

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

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

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

Interim condensed consolidated financial statements

For the six months period ended 30 June 2023

Index	Page
Limited review report	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of profit or loss	3
Interim condensed consolidated statement of comprehensive income	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7 – 31



Limited Review Report on the Interim Financial Statements

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

Introduction

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

Scope of the limited review

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

Conclusion

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


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

31 August 2023
Cairo

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

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


(All amounts are shown in Egyptian Pounds)

	Note	30 June 2023	31 December 2022
Assets			
Non-current assets			
Fixed assets	4	1,757,932,590	1,567,256,629
Right-of-use assets	5	107,489,800	149,161,936
Goodwill		355,192,334	369,263,334
Other intangible assets		53,148,467	54,183,109
Investments in associates		3,810,927	3,810,927
Paid under investments purchased		4,201,975	4,201,975
Total non-current assets		2,281,776,093	2,147,877,910
Current assets			
Inventories	6	199,883,940	108,020,724
Trade and other receivables	7	659,836,695	505,356,134
Due from related parties	20	3,643,330	3,152,972
Debtors and other debit balances	8	303,865,622	172,817,945
Cash and cash equivalent	9	305,636,339	346,143,272
Total current assets		1,472,865,926	1,135,491,047
Total assets		3,754,642,019	3,283,368,957
Equity and liabilities			
Equity			
Share capital		722,717,101	800,000,000
Treasury shares	22	(15,442,121)	(766,026,840)
Retained earnings		1,208,682,481	1,517,369,788
Employees' stock ownership Plan		16,579,882	8,383,763
Reserves		82,577,845	319,211,558
Equity attributable to the Company's owners		2,015,115,188	1,878,938,269
Non-controlling interests	10	167,179,933	148,412,296
Net equity		2,182,295,121	2,027,350,565
Liabilities			
Non-Current liabilities			
Lease liabilities	13	97,425,355	155,459,030
Deferred tax liabilities		91,948,800	89,449,007
Loans	11	229,085,028	88,033,127
Total non-current liabilities		418,459,183	332,941,164
Current liabilities			
Banks overdraft		283,749,874	244,464,052
Provisions		14,367,350	25,300,047
Trade and other payables	12	697,477,041	530,750,517
Loans	11	31,470,930	-
Other liabilities		42,490,000	35,580,000
Lease liabilities	13	42,080,701	38,983,371
Current income tax liabilities		42,251,819	47,999,241
Total current liabilities		1,153,887,715	923,077,228
Total liabilities		1,572,346,898	1,256,018,392
Total equity and liabilities		3,754,642,019	3,283,368,957

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


Mr. Ahmed Adel Badreldin

Non-Executive Chairman


Dr. Ahmed Ezz Eldin
Mahmoud

CEO & Managing Director


Mr. Adel Elmistikawi

Group CFO

31 August 2023

Limited review report is attached.



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

Interim condensed consolidated statement of profit or loss
For the six months period ended 30 June 2023

(All amounts in Egyptian Pounds)

	Note	Six months ended 30 June		Three months ended 30 June	
		2023	2022	2023	2022
Revenue	14	1,584,536,617	1,211,287,424	807,684,775	604,603,681
Less:					
Cost of revenue	15	(1,062,804,781)	(808,703,489)	(551,147,341)	(409,165,171)
Gross profit		521,731,836	402,583,935	256,537,434	195,438,510
Add / (Less):					
General and administrative expenses	16	(218,382,617)	(180,219,006)	(113,072,418)	(90,721,825)
Impairment of financial assets	17	(24,382,341)	(19,308,176)	(14,982,419)	(7,995,119)
Other (Income) expense		(3,852,586)	(5,883,385)	(1,282,611)	(3,217,756)
Operating profit		275,114,292	197,173,368	127,199,986	93,503,810
Costs of acquisition activities		(642,810)	(918,990)	(127,199)	(124,468)
Finance income		17,167,756	27,596,864	5,495,252	9,409,338
Finance expenses		(31,477,429)	(11,952,173)	(16,266,380)	(7,010,327)
Profits for the period before income tax from continuing operations		260,161,809	211,899,069	116,301,659	95,778,353
Current tax		(40,750,087)	(40,889,853)	(9,099,508)	(16,701,113)
Deferred tax		(2,499,793)	(788,168)	(308,666)	(658,549)
Profit after income tax		216,911,929	170,221,048	106,893,485	78,418,691
Result from Discontinued operations	18	(4,262,386)	6,253,513	(852,512)	(4,366,482)
Total net profit		212,649,543	176,474,561	106,040,973	74,052,209
Owners of the parent company		191,237,731	164,426,846	96,619,305	68,443,915
Non-controlling interests		21,411,812	12,047,715	9,421,668	5,608,294
Profit after income tax		212,649,543	176,474,561	106,040,973	74,052,209
Earnings per share (Basic /Diluted)	19	0.15	0.11	0.07	0.05
Earnings per share from continuing operations	19	0.15	0.11	0.07	0.05

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

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

Interim condensed consolidated statement of comprehensive income For the six months period ended 30 June 2023

(All amounts in Egyptian Pounds)	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Profit for the period	212,649,543	176,474,561	106,040,973	74,052,209
Other comprehensive income	-	-	-	-
Comprehensive income for the period	212,649,543	176,474,561	106,040,973	74,052,209
Profit for:				
Owners of the parent Company	191,237,731	164,426,846	96,619,305	68,443,915
Non-controlling interests	21,411,812	12,047,715	9,421,668	5,608,294
Profit after income tax	212,649,543	176,474,561	106,040,973	74,052,209

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

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

Interim condensed consolidated statement of changes in equity
For the six months period ended 30 June 2023

(All amounts in Egyptian Pounds)

