

CLEOPATRA HOSPITAL COMPANY "S.A.E."

**LIMITED REVIEW REPORT AND
THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED
30 SEPTEMBER 2018**



CLEOPATRA HOSPITAL S.A.E.

Interim separate financial statements - For the nine months period ended 30 September 2018

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Limited review report on the interim financial statements

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

Introduction


We conducted our limited review on the accompanying separate financial statements of Cleopatra Hospital S.A.E as at 30 September 2018 and the related interim separate financial position, interim separate statements of income, comprehensive income, changes in equity and cash flows for the nine-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 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 September 2018, its financial performance and cash flows for the nine-month period then ended in accordance with the Egyptian Accounting Standards.


Basma Samra
R.A.A. 6588
F.R.A. 137
Mansour & Co. PricewaterhouseCoopers



3 December 2018
Cairo

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Interim separate statement of financial position - At 30 September 2018

(All amounts in Egyptian Pounds)

	Note	30 September 2018	31 December 2017
Assets			
Non-current assets			
Fixed assets	5	94,159,131	87,711,987
Investments in subsidiaries	6	605,802,760	605,802,760
Advance payment for investment	7	143,550,000	143,550,000
Total non-current assets		843,511,891	837,064,747
Current assets			
Inventories	8	13,996,727	11,858,077
Trade receivables	9	134,218,848	79,264,631
Due from related parties	28	26,680,018	19,191,762
Debtors and other debit balances	10	19,644,703	5,872,816
Cash on hand and at banks	11	870,104,877	920,931,537
Total current assets		1,064,645,173	1,037,118,823
Total assets		1,908,157,064	1,874,183,570
Equity			
Share capital	16	800,000,000	800,000,000
Reserves	17	349,003,411	344,971,887
Retained earnings		340,694,199	212,895,656
Total equity		1,489,697,610	1,357,867,543
Liabilities			
Non-current liabilities			
Non-current portion of borrowings	14	167,879,332	276,303,047
Employees incentive plan	15	41,638,577	24,821,000
Deferred income tax liabilities	26	4,110,315	3,698,584
Total non-current liabilities		213,628,224	304,822,631
Current liabilities			
Provisions	12	6,705,171	6,422,588
Creditors and other credit balances	13	132,498,259	118,701,673
Current portion of borrowings and banks overdrafts	14	27,223,715	75,633,320
Current income tax liabilities	25	38,404,085	10,735,815
Total current liabilities		204,831,230	211,493,396
Total liabilities		418,459,454	516,316,027
Total equity and liabilities		1,908,157,064	1,874,183,570

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

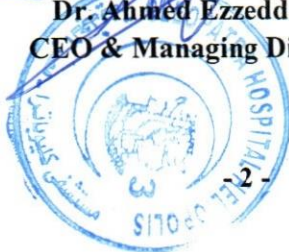
Limited review report is attached.

Mr. Khaled Hassan Ahmed
Group CFO

3 December 2018

Dr. Ahmed Ezzeddine Mahmoud
CEO & Managing Director

Dr. Mohamed Tarek Zahed
Non-Executive Chairman



CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Interim statement of profit or loss - For the nine month period ended 30 September 2018

(All amounts in Egyptian Pounds)

	Note	Nine months ended 30 September		Three months ended 30 September	
		2018	2017	2018	2017
Operating revenue	18	493,562,983	355,946,269	185,697,884	127,202,181
Less:					
Operating costs	19	(290,346,658)	(220,383,272)	(105,462,666)	(77,298,799)
Gross profit		203,216,325	135,562,997	80,235,218	49,903,382
Add / (Less)					
General and administrative expenses	20	(62,213,530)	(33,963,290)	(21,447,956)	(10,718,901)
Aquisition costs		(4,572,429)	(2,020,243)	(289,638)	(2,020,243)
Provisions	12	(3,264,029)	(1,405,522)	580,507	253,367
Other income	22	2,922,006	2,939,136	307,984	1,995,053
Finance income	23	86,035,397	34,664,210	29,149,838	11,785,979
Finance expenses	23	(30,271,748)	(53,408,882)	(8,852,443)	(19,945,729)
Contribution to the comprehensive medical insurance plan	24	(1,233,907)	-	(1,233,907)	-
Profit for the period before income tax		190,618,085	82,368,406	78,449,603	31,252,908
Current tax	25	(42,965,463)	(17,474,332)	(17,237,363)	(5,026,877)
Deferred tax	26	(411,731)	(1,895,318)	(878,120)	(2,406,213)
Profit after income tax		147,240,891	62,998,756	60,334,120	23,819,818
Earning per share		0.09	0.31	0.04	0.12

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

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Interim statement of comprehensive income - For the nine month period ended 30 September 2018

(All amounts in Egyptian Pounds)

	Note	Nine months ended 30 September		Three months ended 30 September	
		2018	2017	2018	2017
Profit for the period		147,240,891	62,998,756	60,334,120	23,819,818
Other comprehensive income		-	-	-	-
Comprehensive income for the period		147,240,891	62,998,756	60,334,120	23,819,818

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

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Interim statement of changes in equity - For the nine month period ended 30 September 2018

(All amounts in Egyptian Pounds)

