RNS Number : 8385H
Integrated Diagnostics Holdings PLC
23 August 2016

For the purpose of the Transparency Directive the Home Member state of the issuer is the United Kingdom.

Integrated Diagnostics Holdings Plc

Final Results

Monday, 22 August 2016

Integrated Diagnostics Holdings Plc results for the six-month period ending 30 June 2016

(Jersey) Integrated Diagnostics Holdings ("IDH" or "the Group"), IDHC on the London Stock Exchange, Egypt's largest fully integrated private-sector provider of medical diagnostics services, announced today its results for the six-month period ending 30 June 2016.

Commenting on the half-year performance and the company's outlook, IDH Chairman Lord St John of Bletso said:

"I am pleased to report that your Company has continued to perform up to market expectations despite challenges regarding the availability of foreign exchange in Egypt that, compounded by rising inflation, have had a knock-on impact on consumer spending. Egypt has recently arrived at a staff-level agreement for a three-year, USD 12 billion extended fund facility with the International Monetary Fund. Provided this is approved by the IMF's executive board, we anticipate that the implementation of the reform package it requires will bring some stability to the Egyptian Pound. We continue to invest in expanding our business in Egypt and are also exploring opportunities to expand the business into other high-growth markets."

IDH Chief Executive Officer Dr. Hend El-Sherbini added:

"Despite challenges in Egypt, our largest market, we have been successful in growing the business and maintaining our margins. In the second half of the year, we will continue to target revenue growth of 15% while maintaining EBITDA margins in our historical range of 43-45%. We have negotiated moderate price increases with key suppliers that will take effect in 2H2016 and invested after Ramadan in a targeted marketing campaign to drive recurring test revenue. We also continue to invest in expanding our branch network to reach new patients as we explore growth opportunities outside Egypt."

Results *(EGP million, unless otherwise stated)*	**1H2016**	**1H2015**	**% change**
Revenue	**552.5**	**493.2**	*12%*
Operating Profit	224.0	87.5	*156%*
EBITDA[1]	**244.9**	**224.7**	***9%***
EBITDA Margin	*44.3%*	*45.5%*	
Net Profit	**126.5**	**22.1**	*472%*
Net Profit Margin	*22.9*	*4.5*	
Earnings per Share (in EGP)	0.82	0.11	645%

1 EBITDA is calculated as Operating Profit adding back depreciation of property, plant and equipment of EGP 20.9 million (1H2015: EGP

13.9 million), amortisation of intangible assets of EGP nil (1H2015: EGP 0.4 million), and non-recurring expenses. No expenses of this nature occurred in 1H2016 (1H2015: EGP 122.9 million of non-recurring expenses related to the company's IPO on the London Stock Exchange). All references to EBITDA in this document are defined as above.

Financial & Operational Highlights

- €€€€ **Revenues** rose 12% over 1H2015 to EGP 552.5 million as a 4% rise in tests per patient and a combination of price rises and better test mix offset a 3.7% decrease in number of patients served.
- €€€€ **Gross profit** rose 11% to EGP 300.1 million. Expressed as a percentage of revenues, cost of sales inched up only fractionally to 45.7% in 1H2016 (1H2015: 45.0%) despite a high-inflation environment in the Group's principal market of Egypt.
- €€€€ **EBITDA** of EGP 244.9 million represents a 9% increase from EGP 224.7 million in 1H2015.
- €€€€ **Net profit** of EGP 126.5 million in 1H2016 includes the impact of EGP 30.9 million in foreign exchange losses. For the comparative period: Net profit of EGP 22.1 million in 1H2015 includes expenses of EGP 122.9 million related to the Group's IPO on the London Stock Exchange.
- €€€€ **Total tests** were stable period-on-period at 11.7 million. **Total patients served** fell 3.7% to 2.8 million, whilst the number of tests per patient increased by 4.0%.
- €€€€ **Average revenue per patient** rose 16.3% period-on-period to EGP 195.70, while **average revenue per test** increased 11.9% to EGP 47.10.

About Integrated Diagnostics Holdings (IDH)

IDH is the largest fully integrated private-sector medical diagnostics services provider in Egypt, comprehensively offering pathology and molecular diagnostics, genetics testing and basic radiology. IDH'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 the Medical Genetics Center, which operates in Egypt. IDH is listed on the London Stock Exchange (ticker: IDHC) and was founded in 2012 by the merger of Al Borg and Al Mokhtabar, the most established diagnostics services brands in Egypt.

IDH's forward looking strategy rests on leveraging its established business model to achieve five key strategic goals, namely: (1) continue to expand customer reach; (2) increase the number of tests per patient; (3) use the Mega Lab's enlarged capacity to provide services to third party labs and hospitals; (4) introduce new medical services by leveraging the Group's network and reputable brand position; and (5) expand into new geographic markets through selective, value accretive acquisitions. Learn more at idhcorp.com.

