CLEOPATRA HOSPITAL S.A.E.
(Egyptian Joint Stock Company)

LIMITED REVIEW REPORT AND SEPARATE INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016

CLEOPATRA HOSPITAL S.A.E.

Separate interim financial statements for the nine months period ended 30 September 2016

Index	Page

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Limited review report on the interim financial statements

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

Introduction

We conducted our limited review to the accompanying separate interim financial statements of Cleopatra Hospital Company S.A.E (Egyptian Joint Stock Company) representing the separate statement of financial position as at 30 September 2016 and the related separate interim statements of income, comprehensive income, changes in shareholders' equity and cash flows for the nine months period then ended, and a summary of the significant accounting policies and other notes to the financial statements. The management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is to express an opinion on these interim financial statements based on our limited review.

Scope of limited review

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

Conclusion

In light of our limited review, nothing has come to our attention which causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 September 2016, its financial performance and its cash flows for the nine months period then ended in accordance with the Egyptian Accounting Standards.

Emphasis of matter

The corresponding figures for the separate interim statements of income, comprehensive income, changes in shareholders' equity and cash flows for the period from 1 January 2015 to 30 September 2015 were not reviewed, and no limited review report was issued thereon. It should be taken into consideration that the requirements of financial reporting framework of the corresponding figures were complied with, while the corresponding figures in the statement of financial position represent the figures of 31 December 2015, which were audited and an unqualified report dated 6 April 2016 was issued.

Ahmed Gamal El-Atrees
R.A.A. 8784
E.F.S.A. 136
Mansour & Co. PricewaterhouseCoopers

17 November 2016
Cairo

Mansour & Co. PricewaterhouseCoopers pwc منصور وشركاه برايس وترهاوس كوبرز

CLEOPATRA HOSPITAL S.A.E.

Separate interim statement of financial position - At 30 September 2016

(All amounts in Egyptian Pounds)

	Note	30 September 2016	31 December 2015
Non-current assets			
Fixed assets	5	57,858,657	61,804,067
Investments in subsidiaries	6	605,189,399	366,047,399
Total non-current assets		**663,048,056**	**427,851,466**
Current assets			
Held-to-maturity investments	7	-	38,080
Inventories	8	9,459,976	7,869,572
Trade receivables	9	49,786,635	39,935,176
Debtors and other debit balances	10	9,616,605	13,258,191
Cash at banks and on hand	11	352,727,206	38,557,392
Total current assets		**421,590,422**	**99,658,411**
Total assets		**1,084,638,478**	**527,509,877**
Equity			
Share capital	15	100,000,000	80,000,000
Reserves	16	373,647,933	13,827,660
Retained earnings		120,027,104	106,194,741
Total shareholders' equity		**593,675,037**	**200,022,401**
Non-current liabilities			
Creditors and other credit balances - non-current portion	13	6,715,580	54,095,303
Non-current portion of borrowings	14	346,277,549	162,400,000
Deferred income tax liabilities	24	419,049	1,411,516
Total non-current liabilities		**353,412,178**	**217,906,819**
Current liabilities			
Provisions	12	7,094,268	6,179,017
Creditors and other credit balances	13	75,484,203	42,198,330
Current portion of borrowings	14	45,137,251	40,600,000
Current income tax liabilities	23	9,835,541	20,603,310
Total current liabilities		**137,551,263**	**109,580,657**
Total liabilities		**490,963,441**	**327,487,476**
Total liabilities and shareholders' equity		**1,084,638,478**	**527,509,877**

The accompanying notes on pages 7 - 38 from an integral part of these financial statements.

Mr. Khalid Hassan Ahmed	**Dr. Ahmed Ezzeddine Mahmoud**	**Dr. Mohamed Tarek Zahed**
Group Head of Finance	CEO & Managing Director	Chairman - Non Executive

17 November 2016

Limited review report is attached

CLEOPATRA HOSPITAL HELIOPOLIS

CLEOPATRA HOSPITAL S.A.E.

Separate interim statement of income
For the nine months period ended 30 September 2016

(All amounts in Egyptian Pounds)

	Note	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
Operating revenue	17	273,115,958	238,462,246	93,876,863	81,852,950
Less:					
Operating costs	18	(169,144,479)	(149,235,634)	(57,645,391)	(47,068,838)
Gross profit		**103,971,479**	**89,226,612**	**36,231,472**	**34,784,112**
Add / (Less)					
General and administrative expenses	19	(34,993,051)	(29,360,052)	(10,732,524)	(12,361,191)
Provisions	12	(1,146,857)	(2,230,129)	(295,473)	(743,376)
Finance income	22	9,273,659	3,623,902	6,385,226	1,010,407
Finance costs	22	(41,347,455)	(984,743)	(12,057,242)	(984,682)
Other income (expenses)	20	1,565,766	657,475	(455,552)	193,426
Profit for the period before income tax		**37,323,541**	**60,933,065**	**19,075,907**	**21,898,696**
Current tax	23	(9,852,417)	(15,080,926)	(4,611,376)	(5,605,287)
Deferred tax	24	992,467	737,250	287,149	423,004
Profit after income tax		**28,463,591**	**46,589,389**	**14,751,680**	**16,716,413**

The accompanying notes on pages 7 - 38 from an integral part of these financial statements.

CLEOPATRA HOSPITAL S.A.E.

Separate interim statement of comprehensive income
For the nine months period ended 30 September 2016

(All amounts in Egyptian Pounds)

	Nine months ended 30 September		Three months ended 30 September	
	2016	**2015**	**2016**	**2015**
Profit for the period	28,463,591	46,589,389	14,751,680	16,716,413
Other comprehensive income	-	-	-	-
Comprehensive income for the period	**28,463,591**	**46,589,389**	**14,751,680**	**16,716,413**

The accompanying notes on pages 7 - 38 from an integral part of these financial statements.

CLEOPATRA HOSPITAL S.A.E.

Separate interim statement of changes in shareholders' equity
For the nine months period ended 30 September 2016

(All amounts in Egyptian Pounds)

	Capital	Reserves	Retained earnings	Total
Balance at 1 January 2015	**80,000,000**	**11,637,554**	**43,694,642**	**135,332,196**
Comprehensive income for the period	-	-	46,589,389	**46,589,389**
Balance at 30 September 2015	**80,000,000**	**11,637,554**	**90,284,031**	**181,921,585**
Balance at 1 January 2016	**80,000,000**	**13,827,660**	**106,194,741**	**200,022,401**
Dividends	-	-	(11,397,561)	**(11,397,561)**
Increase in share capital	20,000,000	-	-	**20,000,000**
Reserves	-	359,820,273	(3,233,667)	**356,586,606**
Comprehensive income for the period	-	-	28,463,591	**28,463,591**
Balance at 30 September 2016	**100,000,000**	**373,647,933**	**120,027,104**	**593,675,037**

The accompanying notes on pages 7 - 38 from an integral part of these financial statements.

