CLEOPATRA HOSPITAL AND ITS SUBSIDIAREIS
(EGYPTIAN JOINT STOCK COMPANY)

LIMITED REVIEW REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

CLEOPATRA HOSPITAL AND ITS SUBSIDIAREIS (S.A.E.)

Consolidated financial statements
For the six months period ended 30 June 2016

Index	**Page**

Limited review report on the interim financial statements

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

Introduction

We have reviewed the consolidated financial statements of Cleopatra Hospital "S.A.E" and its subsidiaries ("the Group") representing the consolidated statement of financial position as at 30 June 2016, the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the six months period then ended, a summary of the significant accounting policies and other notes to the financial statements. The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is to express an opinion on these consolidated financial statements based on our limited review.

Scope of limited review

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

Conclusion

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

Mansour & Co. PricewaterhouseCoopers, Public Accountants & Consultants
Plot no 211, Second Sector, City Center, New Cairo 11835, Egypt, PO Box 170 New Cairo
T: +20 (0) 2 2759 7700, F: +20 (0) 2 2759 7711, www.pwc.com

Emphasis of matter

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

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

27 August 2016
Cairo

CLEOPATRA HOSPITAL (S.A.E.) AND ITS SUBSIDIARIES

Consolidated statement of financial position - At 30 June 2016

(All amounts in Egyptian Pounds)

	Note	30 June 2016	31 December 2015
Assets			
Non-current assets			
Fixed assets	6	379,688,079	267,049,952
Intangible assets	7	249,055,036	97,195,020
Total non-current assets		**628,743,115**	**364,244,972**
Current assets			
Held-to-maturity investments	8	-	38,080
Inventories	9	27,492,499	15,517,957
Trade receivables	10	121,610,417	89,986,584
Debtors and other debit balances	11	22,256,905	18,282,142
Cash on hand and at banks	12	123,206,779	109,906,869
Total current assets		**294,566,600**	**233,731,632**
Total assets		**923,309,715**	**597,976,604**
Equity and liabilities			
Equity attributable to owners of the parent Company			
Saher capital	16	80,000,000	80,000,000
Reserves	17	(11,090,420)	(62,303,508)
Retained earnings		116,578,223	108,270,052
Total equity of the parent company		**185,487,803**	**125,966,544**
Minority / non-controlling interests	18	38,382,880	33,250,055
Total equity		**223,870,683**	**159,216,599**
Non-current liabilities			
Non-current portion of borrowings	15	371,496,038	162,400,000
Creditors and other credit balances- Non current porotion	14	12,593,328	47,379,723
Deferred tax liabilities	26	57,417,095	43,802,580
Total non-current liabilities		**441,506,461**	**253,582,303**
Current liabilities			
Provisions	13	38,100,257	19,890,797
Creditors and other credit balances	14	152,243,063	92,550,296
Current portion of borrowings	15	49,114,433	40,600,000
Current income tax liabilities	25	18,474,818	32,136,609
Total current liabilities		**257,932,571**	**185,177,702**
Total liabilities		**699,439,032**	**438,760,005**
Total sherholders' equity and liabilities		**923,309,715**	**597,976,604**

The accompanying notes on pages 7 - 44 from an integral part of these financial statements.

Mr. Khalid Hassan Ahmed
Group Head of Finance

Dr. Ahmad Ezzeddine Mahmoud
Chairman and Managing Director

Cairo on 25 August 2016
Limited review report is attached

CLEOPATRA HOSPITAL (S.A.E.) AND ITS SUBSIDIARIES

Consolidated statement of income - For the six months period ended 30 June 2016

(All amounts in Egyptian Pounds)

	Note	Six months ended 30 June 2016	Six months ended 30 June 2015	Three months ended 30 June 2016	Three months ended 30 June 2015
Operating revenue	19	411,470,954	156,609,296	201,682,781	81,278,182
Less:					
Operating costs	20	(284,631,489)	(102,166,796)	(142,276,383)	(53,378,802)
Gross profit		**126,839,465**	**54,442,500**	**59,406,398**	**27,899,380**
Add / (Less):					
General and administrative expenses	21	(56,438,279)	(16,998,861)	(31,741,293)	(9,425,782)
Provisions	13	(9,160,974)	(1,486,753)	(8,192,534)	(743,377)
Other income	22	4,382,261	464,049	2,763,362	216,569
Finance income	24	5,814,425	2,613,495	3,288,443	1,455,970
Finance expenses	24	(29,345,720)	(61)	(15,234,553)	-
Profit for the period before income tax		**42,091,178**	**39,034,369**	**10,289,823**	**19,402,760**
Current tax	25	(14,411,704)	(9,475,639)	(5,188,456)	(4,690,386)
Deferred tax	26	3,119,663	314,246	3,182,760	59,005
Profit after income tax		**30,799,137**	**29,872,976**	**8,284,127**	**14,771,379**
Profit for:					
Owners of the parent company	18	25,683,466	29,872,976	6,618,110	14,771,379
Minority / non-controlling interests		5,115,671	-	1,666,017	-
Profit for the period		**30,799,137**	**29,872,976**	**8,284,127**	**14,771,379**

The accompanying notes on pages 7 - 44 from an integral part of these financial statements.

CLEOPATRA HOSPITAL (S.A.E.) AND ITS SUBSIDIARIES

Consolidated statement of comprehensive income - For the six months period ended 30 June 2016

(All amounts in Egyptian Pounds)

	Note	Six months ended 30 June 2016	Six months ended 30 June 2015	Three months ended 30 June 2016	Three months ended 30 June 2015
Profit for the period		30,799,137	29,872,976	8,284,127	14,771,379
Other comprehensive income		-	-	-	-
Comprehensive income for the period		**30,799,137**	**29,872,976**	**8,284,127**	**14,771,379**

The accompanying notes on pages 7 - 44 from an integral part of these financial statements.

CLEOPATRA HOSPITAL (S.A.E.) AND ITS SUBSIDIARIES

Consolidated statement of changes in shareholders' equity - For the six months period ended 30 June 2016

(All amounts in Egyptian Pounds)

	Share capital	Reserves	Retained earnings	Total Shareholders equity	Minority interest	Total equity
Balance at 1 January 2015	**80,000,000**	**11,637,554**	**43,694,642**	**135,332,196**	**-**	**135,332,196**
Comprehensive income for the period	-	-	29,872,976	**29,872,976**	-	**29,872,976**
Balance at 30 June 2015	**80,000,000**	**11,637,554**	**73,567,618**	**165,205,172**	**-**	**165,205,172**
Balance at 1 January 2016	**80,000,000**	**(62,303,508)**	**108,270,052**	**125,966,544**	**33,250,055**	**159,216,599**
Reserves	-	51,213,088	(3,833,595)	**47,379,493**	229	**47,379,722**
Dividends	-	-	(13,541,700)	**(13,541,700)**	-	**(13,541,700)**
Share of minority interests from the acquisition of subsidiaries	-	-	-	-	16,925	**16,925**
Comprensive income for the period	-	-	25,683,466	**25,683,466**	5,115,671	**30,799,137**
Balance at 30 June 2016	**80,000,000**	**(11,090,420)**	**116,578,223**	**185,487,803**	**38,382,880**	**223,870,683**

The accompanying notes on pages 7 - 44 from an integral part of these financial statements.