Shareholder Information

LSE: IDHC.L

Bloomberg: IDHC:LN

Listed: May 2015

Shares Outstanding: 150 million

Contact

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Cautionary Statement

These Interim 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 Interim 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.

Chairman's Statement

I am pleased to report that your Company has continued to perform up to market expectations.

Since Integrated Diagnostic Holdings was listed on the London Stock Exchange in May last year, our new Mega Lab facility in Cairo has been an enormous success and is one of the cornerstones of our Egyptian growth story.

One of our major challenges, which is unfortunately beyond our control, has been the shortage of foreign exchange in Egypt. This, compounded by rising inflation, has had a knock-on impact on consumer spending.

We have thankfully been able to source USD 15.9 million in foreign exchange during the first half of 2016, which have provided the necessary US dollar reserves for us to make our dividend payments and to support potential additional acquisitions.

The Egyptian Pound has been very weak, particularly over the past six months. Egypt has recently arrived at a staff-level agreement for a three-year, USD 12 billion extended fund facility with the International Monetary Fund (IMF). Provided this is approved by the IMF's executive board, we anticipate that the implementation of the reform package it requires will bring some stability to the domestic currency.

We have an extremely stable operational platform in Egypt and are constantly exploring options for the next phase of our growth story. To this end we shall continue to invest in expanding our business in Egypt, while broadening our value-added services, including radiology. We are also continuing to expand our laboratory facilities.

With our proven track record and resilient business model, we are also exploring opportunities to expand the business into other high-growth markets in Africa and the Middle East. Cognisant of foreign exchange restrictions, we are seeking to expand into markets with more stable currencies.

My Board and our Management Team are committed to meeting shareholders' expectations as well as our responsibilities of accountability, transparency and good governance. To this end, we are in the process of expanding our sub-committees to focus on each core sector of the business, including international business development.

In conclusion, our mission is to continue to deliver sustainable growth with additional value-added services in Egypt while maximising the Company's full potential as a sustainable, resilient, cash-generative regional-growth success story.

Lord St John of Bletso, Chairman

Chief Executive Officer's Report

We believe deeply in Egypt's growth prospects: Our home market has a consumer base of more than 90 million, blending the large, fast-growing population of an emerging market with a rising incidence of lifestyle-related diseases more characteristic of developed economies. IDH's brands are strong and our people, infrastructure and quality-control system unparalleled. Egypt will continue to be a core component of our growth story for years to come. We continue to target and deliver revenue growth with an EBITDA margin for FY2016 expected to be within our historical norm of 43-45%.

Still, there is no denying our home market presently faces headwinds. The macroeconomic backdrop is challenging, and inflation is running at a seven-year high. So far this year, the Egyptian Pound has lost nearly 13% of its value on the official market, and inflation has seen companies in industries ranging from food and FMCG to the automotive industry report new or rising price-sensitivity in their markets throughout the first half. While our industry is fundamentally counter-cyclical, we are still not immune to the erosion of consumer spending.

Despite these challenges, we have grown revenues 12% to more than EGP 552 million in the first half. Moreover, we have proactively engaged with our key suppliers to insulate the business as much as possible from the impact of further devaluation of the Egyptian Pound. So far, we have limited price increases to 10% with two key suppliers. These prices will come into effect in 2H2016, and our view on costs of goods remains in line with our financial plan for the year. Our ability to keep costs of materials in check reflects both the strength of our supplier relationships and the volumes we regularly purchase from them.

To meet the inflationary cost increases, we are pleased that we have successfully agreed to improved pricing with our corporate contracts and continue to enhance pricing power for walk-in patients. We are confident this will stand us in good stead in what remains a high-inflation environment.

With this in mind, we are focused in Egypt on delivering revenue growth through a combination of measures. In the near term, these including a significant post-Ramadan marketing campaign, the continued opening of new branches to expand our reach to new patients, and the engagement of a new commercial director. We continue to provide outsourced services and management to third-party labs and hospitals and are actively seeking acquisition opportunities in Egypt and abroad.

I am honoured to lead our company, and look forward to reporting our progress in both our interim 3Q2016 statement and our full-year 2016 results.

