

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

**LIMITED REVIEW REPORT AND THE INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED
30 SEPTEMBER 2021**

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

Interim condensed consolidated financial statements For the nine months period ended 30 September 2021

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Limited Review Report for the Interim Financial Statements

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

Introduction

We conducted our limited review on the accompanying interim condensed consolidated financial position of Cleopatra Hospital Company (S.A.E.) and its subsidiaries (the "Group") as at 30 September 2021 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended, 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 interim condensed consolidated financial statements in accordance with the Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is limited to express a conclusion on these interim condensed consolidated financial statements based on our limited review.

Scope of the limited review

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

Conclusion

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


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


18 November 2021
Cairo

CLEOPATRA HOSPITAL COMPANY "SAE" AND ITS SUBSIDIARIES


Interim condensed consolidated statement of financial position - At 30 September 2021

(All amounts in Egyptian Pounds)			
	Note	30 September 2021	31 December 2020
Assets			
Non-current assets			
Fixed assets	4	1,313,164,059	1,205,195,860
Right of use	5	180,502,115	18,824,508
Investments in associates		1,979,273	1,143,591
Paid under of investments purchased		5,673,000	-
Goodwill		369,263,334	369,263,334
Intangible assets		56,769,715	58,321,679
Deferred tax asset		9,861,577	11,010,872
Total non-current assets		1,937,213,073	1,663,759,844
Current assets			
Inventories	6	55,390,832	66,307,150
Trade receivables	8	422,895,998	418,760,499
Due from related parties	9	477,890	386,827
Debtors and other debit balances	10	77,976,824	94,560,254
Financial asset at amortized cost - Treasury Bills	11	501,747,258	220,565,830
Cash on hand and at banks	12	311,506,595	329,951,754
Total current assets		1,369,995,397	1,130,532,314
Total assets		3,307,208,470	2,794,292,158
Equity			
Share capital		800,000,000	800,000,000
Treasury shares	25	(74,176,267)	-
Reserves		292,269,966	281,336,162
Retained earnings	13	1,154,596,045	984,874,111
Employee stock ownership plan	23	4,144,971	-
Total equity of the parent company		2,176,834,715	2,066,210,273
Non-controlling interests	14	113,580,285	107,725,535
Total equity		2,290,415,000	2,173,935,808
Liabilities			
Non-current liabilities			
Lease liabilities	15	179,991,176	7,979,393
Deferred tax liabilities		91,891,249	88,905,234
Purchased investment liability		28,305,000	17,940,000
Total non-current liabilities		300,187,425	114,824,627
Current liabilities			
Banks overdrafts	16	135,989,581	-
Provisions		15,172,151	21,630,407
Due to related parties	9	-	597,889
Creditors and other credit balances	17	469,312,067	441,953,184
Lease liabilities	15	34,685,734	5,295,687
Current income tax liabilities		61,446,512	26,054,556
Total Current liabilities		716,606,045	505,531,723
Total liabilities		1,016,793,470	620,356,350
Total equity and liabilities		3,307,208,470	2,794,292,158

- The accompanying notes from (1) to (26) are integral part of these interim condensed consolidated financial statements
 - Limited review report is attached


 Mr Ahmed Adel Badreldin
 Non Executive Chairman


 Dr Ahmed Ezz Eldin Mahmoud
 Managing Director


 Mr Ahmed Gamal
 Group CFO

18 November 2021



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

Interim condensed consolidated statement of profit or loss
For the nine months period ended 30 September 2021

(All amounts in Egyptian Pounds)

	Note	Nine months ended 30 September		Three months ended 30 September	
		2021	2020	2021	2020
Operating revenue	18	1,900,599,881	1,378,970,421	623,847,352	535,883,470
Less:					
Operating costs	19	(1,210,246,476)	(925,128,210)	(414,182,257)	(349,439,726)
Gross profit		690,353,405	453,842,211	209,665,095	186,443,744
Add / (Less):					
General and administrative expenses	20	(252,487,265)	(182,480,853)	(89,408,150)	(58,001,205)
Costs of acquisition activities		(11,832,655)	(4,570,573)	(4,971,297)	367,872
Impairment of financial instruments	21	(45,503,698)	(45,771,080)	(6,577,317)	(19,774,601)
Provisions		(13,891,957)	(14,493,625)	(2,569,213)	(8,915,715)
Other income		7,296,432	6,132,595	64,328	2,231,957
Finance income		40,581,330	41,166,178	14,377,529	8,983,829
Finance expenses		(25,085,765)	(1,953,905)	(9,886,652)	(732,189)
Profit for the period before income tax		389,429,827	251,870,948	110,694,323	110,603,692
Current tax		(97,183,394)	(69,073,264)	(19,140,901)	(29,587,083)
Deferred tax		(4,135,312)	(780,011)	(5,459,792)	(967,584)
Profit after income tax		288,111,121	182,017,673	86,093,630	80,049,025
Profit for:					
Owners of the parent company		271,845,924	179,194,810	79,962,501	78,590,609
Non-controlling interests	14	16,265,197	2,822,863	6,131,129	1,458,416
Profit after income tax		288,111,121	182,017,673	86,093,630	80,049,025
Earning per share (basic / diluted)	22	0.17	0.11	0.05	0.05

- The accompanying notes from (1) to (26) are integral part of these interim condensed consolidated financial statements

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

**Interim condensed consolidated statement of comprehensive income
For the nine months period ended 30 September 2021**

(All amounts in Egyptian Pounds)