CLEOPATRA HOSPITAL (S.A.E.) AND ITS SUBSIDIARIES

Consolidated statement of cash flows - For the six months period ended 30 June 2016

(All amounts in Egyptian Pounds)

	Note	30 June 2016	30 June 2015
Cash flows from operating activities			
Net profit before tax		42,091,178	39,034,369
Adjustments to reconcile net income to cash flows from operating activities			
Depreciation		13,963,954	3,275,464
Profit from sale of fixed assets	6	(4,541)	-
Depreciation of intangible assets	7	2,674,998	-
Provisions	13	9,160,974	1,486,753
Impairment of customers' value	21	13,684,547	91,853
(Reversal) of impairment of customers' value		(6,745,528)	-
Interests and commissions		29,345,720	61
Interests payable		(5,814,425)	(2,613,495)
Income tax paid		(32,181,673)	(21,372,222)
Operating profits before changes in working capital		**66,175,204**	**19,902,783**
Changes in working capital			
Change in inventories		(3,262,346)	(400,264)
Change in trade receivables		(18,275,813)	(3,164,016)
Change in other receivables debit balances		(15,166,128)	18,689,844
Change in trade payables and credit balances		24,132,213	(26,114,506)
Other provisions utilized	13	(3,021,638)	(105,573)
Net cash flows generated from operating activities		**50,581,492**	**8,808,268**
Cash flows from investing activities			
Payments to purchase fixed assets and projects under construction		(14,844,305)	(2,696,802)
Proceeds from sale of fixed assets		7,045	-
Payments to acquisition of subsidiary, net cash acquired		(235,052,181)	-
Deposits with a maturity of more than 3 months from the date of placement		23,463,178	-
Interests received		5814425	2613495
Collected from housing bonds		38,080	-
Net cash flows used in investing activities		**(220,573,758)**	**(83,307)**
Cash flows from financing activities			
Receipts from borrowings		207,241,218	-
Interests and commissions paid		(485,865)	(61)
Net cash flows generated from financing activities		**206,755,353**	**(61)**
Change in cash and cash equivalents during the period		**36,763,087**	**8,724,900**
Cash and cash equivalents at the beginning of the period		47,017,746	53,632,054
Cash and cash equivalents at the end of the period	12	**83,780,833**	**62,356,954**

The accompanying notes on pages 7 - 44 from an integral part of these financial statements.

1. General information

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

The purpose of the Company is to establish a private hospital with the aim to offer modern and high quality medical services and provide medical care and treatment for patients. The Company may have interest or participate in any manner in companies or other firms which carry on similar activities in Egypt or abroad. The Company may acquire, merge or affiliate such entities under the General Authority for Investment.
The Company is located at 39 Cleopatra Street, Masr Al Jadidah, Cairo.

The parent is represented in Care Health Care LTD which owns 99.99% of the Company's share capital.
On 16 September 2015, Cleopatra Hospital S.A.E. acquired 52.7% of the shares of Cairo Specialised Hospital
On 22 September 2015, Cleopatra Hospital S.A.E. acquired 99.92% of the total shares of Nile Badrawy Hospital.

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

These consolidated financial statements were approved for issuance by the management of the Parent Company on 25 August 2016.

2. Accounting policies

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

A) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and relevant laws. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated 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 Group's accounting policies. The most significant accounting estimates and judgements applied in preparation of the consolidated financial statements are disclosed in Note.

The EAS's require referring to the most recent versions issued by other parties, which are assigned to develop accounting standards; and use similar frameworks and concepts to develop accounting standards and philosophies, and other procedures accepted in the industry. This should be limited to the extent that these concepts do not conflict with the requirements of the Egyptian Standards on Auditing, which deal with similar related subjects, definitions, bases of recognition and concepts on the measurement of assets, liabilities, revenue and expenses set forth 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.

Basis of preparation of consolidated financial statements (continued)

Matters that have not been addressed in the Egyptian Standards are subject to the International Financial Reporting Standards (IFRS) until the Egyptian Standards that address such matters are issued.

New and amended EASs adopted by the Company

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

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

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

The other amendments applicable to the Company's activity and financial statements are summarised in certain matters related to the presentation and disclosure. Accordingly, the statement of financial position will be differently presented and the presentation of the working capital will be eliminated therefrom. Also, the business results of the Company will be presented in two separate statements, the first one will present the components of the revenue and expenses (statement of income) and the second one will begin with the profit or loss and present the components of income which will be included in equity to show the comprehensive income (statement of other comprehensive income). Financial risks and fair values measurement were disclosed in further details.

B) Basis of consolidation

1. **Subsidiaries**

   Subsidiaries are the companies (including special purpose entities) , which the Group is not exposed to, or the Group is entitled to variable returns therein through its participation in the subsidiary. The Group will have the ability to affect such returns through its authority over its subsidiaries. The Group's authority over the a subsidiary arises when the Group has outstanding rights, as the Group has the current ability to instruct relevant activities, such as activities that affect the subsidiary's returns. Potential voting rights that may be practiced or transferred are taken into consideration when assessing the existence of authority over the subsidiary.

   The acquisition method of accounting is used to account for the acquisition of a subsidiary from outside the group by the Group. The cost of an acquisition is measured at the fair value or consideration of assets given by the Company for acquisition and/ or equity instruments issued and/ or liabilities incurred by the Company, and/or the liabilities accepted on behalf of the acquiree at the date of exchange plus any costs that are directly attributable to the acquisition.

   Net assets, including the identifiable contingent liabilities acquired at their fair value at the date of acquisition, are measured at fair value at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the mentioned net assets, the difference is recognised directly in the statement of profit and loss.

Basis of consolidation (continued)

In case where the acquisition process is carried out by an entity under joint control, subsidiaries are fully consolidated from the date on which control is transferred to the Group. The historical cost method is used where assets and liabilities are transferred from the consolidated financial statements to the highest joint control entity which consolidated the transferred company. If this is not possible, transfer will be made at the same value stated in the transferred company's books. The difference between the carrying value of the net assets referred to and the cost of acquisition is recognised in equity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. Inter-companies transactions, balances and unrealised gains on transactions are excluded. Unrealised losses are eliminated, and are considered as an indication of the impairment of the transferred assets.

Subsidiaries including, companies which were under joint control, are consolidated in these financial statements from the date of acquisition. Accordingly, comparative figures for the statements of income, comprehensive income, cash flows and shareholders' equity reflect the Parent Company's figures independently. As for the financial position, the comparative figures present the financial position of the consolidated financial statements as at 31 December 2015.

Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted at the Group's level.

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

	Country of incorporation	Percentage of Ownership
Al-Shorouk Hospital S.A.E.	Egypt	99.99%
Nile Badrawi Hospital S.A.E.	Egypt	99.92%
Cairo Specialised Hospital S.A.E.	Egypt	52.7%

2. **Sale, acquisition and minority interests - non-controlling interests**

   The Group recognises sales and acquisitions processes made with the minority as transactions made with parties outside the Group. Gains or losses on disposal of equity to the minority, are recognised in the consolidated equity. Where purchase is made from minority, the difference between the consideration paid and the carrying value of the share purchased in the subsidiary's assets is recognised as a reserve in the consolidated equity

3. **Associates**

   - Associates are entities over which the Group has significant influence but not control. A shareholding in these entities ranges between 20% and 50% of the voting rights.

   - Investments in associates are accounted for by the equity method of accounting. Investments are initially recognised at cost.

   - Goodwill arising from shareholding in associates is stated within investment cost net of accumulated impairment.

Basis of consolidation (continued)

- The Group's share of its associates' post-acquisition profit and loss is recognised in the income statement, and its share of post-acquisition movements in associates' reserves is recognised in reserves, in exchange for the adjustment of carrying value of investment against the Group's share in post-acquisition changes in equity.

- When the Group's share of losses in associates equals or exceeds its interest in the associate, including any other receivables or unsecured borrowings, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Company's share in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies applied in the associates are adjusted when necessary to ensure consistency with the policies adopted by the Group.

C) 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.

D) Foreign currency translation

(1) Functional and presentation currency
Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the "functional currency'). The consolidated financial statements are presented in Egyptian Pound, which is the Group's functional and presentation currency.

(2) Transactions and balances
Foreign currency transactions during the year are translated into the measurement 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 the date of the consolidated statement of financial position are recognised in the consolidated statement of income.

