

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**LIMITED REVIEW REPORT AND  
THE SEPARATE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED  
30 JUNE 2019**

**CLEOPATRA HOSPITAL "S.A.E."**

**Separate financial statements - For the six months period ended 30 June 2019**

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## Limited review report on the interim financial statements

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

### Introduction

We conducted our limited review on the accompanying separate interim financial statements of Cleopatra Hospital S.A.E as at 30 June 2019 and the related interim separate financial position, interim separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended and a summary of the significant accounting policies and other explanatory notes. 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 separate interim financial statements based on our limited review.

### Scope of the limited review

We conducted our limited review in accordance with Egyptian Standard on Limited Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent 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 that 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 June 2019, its financial performance and cash flows for the six-month period then ended in accordance with the Egyptian Accounting Standards.

Wael Sakr  
R.A.A. 26144  
F.R.A. 381

5 September 2019  
Cairo



**CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

**Interim separate statement of financial position - At 30 June 2019**

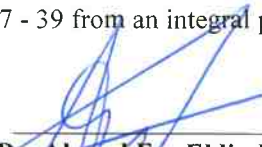
(All amounts in Egyptian Pounds)


	Note	30 June 2019	31 December 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	6	148,202,247	107,151,206
Investments in subsidiaries	7	681,110,259	606,165,259
Advance payments for investment	8	143,550,000	143,550,000
Goodwill	9	14,071,000	-
<b>Total non-current assets</b>		<b>986,933,506</b>	<b>856,866,465</b>
<b>Current assets</b>			
Inventories	10	18,068,611	16,493,555
Trade receivables	11	163,913,759	140,183,957
Due from related parties	28	110,658,232	7,919,353
Debtors and other debit balances	12	35,116,980	33,937,821
Cash on hand and at banks	13	558,435,251	839,609,206
<b>Total current assets</b>		<b>886,192,833</b>	<b>1,038,143,892</b>
<b>Total assets</b>		<b>1,873,126,339</b>	<b>1,895,010,357</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	18	800,000,000	800,000,000
Reserves	19	359,216,308	349,003,411
Retained earnings		449,272,188	397,711,251
<b>Total equity</b>		<b>1,608,488,496</b>	<b>1,546,714,662</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current portion of borrowings	16	-	67,879,332
Deferred income tax liabilities	27	4,957,903	4,607,372
<b>Total non-current liabilities</b>		<b>4,957,903</b>	<b>72,486,704</b>
<b>Current liabilities</b>			
Provisions	14	6,491,539	6,434,492
Due to related parties	28	13,365	25,369
Creditors and other credit balances	15	128,011,422	143,181,232
Current portion of borrowings	16	-	27,223,715
Employees incentive plan	17	98,576,112	45,232,497
Current income tax liabilities	26	26,587,502	53,711,686
<b>Total current liabilities</b>		<b>259,679,940</b>	<b>275,808,991</b>
<b>Total liabilities</b>		<b>264,637,843</b>	<b>348,295,695</b>
<b>Total equity and liabilities</b>		<b>1,873,126,339</b>	<b>1,895,010,357</b>

- The accompanying notes on pages 7 - 39 from an integral part of these financial statement.

- Auditor's report is attached

  
Mr. Ahmed Adel Badr Eldin  
Non Executive Chairman

  
Dr. Ahmed Ezz Eldin Mahmoud  
CEO & Managing Director

  
Mr. Khaled Hassan Ahmed  
Group CFO

5 September 2019



**CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

**Interim separate statement of profit or loss  
For the six months period ended 30 June 2019**

(All amounts in Egyptian Pounds)

	Note	Six months ended 30 June		three months ended 30 June	
		2019	2018	2019	2018
Operating revenue	20	362,853,757	307,865,099	179,088,450	150,214,275
<b>Less:</b>					
Operating costs	21	(219,142,278)	(184,883,992)	(114,160,660)	(90,995,913)
<b>Gross profit</b>		<b>143,711,479</b>	<b>122,981,107</b>	<b>64,927,790</b>	<b>59,218,362</b>
<b>Add / (Less)</b>					
General and administrative expenses	22	(79,770,180)	(40,765,574)	(40,536,873)	(19,086,886)
Aquisition costs		(607,790)	(4,282,791)	(84,533)	(1,720,393)
Provisions	14	(442,677)	(3,844,536)	227,459	323,872
Other income	24	9,629,597	2,614,022	8,973,218	278,374
Finance income	25	47,963,447	56,885,559	22,205,745	29,345,340
Finance expenses	25	(3,935,853)	(21,419,305)	(1,132,270)	(9,516,545)
<b>Profit for the period before income tax</b>		<b>116,548,023</b>	<b>112,168,482</b>	<b>54,580,536</b>	<b>58,842,124</b>
Current tax	26	(31,402,420)	(25,728,100)	(14,216,631)	(12,672,584)
Deferred tax	27	(350,531)	466,389	(620,148)	(373,371)
<b>Profit after income tax</b>		<b>84,795,072</b>	<b>86,906,771</b>	<b>39,743,757</b>	<b>45,796,169</b>

- The accompanying notes on pages 7 - 40 from an integral part of these financial statement.

**CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

**Interim separate statement of comprehensive income  
For the six months period ended 30 June 2019**

(All amounts in Egyptian Pounds)

	Six months ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
Profit for the period	84,795,072	86,906,771	39,743,757	45,796,169
Other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>84,795,072</b>	<b>86,906,771</b>	<b>39,743,757</b>	<b>45,796,169</b>

- The accompanying notes on pages 7 - 40 from an integral part of these financial statement.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

**Interim separate statement of changes in equity  
For the six months period ended 30 June 2019**

(All amounts in Egyptian Pounds)

	Capital	Reserves	Retained earnings	Total
<b>Balance at 1 January 2018</b>	<b>800,000,000</b>	<b>344,971,887</b>	<b>212,895,656</b>	<b>1,357,867,543</b>
Dividends for employees	-	-	(15,315,050)	(15,315,050)
Legal reserves	-	4,127,298	(4,127,298)	-
Other reserves	-	(95,774)	-	(95,774)
Comprehensive income for the period	-	-	86,906,771	86,906,771
<b>Balance at 30 June 2018</b>	<b>800,000,000</b>	<b>349,003,411</b>	<b>280,360,079</b>	<b>1,429,363,490</b>
<b>Balance at 1 January 2019</b>	<b>800,000,000</b>	<b>349,003,411</b>	<b>397,711,251</b>	<b>1,546,714,662</b>
Dividends for employees	-	-	(23,021,238)	(23,021,238)
Legal reserve	-	10,212,897	(10,212,897)	-
Comprehensive income for the period	-	-	84,795,072	84,795,072
<b>Balance at 30 June 2019</b>	<b>800,000,000</b>	<b>359,216,308</b>	<b>449,272,188</b>	<b>1,608,488,496</b>

- The accompanying notes on pages 7 - 40 from an integral part of these financial statement.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Interim separate statement of cash flows  
For the six months period ended 30 June 2019

