control. The reason for the acquisition is the reorganisation of the group companies. Therefore, the assets and liabilities of the subsidiary were transferred at historical cost. Cleopatra Hospital Company S.A.E. acquired additional 85,428 Shares from the none controlling interests of Cairo Specialised Hospital Company S.A.E. which resulted additional EGP 7,688,520 added to the acquisition reserve represented in the difference between the fair value of the shares EGP 100 Per share and nominal value EGP 10 per share

##### c) Special reserve

The special reserve represents the amount that was due to Care Healthcare Ltd. (Parent Company). Valued at EGP 47,379,722 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. In addition to the resulting reconciliation from treasury shares related to Cairo Specialised Hospital (Subsidiary Company). Valued at EGP 1,710,284.

##### d) Other reserves

The amount represents the amount transferred from share premium according to the requirements of Law No.159 of 1981, and there is no movement in this reserve during the year.

#### 19. Retained earning

The company has 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:

	<u>31 March 2021</u>	<u>31 December 2020</u>
<b><u>Parent company's equity</u></b>		
Balance at the beginning of the period/year before adjustment	984,874,111	746,183,287
Effect of applying the change in Standard 47 "Financial Instruments"	(14,414,763)	-
Effect of applying the change in Standard 49 "Leasing pledges"	(30,436,874)	-
<b>Balance after adjustment</b>	<b>940,022,474</b>	<b>746,183,287</b>
Profits for the period / year	101,308,913	286,922,017
Reserves	-	(10,855,563)
Dividend	-	(37,375,630)
<b>Balance at the end of the period / year</b>	<b>1,041,331,387</b>	<b>984,874,111</b>

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

Notes to the consolidated interim financial statements  
For the three months period ended 31 March 2021

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Retained earning (continued)

	31 March 2021	31 December 2020
<b>Non-controlling Equity</b>		
Balance at the beginning of the period/year before adjustment	65,546,116	61,279,537
Effect of applying the change in Standard 47 “Financial Instruments”	(1,367,824)	-
Effect of applying the change in Standard 49 “Leasing commitments”	(7,635,005)	-
<b>Balance after adjustment</b>	<b>56,543,287</b>	<b>61,279,537</b>
Profits for the period / year	6,628,950	10,723,257
Dividends	-	(6,456,678)
<b>balance at the end of the period / year</b>	<b>63,172,237</b>	<b>65,546,116</b>

20. Non-controlling interests

	Share capital	Reserves	Retained earnings	Share of minority interest on settlement of acquisition	Total
Balance at 1 January 2020	35,512,809	7,014,177	61,279,537	120,184	103,926,707
Non-controlling interest in the acquisition of subsidiaries	(1,438,170)	-	-	-	(1,438,170)
Dividends of employees	-	-	(6,456,678)	-	(6,456,678)
Legal reserve	-	970,419	-	-	970,419
Comprehensive income for the year	-	-	10,723,257	-	10,723,257
<b>Balance at 31 December 2020</b>	<b>34,074,639</b>	<b>7,984,596</b>	<b>65,546,116</b>	<b>120,184</b>	<b>107,725,535</b>
Balance at 1 January 2021	34,074,639	7,984,596	65,546,116	120,184	107,725,535
impact of applying the change in accounting standards	-	-	(9,002,829)	-	(9,002,829)
Comprehensive income for the period	-	-	6,628,950	-	6,628,950
<b>Balance at 31 March 2021</b>	<b>34,074,639</b>	<b>7,984,596</b>	<b>63,172,237</b>	<b>120,184</b>	<b>105,351,656</b>

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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#### 21. Lease liabilities

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
During the year	35,894,766	6,731,920
More than a year	350,065,542	11,633,924
	<u>385,960,308</u>	<u>18,365,844</u>
<b>The present value of the lease obligations is as follows:</b>		
During the year	31,514,617	5,295,687
More than a year	178,334,513	7,979,393
Balance	<u>209,849,130</u>	<u>13,275,080</u>

#### 22. Purchase of investments creditors:

During September 2020, Cleopatra Hospital Company signed an agreement to transfer the assets and activity of Bedaya Hospital Company, owned by its founder, Dr. Ismail Aboul Fotouh. Under the new agreement, all assets and operational activity of Bedaya Hospital were transferred to a new company - New Beginning Medical Centers and Hospitals Company - at the beginning of October 2020, provided that the total share of Cleopatra Hospital Company is 60% of its capital, while Dr. Ismail Aboul Fotouh's share is The remaining 40%, when the value of the deal is fully completed in June 2023. The deal estimated the value of medical equipment, assets and real estate at a value of approximately EGP 105 million, which were paid as capital in the new company, provided that the remaining value of the deal 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 remainder of the transaction value was estimated at 14,485,000 Egyptian pounds, and the present value of the fair value of the portion of equity instruments (which represents 40% of the shares of the New Start Company for Medical Centers and Hospitals) was estimated in June 2023 in exchange for the commitment of Dr. Ismail Abu Al-Futuh with all the terms of the contracts between the two parties in the amount of 38,005,000 Egyptian pounds, an amount of 3,455,000 Egyptian pounds was recognized from them as part of the year's expenses, which represents against the period from October 1, 2020 to March 31, 2021.