	Share capital	Treasury Shares	Reserve	Retained Earnings	Employees stock ownership plan	Total Shareholders' equity of the parent company	Non-controlling interest	Total equity
Balance at 1 January 2022	800,000,000	(4,152,742)	302,942,579	1,269,995,272	8,289,941	2,377,075,050	120,742,065	2,497,817,115
Dividends	-	-	-	(63,825,164)	-	(63,825,164)	(4,659,818)	(68,484,982)
Employees stock ownership Plan	-	-	-	-	8,289,941	8,289,941	-	8,289,941
Treasury shares	-	(641,736,205)	-	-	-	(641,736,205)	-	(641,736,205)
Reserves formed	-	-	14,618,532	(15,997,011)	-	(1,378,479)	1,378,479	-
Comprehensive income for the period	-	-	-	164,426,846	-	164,426,846	12,047,715	176,474,561
Balance at 30 June 2022	800,000,000	(645,888,947)	317,561,111	1,354,599,943	16,579,882	1,842,851,989	129,508,441	1,972,360,430
Balance at 1 January 2023	800,000,000	(766,026,840)	319,211,558	1,517,369,788	8,383,763	1,878,938,269	148,412,296	2,027,350,565
Dividends	-	-	-	(61.746.137)	-	(61.746.137)	(4.154.969)	(65.901.106)
Employees stock ownership Plan	-	-	-	-	8.196.119	8.196.119	-	8.196.119
Treasury shares	(77.282.899)	750.584.719	(247.496.390)	(425.805.430)	-	-	-	-
Reserves formed	-	-	10.862.677	(12.373.471)	-	(1.510.794)	1.510.794	-
Comprehensive income for the period	-	-	-	191.237.731	-	191.237.731	21.411.812	212.649.543
Balance at 30 June 2023	722.717.101	(15.442.121)	82.577.845	1.208.682.481	16.579.882	2.015.115.188	167.179.933	2,182,295,121

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

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

Interim condensed consolidated statement of cash flows
For the six months period ended 30 June 2023

(All amounts in Egyptian Pounds)	<u>Note</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
Cash flows from operating activities			
Profit before tax		258,747,085	219,585,798
Adjustments to reconcile net income to cash flows from operating activities			
Fixed assets depreciation	4	73,521,514	63,379,480
Right of use depreciation	5	13,972,098	13,066,122
Profit from sale of fixed assets		3,581,233	(209,552)
Disposals of lease contracts		(21,707,542)	-
Intangible assets amortisation		7,944,642	7,944,642
Impairment of inventories	6	101,314	(188,798)
Impairment of trade receivables	8	(23,559,801)	(19,230,348)
Reversal of impairment of cash	9	822,535	77,828
Impairment of intangible assets		14,071,000	
Provisions		6,401,704	8,894,861
Employees stock ownership Plan		8,196,119	8,289,941
Interests and commissions - Overdraft		23,168,168	3,195,434
Interests and commissions - Lease		11,246,223	13,065,146
Interest income		(13,628,206)	(27,850,269)
Operating profits before changes in assets and liabilities		362,878,086	290,020,285
Changes in assets and liabilities			
Change in inventories		(91,964,530)	(18,471,112)
Change in trade receivables		(130,920,762)	(40,484,805)
Change in debtors and other debit balances		(74,473,944)	55,020,557
Change in due from related parties		(490,358)	(1,445,107)
Change in Creditors and other credit balances		160,169,807	16,783,539
Change in working capital		225,198,299	301,423,357
Provision used		(17,334,393)	(11,496,811)
Income tax paid		(49,485,550)	(66,939,625)
Net cash flows generated from operating activities		158,378,356	222,986,921
Cash flows from investing activities			
Payments for purchase fixed assets	4	(55,429,274)	(41,466,782)
Payments for projects under construction		(213,091,982)	(73,025,240)
Proceeds from sale of fixed assets		742,548	1,438,484
Prepayments for purchasing fixed assets		(56,662,736)	(1,110,781)
Payments for investments		-	(18,500,000)
Payments under investments in associates		-	(200)
Interests received		13,717,209	22,096,788
Net cash flows used in investing activities		(310,724,235)	(110,567,731)
Cash flows from financing activities			
Payments of lease liabilities		(14,567,742)	(6,667,878)
Proceeds from bank overdraft		416,708,359	597,009,334
Payment of borrowings and bank overdraft		(377,422,537)	(497,488,482)
Proceeds from loans		172,522,831	
Interests and commissions paid		(23,168,168)	(15,972,879)
Treasury shares		-	(641,736,205)
Dividends paid		(61,859,276)	(65,088,788)
Net cash flows used in financing activities		112,213,467	(629,944,898)
Change in cash and cash equivalents during the period		(40,132,412)	(517,525,708)
Cash and cash equivalents at the beginning of the period		347,434,402	847,525,002
Cash and cash equivalents at the end of the period	9	307,301,990	329,999,294

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

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

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2023

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

1. Introduction

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

The company is listed in the Egyptian Stock Exchange.

Principal activity

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

Registered address and place of business.

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

Presentation currency

Presentation currency is Egyptian pound.

These interim condensed consolidated financial statements were approved for issue by the Parent Company's Board of Directors on 31 August 2023.

2. Basis of preparation

2.1 Statement of Compliance

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

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

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

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

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

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2023

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

2. Basis of preparation (continued)

2.1 Statement of Compliance (continued)

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

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

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

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2023

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

2. Basis of preparation (continued)

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

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

Standard's name	<u>Amendments to the Egyptian Accounting Standard “Fixed Assets” No. (10) and the Egyptian Accounting Standard No. (23) “Intangible Assets” related to depreciation and amortization</u>
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The nature of the modification	The scope of the standard
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The scope of the standard has been amended to include "bearing plants".

Measurement

- An option to apply the revaluation model for fixed assets has been added
- The fair value is determined by an estimate made by experts specialized in valuation and valuation among those registered in a register designated for that in the Financial Regulatory Authority.
- Paragraph 20 / A has been added, according to which the facility must record the proceeds from the sale of any output produced during the delivery of the fixed asset to the condition necessary for it to be operable in the manner intended by the management within the profits or losses.

Disclosures

- Some new disclosures related to the re-evaluation form have been added.

