

**CLEOPATRA HOSPITAL S.A.E.
(EGYPTIAN JOINT STOCK COMPANY)**

**LIMITED REVIEW REPORT AND SEPARATE INTERIM
FINANCIAL STATEMENTS FOR THE SIX-MONTH
PERIOD ENDED 30 JUNE 2016**

CLEOPATRA HOSPITAL S.A.E.

Separate interim financial statements - For the six-month period ended 30 June 2016

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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 have reviewed the interim separate financial statements of Cleopatra Hospital "S.A.E" ("the Company") representing the separate statement of financial position as at 30 June 2016, the related interim separate statements of income, comprehensive income, changes in shareholders' equity and cash flows for the six months period then ended, 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 separate financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is to express an opinion on these separate 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 Information Performed by the Independent Auditor of the Entity". A limited review of separate statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these separate financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate financial statements do not present fairly, in all material respects, the separate financial position of the Company as at 30 June 2016 and its financial performance and its cash flows for the six-month period then ended in accordance with the Egyptian Standards on Auditing.



The Board of Directors of Cleopatra Hospital S.A.E.
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Emphasis of matter

The corresponding figures for the separate statements of income, comprehensive income, changes in shareholders' equity and cash flows for the period from 1 January 2015 to 30 June 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



27 August 2016
Cairo

CLEOPATRA HOSPITAL S.A.E.

Separate interim statement of financial position - At 30 June 2016

(All amounts in Egyptian Pounds)

	Note	30 June 2016	31 December 2015
<u>Non-current assets</u>			
Fixed assets	5	59,294,797	61,804,067
Investments in subsidiaries	6	605,189,399	366,047,399
Total non-current assets		664,484,196	427,851,466
<u>Current assets</u>			
Held-to-maturity investments	7	-	38,080
Inventories	8	7,694,111	7,869,572
Trade receivables	9	42,957,695	39,935,176
Debtors and other debit balances	10	10,688,854	13,258,191
Cash at banks and on hand	11	50,245,633	38,557,392
Total current assets		111,586,293	99,658,411
Total assets		776,070,489	527,509,877
<u>shareholders' equity</u>			
Share capital	15	80,000,000	80,000,000
legal reserve	16	17,061,327	13,827,660
Special reserve	16	47,379,722	-
Retained earnings		105,275,424	106,194,741
Total shareholders' equity		249,716,473	200,022,401
<u>Non-current liabilities</u>			
Creditors and other credit balances - non-current portion	13	19,739,266	54,095,303
Non-current portion of borrowings	14	371,114,800	162,400,000
Deferred income tax liabilities	24	706,198	1,411,516
Total non-current liabilities		391,560,264	217,906,819
<u>Current liabilities</u>			
Provisions	12	6,900,868	6,179,017
Creditors and other credit balances	13	82,068,718	42,198,330
Current portion of borrowings	14	40,600,000	40,600,000
Current income tax liabilities	23	5,224,166	20,603,310
Total current liabilities		134,793,752	109,580,657
Total liabilities		526,354,016	327,487,476
Total liabilities and shareholders' equity		776,070,489	527,509,877

The accompanying notes on pages 8 - 34 from an integral part of these financial statements.


Mr. Khaled Hassan Ahmed
Group Head of Finance

Cairo on 25 August 2016

Limited review report is attached


Mr. Ahmed Ezzeddine Mahmoud
Chairman and Managing Director

CLEOPATRA HOSPITAL S.A.E.

**Separate interim statement of income
For the six months period ended 30 June 2016**

(All amounts in Egyptian Pounds)

	Note	Six months ended 30 June		Three months ended 30 June	
		2016	2015	2016	2015
Operating revenue	17	179,239,095	156,609,296	87,581,763	81,278,182
Less:					
Operating costs	18	(111,499,088)	(102,166,796)	(54,143,144)	(53,378,802)
Gross profit		67,740,007	54,442,500	33,438,619	27,899,380
Add / (Less)					
General and administrative expenses	19	(24,260,527)	(16,998,861)	(16,947,560)	(9,425,782)
Provisions	12	(851,384)	(1,486,753)	(787,621)	(743,377)
Other income	20	2,021,318	464,049	1,544,891	216,569
Finance income	22	2,888,433	2,613,495	1,473,415	1,455,970
Finance costs	22	(29,290,213)	(61)	(15,202,496)	-
Profit for the period before income tax		18,247,634	39,034,369	3,519,248	19,402,760
Curret tax	23	(5,241,041)	(9,475,639)	(1,620,279)	(4,690,386)
Deferred tax	24	705,318	314,246	480,792	59,005
Profit after income tax		13,711,911	29,872,976	2,379,761	14,771,379

The accompanying notes on pages 8 - 34 from an integral part of these financial statements.