#### 23. Banks overdraft

Overdraft banks include an amount of EGP 52,979,743 with an interest rate of 0.1% in addition to the corridor rate announced by the Central Bank of Egypt.

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

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24. Provisions

	31 March 2021	31 December 2020
Provision for claims	8,575,802	8,780,774
Provision for human resources	14,095,118	12,849,633
	<u>22,670,920</u>	<u>21,630,407</u>

Movement in the provision during the period / year is as follows:

	31 March 2021				
	Balance at the beginning of the period	Formed during the period	Utilised during the period	Provisions no longer required	Balance at the end of the period
Provision for human resources	12,849,633	12,006,084	(8,390,390)	(2,370,209)	14,095,118
Provision for claims	8,780,774	-	(204,972)	-	8,575,802
Total	<u>21,630,407</u>	<u>12,006,084</u>	<u>(8,595,362)</u>	<u>(2,370,209)</u>	<u>22,670,920</u>

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

	31 March 2020				
	Balance at the beginning of the year	Formed during the year	Utilised during the year	Provisions no longer required	Balance at the end of the year
Provision for human resources	8,261,003	7,926,938	(1,395,418)	(4,197,490)	10,595,033
Provision for claims	7,297,337	154,755	(1,932,835)	-	5,519,257
Total	<u>15,558,340</u>	<u>8,081,693</u>	<u>(3,328,253)</u>	<u>(4,197,490)</u>	<u>16,114,290</u>

Provision for human resources

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

Provision for claims

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

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

Notes to the consolidated interim financial statements  
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25. Creditors and other credit balances

	<u>31 March 2021</u>	<u>31 December 2020</u>
Suppliers and notes payable	227,615,799	237,377,762
Accrued expenses	172,713,752	166,999,155
Dividends payable	5,215,572	3,323,266
Social insurance	3,277,873	3,325,645
Other creditors	38,821,212	30,927,356
	<u>447,644,208</u>	<u>441,953,184</u>

26. Operating revenue

	<u>31 March 2021</u>	<u>31 March 2020</u>
Accommodation and medical supervision revenue	171,429,789	123,389,971
Surgeries revenue	109,896,662	108,602,387
Laboratories revenue	74,624,748	46,975,910
Outpatient clinics revenue	63,030,671	57,802,048
Radiology revenue	50,097,504	24,610,274
Cardiac catheterization revenue	49,894,346	44,606,708
Service charge revenue	43,773,480	37,816,907
Pharmacy revenue	24,571,332	13,156,912
Emergency revenue	18,423,476	14,726,332
Revenues of oncology centre	9,101,445	9,108,520
Dentistry revenue	1,979,604	7,167,903
Physiotherapy revenue	4,902,803	5,169,228
Endoscopy revenues	3,803,375	3,734,011
Cardiac tests revenue	3,636,623	3,008,035
Other departments revenues	3,997,314	3,006,272
	<u>633,163,172</u>	<u>502,881,418</u>

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

**Notes to the consolidated interim financial statements  
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**27. Operating costs**

	<b>31 March 2021</b>	<b>31 March 2020</b>
Medical and pharmaceutical supplies	128,076,387	99,204,469
Salaries, wages and benefits	102,348,518	90,380,760
Doctors' fees	95,145,361	87,851,124
Fixed assets depreciation	22,205,122	16,425,845
Maintenance, spare parts and energy expenses	16,274,001	9,805,764
Consumables costs	10,971,525	11,193,120
Services from others	8,528,260	2,938,211
Leased assets depreciation	4,528,509	542,800
Rents	1,675,133	4,452,991
Other expenses	2,212,955	8,865,941
	<b>391,965,771</b>	<b>331,661,025</b>

**28. General and administrative expenses**

	<b>31 March 2021</b>	<b>31 March 2020</b>
Salaries, wages and benefits	41,465,093	38,851,101
Professional and consulting fees	6,971,313	5,258,058
Fixed assets depreciation	4,800,920	3,732,451
Services from others	4,461,105	-
Intangible assets depreciation	3,972,321	-
Maintenance, spare parts and energy expenses	2,907,898	2,961,603
Leased assets depreciation	1,664,167	-
Consumables costs	563,622	1,076,334
Other expenses	14,924,795	5,122,035
	<b>81,731,234</b>	<b>57,001,582</b>

