RNS Number : 7376L
Integrated Diagnostics Holdings PLC
10 September 2019

Integrated Diagnostics Holdings Plc

Half-Year 2019 Results

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Integrated Diagnostics Holdings Plc delivers strong growth with a 23% increase in revenues in the first half of 2019

(London) Integrated Diagnostics Holdings ("IDH," "the Group," or "the Company"), a leading consumer healthcare company with operations in Egypt, Jordan, Sudan and Nigeria, announces today its results for the six-month period ended 30 June 2019, reporting a 23% year-on-year increase in revenues to EGP 1,061 million.

Results

EGP mn	1H2019*	1H2018
Revenues	**1,061**	**866**
Cost of Sales	(563)	(447)
Gross Profit	**498**	**419**
Gross Profit Margin	47%	48%
Operating Profit	366	295
EBITDA**	**440**	**329**
EBITDA Margin	42%	38%
Net Profit	**216**	**214**
Net Profit Margin	20%	25%
Cash Balance	**272**	**227**

** Post IFRS16*

*** EBITDA is calculated as operating profit plus depreciation and amortization.*

Financial Highlights

•€€€ **Revenues** increased 23% to EGP 1,061 million in the first half of 2019 driven by strong growth in number of patients and test volumes for the period. Egypt continues to be the main driver of total revenues recording a 27% increase in revenue to EGP 911 million in 1H2019.

•€€€ **Gross profit** recorded a 19% y-o-y increase to EGP 498 million in 1H2019, with a relatively stable margin of 47% compared to the same period last year.

•€€€ **Operating profit** increased to EGP 366 million in 1H2019, a 24% y-o-y rise from the EGP 295 million recorded in the same period of last year.

•€€€ **EBITDA** for the first six months of 2019 was EGP 440 million, up 34% y-o-y on account of strong top-line growth. EBITDA margin for the period recorded a four-percentage point expansion to 42%. It is important to note that 1H2019 figures reflect the adoption of IFRS 16.

•€€€ **Normalised EBITDA^** increased 24% year-on-year to EGP 409 million for 1H2019, with a normalised EBITDA margin of 39% versus 38% in 1H2018.

•€€€ **Net profit** was up 1% y-o-y to EGP 216 million for 1H2019, with net profit margin contracting to 20% in 1H2019 compared to 25% in 1H2018. Net profit was impacted by higher interest expense related to financing of the new headquarters and Al Borg Scan's expansion; lower interest income on cash balances following the distribution of EGP 494 million in dividends for FY2018; incurring taxes related to intercompany dividends; and the effect of adopting IFRS 16. Factoring out the effects of IFRS 16 and temporary tax implications related to intercompany dividends distributions, net profit would have recorded EGP 236 million for 1H2019, up 10% year-on-year with a net profit margin of 22%.

•€€€ **Net cash flow from operating activities** growth from EGP 160 in 1H2018 to EGP 225 million in the first half of 2019, reflecting the company's strong cash-generating ability.

^ Normalised EBITDA is calculated as EBITDA excluding the effects of adopting IFRS 16

Operational Highlights

•€€€ **IDH's total number of branches stood at 424 as of 30 June 2019,** up 5% y-o-y compared to the 405 branches operational as at 1H2018.

•€€€ **Total patients** served in 1H2019 increased to 3.7 million compared to the 3.2 million served in the same period of last year, a 14% increase supported by strong growth in contract patients. Similarly, strong contract test volumes helped drive **total tests** up 24% y-o-y to 15.6 million in 1H2019.

•€€€ **IDH's contract segment volumes** were supported by the nation-wide 100 million Healthy Lives campaign in Egypt, which contributed 6% to total patients served and c.16% to total tests performed during the period.

- €€€ **Average revenue per test** fell marginally by 1% y-o-y on the back of a rising contribution from the contract segment in the first six months of the year. However, excluding tests related to the 100 million Healthy Lives campaign, average revenue per test recorded a 12% y-o-y increase for the period. In the first six months of the year, IDH reported a 7% y-o-y rise in **average revenue per patient**.
- €€€ **IDH's average test per patient** saw a 9% increase compared to the average in the same period of last year.
- €€€ **Continued ramp up of operations at Al-Borg Scan,** with the radiology unit delivering steady growth in revenues and a positive EBITDA of EGP 1 million year-to-date.
- €€€ **Operational progress in Nigeria expansion** with existing branches being refurbished and renovated and with loss-making branches being relocated or closed. Branch downtime during renovations / relocation led to a temporary decline in revenues.
- €€€ Company Headquarters relocated to new offices in Smart Village, Cairo **, bringing all of the Group's managerial and administrative departments under one roof for a more efficient operation.**

Commenting on the Group's results for the first half, IDH Chief Executive Officer Dr. Hend El-Sherbini said: "I am very pleased with our first half results and our ability to deliver strong top-line growth with good profitability. IDH achieved a 23% increase in revenues to EGP 1.1 billion in the first half of 2019 along with an expansion in EBITDA margin to 42%. This performance was driven by IDH's operational growth, with increased patient and test volumes supported by the breadth of the Group's branch network and the strength of its brands. I am also pleased to report that IDH's full-fledged radiology branch in Egypt, Al Borg Scan, is delivering impressive results with over 11 thousand tests performed during the six-month period and an accelerating revenues and EBITDA trajectory."

"The Group continued to capitalise on the state-sponsored 100 Million Healthy Lives campaign, which directly benefited our business by raising awareness of chronic diseases and the importance of regular diagnostic testing, in turn increasing the Company's average number of tests per patient."

"In Sudan, we are successfully containing the impacts of political unrest and currency devaluation through price-driven growth in SDG terms and through staff localisation efforts, with the geography now back to generating positive EBITDA in Egyptian pound. In Nigeria, the Group is making progress in the refurbishment and expansion of Echo Lab's branch network, with two new state-of-the-art branches becoming operational during the period and a ramp up of operations in existing branches set to start delivering revenue growth in this exciting new market."

"In line with our strategy to diversify the Group's services, during the third quarter of 2019 IDH is investing in a data mining and artificial intelligence platform that will allow us to capitalise on our large database of over 13 million patients, 10% of which suffer from chronic diseases. IDH will use the technology to offer new value propositions to its patients, including building their healthcare management profiles, hand-delivery of medications, diagnostic testing reminders, service referrals and discounted bundles at IDH's lab network. The new venture is being implemented through "Wayak", which is 94%-owned by IDH and 6% by veteran data analytics scientist and angel investor Dr. Khalid Ismail. Dr. Ismail, who is the CEO of Wayak, is the founder of venture capital firm HIMangel and has previously served as the managing director of Intel Mobile Communications. He was also a senior advisor to the Egyptian Minister of Communications and holds a Ph.D. in electrical engineering from the Massachusetts Institute of Technology. Dr. Ismail brings valuable executive and start-up experience, which together with IDH's patient database and on-the-ground resources will help position Wayak to capture an incredible market opportunity and extract favourable synergies from IDH's current businesses, with the ability to drive additional pathology and radiology testing."