The impact	There is no impact on the consolidated financial statements for the financial period ending on June 30, 2023. The management is currently evaluating the potential impact of the application on the financial statements.
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Date of mandatory application/date of implementation by the Group	The amendments to add the option to use the revaluation model will be applied to the financial periods starting on or after January 1, 2023, with a retroactive effect, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus account within equity at the beginning of the financial period in which the company applies this model for the first time.
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CLEOPATRA HOSPITAL COMPANY “S.A.E.” AND ITS SUBSIDIARIES

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2023

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

2. Basis of preparation (continued)

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

Standard's name	<u>Egyptian Accounting Standard No. (23) “Intangible Assets”.</u>
The nature of the modification	The scope of the standard The scope of the intangible's standard has been amended to include the rights that the lessee retains under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents, and copyrights.
	Measurement - An option to apply the revaluation model for intangible assets has been added - The fair value is determined by an estimate made by experts specialized in valuation and valuation among those registered in a register designated for that in the Financial Supervisory Authority.
	Disclosures Some new disclosures have been added to the re-evaluation form.
The impact	There is no impact on the consolidated financial statements for the financial period ending on June 30, 2023.
Date of mandatory application/date of implementation by the Group	The facility applies the amendments to add the option of using the revaluation model to the financial periods starting on or after January 1, 2023, retroactively, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation account within equity at the beginning of the financial period in which the facility applies This model for the first time.
Standard's name	<u>Amendments to the Egyptian Accounting Standard “Fixed Assets” No. (10) and the Egyptian Accounting Standard No. (23) “Intangible Assets” related to depreciation and amortization</u>
The nature of the modification	This amendment clarifies that a depreciation method that is based on revenue generated from an activity that includes depreciation of an asset may not be used. As the generation of revenue related to the asset reflects factors other than the consumption of economic benefits related to the asset. It is possible to refute this assumption in limited cases related to intangible assets when there is a close correlation between the volume of revenue and the intangible asset.
The impact	There is no impact on the consolidated financial statements for the financial period ending on June 30, 2023.
Date of mandatory application/date of implementation by the Group	Applies to fiscal periods beginning on or after January 1, 2023.

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

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2023

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

2. Basis of preparation (continued)

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

Standard’s name Egyptian Accounting Standard No. (34) "Real Estate Investment"

The nature of the modification Measurement

- An option to apply the fair value model for real estate investment has been added.
- The fair value is determined by an estimate made by experts specialized in evaluation and valuation among those registered in a register designated for that in the Financial Supervisory Authority.

The impact There is no impact on the consolidated financial statements for the financial period ending on June 30, 2023.

Date of mandatory application/date of implementation by the Group The facility applies the amendments to add the option of using the revaluation model to the financial periods starting on or after January 1, 2023, retroactively, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation account within equity at the beginning of the financial period in which the facility applies This model for the first time.

Standard’s name Egyptian Accounting Standard No. (36) “Exploration and Evaluation of Mineral Resources”

The nature of the modification Measurement

- An option to use the re-evaluation model has been added, and it is processed according to the re-evaluation form in Fixed Assets Standard No. 10.
- The evaluation is carried out by experts specialized in evaluation and valuation among those registered in a register designated for this purpose at the Ministry of Petroleum.

Disclosures

Some new disclosures have been added to the re-evaluation form.

The impact There is no impact on the consolidated financial statements for the financial period ending on June 30, 2023.

Date of mandatory application/date of implementation by the Group The facility applies the amendments to add the option of using the revaluation model to the financial periods starting on or after January 1, 2023, retroactively, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation account within equity at the beginning of the financial period in which the facility applies This model for the first time.

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

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2023

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

2. Basis of preparation (continued)

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

Standard's name Egyptian Accounting Standard No. (49) "Lease Contracts"

The nature of the modification

Measurement
A revaluation model option has been added to all usufruct assets, if the usufruct asset is related to a category of fixed assets in which the lessee applies the revaluation model contained in Egyptian Accounting Standard No. (10) “Fixed Assets and Their Depreciation”

Disclosures

Some new disclosures have been added regarding the revaluation model in accordance with Egyptian Accounting Standard No. (10) “Fixed Assets and Their Depreciation”.

The impact

There is no impact on the consolidated financial statements for the financial period ending on June 30, 2023.

Date of mandatory application/date of implementation by the Group
The facility applies the amendments to add the option of using the revaluation model to the financial periods starting on or after January 1, 2023, retroactively, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation account within equity at the beginning of the financial period in which the facility applies This model for the first time.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

Notes to the interim condensed consolidated financial statements For the six months period ended 30 June 2023

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

2. Basis of preparation (continued)

2.5 Financial assets and financial liabilities

The Company holds the following financial instruments:

	Amortized cost	
	30 June 2023	31 December 2022
Financial assets		
Trade receivables before	767,517,654	592,439,221
Due from related parties	3,643,330	3,152,972
Debtors and other debit balances *	6,476,110	15,063,368
Cash on hand and at banks	307,750,004	347,434,402
	1,085,387,098	958,089,963

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

	Amortized cost	
	30 June 2023	31 December 2022
Financial Liabilities		
Loan	260,555,958	88,033,127
Creditors and other credit balances **	697,477,041	521,996,773
Lease liabilities	139,506,056	194,442,401
Bank's overdraft	283,749,874	244,464,052
	1,381,288,929	1,048,936,353

** Excluding social insurance.

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

Notes to the consolidated interim financial statements - For the six months period ended 30 June 2023