CLEOPATRA HOSPITAL S.A.E.

**Separate interim statement of comprehensive income
For the six months period ended 30 June 2016**

(All amounts in Egyptian Pounds)

	Note	Six months ended 30 June 2016	2015	Three months ended 30 June 2016	2015
Profit for the period	17	13,711,911	29,872,976	2,379,761	14,771,379
Other comprehensive income	18	-	-	-	-
Comprehensive income for the period		13,711,911	29,872,976	2,379,761	14,771,379

The accompanying notes on pages 8 - 34 from an integral part of these financial statements.

CLEOPATRA HOSPITAL S.A.E.

**Separate interim statement of changes in shareholders' equity
For the six months period ended 30 June 2016**

(All amounts in Egyptian Pounds)

	Capital	Legal reserve	Special reserve	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	-	-	-	29,872,976	29,872,976
Balance at 30 June 2015	80,000,000	11,637,554	-	73,567,618	165,205,172
Balance at 1 January 2016	80,000,000	13,827,660	-	106,194,741	200,022,401
Dividends	-	-	-	(11,397,561)	(11,397,561)
Legal reserve	-	3,233,667	-	(3,233,667)	-
Special reserve	-	-	47,379,722	-	47,379,722
Comprehensive income for the period	-	-	-	13,711,911	13,711,911
Balance at 30 June 2016	80,000,000	17,061,327	47,379,722	105,275,424	249,716,473

The accompanying notes on pages 7 - 30 from an integral part of these financial statements.

CLEOPATRA HOSPITAL S.A.E.

**Separate interim statement of cash flows
For the six months period ended 30 June 2016**

(All amounts in Egyptian Pounds)

	<u>Note</u>	<u>30 June 2016</u>	<u>30 June 2015</u>
<u>Cash flows from operating activities</u>			
Net profit before tax		18,247,634	39,034,369
Adjustments to reconcile net income to cash flows from operating activities			
Depreciation	5	4,280,466	3,275,464
Provisions	12	1,160,892	1,486,753
Impairment of customers' balances	9	1,553,378	91,853
Provisions no longer required	9	(309,508)	-
Interests and commissions		29,290,213	61
Credit interest		(2,874,342)	(2,613,495)
Income tax paid		(20,620,185)	(21,372,222)
Operating profits before changes in working capital		30,728,548	19,902,783
Changes in working capital			
Change in inventories		175,461	(400,264)
Change in trade receivables		(4,575,897)	(3,164,016)
Change in debtors and other debit balances		(8,828,224)	18,689,844
Change in creditors and other credit balances		23,603,860	(26,114,506)
Provisions utilized	12	(129,533)	(105,573)
Net cash flows generated from operating activities		40,974,215	8,808,268
<u>Cash flows from investing activities</u>			
Payments to purchase fixed assets		(1,037,748)	(2,696,802)
Payments for projects under construction		(733,448)	-
Proceeds from bonds		38,080	-
Interests received		2,874,342	2,613,495
Payments to investments in subsidiaries		(239,142,000)	-
Deposits with maturity of more than 3 months from the date of placement		15,000,000	-
Net cash flows used in investing activities		(223,000,774)	(83,307)
<u>Cash flows from financing activities</u>			
Proceeds from borrowings		208,714,800	-
Interests and commissions paid		-	(61)
Net cash flows generated from / (used in) financing activities		208,714,800	(61)
Change in cash and cash equivalents during the period		26,688,241	8,724,900
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	50,245,633	62,356,954

The accompanying notes on pages 8 - 34 from an integral part of these financial statements.

CLEOPATRA HOSPITAL S.A.E.

Notes to the separate interim financial statements For the six-month period ended 30 June 2016

(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 establishing 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 such entities or merge therewith as approved by GAFI.

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

These separate interim financial statements have been approved for issuance by the management of the Company on 25 August 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.

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.

CLEOPATRA HOSPITAL S.A.E.

Notes to the separate interim financial statements For the six-month period ended 30 June 2016

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

Basis of preparation (continued)

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 six-month period ended 30 June 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 losses, and the dividends are recognised in the statement of income when such dividends are approved and the Parent Company's right to receive 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, the business results of the Company will be presented in two separate statements, the first one will present the components of the revenue and expenses 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). The financial risks and fair value measurement have been disclosed in more details.

CLEOPATRA HOSPITAL S.A.E.