(All amounts in Egyptian Pounds)			
	Note	30 June 2019	30 June 2018
<b><u>Cash flows from operating activities</u></b>			
Profit before tax		116,548,023	112,168,482
<b>Adjustments to reconcile net income to cash flows from operating activities</b>			
Fixed assets depreciation	6	9,736,179	5,537,035
Gain from sale of fixed assets		(121,177)	(77,000)
Impairment of trade receivables	11	17,015,606	(1,067,956)
Provisions	14	442,677	3,844,536
Interests and commissions		1,926,854	21,419,305
Interest income		(47,963,447)	(56,885,559)
Employee incentive plan	17	53,343,615	14,623,049
<b>Operating profits before changes in assets and liabilities</b>		<b>150,928,330</b>	<b>99,561,892</b>
<b>Changes in assets and liabilities</b>			
Change in inventories	10	(301,056)	(2,789,470)
Change in trade receivables	11	(40,745,408)	(33,874,225)
Change in debtors and other debit balances		10,641,934	(4,597,610)
Change in due from related parties	28	(102,683,879)	(1,675,694)
Change in creditors and other credit balances		(3,265,348)	(3,113,687)
Change in due to related parties	28	(12,004)	-
Provision utilized	14	(385,630)	(1,174,218)
Tax paid	26	(58,526,604)	(12,208,458)
<b>Net cash flows (used in) / generated from operating activities</b>		<b>(44,349,665)</b>	<b>40,128,530</b>
<b><u>Cash flows from investing activities</u></b>			
Payments for purchase of fixed assets	6	(11,935,889)	(7,460,692)
Payments for projects under construction	6	(30,316,189)	(124,504)
Proceeds from sale of fixed assets		153,035	77,000
Advance payment for purchase of fixed assets		(10,566,241)	(6,320,136)
Payments for business acquisition		(100,000,000)	-
Interests received		47,796,595	57,038,313
<b>Net cash flows used in investing activities</b>		<b>(104,868,689)</b>	<b>43,209,981</b>
<b><u>Cash flows from financing activities</u></b>			
Proceeds from bank overdraft		7,149,527	30,790,806
Interests and commissions paid		(14,338,586)	(26,231,155)
Payments for bank overdraft		(102,252,574)	(165,840,215)
Dividends paid		(22,513,968)	(14,860,575)
<b>Net cash flows used in financing activities</b>		<b>(131,955,601)</b>	<b>(176,141,139)</b>
<b>Change in cash and cash equivalents during the period</b>		<b>(281,173,955)</b>	<b>(92,802,628)</b>
Cash and cash equivalents at the beginning of the period		839,609,206	920,931,537
<b>Cash and cash equivalents at the end of the period</b>	12	<b>558,435,251</b>	<b>828,128,909</b>

- The accompanying notes on pages 7 - 40 from an integral part of these financial statement.



## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

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#### 1. Introduction

Cleopatra Hospital Company (Lasheen and Partners) was established as a limited partnership on 19 July 1979.

On 27 June 2005, a resolution no, 4092 of 2005 was issued by the Chairman of the General Authority for Investment (GAFI) authorising 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 and 41 Cleopatra Street, Heliopolis, Cairo.

The Parent Company is Care HeathCare Ltd. which owns 80% of the Company's share capital, At 31 December 2017. Care Healthcare Ltd shares decreased to be 69, 4%.

On 16 September 2015, Cleopatra Hospital S.A.E. acquired 52, 7% of the total shares of Cairo Specialised Hospital. And as of 31 December 2016 Cleopatra Hospital S.A.E share in Cairo Specialised Hospital has changed to reach 53.67% due to the write off of treasury shares. On 28 September 2017, the ownership in Cairo specialised Hospital increased to 53, 88% due acquisition of shares from the non-controlling shareholders in of Cairo specialised Hospital.

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

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

On August 6, 2017 CHG Medical Services was established with a capital of LE 250,000 and on March 22, 2018, the Extraordinary General Assembly approved the amendment of some articles of the company's articles of association as follows:

- Amending the authorized capital from 250,000 LE to 2.000.000 LE, the issued and the paid up from LE 250.000 to LE 312.500 with a value of LE 10 per share.
- The capital is financed by Cleopatra Hospital Company through preferred shares that entitles the owner to three times the ordinary share in the profits and voting on the decisions of the association.

On December 23, 2018, CHG Pharma was established to manage pharmacies with a capital of LE 250,000 and Cleopatra Hospital Company's contribution is 98% of the capital.

On 18 March 2019. Cleopatra Hospital S.A.E. acquired the assets, management and operation of Queens Hospital.

These separate interim financial statements have been approved for issuance by the management of the Company on 5 September 2019.

## **CLEOPATRA HOSPITAL COMPANY "S.A.E."**

### **Notes to the separate financial statements - For the six months period ended 30 June 2019**

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

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#### **2. Accounting policies**

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

##### **A. Basis of preparation of the separate interim financial statements**

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 EAS's require the reference to the most recent issues by other parties with which they are associated, which are responsible for setting accounting standards and use similar scopes and concepts to develop accounting standards and philosophies and other procedures accepted in the industry, to the extent at which these concepts do not conflict with the requirements of the Egyptian Standards on Auditing, which deal with similar related subjects, definitions, basis of recognition, concepts on the measurement of assets, liabilities, revenue and expenses included in the scope of the preparation and presentation of the interim financial statements when there is no Egyptian standard on accounting or legal requirements that explain the accounting process for certain balances or transactions.

##### **Subsidiaries**

Subsidiaries are all companies (including SPEs) in which the Company has control directly or indirectly over their financial and operating policies. The Company usually owns more than half of the voting rights. The future voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls the subsidiary.

The Company's separate interim financial statements have been prepared in accordance with the local laws, while the consolidated interim financial statements of the Company and its subsidiaries have been prepared according to Egyptian Accounting Standards (EASs), The Company's separate interim financial statements should be read in conjunction with its consolidated interim financial statements as at and for the financial period ended 30 June 2019 to obtain full information on the Company's financial position, results of operations, cash flows and changes in equity.

The subsidiaries and associates are accounted for in the Parent Company's separate interim financial statements at cost method. Under this method, investments are recognised at the cost of acquisition, including goodwill, less any impairment loss. Dividends are recognised in the statement of profit or loss, when the dividends are approved to be distributed and the Company's right of collection is established.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

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#### **B. New Egyptian Accounting Standards ("EAS") and interpretations not yet adopted:**

On 28 March 2019, the minister of Investment issued a decree no, 69 for 2019 which includes new standards and amendments to the existing standards. The amendments in the EASs have been published in the official gazette on 7 April 2019, these changes are mainly represented in six new standards which should be adopted for the financial periods commencing on or after 1 January 2020 as follows:

##### **1- EAS No. (47) – “Financial instruments”:**

This standard should be adopted for the financial periods commencing on or after 1 January 2020, Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.

The standard includes a new classes of classification and impairment model for financial assets which reflects the business model in order to manage the assets and their cash flows through this business model.

EAS No. (47) Replaced ‘incurred loss’ model in EAS No. (26) By ‘expected credit loss’ model.

##### **2- EAS No, (48) – “Revenue from contracts with customers”:**

This standard should be adopted for the financial periods commencing on or after 1 January 2020, Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.

This standard established a comprehensive framework for determining how much and when revenues should be recognized, this standard replaces EAS No. (11) ‘Revenues’ and EAS No. (8) ‘Construction contracts’.

##### **3- EAS No, (49) – “Leases”:**

This standard should be adopted for the financial periods commencing on or after 1 January 2020. Early adoption is permitted, providing that the amended standard No. (48) – ‘Revenue from contracts with customers’ should be adopted at the same time.

EAS No. (49) Introduces a single lease accounting model for lease contracts. A lessee recognizes his right-of-use for assets and lease liability which represents his lease instalments liability, there are some exemptions for short-term lease contracts and assets lease contracts with low value.

This standard replaces the EAS No, (20) ‘Accounting rules and standards related to financial lease’.

This standard is effective for annual periods beginning on or after 1 January 2020, with early adoption permitted for entities applying Egyptian Accounting Standard 48, “Revenue from Contracts with Customers”.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

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#### C. 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 Company's 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 financial position date are recognised in the financial position date.

#### D. 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 a 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 profit or loss 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:

Machinery and equipment	10%
Tools and instruments	25%
Furniture and fixtures	15%
Buildings	2,5%
Vehicles	20%
Computers	25%
Leasehold improvement	Remaining of the lease contract
Acquired assets	Over the remaining productive years

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

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

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#### E. 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, Allowance is made for slow moving inventories on the basis of management's assessment of inventory movements.

#### F. 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 determined 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 financial position 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- 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 the end of each reporting period whether there is evidence that a financial asset or group of financial assets is impaired.

Impairment of a financial asset or a group of financial assets is recognised if an impairment indicator 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 the 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 COMPANY "S.A.E."**

### **Notes to the separate financial statements - For the six months period ended 30 June 2019**

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

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#### **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 profit or loss.

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 profit or loss.

#### **G. Share capital**

Ordinary shares are classified as equity.

#### **H. 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 interim financial statements are approved by the Company's general assembly, Such transfer may be discontinued when the reserve equals 50% of the company's issued and paid up capital, Whenever this reserve is lower than this percentage, the deduction should be continued, This reserve is not available for distribution.