Dr. Hend El Sherbini, Chief Executive Officer

Operational & Financial Review

Key Performance Indicators

	1H2016			1H2015			% movement		
	Walk-in Clients	**Corporate Clients**	**Total**	**Walk-in Clients**	**Corporate Clients**	**Total**	**Walk-in Clients**	**Corporate Clients**	**Total**
Revenue (EGP million)	218.6	333.9	**552.5**	203.8	289.4	**493.2**	7%	15%	**12%**
% revenue	40%	60%	**100%**	41%	59%	**100%**	-	-	**-**
Patients ('000)	793	2,031	**2,824**	889	2,043	**2,931**	-11%	-1%	**-4%**
% of patients	28%	72%	**100%**	30%	70%	**100%**	-	-	**-**
Revenue per Patient (EGP)	*275.7*	*164.4*	***195.7***	*229.4*	*141.7*	***168.3***	20%	16%	**16%**
Tests ('000)	2,631	9,106	**11,737**	2,967	8,755	**11,721**	-11%	4%	**0%**
% of tests	22%	78%	**100%**	25%	75%	**100%**	-	-	**-**
Revenue per Test (EGP)	83.1	36.7	**47.1**	68.7	33.1	**42.1**	21%	11%	**12%**
Test per patient	3.3	4.5	**4.2**	3.3	4.3	**4.0**	-1%	5%	**4%**

Total Branches by Geography

	June 2015 Actual	Dec. 2015 Actual	June 2016 Actual
Egypt	265	278	291
Jordan	11	11	13
Sudan	24	25	23
Total IDH Branches	**300**	**314**	**327**

Operational review

IDH delivered a solid operational performance in the six months ended 30 June 2016, at which time the Group had 327 branches (291 in Egypt, 23 in Sudan and 13 in Jordan). During 1H2016, the Group added 15 branches to its footprint (including 13 new locations in Egypt and 2 in Jordan) and closed two in Sudan, for a net addition of 13 branches. For comparative purposes, the Group had 300 branches at the end of June 2015: 265 in Egypt, 11 in Jordan and 24 in Sudan.

Average revenue per patient rose 16.3% to EGP 195.70 in 1H2016 compared with the same period last year, while average revenue per test climbed 11.9% to EGP 47.10. Total tests completed were largely stable period-on-period at 11.7 million.

Across the Group's footprint, IDH served 2.8 million clients in the first half, down 3.7% from 2.9 million in the same period last year, due primarily to a 10.8% drop in walk-in patients. Group-wide, corporate clients served in 1H2016 stood at 2.0 million patients (essentially on par with the same period last year).

The ratio of corporate to walk-in clients served during 1H2016 was largely unchanged from FY2015 at 72:28; in 1H2015, the same ratio stood at 70:30. The shift in patient mix in favour of those served on corporate contracts reflects natural market dynamics in Egypt as corporations extend additional benefits to staff. The trend has been encouraged by continued high inflation, which is eroding consumer spending power and putting additional pressure on corporations to deliver either health insurance or corporate plans.

Financial Review

Revenue

Total revenue improved 12% in 1H2016 to EGP 552.5 million (1H2015: EGP 493.2 million). Existing branches accounted for 76% of revenue growth, while new branches accounted for 24%. Average revenue per patient rose 16.3% period-on-period; revenue per test was up 11.9%; and tests per patient climbed 4%, underscoring the resilience of the medical diagnostics segment to both macro headwinds and the impact of high inflation on consumer spending. Careful attention to price increases together with better mix compensated for the decline in number of patients served, which stood at 2.8 million in the first half, down 3.7% from 2.9 million in the same period last year.

Corporate clients

IDH's corporate clients (also referred to as contract clients), who in 1H2016 represented 60% of the Group's revenues (1H2015: 59%), include institutions such as unions, private insurance companies and corporations who typically enter into one year, renewable contracts at agreed rates per test and on a per client basis. During 1H2016, IDH served approximately 2.0 million patients under those contracts, performing a total of 9.1 million tests.

Corporate client revenue grew 15.4% compared with the same period last year on the back of 4% growth in corporate tests performed and an 11.1% increase in corporate revenue per test.

Within the corporate clients, IDH also provides lab to lab services for hospitals and other laboratories that are not able to process certain tests in house. IDH continues to view the lab to lab business as a potential growth area going forward.

Walk-in Clients

IDH derived 40% of its revenue in 1H2016 from walk-in clients (1H2015: 41%). The Group carried out 2.6 million tests for 792,874 walk-ins during the half year. The number of walk-in clients declined in 1H2016, most notably in Egypt, where patient volumes fell 11.1%. Total tests performed for walk-in patients in Egypt dropped 13.0% in the same period. This is in line with the trend first reported in the second half of last year.

Revenues grew at 7.3% period-on-period, driven by a 21% increase in average revenue per test, which offset an 11.1% decline in Egyptian walk-in patients and the 13.0% drop in total tests performed for Egyptian walk-in patients.