Notes to the separate interim financial statements For the six-month period ended 30 June 2016

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

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 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 and included in 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 when the asset is acquired. These costs will be depreciated at the lower of the asset's remaining useful life and 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 and equipment	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 estimated recoverable amount. 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.

CLEOPATRA HOSPITAL S.A.E.

Notes to the separate interim financial statements For the six-month period ended 30 June 2016

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

D) Inventories

Inventories are measured at the lower of actual cost and net realisable value. Cost is determined using the weighted average method and includes purchase cost and other direct costs. The net realisable value comprises the estimated selling price in the ordinary course of business, less sale expenses. Impairment 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 are 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:

1. The financial assets are measured on acquisition at fair value plus transaction costs.
2. 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.
3. 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 end of 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.

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.

CLEOPATRA HOSPITAL S.A.E.

Notes to the separate interim financial statements For the six-month period ended 30 June 2016

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

Financial assets (continued)

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 outflow resources 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. The trade payables are initially recognised at fair value of products and services received from others, whether they have been billed or not. Long term liabilities are recognised at their present value, and trade payables are subsequently shown at amortised cost using the effective interest method.

CLEOPATRA HOSPITAL S.A.E.

Notes to the separate interim financial statements

For the six-month period ended 30 June 2016

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

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 transaction costs) and the redemption value is recognised in the separate 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 costs of those assets. 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 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. The 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 and trade and notes payable for rendering medical services and sale of medicine throughout the Company's ordinary course of business, net of 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 is not considered as 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.

Medical services revenue

The Company, through Cleopatra Hospital, renders several medical services, including surgeries, inpatient services, medical supervision, analyses, tests, rays and outpatient services. Revenue from medical service is recognised when the service is rendered to the patient.

CLEOPATRA HOSPITAL S.A.E.

Notes to the separate interim financial statements For the six-month period ended 30 June 2016

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

Revenue recognition (continued)

Sale of medicine revenue

The Company sells medicine through an in-house 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 statement of income 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. The deferred income taxes are not accounted for if it arises from initial recognition of an asset or liability other than those arising from business combination that at the time of the transaction affects neither accounting nor taxable income.

Deferred income tax is determined using tax rates in accordance with the law prevailing at the 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, if any.

CLEOPATRA HOSPITAL S.A.E.

Notes to the separate interim financial statements

For the six-month period ended 30 June 2016

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

Q) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement depends on the assumption that a transaction of selling an asset or transferring a liability takes place either:

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

The Company should be able to access the principal market or the most advantageous market.

The fair value of asset or liability is measured using the assumptions that could be applied by the market's participants upon pricing the asset or liability, assuming that the market's participants are acting for their benefit.

The fair value measurement of non-financial asset takes into account the ability of the participant to generate economic benefits through the highest and best use of the asset or selling it to another market participant who will make best use of it.

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.

The fair value of all assets and liabilities is measured or disclosed in the financial statements and included within 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 observable.

For the assets and liabilities within the separate interim financial statements on recurring basis, the Company determines the level in case of transfers between fair value hierarchies through revaluation of classification (on the basis of the lowest level input that is significant to the fair value measurement in its entirety) at the end of each financial period.

The management sets the policies and procedures for fair value measurement on recurring or non-recurring basis. An external valuers are engaged in major assets evaluation. The valuer selection criteria comprise market knowledge, reputation, independence and maintenance of ethical requirements. 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.

CLEOPATRA HOSPITAL S.A.E.

Notes to the separate interim financial statements For the six-month period ended 30 June 2016

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

R) Corresponding figures

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

3. Financial risk management

(1) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including risks of fluctuations in foreign currency and interest rates), 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 through monitoring 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

Fluctuations of foreign currency rates

Foreign currency risk represents the fluctuations 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 year, the net foreign currency financial assets denominated in EGP was as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
USD	167,251	37,933

At 30 June 2016, if the EGP had weakened/strengthened by 10% against the USD with all other variables held constant, net profit after taxes would have increased / decreased as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
USD	16,725	3,793

CLEOPATRA HOSPITAL S.A.E.

Notes to the separate interim financial statements For the six-month period ended 30 June 2016

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

Financial risk management (continued)

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 exposed to cash flow risks.

B) Credit risk

Credit risk arises from cash and bank balances, deposits with banks, as well as credit exposures to customers. 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 its 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 Department establishes a provision for impairment of 100% for defaulted customers for more than 150 days from the invoice date, in addition to a group based provision at historical default rates.

Balances exposed to credit risks are as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Cash at banks	49,389,692	38,355,130
Trade receivables	50,063,721	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.

