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IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached document and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached unstamped prospectus relating to Integrated Diagnostics Holdings plc ("**IDH**" or the "**Company**") accessed from this page or otherwise received as a result of such access and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached document. In accessing the attached document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission or the attached document to any other person. This electronic transmission and the attached document comprises an advertisement for the purposes of paragraph 3.3.2R of the Prospectus Rules made under Part VI of the Financial Services and Markets Act 2000 (the "**FSMA**") and has been prepared solely in connection with the proposed offer to certain institutional and professional investors (the "**Global Offer**") of ordinary shares (the "**Shares**") of the Company. The information in the attached document, which is in draft form, is subject to updating, completion, revision, verification and amendment. The final prospectus (the "**Prospectus**") in connection with the admission of the Shares to the Official List of the UK Financial Conduct Authority (the "**FCA**") and to trading on the London Stock Exchange plc's main market for listed securities (together, "**Admission**") is expected to be published in due course. Although it is intended that the Prospectus will be approved by the FCA as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the FSMA, the attached document has not been so approved. Similarly, although it is intended that the Prospectus will be made available to the public in accordance with the Prospectus Rules, the attached document has not been made available in accordance therewith. It is intended that the Prospectus will be published in due course and following publication will be available from the Company's registered office and on the Company's website at http://investors.idhcorp.com. Pricing information and other related disclosures are expected to be published on this website. Prospective investors are advised to access such information prior to making an investment decision.

THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**") OR WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS ("**QIBs**") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE US SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB AS DEFINED IN, OR IN RELIANCE ON, RULE 144A, OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**"), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

This electronic transmission and the attached document and the Global Offer when made are only addressed to and directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("**Qualified Investors**"). In addition, in the United Kingdom, this electronic transmission and the attached document is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") and /or (ii) who are high

net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This electronic transmission and the attached document must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this Prospectus relates is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons.

A copy of this Prospectus has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958 to the issue of securities in the Company. It must be distinctly understood that, in giving these consents, neither the registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it.

If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. The directors of the Company have taken all reasonable care to ensure that the facts stated in this Prospectus are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the Prospectus, whether of facts or of opinion. All the directors accept responsibility accordingly. It should be remembered that the price of securities and the income from them can go down as well as up.

Confirmation of Your Representation: This electronic transmission and the attached document is delivered to you on the basis that you are deemed to have represented to the Company and Deutsche Bank AG, London Branch, EFG Hermes Promoting and Underwriting and Citigroup Global Markets Limited (collectively, the "**Underwriters**") that (i) you are (a) a QIB acquiring such securities for its own account or for the account of another QIB or (b) acquiring such securities in "offshore transactions", as defined in, and in reliance on, Regulation S; (ii) if you are in the UK, you are a relevant person, and/or a relevant person who is acting on behalf of, relevant persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the UK or the European Economic Area ("**EEA**"); (iii) if you are in any member state of the European Economic Area other than the UK, you are a Qualified Investor and/or a Qualified Investor acting on behalf of, Qualified Investors or relevant persons, to the extent you are acting on behalf of persons or entities in the EEA or the UK; and (iv) you are an institutional investor that is eligible to receive this Prospectus and you consent to delivery by electronic transmission.

You are reminded that you have received this electronic transmission and the attached document on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this Prospectus, electronically or otherwise, to any other person. This Prospectus has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, the Underwriters nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. By accessing the linked document, you consent to receiving it in electronic form. None of the Underwriters nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this Prospectus or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the Shares. The Underwriters and each of their respective affiliates, each accordingly disclaims all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Underwriters or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information set out in this Prospectus.

The Underwriters are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Global Offer. They will not regard any other person (whether or not a recipient of this Prospectus) as their client in relation to the Global Offer and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to its clients nor for giving advice in relation to the Global Offer or any transaction or arrangement referred to herein.

INTEGRATED DIAGNOSTICS HOLDINGS

Prospectus

6 May 2015

This Prospectus comprises a prospectus (this "**Prospectus**") for the purposes of Article 3 of European Union Directive 2003/71/EC, as amended (the "**Prospectus Directive**") relating to Integrated Diagnostics Holdings plc ("**IDH**" or the "**Company**") prepared in accordance with the Prospectus Rules of the UK Financial Conduct Authority (the "**FCA**") made under section 73A of the Financial Services and Markets Act 2000 (the "**FSMA**"). This Prospectus will be made available to the public in accordance with the Prospectus Rules.

Application will be made to the FCA for all of the ordinary shares of the Company (the "**Shares**") to be admitted to the standard listing segment of the Official List of the FCA (the "**Official List**") and to London Stock Exchange plc (the "**London Stock Exchange**" or "**LSE**") for all of the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities (together, "**Admission**"). Conditional dealings in the Shares are expected to commence on the London Stock Exchange on 6 May 2015. It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on 11 May 2015. **All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned.**

On 23 April 2015, the Company and the Selling Shareholders entered into share purchase commitment agreements (the "**Cornerstone Investor Subscription Agreements**") with the investors listed under "*Details of the Offer—Cornerstone Investors*" (the "**Cornerstone Investors**"), pursuant to which each of the Cornerstone Investors, severally (and neither jointly nor jointly and severally), has committed to purchase Shares in the Global Offer, and the Selling Shareholders have agreed to sell, and procure the allotment and transfer of, Shares to the Cornerstone Investors at the Offer Price. The aggregate commitments of all the Cornerstone Investors pursuant to the Cornerstone Investor Subscription Agreements amount to $70 million. The Cornerstone Investor Subscription Agreements are conditional upon Admission and certain other conditions being satisfied (including that the Offer Price be no higher than $4.45 per Share), and will terminate automatically if such conditions have not been fulfilled on or before 12 June 2015 (or such other date as may be agreed between the Company, the Selling Shareholders and the Cornerstone Investors). For more information, see "*Details of the Offer—Cornerstone Investors*".