The Group continues to target walk-in clients through marketing campaigns focused on IDH's brands as well as educational campaigns aimed at increasing awareness of the importance of medical testing and preventive medicine. Additionally, the Group also offers a number of check-up packages and promotions aimed at increasing the number of tests per patient and encouraging repeat visits. These include offers targeting patients with liver and cardiovascular diseases, among others.

Cost of Sales

Expressed as a percentage of revenues, cost of sales increased only fractionally in 1H2016 to 45.7% compared with 45.0% in 1H 2015 despite significant inflation in Egypt, the Group's primary market. In absolute terms, cost of sales rose 13.6% period-on-period to EGP 252.5 million, driven primarily by increased spending on wages and salaries.

Wages and salaries accounted for 39% of total Group cost of sales, overtaking chemicals and supplies in 1H2016 to become the single largest contributor to COS (1H2015: 35%). This reflects the impact of new hiring (including new headquarters staff and staff for new branches opened in 1H2016), annual staff salary raises, and higher employee profit share entitlement for Egyptian operations in the period.

EBITDA

EBITDA for 1H2016 (defined in footnote 1) stood at EGP 244.9 million (1H2015: EGP 224.7 million), up 9% period-on-period. EBITDA growth was constrained in part by the rising cost of wages and salaries (as noted above) as well as an uptick in advertising and marketing costs on the back of a comprehensive marketing campaign.

Net Finance Cost

The Group recorded net finance costs of EGP 25.4 million in 1H2016 against a net finance income of EGP 5.0 million in the same period last year. Net finance costs include both finance income of EGP 9.6 million (1H2015: 6.3 million) and finance costs of EGP 35.0 million (1H2015: 1.3 million).

IDH was successful in converting Egyptian Pounds into US dollars during the period. These transactions have been entered into to provide the necessary US dollar reserves for IDH to make the dividend payment in the period, and meet other US dollar denominated financial liabilities. A foreign exchange loss has arisen due to the difference between the official exchange rate and the less favourable unofficial parallel exchange rate received by IDH when entering into these transactions. In the period IDH purchased a total of US$ 15.9 million through currency swap transactions (1H2015: US$ 3.9 million) which resulted in a total foreign exchange loss recognised of EGP 27.2 million (1H2015: EGP 0.7 million).

Taxation

Income tax expenses recorded on the income statement in 1H2016 totalled EGP 72.1 million compared to EGP 70.4 million in 1H2015. There is no tax payable in the two IDH holding companies (Jersey and Cayman). All tax is paid within the operating companies in Egypt, Jordan and Sudan. Corporate income tax rates in Egypt were 22.5% in 1H2016 (down from 30% in 1H2015), while rates were unchanged period-on-period in Jordan (20%) and Sudan (15%).

The Group's dividend policy is to distribute any excess cash after taking into consideration all business cash requirements and potential acquisition considerations. As a result, a deferred tax liability is recognised for the 5% tax on dividends for the future expected distribution payable by Egyptian entities under Egyptian tax legislation. A deferred tax expense of EGP 10.6 million has accordingly been recognised for profits generated in the period.

Net Earnings

Net profit for the six-month period ending 30 June 2016 was EGP 126.5 million, up sharply from EGP 22.1 million recorded in 1H2015. Results for the first half of this year reflect the impact of EGP 30.9 million in foreign exchange losses (discussed above) against a net finance gain of EGP 5.0 million in the comparative period.

Management also notes that net profit of EGP 22.1 million in 1H2015 includes expenses of EGP 122.9 million related to the Group's IPO on the London Stock Exchange.

Balance Sheet

Through the historic acquisitions of Makhbariyoun Al Arab and Golden Care Medical Services the Group entered into 2 separate put option arrangements to purchase the remaining equity interests from the vendors at a subsequent date. The options are exercisable in whole from the fifth anniversary of completion of the original purchase agreement falling due in June 2016. At acquisition a put option liability has been recognised for the net present value for the exercise price of the option. In July 2016 the Group was notified by the vendors of Golden Care Medical Services the put option had been exercised. The purchase of the remaining shares is expected to complete during H2 2016.

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 situation in Egypt and the Middle East, foreign currency supply 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.

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 2016 are available on the Group's website at www.idhcorp.com

Statement of Directors' Responsibilities

The Interim Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules ("DTR") of the United Kingdom's Financial Conduct Authority. The DTR require that the accounting policies and presentation applied to the half yearly figures must be consistent with those applied in the latest published annual accounts, except where the accounting policies and presentation are to be changed in the subsequent annual accounts, in which case the new accounting policies and presentation should be followed, and the changes and the reasons for the changes should be disclosed in the Interim Report, unless the United Kingdom Financial Conduct Authority agrees otherwise.

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; and

The Interim Report includes a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six month 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 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.