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Notes to the separate interim financial statements For the six-month period ended 30 June 2016

(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 at the balance sheet date by maturity:

	<u>Less than 3 months</u>	<u>3 months to 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>
Suppliers	16,623,466	-	-	-
Notes payable	794,164	-	-	-
Due to related parties	-	-	-	7,145,938
Loans and financing interests	39,100,753	33,603,992	540,973,182	-
Accrued expenses	1,857,466	-	-	-
Other credit balances	2,654,043	19,997,423	-	905,230

(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 June 2016 and 31 December 2015 is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Creditors & other credit balances	101,807,984	96,293,633
Borrowings	411,714,800	203,000,000
Less: Cash at banks and on hand	(50,245,633)	(38,557,392)
Net debt	463,277,151	260,736,241
Total shareholders' equity	249,716,473	200,022,401
Total capital	712,993,624	460,758,642
Net debt to total capital ratio	65%	56.58%

Net debt to total capital ratio changed due to the loan obtained by the Company during the six-month period ended 30 June 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 loans approximate its carrying amount as both loans were issued at a variable rate linked to the interest rate corridor declared by the Central Bank of Egypt.

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

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 receivables and customer balances

Impairment of receivable and customer balances is estimated by monitoring ageing of receivables. The Company'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 on the basis of 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.

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**Notes to the separate interim financial statements
For the six-month period ended 30 June 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 improvement	Projects under construction	Total 2016
Assets 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	-	695,615	160,039	-	-	182,094	-	733,448	1,771,196
Assets cost at 30 June 2016	14,967,000	67,514,345	5,248,722	43,555,103	2,276,293	1,397,856	386,953	733,448	136,079,720
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 for the period	-	2,017,634	329,568	1,527,887	97,287	168,877	139,213	-	4,280,466
Accumulated depreciation at 30 June 2016	-	54,768,755	4,160,350	15,380,512	1,338,424	928,811	208,071	-	76,784,923
Net book value at 30 June 2016	14,967,000	12,745,590	1,088,372	28,174,591	937,869	469,045	178,882	733,448	59,294,797

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For the six-month period ended 30 June 2016**

(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 improvement	Projects under construction	Total 2015
Cost 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)	-
Fixed assets write-off	-	(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 assets written-off	-	(85,985)	(188,869)	(1,831)	(214)	(29,191)	-	-	(306,090)
Depreciation for the year	-	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 book 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

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Notes to the separate interim financial statements For the six-month period ended 30 June 2016

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

6. Investments in subsidiaries

	Percentage of investment	Country of incorporation	30 June 2016	31 December 2015
Investment in Nile Badrawi Hospital	99.92%	Egypt	259,004,947	259,004,947
Investment in Al Shorouk Hospital	99.99%	Egypt	239,142,000	-
Investment in Cairo Specialised Hospital	52.7%	Egypt	107,042,452	107,042,452
			<u>605,189,399</u>	<u>366,047,399</u>

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 six-month period ended 30 June 2016, the Company 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 June 2016	31 December 2015
Medical supply inventory	6,758,334	6,767,528
Medical supply inventory- cardiac catheterization	643,794	602,666
Pharmacy inventory	291,983	499,378
	<u>7,694,111</u>	<u>7,869,572</u>

9. Trade receivables

	30 June 2016	31 December 2015
Due from customers	48,484,339	44,246,714
Income from inpatients	1,579,381	1,241,109
Less:		
Impairment of customers' balances	(7,106,025)	(5,552,647)
Net trade receivables	<u>42,957,695</u>	<u>39,935,176</u>

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.

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Notes to the separate interim financial statements For the six-month period ended 30 June 2016

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

Trade receivables (continued)

The movement of the provision for impairment is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Balance at 1 January	5,552,647	3,422,536
Provision made during the period / year	4,339,334	2,282,745
Provisions no longer required	(2,785,956)	(152,634)
	<u>7,106,025</u>	<u>5,552,647</u>

- Trade receivable balances, which have not been due till the balance sheet date and have no impairment indicators, amounted to EGP 16,623,545 (31 December 2015: EGP 35,433,463).
- At the balance sheet date, the balances that were past due but not impaired amounted to EGP 25,303,019 (31 December 2015: EGP 4,547,741) regarding customers and transactions with no history of default. The analysis of the ageing of these balances as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Less than 1 month	17,256,270	3,593,436
From one to five months	8,046,749	954,305