**29. Impairment in trade receivables and cash**

	<b>31 March 2021</b>	<b>31 March 2020</b>
Impairment in trade receivables	13,175,591	13,014,337
Impairment in cash	(1,324,858)	-
	<b>11,850,733</b>	<b>13,014,337</b>

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

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**30. Expenses by nature**

	<b>31 March 2021</b>	<b>31 March 2020</b>
Salaries, wages and benefits*	143,813,611	129,231,861
Medical and pharmaceutical supplies	128,076,387	99,204,469
Doctors' fees	95,145,361	87,851,124
Fixed assets depreciation	27,006,042	20,158,296
Maintenance, spare parts and energy expenses	19,181,899	12,767,367
Services from others	12,989,365	2,938,211
Consumables costs	11,535,147	12,269,454
Impairment of trade receivables and cash	11,850,733	13,014,337
Leased assets depreciation	6,192,676	542,800
Intangible assets depreciation	3,972,321	-
Other expenses	25,784,196	23,699,025
	<b>485,547,738</b>	<b>401,676,944</b>

**\* Employees' costs**

	<b>31 March 2021</b>	<b>31 March 2020</b>
Salaries, wages and incentives	124,195,383	106,774,749
Employees' incentives	1,086,075	4,678,524
Employees' benefits	11,618,384	11,705,293
Social insurance	6,913,769	6,073,295
	<b>143,813,611</b>	<b>129,231,861</b>

Miscellaneous expenses included an amount of EGP 1,510,000 Allowances of members of the Board of Directors (31 December 2020: EGP 1,441,000).

**31. Other income**

	<b>31 March 2021</b>	<b>31 March 2020</b>
Rent	700,122	995,348
Capital gains	19,535	233,789
Miscellaneous income	5,494,508	527,223
	<b>6,214,165</b>	<b>1,756,360</b>



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

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32. Finance income / (expenses)

	31 March 2021	31 March 2020
<b>Finance income</b>		
Interest income	12,635,505	18,290,349
<b>Total finance income</b>	<b>12,635,505</b>	<b>18,290,349</b>
<b>Finance costs</b>		
Interest expense – Credit facilities	(612,708)	(379,893)
Interest expense – Lease	(5,395,753)	-
Currency valuation differences	(25,542)	(243,866)
<b>Total finance expenses</b>	<b>(6,034,003)</b>	<b>(623,759)</b>
<b>Net finance income</b>	<b>6,601,502</b>	<b>17,666,590</b>

33. Income taxes

	31 March 2021	31 March 2020
Current income tax for the period	37,417,603	29,681,886
Deferred tax	131,726	(891,378)
	<b>37,549,329</b>	<b>28,790,508</b>

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	145,487,192	116,743,221
Income tax calculated based on the applicable local tax rate	32,734,618	26,267,224
<b>Add/ (less):</b>		
Non-taxable expenses	6,964,101	4,287,883
Income not subject to tax	(3,755,789)	(2,676,667)
Unrecognized deferred tax assets	1,606,399	912,068
<b>Income taxes</b>	<b>37,549,329</b>	<b>28,790,508</b>
<b>Effective tax rate</b>	<b>25.81%</b>	<b>24.66%</b>

	31 March 2021	31 December 2020
<b>Current income tax liabilities</b>		
Balance at 1 January	36,054,556	62,638,092
Payments during the period / year	(32,896,981)	(66,768,159)
Current year tax	37,417,602	95,477,101
Advance payments to tax authorities	-	(55,292,478)
	<b>40,575,177</b>	<b>36,054,556</b>

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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#### 34. Deferred tax