A list of current directors of the Group is maintained on the Group's website at www.idhcorp.com.

For and on behalf of the Board of Directors:

Dr. Hend El Sherbini

Executive Director

Independent Review Report to Integrated Diagnostics Holdings plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six month ended 30 June 2016 which comprises Condensed consolidated interim statement of financial position, Condensed consolidated interim income statement, 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. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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 Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("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.

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 IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting 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.

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

Conclusion

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 month ended 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Adrian Wilcox, for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

London

E14 5GL

22 August 2016

Consolidated Statement of Financial Position

	Note	30 June 2016 EGP'000	31 December 2015 EGP'000
		(Unaudited)	**(Audited)**
ASSETS			
Non-current assets			
Property, plant and equipment	4	343,249	337,877
Intangible assets and goodwill	5	1,609,626	1,606,225
Total non-current assets		**1,952,875**	**1,944,102**
Current assets			
Inventories	6	40,947	34,326
Trade and other receivables	7	120,363	117,155
Cash and cash equivalents	8	406,590	387,716
Total current assets		**567,900**	**539,197**
Total assets		**2,520,775**	**2,483,299**
Equity			
Share Capital		1,072,500	1,072,500
Share premium reserve		1,027,706	1,027,706
Capital reserve		(314,310)	(314,310)
Legal reserve		28,834	28,834
Put option reserve		(68,476)	(64,069)
Translation reserve		25,040	1,193
Retained earnings		186,561	142,712
Share based payment reserve		-	1,034
Equity attributed to the owners of the Company		**1,957,855**	**1,895,600**
Non-controlling interest		46,110	46,873
Total equity		**2,003,965**	**1,942,473**
Non-current liabilities			
Deferred tax liabilities	13-C	132,756	128,427
Other provisions		10,919	10,962
Long-term financial obligations	10	57,341	60,327
Total non-current liabilities		**201,016**	**199,716**
Current liabilities			
Trade and other payables	9	240,579	229,631
Current tax liabilities	13-B	75,215	111,479
Total current liabilities		**315,794**	**341,110**
Total liabilities		**516,810**	**540,826**
Total equity and liabilities		**2,520,775**	**2,483,299**

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors and signed on their behalf on 22 Aug 2016 by:

Dr. Hend El Sherbini
Chief Executive Officer

James Nolan
Head of Audit Committee

Consolidated Income Statement

	Note	30 June 2016 EGP'000	30 June 2015 EGP'000
		(Unaudited)	**(Unaudited)**
Revenue		552,540	493,232
Cost of sales		(252,453)	(222,145)
Gross profit		**300,087**	**271,087**
Marketing and advertising expenses		(27,999)	(22,465)
Administrative expenses		(46,367)	(158,410)
Other expenses		(1,691)	(2,750)
Operating profit		**224,030**	**87,462**
Finance income	12	9,583	6,424
Finance cost	12	(35,001)	(1,382)
Net finance (cost) / income	12	(25,418)	5,042
Profit before tax		**198,612**	**92,504**
Income tax expense		(72,110)	(70,376)
Profit for the period		**126,502**	**22,128**
Profit attributed to:			
Owners of the Company		123,319	16,901
Non-controlling interest		3,183	5,227
		126,502	**22,128**
Earnings per share (expressed in EGP):			
Basic and diluted earnings per share	17	0.82	0.11

The accompanying notes on pages 16 - 25 form an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	30 June 2016 EGP'000	30 June 2015 EGP'000
	(Unaudited)	**(Unaudited)**
Net profit	**126,502**	**22,128**
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	26,478	1,980
Other comprehensive income for the period net of tax	**26,478**	**1,980**
Total comprehensive income for the period	**152,980**	**24,108**
Attributed to:		
Owners of the company	20,664	(4,044)
Non-controlling interests	5,814	6,024
	26,478	**1,980**