	Nine months ended 30 September		Three months ended 30 September	
	2021	2020	2021	2020
Profit for the period	288,111,121	182,017,673	86,093,630	80,049,025
Other comprehensive income	-	-	-	-
Comprehensive income for the period	<u>288,111,121</u>	<u>182,017,673</u>	<u>86,093,630</u>	<u>80,049,025</u>
Profit for:				
Owners of the parent Company	271,845,924	179,194,810	79,962,501	78,590,609
Non-controlling interests	16,265,197	2,822,863	6,131,129	1,458,416
Comprehensive income for the period	<u>288,111,121</u>	<u>182,017,673</u>	<u>86,093,630</u>	<u>80,049,025</u>

- The accompanying notes from (1) to (26) are integral part of these interim condensed consolidated financial statements

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

**Interim condensed consolidated statement of changes in equity
For the nine months period ended 30 September 2021**

(All amounts in Egyptian Pounds)

	Share capital	Treasury shares	Reserves	Retained earnings	Employee stock ownership plan	Total Shareholders equity of the parent Company	Non-controlling interest	Total equity
Balance at 1 January 2020	800,000,000	-	284,394,548	746,183,287	-	1,830,577,835	103,926,707	1,934,504,542
Employees Dividends	-	-	-	(37,340,454)	-	(37,340,454)	(6,491,854)	(43,832,308)
Reserves formed	-	-	2,196,624	(10,855,563)	-	(8,658,939)	970,419	(7,688,520)
Non-controlling interest of acquisition of subsidiaries	-	-	-	-	-	-	(854,280)	(854,280)
Comprehensive income for the period	-	-	-	179,194,810	-	179,194,810	2,822,863	182,017,673
Balance at 30 September 2020	800,000,000	-	286,591,172	877,182,080	-	1,963,773,252	100,373,855	2,064,147,107
Balance at 31 December 2020 (as previously stated)	800,000,000	-	281,336,162	984,874,111	-	2,066,210,273	107,725,535	2,173,935,808
Effect of new standards adoption (2-B)	-	-	-	(45,013,349)	-	(45,013,349)	(8,945,528)	(53,958,877)
Balance at 1 January 2021	800,000,000	-	281,336,162	939,860,762	-	2,021,196,924	98,780,007	2,119,976,931
Employees Dividends	-	-	-	(45,444,024)	-	(45,444,024)	(2,197,732)	(47,641,756)
Treasury shares	-	(74,176,267)	-	-	-	(74,176,267)	-	(74,176,267)
Reserves formed	-	-	10,933,804	(11,666,617)	-	(732,813)	732,813	-
Employee stock ownership plan	-	-	-	-	4,144,971	4,144,971	-	4,144,971
Comprehensive income for the period	-	-	-	271,845,924	-	271,845,924	16,265,197	288,111,121
Balance at 30 September 2021	800,000,000	(74,176,267)	292,269,966	1,154,596,045	4,144,971	2,176,834,715	113,580,285	2,290,415,000

- The accompanying notes from (1) to (26) are integral part of these interim condensed consolidated financial statements

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

Interim condensed consolidated statement of cash flows
For the nine months period ended 30 September 2021

(All amounts in Egyptian Pounds)	Note	30 September 2021	30 September 2020
<u>Cash flows from operating activities</u>			
Profit before tax		389,429,827	251,870,948
Adjustments to reconcile net income to cash flows from operating activities			
Fixed assets depreciation	4	83,524,490	61,436,563
Intangible assets amortization		11,916,964	-
Profit (losses) from sale of fixed assets		1,394,938	(696,252)
Impairment of inventories	6	499,978	68,084
Impairment of debtors and other debit balances		-	21,932
Impairment of trade receivables	8	33,972,470	45,229,754
Impairment of cash	12	(1,088,201)	-
Provisions		13,891,956	14,493,624
Employee stock ownership plan		4,144,971	7,761,024
Interests and commissions - Overdraft		6,705,500	-
Interests and commissions - Lease contracts		18,370,934	1,612,059
Interest income		(40,580,325)	(41,166,178)
Gain in investments in associates		(835,682)	-
Operating profits before changes in assets and liabilities		521,347,820	340,631,558
Changes in assets and liabilities			
Change in inventories		10,416,339	(6,910,605)
Change in trade receivables		(38,107,969)	(117,110,738)
Change in due from related parties		(91,063)	345,184
Change in due to related parties		(597,889)	-
Change in debtors and other debit balances		4,637,526	29,269,019
Change in Creditors and other credit balances		44,124,081	(10,668,599)
Change in lease liability and right of use		(14,234,654)	-
Provision used		(20,350,212)	(14,078,590)
Income tax paid		(71,791,438)	(103,629,810)
Employees incentives paid		-	(136,833,605)
Net cash flows generated from (used in) operating activities		435,352,541	(18,986,186)
<u>Cash flows from investing activities</u>			
Payments for purchase fixed assets	4	(67,208,542)	(69,388,978)
Payments for projects under construction	4	(127,478,015)	(159,140,783)
Proceeds from sale of fixed assets		1,798,930	742,885
Advance payments for purchase of fixed assets		17,533,304	(23,143,000)
Interests received		34,992,925	42,936,246
Payments for business acquisition		(5,673,000)	(145,488,461)
Payments under investments in subsidiaries		-	(8,542,800)
Fixed assets suppliers		(14,738,816)	-
Treasury bills (more than 90 days)		-	50,099,258
Net cash flows used in investing activities		(160,773,214)	(311,925,633)
<u>Cash flows from financing activities</u>			
Payments for purchase treasury shares		(74,176,267)	-
Interests and commissions paid		(27,572,365)	(1,612,059)
Proceeds from borrowings and bank overdraft		345,546,847	-
Payment of borrowings and bank overdraft		(209,557,266)	-
Dividends paid		(47,172,208)	(48,765,804)
Net cash flows generated from (used in) financing activities		(12,931,259)	(50,377,863)
Change in cash and cash equivalents during the period		261,648,068	(381,289,682)
Cash and cash equivalents at the beginning of the period		550,517,584	791,267,839
Impact of the change in EAS 47 "Financial Instruments"		4,492,746	-
Cash and cash equivalents at the end of the period	12	816,658,398	409,978,157