	Share capital	Reserves	Retained earnings	Total
Balance at 1 January 2017	100,000,000	372,458,689	138,391,561	610,850,250
Dividends for employee's	-	-	(8,041,870)	(8,041,870)
Comprehensive income for the period	-	-	62,998,756	62,998,756
Balance at 30 September 2017	100,000,000	372,458,689	193,348,447	665,807,136
Balance at 1 January 2018	800,000,000	344,971,887	212,895,656	1,357,867,543
Legal reserve	-	4,127,298	(4,127,298)	-
Other reserves	-	(95,774)	-	(95,774)
Dividends for employee's	-	-	(15,315,050)	(15,315,050)
Comprehensive income for the period	-	-	147,240,891	147,240,891
Balance at 30 September 2018	800,000,000	349,003,411	340,694,199	1,489,697,610

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

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Interim statement of cash flows - For the nine month period ended 30 September 2018

(All amounts in Egyptian Pounds)

	Note	30 September 2018	30 September 2017
<u>Cash flows from operating activities</u>			
Profit before tax		190,618,085	82,368,406
Adjustments to reconcile net income to cash flows from operating activities			
Fixed assets depreciation	5	8,473,885	5,837,344
Fixed assets write off	5	-	732,368
Gains from sales of fixed assets	22	(77,000)	(1,181,719)
Impairment of trade receivables	9	881,330	(493,767)
Provisions	12	282,583	(1,790,957)
Interest and commissions	23	30,271,748	53,408,882
Interest income	23	(86,035,397)	(34,664,210)
Employee Incentive Plan	15	16,817,577	11,442,000
Income tax paid	25	(15,297,193)	(15,443,676)
Operating profits before changes in assets and liabilities		145,935,618	100,214,671
Changes in assets and liabilities			
Change in inventories	8	(2,138,650)	(416,294)
Change in trade receivables	9	(55,835,547)	(23,455,385)
Change in due from related parties	28	(7,488,256)	(9,598,032)
Change in debtors and other debit balances		(5,857,079)	(6,163,571)
Change in creditors and other credit balances		27,530,505	8,435,671
Net cash flows generated from operating activities		102,146,591	69,017,060
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets	5	(14,588,728)	(28,717,153)
Payments for projects under construction	5	(332,301)	(5,376,940)
Proceeds from sale of fixed assets		77,000	1,306,962
Advance payment for purchase of fixed assets		(7,960,449)	-
Interest received		86,081,039	35,904,805
Payment for Investments in subsidiaries	6	-	(613,360)
Deposits with a maturity of more than 3 months from the date of placement	10	-	143,350,000
Net cash flows generated from investing activities		63,276,561	145,854,314
<u>Cash flows from financing activities</u>			
Proceeds from bank overdraft	14	26,595,771	40,782,771
Interests and commissions paid		(44,552,385)	(64,235,371)
Payments of loans and credit facilities	14	(183,429,091)	(51,928,388)
Dividends paid		(14,864,107)	(8,041,870)
Net cash flows used in financing activities		(216,249,812)	(83,422,858)
Change in cash and cash equivalents during the period		(50,826,660)	131,448,516
Cash and cash equivalents at the beginning of the period		920,931,537	19,160,600
Cash and cash equivalents at the end of the period	11	870,104,877	150,609,116

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

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the interim separate financial statements For the nine months period ended 30 September 2018

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

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 Cleopatra Street, Heliopolis, Cairo.

The Parent Company is Care HeathCare Ltd., which owns 80% of the Company's share capital. At 30 September 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 share in Cairo specialised Hospital is 53.88% due to the Company purchased per shares from uncontrolled shares 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.

These interim separate financial statements have been approved for issuance by the management of the Company on 3 December 2018.

2. Accounting policies

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

A. Basis of preparation of the interim separate financial statements

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

The preparation of the interim separate 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 interim separate financial statements are disclosed in Note 4.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the interim separate financial statements For the nine months period ended 30 September 2018

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

Basis of the preparation of the interim separate financial statements (continued)

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 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 interim separate financial statements have been prepared in accordance with the local laws, while the consolidated financial statements of the Company and its subsidiaries have been prepared according to Egyptian Accounting Standards (EASs). The Company's interim separate financial statements should be read in conjunction with its consolidated financial statements as at and for the financial period ended 30 September 2017 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 interim separate 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 income, when the dividends are approved to be distributed and the Company's right of collection is established.

B. Foreign currency translation

(1) Functional and presentation currency

Items included in the interim separate financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's interim separate 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 period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the revaluation of monetary assets and liabilities denominated in foreign currencies at balance sheet date are recognised in the balance sheet date.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the interim separate financial statements For the nine months period ended 30 September 2018

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

C. Fixed assets

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

All expenses incurred by the Company to acquire or construct fixed assets are recognised within "projects under construction". When the fixed asset is commissioned and brought to 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 income during the fiscal period 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%
Computers	25%
Vehicles	20%
Leasehold improvement	Duration of the contract

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 income.

D. Inventories

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

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

**Notes to the interim separate financial statements
For the nine months period ended 30 September 2018**

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

E. Financial assets

(1) Classification:

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

Loans and receivables:

Loans and receivables are non-derivative financial assets with 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:

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

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

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

(3) Impairment of financial assets:

Assets recognised at amortised cost

The Company assesses at the end of each reporting period whether there is evidence that a financial asset or 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.

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

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

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the interim separate financial statements For the nine months period ended 30 September 2018

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

F. Share capital

Ordinary shares are classified as equity.

G. Legal reserve

As required by the Company's Articles of Association, 5% of the net profit shall be transferred to constitute the legal reserve, once the financial statements are approved by the Company's general assembly. 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.

H. Provisions

Provisions are recognised when the Company has a (legal or constructive) obligation as a result of past events; it is expected that this settlement will result in an outflow of the Company's resources, which ensures that economic benefits will arise. 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.