CLEOPATRA HOSPITAL S.A.E.

Separate interim statement of cash flows
For the nine months period ended 30 September 2016

(All amounts in Egyptian Pounds)

	Note	30 September 2016	30 September 2015
Cash flows from operating activities			
Net profit before tax		37,323,541	60,933,065
Adjustments to reconcile net income to cash flows from operating activities			
Fixed assets depreciation	5	6,443,705	4,913,196
Provisions	12	1,455,952	2,230,129
Utilised from provisions	12	(231,606)	(105,574)
Provisions no longer required	12	(309,095)	-
Impairment of trade receivebles	9	1,646,256	1,712,059
Interest and commissions		41,347,455	984,743
Finance income		(9,259,577)	(3,623,902)
Income tax paid		(20,620,186)	(21,372,222)
Operating profits before changes in assets and liabilities		**57,796,445**	**45,671,494**
Change in assets and liabilities			
Change in inventories		(1,590,404)	(47,908)
Change in trade receivables		(11,497,716)	(5,255,673)
Change in debtors and other debit balances		(38,549,090)	16,345,866
Change in creditors and other credit balances		11,237,228	145,272,589
Net cash flows generated from operating activities		**17,396,463**	**201,986,368**
Cash flows from investing activities			
Payments for purchase of fixed assets		(1,744,442)	(3,487,598)
Payments for projects under construction		(753,853)	-
Proceeds from bonds		38,080	-
Interest received		9,259,577	3,623,902
Payments for acquisition of subsidiary		(239,142,000)	(357,138,234)
Deposits with maturity of more than 3 months from the date of placement		9,650,000	-
Net cash flows used in investing activities		**(222,692,638)**	**(357,001,930)**
Cash flows from financing activities			
Paid to increase share capital		20,000,000	-
Share premium proceeds		340,000,000	-
Proceeds from borrowings		208,714,800	203,000,000
Repayment of borrowings		(20,300,000)	-
Interest and commissions paid		(19,298,811)	-
Net cash flows generated from financing activities		**529,115,989**	**203,000,000**
Change in cash and cash equivalents during the period		**323,819,814**	**47,984,438**
Cash and cash equivalents at the beginning of the period		23,557,392	53,632,054
Cash and cash equivalents at the end of the period	11	**347,377,206**	**101,616,492**

The accompanying notes on pages 7 - 38 from an integral part of these financial statements.

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

1. General information

Cleopatra Hospital (Lasheen & Co.) is a limited partnership company incorporated on 19 July 1979. On 27 June 2005, a resolution no. 4092 of 2005 was issued by the Chairman of the General Authority For Investment (GAFI) authorizing Cleopatra Hospital (Lasheen & Co.), "a limited partnership company", to transform its legal form to Cleopatra Hospital S.A.E. in accordance with the provisions of Law No. 8 for 1997 and Law No. 95 for 1992.

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

The Company is located at 39 Cleopatra Street, Masr Al Jadidah, Cairo.

The Parent Company is Care Healthcare Ltd, which owns 99.99% of the Company's share capital.

On 16 September 2015, Cleopatra Hospital S.A.E. acquired 52.7% of the shares of Cairo Specialised Hospital.

On 22 September 2015, Cleopatra Hospital S.A.E. acquired 99.92% of the total shares of Nile Badrawy Hospital.

On 24 January 2016, Cleopatra Hospital S.A.E. acquired 99.99% of the total shares of Al-Shorouk Hospital Company.

These separate interim financial statements have been approved for issuance by the management of the Company on 17 November 2016.

2. Accounting policies

The following are the accounting policies applied in the preparation of these separate interim financial statements:

A. Basis of preparation

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

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

Basis of preparation (continued)

The EASs require the reference to the International Financial Reporting Standard when there is no EAS or legal requirements that explain the treatment of specific balances and transactions.

Subsidiaries

Subsidiaries are the entities (including special purpose entities) over which the Company has the power to directly or indirectly govern its financial and operating policies. The Company usually has a shareholding of more than one half of voting rights. The effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Company controls the subsidiary.

The separate interim financial statements of the Company have been prepared pursuant to the relevant local laws, and the consolidated financial statements of the Company and its subsidiaries have been prepared in conformity with EASs. The separate interim financial statements of the Company should be read in conjunction with the consolidated financial statements as at and for the nine months period ended 30 September 2016 in order to obtain full information on the Company's financial position, business results, cash flows and changes in equity.

Subsidiaries and associates are accounted for in the Parent Company's separate interim financial statements using the cost method. Under this method, the investments are recognised at the acquisition cost, including any goodwill less any impairment loss, and the dividends are recognised in the statement of income when such dividends are approved and the Parent Company's right to collect them is established.

New and amended EASs adopted by the Company

In accordance with the Resolution of the Ministry of Investment No. (110) of 2015 issued on July 2015, the EASs issued by the Ministerial Resolution of 2006 have been abolished and replaced with the accounting standards attached in the Resolution No. (110) referred to, provided that this Resolution shall enter into force as of 1 January 2016 and shall be applicable to the entities whose fiscal year begins on or after this date.

It is noteworthy that there is no material impact of such amendments on values included in the Company's financial statements upon adoption of the new standards, except for the following:

- Acquisition costs charged to subsidiaries within the statement of comprehensive income rather than capitalising them in accordance with the standards whose effective date has expired.

Other amendments applicable to the Company's activity and financial statements are summarised by certain matters related to the presentation and disclosure. Accordingly, the balance sheet will be differently presented and the presentation of the working capital will be eliminated therefrom. Also, business results of the Company will be presented in two separate statements, the first one will present the components of the revenue and expenses (statement of income) and the second one will begin with the profit or loss and present the components of income which will be included in equity to show the comprehensive income (statement of other comprehensive income). Financial risk has been disclosed and the fair values have been measured in further detail.

B. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

Foreign currency transactions during the year are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the revaluation of monetary assets and liabilities denominated in foreign currencies at balance sheet date are recognised in the statement of income.