- The accompanying notes from (1) to (26) are integral part of these interim condensed consolidated financial statements

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2021

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

1. Introduction

Cleopatra Hospital Company "the Parent Company" (formerly Lasheen & Co.) was incorporated as a limited partnership on July 19, 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 from a "limited partnership" into Cleopatra Hospital Company "S.A.E." in accordance with the provisions of Law No. (8) Of 1997 and Law No. (95) Of 1992. The Company is listed on the Egyptian Stock Exchange.

The purpose of the Company and its subsidiaries (together referred to as the "Group") is to establish a private hospital to provide modern and high-quality health and medical services and to provide medical care to inpatients. The company may have an interest or may participate in any way with companies or others that carry out business like its business in Egypt or abroad. The company may also acquire, merge or attach to these facilities.

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

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

These interim condensed consolidated financial statements have been approved for issuance by the Board of Directors of the Parent Company on 18 November 2021.

2. Basis of preparation

A. Statement of Compliance.

This interim condensed consolidated financial statements for the nine-month reporting period ended 30 September 2021 have been prepared in accordance with Egyptian Accounting Standard 30 "Interim Financial Reporting".

This interim condensed consolidated financial information does not include all the disclosures that would normally be disclosed in preparing the full annual financial statements. Therefore, this interim condensed consolidated financial information should be read with the annual consolidated financial statements of the Group on 31 December 2020.

The accounting policies used in preparing this interim condensed financial information are consistent with those used in preparing the annual financial statements for the fiscal year ending on 31 December 2020 and the fiscal periods Comparison, except for the effect of applying the new standards as shown in (Note 2-b).

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2021

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

B. New Egyptian Accounting Standards (“EAS”) and interpretations adopted by the group

In 28 March 2019, the minister of Investment issued a decree no. 69 for 2019 which includes new standards and amendments to the existing standards. The amendments in the EASs have been published in the official gazette on 7 April 2019. These standards are to be applied for the fiscal year 2021.

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

Retained earnings 31 December 2020	984,874,111
Impact of the change in EAS 47 “Financial Instruments”	(14,414,764)
Impact of the change in EAS 48 “Revenue from Contracts with Customers”	-
Impact of the change in EAS 49 “Lease Contracts”	(30,598,585)
Total	(45,013,349)
Retained earnings 1 January 2021 – parent company	939,860,762
Retained earnings 31 December 2020	65,546,116
Impact of the change in EAS 47 “Financial Instruments”	(1,311,235)
Impact of the change in EAS 48 “Revenue from Contracts with Customers”	-
Impact of the change in EAS 49 “Lease Contracts”	(7,634,293)
Total	(8,945,528)
Retained earnings 1 January 2021 before non-controlling interests	56,600,588

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

Notes to the interim condensed consolidated financial statements

For the nine months period ended 30 September 2021

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

New Egyptian Accounting Standards (“EAS”) and interpretations adopted by the group (continued)

- **Impact on the financial statements**

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

<u>Consolidated statement of financial position</u>	<u>Balance as of 31 December 2020</u>	<u>EAS 47</u>	<u>EAS 49 (Second phase)</u>	<u>Adjusted opening balance as at 1 January 2021</u>
Assets				
Non-current assets				
Fixed assets	1,205,195,860	-	-	1,205,195,860
Right of use assets	18,824,508	-	131,236,902	150,061,410
Goodwill	369,263,334	-	-	369,263,334
Intangible assets	58,321,679	-	-	58,321,679
Investments in associates	1,143,591	-	-	1,143,591
Deferred tax assets	11,010,872	-	-	11,010,872
Total non-current assets	1,663,759,844	-	131,236,902	1,794,996,746
Current assets				
Inventories	66,307,150	-	-	66,307,150
Trade receivables	418,760,499	(11,289,842)	-	407,470,657
Due from related parties	386,827	-	-	386,827
Debtors and other debit balances	94,560,254	-	(7,870,230)	86,690,024
Financial assets at amortized cost - treasury bills	220,565,830	-	-	220,565,830
Cash on hand and at banks	329,951,754	(4,492,746)	-	325,459,008
Total current assets	1,130,532,314	(15,782,588)	(7,870,230)	1,106,879,496
Total assets	2,794,292,158	(15,782,588)	123,366,672	2,901,876,242
Equity				
Share capital	800,000,000	-	-	800,000,000
Reserves	281,336,162	-	-	281,336,162
Retained earnings	984,874,111	(14,414,764)	(30,598,585)	939,860,762
Total equity for parent company	2,066,210,273	(14,414,764)	(30,598,585)	2,021,196,924
Non-controlling interests	107,725,535	(1,367,824)	(7,577,704)	98,780,007
Total Equity	2,173,935,808	(15,782,588)	(38,176,289)	2,119,976,931
Non-current liabilities				
Lease liabilities	7,979,393	-	134,795,921	142,775,314
Deferred tax liabilities	88,905,234	-	-	88,905,234
Investment creditors	17,940,000	-	-	17,940,000
Total non-current liabilities	114,824,627	-	134,795,921	249,620,548
Current liabilities				
Provisions	21,630,407	-	-	21,630,407
Due to related parties	597,889	-	-	597,889
Trade and other payables	441,953,184	-	-	441,953,184
Lease liabilities	5,295,687	-	26,747,040	32,042,727
Current income tax liabilities	36,054,556	-	-	36,054,556
Total current liabilities	505,531,723	-	26,747,040	532,278,763
Total liabilities	620,356,350	-	161,542,961	781,899,311
Total equity and liabilities	2,794,292,158	(15,782,588)	123,366,672	2,901,876,242