The directors of the Company, whose names appear on page 79 of this Prospectus (the "**Directors**"), and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Prospective investors should read this Prospectus in its entirety. See "*Risk Factors*" starting on page 17 for a discussion of certain risks and other factors that should be considered prior to any investment in the Shares.

Integrated Diagnostics Holdings plc

(a public limited company incorporated in Jersey under the Companies (Jersey) Law 1991, as amended, with registration no.117257)

Global Offer of 65,217,392 Shares of $1.00 each
at an Offer Price of $4.45 per Share
and admission to the standard listing segment of the Official List
and to trading on the London Stock Exchange

Joint Global Co-ordinators, Joint Bookrunners and Underwriters

Deutsche Bank **EFG Hermes**

Joint Bookrunner and Underwriter

Citigroup

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Issued and fully paid	
Number	**Nominal Value**
150,000,000	**$1.00**

The Shareholders who are selling Shares as part of the Global Offer (the "**Selling Shareholders**") are collectively expected to offer 65,217,392 Shares (assuming no exercise of the Over-allotment Option) in the Global Offer so as to raise expected gross proceeds for the Selling Shareholders of approximately $290.2 million. The Company will not receive any of the proceeds from the sale of the Shares, all of which will be paid to the Selling Shareholders.

The Global Offer is being made by way of an institutional offer by the Selling Shareholders: (i) to certain institutional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**US Securities Act**"), and in accordance with locally applicable laws and regulations, and (ii) in the United States, only to qualified institutional investors ("**QIBs**") in reliance on Rule 144A under the US Securities Act ("**Rule 144A**") or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

In connection with the Global Offer, Deutsche Bank AG, London Branch ("**Deutsche Bank**"), as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilisation transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Global Offer.

In connection with the Global Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Shares up to a maximum of 15 per cent. of the total number of Shares comprised in the Global Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such overallotments and/or from sales of Shares effected by it during the stabilising period, it is expected that the Over-allotment Shareholders will grant the Stabilising Manager the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares up to a maximum of 15 per cent. of the total number of Shares comprised in the Global Offer (the "**Over-allotment Shares**") at the Offer Price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being sold in the Global Offer and will form a single class for all purposes with the other Shares.

Deutsche Bank AG (which is authorised under German Banking Law (competent authority: European Central Bank) and, in the United Kingdom, by the Prudential Regulation Authority ("**PRA**"), is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the PRA and FCA); EFG Hermes Promoting and Underwriting ("**EFG Hermes**"); and Citigroup Global Markets Limited ("**Citigroup**"), which is authorised by the PRA and regulated by the PRA and FCA (together, the "**Underwriters**"), are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Global Offer. None of the Underwriters will regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Global Offer and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients or for the giving of advice in relation to the Global Offer or any transaction, matter, or arrangement referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by FSMA or the regulatory regime established thereunder or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Underwriters nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this Prospectus including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Global Offer. Each of the Underwriters and each of their respective affiliates accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Prospectus or any such statement. No representation or warranty express or implied, is made by any of

the Underwriters or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Application will be made for the Shares to be admitted to a standard listing on the Official List. A standard listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in companies with premium listings on the Official List, which are subject to additional obligations under the listing rules of the FCA made under section 74(4) of the FSMA (the "**Listing Rules**").

Notice to overseas Shareholders

The Shares have not been, and will not be, registered under the US Securities Act. The Shares offered by this Prospectus may not be offered or sold in the United States, except to QIBs, as defined in, and in reliance on, the exemption from the registration requirements of the US Securities Act provided in Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Prospective investors are hereby notified that the sellers of the Shares may be relying on the exemption from the provisions of section 5 of the US Securities Act provided by Rule 144A. No actions have been taken to allow a public offering of the Shares under the applicable securities laws of any jurisdiction, including Australia, Canada or Japan. Subject to certain exceptions, the Shares may not be offered or sold in any jurisdiction, or to or for the account or benefit of any national, resident or citizen of any jurisdiction, including Australia, Canada or Japan. This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The Shares have not been and will not be registered under the applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Shares may not be offered or sold in any jurisdiction, or to or for the account or benefit of any national, resident or citizen in Australia, Canada or Japan. The Shares have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The distribution of this Prospectus and the offer and sale of the Shares in certain jurisdictions may be restricted by law. Other than in Egypt, no action has been or will be taken by the Company, the Selling Shareholders or the Underwriters to permit a public offering of the Shares under the applicable securities laws of any jurisdiction. Other than in the United Kingdom, no action has been taken or will be taken to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the preceding paragraphs. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. For further information on the manner of distribution of the Shares and the restrictions to which they are subject, see "*Details of the Offer*".

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO

BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Available information

For so long as any of the Shares are in issue and are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is not subject to section 13 or 15(d) under the US Securities Exchange Act of 1934, as amended (the "**US Exchange Act**"), nor exempt from reporting under the US Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a Share, or to any prospective purchaser of a Share designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the US Securities Act.

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FROST AND SULLIVAN INDEPENDENT REPORT ON CLINICAL LABORATORY TESTING SERVICES MARKET FOR AN INITIAL PUBLIC OFFERING (IPO) IN EGYPT		ANNEX I

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A-E (A.1 - E.7).This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A—Introductions and warnings		
Element	**Disclosure Requirement**	**Disclosure**
A.1	Warning	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. No consent has been given by the Company or any person responsible for drawing up this Prospectus to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries.