I. Trade payables

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

J. Borrowings and advances

Borrowings are 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 income over the period of the borrowings using the effective yield method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of this asset. The cost of borrowing, which is capitalised, is determined based on actual borrowing costs, which are incurred by the Group during the period 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 financial statements.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the interim separate financial statements For the nine months period ended 30 September 2018

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

K. 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 period 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 period 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.

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 September 2020 and 30 September 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.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the interim separate financial statements For the nine months period ended 30 September 2018

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

Employee benefits (continued)

- The Group 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 Group recognises the fair value of the employees' services received as expenses in the statement of profit or loss

L. 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.

Sale of medicine revenue

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

Interest income

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

M. Leases

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

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

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the interim separate financial statements For the nine months period ended 30 September 2018

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

N. Current and deferred income tax

The income tax for the period 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 interim separate 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.

O. Dividends

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

P. Cash and cash equivalents

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

Q. Fair value of financial instruments

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

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

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the interim separate financial statements For the nine months period ended 30 September 2018

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

Fair value of financial instruments (continued)

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 interim separate 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 valuers are engaged in the valuation of significant assets. The criteria for selecting the valuer include their knowledge of the market, reputation, independence and compliance with the professional standards. The management determines the valuation techniques that should be applied on a case by case basis.

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

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

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

The financial instruments are measured according to Level No. 2, and there is no difference between book value and fair value of 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.

R. Corresponding figures

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

S. Segment reporting

Business segments are reported in line with the reports provided internally to the senior management, which makes decisions related to resources allocation and evaluation of 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.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

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

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

	<u>30 September 2018</u>	<u>31 December 2017</u>
US Dollar	23,937,361	3,377,459
Pound	242	-
Euro	317,071	-

At 30 September 2018, 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 September 2018</u>	<u>31 December 2017</u>
US Dollar	2,393,736	337,746
Pound	24	-
Euro	31,707	-

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.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the interim separate financial statements For the nine months period ended 30 September 2018

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

Financial risk management (continued)

(B) Credit risk

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

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

In case of customers, the Hospital's Financial Director and General Manager perform analysis on the credit risk for each potential credit customer in accordance with the Group's policies, including Cleopatra Hospital or subsidiaries. The Parent Company's Executive Committee follows-up the compliance with credit terms, and reviews default cases and debt ageing report to take the necessary decisions whether to cancel the credit or to refer the defaulted customer to the Legal Department for their necessary actions. Note (8) 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 5 months.

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

Balances exposed to credit risks are as follows:

	<u>30 September 2018</u>	<u>31 December 2017</u>
Cash at banks	865,744,113	920,118,276
Trade receivables	137,649,771	81,814,224

(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.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the interim separate financial statements For the nine months period ended 30 September 2018

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

Financial risk management (continued)

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

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Accrued expenses	43,798,088	24,738,365	-	-
Suppliers and notes payable	52,067,502	9,149,076	-	-
Creditors	1,199,722	279,329	-	-
Loans and finance interest	-	27,223,715	167,879,332	-

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.

Net debt to total capital ratio as at 30 September 2018 and 31 December 2017 is as follows:

	30 September 2018	31 December 2017
Borrowings	195,103,047	325,977,549
Creditors and other credit balances	132,498,259	118,701,673
Less: Cash at banks and on hand	(870,104,877)	(920,931,537)
Net debt	(542,503,571)	(476,252,315)
Total shareholders' equity	1,489,697,610	1,357,867,543
Total Capital	947,194,039	881,615,228
Net debts to total capital ratio	(57%)	(54%)

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.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the interim separate financial statements For the nine months period ended 30 September 2018

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

4. Critical accounting estimates, assumptions and judgements

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

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

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.

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 September 2020 and 30 September 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 earning 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 interim separate financial statements
For the nine months period ended 30 September 2018**

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

5. Fixed assets

	Land	Machinery, equipment and devices	Tools and instruments	Furniture	Buildings	Vehicles	Computers	Leasehold improvements	Projects under construction	Total
At 1 January 2017										
Cost	14,967,000	65,241,083	3,150,705	5,443,233	43,570,388	2,757,793	1,642,584	386,953	2,957,670	140,117,409
Accumulated depreciation	-	(52,763,685)	(1,833,792)	(4,015,354)	(16,848,389)	(1,288,172)	(1,133,086)	(347,455)	-	(78,229,933)
Net book amount	14,967,000	12,477,398	1,316,913	1,427,879	26,721,999	1,469,621	509,498	39,498	2,957,670	61,887,476
Year ended 31 December 2017										
Beginning of the year	14,967,000	12,477,398	1,316,913	1,427,879	26,721,999	1,469,621	509,498	39,498	2,957,670	61,887,476
Additions	-	27,668,643	1,105,871	421,772	111,433	-	1,049,236	-	5,376,940	35,733,895
Disposals	-	(125,700)	-	-	-	(239,000)	-	-	-	(364,700)
Write off	-	-	-	-	-	-	-	-	(732,369)	(732,369)
Transfer from projects under constructions	-	-	-	-	-	-	7,602,241	-	(7,602,241)	-
Depreciation for the year	-	(3,445,215)	(703,206)	(412,243)	(3,104,021)	(650,743)	(663,433)	(39,498)	-	(9,018,359)
Accumulated depreciation of disposals	-	44,613	-	-	-	161,431	-	-	-	206,044
Closing net book amount	14,967,000	36,619,739	1,719,578	1,437,408	23,729,411	741,309	8,497,542	-	-	87,711,987
At 31 December 2017										
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)
Net book amount	14,967,000	36,619,739	1,719,578	1,437,408	23,729,411	741,309	8,497,542	-	-	87,711,987
Period ended 30 September 2018										
Beginning of the period	14,967,000	36,619,739	1,719,578	1,437,408	23,729,411	741,309	8,497,542	-	-	87,711,987
Additions	-	7,980,077	965,130	2,128,882	-	14,397	1,666,579	1,833,663	332,301	14,921,029
Disposals	-	-	-	-	-	(116,109)	-	-	(307,398)	(116,109)
Depreciation for the period	-	(3,663,055)	(1,006,058)	(566,723)	(672,103)	(227,434)	(2,129,201)	(209,311)	-	-
Accumulated depreciation of disposals	-	-	-	-	-	116,109	-	-	-	-
Closing net book amount	14,967,000	40,936,761	1,678,650	2,999,567	23,364,706	528,272	8,034,920	1,624,352	24,903	116,109
At 30 September 2018										
Cost	14,967,000	100,764,103	5,221,706	7,993,887	43,989,219	2,417,081	11,960,640	2,220,616	24,903	189,559,155
Accumulated depreciation	-	(59,827,342)	(3,543,056)	(4,994,320)	(20,624,513)	(1,888,809)	(3,925,720)	(596,264)	-	(95,400,024)
Net book amount	14,967,000	40,936,761	1,678,650	2,999,567	23,364,706	528,272	8,034,920	1,624,352	24,903	94,159,131