C. Fixed assets

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

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

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

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

The depreciation rates by type of asset are as follows:

Buildings	2.5%
Machinery , equipment & devices	10%
Tools and instruments	25%
Furniture and fixtures	15%
Vehicles	10%
Computers	25%

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

D. Inventories

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

E. Financial assets

(1) Classification

The Company classifies its financial assets into the following categories at initial recognition depending on the purpose for which the financial assets were acquired:

Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable values that are not quoted in an active market.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date. In this case, they are classified as non-current assets.

Loans and receivables include accounts receivables, cash and bank balances, and due from related parties.

(2) Initial and subsequent measurement:

The financial assets are measured on acquisition at fair value plus transaction costs.

The financial assets are derecognised when the right to receive cash flows from such assets has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables are subsequently measured at amortised cost using the effective interest method.

(3) Impairment of financial assets:

Assets recognised at amortised cost
The Company assesses, at the end of each reporting period, whether there is evidence that a financial asset or a group of financial assets is impaired.

Impairment of a financial asset or group of financial assets is recognised if an impairment evidence exists as a result of one or more events that occurred after the initial recognition (a "loss event") and if the loss event (or events) has an impact on the future cash flows of the financial asset or group of financial assets that can be reliably measured.

Financial assets (continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a decrease in the estimated future cash flows, such as future changes or economic conditions that correlate with the impairment evidence.

Fixed assets' impairment loss is measured at amortised cost, which is the difference between the asset's carrying amount and the present value of the estimated future cash flows (after eliminating future losses that have not occurred) discounted at the original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of income.

If, in a subsequent period, the amount of the impairment decreases and the decrease can be related to an event occurring after the initial recognition (such as an improvement in the debtor's credit rating), the reversal of the impairment is recognised in the statement of income.

F. Share capital

Ordinary shares are classified as equity.

G. Legal reserve

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

H. Provisions

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

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

I. Trade payables

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

J. Borrowings and advances

Borrowings are recognised initially at the amount of the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any difference between proceeds (net of borrowing cost) and the redemption value is recognised in the consolidated statement of income over the period of the borrowings using the effective yield method.

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the financial statements.

K. Employee benefits

(1) Employees' share of profit

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

(2) Pension and insurance scheme

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

L. Revenue recognition

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

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

Revenue recognition (continued)

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

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

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

M. Leases

Leases in which the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases net of any discounts received from the lessor are recognised as expense in the income statement on a straight-line basis over the period of the lease.

N. Current and deferred income tax

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

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

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

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

O. Dividends

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

P. Cash and cash equivalents

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

Q. Fair value of financial instruments

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

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

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

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

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

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

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

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

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

Fair value of financial instruments (continued)

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

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

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

The analysis of fair value of financial instruments as well as further details on how they are measured are presented in Note 22.

R. Corresponding figures

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

S. 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 Company. The senior management is represented in Company's executive management committee. The Company as a whole is considered a separate business segment of the Group.

3. Financial risk management

(1) Financial risk factors

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

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

(A) Market risk

i. Risk of change in foreign currency rates

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

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

	30 September 2016	31 December 2015
USD	167,112	37,933

At 30 September 2016, if the EGP is 40% more or less against USD with all other variables held constant, net profit after taxes will increase/ decrease as follows:

	30 September 2016	31 December 2015
USD	66,845	15,973

ii. Fair value and cash flow interest rate risk

The Company availed a long-term loan at interest rate corridor declared by the Central Bank, and therefore, it is not exposed to cash flow risks.

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

Financial risk management (continued)

(B) Credit risk

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

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

In case of customers, the Hospital's Financial Director and General Manager perform analysis on the credit risk for each potential credit customer in accordance with the Group's policies, including Cleopatra Hospital or subsidiaries. The Parent Company's Executive Committee follows-up the compliance with credit terms, and reviews default cases and debt ageing report to take the necessary decisions whether to cancel the credit or to refer the defaulted customer to the Legal Department for their necessary actions. Note (9) to these financial statements provides more detailed information in respect of this matter.

The management establishes a provision for impairment of 100% for defaulted customers for more than 150 days from the invoice date, in addition to a category-based provision at historical default rates.

Cash at banks is placed with local banks that are subject to the supervision of the Central Bank of Egypt. Accordingly, management believes that credit risk resulting from the cash at bank is minimal.

Balances exposed to credit risks are as follows:

	30 September 2016	31 December 2015
Cash at banks	351,774,627	38,355,130
Trade receivables	56,985,539	45,487,823

(C) Liquidity risk

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

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

Financial risk management (continued)

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

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Suppliers	21,055,987	123,062	-	-
Due to related parties	-	-	-	7,383,502
Loans and financing interests	-	101,647,438	488,197,072	53,690,650
Accrued expenses	10,359,934	-	-	-
Other creditors	14,207,444	575,704	-	1,521,860

Subsequent to the balance sheet date the lending rate (Corridor) has increased 3% which will affect the company liabilities related to related parties , loans and finance expenses.

(2) Capital risk management

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

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

Net debt to total capital ratio as at 30 September 2016 and 31 December 2015 is as follows:

	30 September 2016	31 December 2015
Creditors and other credit balances	82,199,783	96,293,633
Borrowings	391,414,800	203,000,000
Less: Cash at banks and on hand	(352,727,206)	(38,557,392)
Net debt	**120,887,377**	**260,736,241**
Total shareholders' equity	593,675,037	200,022,401
Total capital	**714,562,414**	**460,758,642**
Net debt to total capital ratio	17%	56.58%

Net debt to total capital ratio changed due to the loan obtained by the Company during the nine-month period ended 30 September 2016.

(3) Fair value estimation

The fair value of current financial assets and liabilities approximates their carrying amounts after taking into account the impairment. The Company availed two long-term loans from an Egyptian bank, and the management believes that the fair value of the loan approximate its carrying amount as it was issued at a variable rate linked to the interest rate corridor declared by the Central Bank of Egypt.

4. Critical accounting estimates, assumptions and judgements

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

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

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

Impairment of trade receivables
Impairment of trade receivables is estimated by monitoring ageing of borrowings. The Group's management examines the credit position and ability of debtors and customers to make payments for their past due debts. Impairment is recognised for amounts due from debtors and customers whose credit position does not allow them to pay their dues as believed by the management. In addition, the Group calculates impairment based on the Group for customers and balances that suffered impairment but not determined by reference to historical default rates applicable to some of the Group companies.