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

Notes to the interim condensed consolidated financial statements

For the nine months period ended 30 September 2021

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

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

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

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

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

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

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

Impairment of financial assets

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

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

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

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

Notes to the interim condensed consolidated financial statements

For the nine months period ended 30 September 2021

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

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

Customers and other receivables

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

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

Financial assets at amortized cost

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

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

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

Trade receivable impairment at 31 Dec 2020	125,326,367
The impact of the first adoption of EAS 47 "Financial Instruments" (Note 8)	11,289,842
Trade receivable impairment at 1 January 2021	<u>136,616,209</u>
Impairment of Cash in Banks at 31 Dec 2020	-
The impact of the first adoption of EAS 47 "Financial Instruments" (Note 12)	4,492,746
Impairment of Cash in Banks at 1 January 2021	<u>4,492,746</u>

(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).

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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New Egyptian Accounting Standards (“EAS”) and interpretations adopted by the group (continued)

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

Lease liabilities at 31 December 2020	13,275,080
Impact of changes of the Egyptian accounting standards (EAS) No.49 “Lease Contracts”	161,542,961
Lease liabilities at 1 January 2021	174,818,041

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 interim consolidated 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.

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

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Basis of consolidation (continued)

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

	Country of incorporation	Percentage of ownership 30 September 2021	Percentage of ownership 31 December 2021
Al-Shorouk Hospital Company S.A.E.	Egypt	99.99%	99.99%
Nile Badrawi Hospital Company S.A.E.	Egypt	99.99%	99.99%
Cairo Specialised Hospital Company S.A.E.	Egypt	56.46%	56.46%
CHG for Medical Services Company S.A.E.	Egypt	20% (Preferred shares)	20% (Preferred shares)
CHG Pharma for Pharmacies Management Company S.A.E.	Egypt	98%	98%
CHG for hospitals	Egypt	99.99%	99.99%
Investments in Bedaya El Gedida for Medical Centers and Hospitals	Egypt	99.99%	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 net cost of investment.
- 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.
- Associate companies are represented in investments in Egypt Healthcare Facilities Services Company for the management of facilities. Where the total share of Cleopatra Hospital Company is 49% of the capital of the new entity, with EFS Company obtaining the controlling share of 51%. The company was established on 12 October 2020 with an issued capital of 5,000,000 Egyptian pounds, and 2,500,000 Egyptian pounds have been paid.

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

Notes to the interim condensed consolidated financial statements For the nine months period ended 30 September 2021

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

D. Functional and presentation currency

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

E. Use of estimates and judgements

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

Significant judgments used by management in applying the group's accounting policies and the main sources of estimation uncertainty are the same as those disclosed in the latest consolidated financial statements and for the financial year ended 31 December 2020.

With the exception of estimates and judgments related to accounting standards that have been applied starting from the current year, which are as follows:

Impairment of financial assets:

Loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Group uses a range of significant judgments in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history and current market conditions as well as future estimates at the end of each year. Expected loss rates are based on historical credit losses and historical loss rates are adjusted to reflect current and future information about macroeconomic factors that affect customers' ability to settle receivables. The Group has determined GDP and therefore adjusts historical loss rates based on expected changes in these factors.

Sensitivity:

Reasonable changes in the inputs/assumptions would not materially change the impairment of the expected credit loss recognized in the financial statements.

Lease Liabilities:

The group rents buildings, warehouses, and various equipment. Leases are for fixed periods of one year up to 18 years and may have extension options.

Lease payments are discounted at an incremental borrowing rate in the lease if that rate cannot be easily determined - which generally happens in leases - the lessee's incremental borrowing rate is used.

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

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3. Segment reporting

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

Below is a summary of each segment, which is presented for the period ended 30 September 2021 for each segment:

Statement of financial position	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG for Medical Services	CHG for Pharmacies management Hospitals	Queens Hospitals	Al Kateb Hospitals	Bedaya El Gedida for Medical Centers and Hospitals	Consolidated adjustment	Total
Non-current assets	1,468,038,902	261,943,764	252,111,638	238,699,967	51,156,775	3,957,408	-	74,011,715	131,591,557	91,503,533	1,937,213,073
Current assets	719,841,060	186,077,152	154,996,083	180,131,149	16,979,386	11,999,061	25,320,373	92,235,175	54,016,445	40,455,247	1,369,995,398
Total assets	2,187,879,962	448,020,916	407,107,721	418,831,116	68,136,161	15,956,469	25,320,373	166,246,890	185,608,002	131,958,780	3,307,208,471
Current liabilities	318,770,239	132,518,550	86,446,855	93,333,329	82,703,881	16,987,918	853,470	68,747,403	31,232,987	11,134,996	716,606,045
Non-current liabilities	53,445,483	10,681,784	21,871,856	24,039,890	51,999,713	4,593,690	-	66,120,612	3,911,114	14,797,080	300,187,425
Total liabilities	372,215,722	143,200,334	108,318,711	117,373,219	134,703,594	21,581,608	853,470	134,868,015	35,144,101	25,932,076	1,016,793,470
Statement of profit or loss:											
Operating revenue	695,076,551	339,787,754	281,743,321	282,409,942	54,771,597	26,026,601	1,057,204	125,529,912	90,110,690	34,652,864	1,900,599,881
Operating costs	(392,607,571)	(233,750,875)	(201,346,648)	(197,015,955)	(46,435,688)	(23,560,744)	-	(58,592,407)	(62,430,612)	(21,779,715)	27,273,739
Gross profit	302,468,980	106,036,879	80,396,673	85,393,987	8,335,909	2,465,857	1,057,204	66,937,505	27,680,078	12,873,149	690,353,405
Other expenses and revenues	(146,330,679)	(60,560,179)	(53,163,257)	(53,974,583)	(17,198,555)	(2,276,846)	(321,194)	(28,901,176)	(17,108,038)	(22,747,257)	(402,242,284)
Profit for period	156,138,301	45,476,200	27,233,416	31,419,404	(8,862,646)	189,011	736,010	38,036,329	10,572,040	(9,874,108)	288,111,121
Other Items											
Capital expenditure	43,016,989	93,668,255	29,418,768	15,881,411	493,094	10,053	-	1,963,295	4,249,927	5,984,765	194,686,557
Fixed assets depreciation	24,489,911	18,122,726	12,116,261	13,270,258	68,097	-	-	2,376,743	3,559,276	3,089,576	83,524,490

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Segment reporting (continued)

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

Below is a summary of each segment, which is presented for the period ended 30 September 2020 for each segment:

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	1,393,133,714	179,397,529	212,481,093	190,957,331	112,338	-	-	11,174,748	121,023,839	(502,535,898)	1,605,744,694
Current assets	484,317,597	178,713,050	164,641,311	146,796,732	14,802,420	5,041,959	22,966,035	26,274,549	35,535,827	(104,989,903)	974,099,577
Total assets	1,877,451,311	358,110,579	377,122,404	337,754,063	14,914,758	5,041,959	22,966,035	37,449,297	156,559,666	(607,525,801)	2,579,844,271
Current liabilities	149,406,128	94,721,424	89,573,474	67,955,062	60,033,413	8,631,261	104,857	47,291,035	30,504,157	(117,079,735)	431,141,076
Non-current liabilities	9,434,761	8,835,827	12,287,139	3,211,401	-	-	-	159,353	33,313	50,594,294	84,556,088
Total Liabilities	158,840,889	103,557,251	101,860,613	71,166,463	60,033,413	8,631,261	104,857	47,450,388	30,537,470	(66,485,441)	515,697,164
Statement of profit or loss:											
Operating revenue	521,786,055	261,083,687	237,709,738	231,415,770	27,921,497	6,646,779	419,287	25,618,912	83,814,735	(17,446,039)	1,378,970,421
Operating costs	(298,655,826)	(180,460,886)	(167,798,601)	(165,876,710)	(34,939,064)	(7,598,538)	-	(24,208,649)	(58,965,184)	13,375,268	(925,128,210)
Gross profit	223,130,229	80,622,801	69,911,137	65,539,060	(7,017,567)	(951,779)	419,287	1,410,263	24,849,551	(4,070,771)	453,842,211
Other expenses and revenues	(85,042,262)	(59,661,256)	(46,011,523)	(42,577,221)	(9,061,280)	(933,097)	(94,339)	(2,976,160)	(21,822,612)	(3,644,788)	(271,824,538)
Profit for period	138,087,967	20,961,545	23,899,614	22,961,839	(16,078,847)	(1,884,876)	324,948	(1,565,897)	3,026,939	(7,715,559)	182,017,673
Other Items											
Capital expenditure	43,242,828	46,591,984	69,993,035	50,350,553	125,400	-	-	4,091,734	3,597,458	-	217,992,992
Fixed assets depreciation	19,506,239	14,616,866	6,847,524	7,832,939	13,062	-	-	1,786,560	2,880,753	6,511,951	59,995,894

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

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4. Fixed assets

	Lands	Machinery, equipment, and devices	Furniture	Buildings	Vehicles	Computers	Projects under construction	Total
At 1 January 2020								
Cost	173,240,262	489,137,866	59,672,162	361,825,614	12,564,952	69,845,176	137,321,664	1,303,607,696
Accumulated depreciation	-	(229,829,413)	(32,238,441)	(98,780,850)	(5,785,973)	(28,477,719)	-	(395,112,396)
Net book 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 at 31 December 2020	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 30 September 2021								
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 at 30 September 2021	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 30 September 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	-	29,275,322	15,122,265	599,850	4,886,000	17,325,105	127,478,015	194,686,557
Disposals	-	(4,849,742)	(60,758)	(29,850)	-	-	-	(4,940,350)
Transfers from projects under construction	-	4,552,614	127,770	20,053,715	-	6,661,564	(31,395,663)	-
Depreciation for the period	-	(38,355,119)	(10,377,982)	(14,977,561)	(1,874,582)	(17,939,246)	-	(83,524,490)
Accumulated depreciation of disposal	-	1,662,621	60,758	23,103	-	-	-	1,746,482
Balance at 30 September 2021	173,240,262	357,340,499	72,609,156	439,676,168	11,374,182	63,120,674	195,803,118	1,313,164,059
Cost	173,240,262	655,146,134	120,981,339	569,628,573	20,577,737	126,674,454	195,803,118	1,862,051,617
Accumulated depreciation	-	(297,805,635)	(48,372,183)	(129,952,405)	(9,203,555)	(63,553,780)	-	(548,887,558)
Net book amount at the end of the period	173,240,262	357,340,499	72,609,156	439,676,168	11,374,182	63,120,674	195,803,118	1,313,164,059

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5. Right of use

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

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

The second phase represents lease contracts related to buildings that were not subject to Law (95) of 1995 starting on or after 1 January 2021 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 method.