Changes in Shareholder Equity

	Attributable to owners of the Company						
	Share capital	Share premium	Capital reserve	Legal reserve*	Put option reserve	Translation reserve	Retain earnin
At 1 January 2016	**1,072,500**	**1,027,706**	**(314,310)**	**28,834**	**(64,069)**	**1,193**	**142,71**
Profit for the period	-	-	-	-	-	-	123,31
Other comprehensive income for the period	-	-	-	-	-	23,847	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**23,847**	**123,31**
Transactions with owners of the Company							
Contributions and distributions							
Dividends	-	-	-	-	-	-	(79,47
Put option during the year	-	-	-	-	(4,407)	-	-
Reverse share-based payment	-	-	-	-	-	-	-
Legal reserve formed during the period	-	-	-	-	-	-	-
Total contributions and distributions	**-**	**-**	**-**	**-**	**(4,407)**	**-**	**(79,47**
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**(4,407)**	**-**	**(79,47**
Balance at 30 June 2016 (Unaudited)	**1,072,500**	**1,027,706**	**(314,310)**	**28,834**	**(68,476)**	**25,040**	**186,56**
At 1 January 2015**	**1,072,500**	**1,027,706**	**(314,310)**	**26,945**	**(50,420)**	**1,204.00**	**-**
Profit for the period	-	-	-	-	-	16,901	-
Other comprehensive income for the period	-	-	-	-	-	1,183	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**18,084**	**-**
Transactions with owners of the Company							
Contributions and distributions							
Dividends	-	-	-	-	-	-	-
Legal reserve formed during the period	-	-	-	186	-	-	(186)
Total contributions and distributions	**-**	**-**	**-**	**186**	**-**	**-**	**(186)**
Total transactions with owners of the Company	**-**	**-**	**-**	**186**	**-**	**-**	**(186)**
Balance at 30 June 2015 (Unaudited)	**1,072,500**	**1,027,706**	**(314,310)**	**27,131**	**(50,420)**	**19,288**	**(186)**

The accompanying notes on pages 15 - 26 form an integral part of these condensed consolidated interim financial statements.

* 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 each subsidiary's is Company.

**These individual amounts within equity as at 1 January 2015 have been restated for the same reasons as those disclosed in note 2.2 of the audited consolidated financi 2015.

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Consolidated Statement of Cash Flows

	Note	30 June 2016 EGP'000	30 June 2015 EGP'000
		(Unaudited)	(Unaudited)
Cash flows from operating activities			

Profit for the period before tax		198,612	92,504
Adjustments			
Depreciation	4	20,902	13,941
Amortization		-	352
Loss on disposal of Property, plant and equipment		66	81
Impairment of goodwill		1,849	-
Impairment in trade and other receivables		986	2,478
Provisions made		1,173	1,010
Reversal of impairment in trade and other receivables		(458)	(85)
Provisions reversed		(1,160)	(6)
Interest expense		3,657	1,268
Interest income		(9,583)	(3,752)
Unrealised foreign currency exchange loss / (gain)		3,709	(2,672)
Net cash from operating activities before changes in working capital		**219,753**	**105,119**
Provision used		(55)	(891)
Change in inventory		(6,622)	2,983
Change in trade and other receivables		(2,878)	(31,355)
Change in trade and other payables		4,832	16,386
Cash generated from operating activities before income tax payment		**215,030**	**92,242**
Income tax paid during period		(102,983)	(101,417)
Net cash from operating activities		**112,047**	**(9,175)**
Cash flows from investing activities			
Interest received		9,372	3,550
Acquisition of purchase of Property, plant and equipment		(21,742)	(33,750)
Proceeds from sale of Property, plant and equipment		50	267
Net cash flows used in investing activities		**(12,320)**	**(29,933)**
Cash flows from financing activities			
Repayments of borrowings		-	(35)
Interest paid		(2,695)	(1,268)
Dividends paid		(86,047)	(3,582)
Financial lease		(3,885)	(429)
Net cash flows used in financing activities		**(92,627)**	**(5,314)**
Net decrease in cash and cash equivalent		**7,100**	**(44,422)**
Cash and cash equivalent at the beginning of the period		387,716	252,110
Effect of exchange rate fluctuations on cash held		11,774	1,914
Cash and cash equivalent at the end of the period	8	**406,590**	**209,602**

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 2016 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 22 August 2016.

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 2015 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 2016, the Group had net assets amounting to EGP 2,003,965K.

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.

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.

There are no material changes in management judgments, estimates and assumptions during the six months' period ended 30 June 2016 from those applied in the audited consolidated financial statements published as at and for the year ended 31 December 2015.

3. Significant accounting policies

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 2015.

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

New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are not yet effective for the half year ended 30 June 2016 have not been applied in preparing these condensed consolidated interim financial statements. None of these is expected to have a significant effect on these condensed consolidated interim financial statements of the Group.

4. Property, plant and equipment

	Land & Buildings	Medical, electric & information system equipment	Leasehold improvements	Fixtures, fittings & vehicles	Building & Leasehold improvements in construction	Total
Cost						
At 1 January 2016	167,612	196,753	76,272	31,949	3,576	476,162
Additions	-	8,742	6,794	1,217	4,990	21,743
Disposals	-	(1,383)	(312)	(278)	-	(1,973)
Assets transfer to held for sale	(649)	-	-	-	-	(649)
Translation differences	674	2,193	2,338	823	268	6,296
Transfers	-	2,935	-	-	(2,935)	-
At 30 June 2016	**167,637**	**209,240**	**85,092**	**33,711**	**5,899**	**501,579**
Depreciation						
At 1 January 2016	19,331	75,403	31,088	12,463	-	138,285
Charge for the period	1,372	12,188	6,190	1,152	-	20,902
On disposals	-	(906)	(303)	(199)	-	(1,408)
Translation differences	2	287	148	114	-	551