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

	Balance at 1 January 2021 (Liability)	(Expense)/ Income charged to the statement of profit or loss during the year	Balance at 31 March 2021 (Liability)
<b>Liabilities</b>			
Fixed assets	(38,636,541)	(846,409)	(39,482,950)
Fixed assets - Effect of fair value	(40,289,043)	482,373	(39,806,670)
Intangible assets - Effect of fair value	(9,979,650)	-	(9,979,650)
<b>Total Liabilities</b>	<b>(88,905,234)</b>	<b>(364,036)</b>	<b>(89,269,270)</b>
<b>Assets</b>			
Provisions (excluding claims provision)	3,547,300	232,310	3,779,610
Subsidiaries Accumulated losses	7,463,572	-	7,463,572
<b>Total Assets</b>	<b>11,010,872</b>	<b>232,310</b>	<b>11,243,182</b>
<b>Net deferred tax - liability</b>	<b>(77,894,362)</b>	<b>(131,726)</b>	<b>(78,026,088)</b>
	Balance at 1 January 2020 (Liability)	(Expense)/ Income charged to the statement of profit or loss during the year	Balance at 31 December 2020 (Liability)
<b>Liabilities</b>			
Fixed assets	(25,051,476)	(13,585,065)	(38,636,541)
Fixed assets - Effect of fair value	(42,242,629)	1,953,586	(40,289,043)
Intangible assets - Effect of fair value	(9,979,650)	-	(9,979,650)
<b>Total Liabilities</b>	<b>(77,273,755)</b>	<b>(11,631,479)</b>	<b>(88,905,234)</b>
<b>Assets</b>			
Provisions (excluding claims provision)	2,479,269	1,068,031	3,547,300
Subsidiaries Accumulated losses	-	7,463,572	7,463,572
<b>Total Assets</b>	<b>2,479,269</b>	<b>8,531,603</b>	<b>11,010,872</b>
<b>Net deferred tax - liability</b>	<b>(74,794,486)</b>	<b>(3,099,876)</b>	<b>(77,894,362)</b>

#### 35. Earnings per share

The basic share of the profit for the year is calculated by dividing the net profit for the year by the number of shares outstanding during the year.

	31 March 2021	31 March 2020
Net profit	107,937,863	87,952,713
Equity	(6,628,950)	(5,866,310)
Distributable profit	101,308,913	82,086,403
Number of shares issued	1,600,000,000	1,600,000,000
<b>Earning per share</b>	<b>0.06</b>	<b>0.05</b>

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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#### 36. Tax position

##### Cleopatra Hospital S.A.E.

###### (1) Corporate tax

- The years have been settled through 2019 and payment has been made in full.
- 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) Advance payments

- A request has been submitted to the Tax Authority to approve the system for advance payments on account of tax from January 1, 2020 until 31 March 2021.
- The system of advance payments for the tax period from January 1, 2020 to 31 March 2021 has been approved.

##### Cairo Specialised Hospital "S.A.E."

###### (1) Corporate tax

- The company was inspected from the beginning of the activity until the year 2019, and all dues were paid.

###### (2) Tax on salaries and wages

- The company was examined from the beginning of the activity until 2018, and all dues were paid.
- The year 2019 is under inspection.

###### (3) Stamp duty

- The company was inspected from the beginning of the activity until 2016, and all dues were paid.
- The years 2017, 2018 and 2019 are under inspection.

###### (4) VAT

- The registration took place as of April 2017.
- Tax returns were filed monthly on the legal dates.

###### (5) Advance payments

- A request has been submitted to the Tax Authority to approve the system for advance payments on account of tax from January 1, 2020 until 31 March 2021.
- The system of the advance payments for the tax period from January 1, 2020 to 31 March 2021 has been approved.

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

### Notes to the consolidated interim financial statements For the three months period ended 31 March 2021

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

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#### Tax position (continued)

##### Nile Badrawi Hospital

###### (1) Corporate tax

- The years have been settled through 2019 and payment has been made in full.

###### (2) Salaries tax

- The years to 2017 have been checked and settled and the payment has been completed.
- The years 2018 and 2019 are under inspection.

###### (3) Stamp duty

- Inspected and paid until 2017.
- 2018 and 2019 were not inspected.

###### (4) VAT

- The company was registered as of April 2017.
- Monthly tax returns were submitted on legal dates.

###### (5) Advance payments

- A request has been submitted to the Tax Authority to approve the system for advance payments on account of tax from January 1, 2020 until 31 March 2021.
- The system of advance payments for the tax period from January 1, 2020 to 31 March 2021 has been approved.

##### Al Shorouk Hospital S.A.E.

###### (1) Industrial and commercial profits tax

- The years have been settled through 2019 and payment has been made in full.

###### (2) Salaries tax

- Inspected until 31 December 2014, and payment was made in full.
- The years 2015 to 2018 were examined and partially approved, and the work of an internal committee is underway.

###### (3) Stamp duty tax

- Inspected until 31 December 2018, and payment was made
- The year 2019 is under inspection.

###### (4) VAT

- The company was registered as of April 2017.
- Tax returns are submitted on legal dates.

###### (5) Advance payments

- A request has been submitted to the Tax Authority to approve the system for advance payments on account of tax from January 1, 2020 until 31 March 2020.
- The system of advance payments for the tax period from January 1, 2020 to 31 March 2021 has been approved.

#### 37. Commitments

##### Capital commitments:

Capital commitments related to fixed assets at financial year end, which are not yet due, amounted to EGP 116,807,027 (31 December 2020: EGP 178,323,784).