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

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

6. Investments in subsidiaries

	<u>Percentage of investment</u>	<u>Country of incorporation</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Investments in Nile Badrawi Hospital Co,	99,92%	Egypt	259,004,948	259,004,948
Investments in Al-Shorouk Hospital Co,	99,99%	Egypt	239,142,000	239,142,000
Investments in Cairo Specialised Hospital	53,88%	Egypt	107,655,812	107,655,812
			<u>605,802,760</u>	<u>605,802,760</u>

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

During the year ended 31 December 2016, the Company pledged its whole interest in Al Shorouk Hospital amounting to 99,99% of the total shares in favour of the Commercial International Bank as a security for the borrowing granted to Cleopatra Hospital.

7. Advance payment for purchase of fixed assets

	<u>30 September 2018</u>	<u>31 December 2017</u>
Advance payment for purchase of fixed assets	143,550,000	143,550,000
	<u>143,550,000</u>	<u>143,550,000</u>

At 31 August 2017, Cleopatra Company signed a (conditional) limited contract for purchasing new hospital in ARE, at 12 October 2017. The Company paid EGP 143,550,000 according to the agreement made in 4 October 2017.

8. Inventories

	<u>30 September 2018</u>	<u>31 December 2017</u>
Medical supply inventory	8,201,945	6,523,835
Medicine inventory	3,743,982	3,721,464
Stationary inventory	428,439	312,590
Maintenance and spare parts inventory	1,225,831	902,091
Food and beverage inventory	17,840	15,946
Hospitality supplies inventory	378,690	382,151
	<u>13,996,727</u>	<u>11,858,077</u>

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9. Trade receivables

	<u>30 September 2018</u>	<u>31 December 2017</u>
Due from customers	133,141,227	79,107,657
Income from inpatients	4,508,544	2,706,567
	<u>137,649,771</u>	<u>81,814,224</u>
Less:		
Impairment of customers' balances	(3,430,923)	(2,549,593)
Net trade receivables	<u>134,218,848</u>	<u>79,264,631</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 less amounts collected in advance during the period / year of their stay.

The movement of the provision for impairment is as follows:

	<u>30 September 2018</u>	<u>31 December 2017</u>
Balance at the beginning of the period / year	2,549,593	6,648,589
Provisions formed during the period / year	5,142,728	5,807,600
Write-offs during the period / year	(1,057,314)	(5,328,058)
Provisions no longer required	(3,204,084)	(4,578,538)
Balance at the end of the period / year	<u>3,430,923</u>	<u>2,549,593</u>

- Trade receivable balances, which have not been due till the financial position date and have no impairment indicators, amounted to EGP 38,720,200 (31 December 2017: EGP 27,399,354).
- At the financial position date, the balances that were past due but not impaired amounted to EGP 51,069,466 (31 December 2017: EGP 45,420,958) regarding customers or transactions with no history of default. The analysis of these balances' useful lives is as follows:

	<u>30 September 2018</u>	<u>31 December 2017</u>
Less than 1 month	26,100,446	23,976,080
From 1 to 5 months	24,969,020	21,444,878

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 five months old.

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10. Debtors and other debit balances

	<u>30 September 2018</u>	<u>31 December 2017</u>
Advances to suppliers	10,332,513	2,003,269
Prepaid expenses	5,104,238	1,751,347
Withholding taxes	936,841	833,214
Deposits with others	2,054,293	654,293
Due from employees	612,080	475,410
Accrued interest income	107,112	152,754
Other debtors	497,626	2,529
	<u>19,644,703</u>	<u>5,872,816</u>

11. Cash on hand and at banks

	<u>30 September 2018</u>	<u>31 December 2017</u>
Current accounts	847,886,613	920,118,276
Deposits	17,857,500	
Cash on hand	4,360,764	813,261
	<u>870,104,877</u>	<u>920,931,537</u>

Fixed interest rate is due from the current accounts annually 14% (31 December 2017 15%).