Notes to the separate interim financial statements
For the nine months period ended 30 September 2016

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

5. Fixed assets

	Land	Machinery, equipment and devices	Furniture	Buildings	Vehicles	Computers	Leasehold improvements	Projects under construction	Total 2016
Cost at 1 January 2016	**14,967,000**	**66,818,730**	**5,088,683**	**43,555,103**	**2,276,293**	**1,215,762**	**386,953**	**-**	**134,308,524**
Additions	-	1,191,400	288,218	-	-	264,824	-	753,853	**2,498,295**
Cost at 30 September 2016	**14,967,000**	**68,010,130**	**5,376,901**	**43,555,103**	**2,276,293**	**1,480,586**	**386,953**	**753,853**	**136,806,819**
Accumulated depreciation at 1 January 2016	**-**	**52,751,121**	**3,830,782**	**13,852,625**	**1,241,137**	**759,934**	**68,858**	**-**	**72,504,457**
Depreciation	-	3,043,742	494,280	2,291,822	145,926	259,115	208,820	-	**6,443,705**
Accumulated depreciation at 30 September 2016	**-**	**55,794,863**	**4,325,062**	**16,144,447**	**1,387,063**	**1,019,049**	**277,678**	**-**	**78,948,162**
Net asset value at 30 September 2016	**14,967,000**	**12,215,267**	**1,051,839**	**27,410,656**	**889,230**	**461,537**	**109,275**	**753,853**	**57,858,657**

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

Fixed assets (continued)

	Land	Machinery, equipment and devices	Furniture	Buildings	Vehicles	Computers	Leasehold improvements	Projects under construction	Total 2015
At 1 January 2015	14,967,000	63,302,346	4,470,834	38,024,987	2,276,722	817,117	-	5,532,870	**129,391,876**
Additions	-	3,898,311	864,038	-	-	444,898	386,953	-	**5,594,200**
Disposals	-	(226,675)	(19,800)	-	-	-	-	-	**(246,475)**
Transfers	-	-	-	5,532,870	-	-	-	(5,532,870)	**-**
Write offs	-	(155,252)	(226,389)	(2,754)	(429)	(46,253)	-	-	**(431,077)**
Cost at 31 December 2015	**14,967,000**	**66,818,730**	**5,088,683**	**43,555,103**	**2,276,293**	**1,215,762**	**386,953**	**-**	**134,308,524**
Accumulated depreciation at 1 January 2015	**-**	**50,857,667**	**3,056,303**	**10,854,674**	**1,086,725**	**748,878**	**-**	**-**	**66,604,247**
Accumulated depreciation of disposals	-	(199,845)	(19,800)	-	-	-	-	-	**(219,645)**
Accumulated depreciation of write offs	-	(85,985)	(188,869)	(1,831)	(214)	(29,191)	-	-	**(306,090)**
Depreciation	-	2,179,284	983,148	2,999,782	154,626	40,247	68,858	-	**6,425,945**
Accumulated depreciation at 31 December 2015	**-**	**52,751,121**	**3,830,782**	**13,852,625**	**1,241,137**	**759,934**	**68,858**	**-**	**72,504,457**
Net asset's value at 31 December 2015	**14,967,000**	**14,067,609**	**1,257,901**	**29,702,478**	**1,035,156**	**455,828**	**318,095**	**-**	**61,804,067**

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

6. Investment in subsidiaries

	Percentage of investment	Country of incorporation	30 September 2016	31 December 2015
Investment in Nile Badrawi Hospital	99.92%	Egypt	259,004,947	259,004,947
Investments in Al Shorouk Hospital	99.90%	Egypt	239,142,000	-
Investments in Cairo Specialised Hospital	52.7%	Egypt	107,042,452	107,042,452
			605,189,399	**366,047,399**

During 2015, the Company pledged its whole interest in the Cairo Specialised Hospital amounting to 52.7% of the total shares in favour of the Commercial International Bank as a security for the borrowing granted to Cleopatra Hospital.

During the nine-months period ended 30 September 2016, Cleopatra Hospital pledged its whole interest in Al Shorouk Hospital amounting to 99.92% of the total shares in favour of the Commercial International Bank as a security for the borrowing granted to Cleopatra Hospital.

7. Held-to-maturity investments

Held-to-maturity investments comprise investments in public housing bonds (compulsory) issued by the Ministry of Finance in favour of the Central Bank, which shall be recoverable on 11 July 2015. Such bonds have been collected on 13 January 2016.

8. Inventories

	30 September 2016	31 December 2015
Medical supply inventory	8,861,788	7,266,906
Medical supply inventory- cardiac catheterization	598,188	602,666
	9,459,976	**7,869,572**

9. Trade receivables

	30 September 2016	31 December 2015
Due from customers	55,351,741	44,246,714
Income from inpatients	1,633,798	1,241,109
Less:		
Impairment of trade receivables	(7,198,904)	(5,552,647)
Net trade receivables	**49,786,635**	**39,935,176**

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

Trade receivables (continued)

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

The movement of the provision for impairment is as follows:

	30 September 2016	31 December 2015
Balance at 1 January	5,552,647	3,422,536
Provision made during the period / year	4,432,213	2,282,745
Provisions no longer required during the period / year	(2,785,956)	(152,634)
	7,198,904	**5,552,647**

- Trade receivable balances, which have not been due till the balance sheet date and have no impairment indicators, amounted to EGP 18,453,403 (31 December 2015: EGP 35,433,463).

- At the balance sheet date, the balances that were past due 15 days (2015:30 days) but not impaired amounted to EGP 28,380,440 (31 December 2015: EGP 4,547,741) regarding customers and transactions with no history of default. The analysis of these balances' useful lives is as follows:

	30 September 2016	31 December 2015
Less than one month	19,929,385	3,593,436
From one to five months	8,451,055	954,305

10. Debtors and other debit balances

	30 September 2016	31 December 2015
Advances to contractors and suppliers	3,538,883	279,250
Withholding taxes	3,067,734	3,788,548
Prepaid expenses	1,769,205	1,439,113
Deposits with others	115,293	115,293
Due from employees	-	6,785,832
Due from related parties	-	11,730
Other debtors	1,125,490	838,425
	9,616,605	**13,258,191**

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

11. Cash on hand and at banks

	30 September 2016	31 December 2015
Deposits	5,350,000	15,000,000
Current accounts	346,424,627	23,355,130
Cash on hand	952,579	202,262
	352,727,206	**38,557,392**

Deposits are held with local banks in EGP and have maturity of 3 months to 1 year from the date of placement with fixed interest rate ranging from 10.75% to 12% (31 December 2015: 7% to 9%).