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

3. Segment reporting

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

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

	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG for Medical Services	CHG Pharma for pharmacies management	CHG for Hospitals	Queens Hospitals	Al Kateb Hospitals	Bedaya El Gedida for Medical Centers and Hospitals	CHG SKY Hospital	Consolidated adjustment*	Total
<u>Statement of financial position</u>													
Non-current assets	1.730.612.344	396.577.545	343.895.521	313.481.138	29.480.758	2.833.839	-	3.296.719	149.105.327	95.090.051	45.157.108	(827.754.257)	2.281.776.093
Current assets	537.705.468	276.591.643	218.226.339	209.755.539	30.194.139	19.888.728	32.640.658	74.440.835	47.934.282	67.880.243	114.739.764	(157.131.712)	1,472.865.926
Total assets	2.268.317.812	673.169.188	562.121.860	523.236.677	59.674.897	22.722.567	32.640.658	77.737.554	197.039.609	162.970.294	159.896.872	(984.885.969)	3.754.642.019
Current liabilities	647.869.384	194.123.552	140.712.925	115.349.929	94.444.881	27.784.129	1.265.813	21.422.472	67.910.567	62.807.483	8.876.235	(228.679.655)	1.153.887.715
Non-current liabilities	122.312.766	60.384.970	89.551.445	29.354.544	26.836.340	3.434.570	-	-	3.550.311	2.540.382	35.000.000	45.493.855	418.459.183
Total Liabilities	770.182.150	254.508.522	230.264.370	144.704.473	121.281.221	31.218.699	1.265.813	21.422.472	71.460.878	65.347.865	43.876.235	(183.185.800)	1,572.346.898
<u>Statement of profit or loss:</u>													
Revenue	594.675.596	333.411.943	236.138.085	267.639.993	52.487.206	25.792.784	-	-	53.910.070	34.265.415	-	(13.784.475)	1.584.536.617
Cost of revenue	(342.420.634)	(230.070.923)	(182.328.239)	(188.058.603)	(37.744.332)	(25.136.492)	-	-	(45.914.648)	(23.346.628)	-	12.215.718	(1.062.804.781)
Gross profit	252.254.962	103.341.020	53.809.846	79.581.390	14.742.874	656.292	-	-	7.995.422	10.918.787	-	(1.568.757)	521.731.836
Other expenses and revenues	(114.675.355)	(57.649.645)	(46.414.410)	(49.132.779)	(10.286.582)	(1.566.220)	(150.124)	(4.262.386)	(8.460.653)	(14.464.416)	(1.181.519)	(838.204)	(309.082.293)
Profit for the period	137.579.607	45.691.375	7.395.436	30.448.611	4.456.292	(909.928)	(150.124)	(4.262.386)	(465.231)	(3.545.629)	(1.181.519)	(2.406.961)	212.649.543
<u>Other Items</u>													
Capital expenditure	70.192.662	60.176.053	68.326.966	15.252.147	164.165	37.101	-	-	8.061.261	7.722.906	38.587.995	-	268.521.256
Fixed assets depreciation	18.610.612	15.432.018	11.523.723	15.097.255	137.013	10.743	-	1.135.751	4.637.604	2.649.035	-	4.287.760	73.521.514

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

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

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

Notes to the consolidated interim financial statements - For the six months period ended 30 June 2023

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

3. Segment reporting (continued)

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

	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG for Medical Services	CHG Pharma for pharmacies management	CHG for Hospitals	Queens Hospitals	Al Kateb Hospitals	Bedaya El Gedida for Medical Centers and Hospitals	CHG SKY Hospital	Consolidated adjustment*	Total
Statement of financial position													
Non-current assets	1,644,670,640	351,715,466	288,891,045	314,891,373	33,580,003	3,163,143	-	64,974,500	143,338,304	91,548,692	6,569,114	(795,464,370)	2,147,877,910
Current assets	337,431,210	190,785,262	207,844,535	178,251,501	23,149,902	14,570,552	32,640,658	77,328,280	26,180,904	59,066,363	82,710,545	(94,468,665)	1,135,491,047
Total assets	1,982,101,850	542,500,728	496,735,580	493,142,874	56,729,905	17,733,695	32,640,658	142,302,780	169,519,208	150,615,055	89,279,659	(889,933,035)	3,283,368,957
Current liabilities	513,529,605	134,265,495	97,518,839	109,512,367	90,690,373	21,457,970	1,115,689	28,264,647	39,928,098	15,469,717	1,266,247	(165,521,819)	887,497,228
Non-current liabilities	56,565,896	25,604,134	69,951,018	27,269,432	32,102,148	3,861,929	-	69,948,933	3,547,149	33,260,609	-	46,409,916	368,521,164
Total Liabilities	570,095,501	159,869,629	167,469,857	136,781,799	122,792,521	25,319,899	1,115,689	98,213,580	43,475,247	48,730,326	1,266,247	(119,111,903)	1,256,018,392
Statement of profit or loss:													
Revenue	1,014,052,500	525,559,329	378,418,379	439,722,048	87,646,799	48,036,184	-	30,388,796	48,998,403	68,886,213	-	(27,287,481)	2,614,421,170
Cost of revenue	(573,406,102)	(358,271,371)	(286,979,023)	(314,547,047)	(67,173,514)	(45,405,318)	-	(22,341,515)	(57,778,172)	(39,401,570)	-	24,197,547	(1,741,106,085)
Gross profit	440,646,398	167,287,958	91,439,356	125,175,001	20,473,285	2,630,866	-	8,047,281	(8,779,769)	29,484,643	-	(3,089,934)	873,315,085
Other expenses and revenues	(197,848,076)	(97,034,893)	(64,950,868)	(76,466,648)	(18,544,032)	(3,319,523)	(359,336)	(10,001,395)	(14,810,906)	(32,450,276)	513,413	(1,310,706)	(516,583,246)
Profit for the year	242,798,322	70,253,065	26,488,488	48,708,353	1,929,253	(688,657)	(359,336)	(1,954,114)	(23,590,675)	(2,965,633)	513,413	(4,400,640)	356,731,839
Other Items													
Capital expenditure	77,648,177	85,100,844	58,558,885	102,561,496	459,680	80,782	-	365,942	11,914,328	8,011,679	6,569,114	-	351,270,927
Fixed assets depreciation	39,036,628	26,723,229	21,032,836	24,207,781	224,983	15,548	-	3,300,858	5,408,666	4,597,951	-	8,575,523	133,124,003

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

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

Notes to the consolidated interim financial statements - For the six months period ended 30 June 2023