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

	<u>30 September 2018</u>	<u>31 December 2017</u>
Cash on hand and at banks	870,104,877	332,609,116
Deposits with a maturity of more than 3 months from the date of placement	-	(182,000,000)
Cash and cash equivalents	<u>870,104,877</u>	<u>150,609,116</u>

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

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12. Provisions

	<u>30 September 2018</u>	<u>31 December 2017</u>
Provisions for human resources	3,596,503	3,313,920
Provision for claims	3,108,668	3,108,668
	<u>6,705,171</u>	<u>6,422,588</u>

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

	<u>30 September 2018</u>				
	<u>Balance at 1 January 2017</u>	<u>Formed during the period</u>	<u>Utilised during the period</u>	<u>Provisions no longer required</u>	<u>Balance at 31 March 2018</u>
Provisions for human resources	3,313,920	8,660,725	(2,981,446)	(5,396,696)	3,596,503
Provision for claims	3,108,668	-	-	-	3,108,668
Total	<u>6,422,588</u>	<u>8,660,725</u>	<u>(2,981,446)</u>	<u>(5,396,696)</u>	<u>6,705,171</u>
	<u>31 December 2017</u>				
	<u>Balance at 1 January 2017</u>	<u>Formed during the year</u>	<u>Utilised during the year</u>	<u>Provisions no longer required</u>	<u>Balance at 31 December 2017</u>
Provisions for human resources	4,717,092	6,481,690	(3,726,376)	(4,158,486)	3,313,920
Provision for claims	3,058,668	50,000	-	-	3,108,668
Total	<u>7,775,760</u>	<u>6,531,690</u>	<u>(3,726,376)</u>	<u>(4,158,486)</u>	<u>6,422,588</u>
	<u>Balance at 1 January 2017</u>	<u>Formed during the year</u>	<u>Utilised During the year</u>	<u>Provisions no longer required</u>	<u>Balance at 30 September 2017</u>
Provision for human resources	4,717,092	2,285,108	(3,196,479)	(879,586)	2,926,135
Provisions for claims	3,058,668	-	-	-	3,058,668
	<u>7,775,760</u>	<u>2,285,108</u>	<u>(3,196,479)</u>	<u>(879,586)</u>	<u>5,984,803</u>

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.

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

13. Creditors and other credit balances

	<u>30 September 2018</u>	<u>31 December 2017</u>
Accrued expenses	68,536,453	89,189,981
Suppliers and notes payable	61,216,578	27,221,346
Social insurance	815,234	673,549
Other creditors	1,929,994	1,616,797
	<u>132,498,259</u>	<u>118,701,673</u>

14. Borrowings and banks overdrafts

	<u>30 September 2018</u>		
	<u>Current portion</u>	<u>Non-current portion</u>	<u>Total</u>
Bank overdraft	-	-	-
Loans	27,223,715	167,879,332	195,103,047
Total	<u>27,223,715</u>	<u>167,879,332</u>	<u>195,103,047</u>

	<u>31 December 2017</u>		
	<u>Current portion</u>	<u>Non-current portion</u>	<u>Total</u>
Bank overdraft	25,958,818	-	25,958,818
Loans	49,674,502	276,303,047	325,977,549
Total	<u>75,633,320</u>	<u>276,303,047</u>	<u>351,936,367</u>

At 14 January 2018, the company settled one of the outstanding loans with an amount of EGP 121,800,000 which represent the total principal of the loan plus an amount of EGP 743,091 which represent the interest as of 31 December 2017: 14 January 2018.

Term loans and overdrafts above include an amount of EGP 195.103.047 with interest rate of 2.4% in addition to the corridor rate declared by the Central Bank of Egypt, starting from September 2017 the interest rate changed to be 1.9% in addition to the corridor rate declared by the Central Bank of Egypt and secured by:

- The loan will be repaid on 10 rising semi annual instalments after 18 months from the first withdrawal.
- Pledge of 1.4% of Care Healthcare limited shares in Cleopatra Hospital Company S.A.E.
- Pledge of 52.7% out of the 53.88% of Cleopatra Hospital Company S.A.E. shares in Cairo Specialised Hospital Company S.A.E (Note 31).
- Pledge of 51% of Cleopatra Hospital Company S.A.E. Share in Nile Badrawi Hospital Company S.A.E. (Note 31).
- Pledge of Cleopatra Hospital Company S.A.E. shares in Al Shorouk Hospital Company S.A.E.

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**Notes to the interim separate financial statements
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Borrowings and banks overdrafts (continued)

Loans covenants

Under the terms of the borrowing facilities, the Group is required to comply with the following:

- Debt/EBITDA: Less than or equal 3.5 for 2017 (2016: less than or equal 4.3).
- Debt service coverage ratio (DSCR): Greater than or equal 1.
- Current ratio: Greater than or equal 1.

15. Employee incentive plan

	<u>30 September 2018</u>	<u>31 December 2017</u>
Employee incentive plan	41,638,577	24,821,000
Total	<u>41,638,577</u>	<u>24,821,000</u>

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

	<u>30 September 2018</u>		
	<u>Balance at 1 January 2018</u>	<u>Formed during the period</u>	<u>Balance at 30 September 2018</u>
Employee incentive plan	24,821,000	16,817,577	41,638,577
Total	<u>24,821,000</u>	<u>16,817,577</u>	<u>41,638,577</u>
	<u>31 December 2017</u>		
	<u>Balance at 1 January 2017</u>	<u>Formed during the year</u>	<u>Balance at 31 December 2017</u>
Employee incentive plan	-	24,821,000	24,821,000
Total	<u>-</u>	<u>24,821,000</u>	<u>24,821,000</u>

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.

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Employee incentive plan (continued)

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 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.

16. Share capital

On 31 December 2016, the company issued share capital was paid through 200 million shares with nominal value EGP 0.5 with total amount EGP 100 million .

On 2 June 2016, 40 million share issued as a secondary issuance where Care Healthcare (Ltd) sold it's shares in private offering and Public offering.