Section B—Issuer		
Element	**Disclosure Requirement**	**Disclosure**
B.1	Legal and commercial name	Integrated Diagnostics Holdings plc or IDH
B.2	Domicile and legal form	The Company was incorporated on 4 December 2014 as a private limited company under the Companies (Jersey) Law 1991, as amended from time to time (the "**Jersey Companies Law**"), with registered number 117257 under the name Integrated Diagnostics Holdings Limited. On 23 December 2014, pursuant to Special Resolutions passed on 23 December 2014, the Company was re-registered as a public limited company and changed its name to Integrated Diagnostics Holdings plc.
B.3	Key factors affecting current operations and principal activities	The Group is the largest fully integrated private sector diagnostics services provider, including pathology and molecular diagnostics, genetics testing and basic radiology, in Egypt, and in 2013 had a private chain market share by revenue of 55 per cent. according to Frost & Sullivan. The Group also has operations in Jordan and Sudan and plans to expand into additional countries in the MENA region in the near term. As at 31 December 2014, the Group operated 288 labs, and it performed 22.3 million tests for 5.6 million patients in 2014.

Section B—Issuer		
Element	**Disclosure Requirement**	**Disclosure**
		Egypt is the Group's principal market, where it operates mainly through its Al Borg (Core) and Al Mokhtabar (Core) businesses, each of which is a well-known and market-leading brand with a loyal following, and together represented 88.5 per cent. of IDH's revenue in 2014. The Group's other businesses, which together represented 11.5 per cent. of IDH's revenue in 2014, include Biolab, which operates in Jordan, Ultralab and Al Mokhtabar Sudan, both of which operate in Sudan, and the Molecular Diagnostic Center ("**MDC**") and Medical Genetics Center ("**MGC**"), both of which operate in Egypt. Through its Al Borg, Al Mokhtabar, Biolab and Ultralab brands, the Group offers a catalogue of more than 1,000 diagnostic services ranging from basic tests, such as glucose testing for diabetes, to molecular tests for hepatitis and highly specialised DNA tests. Part of the Group's strategy is to diversify its services. As part of this strategy the Group is considering opening an IVF centre and plans to expand its currently limited radiology service offerings. The Group is also focusing on offering patients a one-stop shop by further developing the Diagnostic Medical Center, which offers laboratory services, limited radiology and specialised physician services from a single location. The Group attracts patients either upon referral of doctors or clinics or without a referral for routine check-ups. A substantial portion of the Group's revenue comes from institutional contract clients such as private insurance companies, unions and corporations, and a small portion comes from the Group's lab-to-lab business, which provides services to hospitals and to other public and private laboratories that do not have sufficient in-house testing capabilities. The Group can trace its history back to 1979 and has developed a track record for quality and safety, earning internationally recognised accreditations. In addition to having accreditations from the ISO, the Group operates the only private laboratory in Egypt to have been accredited by the College of American Pathologists (currently awaiting renewal), one of the most prestigious accreditations in the industry globally. In 2009 and 2010, the Group acquired MDC and MGC in Egypt, respectively. MGC was co-founded by an American Board Certified geneticist operating in Egypt and is a large private genetics testing laboratory. MDC specialises in the diagnosis of liver diseases and provides services to other Group-owned companies. The Group is considering expansion into the GCC and North Africa, as well as opportunistically in sub-Saharan Africa. Al Borg and Al Mokhtabar were brought under common control in 2012. The Group is in the final stages of fully integrating Al Mokhtabar into the Group's structure and systems. The Group intends to have the operations of the two companies fully integrated by the end of the first half of 2015, with the exception of the sales departments. Since the two companies have distinct corporate identities, the Group has decided to keep their branding distinct for marketing purposes.
B.4a	Significant recent trends affecting the Group and the industry in which it operates	Egypt's healthcare system is discrete with multiple stakeholders playing co-ordinated roles at various levels. The Ministry of Health (the "**MoH**") is the supreme provider of healthcare services in Egypt, providing healthcare at all levels. It also acts as the policy making body and lays down the regulatory framework of healthcare services in Egypt.

Section B—Issuer		
Element	**Disclosure Requirement**	**Disclosure**
		The private sector healthcare delivery system comprises clinics, medical centres, pharmacies and hospitals. It has presence at all levels of care of the healthcare sector of Egypt. Public sector medical labs are distributed by the infrastructure provided by each of the stakeholders. According to Frost & Sullivan, the main stakeholders in the public sector are the MoH, the Ministry of Higher Education (the "**MoHE**"), and the Health Insurance Organisation (the "**HIO**"). The private sector lab structure of Egypt can be divided into labs attached to private hospitals and independent standalone labs. Frost & Sullivan reported 1,351 private hospitals in Egypt as of 2012, with the majority of them having an attached lab and offering services at variable capacity. There are 12 - 15 standalone chains of labs in Egypt which include Al Mokhtabar and Al Borg. The total clinical lab testing services market in the private independent commercial segment of Egypt stood at EGP 2.6 billion in 2013. The independent chain of labs is likely to grow at a compound annual growth rate ("**CAGR**") of 18 - 20 per cent. until 2018. The independent chain of labs contributed nearly 40 per cent. of the total lab market in 2010. Unlike some of the countries in the MENA that have made a shift from communicable diseases to non-communicable diseases, the former still dominates Egypt along with tropical diseases and lifestyle diseases. According to Frost & Sullivan, currently, the per capita average clinical laboratory tests performed in Egypt is approximately 2.5 tests per capita. This figure is likely to rise as penetration of health insurance grows within the country. In recent years, the focus has changed to creating a greater coverage of population. This phenomenon is especially seen amongst the top chain of labs. By adding new branches every year, the labs are focusing on reaching all the governorates and getting as close to the customer as possible. In the laboratory segment, few big-ticket cross-border investments have been witnessed in recent years amongst the MENA countries, leading to overall growth of the market with increased penetration and consolidation. The top participants in the lab market have a high volume and revenue dependency on corporate tie-ups. Overall, the corporate market will remain a driver for the lab business in Egypt with more activities to be concentrated in and around key cities. The per capita expenditure on ancillary services, such as in vitro diagnostics, is low in Egypt, which in turn makes the allocation of expenditure on laboratory services low.
B.5	Group description	The term "**Group**" refers to the Company and its consolidated subsidiaries and its subsidiary undertakings from time to time. The Company is the holding company of the Group. The term "**Admission**" refers to admission of the ordinary shares of the Company of $1.00 each (the "**Shares**") to the standard listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.
B.6	Major shareholders	As at the date of this Prospectus, the Company is owned and controlled by Integrated Diagnostics Group Limited ("**IDG**"), Actis IDH B.V. ("**Actis (IDH)**") and HENA Holdings Limited ("**Hena Holdings**", and together with IDG and Actis (IDH), the "**Principal Shareholders**"), which together hold 100 per cent. of the Company's share capital.