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

3. Segment reporting (continued)

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

	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG for Medical Services	CHG Pharma for pharmacies management	CHG for Hospitals	Queens Hospitals	Al Kateb Hospitals	Bedaya El Gedida for Medical Centers and Hospitals	CHG Sky hospital.	Consolidation adjustment	Total
<u>Statement of financial position</u>													
Non-current assets	1,520,220,308	330,703,247	257,107,242	243,201,474	38,211,258	3,458,653	-	69,365,267	137,494,241	90,421,540	-	(676,453,684)	2,013,729,546
Current assets	347,847,154	153,170,860	167,173,852	209,578,174	20,885,847	10,974,195	25,140,658	84,394,614	36,772,622	52,340,904	35,000,000	(156,381,091)	986,897,789
Total assets	1,868,067,462	483,874,107	424,281,094	452,779,648	59,097,105	14,432,848	25,140,658	153,759,881	174,266,863	142,762,444	35,000,000	(832,834,775)	3,000,627,335
Current liabilities	407,421,038	130,024,322	88,430,480	94,825,280	91,591,218	17,821,411	992,002	33,995,657	34,533,491	15,808,649	-	(171,580,039)	743,863,509
Non-current liabilities	40,986,542	12,448,300	20,956,542	24,685,671	36,943,526	4,243,032	-	67,467,395	3,455,366	25,842,564	-	47,374,458	284,403,396
Total Liabilities	448,407,580	142,472,622	109,387,022	119,510,951	128,534,744	22,064,443	992,002	101,463,052	37,988,857	41,651,213	-	(124,205,581)	1,028,266,905
<u>Statement of profit or loss:</u>													
Operating revenue	491,444,933	237,955,847	177,666,255	208,378,345	39,592,377	20,952,878	-	-	17,512,570	30,279,612	-	(12,495,393)	1,211,287,424
Operating costs	(276,251,845)	(165,032,281)	(136,927,691)	(146,037,150)	(31,492,885)	(20,109,788)	-	-	(25,340,299)	(18,469,956)	-	10,958,406	(808,703,489)
Gross profit	215,193,088	72,923,566	40,738,564	62,341,195	8,099,492	843,090	-	-	(7,827,729)	11,809,656	-	(1,536,987)	402,583,935
Other expenses and revenues	(89,214,078)	(43,900,118)	(28,621,727)	(36,725,220)	(9,545,261)	(1,577,138)	(235,649)	6,253,513	(6,323,198)	(15,399,224)	-	(821,274)	(226,109,374)
Profit for the period	125,979,010	29,023,448	12,116,837	25,615,975	(1,445,769)	(734,048)	(235,649)	6,253,513	(14,150,927)	(3,589,568)	-	(2,358,261)	176,474,561
<u>Other Items</u>													
Capital expenditure	25,645,195	49,235,510	15,776,283	15,403,313	268,209	6,599	-	365,943	4,148,662	3,642,308	-	-	114,492,022
Fixed assets depreciation	18,559,437	12,535,065	9,686,199	10,430,577	109,066	1,456	-	1,646,759	3,863,407	2,259,749	-	4,287,765	63,379,480

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

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

Notes to the consolidated interim financial statements - For the six months period ended 30 June 2023

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

4. Fixed Assets

	Lands	Machinery. equipment and devices	Furniture	Buildings	Vehicles	Computers	Projects under construction	Total
At 1 January 2022								
Cost	173,240,262	675,007,435	134,976,073	658,603,504	20,518,537	136,484,247	122,618,821	1,921,448,879
Accumulated depreciation	-	(304,249,103)	(50,127,080)	(135,487,954)	(10,196,264)	(69,663,056)	-	(569,723,457)
Net book value	173,240,262	370,758,332	84,848,993	523,115,550	10,322,273	66,821,191	122,618,821	1,351,725,422
Year ended 31 December 2022								
Opening net book value	173,240,262	370,758,332	84,848,993	523,115,550	10,322,273	66,821,191	122,618,821	1,351,725,422
Additions	-	128,830,449	16,777,434	1,513,754	-	14,544,695	189,604,595	351,270,927
Disposals	-	(9,980,156)	(4,193,733)	(220,000)	(1,606,042)	(718,334)	-	(16,718,265)
Transfers from projects under construction	-	1,265,886	19,565,319	72,275,065	-	4,025,101	(97,131,371)	-
Depreciation for the year	-	(59,282,606)	(18,654,591)	(24,419,422)	(4,255,730)	(26,511,654)	-	(133,124,003)
Accumulated depreciation of disposal	-	8,673,706	3,998,126	-	757,917	672,799	-	14,102,548
Closing net book value	173,240,262	440,265,611	102,341,548	572,264,947	5,218,418	58,833,798	215,092,045	1,567,256,629
At 31 December 2022								
Cost	173,240,262	795,123,614	167,125,093	732,172,323	18,912,495	154,335,709	215,092,045	2,256,001,541
Accumulated depreciation	-	(354,858,003)	(64,783,545)	(159,907,376)	(13,694,077)	(95,501,911)	-	(688,744,912)
Net book value	173,240,262	440,265,611	102,341,548	572,264,947	5,218,418	58,833,798	215,092,045	1,567,256,629
At 30 June 2023								
Opening net book value	173,240,262	440,265,611	102,341,548	572,264,947	5,218,418	58,833,798	215,092,045	1,567,256,629
Additions	-	41,165,815	5,454,130	2,729,284	-	6,080,045	213,091,982	268,521,256
Disposals	-	(4,012,010)	(727,578)	(125,312)	(3,513,220)	(2,682,660)	-	(11,060,780)
Write-off	-	-	-	-	-	-	(2,669,840)	(2,669,840)
Transfers from projects under construction	-	-	602,581	446,525	-	265,866	(1,314,972)	-
Depreciation for the period	-	(34,182,353)	(10,616,574)	(13,533,761)	(1,438,129)	(13,750,697)	-	(73,521,514)
Accumulated depreciation of disposal	-	3,790,317	527,654	70,488	3,492,769	1,525,611	-	9,406,839
Balance at 30 June 2023	173,240,262	447,027,380	97,581,761	561,852,171	3,759,838	50,271,963	424,199,215	1,757,932,590
Cost	173,240,262	832,277,419	172,454,226	735,222,820	15,399,275	157,998,960	424,199,215	2,510,792,177
Accumulated depreciation	-	(385,250,039)	(74,872,465)	(173,370,649)	(11,639,437)	(107,726,997)	-	(752,859,587)
Net book value at the period end	173,240,262	447,027,380	97,581,761	561,852,171	3,759,838	50,271,963	424,199,215	1,757,932,590

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

Notes to the consolidated interim financial statements For the six months period ended 30 June 2023