	30 September 2021	31 December 2020
Machinery, equipment		
Balance at the beginning of the period / year	18,824,508	10,247,595
Adjustments	(51,841)	-
Additions for the period / year	-	10,536,770
Depreciation for the period / year	(1,586,946)	(1,959,857)
Total	17,185,721	18,824,508
Buildings		
Balance at the beginning of the period / year	-	-
The impact of the first adoption of EAS 49 “Lease Contracts	131,236,902	-
Additions for the period / year	49,949,064	-
Depreciation for the period / year	(17,869,572)	-
Total	163,316,394	-
Balance	180,502,115	18,824,508

Lease payments are discounted at an incremental borrowing rate 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.

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6. Inventories

	30 September 2021	31 December 2020
Medical supply inventory	27,154,907	27,915,858
Medicine inventory	24,374,619	34,173,334
Maintenance and spare parts inventory	2,358,996	1,795,624
Stationary inventory	1,437,911	1,705,403
Hospitality inventory	948,892	1,089,636
Food and beverage inventory	82,035	93,845
	56,357,360	66,773,700
Less: Impairment of inventory	(966,528)	(466,550)
	55,390,832	66,307,150

Movement in the provision for inventory is as follows:

	30 September 2021	31 December 2020	30 September 2020
Balance at 1 January	466,550	157,656	157,656
Formed during the period / year	857,325	418,250	125,171
No longer required inventory provision	(78,525)	(109,356)	(57,087)
Used during the period / year	(278,822)	-	-
Balance at the end of the period / year	966,528	466,550	225,740

7. Financial assets and financial liabilities

The Group holds the following financial instruments:

	Amortised cost	
	30 September 2021	31 December 2020
Financial assets at 30 September 2021		
Trade receivables	422,895,998	418,760,499
Debtors and other debit balances*	11,198,695	14,627,791
Due from related parties	477,890	386,827
Investments at amortized cost - treasury bills	501,747,258	220,565,830
Cash on hand and at banks	311,506,595	329,951,754
	1,247,826,436	984,292,701

* Excluding prepaid expenses, advances to suppliers and withholding tax.

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Financial assets and financial liabilities (continued)

	Amortised cost	
	30 September 2021	31 December 2020
Financial liabilities at 30 September 2021		
Creditors and other credit balances**	463,427,745	438,627,539
Banks's overdraft	135,989,581	597,889
Lease liabilities	214,676,910	13,275,080
	814,094,236	452,500,508

** Excluding advances from customers, social insurance.

8. Trade receivables

	30 September 2021	31 December 2020
Due from customers	574,196,447	526,889,175
Income from inpatients	19,288,230	17,197,691
	593,484,677	544,086,866
Less:		
Impairment of customers' balances	(170,588,679)	(125,326,367)
	422,895,998	418,760,499

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:

	30 September 2021	31 December 2020
Balance at 1 January	125,326,367	74,274,923
The impact of the first adoption of EAS 47 “Financial Instruments”	11,289,842	-
Formed during the period / year	103,887,797	81,459,592
Provisions no longer required during the period / year	(57,295,898)	(28,992,298)
Impairment used during the period / year	(12,619,429)	(1,415,850)
Balance at the end of the period / year	170,588,679	125,326,367

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

9. 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	30 September 2021	31 December 2020
Other related parties	Amounts paid on behalf of other related company	477,890	386,827
Other related parties	Amounts paid on behalf of the company	-	(597,889)
		<u>477,890</u>	<u>(211,062)</u>

10. Debtors and other debit balances

	30 September 2021	31 December 2020
Advances to suppliers	45,850,082	53,558,633
Prepaid expenses	11,949,628	21,636,545
Withholding taxes	8,978,419	4,737,285
Deposits with others	5,036,718	4,782,505
Accrued income	22,757	17,171
Employee’s custodies	1,335,550	1,375,596
Other debtors	4,845,872	8,494,721
	<u>78,019,026</u>	<u>94,602,456</u>
Less:		
Impairment in other debit balances	(42,202)	(42,202)
	<u>77,976,824</u>	<u>94,560,254</u>

The movement of the debtor’s impairment during the period / year is as follows:

	30 September 2021	31 December 2020	30 September 2020
Balance at 1 January	42,202	143,734	143,734
No longer required	-	(101,532)	(21,932)
Balance at the end of the period / year	<u>42,202</u>	<u>42,202</u>	<u>121,802</u>

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11. Financial assets at amortized cost

	30 September 2021	31 December 2020
Treasury Bills (Maturity 61 days)	85,000,000	30,000,000
Treasury bills (Maturity 91 days)	-	191,300,000
Treasury bills (Maturity 30 days)	421,025,050	-
Less: Unearned revenue	(4,277,792)	(734,170)
	501,747,258	220,565,830

The interest rate on the treasury bills is a constant annual return of 8,96% and 9% after tax on 30 September 2021 (31 December 2020: 8,96% and 9,6%).