#### **I. 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, It is probable that an outflow of resources will be required to settle these obligations; 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 contracts and the risks specific to the obligation, the increase in the provision due to the passage of time is recognised as interest expense.

#### **J. Trade payables**

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

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

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#### **K. Borrowings and advances**

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

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

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

#### **L. Employees' 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, Regular contributions are recognised as periodic costs for the year in which they are due and as such are included in staff costs.

##### **(3) Employee incentive plan**

Cleopatra Hospital grants units of cash bonus to the selected employees of the company according to the criteria, basis, and rules established by the Remuneration Committee to activate this plan, To connect the interests of the beneficiaries of the system with the interest of the shareholders and to ensure that the participants with high efficiency obtain the appropriate incentive to support the growth and stability and maintain the high-efficiency workers within the management team.

The remuneration committee of the Company supervises the implementation of the system under the control and supervision of the Company's Board of Directors.

##### System elements

Each beneficiary shall be given units of monetary reward or a fixed percentage of the amounts allocated to the system in accordance with the award of the remuneration committee.

The remuneration committee shall determine the date of grant.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

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#### Employees' benefits (continued)

Amounts due to the plan are determined according to a specific mechanism and include the following:

- A) Payments calculated on the basis of the difference between the market value of the Parent Company's shares on June 30, 2020 and the share price at the date of its public offering on the Stock Exchange on June 2, 2016.
- B) Payments are calculated on the basis of the difference between earnings before interest, tax depreciation and amortization (EBITDA) on the maturity date 30 June 2020 and 30 June 2016.
  - The beneficiaries' entitlements from the system shall be paid within one month of the end of the fourth year of the system ("maturity date" or within one month from the date of any entitlement to the system in accordance with its terms and conditions).
  - This system is not a system of remuneration and motivation for the employees of the Company by granting or giving any rights in the shares of the Company as this system is a system of monetary incentives.
  - The Remuneration Committee shall be entitled to amend the mechanism for calculating amounts due in light of any developments related to the Company's activities or achieving its objectives and after the presentation to the Board of Directors for approval and clarification of the justifications for this amendment, The Remuneration Committee is entitled to reallocate units that have not been used or are available in general to existing or new beneficiaries.
  - The Company recognizes the cost of incentives related to the services rendered by the employees under the system over the period in which the service is performed, The Group recognizes the liability for the system at the date of each financial position in accordance with the fair value of the consideration expected to be paid to the employees on the grant date, The fair value of these liabilities is estimated at the date of the financial position taking into account all the circumstances relating to the expected discounted cash flows at the effective rate of return applicable.
  - The recognition of the fair value of the employees' services received as expenses in the statement of profit or loss.

#### M. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, including cash, balances of trade receivables 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.

##### 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.



## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

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#### Revenue recognition (continued)

##### 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.

#### N. 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 profit or loss on a straight-line basis over the period of the lease.

#### O. Current and deferred income tax

The income tax for the year is calculated on the basis of the tax laws enacted at the financial position 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 they arise 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 financial position date that is 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.

#### P. Dividends

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

#### Q. Cash and cash equivalents

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

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

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#### **R. 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, in 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.

The management determines the policies and procedures for measuring the fair value either regularly or irregularly. External values are engaged in the valuation of significant assets, the criteria for selecting the value 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.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

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

The financial instruments are measured according to Level No, 2, and there is no difference between book value and fair value of financial instruments as the deposits are payable on relatively short terms and a variable interest is added to the loans associated with the declared Corridor of the Central Bank of Egypt.

#### S. Corresponding figures

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

#### T. 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 segment's performance in the Company and the senior management is represented in Group's executive management committee, The Company is considered as a separate business segment for the Group.

### 3. Financial risk management

#### 3.1 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

##### 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 year, the net foreign currency financial assets denominated in EGP was as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
US Dollar	25,661,743	31,092,868
Pound	1,073	1,569
Euro	317,508	312,686

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

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#### Financial risk management (continued)

At 30 June 2019, if the value of EGP increased/ decreased by 10% against USD, with all other variables held constant, net profit after taxes would increase or decrease as follows:

	<u>30 June</u> <u>2019</u>	<u>31 December</u> <u>2018</u>
US Dollar	2,566,174	3,109,287
Pound	107	157
Euro	31,751	31,269

#### Fair value and cash flows risks resulting from the change in interest rates

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.

#### (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 (10) 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 after deducting the amounts that expected to be collected after that date (Loss Given Default), in addition to a category-based provision at historical default rates, Where the management calculates historic default rates for each individual customer per month on the balances of customers due over 150 days up to 360 days from the date of the financial position, Based on these rates, the management calculates a provision for debts of customers with a maturity of 150 days.

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.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

#### Financial risk management (continued)

Balances exposed to credit risks are as follows:

	<b>30 June 2019</b>	<b>31 December 2018</b>
Cash at banks	556,124,729	838,981,914
Trade receivables	185,305,623	144,560,215
Due from related parties	110,658,232	7,919,353

#### (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.

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

	<b>Less than 3 months</b>	<b>3 months to 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
<b>30 June 2019</b>				
Accrued expenses	43,859,117	25,931,890	-	-
Suppliers and notes payable	34,076,995	20,755,213	-	-
Due to related parties	13,365	-	-	-
<b>31 December 2018</b>				
Accrued expenses	49,060,489	16,595,492	-	-
Suppliers and notes payable	38,493,277	23,445,030	-	-
Due to related parties	25,369	-	-	-
Loans and finance interest	18,080,245	55,954,193	47,940,753	-

During February 2018 and March 2018 the borrowing rate (corridor) decreased by 1% and 1% and this will affect the Company's liabilities regarding borrowings and finance interest.

#### 3.2 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 financial position plus net debt.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

#### Financial risk management (continued)

Net debt to total capital ratio as at 30 June 2019 and 31 December 2018 is as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Borrowings	-	95,103,047
Creditors and other credit balances	128,011,422	143,181,232
Employee incentive plan	98,576,112	45,232,497
Due to related parties	13,365	25,369
<b>Less: Cash at banks and on hand</b>	<u>(558,435,251)</u>	<u>(839,609,206)</u>
<b>Net debt</b>	<b>(331,834,352)</b>	<b>(556,067,061)</b>
Total shareholders' equity	<u>1,608,488,496</u>	<u>1,546,714,662</u>
<b>Total Capital</b>	<b><u>1,276,654,144</u></b>	<b><u>990,647,601</u></b>
<b>Net debts to total capital ratio</b>	<b>(26%)</b>	<b>(56%)</b>

#### 3.3 Estimation of fair value of financial instruments

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,

##### 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 financial position date, and adjusts it to reflect the current best estimate by using the appropriate advisory experience of experts,

##### Impairment of trade receivables and customers

Impairment of trade receivables and customers is estimated by monitoring ageing of borrowings. 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 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.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

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#### **Critical accounting estimates, assumptions and judgements (continued)**

##### Employee incentive plan

Cleopatra Hospital Group has an incentive plan for some employees of the parent company. The remuneration committee of the parent company oversees the implementation of the plan under the supervision of the parent company's board of directors. Each beneficiary is granted a cash bonus or a fixed percentage of the amounts allocated to the plan.

This plan is not considered as a plan of remuneration and motivation for employees in the group by granting any rights in the shares of the parent company, as it is a plan of cash incentives based in part on the value of shares. The values of the components of the plan are calculated at current discount rates, either for share-based payments or for payments calculated on the basis of the difference between (EBITDA) and maturity as of 30 June 2020 and 30 June 2016.