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

And based on the above, Care Healthcare Ltd. subscribed in capital increase with 40,000,000 shares with a total value of EGP 360,000,000 with the nominal value of EGP 20,000,000 and the increase was reflected in the commercial register dated 7 August 2016. Therefore, the Company's structure of share capital changed as follows:

<u>Name</u>	<u>Number of shares</u>	<u>Nominal value</u>
Care Healthcare Ltd.	159,999,960	79,999,980
Other shareholders	40,000,040	20,000,020
Total	200,000,000	100,000,000

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Share capital (continued)

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 favor of small shareholders from the smallest to the largest until the amount of fractures.

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:

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

17. Reserves

	30 September 2018	31 December 2017
Legal reserve	54,127,298	50,000,000
Special reserve	47,379,722	47,379,722
Other reserves	247,496,391	247,592,165
Total	349,003,411	344,971,887

17.1 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 period / 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:

	30 September 2018		
	Balance at the beginning of the period	Formed during the period	Balance, at the end of the period
Legal reserve	50,000,000	4,127,298	54,127,298
Total	50,000,000	4,127,298	54,127,298

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

Reserves (continued)

	31 December 2017		
	Balance at the beginning of the year	Formed during the year	Balance, at the end of the year
Legal reserve	50,000,000	-	50,000,000
Total	50,000,000	-	50,000,000

In accordance with article (94) of the executive regulation of Companies Law No, 159 of 1981, an amount of EGP 32,938,637 was used from the proceeds of the public offering and private offerings to increase the legal reserve to equal 50% of the issued capital.

17.2 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:

	30 September 2018		
	Balance at the beginning of period	Formed during the period	Balance at the end of period
Special reserve	47,379,722	-	47,379,722
Total	47,379,722	-	47,379,722

	31 December 2017		
	Balance at the beginning of year	Formed during the year	Balance at the end of year
Special reserve	47,379,722	-	47,379,722
Total	47,379,722	-	47,379,722

17.3 Other reserves

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

There is no movement on this reserve during the nine months ended 31 December 2017.

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Reserves (continued)

Below is the movement in the other reserves during the period / year:

	30 September 2018		
	Balance at the beginning of period	Formed during the period	Balance, at the end of period
Other reserves	247,592,165	(95,774)	247,496,391
Total	247,592,165	(95,774)	247,496,391

	31 December 2017		
	Balance at the beginning of year	Formed during the year	Balance, at the end of year
Other reserves	275,078,967	(27,486,802)	247,592,165
Total	275,078,967	(27,486,802)	247,592,165

	Payment	Number of Shares	Nominal value	Capital	Share premium
Public offering	54,000,000	6,000,000	EGP 0,5	3,000,000	51,000,000
Private offering and share capital increase	306,000,000	34,000,000	EGP 0,5	17,000,000	289,000,000
Expenses of shares issued* 2016	-	-	-	-	(31,982,359)
Expenses of shares issued* 2017	-	-	-	-	(27,582,577)
Transfer to legal reserve**	-	-	-	-	(32,938,673)
Total	360,000,000	40,000,000		20,000,000	247,496,391

* Expenses of shares issued within 2016 represent the expenses of offering the shares of the increase of the Company's share capital (public offerings and private offerings) which include expenses of registration and promoting in addition to other professional and legal expenses.

** Expenses of increasing the Company's capital within 2017, and expenses of offering the shares of the increase of the Company's share capital, which include expenses of registration and promoting in addition to other professional and legal expenses.

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18. Operating revenues

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Surgeries revenue	104,019,747	72,803,458	42,367,306	27,282,787
Accommodation and medical supervision revenue	97,304,781	69,573,158	36,907,082	24,483,197
Outpatient clinics revenue	85,168,426	64,345,150	30,377,088	24,000,109
Laboratories revenue	44,112,263	32,970,924	16,260,795	12,299,954
Emergency revenue	31,351,017	25,849,523	11,245,246	8,736,673
Cardiac catheterization revenue	37,505,890	21,197,070	13,259,821	5,289,520
Service charge revenue	31,737,660	21,882,113	12,592,314	8,196,186
Radiology revenue	25,828,582	19,029,604	9,723,710	6,882,145
Pharmacy revenue	13,651,906	11,133,997	4,603,418	3,957,726
Dentistry revenue	7,998,153	7,267,017	2,862,405	2,571,693
Physiotherapy revenue	6,975,552	4,418,402	2,696,057	1,546,949
Cardiac tests revenue	4,390,747	2,931,225	1,536,154	1,027,461
Endoscopy revenue	3,518,259	2,544,628	1,266,488	927,781
	493,562,983	355,946,269	185,697,884	127,202,181

19. Operating costs

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Doctors' fees	109,359,587	85,872,905	39,131,557	31,235,504
Medical and pharmaceutical supplies	78,315,508	58,184,334	26,372,801	20,230,725
Salaries, wages and benefits	66,616,023	54,722,410	21,984,627	18,508,343
Maintenance, spare parts and energy expenses	6,624,465	6,626,879	2,707,718	2,570,566
Food, beverage and consumables costs	11,924,052	8,464,228	4,380,571	3,501,849
Fixed assets depreciation	6,643,153	3,328,208	2,166,440	46,554
Other expenses	10,863,870	3,184,308	8,718,952	1,205,258
	290,346,658	220,383,272	105,462,666	77,298,799