Section B—Issuer		
Element	**Disclosure Requirement**	**Disclosure**
		Actis (IDH) acquired a 21.0 per cent. interest in the Group effective 11 December 2014, through its purchases from Hena Holdings and IDG of 10.0 per cent. and 11.0 per cent, respectively, of the share capital of IDH Caymans. Actis (IDH) paid in the aggregate $113.25 million for its 21 per cent. interest in the Group. The acquisition was made pursuant to a heads of terms agreed in March 2014. The purchase price reflected a private transaction with a different risk profile from purchasing shares in an IPO and with there being no certainty of the success of an IPO exit. Pursuant to a share-for-share exchange agreement dated 24 December 2014, each of Hena Holdings, IDG and Actis (IDH) exchanged their shareholdings in IDH Caymans for a proportionate shareholding in the Company. Pursuant to a shareholders' agreement dated 24 December 2014, Actis (IDH) will not sell any Shares in the Global Offer. The lock-up arrangements that apply to Actis (IDH) are described herein. Immediately following the Global Offer and Admission, it is expected that the Principal Shareholders will hold approximately 56.5 per cent. of the issued ordinary share capital of the Company, assuming no exercise of the Over-allotment Option, and 50.0 per cent. of the issued ordinary share capital of the Company, assuming the Over-allotment Option is exercised in full. The Shares owned by the Principal Shareholders rank *pari passu* with the other Shares in all respects. Immediately following the Global Offer and Admission assuming no exercise of the Over-allotment Option, the Company expects that IDG, Hena Holdings and Actis (IDH) will each exercise or control 8.3 per cent., 27.2 per cent. and 21.0 per cent., respectively, of the votes to be cast on all or substantially all matters at general meetings of the Company. On 23 April 2015, the Company and the Selling Shareholders entered into the Cornerstone Investor Subscription Agreements with the Cornerstone Investors, pursuant to which each of the Cornerstone Investors, severally (and neither jointly nor jointly and severally) has committed to purchase Shares in the Global Offer, and the Selling Shareholders have agreed to sell, and procure the allotment and transfer of, Shares to the Cornerstone Investors at the Offer Price. The aggregate commitments of all the Cornerstone Investors pursuant to the Cornerstone Investor Subscription Agreements amount to $70 million. The Cornerstone Investor Subscription Agreements are conditional upon Admission and certain other conditions being satisfied (including that the Offer Price be no higher than $4.45 per Share), and will terminate automatically if such conditions have not been fulfilled on or before 12 June 2015 (or such other date as may be agreed between the Company, the Selling Shareholders and the Cornerstone Investors). For more information, see "*Details of the Offer— Cornerstone Investors*". Immediately following the Global Offer and Admission, assuming the conditions of the Cornerstone Investor Subscription Agreements are satisfied, it is expected that the Cornerstone Investors will hold an aggregate of approximately 10.5 per cent. of the issued ordinary share capital of the Company.

Section B—Issuer		
Element	**Disclosure Requirement**	**Disclosure**
B.7	Key financial information and narrative description of significant changes to financial condition and operating results of the Group during or subsequent to the period covered by the historical key financial information	

IDH Consolidated Income Statement Data

	Year ended 31 December		Period from 1 September to 31 December
	2014	**2013**	**2012**
		(audited)	
		(EGP thousands)	
Revenue	860,231	671,583	213,865
Cost of revenues	(479,506)	(442,015)	(135,555)
Gross profit from operation	**380,725**	**229,568**	**78,310**
Other income	1,574	7,330	274
Marketing and advertising expenses	(49,445)	(38,845)	(7,861)
Administrative expenses	(72,033)	(52,891)	(43,770)
Other expenses	(15,727)	(12,028)	(5,102)
Profit from operations	**245,094**	**133,134**	**21,851**
Finance income	5,994	6,685	7,731
Finance cost	(9,200)	(571)	(177)
Finance (cost) income—net	(3,206)	6,114	7,554
Profit before tax	**241,888**	**139,248**	**29,405**
Income tax for the year/period	(100,200)	(70,456)	(19,748)
Net profit for the year/period	**141,688**	**68,792**	**9,657**
Profit attributed to:			
Owners of the company	132,769	62,095	8,214
Non-controlling interests	8,919	6,697	1,443
	141,688	**68,792**	**9,657**
Earnings per share (expressed in EGP per share)			
Basic earnings per share	0.89	0.41	0.05