The plan consists of the following:

- A) Payments calculated on the basis of the difference between the market value of the Parent Company's shares on June 30, 2020 and the share price at the date of its public offering on the Stock Exchange on June 2, 2016.
- B) Payments are calculated on the basis of the difference between earnings before interest, tax depreciation and amortization (EBITDA) on the maturity date 30 June 2020 and 30 June 2016. Liabilities are estimated at each financial position date based on the present value of the expected cash flows discounted at market rate of return. These estimates are calculated by an independent expert and include the impact of market conditions using the total shareholders return (TSR) as well as other non-market conditions using earnings before interest, tax, depreciation and amortization (EBITDA). The assumption used, including the discount rates and expected performance are reviewed in accordance with approved management plans annually and assumptions adjusted if necessary.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

#### 5. Segment reporting

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

Below is a summary of each segment, which is presented for the six months period ended 30 June 2019 for each segment:

	<u>Cleopatra Hospital</u>	<u>Queens Hospital</u>	<u>Consolidated adjustment</u>	<u>Total</u>
<u>Statement of financial position</u>				
Non-current assets	986,933,507	-	-	986,933,507
Current assets	884,708,241	4,961,907	(3,477,315)	886,192,833
<b>Total assets</b>	<b><u>1,871,641,748</u></b>	<b><u>4,961,907</u></b>	<b><u>(3,477,315)</u></b>	<b><u>1,873,126,339</u></b>
Current liabilities	257,897,692	5,306,943	(3,524,695)	259,679,940
Non-current liabilities	4,986,357	-	(28,454)	4,957,903
<b>Total Liabilities</b>	<b><u>262,884,049</u></b>	<b><u>5,306,943</u></b>	<b><u>(3,553,149)</u></b>	<b><u>264,637,843</u></b>
<u>Statement of profit or loss:</u>				
Operating revenue	357,329,727	5,524,030	-	362,853,757
Operating costs	(214,112,881)	(5,029,397)	-	(319,142,278)
<b>Gross profit</b>	<b><u>143,216,846</u></b>	<b><u>494,633</u></b>	<b><u>-</u></b>	<b><u>143,711,479</u></b>
Other expenses and revenues	(58,152,571)	(839,669)	75,833	(58,916,407)
<b>Profit for year</b>	<b><u>85,064,275</u></b>	<b><u>(245,036)</u></b>	<b><u>75,833</u></b>	<b><u>84,795,072</u></b>
<u>Other Items</u>				
Capital expenditure	61,385,319	-	-	61,385,319
Fixed assets depreciation	9,736,179	-	-	9,736,179



**CLEOPATRA HOSPITAL COMPANY "S.A.E,"**

**Notes to the separate financial statements - For the six months period ended 30 June 2019**

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

**6. Fixed assets**

	Land	Machinery, equipment and devices	Tools and instruments	Furniture	Buildings	Vehicles	Computers	Leasehold improvements	Projects under construction	Total
<b>At 1 January 2018</b>										
Cost	14,967,000	92,784,026	4,256,576	5,865,005	43,681,821	2,518,793	10,294,061	386,953	-	174,754,235
Accumulated depreciation	-	(56,164,287)	(2,536,998)	(4,427,597)	(19,952,410)	(1,777,484)	(1,796,519)	(386,953)	-	(87,042,248)
<b>Net book amount</b>	<b>14,967,000</b>	<b>36,619,739</b>	<b>1,719,578</b>	<b>1,437,408</b>	<b>23,729,411</b>	<b>741,309</b>	<b>8,497,542</b>	-	-	<b>87,711,987</b>
<b>Year ended 31 December 2018</b>										
Beginning of the year	14,967,000	36,619,739	1,719,578	1,437,408	23,729,411	741,309	8,497,542	-	-	87,711,987
Additions	-	18,626,061	935,540	2,194,532	-	209,897	4,302,115	1,873,563	4,342,631	32,484,339
Disposals	-	(710,408)	-	-	-	(116,109)	-	-	-	(826,517)
Write offs	-	-	-	-	307,398	-	-	-	(307,398)	-
Transfer from projects under constructions	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	(4,688,207)	(1,174,321)	(792,754)	(3,055,392)	(287,999)	(2,721,809)	(324,638)	-	(13,045,120)
Accumulated depreciation of disposals	-	710,408	-	-	-	116,109	-	-	-	826,517
<b>Closing net book amount</b>	<b>14,967,000</b>	<b>50,557,593</b>	<b>1,480,797</b>	<b>2,839,186</b>	<b>20,981,417</b>	<b>663,207</b>	<b>10,077,848</b>	<b>1,548,925</b>	<b>4,035,233</b>	<b>107,151,206</b>
<b>At 31 December 2018</b>										
Cost	14,967,000	110,699,679	5,192,116	8,059,537	43,989,219	2,612,581	14,596,176	2,260,516	4,035,233	206,412,057
Accumulated depreciation	-	(60,142,086)	(3,711,319)	(5,220,351)	(23,007,802)	(1,949,374)	(4,518,328)	(711,591)	-	(99,260,851)
<b>Net book amount</b>	<b>14,967,000</b>	<b>50,557,593</b>	<b>1,480,797</b>	<b>2,839,186</b>	<b>20,981,417</b>	<b>663,207</b>	<b>10,077,848</b>	<b>1,548,925</b>	<b>4,035,233</b>	<b>107,151,206</b>
<b>At 30 June 2019</b>										
Beginning of the year	14,967,000	50,557,593	1,480,797	2,839,186	20,981,417	663,207	10,077,848	1,548,925	4,035,233	107,151,206
Additions	-	12,905,385	96,720	406,942	-	5,170,261	1,903,581	20,000	30,316,189	50,819,178
Disposals	-	-	(136,758)	-	-	(618,000)	-	-	-	(754,758)
Transfer from project under construction	-	7,732,262	163,214	894,791	142,330	196,000	2,034,471	14,685,330	(25,848,398)	-
Depreciation for the year	-	(4,064,326)	(562,304)	(530,221)	(1,518,388)	(299,731)	(1,937,167)	(824,042)	-	(9,736,179)
Accumulated depreciation of disposals	-	-	104,900	-	-	618,000	-	-	-	722,900
<b>Closing net book amount</b>	<b>14,967,000</b>	<b>67,130,914</b>	<b>1,146,569</b>	<b>3,610,698</b>	<b>19,605,359</b>	<b>5,729,737</b>	<b>12,078,733</b>	<b>15,430,213</b>	<b>8,503,024</b>	<b>148,202,247</b>
<b>At 30 June 2019</b>										
Cost	14,967,000	131,337,326	5,315,292	9,361,270	44,131,549	7,360,842	18,534,228	16,965,846	8,503,024	256,476,377
Accumulated depreciation	-	(64,206,412)	(4,168,723)	(5,750,572)	(24,526,190)	(1,631,105)	(6,455,495)	(1,535,633)	-	(108,274,130)
<b>Net book amount</b>	<b>14,967,000</b>	<b>67,130,914</b>	<b>1,146,569</b>	<b>3,610,698</b>	<b>19,605,359</b>	<b>5,729,737</b>	<b>12,078,733</b>	<b>15,430,213</b>	<b>8,503,024</b>	<b>148,202,247</b>

- The cost item for machinery, equipment and devices includes an amount equal LE 8,567,000 which represents the market value of Queens Hospital assets acquired on 18 March 2018.

- The depreciation item for machinery, equipment and devices includes an amount equal to LE 595,866 which represents the depreciation of the acquired assets for the period from 18 March 2019 till 30 June 2019,

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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#### 7. Investments in subsidiaries

	<b>Percentage of investment</b>	<b>Country of incorporation</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Investments in Nile Badrawi Hospital Co.	99.92%	Egypt	259,004,947	259,004,947
Investments in Al-Shorouk Hospital Co.	99.99%	Egypt	314,142,000	239,142,000
Investments in Cairo Specialised Hospital	53.88%	Egypt	107,655,812	107,655,812
Investments in CHG for medical services	20%	Egypt	62,500	112,500
Investments in CHG Pharma for pharmacies management	98%	Egypt	245,000	250,000
			<b>681,110,259</b>	<b>606,165,259</b>

In accordance with the extraordinary general assembly decision and Article 16 of the statute of CHG Medical Services Company, the shares of Cleopatra Hospital Company are preferred shares which entitle the owner to six times of the ordinary share in profits and voting power on the decisions of the general meeting.

On April 7, 2019, the Extraordinary General Assembly of Al-Shorouk Hospital Company agreed to increase the authorized capital from LE 50 million to LE 300 million and the issued from LE 25 million to LE 205 million. On June 12, 2019, EGP 75 million was transferred to Al Shorouk Hospital Company.