Outlook

"Looking ahead, I am confident in the Group's ability to meet our full-year revenue growth target of over 20% and EBITDA margin of c.40%. This performance will be driven by a continued improvement in volumes as well as an anticipated uptick in average pricing as the awareness campaign in Egypt comes to an end and with it a normalisation of our contract to walk-in tests ratio. IDH will also continue to push forward with its incremental growth initiatives, including its operations in Nigeria and at Al Borg Scan where IDH is leveraging its established business model and reputation for quality to deliver growing shareholder value; expand its services bundle with ventures such as Wayak; and continue to review wider strategic options including M&A opportunities."

About Integrated Diagnostics Holdings (IDH)

IDH is a leading consumer healthcare company in the Middle East and Africa with operations in Egypt, Jordan, Sudan and Nigeria. The Group's core brands include Al Borg and Al Mokhtabar in Egypt, as well as Biolab (Jordan), Ultralab and Al Mokhtabar Sudan (both in Sudan) and Echo-Scan (Nigeria). A long track record for quality and safety has earned the Company a trusted reputation, as well as internationally recognised accreditations for its portfolio of over 1,400 diagnostics tests. From its base of 424 branches as of 30 June 2019, IDH will continue to add laboratories through a Hub, Spoke and Spike business model that provides a scalable platform for efficient expansion. Beyond organic growth, the Group's expansion plans include acquisitions in new Middle Eastern and African markets where its model is well-suited to capitalise on similar healthcare and consumer trends and capture a significant share of fragmented markets. IDH has been a Jersey-registered entity with a Standard Listing on the Main Market of the London Stock Exchange (ticker: IDHC) since May 2015.

IDH's forward-looking strategy rests on leveraging its established business model to achieve four key strategic goals, namely: (1) continue to expand customer reach; (2) increase the number of tests per patient; (3) expand into new geographic markets through selective, value-accretive acquisitions; and (4) introduce new medical services by leveraging the Group's network and reputable brand position. Learn more at idhcorp.com.

Shareholder Information

LSE: IDHC.L
Bloomberg: IDHC:LN
Listed: May 2015
Shares Outstanding: 150 million

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Analyst and Investor Presentation

IDH will present an analyst and investor presentation on the first-half 2019 results on Tuesday 10 September 2019 at 9:30 am BST. A live audio webcast can be accessed at this link, and you may dial in using the conference call details below:

UK dial in:	020-3936-2999
All other locations:	+44-20-3936-2999
Access code:	914141

Please email idh@hudsonsandler.com if you would like to attend the presentation.

Forward-Looking Statements

These Year-End Results have been prepared solely to provide additional information to shareholders to assess the group's performance in relation to its operations and growth potential. These Year-End Results should not be relied upon by any other party or for any other reason. This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "aims", "anticipates", "assumes", "believes", "could", "estimates", "expects", "forecasts", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Group.

Forward-looking statements reflect the current views of the Group's management ("Management") on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the Group's actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

The Group's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this communication. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Group does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.

Operational & Financial Review

IDH recorded revenue growth of 23% year-on-year in 1H2019, driven by higher patient and test volumes. Growth was more pronounced at the Group's contract segment, which delivered a 28% y-o-y increase in revenues, accounting for 61% of total Group revenues and contributing 72% to total growth for the period. Meanwhile, IDH's walk-in segment recorded a 15% y-o-y increase in revenues during 1H 2019, with the segment's growth being more price-driven as total walk-in patients served and tests performed were up 3% y-o-y.

Revenue Growth Drivers

	1H2019	1H20
Volume	24.1%	4.
Price & Mix	-	22.
Foreign Currency Translation	(1.6%)	(1.3
Total	**23%**	**2**

In terms of geographies, Egypt recorded the strongest performance in 1H 2019 with a 27% increase in revenues driven by the Group's core pathology business. Egypt's performance was also supported by the ramp up of operations at the new Al Borg Scan branch - the Group's radiology unit - which performed over 11 thousand tests during 1H2019, including 2.8 thousand MRI scans and 1.7 thousand CT scans, to over 8.4 thousand patients. The steady growth at the radiology branch saw it contribute c.0.7% to Egypt's total revenues and c.3% to Egypt's revenue growth in 1H2019, with the operation delivering positive EBITDA of EGP 1 million year-to-date.

Revenues in Sudan declined 21% y-o-y during 1H 2019 on account of the Sudanese Pound devaluation. However, operations in Sudan delivered growth in SDG terms of 38% y-o-y despite the ongoing unrest across several cities. Meanwhile in Jordan, revenue growth began to accelerate with Biolab recording a 6% year-on-year increase in 1H 2019 revenues, supported by rising consumer confidence from lows following a period of austerity measures implemented by the government. Finally, operations in Nigeria are still undergoing restructuring, including branch renovations and upgrades, with revenues in NGN terms declining 5% year-on-year driven by the closure of two loss-making branches during 2018 and downtime during the relocation of two others. However, the appreciation of the Egyptian pound between the two reporting periods saw revenue in Nigeria decline by a wider 22% year-on-year in EGP terms in 1H2019 due to currency translation differences on IDH's consolidated financial statements.

The Group maintained robust profitability during 1H 2019 with a strong 47% gross margin (1H 2018: 48%) and an EBITDA of 42% (39% when normalised for IFRS 16 vs. 38% in 1H 2018). This comes despite a lower average revenue per test by 1% on account of the 100 million Healthy Lives campaign. Improved EBITDA profitability was also supported by positive contribution from Sudan following the reduction in salaries as the Group implements its staff localisation programme, along with stronger profitability in Jordan due to raw material cost optimization and the contribution of Biolab's Georgia project.

IDH operated a network of 424 branches as of 30 June 2019, up 5% year-on-year compared to the 405 branches operated at close of the same period last year. The Group's expansion drive is supported by its state-of-the-art Mega Lab which allows IDH to deploy its Hub, Spoke and Spike business model in Egypt to roll out capital-efficient "C" labs more rapidly. Branch additions included 21 labs in Egypt and two in Nigeria, while in Sudan the Group opted to close four loss-making branches.

Branches by Country

	30 June 2019	30 June 20
Egypt	372	3
Jordan	19	
Sudan	21	
Nigeria	12	
Total Branches	**424**	**4**

Our Customers

IDH serves two principal types of clients: contract (corporate), including institutions such as unions, private insurance companies and corporations who enter into one-year renewable contracts at agreed rates per-test and on a per-client basis, and walk-in (individuals). Within each of these categories, the Group also offers a house call service, and within the contract segment, a lab-to-lab service.

Total patients served between both segments increased to 3.7 million in 1H2019, a 14% increase from the 3.2 million patients served in the same period of 2018. The total number of tests performed over the period reached 15.6 million, up 24% y-o-y in the first six months of the year.

The ratio of contract to walk-in patients during the first half of 2019 stood at 74:26 compared to the 71:29 ratio recorded during the comparable period of last year. This largely reflected the faster growth in contract volumes during the first six months of 2019 driven by the 100 million Healthy Lives awareness campaign in Egypt. Excluding the campaign's effect on contract volumes, the ratio would stand at 72:28 in 1H2019.