E) Fixed assets

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

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

All repair and maintenance costs are charged to the statement of income during the fiscal year in which they are incurred. Major renovation costs are capitalised over the asset's cost when they are expected to raise the expected pattern of the Company's future economic benefits over the estimated original benefits of the asset acquisition. These costs will be depreciated at the lower of the asset's remaining useful life or the expected useful life of these renovations, the net carrying amount of the disposed part is eliminated.
The straight line method is used to calculate the depreciation by reducing the asset's value to its salvage value over the estimated useful life except the land that is not considered a depreciable asset. The fixed assets' salvage value and useful life are reviewed annually, and adjusted if appropriate.

The depreciation rates by type of asset are as follows:

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

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

F) Intangible assets

(1) Goodwill
Goodwill results from the acquisition of subsidiaries and represents the excess of the cost of acquisition of shareholding in subsidiaries over the fair value of the Group's share of the net assets of the acquired associate at the date of acquisition. Goodwill resulting from the acquisition of a subsidiary is included within intangible assets.

The Group's management conducts analysis annually or at shorter intervals, where there is an indication for impairment, to estimate whether the carrying value of goodwill is expected to be fully recovered, and reduce the carrying value of goodwill if it is higher than the expected recoverable amount. Any losses resulting from impairment of goodwill are charged to the income statement, and cannot be reversed subsequently.

Intangible assets (continued)

Profits and losses resulting from the disposal of investments in subsidiaries or associates comprise the carrying value of the goodwill related to the investment.

Goodwill is allocated to cash generating units for the purpose of measurement of impairment. Allocation is made on cash generating units or a group of cash generating units that are expected to directly benefit from goodwill.

(2) Trade name
The trade name is included within intangible assets, represented in the name of Nile Badrawy Hospital S.A.E. and Al-Shorouk Hospital S.A.E., which result from the acquisition at fair value at the date of acquisition.

(3) Non-compete agreement
The fair value of the recognised asset is depreciated in such agreements over the period during which it is expected to benefit from such agreement, which is determined as two years.

G) Inventories

Inventories are evaluated at the lower of actual cost or net realisable value. Cost is determined using the moving 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 realisable expenses. Allowance is made for slow moving inventories based on management's assessment of inventory movements.

H) Financial assets

(1) Classification
The Company classifies its financial assets into the following categories at initial recognition depending on the purpose for which the fidnancial assets were acquired. The management of the Company has classified its financial assets within the group of loans and receivables.

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

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date. In this case, they are classified as non-current assets.
Loans and receivables include accounts receivables, cash and bank balances, and due from related parties.

(2) Initial and subsequent measurement:
- The financial assets are measured on acquisition at fair value plus transaction costs.
- The financial assets are derecognised when the right to receive cash flows from such assets has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership.
- Loans and receivables are subsequently measured at amortised cost using the effective interest method.

Financial assets (continued)

(3) Impairment of financial assets:

Assets recognised at amortised cost

The Company assesses, at end of reporting period, whether there is evidence that a financial asset or a group of financial assets is impaired.

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

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

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

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

I) Impairment of non-financial assets

Intangible assets that have an indefinite useful life, and so are not depreciated, are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognised in the statement of income at the excess amount in the carrying value over its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal of the asset or the value expected to be recovered from its use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are independent cash inflows.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that impairment losses recognised for the asset no longer exist or have decreased. Loss of impairment, which should not exceed the fair value that will be determined (net of depreciation), is reversed. Such reversal is recognised in the income statement, excluding goodwill.

J) Share capital

Ordinary shares are classified as equity.

K) 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 ordinary general assembly meeting. 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.

L) 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 outflow resources will be required to settle the obligation and a reliable estimate of the amount of this obligation can be made.

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

M) 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.

N) Borrowings and advances

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

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

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

O) Employees' benefits

Pension and insurance scheme
The Group pays contributions to the Public Authority for Social Insurance on a mandatory basis in accordance with the rules of Social Security Law. The Group has no further obligations other than the payment of its obligations. The regular contributions are recognised as periodic costs for the year in which they are due and are included within staff costs.

P) Revenue recognition

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

Revenues are recognised 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 Group; and when other specific criteria have been met for each of the Group's activities as described below. The revenue amount will not be considered reliably measurable unless all contingent liabilities are settled. The Group 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 Group renders several medical services, including surgeries, admission, medical supervision, analyses, investigations, x-rays and outpatient services. The medical service income is recognised when the service is rendered to the patient.

Sale of medicine revenue
The Group sells drugs through the hospital pharmacy or when giving them to inpatients admitted in the hospital. The Group recognises the revenues of medicines when the patient receives the medicine or when the medicine is used for the treatment of inpatients.

Rental income
The Groups rents spaces to others. Such rental is recognised in the statement of income over the period of contract.

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.

Q) Leases

(1) Finance lease

Leases are accounted for in accordance with Law 95 for the year 1995 if the tenant is not obliged to purchase the asset at the end of the lease term; the lease is registered in the register of the Companies' Department; the lease grants the tenant the right to purchase the assets at a definite date and a definite amount; and the contract period represents at least 75% of the expected useful life of the asset, at least, or the present value of the total lease payments represents at least 90% of the value of the asset.

The cost of lease, including the cost of maintenance of the leased assets are recognised as an expense in the consolidated statement of income for the period in which they occurred. If the Group decides to exercise the right to purchase the leased assets, the cost of the right to purchase is capitalised as a fixed asset, which is depreciated over the useful life of the expected remaining life of the asset in the same method followed with similar assets.

(2) Operating lease

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.

R) Current and deferred income tax

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

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

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

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

S) Dividends

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

T) Cash and cash equivalents

For the purpose of preparation of consolidated statement of cash flows, cash and cash equivalents includes cash in hand, bank current accounts, and term deposits with maturities of three months of the date of deposit.

3. Financial risk management

(1) Financial risk factors

The Group'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 Group is not exposed to price risk, as it does not have financial assets at fair value through profit and loss. The Group's management aims to minimise potential adverse effects of such risks on the financial performance of the Group by the monitoring process performed by the Finance Department ,the General Manager of the company, and the Executive Committee at the level of the Parent Company.

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

(A) Market risk

1. Risk of fluctuations in foreign currency rates

Foreign currency risk represents the changes in foreign currency rates, which affect the payments and receipts denominated in foreign currencies, as well as the evaluation of foreign currency assets and liabilities. Given the nature of the Group's activities, the Group does not undertake transactions denominated in foreign currencies as it carries out all purchases in Egyptian Pound. The Group'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:

	30 June 2016	31 December 2015
USD	4,628,984	56,716
EUR	21,857	18,896
GBP	27,064	-

At 30 June 2016, if the value of EGP is 10% more or less against foreign currencies, with all other variables held constant, net profit after taxes will increase/ decrease as follows:

	30 June 2016	31 December 2015
USD	462,898	5,671
EUR	2,186	1,889
GBP	2,706	-

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

Financial risk management (continued)

2. **Fair value and cash flow interest rate risk**
   The Parent Company obtained a long-term loan at interest rates linked to the corridor rate declared by the Central Bank of Egypt, and therefore, it is exposed to cash flow risks.

(B) Credit risk

Credit risk arises from cash and placements with banks, as well as the credit risks linked to the Group's customers. Credit risks are managed for the Group as a whole by the Executive Management of each company, the Central Finance Department and the 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.

For customers, the management of each hospital analyses the credit risks of each potential new customer before being approved as a credit customer by the Finance Director and the General Manager 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 cases of default 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.

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

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

Balances exposed to credit risks are as follows:

	30 June 2016	31 December 2015
Cash at banks	120,604,921	109,353,010
Trade receivables	159,970,846	114,663,360

(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 Group's liabilities.