Al Borg Consolidated Income Statement Data

	Year ended 31 December		
	2013	**2012**	**2011**
		(audited)	
		(EGP thousands)	
Revenue	353,497	326,880	230,820
Cost of revenues	(178,768)	(161,847)	(113,646)
Gross profit from operation	**174,729**	**165,033**	**117,174**
Other income	7,074	684	714
Marketing and advertising expenses	(15,111)	(15,175)	(11,973)
Administrative expenses	(44,348)	(44,412)	(32,751)
Other expenses	(7,462)	(7,027)	(3,901)
Profit from operations	**114,882**	**99,103**	**69,263**
Finance income (cost)—net	50	(137)	2,707
Profit before tax	**114,932**	**98,966**	**71,970**
Deferred tax income (expenses)	2,784	509	(920)
Income tax for the year	(34,211)	(28,221)	(18,348)
Net profit for the year	**83,505**	**71,254**	**52,702**
Profit attributed to:			
Owners of the company	77,322	66,209	49,614
Non-controlling interests	6,183	5,045	3,088
	83,505	**71,254**	**52,702**
Earnings per share (expressed in EGP per share)			
Basic earnings per share	20.13	17.24	12.93
Diluted earnings per share	20.13	17.24	12.93

Section B—Issuer		
Element	**Disclosure Requirement**	**Disclosure**
		Al Mokhtabar Consolidated Income Statement Data

	Year ended 31 December		
	2013	**2012**	**2011**
		(audited)	
		(EGP thousands)	
Revenue	325,745	262,517	197,944
Cost of revenues	(138,441)	(113,053)	(107,474)
Gross profit from operation	**187,304**	**149,464**	**90,470**
Other income	255	96	45
Marketing and advertising expenses	(18,676)	(11,833)	(11,011)
Administrative expenses	(23,141)	(46,927)	(14,563)
Other expenses	(4,566)	(3,440)	(3,758)
Profit from operations	**141,176**	**87,360**	**61,183**
Finance income—net	4,211	9,136	5,382
Profit before tax	**145,387**	**96,496**	**66,565**
Deferred tax expenses	(42)	(89)	(119)
Income tax for the year	(42,095)	(27,093)	(21,751)
Net profit for the year	**103,250**	**69,314**	**44,695**
Profit attributed to:			
Owners of the company	103,271	69,314	44,779
Non-controlling interests	(21)	—	(84)
	103,250	**69,314**	**44,695**
Earnings per share (expressed in EGP per share)			
Basic earnings per share	160.55	107.76	69.62
Diluted earnings per share	160.55	107.76	69.62

IDH Consolidated Financial Position Data

	As at 31 December		
	2014	**2013**	**2012**
		(audited)	
		(EGP thousands)	
Non-current assets	1,853,801	1,892,680	2,019,630
Current assets	381,351	391,404	423,485
Total assets	**2,235,152**	**2,284,084**	**2,443,115**
Total equity	**1,855,568**	**1,946,187**	**2,069,353**
Total non-current liabilities	117,616	134,074	140,784
Total current liabilities	261,968	203,823	232,978
Total liabilities	**379,584**	**337,897**	**373,762**
Total equity and liabilities	**2,235,152**	**2,284,084**	**2,443,115**

Section B—Issuer		
Element	**Disclosure Requirement**	**Disclosure**
		Al Borg Consolidated Financial Position Data

	As at 31 December		
	2013	**2012**	**2011**
		(audited)	
		(EGP thousands)	
Non-current assets	142,301	146,587	144,680
Current assets	171,998	107,916	127,680
Total assets	**314,299**	**254,503**	**272,360**
Total equity	**206,608**	**160,724**	**172,975**
Total non-current liabilities	5,747	9,392	11,156
Total current liabilities	101,944	84,387	88,229
Total liabilities	**107,691**	**93,779**	**99,385**
Total equity and liabilities	**314,299**	**254,503**	**272,360**

Al Mokhtabar Consolidated Financial Position Data

	As at 31 December		
	2013	**2012**	**2011**
		(audited)	
		(EGP thousands)	
Non-current assets	21,928	21,740	27,423
Current assets	223,393	247,653	209,109
Total assets	**245,321**	**269,393**	**236,532**
Total equity	**139,100**	**75,998**	**170,465**
Total non-current liabilities	450	407	318
Total current liabilities	105,771	192,988	65,749
Total liabilities	**106,221**	**193,395**	**66,067**
Total equity and liabilities	**245,321**	**269,393**	**236,532**

IDH Consolidated Cash Flow Data

	Year ended 31 December		Period from 1 September to 31 December
	2014	**2013**	**2012**
		(audited)	
		(EGP thousands)	
Cash generated from operating activities	301,587	209,291	213,031
Net cash flow used in investing activities	(70,291)	(10,897)	(7,455)
Net cash flows used in financing activities	(234,014)	(276,594)	(866)
Net (decrease) increase in cash and cash equivalent	(2,718)	(78,200)	204,710
Cash and cash equivalent at the end of the period/year	**252,110**	**262,586**	**331,845**

Section B—Issuer		
Element	**Disclosure Requirement**	**Disclosure**
		Al Borg Consolidated Cash Flows Data

	Year ended 31 December		
	2013	**2012**	**2011**
		(audited)	
		(EGP thousands)	
Cash generated from operating activities	88,335	90,618	58,934
Net cash flow used in investing activities	(3,793)	(24,749)	(66,076)
Net cash flows used in financing activities	(28,908)	(73,787)	(2,117)
Net increase (decrease) in cash and cash equivalent	55,634	(7,918)	(9,259)
Cash and cash equivalent at the end of the year	**108,380**	**45,530**	**60,516**

Al Mokhtabar Consolidated Cash Flows Data

	Year ended 31 December		
	2013	**2012**	**2011**
		(audited)	
		(EGP thousands)	
Cash generated from operating activities	102,365	89,264	75,625
Net cash flow (used in) generated from investing activities	(4,998)	(3,213)	19,189
Net cash flows used in financing activities	(156,876)	(47,407)	—
Net (decrease) increase in cash and cash equivalent	(59,509)	38,644	94,814
Cash and cash equivalent at the end of the year	**151,065**	**210,784**	**172,270**

Certain significant changes to the Group's financial condition and results of operations occurred during the years ended 31 December 2011, 2012, 2013 and 2014. These changes are described below.