Key Performance Indicators

	1H2019			1H2018		
	Walk-In	**Contract**	**Total**	**Walk-In**	**Contract**	**Total**
Revenues (EGP '000)	**413,914**	**647,050**	**1,060,964**	**359,832**	**506,021**	**865,853**
% of Revenues	*39%*	*61%*	*100%*	*42%*	*58%*	*100%*
Patients ('000)	**961**	**2,716**	**3,677**	**932**	**2,292**	**3,225**
% of Patients	*26%*	*74%*	*100%*	*29%*	*71%*	*100%*
Revenue per Patient (EGP)	431	238	289	386	221	269
Tests ('000)	**3,175**	**12,440**	**15,615**	**3,083**	**9,502**	**12,585**
% of Tests	*20%*	*80%*	*100%*	*24%*	*76%*	*100%*
Revenue per Test (EGP)	130	52	68	117	53	69
Test per Patient	3.3	4.6	4.2	3.3	4.1	3.9

Revenue Analysis: Contribution by Patient Segment

During the first six months of 2019, the contract segment reported revenues of EGP 647 million, up 28% year-on-year and contributed to 61% of IDH's total revenues, up from the 58% contribution made during the same period of last year. Growth came on higher test and patient volumes for the period where the number of contract patients served was up 18% year-on-year to 2.7 million, while the number of tests performed increased 31% year-on-year to 12.4 million. The significant growth recorded by the contract segment was supported by the 100 million Healthy Lives campaign, which contributed EGP 47 million to consolidated revenues in 1H2019.

The average revenue per contract test in the contract segment fell marginally by 2% year-on-year to EGP 52 for the period, largely due to the increased volumes generated from the awareness campaign, where the price per test is set at lower levels due to the mass nature of the campaign. On the other hand, average revenue per contract patient increased 8% year-on-year to EGP 238. Overall, the segment continued to make the largest contribution to IDH's total revenue growth at 72% in 1H2019.

Revenues from IDH's walk-in segment made up 39% of total revenues in 1H2019 as the segment reported a 15% year-on-year top-line expansion to EGP 414 million for the period. Segmental revenue growth was driven by a 3% increase in both patient and test volumes and an increase in pricing that is in line with inflationary pressures. Average revenue per walk-in test increased 12% year-on-year to EGP 130 in 1H2019, while average revenue per walk-in patient also increased 12% to EGP 431 from the EGP 386 average recorded in the same period of last year. Overall the walk-in segment contributed to 28% of IDH's consolidated revenue growth in the first half of 2019.

On a combined basis, IDH's average revenue per test in the first six months of 2019 was down slightly by 1% to EGP 68. However, when controlling for the tests under the 100 million Healthy Lives awareness campaign, average revenue per test would have increased 12% year-on-year to EGP 77. IDH's blended average revenue per patient came in at EGP 289 in 1H2019, up 7% year-on-year. Going forward, with the campaign having come to an end, management expects these key metrics to return to their previous levels.

Revenue Analysis: Contribution by Geography

Revenue Contribution by Country

	1H2019	1H20
Egypt	85.9%	82.
Jordan	11.4%	13.
Sudan	1.4%	2.
Nigeria	1.3%	2.

In Egypt, IDH's home market, the Group recorded revenues of EGP 911 million in 1H2019, up 27% year-on-year on the back of strong growth in both the walk-in and contract segments. During the first six months of the year, the total number of patients served in Egypt increased 15% year-on-year to reach 3.4 million, while the number of tests performed during the period increased to 14.4 million, a 27% growth compared to the same period of last year.

Contract patients in Egypt for the first half of 2019 reached 2.6 million, an 18% year-on-year increase, while contract tests reached 11.8 million for the period, a 32% increase compared to 1H2018. Strong volume growth in Egypt's contract segment was supported by contributions from the 100 million Healthy Lives awareness campaign, which made up 9% of total patient served by the segment and 21% of total contract test performed during the period. The number of walk-in patients served in Egypt during 1H2019 reached 820 thousand, up 7% year-on-year, while walk-in tests were also up a similar 7%, coming in at 2.6 million tests.

At IDH's Jordanian operations, revenues were up 6% year-on-year to EGP 121 million in 1H2019. Top-line growth came as Jordanian consumers began to adjust to new inflationary pressures following the government's austerity measures, including the recent increase in salaries tax by 5-7%. In the first half of the year, Biolab, the Group's Jordanian subsidiary, recorded a 10% year-on-year increase in the number of patients served to 145 thousand, and performed 863 thousand tests over the period, a 7% increase compared to the same six months of 2018.

The Group's operation in Sudan continued to be impacted by the recent Sudanese pound's devaluation between the comparable periods, as revenue contracted 21% year-on-year to EGP 15 million. However, in SDG terms, revenues increased 38% in the first half of the year despite a 6% fall in patients served and a 16% decline in tests performed over the period due to the ongoing political unrest and protests across several cities. As such, the top-line expansion in

SDG terms was mainly supported by price increases implemented in the walk-in segment as the Group successfully passed-on increases in line with currency devaluation.

Finally, in Nigeria, revenues in NGN terms declined by 5% year-on-year as the group closed two loss-making branches in 2018 and relocated another two branches under its optimization and value-adding efforts, which include renovation and refurbishment of existing branches and the rollout of new branches as well as procuring new state-of-art pathology and radiology equipment. Revenues in EGP terms contracted 22% year-on-year to EGP 13 million largely due to the appreciation of Egyptian pound and currency translation differences between the two reporting periods. During 1H2019, Echo Lab has inaugurated two new state-of-the-art labs in Victoria Island, Lagos along with the operations of two MRI units, all of which are expected to drive top-line growth in Nigeria for the second half of 2019.

Cost of Sales

IDH's cost of sales were up 26% year-on-year to EGP 563 million in the first six months of 2019. The Group's gross profit for the period came in at EGP 498 million, up 19% compared to the same six months a year ago, and with a relatively stable gross profit margin of 47% in 1H2019.

COGS Breakdown as a Percentage of Revenue

	1H2019	1H20
Raw Materials	19.6%	19.
Wages & Salaries	17.7%	17.
Depreciation	6.3%	3.
Other Expenses	9.4%	11.
Total	**53.1%**	**51.**

Raw materials costs, which include the cost of tests sent abroad, were up 24% year-on-year to EGP 208 million and continued to make up the largest share of total Group COGS at 37 %. The average raw material cost per test performed over the period stood at EGP 13.3, remaining stable compared to the same period of last year despite the prevailing double-digit inflation and the lower contribution margin of tests related to the 100 Million Healthy Lives campaign. As a percentage of sales, total raw materials remained largely in line with the first six months of last year coming in at 19.6% in 1H2019 compared to 19.3% in 1H2018. However, when factoring out the effect of the campaign tests, raw materials as a percentage of sales would've recorded 17.9%, in line with management's efficiency and cost-reduction initiatives.

Direct salaries and wages continued to make up the second largest share of total COGS in 1H2019 at 33%, as they increased 25% year-on-year to EGP 188 million. As a percentage of sales, direct salaries and wages remained largely stable at 17.7% in 1H2019 compared to 17.4% in the previous year.