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

Financial risk management (continued)

The table below shows the Company's liabilities at the balance sheet date by maturity:

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Suppliers	56,845,577	55,304	-	-
Notes payables	26,536,081	2,445,172	1,782,586	-
Loans and financing interests	46,634,972	34,584,206	541,354,420	-
Sundry creditors	2,654,043	19,997,423	-	905,230

(2) Capital risk management

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

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

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

	30 June 2016	31 December 2015
Creditors and other credit balances	164,836,391	139,930,019
Borrowings	420,610,471	203,000,000
Less: Cash in hand and at banks	(123,206,779)	(109,906,869)
Net debt	**462,240,083**	**233,023,150**
Total equity	223,870,683	159,216,599
Total capital	**686,110,766**	**392,239,749**
Net debt to total capital ratio	67%	59%

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

(3) Estimations of fair values of financial instruments

The fair value of current financial assets and liabilities approximates their carrying amounts after taking into account any impairment. The Company obtained a long-term loan from an Egyptian bank, and the management believes that the fair value of the loan approximates 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

Critical accounting estimates and assumptions
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. The resulting accounting estimates will seldom equal the actual results.

Other provisions
Provisions are recognised when there is a present legal or constructive obligation as a result of past events, and it is more likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The company reviews the provision at each balance sheet date, and adjusts it to reflect the best current estimate by using the appropriate advisory expertise.

Impairment of goodwill
The Group's management evaluates goodwill annually to determine any impairment in goodwill. The carrying amount of goodwill is reduced if it is higher than the expected recoverable amount. Any losses resulting from the impairment of goodwill is charged to the statement of income, and cannot be reversed subsequently.

Impairment of receivables and customer balances
Impairment of the balances of debtors 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 on group basis for customers and balances that suffered impairment but not yet determined, by reference to historical default rates applicable to some of the Group companies.

(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 one full year for each segment (note that the consolidated financial statements have been prepared on the basis of the date of the actual acquisition of each subsidiary):

	Cleopatra Hospital	Cairo Specialised Hospital	Nile Badrawy Hospital	Al Shorouk Hospital	Total
Statement of financial position:					
Non-current assets	308,349,835	34,124,930	176,270,291	109,998,059	**628,743,115**
Current assets	111,586,293	87,215,187	59,374,046	36,391,074	**294,566,600**
Total assets	**419,936,128**	**121,340,117**	**235,644,337**	**146,389,133**	**923,309,715**
Current liabilities	134,793,753	44,868,498	34,118,536	44,151,784	**257,932,571**
Non-current liabilities	384,414,326	997,276	39,478,858	16,616,001	**441,506,461**
Total liabilities	**519,208,079**	**45,865,774**	**73,597,394**	**60,767,785**	**699,439,032**
Statement of income:					
Operating revenue	179,239,095	88,377,560	75,312,092	68,542,207	**411,470,954**
Operating costs	(111,499,088)	(65,489,657)	(56,342,217)	(51,300,527)	**(284,631,489)**
Gross profit	**67,740,007**	**22,887,903**	**18,969,875**	**17,241,680**	**126,839,465**
Other expense and revenues	(56,499,111)	(12,091,355)	(11,624,925)	(15,824,937)	(96,040,328)
Profit for the period	**11,240,896**	**10,796,548**	**7,344,950**	**1,416,743**	**30,799,137**
Other items					
Capital expenditure	1,037,748	2,066,457	271,222	512,607	**3,888,034**
Fixed assets depreciation	4,280,466	1,964,613	4,217,014	3,501,861	**13,963,954**

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

6. Fixed assets

	Lands	Buildings	Machinery equipment and devices	Furniture	Vehicles	Computers	Projects under construction	Total 30 June 2016
Cost at 1 January 2016	**69,264,635**	**175,024,544**	**180,712,569**	**19,502,473**	**4,596,488**	**4,330,024**	**1,599,921**	**455,030,654**
Acquired assets	36,064,627	67,911,188	47,878,476	8,991,488	1,066,195	2,324,416	1,015,196	**165,251,586**
Additions	-	-	2,347,108	676,944	149,490	714,492	10,956,271	**14,844,305**
Disposals	-	-	(4,840)	(2,948)	-	-	-	**(7,788)**
Transfers	-	-	1,080,000	-	-	-	(1,080,000)	-
Balance at 30 June 2016	**105,329,262**	**242,935,732**	**232,013,313**	**29,167,957**	**5,812,173**	**7,368,932**	**12,491,388**	**635,118,757**
Accumulated depreciation at 1 January 2016	-	**36,823,505**	**130,731,955**	**14,141,454**	**2,983,795**	**3,300,000**	-	**187,980,709**
Acquired assets	-	15,845,427	27,955,272	7,249,991	466,195	1,974,415	-	**53,491,300**
Depreciation for the period	-	5,306,403	6,872,083	1,172,902	194,805	417,761	-	**13,963,954**
Accumulated depreciation of disposal	-	-	(2,360)	(2,925)	-	-	-	**(5,285)**
Accumulated depreciation at 30 June 2016	-	**57,975,335**	**165,556,950**	**22,561,422**	**3,644,795**	**5,692,176**	-	**255,430,678**
Net book value at 30 June 2016	**105,329,262**	**184,960,397**	**66,456,363**	**6,606,535**	**2,167,378**	**1,676,756**	**12,491,388**	**379,688,079**

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

Fixed assets (continued)

	Lands	Buildings	Machinery equipment and devices	Furniture	Vehicles	Computers	Projects under construction	Total 31 December 2015
At 1 January 2015	14,967,000	38,024,987	63,302,346	4,470,834	2,276,722	817,117	5,532,870	**129,391,876**
Acquired assets	54,297,635	131,084,514	109,988,035	14,812,050	2,320,195	3,068,664	485,398	**316,056,491**
Additions	-	386,953	7,720,110	1,079,284	-	490,496	1,550,430	**11,227,273**
Disposals	-	(2,026)	(253,417)	(19,800)	-	-	(435,907)	**(711,150)**
Transfers	-	5,532,870	-	-	-	-	(5,532,870)	-
Fixed assets write-off	-	(2,754)	(44,505)	(839,915)	(429)	(46,253)	-	**(933,856)**
Balance at 31 December 2015	**69,264,635**	**175,024,544**	**180,712,569**	**19,502,453**	**4,596,488**	**4,330,024**	**1,599,921**	**455,030,634**
Accumulated depreciation at 1 January 2015	-	10,854,674	50,857,667	3,056,303	1,086,725	748,878	-	**66,604,247**
Acquired assets	-	21,558,387	76,558,602	10,404,764	1,723,118	2,510,050	-	**112,754,921**
Accumulated depreciation of disposal and assets write -off	-	(1,831)	(169,290)	(588,809)	(214)	(29,191)	-	**(789,335)**
Depreciation for the year	-	4,412,275	3,484,947	1,269,198	174,166	70,263	-	**9,410,849**
Accumulated depreciation at 31 December 2015	**-**	**36,823,505**	**130,731,926**	**14,141,456**	**2,983,795**	**3,300,000**	**-**	**187,980,682**
Net book value at 31 December 2015	**69,264,635**	**138,201,039**	**49,980,643**	**5,360,997**	**1,612,693**	**1,030,024**	**1,599,921**	**267,049,952**

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

7. Business combination and intangible assets

Cost	Goodwill	Trade name	Non-compete agreement	30 June 2016 Total
Cost of intangible assets arising from business combination	196,676,034	44,354,000	8,025,002	**249,055,036**

Cost	Goodwill	Trade name	Non-compete agreement	31 December 2015 Total
Cost of intangible assets arising from business combination	75,853,020	21,342,000	-	**97,195,020**

Cost	Goodwill	Trade name	Non-compete agreement	30 June 2016 Total
Balance at the beginning of the period	75,853,020	21,342,000	-	**97,195,020**
Additions during the period	120,823,014	23,012,000	10,700,000	**154,535,014**
Depreciation for the period	-	-	(2,674,998)	**(2,674,998)**
Balance at the end of the period	**196,676,034**	**44,354,000**	**8,025,002**	**249,055,036**

Goodwill is as follows:

	Balance at 1 January 2016	Acquisition of a subsidiary	Balance at 30 June 2016
Nile Badrawy Hospital	75,853,020	-	**75,853,020**
Al-Shorouk Hospital S.A.E.	-	120,823,014	**120,823,014**
Total	**75,853,020**	**120,823,014**	**196,676,034**

Goodwill
To calculate goodwill, Nile Badrawy Hospital Company S.A.E. and Al-Shorouk Hospital S.A.E. were considered as a cash generating unit, and goodwill resulting from acquisition was allocated. Recoverable amount of cash-generating unit is estimated by calculating the value in use, using pre-tax cash flows based on financial budgets approved by management, which cover a period of five years maximum. The management determines the specific assumptions of cash flows forecasts based on past experience and market expectations.