Group

Revenue increased by EGP 188.6 million, or 28.1 per cent., from EGP 671.6 million in 2013 to EGP 860.2 million in 2014. Net profit for the year increased by EGP 72.9 million, or 106.0 per cent., from EGP 68.8 million in 2013 to EGP 141.7 million in 2014.

The Company will pay all expenses related to the Global Offer. This includes, among others, fees for auditors, tax advisors and legal counsel, as well as the underwriting fees and selling commissions (which comprise a fixed fee as a percentage of the offer volume, as well as a discretionary incentive fee) for the underwriting syndicate. The Company estimates the total expenses related to the Global Offer to be up to EGP 127 million (assuming no exercise of the Over-allotment Option), of which approximately EGP 8.4 million has been charged in the fourth quarter of 2014, with the remainder to be charged in the second quarter of 2015.

The Group will pay by the end of the first half of 2015 to each of the Principal Shareholders, pro rata to its shareholdings and the proportion of the year during which the Principal Shareholder was a shareholder of the Company, its share of the annual management fee for 2014 of EGP 10.8 million. The management fee is payable in accordance with the 2014 Jersey Shareholders' Agreement, which terminates upon Admission.

Al Borg

Revenue increased by EGP 122.7 million, or 53.2 per cent., from EGP 230.8 million in 2011 to EGP 353.5 million in 2013. Net profit for the year increased by EGP 30.8 million, or 58.4 per cent., from EGP 52.7 million in 2011 to EGP 83.5 million in 2013.

Section B—Issuer		
Element	**Disclosure Requirement**	**Disclosure**
		Al Mokhtabar Revenue increased by EGP 127.8 million, or 64.6 per cent., from EGP 197.9 million in 2011 to EGP 325.7 million in 2013. Net profit for the year increased by EGP 58.6 million, or 131.0 per cent., from EGP 44.7 million in 2011 to EGP 103.3 million in 2013. Except for the payment of expenses relating to the Global Offer and the payment of the 2014 management fee, each discussed above, there has been no significant change in the financial condition or results of operations of the Group since 31 December 2014.
B.8	Key pro forma financial information	Not applicable. There is no pro forma financial information.
B.9	Profit forecast	Not applicable. There is no profit forecast or estimate.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no qualifications to the accountant's report on the historical financial information.
B.11	Insufficient working capital	Not applicable. In the opinion of the Company, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

Section C—Securities		
Element	**Disclosure Requirement**	**Disclosure**
C.1	Type and class of securities	Application will be made for Admission of 100 per cent. of the ordinary shares of $1.00 each in the share capital of the Company (the "**Shares**"). The Global Offer comprises an offering of 65,217,392 Shares (assuming no exercise of the Over-allotment Option), which are to be sold by the Selling Shareholders. This Prospectus relates to the Admission of 100 per cent. of the Shares. On Admission, there will be 150,000,000 Shares in issue, all of which will be fully paid. When admitted to trading, the Shares will be registered with ISIN number JE00BV9H9G76 and SEDOL number BV9H9G7.
C.2	Currency	United States dollars.
C.3	Number of securities to be issued	As at the date of this Prospectus, the issued share capital of the Company is US$150,000,000, comprising 150,000,000 Shares of US$1.00 each, all of which were fully paid or credited as fully paid. The issued share capital of the Company will not change following completion of the Global Offer.
C.4	Description of the rights attaching to the securities	The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. On a show of hands every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per Share.

Section C—Securities		
Element	**Disclosure Requirement**	**Disclosure**
		Except as provided by the rights and restrictions attached to any class of shares, Shareholders will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.
C.5	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Shares.
C.6	Admission	Application will be made to the FCA for all of the Shares to be admitted to the standard listing segment of the Official List of the FCA and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.
	Listing on EGX	Following the Global Offer, the Company and its Shareholders may seek the necessary approvals for the Shares to be listed on the Egyptian Exchange (the "**EGX**"). An EGX listing, if it is undertaken, will be subject to the applicable rules and regulations of the Egyptian Capital Market Law No. 95 for the year 1992 and its Executive Regulations (the "**Capital Market Law**") and those set forth in the Listing and Delisting Rules issued by the Egyptian Financial Supervisory Authority (the "**EFSA**") (as amended) and their Executive Regulations applicable to the listing of foreign listed shares on the EGX. A decision on the part of the Selling Shareholders to apply for an EGX listing has not been taken. The Company and its Shareholders will consider at the appropriate time whether to apply for an EGX listing, taking into account market conditions and other relevant factors. None of the Company or any of the Selling Shareholders can provide any assurances that the Company will apply for an EGX listing. If an EGX listing is applied for and obtained, any Shares traded on the EGX would be subject to the procedures and restrictions governing transferability established by the LSE, CREST, the EGX and Misr for Central Clearing, Depositary and Registry ("**MCDR**").
C.7	Dividend policy	The Group paid shareholder distributions of EGP 194.9 million and EGP 229.7 million in 2013 and 2014, respectively. These distributions included dividends, as well as other cash distributions to Shareholders. Going forward, the Group intends to distribute any excess cash after taking into consideration all business cash requirements and any potential acquisition considerations.