Other expenses, including branch utilities, were up around 3% year-on-year to EGP 100 million in 1H2019. The marginal increase came as a 19% year-on-year increase in utilities expenses, driven by the increase in the number of branches as well as fuel and energy price hikes in July 2018, was offset by lower rent expenses from 3.4% of sales to 0.2% in 1H2019 reflecting the effect of implementing IFRS 16. Overall, other expenses as a percentage of sales declined to 9.4% from 11.2% in the same period of last year.

Direct depreciation and amortisation increased by 111% year-on-year to EGP 67 million in 1H2019 as the Group capitalised leases amounting to EGP 268 million (gross) related to the implementation of IFRS 16. Consequently, direct depreciation and amortisation as a percentage of sales increased to 6.3% in 1H2019 compared to 3.7% last year. The increase in depreciation expense is also attributable to the addition of Al Borg-Scan's depreciation, which began operations with its first branch in October 2018.

EBITDA

IDH's consolidated EBITDA for the first half of 2019 came in at EGP 440 million, a 34% year-on-year increased, with EBITDA margin up 4 percentage points to 42% for the period. Normalising EBITDA for the implementation of IFRS 16 would see EBITDA up 24% year-on-year to EGP 409 million for 1H2019, with an EBITDA margin of 39% versus 38% in the same period of 2018. Consolidated EBITDA growth was driven by the 19% increase in gross profit against a slower 6% increase in operating expenses to EGP 131.4 million in 1H2019 on account of cost-control efforts.

At the Group's operations in Egypt, EBITDA was up 30% year-on-year to EGP 411 million, with EBITDA margin expanding 1 percentage points to record 45% in 1H2019. Improvements in this period's EBITDA reflect management's efforts to promote cost efficiencies across its operations, with lower cost of specialised testing sent abroad. Additionally, EBITDA was also supported by Al Borg Scan which turned a positive EBITDA of EGP 1 million in 1H2019. Meanwhile, at Jordan's Biolab EBITDA was up an impressive 125% year-on-year to EGP 44 million in 1H2019, with EBITDA margin increasing to 36% for the period (29% when excluding IFRS16 related contributions) from the 17% recorded in the same period of last year.

Meanwhile, Sudan generated a positive EBITDA of EGP 3 million and an EBITDA margin of 20% (11% excluding IFRS 16) compared to a 2% EBITDA margin recorded in 1H2018. The improvement comes on the back of decreased salaries as a percentage of sales to 36.3% in 1H2019 from 50.2% in 1H2018 driven by lower salaries paid in US$ to expatriates as IDH continues with its staff localisation program in Sudan. At IDH's operations in Nigeria, the Group recorded a negative EBITDA of EGP 17 million in 1H2019, with operations still in the value-building phase.

IFRS 16 Effect on Regional EBITDA

EGP mn	EBITDA Including IFRS 16	*Margin*	Rent Expense	EBITD
Egypt	411	*45%*	19.1	
Jordan	44	*36%*	9.3	
Sudan	3	*20%*	1.3	
Nigeria	(18)	*(132%)*	1.6	
Total	440	*42%*	31.3	

Interest Income / Expense

In the first half of the year, IDH recorded interest income of EGP 21 million, down 27% from the EGP 29 million recorded in the same six months of 2018. The decline comes on the back of rate cuts by the Central Bank of Egypt in early 2019, along with the utilization of cash balances to purchase USD 25 million during 1H2019 to secure the dividends' payment in June 2019.

Interest expense increased to EGP 31 million in 1H2019 from the EGP 7 million recorded in the same period a year ago. The substantial increase was driven by the implementation of IFRS 16 which added EGP 15 million in interest on right-of-use assets. IDH also recorded EGP 11 million in borrowing costs during the first six months of the year related to medium term loans for the Al Borg Scan expansion (EGP 3.4 million) and the Group's new headquarter in Cairo's

Smart Village (EGP 7.6 million). It should be noted that during 2018, the interest expense related to the new headquarters was capitalized.

Foreign Exchange

IDH recorded a net foreign exchange loss of EGP 10.5 million in 1H2019, down 9% from the EGP 11.5 million loss recorded in the first half of last year. This period's figure largely reflects FX transactions related to secure liquidity for the June 2019 dividend distribution.

Taxation

Tax expenses were up 47% to EGP 132 million in 1H2019 from EGP 90 million recorded in the same period of 2018. The effective tax rate for the period stood at 38% up from last year's 29%. This increase was mainly attributable to:

- €€€ In July 2018, the Egyptian Government imposed a new tax of 0.25% on total income (revenues + credit income), leading to an increase in tax expense by 3 million;
- €€€ A temporary tax expense amounting to EGP 13.5 million related to intercompany dividends (unpaid as at 30 June 2019):
- €€€ The adoption of IFRS 16 where any cost/expenses related to this standard are not tax deductible;
- €€€ Starting January 2019, the Jordanian corporate tax rate increased 1% to reach 21%.

There is no tax payable for IDH's two holding companies. Tax was paid on profits generated by operating companies in Egypt and Jordan.

Net Profit

IDH's consolidated net profit was up 1% year-on-year to EGP 216 million in 1H2019, with a net profit margin of 20% compared to 25% in the same period last year. The decline in net profitability was due to higher borrowing costs, lower interest income, and higher taxes on account of intercompany dividends and the non-deductible nature of expenses related to IFRS 16. Factoring out the effects of IFRS 16 and temporary tax implications related to intercompany dividends distributions, net profit would have recorded EGP 236 million for 1H2019, up 10% year-on-year with a net profit margin of 22%.

Net Effect of IFRS 16 on Net Profit

EGP mn	Depreciation	Interest	Rent
Egypt	(14.0)	(11.3)	19.1
Jordan	(8.2)	(3.3)	9.3
Sudan	(0.7)	(0.8)	1.3
Nigeria	(1.0)	-	1.6
Total	**(23.9)**	**(15.4)**	**31.3**

Balance Sheet

Within assets held on the balance sheet, IDH held gross property, plant and equipment (PPE) of EGP 1,075 million as at 30 June 2019, compared to EGP 982 million at year-end 2018. This increase largely reflects capital expenditure outlay for the addition and renovation of branches totalling EGP 127 million, including the new Al Borg Scan branch, and foreign currency translation adjustments of EGP 36 million.

Accounts receivable recorded EGP 261 million as at 30 June 2019, up from the EGP 220 million at year-end 2018. Accounts receivable days-on-hand (DOH) normalized back to 131 days following the increase witnessed at year-end 2018 on account of the 100 Million Healthy Lives Campaign. It is worth mentioning that the campaign's receivables balance was EGP 43 million at the close of the six-month period. Excluding campaign-related receivables, DOH would decrease to 121 days.

The Group's "days inventory outstanding" decreased to 79 days as at 30 June 2019 from the 82 days as at 31 December 2018.

IDH's cash balances decreased to EGP 272 million as at 30 June 2019 from EGP 664 million as at 31 December 2018, reflecting the distribution of EGP 494 million (US$ 26.4 million) in dividends for FY2018 paid in June 2019.