Trade name
The fair value of the trade name is estimated by using relief from royalty method. This method determines the value by referring to the nominal royalty payments, which are provided when acquiring the asset compared with the license of the asset and trade name by a third party.

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

Business combination and intangible assets (contimued)

a) **Acquisition of Nile Badrawy Hospital S.A.E.**
At 22 September 2015, Cleopatra Hospital S.A.E. acquired 99.92% of the total shares of Nile Badrawy Hospital S.A.E. This acquisition resulted in increase of the cost of acquisition over the fair value of the net assets of the acquired company, which were recognised as intangible assets, as indicated in the table above.

The Group expects that the acquisition will result in increase of its market share and to achieve future economic benefits, and upgrade the services offered to patients of the Group's hospitals. The goodwill amounting to approximately EGP 75 million, resulting from the acquisition, is attributed to the list of customers, relations with insurance companies and the available medical experience of the hospital's employees.

The fair value of the net liabilities, which represents the assets and liabilities, excluding intangible non-current assets, is calculated after taking into consideration the contingent liabilities at the date of acquisition and the provisions for the impairment of doubtful loans.

Nile Badrawy Hospital S.A.E. was included in the consolidated financial statements at 1 October 2015, which is the date on which the acquirer actually established control over the subsidiary and the power of control on the financial and operating policies was transferred to the Company. Net acquired assets and goodwill are as follows:

	EGP
Cost of acquisition:	
Paid-up cash	257,004,947
Direct costs of acquisition	2,000,000
Minority interests at the date of acquisition	130,200
Total cost of acquisition	**259,135,147**
Fair value of acquired assets	(161,940,127)
Intangible assets	**97,195,020**

Assets and liabilities resulting from the acquisition of Nile Badrawy Hospital S.A.E. were determined on the basis of fair value at 30 September 2015 as follows:

	EGP
Lands	52,838,000
Buildings and constructions	105,770,472
Machinery and equipment	21,921,515
Vehicles	597,077
Projects under construction	485,398
Computers	129,207
Kits and tools	266,213
Total Fair value of intangible assets	**182,007,882**
Net liabilities at fair value	(20,067,755)
Net fair value of acquired assets	**161,940,127**

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

Business combination and intangible assets (contimued)

b) **Acquisition of Cairo Specialised Hospital S.A.E.**
At 16 September 2015, Cleopatra Hospital S.A.E. acquired 52.7% of the total shares of Cairo Specialised Hospital S.A.E. These are the shares then owned by Creed Healthcare Co. Ltd.. The acquisition is made for a consideration of approximately EGP 107 million, which is the same value Creed Health Care Ltd. paid to acquire Cairo Specialised Hospital in July 2014. As this transaction took place between parties under joint control (because Care Health Care Ltd., the owner of Cleopatra Hospital Company is itself 100% owned to Creed Health Care Ltd.) to restructure ownership of the group companies, uniting-of-interest method is applied for the consolidation of the financial statements of Cairo Specialised Hospital within the consolidated financial statements of Cleopatra Hospital.

The difference between the value of acquisition amounting to approximately EGP 107 million. The book value of the net assets at the date of acquisition amounting to approximately EGP 62 million after taking into account the minority interests amounting to approximately EGP 31 million pounds at the acquisition date. An amount of approximately EGP 76 million is recognised as acquisition reserve within the consolidated equity.

c) **Acquisition of Al-Shorouk Hospital S.A.E.**
At January 2016, Cleopatra Hospital S.A.E. acquired 99.99% of the total shares of Al-Shorouk Hospital S.A.E. This acquisition resulted in increase of the cost of acquisition over the fair value of the net assets of the acquired company, which were recognised as intangible assets, as indicated in the table above.

The Group expects that the acquisition will result in increase of its market share and to achieve future economic benefits, and upgrade the services offered to patients of the Group's hospitals. The goodwill amounting to approximately EGP 120 million, resulting from the acquisition, is attributed to the list of customers, relations with insurance companies and the available medical experience of the hospital's employees.

The fair value of the net liabilities, which represents the assets and liabilities, excluding intangible non-current assets, is calculated after taking into consideration the contingent liabilities at the date of acquisition and the provisions for the impairment of doubtful loans.

The revenue recognised in the consolidated statement of profit and loss, which is contributed by Al-Shorouk Hospital S.A.E. since the date of acquisition, amounted to approximately EGP 34.485.769 million, and the net profits for this period amounted to approximately EGP 1.25 million. Al-Shorouk Hospital S.A.E. has been included in the consolidated financial statements.

On 1 January 2016, net assets acquired and goodwill were as follows:

	EGP
Cost of acquisition	
Paid-up cash	239,142,000
Direct costs of acquisition	-
Minority interests at the date of acquisition	16,925
Total cost of acquisition	**239,158,925**
Fair value of acquired assets	(84,623,911)
Intangible assets	**154,535,014**

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

Business combination and intangible assets (contimued)

Assets and liabilities resulting from the acquisition of Al-Shorouk Hospital S.A.E. were determined on the basis of fair value at 31 December 2015 as follows:

	EGP
Lands	36,064,627
Buildings and constructions	53,807,252
Machinery and equipment	20,938,400
Vehicles	600,000
Computers	350,000
Total fair value of intangible assets	**111,760,279**
Net liabilities at fair value	(27,136,368)
Net fair value of acquired assets	**84,623,911**

8. Held-to-maturity investments

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

9. Inventories

	30 June 2016	31 December 2015
Medical supply inventory	17,411,125	12,929,305
Pharmacy inventory	8,413,757	1,328,796
Others	1,667,617	1,259,856
	27,492,499	**15,517,957**

10. Trade receivables

	30 June 2016	31 December 2015
Due from customers	156,373,008	112,340,748
Income / (prepayments) from inpatients	3,597,835	2,322,612
Less:		
Impairment of customers' balances	(38,360,426)	(24,676,776)
Net trade receivables	**121,610,417**	**89,986,584**

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

Notes payable are represented in the checks collected from customers, and those which are not deposited in banks for subsequent collection.

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

Trade receivables (continued)

The movement of the provision for impairment is as follows:

	30 June 2016	31 December 2015
Balance at 1 January	24,676,776	3,422,536
Provision made during the period / year	13,684,547	8,457,898
Provisions no longer required	(6,745,528)	(279,679)
Write-offs of provision for receivables during the period/ year	(322,674)	(778,867)
Effect of acquisition	7,067,305	13,854,888
Balance at the end of the period / year	**38,360,426**	**24,676,776**

Trade receivables, which have not matured till the balance sheet date and have no impairment indicators, amounted to EGP 53,412,246 (31 December 2015: EGP 71,181,598).