Section D—Risks		
Element	**Disclosure Requirement**	**Disclosure**
D.1	Key information on the key risks specific to the issuer and its industry	The 25 January revolution in 2011 (the "**Revolution**") and the change of government in July 2013, together with other incidents of social and political unrest and violence in Egypt, have had a significant adverse effect on the Egyptian economy. Some of the countries in which the Group does business, or is planning to do business in the future, do not have firmly established legal and regulatory systems. Political instability continued throughout 2013 and 2014 in the MENA region and may materially and adversely affect the region's capital markets and the value of securities issued by companies in the region.

Section D—Risks		
Element	**Disclosure Requirement**	**Disclosure**
		Egypt has experienced, and continues to experience terrorist attacks and occasional civil disorder. Since 2011, there have been terrorist campaigns in Sinai by an affiliate of the Islamic State that have claimed a number of lives, including security and military personnel. Since 2011, Egypt has also experienced incidents of civil disorder such as demonstrations, protests and sit-ins. Any continuation or escalation of these events may discourage tourists from visiting Egypt and deter investments in Egypt, which would lead to a deterioration of the macroeconomic climate, creating further strain on net international reserves and, in turn, a worsening of the political and social environment. The effects of any such terrorist activities could have a material adverse effect on the Group's business, financial condition, results of operations or prospects, as well as on investor confidence in investing in Egypt. The Egyptian economy and foreign direct investment into Egypt have experienced downward pressure in the last few years. The Group's business in Egypt accounted for 89.4 per cent. of the Group's revenue in 2014, and the instability in Egypt has affected the Group's revenue over the last three years. There can be no assurance that Egypt will be able to adequately address these and other economic issues, which could have a material adverse effect on the Group's business, prospects, financial condition, cash flows or results of operations. Some of the jurisdictions in which the Group operates and in which it seeks to operate in the future have recently experienced dramatic inflation, which could negatively impact the Group's margins in those jurisdictions. Any unexpected changes in the political, social, economic or other conditions in Egypt, Jordan or Sudan, or in neighbouring countries, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. The Group is exposed to foreign exchange risks affecting its purchases of supplies, a significant portion of which are payable or effectively priced in foreign currency, including price fluctuations that result from exchange rate movements and constraints on the availability of foreign currency in Egypt. The Group has historically sought to manage its foreign currency exposure by maintaining a portion of its cash reserves in foreign currency, including by engaging in frequent foreign exchange transactions, and the remaining balance in Egyptian pounds, depending on its present needs and the availability of foreign currency at favourable exchange rates. Going forward, the Group plans to maintain this policy. While historically the Group has been able to procure foreign currency, if the Group is unable to procure foreign currency at favourable rates or at all, it may be unable to pay its suppliers in a timely manner or at all. The amount of dividends and distributions available to IDH will depend on the ability of its subsidiaries to pay dividends or make other distributions. The Group's Egyptian subsidiaries are not permitted under Egyptian law to transfer Egyptian pounds out of Egypt. Dividends paid outside of Egypt must therefore be paid in foreign currency. While the Group's Egyptian companies have historically been able to pay dividends outside Egypt, the ability of the Group's Egyptian subsidiaries to continue to do so may be materially and adversely affected by the unavailability, and/or fluctuating exchange rates for or high cost, of foreign currency in Egypt, which would materially and adversely affect IDH's ability to pay dividends to its Shareholders in part or at all.

Section D—Risks		
Element	**Disclosure Requirement**	**Disclosure**
		The Group's business is subject to, and affected by, extensive, stringent and frequently changing laws and regulations, as well as frequently changing enforcement regimes, in each of the countries in which the Group operates. If the Group fails to comply with applicable laws and regulations, if such laws or regulations change in a manner adverse to the Group or if the Group cannot maintain, renew or secure required permits, licences or other necessary regulatory approvals, the Group may be unable to operate its business or commercialise its services in the relevant jurisdictions, suffer civil and criminal penalties or fines, or incur additional liabilities from third-party claims. If any of the foregoing were to occur, the Group's reputation could be damaged, important relationships with contract clients or other third parties could be adversely affected and these developments could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Inaccuracies or negligence in performing the testing and exam services may lead to illness, harm, death or other adverse effects or liabilities, which could in turn subject the Group to malpractice claims from its patients. As at 31 December 2014, seven pending claims with aggregate claims of EGP 5 million (excluding interest, delay fines, execution fees and court expenses) have been filed against the Group or certain subsidiaries of the Group for medical malpractice. Claims and litigation against the Group by either patients or employees may result in payments related to such liabilities, which may adversely affect the Group's liquidity and financial position or exceed the scope of the Group's insurance coverage. To the extent the Group is held liable for negligence, the damages that it incurs could have a material adverse effect on its business, results of operations, financial condition and prospects. The Group maintains customer relationships with numerous specialised nurses, primary care physicians, other specialist physicians and other healthcare professionals. Failure to maintain these existing relationships, develop new relationships and/or sustain a high-quality, professional reputation would result in a decrease in the number of patients referred and therefore a decrease in its revenue. The Group's success depends on end-users' acceptance and confidence in the effectiveness, quality and proximity of the Group's services. Failure to effectively establish awareness among the Group's customers and end-users of those characteristics and benefits could result in decreased use of the Group's services by end-users, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. The Group enters into contracts with, among others, private, public and professional syndicate health insurers. The Group may be unable to successfully negotiate and agree on terms that would be favourable to the Group. In the Group's Egyptian laboratories, prices for contracts with private contract clients are generally guided by the official list of prices issued by the MoH. While the prices on this list are not mandatory, they do often form the basis of negotiations. The Group has no influence over the MoH list of prices, and the MoH recommendations may limit the Group's ability to raise the prices it charges clients for its services. The Egyptian or Sudanese government could implement a mandatory pricing regime for the clinical laboratory industry, similar to that in Jordan, which may cause the Group's margins to deteriorate.