#### 8. Advance payment for investments

	<b>30 June 2019</b>	<b>31 December 2018</b>
Advance payment for purchase of investments	143,550,000	143,550,000
	<b>143,550,000</b>	<b>143,550,000</b>

On 31 August 2017, the Company entered into an initial (conditional) contract for the purchase of the land and the private building in an EL Kahteb hospital in the Arab Republic of Egypt. On 12 October 2017, the Company deposited an amount of LE 143,550,000 under an ESCROW account contract dated 4 October 2017. On 13 December 2018, the ownership of the land and the building was transferred to the company under a public power of attorney and ESCROW account was released as part of the total acquisition, which includes management and operation of the hospital. The company is now in the process of signing a contract of purchase for the management and operation of the hospital.

Upon completion of the purchase contract for the management and operation of the hospital, the Group will account for the acquisition in accordance with the Egyptian Accounting Standard on Business Combinations. On December 3, 2018. The Extraordinary General Assembly approved the acquisition of fixed assets and the management and operation of the hospital.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

#### 9. Business combination process and Intangible assets

	<u>Goodwill</u>	<u>30 June 2019</u>
Goodwill	14,071,000	14,071,000

On January 16, 2019, Cleopatra Hospital S.A.E signed a contract to transfer the activity of Queen's Hospital. Cleopatra Hospital S.A.E acquired the assets, inventory and contracted with the employment of Queens Hospital from the date of acquisition with a total of LE 25 million. The acquisition resulted in an increase in the cost of acquisition over the fair value of the net assets of the acquired company which was recognized as goodwill as shown in the table above. Cleopatra Hospital S.A.E has acquired fixed assets except for land and buildings. Cleopatra Hospital S.A.E has signed an 18-year lease contract for the Queens Hospital land and building.

The fair value of net assets was calculated at the acquisition date. Which represents assets other than non-current tangible assets at the date of acquisition.

The income recognized in the statement of income, which has been contributed by Queens Hospital since the date of acquisition, amounted to approximately LE 863,000, the net loss for this period amounted to approximately LE 143,000.

Queens Hospital was consolidated in accordance with the Egyptian Accounting Standard No. 29 on Business Combinations as of March 18, 2019. The date on which the acquiree effectively controlled the business and assets acquired by the Company and transferred the ability to control the financial and operating policies of the Company, Assets acquired and goodwill are as follows:

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

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

#### 10. Inventories

	<u>30 June 2019</u>	<u>31 December 2018</u>
Medical supply inventory	10,608,236	9,283,064
Medicine inventory	5,462,393	5,232,879
Maintenance and spare parts inventory	1,083,698	1,235,788
Hospitality supplies inventory	476,705	324,856
Stationary inventory	359,327	396,890
Food and beverage inventory	78,252	20,078
	<u>18,068,611</u>	<u>16,493,555</u>

#### 11. Trade receivables

	<u>30 June 2019</u>	<u>31 December 2018</u>
Due from customers	182,189,272	141,510,271
Income from inpatients	3,116,351	3,049,944
	<u>185,305,623</u>	<u>144,560,215</u>
<b>Less:</b>		
Impairment of customers' balances	(21,391,864)	(4,376,258)
	<u>163,913,759</u>	<u>140,183,957</u>

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

The movement of the provision for impairment is as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>	<u>30 June 2018</u>
Balance at the beginning of the period / year	4,376,258	2,549,593	2,549,593
Provisions formed during the period / year	26,372,246	6,754,123	2,795,484
Provision used during the period / year	-	(1,057,314)	(1,057,314)
Provisions no longer required during the period / year	(9,356,640)	(3,870,144)	(2,806,126)
<b>Balance at the end of the period / year</b>	<u>21,391,864</u>	<u>4,376,258</u>	<u>1,481,637</u>

- Trade receivable balances, which have not been due till the financial position date and have no impairment indicators. Amounted to EGP 92,270,141 (31 December 2018: EGP 67,139,938).
- At the financial position date. The balances that were past due but not impaired amounted to EGP 57,682,421 (31 December 2018: EGP 54,485,531). The analysis of these balances' useful lives is as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Less than one month	24,696,997	27,502,164
From one to five months	32,985,424	26,983,367

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

#### Trade receivables (continued)

The management creates a 100% impairment of customers who are overdue for more than 150 days from the claim date after deducting the amounts that expected to be collected after calculating the loss given default rate, It also creates a group-based provision based on historical failure rates. The management calculates historical failure rates for each customer per month on the accounts of customers whose debts exceed 150 days to 360 days from the date of the financial position. Based on these rates, the management calculates a provision for debts of customers whose debts are not more than 150 days.

The balance of trade receivables over 150 days at the date of the financial position amounted to EGP 32,236,710 (31 December 2018: EGP 19,884,802).

#### 12. Debtors and other debit balances

	<u>30 June 2019</u>	<u>31 December 2018</u>
Advances to suppliers	14,908,515	19,535,217
Prepaid expenses	13,802,848	10,121,778
Withholding taxes	77,101	122,361
Deposits with others	3,513,093	2,823,093
Due from employees	712,768	455,888
Accrued interest income	390,629	381,858
Other debtors	1,712,026	497,626
	<u><b>35,116,980</b></u>	<u><b>33,937,821</b></u>

#### 13. Cash on hand and at banks

	<u>30 June 2019</u>	<u>31 December 2018</u>
Current accounts	532,810,809	808,604,104
Cash on hand	2,310,522	627,292
Time deposits	23,313,920	30,377,810
	<u><b>558,435,251</b></u>	<u><b>839,609,206</b></u>

Current accounts are maintained in banks controlled by the Central Bank.

Time deposits at 30 June 2019 are denominated in local banks in US dollars and are payable within periods ranging from one week to one month from the date of deposit and are subject to a fixed annual interest rate of 2.17% to 2.22%.

Current accounts are subject to a fixed annual rate of 13.7% (31 December 2018: 14%).

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the six months period ended 30 June 2019**

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

**14. Provisions**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Provisions for human resources	4,878,798	4,821,751
Provision for claims	1,612,741	1,612,741
	<u>6,491,539</u>	<u>6,434,492</u>

The movement of provisions during the year is as follows:

	<u>30 June 2019</u>				
	<u>Balance at 1 January 2019</u>	<u>Formed during the year</u>	<u>Utilised during the year</u>	<u>Provisions no longer required</u>	<u>Balance at 30 June 2019</u>
Provisions for human resources	4,821,751	3,835,019	(385,630)	(3,392,342)	4,878,798
Provision for claims	1,612,741	-	-	-	1,612,741
<b>Total</b>	<b>6,434,492</b>	<b>3,835,019</b>	<b>(385,630)</b>	<b>(3,392,342)</b>	<b>6,491,539</b>

	<u>31 December 2018</u>				
	<u>Balance at 1 January 2018</u>	<u>Formed during the year</u>	<u>Utilised during the year</u>	<u>Provisions no longer required</u>	<u>Balance at 31 December 2018</u>
Provisions for human resources	3,313,919	11,188,375	(3,117,475)	(6,563,068)	4,821,751
Provision for claims	3,108,668	50,000	(1,545,927)	-	1,612,741
<b>Total</b>	<b>6,422,587</b>	<b>11,238,375</b>	<b>(4,663,402)</b>	<b>(6,563,068)</b>	<b>6,434,492</b>

	<u>30 June 2018</u>				
	<u>Balance at 1 January 2018</u>	<u>Formed during the year</u>	<u>Utilised during the year</u>	<u>Provisions no longer required</u>	<u>Balance at 31 December 2018</u>
Provisions for human resources	3,313,919	6,579,330	(1,174,218)	(2,734,794)	5,984,237
Provision for claims	3,108,668	-	-	-	3,108,668
<b>Total</b>	<b>6,422,587</b>	<b>6,579,330</b>	<b>(1,174,218)</b>	<b>(2,734,794)</b>	<b>9,092,905</b>

Provision for human resources

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

Provisions 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.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

#### 15. Creditors and other credit balances

	<u>30 June 2019</u>	<u>31 December 2018</u>
Accrued expenses	69,791,007	78,067,713
Suppliers and notes payable	54,832,208	61,938,307
Social insurance	972,710	854,554
Other creditors	2,415,497	2,320,658
	<u>128,011,422</u>	<u>143,181,232</u>

#### 16. Borrowings

	<u>30 June 2019</u>		
	<u>Current portion</u>	<u>Non-current portion</u>	<u>Total</u>
Bank overdraft	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>

	<u>31 December 2018</u>		
	<u>Current portion</u>	<u>Non-current portion</u>	<u>Total</u>
Bank overdraft	-	-	-
Loans	27,223,715	67,879,332	95,103,047
<b>Total</b>	<u>27,223,715</u>	<u>67,879,332</u>	<u>95,103,047</u>

On 14 January 2018, the Company early paid a loan amounting to LE 121,800,000 representing the loan amount in addition to LE 743,091 representing interest for the period from 31 December 2018 to 14 January 2018.