On the liabilities side, accounts payable stood at EGP 164 million at 30 June 2019 compared to EGP 158 million at year end 2018. The Group's days payable outstanding (DPO) was unchanged at 145.2 days compared to 145 days DPOs as at 31 December 2018.

The adoption of IFRS 16 led to the addition of EGP 17 million in short-term lease liabilities and EGP 244 million in long-term lease liabilities as at 30 June 2019.

Growth Strategies

Management remains confident in the attractive underlying trends in the healthcare industries across IDH's footprint, and aims to leverage its competitive advantages to achieve four strategic goals:

- €€€ **Expand customer reach** with focused tactical marketing activities as well as new customer services and the continued optimisation of IDH's test mix.
- €€€ **Increase the number of tests per patient** by further diversifying the test portfolio in combination with compelling offerings of promotionally-priced test packages. The Group is also ideally positioned to capitalise on government-sponsored initiatives that aim to increase awareness of the importance of preventative healthcare such as the recent 100 Million Healthy Lives campaign.

- €€€ **Expand geographically** and to explore opportunities for selective, value-accretive acquisitions that target fragmented and underpenetrated diagnostic services markets where the Group's business model is well-suited to capitalise on similar healthcare and consumer trends.

- €€€ **Diversify into new medical services that are** not currently provided on a large scale, leveraging IDH's scale and experience position to take advantage of developing diagnostic services opportunities that would raise the Group's profile to that of a "one-stop-shop" provider.

Principal Risks and Uncertainties

As in any corporation, IDH has exposure to risks and uncertainties that may adversely affect its performance. The Board and senior management agree that the principal risks and uncertainties facing the Group include political and economic risks in Egypt, the Middle East and Nigeria, foreign currency exchange rate variability and associated risks, changes in regulation and regulatory actions, damage to the Group's reputation, failure to maintain the Group's high quality standards and accreditations, failure to maintain good relationships with health care professionals and end-users, pricing pressures and business interruption of the Group's testing facilities, among others.

Other short-term risks include delays in branch openings and renovations in Nigeria and difficulties in growing Echo Lab's customer base. In Sudan, prolonged political unrest can continue to adversely affect patient and test volumes, while further currency devaluation risks will limit the compensatory effect of price increases.

Going Concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the directors continue to adopt the going concern basis in preparing the condensed financial statements. The Group's Financial Statements for the half year ended 30 June 2019 are available on the Group's website at www.idhcorp.com.

Statement of Directors' Responsibilities

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- €€€ The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

- €€€ The interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

For and on behalf of the Board of Directors:

Dr. Hend El Sherbini

Executive Director

9 September 2019

Independent Review Report to Integrated Diagnostics Holdings plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises condensed consolidated interim statement of financial position, condensed consolidated interim income statements, condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity, condensed consolidated interim statement of cash flows, and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

David Neale

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

London

E14 5GL

9 September 2019

INTEGRATED DIAGNOSTICS HOLDINGS plc - "IDH"
AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM **FIN STATEMENTS**

FOR THE SIX MONTHS ENDED
30 JUNE 2019

Condensed Consolidated Interim Statement of Financial Position as of

	Note	30 June 2019 EGP'000 (Unaudited)
ASSETS		
Non-current assets		
Property, plant and equipment	4	765,135
Intangible assets and goodwill	5	1,666,386
Right-Of-Use Asset		269,065
Equity-accounted investees		6,656
Total non-current assets		**2,707,242**
Current assets		
Inventories		83,028
Trade and other receivables	6	315,310
Restricted cash	9	12,680
Other investment	7	25,540
Cash and cash equivalents	8	233,887
Total current assets		**670,445**
Total assets		**3,377,687**
Equity		
Share Capital		1,072,500
Share premium reserve		1,027,706
Capital reserve		(314,310)
Legal reserve		43,793
Put option reserve		(166,552)
Translation reserve		162,271
Retained earnings		172,603
Equity attributed to the owners of the Company		**1,998,011**
Non-controlling interest		138,386
Total equity		**2,136,397**
Non-current liabilities		
Deferred tax liabilities	15-C	152,003
Provisions		15,967
Loans and borrowings	11	51,362
Long-term Put option liability		7,065
Long-term financial obligations		297,508
Total non-current liabilities		**523,905**

Current liabilities		
Trade and other payables	10	510,278
Loans and borrowings	11	62,785
Current tax liabilities		144,322
Total current liabilities		**717,385**
Total liabilities		**1,241,290**
Total equity and liabilities		**3,377,687**

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors and signed on their behalf o

Dr. Hend El Sherbini
Chief Executive Officer

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Income Statement for the Six Months Ended

	Note	30 June 2019 EGP'000	30 June 2018 EGP'000
		(Unaudited)	**(Unaudited)**
Revenue		1,060,964	865,853
Cost of sales		(563,063)	(446,660)
Gross profit		**497,901**	**419,193**
Marketing and advertising expenses		(50,592)	(41,442)
Administrative expenses		(83,412)	(78,372)
Other income / expenses		2,588	(5,995)
Operating profit		**366,485**	**293,384**
Finance income	14	22,316	28,819
Finance cost	14	(41,474)	(18,168)
Net finance income	14	(19,157)	10,651

Profit before tax		**347,328**	**304,035**
Income tax expense		(131,797)	(89,675)
Profit for the period		**215,531**	**214,360**
Profit attributed to:			
Owners of the Company		223,872	216,462
Non-controlling interest		(8,341)	(2,102)
		215,531	**214,360**
Earnings per share (expressed in EGP):			
Basic and diluted earnings per share	18	1.49	1.44

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Profit and Loss and Other Comprehensive Income for the Six Months Ended

	30 June 2019 EGP'000 (Unaudited)	30 June 2018 EGP'000 (Unaudited)
Net profit	**215,531**	**214,360**
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	(47,824)	12,618
Other comprehensive income for the period net of tax	**(47,824)**	**12,618**
Total comprehensive income for the period	**167,707**	**226,978**
Attributed to:		
Owners of the company	(24,152)	4,673
Non-controlling interests	(23,672)	7,945
	(47,824)	**12,618**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows for the Six Months Ended

	Note	30 June 2019	30 June 2018
		EGP'000	EGP'000
		(Unaudited)	**(Unaudited)**
Cash flows from operating activities			
Profit for the period before tax		347,328	304,035
Adjustments			
Depreciation, property, plant and equipment	4	46,528	31,485
Depreciation, right-Of-Use Asset	3-F	23,925	-
Amortisation	5	3,418	3,053
Loss on disposal of Property, plant and equipment		(750)	(194)
Impairment in trade and other receivables		6,035	6,658
Provisions made		1,464	73
Reversal of impairment in trade and other receivables		(926)	(699)
Provisions reversed		(34)	(429)
Interest expense		14,066	4,949
Interest income		(21,008)	(28,819)
Unrealised foreign currency exchange loss		10,528	11,539
Net cash from operating activities before changes in working capital		**430,574**	**331,651**
Provision used		(304)	(184)
Change in inventory		8,051	(8,912)
Change in trade and other receivables		(25,264)	(71,579)
Change in trade and other payables		(8,222)	38,659
Cash generated from operating activities before income tax payment		**404,835**	**289,635**
Income tax paid during period		(180,001)	(129,425)
Net cash from operating activities		**224,834**	**160,210**
Cash flows from investing activities			
Interest received		25,841	41,006
Change in restricted Cash		(715)	1,487
Change in other investment		214,365	(116,124)
Acquisition of Property, plant and equipment		(108,437)	(106,190)
Proceeds from sale of Property, plant and equipment		1,295	786
Net cash flows used in investing activities		**132,349**	**(179,035)**
Cash flows from financing activities			
Proceeds from borrowings		-	21,926
Repayments of borrowings		(12,708)	(7,806)