For the purpose of preparation of statement of cash flows, cash and cash equivalents balance comprises of:

	30 September 2016	31 December 2015
Cash on hand and at banks	352,727,206	38,557,392
Deposits with a maturity of more than 3 months from the date of placement	(5,350,000)	(15,000,000)
Cash and cash equivalents	**347,377,206**	**23,557,392**

12. Provisions

	30 September 2016	31 December 2015
Provision for human resources claims	2,949,000	2,307,000
Provision for claims	2,758,668	2,758,668
Provision against benefits of the employees over 60 years	777,400	910,057
Employees leave provision	553,000	147,092
Provision for stamp duty	56,200	56,200
	7,094,268	**6,179,017**

The movement of provisions during the period/ year is as follows:

	30 September 2016				
	Balance at the beginning of the period	**Formed during the period**	**Utilised during the period**	**Provisions no longer required**	**Balance at the end of the period**
Provision for human resources claims	2,307,000	642,000	-	-	**2,949,000**
Provision for claims	2,758,668	-	-	-	**2,758,668**
Provision against employees' benefits over 60 years	910,057	407,967	(231,606)	(309,018)	**777,400**
Employees leave provision	147,092	405,985	-	(77)	**553,000**
Provision for stamp duty	56,200	-	-	-	**56,200**
Total	**6,179,017**	**1,455,952**	**(231,606)**	**(309,095)**	**7,094,268**

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

Provisions (continued)

	31 December 2015				
	Balance at beginning of the year	**Formed during the year**	**Utilised during the year**	**Provisions no longer required**	**Balance at the end of the year**
Provision for human resources claims	-	2,307,000	-	-	**2,307,000**
Provision for claims	2,758,668	-	-	-	**2,758,668**
Provision against employees' benefits over 60 years	552,484	519,413	(161,840)	-	**910,057**
Employees leave provision	-	147,092	-	-	**147,092**
Provision for stamp duty	56,200	-	-	-	**56,200**
Total	**3,367,352**	**2,973,505**	**(161,840)**	**-**	**6,179,017**

	30 September 2015				
	Balance at beginning of the period	**Formed during the period**	**Utilised during the period**	**Provisions no longer required**	**Balance at the end of the period**
Provision for human resources claims	-	1,730,250	-	-	**1,730,250**
Provision for claims	2,758,668	-	-	-	**2,758,668**
Provision against employees' benefits over 60 years	552,484	389,560	(105,574)	-	**836,470**
Employees leave provision	-	110,319	-	-	**110,319**
Provision for stamp duty	56,200	-	-	-	**56,200**
Total	**3,367,352**	**2,230,129**	**(105,574)**	**-**	**5,491,907**

Provision for human resources claims
Other provisions for human resources comprise provisions for the restructure of the Company's employees.

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

Provision for the benefits of the employees over 60 years
It represents the provisions that have been made against benefits of employees over 60 years on their retirement in accordance with the law.

Employees leave provision
It is represented by employees' entitlements for not receiving their full leave balance in accordance with the law.

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

13. Creditors and other credit balances

	30 September 2016	31 December 2015
Accrued expenses	37,332,223	18,632,100
Suppliers and notes payable	21,179,049	12,999,727
Salaries Tax	9,513,979	7,596,817
Due to related parties	7,383,502	54,095,303
Social insurance	589,846	551,895
Other creditors	6,201,184	2,417,791
	82,199,783	**96,293,633**
Less:		
Creditors and other credit balances - non-current portion	(6,715,580)	(54,095,303)
	75,484,203	**42,198,330**

14. Borrowings

The borrowing balance is as follows:

	30 September 2016	31 December 2015
Total loan amount	391,414,800	203,000,000
Less: Current portion of borrowings	(45,137,251)	(40,600,000)
Non-current portion of borrowings	**346,277,549**	**162,400,000**

The borrowing balance during the period is as follows:

	30 September 2016			
	Balance at beginning of the period	**Proceeds during the period**	**Repaid during the period**	**Balance at the end of the period**
Commercial International Bank loan (1)	203,000,000	-	(20,300,000)	182,700,000
Commercial International Bank loan (2)	-	208,714,800	-	208,714,800
Total	**203,000,000**	**208,714,800**	**(20,300,000)**	**391,414,800**

	31 December 2015			
	Balance at beginning of the period	**Proceeds during the period**	**Repaid during the period**	**Balance at the end of the period**
Commercial International Bank loan (1)	-	203,000,000	-	203,000,000
Total	**-**	**203,000,000**	**-**	**203,000,000**

Borrowings (continued)

The details of borrowings are as follows:

A loan facility of EGP 203,000,000 from the Commercial International Bank to finance 100% of the cost of equity acquisition of Cairo Medical Centre. The loan will be due for repayment in ten equal semi-annual instalments commencing 30 September 2016 until 31 December 2020 at an interest rate of 2.4% in addition to the interest rate corridor declared by the Central Bank of Egypt.

A loan of EGP 230,000,000 from the Commercial International Bank (of which an amount of EGP 208,714,800 has been withdrawn up to the statement of financial position date) to finance 100% of the cost of equity acquisition of Al-Shorouk Hospital Company. The loan will be due for repayment in ten equal semi-annual instalments commencing 18 months after the first withdrawal date at an interest rate of 2,4% in addition to the interest rate corridor declared by the Central Bank of Egypt.

Main guarantees:

- The Company has pledged its shares in the Cairo Specialised Hospital S.A.E. amounting to 52.7% in favour of the Commercial International Bank.
- Also, Care Healthcare Ltd has pledged 51% of its shares in Cleopatra Hospital in favour of the Commercial International Bank.
- On 19 January 2016, Cleopatra Hospital obtained another loan from the Commercial International Bank worth of EGP 230 million. Care Healthcare Company pledged its remaining shares as a guarantee for the bank's loan of a total mortgage rate of 99.99%. In the event of Company's share capital increase, split of shares or issuance of additional shares for any reason, same shares shall remain pledged for the bank before and after the increase by 99.99% for Cairo Specialised Hospital S.A.E, 52.7% for Nile Badrawy Hospital S.A.E. and 100% for Al Shorouk Hospital S.A.E. of shares acquired by the Company. The percentage of shares pledged for the bank shall not be reduced.
- Cleopatra Hospital Company pledged all its owned shares in Al-Shorouk Hospital as a guarantee for the same loan.
- Cleopatra Hospital Company S.A.E pledged 51% of its owned shares in Nile Badrawy Hospital S.A.E. as a guarantee for the same loan.