At the date of the statement of financial position, the balances that were past due but not impaired amounted to EGP 67,226,724 (31 December 2015: EGP 13,438,722) relative to customers and transactions with no history of default. The analysis of these balances' useful lives is as follows:

	30 June 2016	31 December 2015
More than 15 days and less than 1 month	35,386,671	9,167,504
From one to five months	31,840,053	4,271,218

11. Accounts receivable and other debit balances

	30 June 2016	31 December 2015
Withholding taxes	8,146,369	6,673,121
Advances to contractors and suppliers	4,994,555	719,126
Subscription and stock market exchange registration expenses	4,194,044	-
Prepaid expenses	2,567,366	3,069,905
Due from employees	1,165,145	7,242,569
Deposits with others	627,605	470,030
Due from related parties	-	4,640
Sundry debtors	1,627,415	957,611
	23,322,499	**19,137,002**
Impairment in other receivables	(1,065,594)	(854,860)
	22,256,905	**18,282,142**

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

Accounts receivable and other debit balances (continued)

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

	30 June 2016	31 December 2015
Balance at 1 January	854,860	-
Provision made during the period / year	-	173,161
Effect of acquisition of subsidiary	210,734	681,699
	1,065,594	**854,860**

12. Cash in hand and at banks

	30 June 2016	31 December 2015
Cash in hand	2,601,858	553,859
Current accounts	81,178,975	46,463,887
Term deposits	39,425,946	62,889,123
	123,206,779	**109,906,869**

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

	30 June 2016	31 December 2015
Cash in hand and at banks	123,206,779	109,906,869
Deposits with a maturity of more than 3 months from the date of placement	(39,425,946)	(62,889,123)
Cash and cash equivalents	**83,780,833**	**47,017,746**

13. Provisions

	30 June 2016	31 December 2015
Provision for claims	25,559,896	15,582,001
Provision for other claims - human resources	8,666,000	2,307,000
Employees leave provision	2,569,762	1,035,539
Provision for benefits of employees over 60 years	1,248,399	910,057
Provision for stamp duty	56,200	56,200
	38,100,257	**19,890,797**

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

Provisions (continued)

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

	30 June 2016					
	Balance at the beginning of the period	Effect of acquisition of subsidiaries	Provision made during the period	Utilised during the period	Provisions no longer required	Balance at the end of the period
Provision for claims	15,582,001	11,870,000	1,000,000	(2,892,105)	-	**25,559,896**
Provision for other claims - human resources	2,307,000	-	6,359,000	-	-	**8,666,000**
Employees' leave provision	1,035,539	200,124	1,334,589	-	(490)	**2,569,762**
Provision for benefits of the employees over 60 years	910,057	-	776,893	(129,533)	(309,018)	**1,248,399**
Provision for stamp duty	56,200	-	-	-	-	**56,200**
	19,890,797	**12,070,124**	**9,470,482**	**(3,021,638)**	**(309,508)**	**38,100,257**

	31 December 2015					
	Balance at beginning of the year	Effect of acquisition of subsidiaries	Provision made during the year	Utilised Balance during the year	Provisions no longer required	Balance at the end of the year
Provision for claims	2,758,668	19,436,433	-	(6,613,100)	-	**15,582,001**
Provision for other claims - human resources	-	-	2,307,000	-	-	**2,307,000**
Employees' leave provision	-	439,367	596,172	-	-	**1,035,539**
Provision against benefits of the employees over 60 years	552,484	-	519,413	(161,840)	-	**910,057**
Provision for stamp duty	56,200	-	-	-	-	**56,200**
	3,367,352	**19,875,800**	**3,422,585**	**(6,774,940)**	**-**	**19,890,797**

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

Provision for claims

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

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

Provisions (continued)

Provision for other claims - human resources
Other provisions for human resources comprise provisions for the restructure of the Company's employee wages.

Employees leave provision
It is represented in entitlements of some employees, who did not receive their full leave balance in accordance with the law.

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

14. Creditors and other credit balances

	30 June 2016	31 December 2015
Accrued expenses	68,577,790	31,092,860
Suppliers and notes payable	56,900,881	45,879,798
Purchase of investments payable	19,997,423	-
Tax Authority	10,050,940	8,076,340
Social insurance	1,242,397	1,111,470
Deposits with others	840,711	1,181,371
Dividends payable	419,303	149,217
Due to related parties (Note 27)	-	47,379,723
Deferred revenue	-	181,300
Sundry creditors	6,806,946	4,877,940
	164,836,391	**139,930,019**
Less:		
Accounts payable and other credit balances - non-current portion	(12,593,328)	(47,379,723)
	152,243,063	**92,550,296**

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

15. Borrowings

The borrowing balance is as follows:

	30 June 2016	31 December 2015
Total loan amount	420,610,471	203,000,000
Less: current portion of borrowings	(49,114,433)	(40,600,000)
Non-current portion of borrowings	**371,496,038**	**162,400,000**

Cleopatra Hospital Company S.A.E.

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

The details of borrowings are as follows:

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

(2) A loan of EGP 230.000.000 from the Commercial International Bank (of which an amount of EGP 208,714,800 has been withdrawn up to the statement of financial position date) to finance 100% of the cost of equity acquisition of Al-Shorouk Hospital Company. The loan will be due for repayment in ten equal semi-annual instalments commencing 18 months after the first withdrawal date at an interest rate of 2.4% in addition to the interest rate corridor declared by the Central Bank of Egypt.

Main guarantees for loans no (1) and (2) above:

- The Company has pledged its shares in the Cairo Specialised Hospital S.A.E. amounting to 52.7% in favour of the Commercial International Bank.
- Also, Care Healthcare Ltd has pledged 51% of its shares in Cleopatra Hospital in favour of the Commercial International Bank.
- On 19 January 2016, Cleopatra Hospital obtained another loan from the Commercial International Bank worth of EGP 230 million. Care Health Care Company pledged its remaining shares as a guarantee for the bank's loan of a total mortgage rate of 99.99%.
- Cleopatra Hospital has pledged all its acquired shares in Al-Shorouk Hospital as a guarantee for the same loan.

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

Borrowings (cntniued)

Al-Shorouk Hospital S.A.E.

	30 June 2016		
	Borrowings	**Overdraft**	**Total**
Current portion	980,214	7,534,219	**8,514,433**
Non-current portion	381,238	-	**381,238**

	31 December 2015		
	Borrowings	**Overdraft**	**Total**
Current portion	980,214	8,497,257	**9,477,471**
Non-current portion	891,782	-	**891,782**

(3) At 25 November 2014, the Company sold the whole land and buildings (Plot No. 11, Area C) as per a preliminary contract with the International Company for Finance Lease (Incolease), provided the sale contract is not executed unless a lease agreement over the land is concluded. At the same date, the company has entered into a finance lease for 3 years. After the end of the lease period, the company is entitled to purchase the asset against the amount of EGP 1.

The amounts due to Faisal Bank, which represent the remaining amount of the total land price amounting to 2,902,945, were paid by Incolease and leased back to Al Shorouk Hospital Company for 3 years with a predetermined net amount equalling the amount paid to Faisal Bank after calculating the interest for 3 years. Due to the substance of this transaction, it is considered as a loan secured against the asset rather than a sale. Such a transaction is outside of the scope of the Egyptian Accounting Standard 20 "Accounting Rules and Standards Related to Finance Lease". Accordingly, the transaction was not considered as a process of sale and lease-back but it was considered as a loan from Incolease for 36 months - where each monthly instalment amounts to EGP 93,160 with a variable interest based on the corridor rates declared by the Central Bank of Egypt.
The average interest rate on bank overdrafts in EGP was 10% (31 December 2015:10%).

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

16. Share capital

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

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

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

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

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

Name	Number of shares	Nominal value
Healthcare ltd	120,000,000	60,000,000
Private offering	32,000,000	16,000,000
Public offering	8,000,000	4,000,000
Total	**160,000,000**	**80,000,000**

In accordance with the General Assembly's resolution issued at 6 April 2016, and its minutes of meetings have been approved by the General Authority for Investment and Free Zones at 14 April 2016, it was approved to freeze 51% of the main shareholder's share in Care Healthcare Ltd.as well as the owner of 99.9% of the shares at the General Assembly's date for two financial years commencing as at the date the company's share were traded in the Egyptian Stock Exchange, in compliance with the provisions of Article (7) of the rules of listing and write-off of securities in the Egyptian Stock Exchange.