12. Cash on hand and at banks

	30 September 2021	31 December 2020
Time deposit	14,866,075	4,699,290
Current accounts	297,409,945	322,925,123
Cash on hand	2,635,120	2,327,341
Deduct:		
Cash and cash equivalents impairment	(3,404,545)	-
	311,506,595	329,951,754

The time deposits item includes an amount EGP 14,866,075 on 30 September 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%).

The movement in the provision for impairment is as follows:

	30 September 2021	31 December 2020	30 September 2020
Balance at the beginning of the period / year	-	-	-
The impact of the first adoption of EAS 47 “Financial Instruments”	4,492,746	-	-
No longer required	(1,088,201)	-	-
Ending balance	3,404,545	-	-

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

	30 September 2021	30 September 2020
Cash and bank balances	310,418,394	375,535,837
Treasury bills with maturities of 3 months or less	501,747,258	34,442,320
The impact of the first adoption of EAS 47 “Financial Instruments”	4,492,746	-
Total	816,658,398	409,978,157

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Cash on hand and at banks (continued)

(i) *Classification as cash equivalents*

Term deposits are held with banks and presented as cash equivalents if they have a maturity of three months or less from the date of placement and are repayable with 24 hours' notice with no loss of interest, Treasury bills included under Cash and cash equivalent have original maturities of not more than three months from the date of acquisition, are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(ii) *Treasury bills*

The investment in treasury bills with maturity date one month,

13. Retained earning

The group 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 at the beginning of the period was included in the retained earnings, there was no impact on retained earnings from application of EAS 48 "Revenue from contracts with customers"

The movement in profits is as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
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"	(14,414,764)	-
Effect of applying the change in Standard 49 "Lease contracts"	(30,598,585)	-
Balance after adjustment	<u>939,860,762</u>	<u>746,183,287</u>
Profits for the period / year	271,845,924	286,922,017
Reserves	(11,666,617)	(10,855,563)
Dividends of employees	(45,444,024)	(37,375,630)
Balance at the end of the period / year	<u>1,154,596,045</u>	<u>984,874,111</u>

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14. Non-controlling rights

	Share capital	Reserves	Retained earnings	Share of minority interest on settlement of acquisition	Total
Balance on 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
Balance on 31 December 2020	34,074,639	7,984,596	65,546,116	120,184	107,725,535
Balance at 1 January 2021 (as previously published)	34,074,639	7,984,596	65,546,116	120,184	107,725,535
impact of applying the change in the accounting standards	-	-	(8,945,528)	-	(8,945,528)
Balance on 1 January 2021	34,074,639	7,984,596	56,600,588	120,184	98,780,007
Dividends of employees	-	-	(2,197,732)	-	(2,197,732)
Legal reserve	-	732,813	-	-	732,813
Comprehensive income for the period	-	-	16,265,197	-	16,265,197
Balance on 30 September 2021	34,074,639	8,717,409	70,668,053	120,184	113,580,285

15. Lease liabilities

The lease liabilities represent the present value of the lease liabilities 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 incremental borrowing rate 12.15%, 16.65% and 11.15%.

	30 September 2021	31 December 2020
During the year	40,449,780	6,731,920
More than a year	361,097,271	11,633,924
	401,547,051	18,365,844
The present value of the lease liabilities is as follows:		
During the year	34,685,734	5,295,687
More than a year	179,991,176	7,979,393
Balance	214,676,910	13,275,080

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Lease liabilities (continued)

	30 September 2021
Lease Liabilities were presented as follows:	
Lease liabilities shown as of 31 December 2020	13,275,080
Impact of applying the new Egyptian accounting standard EAS 49 "Lease contracts"	161,542,961
Additions during the period	64,364,925
Lease liabilities on 1 January 2021	239,182,966
Add: Interest formed during the period	18,370,934
Deduct: Payments during the period	(42,876,990)
Lease liabilities on 30 September 2021	214,676,910

16. Banks overdrafts

The group obtained total credit limits in the form of overdrafts from banks in order to finance working capital at an interest rate of 0.1% in addition to the announced lending rate from the Central Bank. The total available credit limits amounted to 165 million EGP and the user value of these credit limits in 30 September 2021, an amount of 135,989,581 EGP (0 EGP on 31 December 2020)

17. Creditors and other credit balances

	30 September 2021	31 December 2020
Suppliers and notes payable	215,814,107	237,377,762
Accrued expenses	188,956,385	166,999,155
Dividends payable	3,795,193	3,323,266
Social insurance	5,884,323	3,325,645
Other creditors	54,862,059	30,927,356
	469,312,067	441,953,184

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

18. Operating revenue

	Nine months ended 30 September		Three months ended 30 September	
	2021	2020	2021	2020
Accommodation and medical supervision revenue	488,503,560	337,570,958	146,144,751	121,519,234
Surgeries revenue	357,020,962	265,839,306	130,752,598	112,770,771
Outpatient clinics revenue	194,369,958	132,960,344	66,205,221	48,342,899
Laboratories revenue	210,597,576	142,594,386	59,551,507	55,314,657
Cardiac catheterization revenue	146,262,326	118,658,573	49,108,984	49,673,456
Service charge revenue	135,071,879	100,694,166	47,728,486	38,921,196
Radiology revenue	143,239,551	105,132,719	42,915,264	42,903,905
Emergency revenue	59,558,817	49,496,405	20,635,015	17,243,684
Pharmacy revenue	81,749,286	47,881,467	30,382,804	22,957,500
Revenues of oncology centre	26,152,296	26,690,127	8,428,099	9,037,443
Physiotherapy revenue	15,651,451	10,719,353	6,168,261	3,453,870
Dentistry revenue	7,654,679	10,973,887	2,979,866	2,364,141
Endoscopy revenue	13,342,668	11,128,924	4,860,140	4,476,162
Cardiac tests revenue	11,648,898	8,074,039	4,276,685	2,920,575
Other departments revenues	9,775,974	10,555,767	3,709,671	3,983,977
	1,900,599,881	1,378,970,421	623,847,352	535,883,470

All types of revenue are recognized at the revenue recognition point in time.