At 30 June 2016	**20,705**	**86,972**	**37,123**	**13,530**	**-**	**158,330**
Net book value						
At 30 June 2016	**146,926**	**122,239**	**47,961**	**20,222**	**5,901**	**343,249**
At 31 December 2015	**148,281**	**121,350**	**45,184**	**19,486**	**3,576**	**337,877**

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 10 for further details. At 30 June 2016, the net carrying amount of leased equipment was EGP 63,385K (31 Dec 2015: EGP 68,115K).

5. Intangible assets and goodwill

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

	30-Jun-16	31-Dec-15
	EGP'000	EGP'000
	(unaudited)	
Goodwill	1,233,056	1,231,198
Brand names	376,570	375,027
	1,609,626	**1,606,225**

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

During the period goodwill of EGP 1,849K allocated to the Molecular Diagnostics Centre CGU has been fully impaired due to the liquidation of this legal entity in May 2016.

No other indicators of impairment have been identified at 30 June 2016.

6. Inventories

	30-Jun-16	31-Dec-15
	EGP'000	EGP'000
	(unaudited)	
Chemicals and operating supplies	40,947	34,326
	40,947	**34,326**

7. Trade and other receivables

	30-Jun-16	31-Dec-15
	EGP'000	EGP'000
	(unaudited)	

Trade receivables	112,485	117,063
Other receivables	4,465	2,143
Prepayments	15,227	13,467
Due from related parties (Note 11)	3,837	465
Fixed assets held for sale	649	
Accrued revenue	1,258	1,047
	137,921	**134,185**
Less:		
Impairment of trade receivables	(17,558)	(17,030)
	120,363	**117,155**

8. Cash and cash equivalents

	30-Jun-16	**31-Dec-15**
	EGP'000	**EGP'000**
	(unaudited)	
Short-term deposits*	214,135	263,384
Cash at banks and on hand	192,455	124,332
Cash and cash equivalents	**406,590**	**387,716**

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

EGP 16,597K (31 Dec 2015: 16,166K) of total cash and cash equivalents are held in subsidiaries operating in Sudan. Prior approval from the Central Bank of Sudan is required to transfer these funds abroad.

9. Trade and other payables

	30-Jun-16	**31-Dec-15**
	EGP'000	**EGP'000**
	(unaudited)	
Trade payable	94,079	70,743
Accrued expenses	53,804	73,747
Other payables	10,110	6,830
Put option liability	68,476	64,069
Finance lease liabilities	14,110	14,242
	240,579	**229,631**

Through the historic acquisitions of Makhbariyoun Al Arab and Golden Care Medical Services the Group entered into 2 separate put option arrangements to purchase the remaining equity interests from the vendors at a subsequent date. The options are exercisable in whole from the fifth anniversary of completion of the original purchase agreement falling due in June 2016. At acquisition a put option liability has been recognised for the net present value for the exercise price of the option.

In July 2016 the Group was notified by the vendors of Golden Care Medical Services the put option had been exercised. The purchase of the remaining shares is expected to complete during H2 2016.

10. Long term financial obligation

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

The total finance lease liabilities for the laboratory equipment to service the Group's Mega Lab are payable as follows:

	Minimum lease payments	Interest	Principal
	30 June 2016	30-Jun-16	30-Jun-16
	EGP'000	EGP'000	EGP'000
	(unaudited)	(unaudited)	(unaudited)
Less than one year	21,669	7,559	14,110
Between one and five years	60,145	18,109	42,036
More than five years	18,000	2,695	15,305
	99,814	**28,363**	**71,451**

11. Related party transactions

The significant transactions with related parties, their nature volumes and balance during the period 30 June 2016 and 2015 are as follows:

			30-Jun-16 EGP'000	
Related Party	**Nature of transaction**	**Nature of relationship**	**Amount of transaction**	**Balance**
			(unaudited)	**(unaudited)**
Health-care Tech Company	Expenses paid on behalf	Affiliate	16	204
Life Scan (S.A.E)	Expenses paid on behalf	Affiliate	-	277
Integrated Treatment for Kidney Diseases (S.A.E)	Rental income	Entity owned by Company's CEO	21	21

International Fertility (IVF)	Expenses paid on behalf	Affiliate	3,335	3,335
Total				**3,837**

			31-Dec-15 EGP'000	
Related Party	**Nature of transaction**	**Nature of relationship**	**Amount of transaction**	**Balance**
Health-care Tech Company	Expenses paid on behalf	Affiliate	75	188
Life Scan (S.A.E)	Expenses paid on behalf	Affiliate	277	277
Integrated Treatment for Kidney Diseases (S.A.E)	Rental income	Entity owned by Company's CEO	274	-
Total				**465**

The transactions with the related parties are made on terms equivalent to those that prevail in arm's length transactions.