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

15. Share capital

At 31 December 2015, the issued and paid up capital comprises 8 million shares of EGP 10 each, totalling EGP 80 million. The underwriting was as follows:

Name	Number of shares	Nominal value
Care Healthcare Ltd	7,999,998	79,999,980
Amr Abdul Kareem Tawheed Hilal	1	10
Walid Fayez Said	1	10
Total	**8,000,000**	**80,000,000**

On 6 April 2016, the Company's General Assembly approved the division of shares bringing the number to 160 million shares of EGP 0.5 each, totalling EGP 80 million. Accordingly, the share capital is as follows:

Name	Number of shares	Nominal value
Care Healthcare Ltd	159,999,960	79,999,980
Amr Abdul Kareem Tawheed Hilal	20	10
Walid Fayez Said	20	10
Total	**160,000,000**	**80,000,000**

On 2 June 2016, 40 million shares of the shares held by Care Healthcare Ltd. have been traded in the Egyptian Exchange through 2 tiers, public offering and private offering. Accordingly, the Company's shareholder structure has changed as follows:

Name	Number of shares	Nominal value
Care Healthcare Ltd	119,999,960	59,999,980
Private offering	34,000,000	17,000,000
Public offering	6,000,000	3,000,000
Amro Abdul Kareem Tawheed Hilal	20	10
Walid Fayez Said	20	10
Total	**160,000,000**	**80,000,000**

In accordance with the Extraordinary General Assembly's resolution issued on 6 April 2016 whose minutes of meeting has been approved by the General Authority for Investment and Free Zones on 14 April 2016, it was approved to freeze 100% of the majority shareholder's share in Care Healthcare Ltd. At the meeting of the General Assembly until listing in the Egyptian Stock Exchange. Freezing the shares not sold through the public and/or private offering shall be effective for six months commencing on the date the Company's shares are traded in the Egyptian Stock Exchange, in addition to the freeze of 51% of the majority shareholder's share in Care Healthcare Ltd., t at the date of the General Assembly, the owner of 99.9% of the Company's shares for two financial years commencing on the date the Company's shares are traded in the Egyptian Stock Exchange, in compliance with the provisions of Clause (7) of Article (7) of listing rules of the Egyptian Stock Exchange.

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

Share capital (continued)

- Pursuant to the resolution of the Extraordinary General Assembly meeting held on 6 April 2016, the Company's issued share capital was approved to be increased within the limits of Company's authorised share capital, provided that such increase shall be implemented after completion of the secondary offering and be capped at the same number of shares allocated for public and private offerings at the final offering price. The increase shall be funded from the proceeds of the secondary offering after liquidating the share stability account, without applying senior shareholders' priority subscription rights to the increase. Such increase shall be entirely allocated to Care Healthcare Ltd, t d. the majority shareholder, against the shares offered for the public and private offerings in accordance with the terms set out in the prospectus. Also, the Extraordinary General Assembly decided to authorise the BOD to implement this increase and amend Article 6 and Article 7 of the Company's Memorandum of Association depending on the results of the secondary offering and the related increase. The subscribers in the public and private offerings may not subscribe to this increase. Consequently, and in accordance with the minutes of the Board's meeting dated 17 July 2016 and approved by the GAFI on 21 July 2016 and the amending contract approved on 3 August 2016 registered under No. 1598 of 2016, the Company's share capital has been increased to EGP 100,000,000 fully paid and divided into 200,000,000 shares of EGP 0.5 each.

Based on the above, the issued and paid share capital was increased to EGP 20,000,000 (nominal value of 0.5% EGP/Share) through public and private offerings with proceeds totalling EGP 360,000,000 representing share capital with nominal value of EGP 20,000,000. The remaining value amounting EGP 340,000,000 was distributed as set out in Note 16(d). Shares to increase the Company's share capital were allocated on 3 August 2016 and indicated in the commercial registry dated 7 August 2016. Thus, the Company's capital structure was changed to become as follows:

Name	Number of shares	Nominal value
Care Healthcare Ltd.	159,999,960	79,999,980
Ahmed Al Sayyed Al Sayyed Hassan	1,200,000	600,000
Al Sayyed Al Sayyed Hassan Mousa	1,000,000	500,000
Tenth portfolio for National Investment Bank	980,000	490,000
Other shareholders	36,820,040	18,410,020
Total	**200,000,000**	**100,000,000**

Details of public and private offerings are as below:

a. **Public offering**

Public offering was opened on 22 May 2016 and closed at the end of business day on 30 May 2016. The number of offered shares amounted 6 million shares at offering price EGP 9 per share, totalling EGP 54,000,000. The offering was received in a number of 171,600,000 shares of total amount EGP 1,544,400,000. Thus, the covering ratio amounted 28.6 times the number of shares offered for the IPO. Allocation is made for each subscriber proportionally between the total shares offered for sale and the total shares required for purchase, taking into account rounding the fractions of numbers in favour of minority investors.

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

Share capital (continued)

b. Private offering

A number of 14,000,000 shares totalling EGP 126,000,000 were subscribed at offering price EGP 9 per share. Care Healthcare Ltd. subscribed to the share capital increase by 20,000,000 shares totalling EGP 180,000,000 at offering price EGP 9 per share.

16. Reserves

(1) Legal reserve

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

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

	30 September 2016		
	Balance at beginning of the period	**Formed during the Period**	**Balance at the end of the period**
Legal reserve	13,827,660	36,172,340	50,000,000
Total	**13,827,660**	**36,172,340**	**50,000,000**

In accordance with article (94) of the executive regulation of Companies Law No. 159 of 1981, an amount of EGP 32.938.637 was used from the proceeds of the public and private offerings to increase the legal reserve to equal 50% of the issued capital.