Interest paid		(3,555)	(4,675)
Dividends paid		(443,994)	(427,968)
Financial lease		(61,683)	(18,555)
Net cash flows used in financing activities		**(521,940)**	**(437,078)**
Net decrease in cash and cash equivalent		**(164,757)**	**(455,903)**
Cash and cash equivalent at the beginning of the period		412,607	685,211
Effect of exchange rate fluctuations on cash held		(13,963)	(2,665)
Cash and cash equivalent at the end of the period	8	**233,887**	**226,643**

The accompanying form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity for the Six Months Ended

					Attributable to owners
(All amounts in Egyptian Pounds "EGP'000")	**Note**	**Share capital**	**Share premium**	**Capital reserve**	**Legal reserve***
At 1 January 2019		**1,072,500**	**1,027,706**	**(314,310)**	**37,959**
Profit for the period					
Other comprehensive income for the period					
Total comprehensive income		**-**	**-**	**-**	**-**
Transactions with owners of the Company					
Contributions and distributions					
Dividends					
Legal reserve formed during the period					5,834
Movement in put option liability					
Restatement for impact of hyperinflation					
Non-controlling interests resulting from consolidating subsidiaries during the period	-	-	-	-	-
Total contributions and distributions		**-**	**-**	**-**	**5,834**
Balance at 30 June 2019 (Unaudited)		**1,072,500**	**1,027,706**	**(314,310)**	**43,793**
		-	-	-	-
At 1 January 2018		**1,072,500**	**1,027,706**	**(314,310)**	**33,383**
Profit for the period					

Other comprehensive income for the period				
Total comprehensive income	**-**	**-**	**-**	**-**
Transactions with owners of the Company				
Contributions and distributions				
Dividends				
Legal reserve formed during the period				1,812
Movement in put option liability				
Non-controlling interests resulting from consolidating subsidiaries during the year				
Total contributions and distributions	**-**	**-**	**-**	**1,812**
Total transactions with owners of the Company	**-**	**-**	**-**	**1,812**
Adjustment				
Balance at 30 June 2018 (Unaudited)	**1,072,500**	**1,027,706**	**(314,310)**	**35,195**

* Under Egyptian Law each subsidiary must set aside at least 5% of its annual net profit into a legal reserve until such time that this represents 50% of ea

Notes to the Condensed Consolidated Interim Financial Statements - For the Six Months Ended 30 June 2019

(In the notes all amounts are shown in Egyptian Pounds "EGP'000" unless otherwise stated)

1. Reporting entity

Integrated Diagnostics Holdings plc "IDH" or "the Company" is a Company which was incorporated in Jersey on 4 December 2015 and established according to the provisions of the Companies (Jersey) Law 1991 under Registered No. 117257. These condensed consolidated interim financial statements as at and for the six months ended 30 JUNE 2019 comprise the Company and its subsidiaries (together referred as the 'Group').

The Group's main activity is concentrated in the field of medical diagnostics.

The Group's financial year starts on 1 January and ends on 31 December each year.

These condensed consolidated interim financial statements were approved for issue by the Directors of the Company on 9 September 2019.

2. Basis of preparation

A. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' (as adopted by the EU).

They do not include all the information required for a complete set of IFRS financial statements as adopted by European Union ("IFRS-EU"), and should be read in conjunction with the financial statements published as at and for the year ended 31 December 2018 which is available at www.idhcorp.com

B. Going concern

These condensed consolidated interim financial statements have been prepared on the going concern basis. At 30 JUNE 2019, the Group had net assets amounting to EGP 2,136,397K.

The Group is profitable and cash generative and the Directors have considered the Group's cash forecasts for a period of 12 months from the signing of the balance sheet. The Directors have a reasonable expectation that the Group has adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of these condensed consolidated interim financial statements. Thus, they continue to adopt the going concern basis in preparing the financial information.

C. Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except where adopted IFRS mandates that fair value accounting is required.

D. Functional and presentation currency

These condensed consolidated interim financial statements and financial information are presented in Egyptian Pounds (EGP'000). The functional currency of the majority of the Group's entities is the Egyptian Pound (EGP) and is the currency of the primary economic environment in which the Group operates.

The Group also operates in Jordan, Sudan and Nigeria and the functional currencies of those foreign operations are the local currencies of those respective territories, however due to the size of these operations there is no significant impact on the functional currency of the Group, which is the Egyptian Pound (EGP).

E. Use of estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those described in the last consolidated financial statements published as at and for the year ended 31 December 2018 ., except for the new significant judgements related to lessee accounting under IFRS 16, which are described in Note 3.

3. Significant accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with those applied in the audited consolidated financial statements published as at and for the year ended 31 December 201**8**.

These audited consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union.

The Group has initially adopted IFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019, but they do not have a material effect on the Group's financial statements.

Changes in significant accounting policies

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied IFRS 16 using the Modified Retrospective Approach, under which the cumulative effect of initial application is recognized and retained earnings at 1 January 2019.

Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease of the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed.

B. As a lessee

The Group leases many assets, including properties, production equipment and IT equipment.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases - i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

C. Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measurement at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, of that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

D. Transition

Previously, the Group classified property leases as operating under IAS 17. These include warehouse and factory facilities. The leases typically run for a period of 10 years.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rates at 1 January 2019. Right-of-use assets are measured at either:

- Their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application; or

- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

- The incremental borrowing rate used by the Group was determined by region and the period of the lease contract as follow:

	1-5 Years	5-10 Years	More
Egypt	18.75%	18.75%	18.75
Jordan	9.00%	9.50%	10.00
Sudan	29.84%	29.84%	n/a
Nigeria	23.86%	24.73%	n/a

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

E. Impact of transition

On transition to IFRS 16, the Group recognized addition right-of-use assets, including investment property and additional lease liabilities, recognizing the difference in retained earnings. The impact on transition is summarised below.

Right-of-use assets presented in financial statement

Lease liabilities

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied (Egypt 18.75% - Jordan 9.5% - Sudan 29.84% - Nigeria 24.30%).

Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements

Discounted using the incremental borrowing rate at 1 January 2019

Finance lease liabilities recognized as at 31 December 2018

Recognition exemption for leases with less than 12 months of lease term at transition

Lease liabilities recognized at 1 January 2019

F. Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognized EGP 269,065K of net right-of-use assets and EGP 260,873K of lease liabilities as at 30 June 2019.