10. Debtors & other debit balances

	<u>30 June 2016</u>	<u>31 December 2015</u>
Subscription and stock market exchange registration expenses	4,194,044	-
Advances to contractors and suppliers	2,737,918	279,250
Withholding taxes	2,090,683	3,788,548
Prepaid expenses	794,326	1,439,113
Deposits with others	115,293	115,293
Due from employees	-	6,785,832
Due from related parties	-	11,730
Sundry debtors	756,590	838,425
	<u>10,688,854</u>	<u>13,258,191</u>

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Notes to the separate interim financial statements For the six-month period ended 30 June 2016

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

11. Cash on hand and at banks

	<u>30 June 2016</u>	<u>31 December 2015</u>
Deposits	-	15,000,000
Current accounts	49,389,692	23,355,130
Cash on hand	855,941	202,262
	<u>50,245,633</u>	<u>38,557,392</u>

Term deposits are held with local banks in the EGP and have maturity of 3 to 6 months from the date of placements with fixed rate ranging from 7% to 9% per annum (31 December 2015: 7% to 9%).

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

	<u>30 June 2016</u>	<u>31 December 2015</u>
Cash on hand and at banks	50,245,633	38,557,392
Deposits with a maturity of more than 3 months from the date of placement	-	(15,000,000)
Cash and cash equivalents	<u>50,245,633</u>	<u>23,557,392</u>

12. Provisions

	<u>30 June 2016</u>	<u>31 December 2015</u>
Provision for other claims - human resources	2,949,000	2,307,000
Provision for claims	2,758,668	2,758,668
Provision against benefits of the employees over 60 years	674,000	910,057
Employees leave provision	463,000	147,092
Provision for stamp duty tax	56,200	56,200
	<u>6,900,868</u>	<u>6,179,017</u>

The movement of provisions during the year is as follows:

	<u>30 June 2016</u>				
	<u>Balance at the beginning of the period</u>	<u>Provision made during the period</u>	<u>Utilised during the period</u>	<u>Provisions no longer required</u>	
Provision for other claims - human resources	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	202,494	(129,533)	(309,018)	674,000
Employees leave provision	147,092	316,398	-	(490)	463,000
Provision for stamp duty tax	56,200	-	-	-	56,200
Total	<u>6,179,017</u>	<u>1,160,892</u>	<u>(129,533)</u>	<u>(309,508)</u>	<u>6,900,868</u>

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For the six-month period ended 30 June 2016**

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

Provisions (continued)

	31 December 2015				
	Balance at beginning of the year	Provision made during the year	Utilised balance during the year	Provisions no longer required	Balance at the end of the year
Provision for other claims - Human Resources	-	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 tax	56,200	-	-	-	56,200
Total	3,367,352	2,973,505	(161,840)	-	6,179,017

	30 June 2015				
	Balance at the beginning of the period	Provision made during the period	Utilised during the period	Provisions no longer required	Balance at the end of the period
Provision for other claims - Human Resources	-	1,153,500	-	-	1,153,500
Provision for claims	2,758,668	-	-	-	2,758,668
Provision against employees' benefits over 60 years	552,484	259,707	(105,573)	-	706,618
Employees leave provision	-	73,546	-	-	73,546
Provision for stamp duty tax	56,200	-	-	-	56,200
Total	3,367,352	1,486,753	(105,573)	-	4,748,532

Provision for other claims - human resources

Other provisions for human resources comprise provisions for the restructure of the Company's employee wages

Provision for claims

Other provisions are the provisions for contingent liabilities relating to the expected claims from certain entities in relation to the Company's activities. No information that is usually published has been disclosed regarding provisions in accordance with the accounting standards, as the management believes that this may significantly impact the outcomes of the negotiation with such entities. The management reviews these provisions on a yearly basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such entities.

Provision against 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.

CLEOPATRA HOSPITAL S.A.E.

Notes to the separate interim financial statements For the six-month period ended 30 June 2016

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

13. Creditors and other credit balances

	<u>30 June 2016</u>	<u>31 December 2015</u>
Accrued expenses	44,134,997	18,632,100
Purchase of investments payable	19,997,423	-
Suppliers	16,623,466	11,173,267
Salaries tax	8,965,258	7,596,817
Due to related parties	7,145,938	54,095,303
Notes payable	794,164	1,826,460
Social insurance	587,465	551,895
Sundry creditors	3,559,273	2,417,791
	<u>101,807,984</u>	<u>96,293,633</u>
Less:		
Creditors and other credit balances - non-current portion	(19,739,266)	(54,095,303)
	<u>82,068,718</u>	<u>42,198,330</u>

14. Borrowings

The borrowing balance is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Total loan amount	411,714,800	203,000,000
Less: Current portion of borrowings	(40,600,000)	(40,600,000)
Non-current portion of borrowings	<u>371,114,800</u>	<u>162,400,000</u>

The details of borrowings are as follows:

- A loan facility of EGP 203,000,000 has been obtained from the Commercial International Bank to finance 100% of the cost of acquiring the shares of Cairo Specialised Hospital. The loan will be due for repayment in ten equal semi-annual instalments commencing 30 June 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 has been obtained from the Commercial International Bank (of which an amount of EGP 208,714,800 has been drawn down up to the statement of financial position date) to finance 100% of the cost of acquiring the shares of Al-Shorouk Hospital. 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.