On 17 October 2018. The Board of Directors approved early payment of the current loan balance and settlement of the amounts owed by the Company under the loans and credit facilities in the Financial Statement approved on 30 September 2018. These amounts are to be repaid through the Company's available cash flows. Accordingly, 100,000,000 Egyptian Pound were paid on 29 November 2018 as partial settlement of the loan.

On 17 February 2019, the Company settled the whole outstanding loans, in addition to the relevant accrued interest, accordingly the mortgages on Cleopatra Hospital shares which is owned by Care HealthCare Ltd, and Al Shourouk Hospital shares which is owned by Cleopatra Hospital were realised.

#### Financial ratios

Under the terms of the contract, the Company is committed to achieving the following financial ratios:

- Debt-to-profit ratio before bank charges, taxes payable and depreciation of financial and intangible assets to be less than or equal to 3.5 for 2018 (2017: be less than or equal to 3.5).
- Debt service rate to be greater than or equal to 1.
- Trading ratio shall be greater than or equal to 1.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

#### 17. Employee incentive plan

	<u>30 June 2019</u>	<u>31 December 2018</u>
Employee incentive plan	98,576,112	45,232,497
<b>Total</b>	<b><u>98,576,112</u></b>	<b><u>45,232,497</u></b>

The movement of verify financial liabilities during the period is as follows:

	<u>Balance at 1 January 2019</u>	<u>Formed during the period</u>	<u>Balance at 30 June 2019</u>
Employee incentive plan	45,232,497	53,343,615	98,576,112
<b>Total</b>	<b><u>45,232,497</u></b>	<b><u>53,343,615</u></b>	<b><u>98,576,112</u></b>

The movement of verify financial liabilities during the year is as follows:

	<u>Balance at 1 January 2018</u>	<u>Formed during the year</u>	<u>Balance at 31 December 2018</u>
Employee incentive plan	24,821,000	20,411,497	45,232,497
<b>Total</b>	<b><u>24,821,000</u></b>	<b><u>20,411,497</u></b>	<b><u>45,232,497</u></b>

Beginning from March 2017, the Cleopatra Hospital Group managed to activate the cash-based payment system for some employees shares of the parent company and some of the other group companies in order to link the interests of the beneficiaries with the shareholders' interest and to ensure that the highly qualified participants receive the appropriate incentive to support the growth and stability of the group, and maintain the highly qualified staff within the management team, The remuneration committee of the parent company oversees the application of the system under the supervision and supervision of the parent company's board of directors, Each beneficiary is granted a cash bonus or a fixed percentage of the amounts allocated to the system in accordance with the remuneration committee's decision. This system is not a system of remuneration and motivation for employees in the group by granting any rights in the shares of the parent company. Which is a system of cash incentives based in part on the value of shares.

The advantages of the system are as follows:

- (A) Payments calculated on the basis of the difference between the market value of the parent company's shares on June 30, 2020 during the six months preceding the date of the financial position and the share price at the date of its offering on the Stock Exchange on June 2, 2016.
- (B) Payments are calculated on the basis of the difference between profit before interest, income tax, depreciation and amortization (EBITDA) on the maturity date 30 June 2020 and 30 June 2016.



## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

#### 18. Share capital

On September 30, 2017, the Extraordinary General Meeting of the Company approved an increase in the authorized capital from LE 800,000,000 to LE 2,000,000,000 and an increase in issued capital from LE 100,000,000 to LE 800,000,000 with an increase of EGP 700,000,000 by inviting shareholders to subscribe in the shares of the increase through the issuance of 1,400,000,000 shares subscribed to the nominal value of the share of 0,5 Egyptian pounds per share, the full value of the value of the subscription, note that the shareholders of the company may subscribe to the increase each by its share in the capital or the sale of all or Part of the right to subscribe separately from the original share knowing that it will be completed The right of subscription rights and the shares of the increase in favour of small shareholders.

According to above share capital for the Company became EGP 800,000,000 paid share capital distributed across 1,600,000,000 shares.

And based on the above, shareholders structure will be as follows:

<u>Name</u>	<u>Percentage of ownership</u>	<u>Number of shares</u>	<u>Nominal value</u>
Care Healthcare Ltd.	69.4%	1,109,969,377	554,984,689
Other shareholders	30.6%	490,030,623	245,015,311
<b>Total</b>	<b>100%</b>	<b>1,600,000,000</b>	<b>800,000,000</b>

#### 19. Reserves

	<u>30 June 2019</u>	<u>31 December 2018</u>
Legal reserve	64,340,195	54,127,298
Special reserve	47,379,722	47,379,722
Other reserves	247,496,391	247,496,391
<b>Total</b>	<b>359,216,308</b>	<b>349,003,411</b>

##### 19.1 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 / year:

	<u>30 June 2019</u>		
	<u>Balance at the beginning of the year</u>	<u>Formed during the year</u>	<u>Balance at the end of the year</u>
Legal reserve	54,127,298	10,212,897	64,340,195
<b>Total</b>	<b>54,127,298</b>	<b>10,212,897</b>	<b>64,340,195</b>

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the six months period ended 30 June 2019**

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

**Reserves (continued)**

	<b>31 December 2018</b>		
	<b>Balance at the beginning of the year</b>	<b>Formed during the year</b>	<b>Balance, at the end of the year</b>
Legal reserve	50,000,000	4,127,298	54,127,298
<b>Total</b>	<b>50,000,000</b>	<b>4,127,298</b>	<b>54,127,298</b>

**19.2 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 in the special reserve during the period / year:

	<b>30 June 2019</b>		
	<b>Balance at the beginning of year</b>	<b>Formed during the year</b>	<b>Balance. at the end of year</b>
Special reserve	47,379,722	-	47,379,722
<b>Total</b>	<b>47,379,722</b>	<b>-</b>	<b>47,379,722</b>

	<b>31 December 2018</b>		
	<b>Balance at the beginning of year</b>	<b>Formed during the year</b>	<b>Balance. at the end of year</b>
Special reserve	47,379,722	-	47,379,722
<b>Total</b>	<b>47,379,722</b>	<b>-</b>	<b>47,379,722</b>

**19.3 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 in the other reserves during the period / year:

	<b>30 June 2019</b>		
	<b>Balance at the beginning of year</b>	<b>Formed during the year</b>	<b>Balance. at the end of year</b>
Other reserves	247,496,391	-	247,496,391
<b>Total</b>	<b>247,496,391</b>	<b>-</b>	<b>247,496,391</b>

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the six months period ended 30 June 2019**

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

**Reserves (continued)**

	<b>31 December 2018</b>		
	<b>Balance at the beginning of year</b>	<b>Formed during the year</b>	<b>Balance. at the end of Year</b>
Other reserves	247,592,165	(95,774)	<b>247,496,391</b>
<b>Total</b>	<b>247,592,165</b>	<b>(95,774)</b>	<b>247,496,391</b>

Other reserves are as follows:

	<b>Payment</b>	<b>Number of Shares</b>	<b>Nominal value</b>	<b>Capital</b>	<b>Share premium</b>
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 2016*	-	-	-	-	(31,982,359)
Expenses of shares issued 2017*	-	-	-	-	(27,582,577)
Transfer to legal reserve**	-	-	-	-	(32,938,673)
<b>Total</b>	<b>360,000,000</b>	<b>40,000,000</b>		<b>20,000,000</b>	<b>247,496,391</b>

\* These include expenses for the issuance of shares during 2016 and include the expenses of the capital increase of the Company (public offering and special offer) representing registration and promotion expenses and other professional and legal expenses.