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

4. Fixed Assets (Continued)

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

5. Right-of-use assets

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

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

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
Machinery and equipment		
Beginning balance for the period/year	14,702,650	16,818,578
Depreciation during the period/year	<u>(1,057,964)</u>	<u>(2,115,928)</u>
Total – machinery and equipment	<u>13,644,686</u>	<u>14,702,650</u>
Buildings		
Beginning balance for the period/year	134,459,286	157,873,037
Settlements	-	(4,157,171)
Additions for the period /year	28,390,516	5,369,594
Disposals for the period year	(56,090,554)	(785,421)
Depreciation for the period /year	(11,915,098)	(19,599,660)
Discontinued operations	<u>(999,036)</u>	<u>(4,241,093)</u>
Total	<u>93,845,114</u>	<u>134,459,286</u>
	<u>107,489,800</u>	<u>149,161,936</u>

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

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

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

Notes to the consolidated interim financial statements For the six months period ended 30 June 2023

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

6. Inventories

	<u>30 June 2023</u>	<u>31 December 2022</u>
Medical supply inventory	136,707,726	64,489,857
Medicine inventory	58,239,286	39,735,167
Stationary inventory	1,961,044	1,752,880
Maintenance and spare parts inventory	1,939,529	1,092,657
Hospitality inventory	1,591,435	1,548,385
Food and beverage inventory	335,515	191,059
	200,774,535	108,810,005
Less: Impairment of inventory	(890,595)	(789,281)
	199,883,940	108,020,724

Movement in the provision for inventory is as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2022</u>
Balance at the beginning of the period / year	789,281	468,972	468,972
Provisions formed during the period / year	145,564	686,895	103,210
Provisions no longer required during the period / year	(44,250)	(160,636)	(292,008)
Write-offs during the period / year	-	(205,950)	-
Balance at the end of the period / year	890,595	789,281	280,174

7. Trade receivables

	<u>30 June 2023</u>	<u>31 December 2022</u>
Trade receivables	748,871,790	579,083,205
Inpatients	18,645,864	13,356,016
	767,517,654	592,439,221
Less: Expected credit losses	(107,680,959)	(87,083,087)
	659,836,695	505,356,134

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

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

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

Notes to the consolidated interim financial statements For the six months period ended 30 June 2023

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

7. Trade receivables (continued)

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

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

Trade receivables	30 June 2023			Net carrying value
	Loss Rate	Gross carrying amount	Lifetime ECL	
- current until less than 30 days overdue	0.3%	493.634.122	1.262.543	492.371.579
- 31 to 60 days overdue	2%	79.189.321	1.947.651	77.241.670
- 61 to 90 days overdue	6%	41.045.787	2.355.967	38.689.820
- 91 to 120 days overdue	13%	15.219.459	1.918.555	13.300.904
- 121 to 360 days overdue	27%	42.912.178	11.530.820	31.381.358
- 361 to 720 days overdue	43%	12.088.993	5.237.629	6.851.364
- More than 720 days	100%	83.427.794	83.427.794	-
		767.517.654	107.680.959	659.836.695

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

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

Notes to the consolidated interim financial statements For the six months period ended 30 June 2023

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

7. Trade receivables (continued)

The movement in the impairment consists of the following:

	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2022</u>
Balance at the beginning of the period / year	87.083.087	129,839,577	129,839,577
Formed during the period / year	24.228.982	34,825,615	24,130,716
Used during the period / year	(3.035.960)	(69,258,483)	(52,891,578)
No longer required during the period / year	(669.188)	(6.197.609)	(4.900.370)
Discontinued operation	74.038	(2,126,013)	(1,349,073)
	<u>107.680.959</u>	<u>87,083,087</u>	<u>94,829,272</u>

8. Debtors and other debit balances

	<u>30 June 2023</u>	<u>31 December 2022</u>
Advances to suppliers	221,873,562	131,893,622
Prepaid expenses	30,199,703	14,790,848
Withholding taxes	13,787,141	11,072,891
Deposits with others	5,727,544	5,699,554
Employee’s custodies	732,216	179,631
Accrued income	276,581	365,584
Other debtors	31,271,659	8,818,599
	<u>303,868,406</u>	<u>172,820,729</u>
Less: ECL of other debit balances during the period / year	(2,784)	(2,784)
	<u>303,865,622</u>	<u>172,817,945</u>

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

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

9. Cash and cash equivalent

	<u>30 June 2023</u>	<u>31 December 2022</u>
Current accounts	275,391,189	222,933,856
Time deposit	26,374,920	21,161,530
Cash on hand	5,807,997	4,438,994
Treasury bills	175,898	98,900,022
Deduct: Cash and cash equivalents impairment	(2,113,665)	(1,291,130)
	<u>305,636,339</u>	<u>346,143,272</u>

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

Notes to the consolidated interim financial statements For the six months period ended 30 June 2023

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

9. Cash and cash equivalent (continued)

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
Treasury Bills (Maturity 31 days)	180,000	50,000,000
Treasury Bills (Maturity 61 days)	-	50,000,000
Less: Unearned revenue	(4,102)	(1,099,978)
	<u>175,898</u>	<u>98,900,022</u>

- Treasury bills are entitled to a constant annual return of 14.4% after taxes on 30 June 2023 (31 December 2022: 11.20% and 11.40%).
- The fair value of the treasury bills does not differ materially from the book value, as all maturities of treasury bills are short-term.
- Credit risk rating for treasury bills is B3.
- The time deposits item includes an amount EGP 26,374,920 on 30 June 2023 (31 December 2022: EGP 21,161,530) are denominated in local banks in US dollars and are payable within one month from the date of deposit and are subject to a fixed annual return from 2.5% to 3.25%
- Current accounts deposited in Egyptian Pounds are subject to a fixed annual rate of 10% to 10.5% (31 December 2022: from 7% to 7.5%)

Movement in the impairment is as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2022</u>
Balance at the beginning of the period / year	1,291,130	1,545,489	1,545,489
Formed during the period / year	1,094,467	1,548,434	695,373
No longer required	(271,932)	(1,802,793)	(617,545)
Ending balance at the ending of the period / year	<u>2,113,665</u>	<u>1,291,130</u>	<u>1,623,317</u>

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

	<u>30 June 2023</u>	<u>30 June 2022</u>
Cash and bank balances	307,126,092	220,543,304
Treasury bills with maturities of 3 months or less	175,898	109,455,990
Total	<u>307,301,990</u>	<u>329,999,294</u>

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

Notes to the consolidated interim financial statements For the six months period ended 30 June 2023