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Borrowings (continued)

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 Health Care Company pledged its remaining shares as a guarantee for the bank's loan of a total mortgage rate of 99.99%.
- Cleopatra Hospital Company has pledged all its acquired shares in Al-Shorouk Hospital as a guarantee for the same loan.

15. Share capital

As at 31 December, the issued and paid up capital comprised 8 million shares of EGP 10 each, totalling EGP 80 million. The subscribed capital was as follows:

<u>Name</u>	<u>Number of shares</u>	<u>Nominal value</u>
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 by 160 million shares. The nominal share value is EGP 0.5, totalling EGP 80 million. Therefore, the share capital becomes as follows:

<u>Name</u>	<u>Number of shares</u>	<u>Nominal value</u>
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 Market through 2 tiers, public offering and private offering. Accordingly, the Company's shareholding structure has changed as follows:

<u>Name</u>	<u>Number of shares</u>	<u>Nominal value</u>
Care Healthcare Ltd	120,000,000	60,000,000
Private offering	32,000,000	16,000,000
Public offering	8,000,000	4,000,000
Total	160,000,000	80,000,000

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

Share capital (continued)

As decided by the Extraordinary General Assembly on 6/4/2016 whose minutes have been approved by the General Authority for Investment and Free Zones on 14/4/2016, 51% of the shares of the majority shareholder, Care Healthcare Ltd, which holds %99.9 of the Company's shares, has been approved to be suspended at the General Assembly meeting date, for two financial years commencing from the date of trading in the Egyptian Exchange Market pursuant to the provisions of Clause 7 of Article (7) of the Egyptian Stock Exchange Listing Rules.

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.

2) Special reserve

Special reserve is the amount due to Care Healthcare Ltd (The Parent Company), Under the Undertaking Letter issued by the Company on 12 April 2016, the two parties agreed that no claim shall be filed for this amount, with the exception of voluntary dissolution or liquidation or for any other legal reason. In that case, the debt amount will be divided pro-rata among the Company's existing shareholders upon liquidation or dissolution based on their respective shareholdings of the Company's issued share capital. Accordingly, this amount has been recognised as a special reserve within shareholders' equity.

17. Operating revenue

	Six months ended 30 June		Three months ended 30 June	
	2016	2015	2016	2015
Outpatient clinics revenue	35,373,783	29,672,867	17,913,278	15,831,139
Surgeries revenue	33,775,913	29,696,697	15,498,826	15,546,289
Accommodation and medical supervision revenue	30,394,959	29,094,591	14,531,378	14,388,525
Laboratories revenue	15,428,980	14,240,524	7,561,966	7,440,502
Cardiac catheterization revenue	14,982,606	12,193,291	7,494,009	6,613,320
Emergency revenue	14,912,458	12,714,255	7,366,910	6,766,857
Radiology revenue	10,588,710	9,609,330	5,303,891	5,026,803
Service charge revenue	7,811,628	6,875,312	3,753,702	3,560,680
Pharmacy revenue	5,091,884	2,798,232	2,832,963	1,348,018
Dentistry revenue	4,339,431	4,237,168	2,203,505	2,104,146
physiotherapy revenue	3,018,031	2,492,229	1,478,190	1,354,859
Heart tests revenue	1,998,332	1,732,880	943,893	693,257
Endoscopy revenue	1,522,380	1,251,920	699,252	603,787
	<u>179,239,095</u>	<u>156,609,296</u>	<u>87,581,763</u>	<u>81,278,182</u>

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For the six-month period ended 30 June 2016

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

18. Operating costs

	<u>Six months ended 30 June</u>		<u>Three months ended 30 June</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Doctors' fees	44,156,578	37,669,702	21,580,462	19,816,355
Medical and pharmaceutical supplies	29,555,560	26,762,060	14,657,308	14,010,885
Salaries, wages and benefits	29,007,948	28,772,429	14,217,502	15,432,674
Maintenance, spare parts and energy costs	2,926,237	1,958,643	1,462,899	429,010
Food, beverage and consumables costs	2,590,294	3,748,876	1,134,167	2,166,642
Fixed assets depreciation	2,236,427	1,707,324	1,123,199	853,662
Sundry expenses	1,026,044	1,547,762	(32,393)	669,574
	<u>111,499,088</u>	<u>102,166,796</u>	<u>54,143,144</u>	<u>53,378,802</u>