\*\* The expenses of the issue of capital increase during 2017 include expenses for the increase of the share capital of the company, which represents registration and promotion expenses and other professional and legal expenses.

**20. Operating revenue**

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Surgeries revenue	73,374,257	61,652,441	37,468,241	29,338,805
Accommodation and medical supervision revenue	75,513,716	60,397,699	36,534,904	29,864,839
Outpatient clinics revenue	61,428,502	54,791,338	29,404,855	25,620,332
Laboratories revenue	35,916,588	27,851,468	18,087,290	13,996,628
Emergency revenue	22,323,011	20,105,771	11,179,883	9,554,776
Cardiac catheterization revenue	22,421,603	24,246,069	10,838,863	12,975,285
Service charge revenue	24,170,794	19,145,346	12,173,654	9,333,883
Radiology revenue	19,606,132	16,104,872	9,845,704	7,957,111
Pharmacy revenue	10,419,953	9,048,488	5,031,355	4,365,366
Dentistry revenue	5,885,822	5,135,748	2,782,103	2,306,121
Physiotherapy revenue	5,464,005	4,279,495	2,510,648	2,038,793
Cardiac tests revenue	3,616,028	2,854,593	1,729,209	1,804,580
Endoscopy revenue	2,713,346	2,251,771	1,501,741	1,057,756
	<b>362,853,757</b>	<b>307,865,099</b>	<b>179,088,450</b>	<b>150,214,275</b>

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the six months period ended 30 June 2019**

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

**21. Operating costs**

	<u>Six months ended 30 June</u>		<u>Three months ended 30 June</u>	
	<u>30 June</u> <u>2019</u>	<u>30 June</u> <u>2018</u>	<u>30 June</u> <u>2019</u>	<u>30 June</u> <u>2018</u>
Doctors' fees	75,830,235	70,228,030	36,406,494	33,215,605
Medical and pharmaceutical supplies	57,745,920	51,942,707	28,692,237	26,077,865
Salaries, wages and benefits	51,082,468	44,631,396	26,340,071	22,836,717
Maintenance, spare parts and energy expenses	4,902,851	3,916,747	2,435,413	1,967,069
Food, beverage and consumables costs	9,185,008	7,543,481	4,712,347	3,712,811
Fixed assets depreciation	7,728,265	4,476,713	4,676,647	1,923,836
Rents	8,818,243	221,980	8,258,631	117,309
Other expenses	3,849,288	1,922,938	2,638,820	1,144,701
	<b><u>219,142,278</u></b>	<b><u>184,883,992</u></b>	<b><u>114,160,660</u></b>	<b><u>90,995,913</u></b>

**22. General and administrative expenses**

	<u>Six months ended 30 June</u>		<u>Three months ended 30 June</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Salaries, wages and benefits	84,323,127	40,930,302	47,531,268	17,686,481
Professional and consulting fees	5,320,883	5,859,964	2,207,759	3,769,891
Fixed assets depreciation	2,007,914	1,060,322	1,076,814	786,575
Maintenance, spare parts and energy expenses	1,126,193	681,084	750,098	349,974
Impairment of trade receivables	17,015,606	(10,642)	6,517,137	(951,243)
Rent	1,545,792	1,093,273	753,169	809,584
Food, beverage and consumables costs	1,064,084	1,033,094	536,224	483,302
Donations	5,287,600	5,733,230	2,647,800	2,866,600
Other expenses	6,575,774	5,387,254	3,692,974	2,713,183
	<u>124,266,973</u>	<u>61,767,881</u>	<u>65,713,243</u>	<u>28,514,347</u>
Less: the Group's share of the Company's expenses	(44,496,793)	(21,002,307)	(25,176,370)	(9,427,461)
	<b><u>79,770,180</u></b>	<b><u>40,765,574</u></b>	<b><u>40,536,873</u></b>	<b><u>19,086,886</u></b>

**CLEOPATRA HOSPITAL COMPANY "S.A.E."**

**Notes to the separate financial statements - For the six months period ended 30 June 2019**

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

**23. Expenses by nature**

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Salaries, wages and benefits*	135,405,595	85,561,698	73,871,339	40,523,198
Doctors' fees	75,830,235	70,228,030	36,406,494	33,215,605
Medical and pharmaceutical supplies	57,745,920	51,942,707	28,692,237	26,077,865
Food, beverage and consumables costs	6,029,044	4,597,831	3,185,511	2,317,043
Maintenance, spare parts and energy expenses	10,249,092	8,576,575	5,248,571	4,196,113
Fixed assets depreciation	9,736,179	5,537,035	5,753,461	2,710,411
Impairment of trade receivables	17,015,606	(10,642)	6,517,137	(951,243)
Donations	5,287,600	5,733,230	2,647,800	2,866,600
Other expenses	26,109,980	14,485,409	17,551,353	8,554,668
	<b>343,409,251</b>	<b>246,651,873</b>	<b>179,873,903</b>	<b>119,510,260</b>
<b>Less: the Group's share of the Company's expenses (Note 28)</b>	<b>(44,496,793)</b>	<b>(21,002,307)</b>	<b>(25,176,370)</b>	<b>(9,427,461)</b>
	<b>298,912,458</b>	<b>225,649,566</b>	<b>154,697,533</b>	<b>110,082,799</b>

\* Employees' costs

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Salaries and wages	73,351,926	61,933,556	38,374,036	30,522,143
Employees' incentive	53,343,615	14,623,049	31,002,542	4,301,110
Social insurance	4,148,257	3,232,284	2,197,601	1,626,578
Employees' benefits	4,561,797	5,772,809	2,297,160	4,073,367
	<b>135,405,595</b>	<b>85,561,698</b>	<b>73,871,339</b>	<b>85,561,698</b>

Other expenses item includes an amount of EGP 1,025,000 in 30 June 2019 (31 December 2018: EGP 454,000) as sitting allowance of the board members.

Incentives include an amount of 49,575,730 (EGP 10,608,996: 30 June 2018) represents the amount of payments calculated on the basis of the difference between the weighted average market value of the Parent Company on 30 June 2020 during the six months preceding the date of the financial position and the share price On the 2nd of June 2016. And an amount of 3,767,885 (4,014,053 Egyptian pounds: 30 June 2018) represents the value of payments calculated on the basis of the difference between EBITDA Due on 30 June 2020 and 30 June 2016.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

#### 24. Other income

	Six months ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
Capital gain	121,177	77,000	-	-
Rent	8,394,886	594,934	7,901,922	269,639
Miscellaneous income	1,113,534	1,942,088	1,071,296	8,735
	<b>9,629,597</b>	<b>2,614,022</b>	<b>8,973,218</b>	<b>278,374</b>

#### 25. Finance income/ (expenses)

	Six months ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
Credit interest	47,963,447	56,885,559	22,205,745	29,345,340
Total finance income	<b>47,963,447</b>	<b>56,885,559</b>	<b>22,205,745</b>	<b>29,345,340</b>
Debit interest	(1,926,854)	(21,395,909)	(160,728)	(9,529,570)
Currency valuation difference	(2,008,999)	(23,396)	(971,542)	13,025
Total finance expenses	<b>(3,935,853)</b>	<b>(21,419,305)</b>	<b>(1,132,270)</b>	<b>(9,516,545)</b>
Net finance expenses	<b>44,027,594</b>	<b>(21,419,305)</b>	<b>(1,132,270)</b>	<b>(9,516,545)</b>

#### 26. Income tax

Income tax expense as stated in the statement of profit or loss includes:

	Six months ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
Current income tax for the period / year	31,402,420	25,728,100	14,216,631	12,672,584
Deferred tax (Note 27)	350,531	(466,389)	620,148	373,371
	<b>31,752,951</b>	<b>25,261,711</b>	<b>14,836,779</b>	<b>13,045,955</b>

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

	Six months ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
Net profit before tax	116,548,023	112,168,482	46,482,993	58,842,124
Income tax calculated based on the applicable local tax rate	26,223,305	25,237,908	12,280,620	13,239,477
<b>Add / (less):</b>				
Non-deductible expenses	7,634,890	655,181	4,406,160	354,675
Income not subject to tax	(2,105,244)	(631,378)	(1,850,001)	(548,197)
<b>Income taxes</b>	<b>31,752,951</b>	<b>25,261,711</b>	<b>14,836,779</b>	<b>13,045,955</b>
<b>Effective tax rate</b>	<b>27.24%</b>	<b>22.52%</b>	<b>27.18%</b>	<b>22.17%</b>

CLEOPATRA HOSPITAL COMPANY "S.A.E."