12. Net finance income

	30-Jun-16 EGP'000	30-Jun-15 EGP'000
Finance income	**(unaudited)**	**(unaudited)**
Interest income on bank and time deposits	9,583	3,752
Net foreign exchange gain	-	2,672
Total finance income	**9,583**	**6,424**
Finance cost		
Bank charges	(435)	(114)
Interest expense	(3,657)	(1,268)
Net foreign exchange loss*	(30,909)	-
Total finance cost	**(35,001)**	**(1,382)**
Net finance (cost)/income	**(25,418)**	**5,042**

***** IDH has entered into a number of currency swap transactions during the period to convert Egyptian Pounds into US Dollars. There is a difference between the official exchange rate and an unofficial parallel exchange rate for the Egyptian Pound against the US Dollar. A foreign exchange loss has arisen due to the difference between the official exchange rate and the less favorable unofficial parallel exchange rate received by IDH when entering into these transactions. In the period IDH purchased a total of US$ 15,890K (June 2015: $ 3,930K) which resulted in a total foreign exchange loss recognised of EGP 27,200K (June 2015: EGP 731K).

13. 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. There were no significant changes in Group's effective tax rate for the six months ended 30 June 2015 to 30 June 2016.

B) Income tax liabilities

	30-Jun-16 EGP'000 (unaudited)	31-Dec-15 EGP'000
Balance b/f	111,479	123,683
Net withholding tax (debit - credit)	(1,061)	(5,518)
Tax provision	3,221	348
Income tax for the year	59,312	108,128
Tax paid	(97,736)	(115,162)
Balance c/f	**75,215**	**111,479**

C) Deferred tax liabilities

Deferred tax relates to the following:

	30-Jun-16 EGP'000		31-Dec-15 EGP'000	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	(unaudited)			
Property, plant and equipment	-	(4,962)	-	(5,668)
Intangible assets	-	(101,883)	-	(102,113)
Undistributed reserves from group subsidiaries	-	(28,017)	-	(22,614)
Provisions	2,106	-	1,968	-
Net deferred tax liability		**(132,756)**		**(128,427)**

14. Financial Instruments

The Group has reviewed the financial assets and liabilities held at 30 June 2016 and 31 December 2015. 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 3.

15. Contingent liabilities

There are no contingent liabilities relating to the group's transactions and commitment with banks, this has been assessed and not deemed to have a material effect on the group's future financial position.

16. Dividends

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

	30-Jun-16	30-Jun-15
	EGP'000	EGP'000
	(unaudited)	(unaudited)
US$ 0.06 per qualifying ordinary share (2015: nil)	79,470	-
	79,470	**-**

17. Earnings per share

	30-Jun-16	30-Jun-15
	EGP'000	EGP'000
	(unaudited)	(unaudited)
Profit attributed to owners of the parent	123,319	16,901
Weighted average number of ordinary shares in issue	150,000	150,000
Basic and diluted earnings per share	**0.82**	**0.11**

The Company has no potential diluted shares as of the 30 June 2016 and 30 June 2015 therefore the earning per diluted share are equivalent to basic earnings per share.

18. Segment reporting

The group is viewed as a single operating segment, as the Group's Chief Operating Decision Maker (CODM) reviews the internal management reports and KPIs of the group as whole and not at a further aggregated level.

The group operates in three geographic areas, Egypt, Sudan and Jordan. Each area offers similar services and the KPIs of each are viewed to be the same and they are not viewed as individual operating segments. The revenue split between the three regions is set out below, the combined Sudan and Jordan operations make up less than 11% of the Group's total revenue.

	Revenue by geographic location (unaudited)			
For the six-month period ended	**Egypt region**	**Sudan region**	**Jordan region**	**Total**
	EGP'000	**EGP'000**	**EGP'000**	**EGP'000**
30-Jun-16	490,552	17,828	44,160	552,540

30-Jun-15	445,688	14,484	33,060	493,232

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

	30 -Jun-2016	30-Jun-15
	EGP'000	EGP'000
	(unaudited)	(unaudited)
Profit from operations	**224,030**	**87,462**
Property, plant and equipment depreciation	20,902	13,941
Amortization of Intangible assets	-	352
EBITDA	**244,932**	**101,755**
Non Recurring Items		
IPO Expenses	-	122,912
Normalised EBITDA	**244,932**	**224,667**

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.

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