19. General and administrative expenses

	<u>Six months ended 30 June</u>		<u>Three months ended 30 June</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Salaries, wages and benefits	14,572,446	11,471,235	8,669,868	5,973,860
Professional and consulting fees	2,306,290	179,902	1,769,243	79,402
Fixed assets depreciation	2,044,039	1,568,140	1,021,562	784,070
Net impairment of receivable balances	1,553,378	91,853	4,339,334	-
Food, beverage and consumables costs	709,333	370,018	553,948	80,981
Maintenance, spare parts and energy costs	354,548	169,416	180,085	67,745
Donations	279,780	416,150	139,890	289,890
Rent	308,336	382,636	154,918	230,747
Bank charges and expenses	191,860	214,095	92,242	92,695
Sundry expenses	1,940,517	2,135,416	26,470	1,826,392
	<u>24,260,527</u>	<u>16,998,861</u>	<u>16,947,560</u>	<u>9,425,782</u>

20. Other income

	<u>Six months ended 30 June</u>		<u>Three months ended 30 June</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Buffet income and cafeteria concession	521,877	323,106	240,810	156,086
Rent	84,362	75,920	42,381	31,710
Miscellaneous income	1,415,079	65,023	1,261,700	28,773
	<u>2,021,318</u>	<u>464,049</u>	<u>1,544,891</u>	<u>216,569</u>

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

21. Expense by nature

	Six months ended 30 June		Three months ended 30 June	
	2016	2015	2016	2015
Doctors' fees	44,156,578	37,669,702	21,565,492	19,816,355
Salaries, wages and benefits *	43,580,394	40,243,664	22,902,340	21,406,534
Medical and pharmaceutical supplies	29,555,560	26,762,060	14,657,308	14,010,885
Food, beverage and consumables costs	3,299,627	4,118,894	1,686,914	2,247,622
Maintenance, spare parts and energy costs	3,280,785	2,128,058	1,643,083	496,755
Fixed assets depreciation	4,280,466	3,275,464	2,145,961	1,637,732
Net impairment of receivable balances	1,553,378	91,853	4,339,334	-
Bank charges and expenses	191,860	214,095	92,242	92,695
Other expenses **	5,860,967	4,661,867	2,058,030	3,096,006
	135,759,615	119,165,657	71,090,704	62,804,584

*** Employees' costs**

	Six months ended 30 June		Three months ended 30 June	
	2016	2015	2016	2015
Salaries and wages	36,735,942	33,080,302	20,763,978	16,819,913
Bonuses and incentives	4,249,344	4,794,267	792,451	3,358,063
Social insurance	2,220,991	2,155,347	1,145,056	1,081,419
Employees' benefits	374,117	213,748	200,855	105,813
	43,580,394	40,243,664	22,902,340	21,365,208

** Other expenses include EGP 280,000 (31 December 2015: EGP 50,000) as allowance for the Board of Directors meetings.

22. Finance (expenses) / income

	Six months ended 30 June		Three months ended 30 June	
	2016	2015	2016	2015
Credit interest	2,874,342	2,400,370	1,473,475	1,317,598
Currency translation differences	14,091	213,125	(60)	138,372
Total finance income	2,888,433	2,613,495	1,473,415	1,455,970
Interest receivable	(26,690,144)	-	(15,202,496)	-
Bank commissions	(2,600,069)	(61)	-	-
Total finance expenses	(29,290,213)	(61)	(15,202,496)	-
Net finance (expenses) / income	(26,401,780)	2,613,434	(13,729,081)	1,455,970

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23. Income taxes

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

	<u>Six months ended 30 June</u>		<u>Three months ended 30 June</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax for the period	5,241,041	9,475,639	1,620,279	4,690,386
Deferred tax	(705,318)	(314,246)	(480,792)	(59,005)
	<u>4,535,723</u>	<u>9,161,393</u>	<u>1,139,487</u>	<u>4,631,381</u>