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

17. Reserves

a. 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 discontinued if the legal reserve reaches 50% of the issued capital. This reserve is not available for distribution to shareholders.

b. Acquisition reserve

This reserve represents the difference between the value of the acquisition by Cleopatra Hospital S.A.E. and the book value of the net assets and liabilities of Cairo Specialised Hospital S.A.E. at the acquisition date, as the two companies are under common control. The reason for the acquisition is the reorganisation of the Group companies. Therefore, the assets and liabilities of the subsidiary were transferred at historical cost.

c. Special reserve

The amount due to Care Healthcare Ltd. (The Parent Company). In compliance with the letter issued by the Company at 12 April 2016, the parties have agreed that this amount has been claimed only in the case of dissolution or liquidation of the Company either voluntary or for any other legal reason. In that case, the borrowing amount shall be divided between recent shareholders of the Company at 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 registered as reserve in Equity rights.

Below is the movement on reserves during the period/ year:

	30 June 2016		
	Balance at 1 January 2016	**Provision made during the period**	**Balance at 30 June 2016**
Legal reserve	13,827,660	3,833,366	**17,661,026**
Acquisition reserve	(76,131,168)	-	**(76,131,168)**
Special reserve	-	47,379,722	**47,379,722**
	(62,303,508)	**51,213,088**	**(11,090,420)**

	31 December 2015		
	Balance at 1 January 2015	**Provision made during the year**	**Balance at 31 December 2015**
Statutory reserve	11,637,554	2,190,106	13,827,660
Acquisition reserve	-	(76,131,168)	(76,131,168)
	11,637,554	**(73,941,062)**	**(62,303,508)**

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

18. Minority/ non-controlling interests

	Share capital	Legal reserve	Retained earnings	Share of minority interests in settlement of acquisition	Total
Share of minority interests in the acquisition of subsidiaries	12,787,080	8,098,271	10,130,813	103,260	**31,119,424**
Profit for the period	-	-	2,130,631	-	**2,130,631**
Balance at 31 December 2015	**12,787,080**	**8,098,271**	**12,261,444**	**103,260**	**33,250,055**
Balance at 1 January 2016	12,787,080	8,098,271	12,261,444	103,260	**33,250,055**
Share of minority interests in the acquisition of subsidiaries	5,000	2,043	1,465	8,417	**16,925**
Legal reserve	-	229	-	-	**229**
Profit for the period	-	-	5,115,671	-	**5,115,671**
Balance at 30 June 2016	**12,792,080**	**8,100,543**	**17,378,580**	**111,677**	**38,382,880**

19. Operating revenues

	Six months ended 30 June		Three months ended 30 June	
	2016	**2015**	**2016**	**2015**
Accommodation and medical supervision revenue	103,528,647	29,094,591	50,996,714	14,388,525
Surgeries revenue	85,285,498	29,696,697	43,266,358	15,546,289
Outpatient clinics revenue	62,391,707	29,672,867	29,056,234	15,831,139
Cardiac catheterization revenue	34,867,776	12,193,291	16,698,370	6,613,320
Laboratories revenue	32,607,170	14,240,524	15,382,402	7,440,502
Service charge revenue	20,993,490	6,875,312	10,288,555	3,560,680
Emergency revenue	19,196,829	12,714,255	9,610,945	6,766,857
Radiology revenue	18,017,264	9,609,330	9,106,209	5,026,803
Pharmacy revenue	9,800,495	2,798,232	5,307,457	1,348,018
Revenues of oncology centre	7,960,511	-	3,987,768	-
Dentistry revenue	4,935,134	4,237,168	2,481,407	2,104,146
physiotherapy revenue	4,047,760	2,492,229	2,001,558	1,354,859
Endoscopy revenue	3,285,343	1,251,920	1,588,045	603,787
Heart tests revenue	3,178,517	1,732,880	1,469,915	693,257
Other departments revenues	1,374,813	-	440,844	-
	411,470,954	**156,609,296**	**201,682,781**	**81,278,182**

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

20. Operating costs

	Six months ended 30 June		Three months ended 30 June	
	2016	2015	2016	2015
Medical and pharmaceutical supplies	96,609,642	26,762,060	47,929,508	14,010,885
Doctors' fees	81,005,522	37,669,702	40,459,641	19,816,355
Salaries, wages and benefits	67,192,777	28,772,429	33,986,181	15,432,674
Fixed assets depreciation	11,873,664	1,707,324	5,923,740	853,662
Maintenance, spare parts and energy costs	11,731,101	1,958,643	5,901,882	429,010
Food, beverage and consumables costs	9,717,995	3,748,876	5,127,943	2,166,642
Other expenses	6,500,788	1,547,762	2,947,488	669,574
	284,631,489	**102,166,796**	**142,276,383**	**53,378,802**

21. General and administrative expenses

	Six months ended 30 June		Three months ended 30 June	
	2016	2015	2016	2015
Salaries, wages and benefits	30,380,919	11,471,235	16,840,306	5,973,860
Impairment of customers' balances	6,939,019	91,853	6,011,875	-
Professional and consulting fees	3,807,595	179,902	2,947,978	79,402
Amortization of intangible assets	2,674,998	-	1,337,499	-
Fixed assets depreciation	2,090,291	1,568,140	1,044,111	784,070
Food, beverage and consumables costs	2,081,477	370,018	951,155	80,981
Maintenance, spare parts and energy costs	1,968,289	169,415	1,023,413	67,745
Rent	915,894	382,636	462,032	230,747
Donations	279,780	416,150	139,890	289,890
Bank charges and expenses	191,860	214,095	92,242	92,695
Other expenses	5,108,157	2,135,417	890,792	1,826,392
	56,438,279	**16,998,861**	**31,741,293**	**9,425,782**

22. Other income

	Six months ended 30 June		Three months ended 30 June	
	2016	2015	2016	2015
Buffet income and cafeteria concession	1,219,409	323,106	578,558	156,086
Rent	952,885	75,920	447,354	31,710
Miscellaneous income	2,209,967	65,023	1,737,450	28,773
	4,382,261	**464,049**	**2,763,362**	**216,569**

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

23. Expenses by nature

	Six months ended 30 June		Three months ended 30 June	
	2016	2015	2016	2015
Salaries, wages and benefits *	97,573,696	40,243,664	50,826,487	21,365,208
Medical and pharmaceutical supplies	96,609,642	26,762,060	47,929,508	14,010,885
Doctors' fees	81,005,522	37,669,702	40,459,641	19,816,355
Fixed assets depreciation	13,963,954	3,275,464	6,967,851	1,637,732
Maintenance, spare parts and energy costs	13,699,390	2,128,058	6,925,296	1,037,476
Food, beverage and consumables costs	11,799,473	4,118,894	6,079,098	2,247,622
Net impairment of customers' balances	6,939,019	91,853	6,011,875	-
Amortization of intangible assets	2,674,998	-	1,337,499	-
Other expenses	16,804,074	4,875,962	7,480,421	2,689,306
	341,069,768	119,165,657	174,017,676	62,804,584

24. Finance (expenses)/ income

	Six months ended 30 June		Three months ended 30 June	
	2016	2015	2016	2015
Finance income				
Interest payable	5,312,340	2,400,370	2,800,508	1,317,598
Currency translation differences	502,085	213,125	487,935	138,372
Total finance income	**5,814,425**	**2,613,495**	**3,288,443**	**1,455,970**
Finance costs				
Interest receivable	(27,339,651)	-	(15,234,553)	-
Bank commissions	(2,006,069)	(61)	-	-
Total finance expenses	**(29,345,720)**	**(61)**	**(15,234,553)**	**-**
Net finance (expenses)/ income	**(23,531,295)**	**2,613,434**	**(11,946,110)**	**1,455,970**

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

25. Income taxes

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

	Six months ended 30 June		Three months ended 30 June	
	2016	2015	2016	2015
Current income tax for the period	14,411,704	9,475,639	5,188,456	4,690,386
Deferred tax	(3,119,663)	(314,246)	(3,182,760)	(59,005)
	11,292,041	**9,161,393**	**2,005,696**	**4,631,381**