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

20. General and administrative expenses

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Salaries, wages and benefits	56,124,058	37,002,675	15,193,756	14,545,756
Consultancy and legal fees	8,800,982	7,210,471	2,941,018	2,881,808
Impairment of trade receivables	1,938,644	2,201,890	1,949,286	(223,289)
Fixed assets depreciation	1,830,732	3,241,504	770,410	2,133,960
Food, beverages, and consumable costs	1,687,830	1,083,628	654,736	236,777
Maintenance, spare parts and energy expenses	1,192,610	1,000,430	511,526	436,354
Rent	1,541,338	735,597	448,065	227,831
Donations	8,599,830	1,100,070	2,866,600	366,690
Other expenses	8,536,256	7,760,612	3,149,002	2,172,848
	<u>90,252,280</u>	<u>61,336,877</u>	<u>28,484,399</u>	<u>22,778,735</u>
Less: the Group's share of the Company's expenses	(28,038,750)	(27,373,587)	(7,036,443)	(12,059,834)
	<u>62,213,530</u>	<u>33,963,290</u>	<u>21,447,956</u>	<u>10,718,901</u>

21. Expenses by nature

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Salaries, wages and benefits*	122,740,081	91,725,085	37,178,383	33,054,099
Doctors' fees	109,359,587	85,872,905	39,131,557	31,235,504
Medical and pharmaceutical supplies	78,315,508	58,184,334	26,372,801	20,230,725
Maintenance, spare parts and energy expenses	7,817,075	7,627,309	3,219,244	3,006,920
Food, beverage and consumables costs	13,611,882	9,547,856	5,035,307	3,738,626
Fixed assets depreciation	8,473,885	6,569,712	2,936,850	2,180,514
Impairment of trade receivables	1,938,644	2,201,890	1,949,286	(223,289)
Donations	8,599,830	1,100,070	2,866,600	366,690
Other expenses	29,742,446	18,890,988	15,257,037	6,487,745
	<u>380,598,938</u>	<u>281,720,149</u>	<u>133,947,065</u>	<u>100,077,534</u>
Less: the Group's share of the Company's expenses (Note 26)	(28,038,750)	(27,373,587)	(7,036,443)	(12,059,834)
	<u>352,560,188</u>	<u>254,346,562</u>	<u>126,910,622</u>	<u>88,017,700</u>

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Expenses by nature (continued)

* Employees costs

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Salaries and wages	82,313,363	57,340,767	27,234,794	15,150,973
Bonuses and incentives	24,421,404	27,337,066	5,088,183	15,511,761
Social insurance	4,846,352	4,035,315	1,614,068	1,339,484
Employees' benefits	11,158,962	3,011,937	3,241,338	1,051,881
	122,740,081	91,725,085	37,178,383	33,054,099

Other expenses item includes an amount of EGP 1,090,000 (30 September 2017: EGP 1,490,010) as sitting allowance of the board members.

The rewards and incentives item includes an amount of EGP 10,876,398 (EGP 20,402,000 as at 31 December 2017) which represents the amount of the payments calculated on the basis of the difference between the market value of the Parent Company's shares at 30 September 2020 and the share price at the date of offering its shares in the Egyptian Stock Exchange on 2 June 2016. And an amount of EGP 5,941,179 (EGP 4,419,000 at 31 December 2017) which represents the value of payments calculated on the basis of the difference between profit before interest and (EBITDA) at the maturity date of 30 June 2020 and 30 June 2016.

22. Other income

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Buffet income and cafeteria concession	-	778,520	-	224,008
Rents	857,407	137,167	262,473	45,869
Capital gain	77,000	1,181,719	-	1,181,719
Miscellaneous income	1,987,599	841,730	45,511	543,457
	2,922,006	2,939,136	307,984	1,995,053

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23. Finance income/ (expenses)

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Credit interest	86,035,397	34,664,210	29,149,838	11,788,580
Currency valuation difference	-	-	-	(2,601)
Total finance income	86,035,397	34,664,210	29,149,838	11,785,979
Debit interest	(30,268,198)	(49,864,942)	(8,872,289)	(17,359,024)
Discount on accelerated payment	-	(1,616,163)	-	(1,616,163)
Foreign currency revaluation	(3,550)	(33,776)	19,846	(33,776)
Bank commissions	-	(1,894,001)	-	(936,766)
Total finance expenses	(30,271,748)	(53,408,882)	(8,852,443)	(19,945,729)
Net finance expenses	55,763,649	(18,744,672)	20,297,395	(8,159,750)

24. .Contribution to the comprehensive medical insurance plan

Represents the amount of Cleopatra Hospital contribution in the unified medical treatment plan with a percentage of 0.0025 from total profit which is regarding the period from 1 January 2018 to 30 September 2018, that is according to article No. 40 of law No. 2 of 2018 which is regarding the comprehensive health insurance plan.

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25. Income tax

Income tax expense as stated in the statement of income includes:

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Current tax	42,965,463	17,474,332	17,237,363	5,026,877
Deferred tax	411,731	1,895,318	878,120	2,406,213
	43,377,194	19,369,650	18,115,483	7,433,090

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:

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Net profit before tax	190,618,085	82,368,406	78,449,603	31,252,908
Income tax calculated based on the applicable local tax rate	42,889,069	18,532,891	17,651,161	7,103,904
Add / (less):				
Non-taxable expenses	1,209,044	2,042,736	553,863	600,431
Income not subject to tax	(720,919)	(1,205,977)	(89,541)	(199,245)
Income taxes	43,377,194	19,369,650	18,115,483	7,433,090
Effective tax rate	22.80%	23.52%	23.21%	23.76%