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

	<u>Six months ended 30 June</u>		<u>Three months ended 30 June</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net profit before tax	18,247,633	39,034,369	3,519,248	19,402,760
Income tax calculated based on the applicable local tax rate	4,105,717	8,782,733	791,831	4,365,621
Add / (less):				
Non-deductible expenses	1,138,755	402,414	1,056,406	289,514
Income not subject to tax	(725,624)	(23,754)	(725,625)	(23,754)
Prior years adjustments	16,875	-	16,875	-
Income taxes	<u>4,535,723</u>	<u>9,161,393</u>	<u>1,139,487</u>	<u>4,631,381</u>
Actual tax rate	<u>24.9%</u>	<u>23.5%</u>	<u>32.4%</u>	<u>23.9%</u>

	<u>30 June 2016</u>	<u>31 December 2015</u>
<u>Current income tax liabilities</u>		
Balance at 1 January	20,603,310	21,372,222
Payments during the year	(20,620,185)	(21,372,222)
Tax payable during the year	5,241,041	20,603,310
	<u>5,224,166</u>	<u>20,603,310</u>

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24. Deferred taxation

	<u>30 June 2016</u>	<u>31 December 2015</u>
<u>Deferred tax assets</u>		
Provisions (excluding provision for claims)	931,995	769,579
<u>Deferred tax liabilities</u>		
Fixed assets depreciation	<u>(1,638,193)</u>	<u>(2,181,095)</u>
Deferred tax - liability	<u>(706,198)</u>	<u>(1,411,516)</u>

The movement on deferred tax is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Deferred tax assets		
Balance at 1 January	769,579	-
Charged to the income statement	<u>162,416</u>	<u>769,579</u>
Balance at 31 December	<u>931,995</u>	<u>769,579</u>
Deferred tax liabilities		
Balance at 1 January	(2,181,095)	(2,297,714)
Charged to the income statement	<u>542,903</u>	<u>116,618</u>
Balance at 31 December	<u>(1,638,193)</u>	<u>(2,181,096)</u>
Net deferred tax liabilities	<u>(706,198)</u>	<u>(1,411,517)</u>

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 six-month period ended 30 June 2016, in accordance with the proposed dividends approved by the Board of Directors. The earnings per share amounted to EGP 0.09 (31 December 2015: EGP 8.09) EGP 8.09).

	<u>Six months ended 30 June</u>		<u>Three months ended 30 June</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Distributable net profits	13,728,786	29,872,976	2,396,636	14,771,379
Number of shares issued and paid up (Note 15)	<u>160,000,000</u>	<u>8,000,000</u>	<u>160,000,000</u>	<u>8,000,000</u>
Earnings per share	<u>0.09</u>	<u>3.73</u>	<u>0.01</u>	<u>1.85</u>

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Notes to the separate interim financial statements

For the six-month period ended 30 June 2016

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26. Related party transactions

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

Balance sheet balances

<u>Related parties</u>	<u>Nature of transaction</u>	<u>Balance at 30 June 2016</u>	<u>Balance at 31 December 2015</u>
Healthcare Company (Parent Company)			
Accounts and other payables (Note 13)	Financing	-	47,379,723
Nile Badrawi Hospital (subsidiary)			
Accounts and other payables (Note 13)	Financing	7,145,938	6,715,580
Interest receivable	Interest	430,358	-
Cairo Specialised Hospital (subsidiary)			
	Salaries and wages	252,000	785,787
	Employees' bonuses	-	179,500
	Rental expenses	56,562	102,840
	Other expenses	75,773	23,355
	Collected during the period / year	(384,335)	(1,079,752)
	Balance at end of the period	-	11,730
Cairo Specialised Hospital (subsidiary)			
Accounts and other payables (Note 13)	Medical services	-	4,640

- 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 bears 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 June 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.

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Notes to the separate interim financial statements

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27. Tax position

(1) General taxes

- The Company was inspected till 31 December 2013.
- Tax returns are regularly submitted on time.
- A tax clearance certificate was obtained from the tax authority up to 2013.
- 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) Tax on the earning

- The Company was inspected up to 31 December 2013, and settlement was made till the last inspection for the year 2013.
- A tax clearance certificate was obtained from the tax authority up to 2013.
- 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. 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. Other Matters & Subsequent events

Pursuant to the resolution of the Extraordinary General Assembly meeting held on 6/4/2016, the Company's issued share capital was approved to be increased within the limits of Company's authorised share capital, provided that this 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, 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. Based on the foregoing, and in accordance with the minutes of the BOD meeting dated 17 July 2016, which has been approved by the General Authority for Investment on 21 July 2016, and the amendment agreement approved on 3 August 2016 and documented under No. 1598 for 2016, the Company's share capital has been increased to EGP 100,000,000 paid in full and divided into 200,000,000 shares of EGP 0.5 each.