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

	Six months ended 30 June		Three months ended 30 June	
	2016	2015	2016	2015
Net profit before taxation	42,091,178	39,034,369	10,289,823	19,402,760
Income tax calculated based on the applicable local tax rate	9,470,515	8,782,733	2,315,210	4,365,621
Add/ (less):				
Non-taxable expenses	2,730,999	402,414	599,959	265,760
Income not subject to taxation	(926,348)	(23,754)	(926,348)	-
Prior years adjustments	16,875	-	16,875	-
Income taxes	**11,292,041**	**9,161,393**	**2,005,696**	**4,631,381**
Actual tax rate	**26.8%**	**23.5%**	**19.49%**	**23.9%**

Current income tax liabilities	30 June 2016	31 December 2015
Balance at 1 January	32,136,609	21,372,222
Effect of acquisition of subsidiaries	4,108,178	7,246,737
Payments made during the period/ year	(32,181,673)	(21,372,222)
Tax payable during the period/ year	14,411,704	24,889,872
	18,474,818	**32,136,609**

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

26. Deferred taxation

Change in tax assets and liabilities during the period/ year is as follows:

Liabilities	Balance at 1 January 2016 (liability)	Effect of acquisition of subsidiaries Asset/ (liability)	(Expense)/ income charged to the statement of income during the period	Balance at 30 June 2016 (liability)
Fixed assets	(2,129,493)	2,163,446	52,889	**86,842**
Fixed assets - effect of fair value	(38,579,741)	(13,719,925)	1,259,701	**(51,039,965)**
Intangible assets - effect of fair value	(4,801,950)	(5,177,700)	-	**(9,979,650)**
Total liabilities	**(45,511,184)**	**(16,734,179)**	**1,312,590**	**(60,932,773)**
Assets				
Provisions, excluding claims provision	1,708,604	-	1,807,074	**3,515,678**
Net deferred tax - liability	**(43,802,580)**	**(16,734,179)**	**3,119,664**	**(57,417,095)**

Liabilities	Balance at 1 January 2015 (liability)	Effect of acquisition of subsidiaries Asset/ (liability)	(Expense)/ income charged to the statement of income during the year	Balance at 31 December 2015 (liability)
Fixed assets	(2,297,712)	4,144,261	(3,976,042)	**(2,129,493)**
Fixed assets - effect of fair value	-	(38,680,936)	101,195	**(38,579,741)**
Intangible assets - effect of fair value	-	(4,801,950)	-	**(4,801,950)**
Total liabilities	**(2,297,712)**	**(39,338,625)**	**(3,874,847)**	**(45,511,184)**
Assets				
Provisions, excluding claims provision	-	-	1,708,604	**1,708,604**
Net deferred tax - liability	**(2,297,712)**	**(39,338,625)**	**(2,166,243)**	**(43,802,580)**

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

27. Related party transactions

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

Balance sheet balances

Related parties	Nature of transaction	30 June 2016	31 December 2015
Healthcare Company (Parent Company)			
Accounts and other payables (Note 14)	Financing	-	47,379,723

28. Tax position

Cleopatra Hospital S.A.E.

(1) General taxes

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

(2) Sales taxes
- The Company was inspected till 31 December 2004.
- The Company was not inspected for the years from 2005 to 2015.

(3) Tax on the earning
- The Company was inspected up to 31 December 2013, and settlement was made till the last inspection for the year 2013.
- A tax clearance certificate was obtained from the tax authority up to 2013.
- Tax on earning was inspected for the year 2014, and no forms were issued till the end of Q2 of 2016.
- The Company was not inspected for the year 2015.

(4) Stamp duty
- The Company was inspected till 31 July 2006 and settlement was made.
- The Company was inspected during the period from 1 August 2006 to 31 December 2013. The Company was notified, through a form No. 19s dated 23 April 2015, of tax assessment of EGP 72,966 for this period. The Company filed an objection to the assessment. The internal Committee is in the process of fixing a date to resolve this issue.
- The Company was not inspected for the years 2014 and 2015.

Tax position (continued)

Cairo Specialised Hospital Co.S.A.E.

(1) Income tax
- The Company was inspected since the inception of activity to 2008, and all entitlements were paid.
- The Company was not inspected from the years 2009 to 2015. Tax returns were filed annually in the legal due dates.

(2) Tax on salaries and wages
- The Company was inspected since the inception of activity to 2009, and all entitlements were paid.
- The Company was not inspected from the year 2010 till the end of the year 2015.

(3) Stamp duty
- The Company was inspected since the inception of activity to 31 July 2006, and all entitlements were paid.
- The Company was assessed on presumptive basis from August 2006 to 2014, and an appeal was filed in the legal due date. The Company was not inspected yet for the year 2015.

(4) Withholding tax
- The Company was not inspected since the beginning of activity until 2015.

Nile Badrawi Hospital Co. S.A.E.

(1) Industrial and commercial profits tax
- Years to 2009 were settled, and all dues were paid until the end of 2009.
- Form No.19 for 2010, 2011 and 2012 was issued under No.13833 on 18 August 2015. Appeal was filed against the legal due date. The internal committee is currently taking the necessary action.
- No samples were issued for the Years 2013/ 2015 to date.

(2) Tax on the earning
- Years up to 2011 were inspected and settled. No tax is due for the years up to 2011.
- Tax settlement is in progress for the years from 2012 to 2015.

(3) Stamp duty
- Years up to 2005 were inspected and settled.
- Years from 2006 to 2015 are currently inspected.

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

Tax position (continued)

Al Shorouk Hospital Co. S.A.E.

(1) Industrial and commercial profits tax
- The Company was inspected and the differences were paid for the period from inception till 31 December 2004. The prescription was applied to the years from 2005 till 2009. The Company was also inspected for the years from 2010 till 2014 and received the form No. 19 and an appeal was filed against this form. An internal committee is inspecting these years. The year of 2015 was not inspected.
- Tax returns are regularly submitted on time.

(2) Tax on the earning
- The Company was inspected till 31 December 2004
- There are tax differences for the years 2001 till 2004 which are still disputed. Such differences are being considered by the Committee of Appeal.
- The inspection for the years from 2005 till 2014 is now in progress.
- The Company was not inspected for the year 2015.
- The Company makes payments for different periods, but not in accordance with the fixed legal schedule.

(3) Stamp duty
- The Company was inspected till 31 July 2006, and settlement was made.
- The Company was inspected on presumptive basis from 1 August 2006 to 2014.
- The Company was not inspected for the year 2015.
- The Company regularly submits the tax returns on time.

29. Commitments

a) Capital commitments:
Capital commitments related to fixed assets at financial year end, which are not yet due, amounted to EGP 16,829,540 (2014: EGP 517,310).

b) Rental liabilities:
Rental liabilities at financial year end, which are not yet due, are as follows:

	30 June 2016	31 December 2015
Less than 1Year	2,312,785	3,115,658
1 to 3 years	2,083,019	2,083,019

30. Subsequent events

In accordance with the Extraordinary General Assembly's meeting held on 6 April 2016, the Company's share capital issued was approved to be increased within the limits of the Company's authorised capital, provided such increase is executed after the secondary offering; reaches a maximum equal to the same number of shares in the special and general secondary offering at the ultimate offering price; and shall be financed from the total of the secondary offering after the liquidation of the share stability account. The priority rights for existing shareholders will not be realised in the IPO on the increase shares. This increase will be fully provided to Care Healthcare Ltd. - the main shareholder at the Company against the shares offered in the special and general secondary offering in accordance with the terms specified in the prospectus. The Board shall be delegated to execute this increase and amend Articles (6) and (7) of the Company's Articles of Association in compliance with the results of the secondary offering and its subsequent increase. Participants in the special and general offering may not enrol in 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 repaid and divided into 200,000,000 shares of EGP 0.5 each.