Notes to the separate financial statements - For the six months period ended 30 June 2019

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

**Income tax (continued)**

	<b>30 June 2019</b>	<b>31 December 2018</b>
<u>Current income tax liabilities</u>		
Balance at 1 January	53,711,686	10,735,815
Payments during the period / year	(53,854,248)	(10,735,815)
Advance payment during the period / year	(4,672,356)	(9,266,206)
Current period / year tax	31,402,420	62,977,892
	<b>26,587,502</b>	<b>53,711,686</b>

**27. Deferred tax**

	<b>30 June 2019</b>	<b>31 December 2018</b>
<u>Deferred tax assets</u>		
Provisions (excluding claims provision)	1,097,730	1,084,894
<u>Deferred tax liabilities</u>		
Fixed assets depreciation	(6,055,633)	(5,692,266)
<b>Deferred tax - liability</b>	<b>(4,957,903)</b>	<b>(4,607,372)</b>

The movement on the deferred income tax is as follows:

	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Deferred tax assets</b>		
Balance at 1 January	1,084,894	745,632
Charged to the statement profit or loss	12,836	339,262
<b>Balance at the end of the period / year</b>	<b>1,097,730</b>	<b>1,084,894</b>
<b>Deferred tax liabilities</b>		
Balance at 1 January	(5,692,266)	(4,444,216)
Charged to the statement of profit or loss	(363,367)	(1,248,050)
<b>Balance at the end of the period / year</b>	<b>(6,055,633)</b>	<b>(5,692,266)</b>
<b>Net deferred tax liabilities</b>	<b>(4,957,903)</b>	<b>(4,607,372)</b>

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

#### 28. Related parties transaction

During the year the Company made transactions with certain related parties, The Balances with related parties at the date of the financial statements as well as the transactions during the period / year are as follows:

The company's name	Nature of transaction	Transaction value	Balance due from / (to) related parties 30 June 2019	Balance due from / (to) related parties 30 June 2018
Care HealthCare (Parent Company)	Expenses paid on behalf of the Parent Company	1,259,407	5,126,388	3,876,981
Nile Badrawi Hospital (Subsidiary)	The Group's share of the Company's expenses	14,437,544	3,559,669	785,874
	Expenses paid by the parent Company on behalf of the Company (Consulting)	1,046,971	1,046,971	-
	Income from medical activity	66,232	-	-
	Expense from medical activity	120,072	-	-
	Loans	50,000,000	50,000,000	-
	Loan's interests	310,833	-	-
	Cairo Specialised Hospital (Subsidiary)	The Group's share of the Company's expenses	16,023,233	4,069,329
Expenses from medical activity		1,046,151	(13,365)	-
Income from medical activity		268,399	-	-
Other income (rents)		85,824	-	-
Al Shorouk Hospital (Subsidiary)	The Group's share of the Company's expenses *	13,416,226	3,509,924	(25,369)
	Expenses paid on behalf of the parent Company for the Company (Consulting)	25,454,000	25,454,000	-
	Expenses from medical activity	56,026	-	-
CHG for medical services (Subsidiaries)	Expenses on behalf of the company	10,851,903	15,032,849	3,180,946
	The Group's share of the Company's expenses *	509,132	509,132	-
CHG Pharma for pharmacies management ( Subsidiary)	Expenses on behalf of the company	1,984,320	1,984,320	-
	The Group's share of the Company's expenses *	110,658	110,958	-
Other parties	Expenses on behalf of the company	254,595	254,695	-
			<b>110,644,867</b>	<b>7,893,984</b>

\* During the year 2017. Cleopatra Hospital Company signed an agreement with its subsidiaries under this contract. The Company allocates the costs of the joint activities to the Group's Companies based on percentages related to the revenues earned for each Company. This agreement was approved by the Company's board of directors and their General Assemblies.

- The revenues and expenses of the medical activity are represented in the medical services and supplies between the Group companies, which are carried out according to the approved price list for each company.



## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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#### 29. Transactions with related parties

The due from Badrawi Nile Hospital Company includes the amount of 50,000,000 Egyptian pounds represented in the value of a short-term loan granted by the company to the Nile Badrawi Hospital Company to meet the financial burdens and obligations related to the investment plan and the capital expenditure of the company provided that this loan be repaid within 6 months from the date of receipt. The amount of financing is calculated as a return of 1.9% in addition to the lending rate announced by the Central Bank (Corridor) and is repaid monthly. The payment was received on 19 June 2019.

#### 30. Commitments

##### Capital commitments:

The capital commitments related to fixed assets at financial year end is EGP 5,462,965 (31 December 2018: EGP 2,749,150).

#### 31. Tax position

##### (1) Corporate tax

- Inspection was made up to 31 December 2014, and a clearance certificate was obtained from the Tax Authority.
- Tax returns were filed regularly in the legal deadlines.
- 2015 and 2016 were inspected and an internal committee was established and the amount were fully paid.
- 2017 and 2018 inspection is being processed.

##### (2) Salaries tax

- Inspection was made up to 31 December 2013, and all tax payables were settled, and a clearance certificate was obtained from the Tax Authority.
- Tax on earnings was inspected for 2014, and an internal committee is being formed, Model 9 / A was obtained and it was explained that the tax was paid in full.
- 2015 and 2016 were inspected and the amount were fully paid.
- 2017 and 2018 were inspected and an internal committee was held, the amount were fully paid.

##### (3) Stamp duty tax

- Inspection was made up to 31 July 2006 and tax was paid.
- 2013 were inspected, the amount were fully paid.
- Years from 2014 to 2017 inspection is being processed.

##### (4) VAT

- Inspection was made up to 31 December 2004.
- Inspection was made for sales tax from 2005 to 2015 and differences were settled.
- Inspection for 2016, 2017 and 2018 was not made.
- Tax returns were filed regularly in the legal deadline.

##### (5) Advances to tax authority

- Approval has been submitted to the tax Authority for the advance payment for the taxable period from 1 January 2019 till 31 December 2019.
- The advance payment has been approved by the Tax Authority for the taxable period from 1 January 2019 till 31 December 2019.

## CLEOPATRA HOSPITAL COMPANY "S.A.E."

### Notes to the separate financial statements - For the six months period ended 30 June 2019

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

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#### 32. Subsequent events

- On August 7, 2019, Cleopatra Hospital Company signed a contract to transfer "El Kateb" activity from the Egyptian Hospitals Company. The Escrow contract for the acquisition value was signed on August 7, 2019.
- In accordance with the decision of the Board of Directors of Cairo Specialized Hospital Company on 13 March 2019 and the approval of the Board of Directors of Cleopatra Hospital Company on 14 March 2019, it was subscribed to increase the capital of Cairo Specialized Company by 50 million EGP to become 76.519.660 EGP.

In accordance with the decision of the Board of Directors of Nile Badrwai Hospital on 13 March 2019 and the approval of the Board of Directors of Cleopatra Hospital Company on 14 March 2019, it was subscribed to increase the capital of Nile Badrawi Company by 180 million Egyptian pounds to become 200 million Egyptian pounds.

On July 11, 2019, CARE Health Care Ltd sold 504 million shares of its shares in Cleopatra Hospital Company to reach 38.87% of its share capital.

<u>Name</u>	<u>Percentage of ownership</u>	<u>Number of shares</u>	<u>Nominal value</u>
Care Healthcare Ltd.	37,87%	605,969,377	302,984,689
Other shareholders	62,13%	994,030,623	497,015,311
Total	100%	1,600,000,000	800,000,000