	30 September 2018	30 September 2017
<u>Current income tax liabilities</u>		
Balance at 1 January	10,735,815	15,419,367
Payments during the period	(9,119,721)	(15,443,676)
Advance payment during the period / year	(6,177,472)	(12,614,197)
Tax payable during the period	42,965,463	23,374,321
	38,404,085	10,735,815

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26. Deferred tax

<u>Deferred tax assets</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Provisions (excluding claims provision)	809,213	745,632
<u>Deferred tax liabilities</u>		
Fixed assets depreciation	(4,919,528)	4,444,216
Deferred tax - liability	<u>(4,110,315)</u>	<u>3,698,584</u>

The movement on the deferred tax account is as follows:

	<u>30 September 2018</u>	<u>31 December 2017</u>
Deferred tax assets		
Balance at 1 January	745,632	1,073,991
Charged to the statement profit and loss	63,581	(328,359)
Balance at the end of the period / year	<u>809,213</u>	<u>745,632</u>
Deferred tax liabilities		
Balance at 1 January	(4,444,216)	(2,304,008)
Charged to the statement of income	(475,312)	(2,140,208)
Balance at the end of the period / year	<u>(4,919,528)</u>	<u>4,444,216</u>
Net deferred tax liabilities	<u>(4,110,315)</u>	<u>3,698,584</u>

27. Earnings per share

The basic earnings per share for the period is calculated by dividing the net profit of the period by the number of shares outstanding during the financial period ended 30 September 2018, and as there is no proposed dividends, the net distributable profits were determined on the basis of the net profit for the period without deducting the employees' share and the remuneration of directors in dividends. The earnings per share is EGP 0.09 (30 September 2017: EGP 0.31).

	<u>Nine months ended 30 September</u>		<u>Three months ended 30 September</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net distributable profits	146,842,934	62,998,756	59,936,163	23,819,818
Number of issued and paid-up capital	1,600,000,000	200,000,000	1,600,000,000	200,000,000
Earnings per share (each share)	<u>0.09</u>	<u>0.31</u>	<u>0.04</u>	<u>0.12</u>

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28. Related parties transaction

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

<u>The Company's name</u>	<u>Nature of transaction</u>	<u>Transaction value</u>	<u>Balance due from / (to) related parties</u>
Care HealthCare (Parent Company)	Expenses paid on behalf of the Parent Company	3,876,983	3,876,983
Nile Badrawi Hospital (Subsidiaries)	The Group's share of the Company's expenses *	9,052,371	74,723
	Income from medical activity	446,490	-
	Expense from medical activity	6,178,370	-
	Consulting fees paid on behalf of the company	133,725	-
Cairo Specialized Hospital (Subsidiaries)	The Group's share of the Company's expenses *	10,033,891	1,410,449
	Expenses from medical activity	2,538,305	-
	Income from medical activity	2,845,597	-
	Consulting fees paid on behalf of the company	151,554	-
Al Shorouk Hospital (Subsidiaries)	The Group's share of the Company's expenses *	8,952,488	1,115,193
	Expense from medical activity	196,664	-
	Consulting fees paid on behalf of the company	133,726	-
CHG company for medical services (Subsidiaries)	Amounts paid on behalf of the Company	20,202,670	20,202,670
Board of directors	Bonuses	1,045,000	-
			<u>26,680,018</u>

* 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.

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Related parties transaction (continued)

- 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.
- GHG company for medical services "S.A.E" was incorporated as of 6 August 2018 where Cleopatra shares in this company represents 20% of total shares, These shares are considered as preferred shares and allows its owners to have three times the power of the ordinary shares either in profit distribution or in voting on assembly decisions based on Extraordinary general assembly meeting decision dated 22 March 2018 which was approved by general authority for free markets and investment at 3 October 2018

29. Commitments

Capital commitments:

Capital commitments related to fixed assets at financial period end, which are not yet due, amounted to EGP 4,111,000. There are no further Capital Commitments related to fixed assets at the end of the financial period.

30. 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.
- The inspection for 2015 and 2016 is in process.
- Inspection was not made for 2017.

(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.
- Inspections for 2015 and 2016 are in process.
- Inspection was not made for 2017.

(3) Stamp duty tax

- Inspection was made up to 31 July 2006 and tax was paid.
- Inspection was made from 1 August 2006 to 31 December 2013. The Company was notified of stamp duty on form 19 dated 23 April 2015. Tax assessment was issued for an amount of EGP 72,966 on 3 May 2015. An appointment is being made to study the objection in the internal committee.
- Years from 2014 to 2016 were not inspected.

(4) VAT

- Inspection was made up to 31 December 2004.
- Inspection was made for sales tax from 2005 to 2015 and differences was settled.
- Tax returns were filed regularly in the legal deadline.

(5) Advance payments

- Approval has been submitted to the tax Authority for the advance payment.
- The advance payment has been approved by the Tax Authority for the taxable period from 1 January 2018 till 31 December 2018.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the interim separate financial statements For the nine months period ended 30 September 2018

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

31. Subsequent events

Due to the accelerated payment of the loan on 14 January 2018, the loan was un-pledged on 11 October 2018 for the shares regarding Cairo Specialized Hospital Company which is owned by Cleopatra Hospital Company that was pledged as collateral for the loan.

Due to the accelerated payment of the loan on 14 January 2018, the loan was un-pledged on 14 October 2018 for the shares regarding Nile Badrawi Hospital Company which is owned by Cleopatra Hospital Company that was pledged as collateral for the loan.

On October 17, 2018, the Board of Directors approved the accelerated payment regarding the loans and settlement of the amounts due from the Company under the contracts of loans and credit facilities in the financial position approved on 30 September 2018. Such payments shall be settled through the cash flows available at the Company.