	31 December 2015		
	Balance at beginning of the period	**Formed during the Period**	**Balance at the end of the period**
Legal reserve	11,637,554	2,190,106	13,827,660
Total	**11,637,554**	**2,190,106**	**13,827,660**

	30 September 2015		
	Balance at beginning of the period	**Formed during the Period**	**Balance at the end of the period**
Legal reserve	11,637,554	-	11,637,554
Total	**11,637,554**	**-**	**11,637,554**

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

Reserves (continued)

(2) Special reserve

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

Below is the movement of the special reserve during the period:

	30 September 2016		
	Balance at beginning of the period	**Formed during the Period**	**Balance at the end of the period**
Special reserve	-	47,379,722	47,379,722
Total	**-**	**47,379,722**	**47,379,722**

(3) Other reserves

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

Below is the movement of other reserves during the period:

	30 September 2016				
	Payment	**Number of shares**	**Nominal value**	**Share capital**	**Share premium**
Public offering	54,000,000	6,000,000	EGP 0,5	3,000,000	51,000,000
Private offering and share capital increase	306,000,000	34,000,000	EGP 0,5	17,000,000	289,000,000
Expenses of shares issued*	-	-	-	-	(30,793,116)
Transfer to legal reserve**	-	-	-	-	(32,938,673)
Total	**360,000,000**	**40,000,000**		**20,000,000**	**276,268,211**

* Expenses of shares issued amounting EGP 30.793.116 represent the expenses of offering the shares of the increase of the Company's share capital (public and private offerings) which include expenses of registration and promoting in addition to other professional and legal expenses.

** In accordance with Article (94) of the executive regulation of Companies Law No. 159 of 1981, an amount of EGP 32,938,673 was used from the proceeds of the public and private offerings to increase the legal reserve to equal 50% of the issued capital.

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

17. Operating revenue

	Nine months ended 30 September		Three months ended 30 September	
	2016	2015	2016	2015
Outpatient clinics revenue	52,483,271	45,008,855	17,109,488	15,335,988
Surgeries revenue	52,732,262	46,450,336	18,956,349	16,753,639
Inpatient and medical supervision revenue	47,700,078	42,575,789	17,305,119	13,481,198
Laboratories revenue	24,695,204	22,006,930	9,266,224	7,766,406
Cardiac catheterization revenue	20,625,512	18,665,579	5,642,906	6,472,288
Emergency revenue	22,336,516	19,738,397	7,424,058	7,024,142
Radiology revenue	16,229,436	15,185,945	5,640,726	5,576,615
Service charge revenue	12,499,979	10,630,917	4,688,351	3,755,605
Pharmacy revenue	7,622,587	4,048,252	2,530,703	1,250,020
Dentistry revenue	6,694,014	5,949,073	2,354,583	1,711,905
physiotherapy revenue	4,278,652	3,725,552	1,260,621	1,233,323
Heart tests revenue	2,913,169	2,633,853	914,837	900,973
Endoscopy revenue	2,305,278	1,842,768	782,898	590,848
	273,115,958	**238,462,246**	**93,876,863**	**81,852,950**

18. Operating costs

	Nine months ended 30 September		Three months ended 30 September	
	2016	2015	2016	2015
Doctors' fees	65,987,906	57,801,733	21,831,328	20,132,031
Medical and pharmaceutical supplies	44,521,071	38,003,716	14,965,511	11,241,656
Employees' salaries, wages and benefits	44,826,234	40,592,544	15,818,286	11,820,115
Maintenance, spare parts and energy costs	4,625,926	3,162,691	1,699,689	1,204,048
Food, beverage and consumables costs	3,999,602	5,195,729	1,409,308	1,446,853
Fixed assets depreciation	3,367,743	2,567,011	1,131,316	859,687
Other expenses	1,815,997	1,912,210	789,953	364,448
	169,144,479	**149,235,634**	**57,645,391**	**47,068,838**

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

19. General and administrative expenses

	Nine months ended 30 September		Three months ended 30 September	
	2016	**2015**	**2016**	**2015**
Employees' salaries, wages and benefits	22,131,521	18,696,763	7,559,075	7,225,528
Professional and consulting fees	2,558,415	498,295	252,125	318,393
Fixed assets depreciation	3,075,962	2,346,185	1,031,923	778,045
Net impairment of trade receivable	1,646,256	1,712,059	92,878	1,620,206
Food, beverage and consumables costs	1,084,771	707,731	375,438	337,713
Maintenance, spare parts and energy costs	597,238	2,123,988	242,690	1,954,572
Rentals	463,254	647,000	154,918	264,364
Donations	419,670	556,040	139,890	139,890
Bank charges and expenses	286,043	305,707	94,183	91,612
Other expenses	2,729,921	1,766,284	789,404	(369,132)
	34,993,051	**29,360,052**	**10,732,524**	**12,361,191**

20. Other income / (expenses)

	Nine months ended 30 September		Three months ended 30 September	
	2016	**2015**	**2016**	**2015**
Buffet income and cafeteria concession	782,804	479,117	260,927	156,011
Rent	126,743	107,630	42,381	31,710
Other income	656,219	70,728	(758,860)	5,705
	1,565,766	**657,475**	**(455,552)**	**193,426**

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

21. Expense by nature

	Nine months ended 30 September		Three months ended 30 September	
	2016	2015	2016	2015
Doctors' fees	65,987,906	57,801,733	21,831,328	20,132,031
Employees' salaries, wages and benefits *	66,957,755	59,289,307	23,377,361	19,045,643
Medical and pharmaceutical supplies	44,521,071	38,003,716	14,965,511	11,241,656
Fixed assets depreciation	6,443,705	4,913,196	2,163,239	1,637,732
Food, beverage and consumables costs	5,084,373	5,903,460	1,784,746	1,784,566
Maintenance, spare parts and energy costs	5,223,164	5,286,679	1,942,379	3,158,620
Net impairment of trade receivable	1,646,256	1,712,059	92,878	1,620,206
Bank charges and expenses	286,043	305,707	94,183	91,612
Other expenses **	7,987,257	5,379,829	2,126,290	717,964
	204,137,530	**178,595,686**	**68,377,915**	**59,430,029**

* Employees' costs

	Nine months ended 30 September		Three months ended 30 September	
	2016	2015	2016	2015
Salaries and wages	56,303,455	49,706,751	19,567,513	16,626,448
Bonuses and incentives	6,771,357	5,827,485	2,522,013	1,033,217
Social insurance	3,368,414	3,226,069	1,147,423	1,070,723
Employees' benefits	514,529	529,002	140,412	315,255
	66,957,755	**59,289,307**	**23,377,361**	**19,045,643**

** Other expenses item includes an amount of EGP 330,000 (30 September 2015: EGP Nil) which represents directors' sitting fees.