Also in relation to those leases under IFRS 16, the Group has recognized depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognized EGP 23,925K of depreciation charges and EGP 15,442K of interest costs from these leases.

For the impact of IFRS 16 on segment information and EBITDA, see notes 19.

4. Property, plant and equipment

	Land & Buildings	Medical, electric & information system equipment	Leasehold improvements	Fixtures, fittings &vehicles
Cost				
At 1 January 2019	**218,663**	**367,613**	**185,478**	**55,506**
Additions	-	21,576	11,581	2,447
Disposals	-	(1,868)	(896)	(803)
Translation differences	(3,005)	(16,955)	(6,128)	(4,198)
Transfers*	109,721	73,936	8,487	4,410
At 30 JUNE 2019 (unaudited)	**325,379**	**444,302**	**198,522**	**57,362**
Depreciation				
At 1 January 2019	**32,342**	**132,349**	**80,803**	**21,734**
Charge for the period	3,638	26,433	13,993	2,464
On disposals	-	(1,499)	(763)	(759)
Translation differences	(198)	(5,092)	(1,436)	(2,729)
At 30 JUNE 2019 (unaudited)	**35,782**	**152,191**	**92,597**	**20,710**
Net book value				
At 30 JUNE 2019 (unaudited)	**289,597**	**292,111**	**105,925**	**36,652**
At 31 December 2018	**186,314**	**235,234**	**104,668**	**33,814**

*Transfer from assets in the course of construction include EGP 162.9m related to the Group's new Headquarter improvement. Included in this amount are capitalised borrowing costs related to the improvement of the building of EGP 21.3m. Calculated using capitlisation rate of 18.75 % (note 11).

Leased equipment

The Group leases medical and electric equipment under finance lease arrangements. This equipment is supplied to service the Group's new state-of-the-art Mega Lab. The equipment secures lease obligations, see note 12 for further details. At 30 JUNE 2019, the net carrying amount of leased equipment was EGP 33m (31 Dec 2018: EGP 40m).

5. Intangible assets and goodwill

Intangible assets represent goodwill acquired through business combinations and brand names.

	Goodwill EGP'000	Brand Name EGP'000
Cost		
Balance at 1 January 2019	1,270,996	386,757

Additions	-	-
Effect of movements in exchange rates	(4,307)	(1,469)
Balance at 30 JUNE 2019 (unaudited)	**1,266,689**	**385,288**
Amortisation and impairment		
Balance at 1 January 2019	1,849	-
Amortisation	-	-
Effect of movements in exchange rates	-	-
Balance at 30 JUNE 2019 (unaudited)	**1,849**	-
Carrying amount		
Balance at 1 January 2019	**1,269,147**	**386,757**
Balance at 30 JUNE 2019 (unaudited)	**1,264,840**	**385,288**

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

6. Trade and other receivables

	30-June-19 EGP'000 (unaudited)
Trade receivables	260,645
Prepaid expenses	25,250
Receivables due from related parties	6,286
Other receivables	22,492
Accrued revenue	637
	315,310

7. Other investment

	30-June-19 EGP'000 (unaudited)
Fixed term deposits	-

Treasury bill	25,540
	25,540

The maturity date of the treasury bills is between 3-9 months and have settled average interest rate of 19.58%. Fixed term deposits and treasury bills are classified as held to maturity.

8. Cash and cash equivalents

	30-June-19
	EGP'000
	(unaudited)
Short-term deposits*	12,378
Treasury bill	2,189
Cash at banks and on hand	219,320
Cash and cash equivalents	**233,887**

*The maturity date of these time deposits is less than or equal to 3 months.

9. Restricted cash

	30-June-19
	EGP'000
	(unaudited)
Restricted cash	12,680
	12,680

The restricted cash balance relates to the "Molecular Diagnostic Center" and is not available for use by the Group because the entity was put in voluntary liquidation in May 2016 and control has been transferred to the liquidator. The process of liquidation is expected to end during current the year 201**9**, and once completed the total cash remaining is expected to be returned to IDH.

10. Trade and other payables

	30-June-19
	EGP'000
	(unaudited)

Trade payable	163,739
Accrued expenses	92,729
Other payables	52,228
Put option liability	159,487
Accrued interest	6,210
Finance lease liabilities	35,885
	510,278

The accounting policy for put options after initial recognition is to recognise all changes in the carrying value of the put liability within equity. Through the historic acquisitions of Makhbariyoun Al Arab the Group entered into separate put option arrangements to purchase the remaining equity interests from the vendors at a subsequent date. At acquisition a put option liability has been recognised for the net present value for the exercise price of the option.

The options are exercisable in whole from the fifth anniversary of completion of the original purchase agreement, which fell due in June 201**8**. The vendor has not exercised this right at 30 JUNE 2019.

11. Loan and borrowings

A) In April 2017 AL-Mokhtabar for medical lab, one of IDH subsidiaries, was granted a medium-term loan amounting to EGP 110m from Commercial international bank "CIB Egypt" to finance the purchase of the new administrative building for the group. As at 30 June 2019, loan amount EGP 110m had been drawn down in full. The loan contains the following financial covenants which if breached will mean the loan is repayable on demand:

1. The financial leverage shall not exceed the following percentages

Year	2017	2018	2019	2020	2021
%	2.33	1.71	1.32	1.04	0.85

"**Financial leverage**": total liabilities divided by net equity

2. The debt service ratios (DSR) shall not be less than 1.

   "**Debt service ratios**": cash operating profit after tax plus Depreciation for the financial year less annual maintenance on machinery and equipment divided by total distributions plus accrued interest and loan instalments.

3. The current ratios shall not be less than 1.

   "**Current ratios**": Current assets divided current liabilities.

4. The capital expansions in AL Mokhtabar company shall not exceed EGP 35m per year, other than year 2017 which includes in addition the value of the building financed by EGP 110m loan facility. This condition is valid throughout the term of the loan.

The agreement includes other non-financial covenants which relate to the impact of material events on the Company and the consequential ability to repay the loan.

B) In July 2018, AL-Borg lab, one of IDH subsidiaries, was granted a medium-term loan amounting to EGP 130.5m from Ahli united bank "AUB Egypt" to finance the investment cost related to the expansion into the radiology segment. As at 30 June 2019 only EGP 37m had been drawn down from the total facility available. The loan contains the following financial covenants which if breached will mean the loan is repayable on demand:

1. The financial leverage shall not exceed 0.7 throughout the period of the loan

   "**Financial leverage**": total liabilities divided by net equity

2. The debt service ratios (DSR) shall not be less than **1.35 starting 2019**

   "**Debt service ratio**": cash operating profit after tax plus depreciation for the financial year less annual maintenance on machinery and equipment adding cash balance divided by total financial payments.

   "**Cash operating profit**": Operating profit after tax, interest expense, depreciation and amortization, is calculated as follows: Net income after tax and unusual items adding Interest expense, Depreciation, Amortisation and provisions excluding tax related provisions less interest income and Investment income and gains from extraordinary items

   "**Financial payments**": current portion of long term debt including finance lease payments, interest expense and fees and dividends distributions.