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

10. Non-controlling interests

	Capital	Reserves	Retained earnings	NCI share in acquisition adjustments	Total
Balance at 1 January 2022	34,074,639	8,717,409	77,829,833	120,184	120,742,065
Employee profit share	-	-	(4,659,818)	-	(4,659,818)
Legal reserve	-	1,361,138	-	-	1,361,138
Comprehensive income for the year	-	-	30,968,911	-	30,968,911
Balance at 31 December 2022	34,074,639	10,078,547	104,138,926	120,184	148,412,296
Balance at 1 January 2023	34,074,639	10,078,547	104,138,926	120,184	148,412,296
Employee profit share	-	-	(4,154,969)	-	(4,154,969)
Legal reserve	-	1,510,794	-	-	1,510,794
Comprehensive income for the period	-	-	21,411,812	-	21,411,812
Balance at 30 June 2023	34,074,639	11,589,341	121,395,769	120,184	167,179,933

11. Loans

30 June 2023	Current	Non-current	Total
Loans	31,470,930	229,085,028	260,555,958
Total	31,470,930	229,085,028	260,555,958
31 December 2022	Current	Non-current	Total
Loans	-	88,033,127	88,033,127
Total	-	88,033,127	88,033,127

- On October 27. 2021. Cleopatra Hospital Company signed a medium-term loan contract with Ahli United Bank. with a total amount of 145 million Egyptian pounds. with a return of 0.65%. in addition to the lending rate announced by the Central Bank.
- On August 10. 2022. Cleopatra Hospital Company. Nile Badrawi Hospital Company. and Cairo Specialist Hospital Company signed an appendix to the loan contract from Ahli United Bank. The following are the most important terms of the contract:
- Increasing the financing amount to 285 million Egyptian pounds (Consumed at 30 June 2023 amounted to 260.555.958 Egyptian pounds) and it will be divided among the companies as follows:
- Cleopatra Hospital Company 45 million Egyptian pounds
- Cairo Specialist Hospital Company 90 million Egyptian pounds
- Nile Badrawi Hospital Company 150 million Egyptian pounds

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

Notes to the consolidated interim financial statements For the six months period ended 30 June 2023

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

11. Loans (continued)

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

Financial ratios

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

- The financial leverage of the group should not exceed 0.7 and that of the Nile Badrawi Hospital Company should not be less than 1.
- The debt service ratio should not be less than 1.3.
- The liquidity ratio should not be less than 1.

- On June 5, 2023, CHG Sky Hospital (a subsidiary) signed a medium-term loan contract with a total amount of 1,339,573,000 Egyptian pounds (only one billion three hundred thirty-nine million five hundred seventy-three thousand Egyptian pounds only) to finance The company's capital expansions related to finishing, furnishing and equipping Sky Hospital with a debit return of 0.5% in addition to the corridor return for lending announced by the Central Bank of Egypt for the first nine months from the date of activation of the facility and with a debit return of 0.9% in addition to the return of the corridor for lending announced by the Central Bank of Egypt Starting from the tenth month.

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

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

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

- The financial leverage should not exceed the following

<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>
5.18	1.85	1.98	1.14	0.94	0.65	0.46

- The debt service rate should not be less than 1
- The value of capital expansions should not exceed the following in each fiscal year

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

Notes to the consolidated interim financial statements For the six months period ended 30 June 2023

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

11. Loans (continued)

<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>
68.380.000	8.117.000	9.404.000	10.663.000	12.252.000	13.960.000	17.291.000

Loans include certain covenants. Violation of these commitments in the future may lead to renegotiation. The administration monitors the commitments, and in the event of a possible breach, the administration takes the necessary measures to ensure compliance. During 2023, the Group had no breach of any of these covenants.

12. Trade and other payables

	<u>30 June 2023</u>	<u>31 December 2022</u>
Trade and other payables	413.618.039	253,631,129
Accrued expenses	214.615.277	228,526,996
Social insurance	10.770.685	8,753,744
Dividends payable	7.116.377	3,074,547
Other creditors	51.356.663	36,764,101
	<u>697.477.041</u>	<u>530,750,517</u>

13. Lease liabilities

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
Undiscounted		
During the period/year	42,080,701	38,983,371
More than a period/year	150.138.033	305,552,641
	<u>192.218.734</u>	<u>344,536,012</u>

The present value of the lease obligations is as follows:

During the period/year	42,080,701	38,983,371
More than a period/year	97,425,355	155,459,030
Balance	<u>139,506,056</u>	<u>194,442,401</u>

	<u>30 June 2023</u>	<u>31 December 2022</u>
Lease Liabilities were presented as follows:		
Lease liabilities shown as at 31 December 2022	194.442.401	211,458,082
Adjustments	1.672.671	(3,589,929)
Add: Additions during the period /year	26.183.270	5,142,778
Add: Interest formed during the period /year	9.038.977	15.282.665
Add: Discontinued operation during the period /year	2.207.245	7,848,330
Deduct: Disposal during the period /year	(77.798.096)	(965,001)
Deduct: Payments during the period / year	(16.240.413)	(40,734,524)
Lease liabilities at 30 June 2023	<u>139.506.056</u>	<u>194,442,401</u>

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

Notes to the consolidated interim financial statements For the six months period ended 30 June 2023

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

14. Revenue

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Accommodation and medical supervision revenue	282,213,430	246,594,889	134,287,103	123,969,428
Surgeries revenue	336,090,828	249,945,796	170,671,571	128,927,356
Outpatient clinics revenue	192,642,723	136,387,501	98,637,743	65,372,252
Laboratories revenue	173,800,129	135,986,177	89,817,510	65,932,965
Cardiac catheterization revenue	132,883,835	87,603,864	69,892,662	43,244,372
Service charge revenue	115,985,134	84,996,214	58,990,634	43,295,067
Radiology revenue	107,271,925	94,426,828	57,417,193	46,597,503
Pharmacy revenue	89,015,960	64,513,617	45,095,034	31,130,193
Emergency revenue	55,070,708	42,720,592	29,574,063	21,870,432
Physiotherapy revenue	27,509,583	11,922,431	15,669,708	6,065,080
Revenues of oncology centre	18,052,591	19,162,516	8,820,338	8,765,605
Cardiac tests revenue	17,048,739	10,292,715	8,751,172	5,776,422
Endoscopy revenue	16,479,315	11,537,057	9,161,369	5,907,249
Dentistry revenue	6,347,402	8,165,385	3,089,590	3,871,256
Other departments revenues	14,124,315	7,031,842	7,809,085	3,878,501
	1,584,536,617	1,211,287,424	807,684,775	604,603,681