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

22. Finance (expenses)/ income

	Nine months ended 30 September		Three months ended 30 September	
	2016	2015	2016	2015
Credit interset	9,259,577	3,529,540	6,385,226	1,128,810
Currency translation differences	14,082	94,362	-	(118,403)
Total finance income	**9,273,659**	**3,623,902**	**6,385,226**	**1,010,407**
Finance interest	39,089,036	984,682	12,398,892	984,682
Bank commissions	2,258,419	61	(341,650)	-
Total finance expenses	**41,347,455**	**984,743**	**12,057,242**	**984,682**
Net finance (expenses) / income	**(32,073,796)**	**2,639,159**	**(5,672,016)**	**25,725**

23. Income taxes

Income tax expense as shown in the statement of income is as follows:

	Nine months ended 30 September		Three months ended 30 September	
	2016	2015	2016	2015
Current income tax for the period	9,852,417	15,080,926	4,611,376	5,605,287
Deferred tax	(992,467)	(737,250)	(287,149)	(423,004)
	8,859,950	**14,343,676**	**4,324,227**	**5,182,283**

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

	Nine months ended 30 September		Three months ended 30 September	
	2016	2015	2016	2015
Net profit before taxation	37,323,540	60,933,065	19,075,925	21,898,696
Income tax calculated based on the applicable local tax rate	8,397,797	13,709,940	4,292,083	4,927,207
Add / (less):				
Non-deductible expenses	1,178,078	657,490	39,320	255,076
Income not subject to tax	(732,800)	(23,754)	(7,176)	-
Prior years adjustments	16,875	-	-	-
Income taxes	**8,859,950**	**14,343,676**	**4,324,227**	**5,182,283**
Effective tax rate	**23.7%**	**23.5%**	**22.7%**	**23.7%**

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

Income taxes (continued)

Current income tax liabilities	30 September 2016	31 December 2015
Balance at 1 January	20,603,310	21,372,222
Payments made during the period / year	(20,620,186)	(21,372,222)
Tax payable during the period/ year	9,852,417	20,603,310
	9,835,541	**20,603,310**

24. Deferred tax

Deferred tax assets:	30 September 2016	31 December 2015
Provisions (other than provision for claims)	975,510	769,579
Deferred tax liabilities		
Fixed assets depreciation	(1,394,559)	(2,181,095)
Deferred tax - liability	**(419,049)**	**(1,411,516)**

Following is the movement in deferred tax account:

	30 September 2016	31 December 2015
Deferred tax assets		
Balance at 1 January	769,579	-
Charged to the statement of income	205,931	769,579
Balance at 31 December	**975,510**	**769,579**
Deferred tax liabilities		
Balance at 1 January	(2,181,095)	(2,297,713)
Charged to the statement of income	786,536	116,618
Balance at 31 December	**(1,394,559)**	**(2,181,095)**
Net deferred tax liabilities	**(419,049)**	**(1,411,516)**

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

25. Earnings per share

Basic earnings per share for the year is calculated by dividing the net profit for the year by the number of outstanding shares during the nine-month period ended 30 September 2016. As no dividends are proposed, the net profit available for distribution is calculated as the net profit for the period without deducting the employees' share of profit and remuneration of directors. The earnings per share amounted to EGP 0.14 (30 September 2015: EGP 6.47).

	Nine months ended 30 September		Three months ended 30 September	
	2016	2015	2016	2015
Net profit available for distribution	28,463,590	46,589,389	14,751,679	16,716,413
Number of issued and paid up shares (Note 15)	200,000,000	8,000,000	200,000,000	8,000,000
Earnings per share	**0.14**	**5.82**	**0.07**	**2.09**

26. Related party transactions

The Company during the year deals with certain related parties. The Balances with related parties at the financial statements date as well as the transactions during the year are as follows:

Balance sheet balances

Related parties	Nature of transaction	Balance at 30 September 2016	Balance at 31 December 2015
Care Healthcare Company (Parent Company)			
Creditors and other credit balances (Note 13)	Financing	-	47,379,723
Nile Badrawi Hospital (subsidiary)			
Creditors and other credit balances (Note 13)	Financing	6,715,580	6,715,580
Interest receivable	Interest	667,923	-
Cairo Specialised Hospital (subsidiary)			
	Salaries and wages	378,000	785,787
	Employees' incentive expenses	-	179,500
	Rental expenses	84,843	102,840
	Other expenses	95,789	23,355
	Collected during the period / year	(570,362)	(1,079,752)
	Balance at end of the period	-	11,730
Cairo Specialised Hospital (subsidiary)			
Creditors and other credit balances (Note 13)	Medical services	-	4,640

Related party transactions (continued)

- Amounts due to Nile Badrawy Hospital will only be repaid 5 years after the year ended 31 December 2015, provided that sufficient cash shall be available. These amounts bear an interest rate of 2.4% in addition to the interest rate corridor declared by the Central Bank of Egypt.
- Accrued interest represents the value of interest due during the period from 1 January 2016 till 30 September 2016 on the amounts due to Nile Badrawy Hospital at an interest rate of 2.4% in addition to the interest rate corridor declared by the Central Bank of Egypt.

27. Tax position

(1) General taxes

- The Company was inspected till 31 December 2013. A tax clearance certificate was obtained from the tax authority.
- Tax returns are regularly submitted on time.
- The Company was inspected for the year 2014, and form No. 19 was issued on 16 May 2016 under No. 12262. An appeal was filed against this form on 12 June 2016.
- The Company was not inspected for the year 2015.

(2) Sales taxes

- The Company was inspected till 31 December 2004.
- The Company was not inspected for the years from 2005 to 2015.

(3) Salaries tax

- The Company was inspected till 31 December 2013. All accruals were paid and a tax clearance certificate was obtained from the tax authority.
- Tax on earning was inspected for the year 2014, and no forms were issued till the end of Q2 of 2016.
- The Company was not inspected for the year 2015.

(4) Stamp duty tax

- The Company was inspected till 31 July 2006, and settlement was made.
- The Company was inspected during the period from 1 August 2006 to 31 December 2013. The Company was notified, through a form No. 19s dated 23 April 2015, of tax assessment of EGP 72.966 for this period. The Company filed an objection to the assessment on 3 May 2015. The internal Committee is in the process of fixing a date to resolve this issue.
- The Company was not inspected for the years 2014 and 2015.

28. Subsequent events

In accordance with the board's resolution dated 25 August 2016, Cleopatra Hospital S.A.E. started an acquisition study to acquire the remaining shares of Cairo Specialised Hospital S.A.E. in addition to the appointment of EFG-Hermes as advisor of the Company in the acquisition process and assigning the board chairman and managing director in determining their fees and fees for legal advisor and signing their contracts.