3. The current ratios shall not be less than 1.

   "**Current ratios**": Current assets divided current liabilities.

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Maturity	3
CIB **???** BANK	EGP	CBE corridor rate+1%	22-Apr	
AUB **???** BANK	EGP	CBE corridor rate+1%	26-Apr	
<u>Amount held as:</u>				
Current liability				
Non- current liability				

C) Breach of loan covenant

A subsidiary within the Group, Al- Borg Laboratories SAE, has a loan of principal EGP 130.5 million with Ahli united bank "AUB Egypt" that was taken out on 19th July 2018,

There are financial and non-financial covenants included in the terms of the loan. During the period ended 30 June 2019, the Company technically breached the financial leverage covenant that states (total liabilities divided by net equity) are to be no more than 0.7. As at 30 June 2019 the ratio is 1.43. The financial leverage covenant exceeded the threshold due to intercompany balance within the group. Should the intercompany balance be excluded from the calculation, the financial leverage covenant would reach 0.67.

The company has discussed this with the bank who has provided a written letter amending the term to (total bank debt divided by total equity) which would indicate the Company is not in breach of the covenant. This communication was provided post balance sheet date as of 30 June and therefore the loan amounting to EGP 37.369 million has been reclassified as short-term due to the technical breach. This does not bear any influence on the going concern of the subsidiary or Group as there is sufficient cash for the company to repay the loan in full in the event it is recalled and continue to fund the business' trade. There is no indication that the bank intends to do this. The loan is therefore expected to be classified as long term at the next balance sheet date based on the bank letter amending the definition of the financial leverage.

12. Long- and short-term financial obligation

	30-June-19 EGP'000 (unaudited)
Finance lease liabilities building	260,873
Finance lease liabilities Medical equipment	70,897
Finance lease liability - other	1,623
	333,393

Finance lease

The long-term financial obligations represent the finance lease liabilities due over 1 year for agreements entered into by the Group.

The finance lease liabilities for the laboratory equipment and building are payable as follows:

	Minimum lease payments 30-June-19 EGP'000 (unaudited)	30- (un
Less than one year	87,497	
Between one and five years	378,846	
More than five years	107,045	
	573,388	

	Minimum lease payments 31-Dec-18 EGP'000
Less than one year	34,128
Between one and five years	94,617
	128,745

13. Related party transactions

The significant transactions with related parties, their nature volumes and balance during the period 30 JUNE 2019 are as follows:

Related Party	**Nature of transaction**	**Nature of relationship**	**Transaction amount of the year EGP'000**
Life Scan (S.A.E)	Expenses paid on behalf	Affiliate	**1**
International Fertility (IVF)*	Refund of expenses	Affiliate	**(359)**
Integrated Treatment for Kidney Diseases (S.A.E)	Rental income	Entity owned by Company's CEO	**168**
	Medical Test analysis		**210**
Total			

* International Fertility (IVF) is a company whose shareholders include Dr. Moamena Kamel (founder of IDH subsidiary Al-Mokhtabar Labs).

14. Net finance income

	30-June-19 EGP'000
Finance income	**(unaudited)**
Interest income on - time deposits	21,008
Gain on hyperinflationary net monetary position	1,308

Total finance income	**22,316**
Finance cost	
Bank charges	(1,437)
Interest expense	(29,508)
Net foreign exchange loss	(10,528)
Total finance cost	**(41,473)**
Net finance income	**(19,157)**

15. Tax

A) Tax expense

Tax expense is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

In July 2018, the Egyptian Government imposed a new tax related to health care of 0.25% on total income. As result the Group has recorded an additional EGP 3m in income tax expense.

Starting Jan 2019, the Jordanian Government changed the corporate tax rate to become 21% instead of 20% in Jun 2018.

B) Income tax

Amounts recognised in profit or loss as follow:

	3
Current tax:	
Current period	(120,
Deferred tax:	
Deferred tax arising on undistributed reserves in subsidiaries	(15,
Relating to origination and reversal of temporary differences	4,
Total Deferred tax expense	**(11,**
Tax expense recognised in profit or loss	**(131,**

C) Deferred tax liabilities

Deferred tax relates to the following:

	30-June-19	
	Assets	Liabilities
	EGP'000	EGP'000
Property, plant and equipment	-	(13,014)
Intangible assets	-	(109,530)
Undistributed reserves from group subsidiaries	-	(32,092)
Provisions and finance lease liabilities	2,633	-
Deferred tax assets (liabilities) before set-off	**2,633**	**(154,636)**
Net deferred tax assets (liabilities)	**-**	**(152,003)**

16. Financial Instruments

The Group has reviewed the financial assets and liabilities held at 30 JUNE 2019 and 31 December 2018. It has been deemed that the carrying amounts for all financial instruments are a reasonable approximation of fair value. All financial instruments are deemed Level 2.

Contingent liabilities

There are no contingent liabilities relating to the group's transactions and commitment with banks.

17. Dividends

The following dividends were declared and paid by the company for the period.

	30-June-19
	EGP'000
	(unaudited)
US$ 0.18 per qualifying ordinary share (2018: 0.16)	442,116
	442,116

18. Earnings per share

30-June-19

	EGP'000	EGP'000
		(unaudited)
Profit attributed to owners of the parent		223,872
Weighted average number of ordinary shares in issue		150,000
Basic and diluted earnings per share		**1.49**

The Company has no potential diluted shares as of the 30 JUNE 2019 and 30 June 2018 therefore the earning per diluted share are equivalent to basic earnings per share.

19. Segment reporting

The Group has four operating segments based on geographical location rather than two operating segments based on service provided, as the Group's Chief Operating Decision Maker (CODM) reviews the internal management reports and KPIs of each geography.

The Group operates in four geographic areas, Egypt, Sudan, Jordan and Nigeria. The revenue split between the four regions is set out below.

Revenue by geographic location (unaudited)

For six-month period ended	Egypt region	Sudan region	Jordan region
	EGP'000	EGP'000	EGP'000
30-Jun-19	911,246	15,188	121,141
30-Jun-18	714,983	19,309	114,492

Net profit by geographic location (unaudited)

For six-month period ended	Egypt region	Sudan region	Jordan region
	EGP'000	EGP'000	EGP'000
30-Jun-19	216,993	1,229	20,370
30-Jun-18	220,177	(5,515)	9,852

Revenue by type

	30-Jun-19	30-Jun-18	
	EGP'000	EGP'000	
	(unaudited)	(unaudited)	(u
Pathology	1,041,522	848,784	
Radiology	19,442	17,069	
	1,060,964	**865,853**	

The operating segment profit measure reported to the CODM is EBITDA, as follows:

	30 -Jun-2019
	EGP'000
	(unaudited)
Profit from operations	**366,485**
Property, plant and equipment depreciation	46,528
Right-Of-Use Asset depreciation (see note 3-F)	23,925
Amortisation	3,418
EBITDA	**440,356**
Non recurring provision	-
Normalized EBITDA	**440,356**

The operating segment assets and liabilities measure reported to the CODM is in accordance with IFRS as shown in the Group's Consolidated Statement of Financial Position.