19. Operating costs

	Nine months ended 30 September		Three months ended 30 September	
	2021	2020	2021	2020
Medical and pharmaceutical supplies	379,661,372	271,638,332	124,544,510	108,261,038
Doctors' fees	297,614,499	226,771,945	106,216,252	91,727,951
Salaries, wages and benefits	323,505,184	262,622,687	109,153,568	87,204,086
Consumables costs	34,556,677	26,191,220	12,258,516	11,315,455
Fixed assets depreciation	68,026,013	50,971,621	23,200,577	18,289,455
Right of use amortization	13,726,024	-	5,137,371	-
Maintenance, spare parts, and energy expenses	50,647,297	39,743,759	18,709,272	18,186,348
Other expenses	42,509,410	47,188,646	14,962,191	14,455,393
	1,210,246,476	925,128,210	414,182,257	349,439,726

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

20. General and administrative expenses

	Nine months ended 30 September		Three months ended 30 September	
	2021	2020	2021	2020
Salaries, wages, and benefits	129,393,397	115,380,861	47,234,902	34,352,849
Professional and consulting fees	18,473,866	16,697,754	5,699,935	4,446,972
Fixed assets depreciation	15,498,477	10,464,942	5,814,914	2,934,858
Right of use amortization	5,730,494	-	1,530,051	-
Service from others	14,340,425	-	7,753,430	-
Intangible's amortization	11,916,964	-	3,972,321	-
Maintenance, spare parts, and energy expenses	11,324,625	10,963,672	4,851,487	4,150,550
consumables costs	1,904,337	2,113,581	822,986	502,939
Rent	1,193,236	4,063,730	486,459	1,230,193
Other expenses	42,711,444	22,796,313	11,241,665	10,382,844
	252,487,265	182,480,853	89,408,150	58,001,205

The present value of the fair value of the part of the equity instruments related to the acquisition of Bedaya Hospital (which represents 40% of the shares of the Bedaya El Gedida for Medical Centers and Hospitals) was estimated in June 2023 in exchange for Dr. Ismail Aboul Fotouh's commitment to all the terms of the contracts between the two parties for 38,005,000 Egyptian pounds, of which 10,365,000 Egyptian pounds were recognized as part of the year's expenses, which represents the period from 1 January 2021 to 30 September 2021.

21. Impairment in trade receivables and cash

	Nine months ended 30 September		Three months ended 30 September	
	2021	2020	2021	2020
Impairment in trade receivables	46,591,899	45,771,080	5,527,765	19,774,601
Impairment in cash	(1,088,201)	-	1,049,552	-
	45,503,698	45,771,080	6,577,317	19,774,601

22. Earnings per share (basic / diluted)

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

	Nine months ended 30 September		Three months ended 30 September	
	2021	2020	2021	2020
Distributable profit	271,845,924	179,194,810	79,962,501	78,590,610
Weighted average number of shares	1,600,000,000	1,600,000,000	1,600,000,000	1,600,000,000
Earnings per share	0.17	0.11	0.05	0.05

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23. Employee stock ownership plan

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

The estimated discounted value of the incentive and reward scheme for three years is EGP 49,739,647 (estimated payment in the year is EGP 16,579,882), the estimated value for the period recorded in the equity is EGP 4,144,971.

24. Commitments

Capital commitments:

Capital commitments related to fixed assets at financial year end, which are not yet due, amounted to EGP 82,556,436 (31 December 2020: EGP 178,323,784).

25. Treasury shares

According to Board of Director resolution on 14 June 2021, the group purchased 17,043,580 shares from the stock market for a total consideration of EGP 74,176,267, the consideration paid has been accounted for as a reserve in the statement of shareholders' Equity.

26. Significant changes and subsequent events

Significant changes

On 13 February, 2020, Cleopatra Hospital Company, the Public Authority for River Transport, Nile Badrawi Hospital Company and the heirs of Eng. Hassan Badrawi signed a comprehensive and final settlement agreement, according to which it was agreed to resolve, settle and end all disputes and claims related to the land on which Nile Badrawi Hospital was built. The total settlement amounted to 36 million pounds, which falls within the limits of the amounts deducted from the sale price of the shares of Nile Badrawi Hospital in favour of Cleopatra Hospital, Regarding the land being settled. On 31 March 2021, the Administrative Court issued a ruling accepting the case in form and rejecting it in substance. The Cairo Governorate and the Nile Badrawi Hospital Company appealed the aforementioned ruling before the Supreme Administrative Court, and a request was made to set the nearest session, so that both parties can precis settlement contracts between the parties.

The subsequent Events

The company signed agreements on October 5, 2021, which are conditional to several conditions, most importantly obtaining the approvals of the Ministry of Health, as part of a deal to complete and equip a hospital building with a capacity of more than 400 beds in New Cairo area, and the group seeks to complete the deal after obtaining approvals The Ministry of Health and Population, in addition to completing the rest of the preconditions stipulated in the agreements.

On 31 October 2021, the company's board of directors decided to stop buying treasury shares from the open market