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

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

	30 June 2023	30 June 2022
At a point in time	1,302,323,187	964,692,535
Over time -Accommodation and medical supervision revenue	282,213,430	246,594,889
	1,584,536,617	1,211,287,424

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

Notes to the consolidated interim financial statements
For the six months period ended 30 June 2023

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

15. Cost of revenue

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Medical and pharmaceutical supplies	329,125,897	235,181,972	176,268,242	118,076,615
Salaries, wages and benefits	262,588,524	218,366,152	133,962,286	110,684,431
Doctors' fees	260,685,105	205,108,579	131,973,588	102,714,599
Fixed assets depreciation	58,133,069	47,680,842	29,101,549	24,372,724
Maintenance, spare parts and energy expenses	49,796,683	37,528,700	24,605,826	19,664,780
consumables costs	34,385,798	21,384,513	17,350,633	10,800,029
Services from others	27,493,827	18,137,593	16,233,564	9,099,957
Lease amortization	7,686,453	7,724,797	3,839,922	3,761,853
Other expenses	32,909,425	17,590,341	17,811,731	9,990,183
	1,062,804,781	808,703,489	551,147,341	409,165,171

16. General and administrative expenses

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Salaries, wages, and benefits	98,563,620	94,577,481	50,697,721	46,831,039
Professional and consulting fees	21,643,029	14,129,846	11,869,016	8,305,377
Maintenance, spare parts and energy expenses	17,109,919	9,856,292	9,532,090	5,354,660
Service from others	14,731,430	11,424,352	8,220,129	6,775,818
Fixed assets depreciation	14,252,693	14,051,879	7,370,902	6,635,483
Intangible amortization	7,944,642	7,944,642	3,972,321	3,972,321
Lease amortization	5,286,609	3,196,283	2,161,567	1,628,193
consumables costs	1,854,185	1,219,729	1,084,411	630,163
Other expenses	36,996,490	23,818,502	18,164,261	10,588,771
	218,382,617	180,219,006	113,072,418	90,721,825

17. Net impairment losses on financial assets

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Impairment in trade receivables	23,559,801	19,230,348	16,004,688	7,707,894
Impairment in cash at banks	822,540	77,828	(1,022,269)	287,225
	24,382,341	19,308,176	14,982,419	7,995,119

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

Notes to the consolidated interim financial statements For the six months period ended 30 June 2023

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

18. Result from discontinued operations

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Discontinued operations	12.656.276	7.686.729	17.056.114	(6.016.490)
Impairment of intangible assets	(14.071.000)	-	(14.071.000)	-
Tax on discontinued operations	(2.847.662)	(1.433.216)	(3.837.626)	1.650.008
Profit after income tax from discontinued operations	(4.262.386)	6.253.513	(852.512)	(4.366.482)

19. Earnings per share

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

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
∩				
Distributable profit	212,649,543	170.221.048	106,040,973	74.052.209
Weighted average number of shares	1.441.509.083	1.541.504.270	1.441.509.083	1.541.504.270
Earnings per share	0.15	0.11	0.07	0.05

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

Earnings per share from continuing operations:

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

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
∩				
Profit for the period from continuing operations	216.911.929	170.221.048	106.893.485	78.418.691
Weighted average number of shares	1.441.509.083	1.541.504.270	1.441.509.083	1.541.504.270
Earnings per share from continuing operations	0.15	0.11	0.07	0.05

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

Notes to the consolidated interim financial statements For the six months period ended 30 June 2023

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

20. Related parties' transactions

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

Balances of financial position

<u>(Related parties)</u>	<u>Nature of transaction</u>	<u>Balance due from / (to) related parties 30 June 2023</u>	<u>Balance due from / (to) related parties 31 December 2022</u>
Other parties	Expenses paid on behalf of the Company	<u>3,643,330</u>	<u>3,152,972</u>
		<u>3,643,330</u>	<u>3,152,972</u>

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

21. Commitments

Capital commitments:

Capital commitments at financial period end. which are not yet due. amounted to EGP 157,999,654 (31 December 2022: EGP 1,110,636,050). which represent the capital commitments to purchase of fixed assets and projects under constructions.

22. Treasury shares

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

Based on the decision of the Board of Directors. the company purchased 160,737,312 shares of its shares from the stock market for a total amount of EGP 766,026,840. and they were offered by deduction from the ownership rights of the treasury shares. and on December 6. 2022. the Board of Directors agreed to the cancel 154,565,797 treasury shares. and on 25 January 2023. the general assembly approved the cancelation of the shares.

23. Significant and Subsequent events

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

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

Notes to the consolidated interim financial statements For the six months period ended 30 June 2023

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

23. Significant and Subsequent events (continued)

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

24. Discontinued operations

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

Egyptian Pounds)	<u>Six months ended 30 June</u>		<u>Three months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Operating Revenue	-	30,392,911		171,269
(Less)				
Operating Cost	(1,939,553)	(18,884,860)	(257,353)	(3,468,837)
Gross profit	(1,939,553)	11,508,051	(257,353)	(3,297,568)
Add / (Less)				
General and administrative expenses	(793,802)	(3,502,031)	(339,059)	(973,497)
Impairment of intangible assets	(14,071,000)	-	(14,071,000)	-
Net impairment losses on financial assets	(74,037)	1,349,073	(3,255)	82,057
Provisions	124,613	(1,082,049)	124,613	(1,164,779)
Other expense	(59,542,994)	14	(59,542,994)	-
Finance income	20,914	3,768,651	5,782	1,516,504
Finance expenses	74,861,135	(4,354,980)	77,068,380	(2,179,207)
Profit for the period before income tax	(1,414,724)	7,686,729	2,985,114	(6,016,490)
Tax on discontinued operations	(2,847,662)	(1,433,216)	(3,837,626)	1,353,710
Profit after income tax	(4,262,386)	6,253,513	(852,512)	(4,662,780)