Section D—Risks		
Element	**Disclosure Requirement**	**Disclosure**
		An increasing proportion of the Group's revenues has been generated from contract clients. The Group's future success will depend, in part, on its ability to maintain good relationships with contract clients. If the Group's relationships with these clients deteriorate, the Group may be unable to negotiate favourable fee arrangements and/or its business may otherwise be materially and adversely affected. An increase in claims rejections or prolonged or repeated failures by contract clients to make payments could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Information technology ("**IT**") systems are used extensively in virtually all aspects of the Group's business. The Group's operations therefore depend on the continued and uninterrupted performance of its IT systems. If the Group experiences significant or recurring IT problems, its operations would be disrupted, which could adversely affect the Group's reputation, expose it to litigation or regulatory sanctions, result in a loss of customers and could have a material adverse effect on its business, results of operations, financial condition and prospects.
D.3	Key information on the key risks specific to the securities	The Company is applying for a standard listing on the Official List under Chapter 14 of the Listing Rules on the basis of the Prospectus Directive requirements and, therefore, the additional on-going requirements and protections applicable to a premium listing under the Listing Rules will not apply to the Company. There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained. Moreover, even if a market develops, the Shares could be subject to market price volatility and the market price of the Shares may decline in response to developments that are unrelated to the Company's operating performance, or as a result of sales of substantial amounts of Shares, for example, following expiry of the lock-up period, or the issuance of additional Shares in the future, and Shareholders could earn a negative or no return on their investment in the Company. Shareholders in the United States or other jurisdictions may not be able to participate in future equity offerings.

Section E—Global Offer		
Element	**Disclosure Requirement**	**Disclosure**
E.1	Net proceeds and costs of the offer	The Company will not be receiving any proceeds from the Global Offer. The Company will pay all expenses related to the Global Offer. This includes, among others, fees for auditors, tax advisors and legal counsel, as well as the underwriting fees and selling commissions (which comprise a fixed fee as a percentage of the offer volume, as well as a discretionary incentive fee) for the underwriting syndicate. The Company estimates the total expenses related to the Global Offer to be up to EGP 127 million (assuming no exercise of the Over-allotment Option). Through the sale of Shares pursuant to the Global Offer, the Company expects the Selling Shareholders to raise in aggregate approximately $290.2 million (assuming no exercise of the Over-allotment Option). No expenses will be charged to investors in connection with Admission or the Global Offer by the Company or the Selling Shareholders.

Section E—Global Offer		
Element	**Disclosure Requirement**	**Disclosure**
E.2a	Reasons for the offer and use of proceeds	The Selling Shareholders are seeking to realise part of their investment in the Company by way of the Global Offer. In addition, the Directors believe that Admission will benefit the Company as it will, amongst other things: • assist in positioning the Group for its next stage of development; • further increase the Group's profile, brand recognition and credibility with its customers, suppliers and employees; • give the Group access to a wider range of capital-raising options which may be of use in the future; and • assist in recruiting, retaining and incentivising key management and employees.
E.3	Terms and conditions of the Global Offer	The Global Offer consists of an institutional offer only. In the Global Offer, Shares will be offered (i) to certain institutional investors in the United Kingdom and elsewhere outside the United States and (ii) in the United States only to QIBs in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The price at which the Shares are to be sold in the Global Offer is $4.45 per Share (the "**Offer Price**"). The number of Shares to be sold in the Global Offer is 65,217,392 Shares (assuming no exercise of the Over-allotment Option). All Shares subject to the Global Offer will be sold at the Offer Price. The Offer Price will be determined by the Company, the Selling Shareholders and the Joint Global Co-ordinators. It is expected that Admission will take place and unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. on or about 11 May 2015. Prior to Admission, it is expected that dealings in the Shares will commence on a conditional basis on the London Stock Exchange on or about 6 May 2015. The expected date for settlement of such dealings will be 11 May 2015. All dealings in the Shares prior to the commencement of unconditional dealings will be on a "when issued" basis and will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. These dates and times may be changed without further notice. On 23 April 2015, the Company and the Selling Shareholders entered into the Cornerstone Investor Subscription Agreements with the Cornerstone Investors, pursuant to which each of the Cornerstone Investors, severally (and neither jointly nor jointly and severally) has committed to purchase Shares in the Global Offer, and the Selling Shareholders have agreed to sell, and procure the allotment and transfer of, Shares to the Cornerstone Investors at the Offer Price. The aggregate commitments of all the Cornerstone Investors pursuant to the Cornerstone Investor Subscription Agreements amount to $70 million. The Cornerstone Investor Subscription Agreements are conditional upon Admission and certain other conditions being satisfied (including that the Offer Price be no higher than $4.45 per Share), and will terminate automatically if such conditions have not been fulfilled on or before 12 June 2015 (or such other date as may be agreed between the Company, the Selling Shareholders and the Cornerstone Investors). For more information, see "*Details of the Offer—Cornerstone Investors*". The Shares allocated under the Global Offer have been underwritten, subject to certain conditions, by the Underwriters.

<table>
<tr><th colspan="3">Section E—Global Offer</th></tr>
<tr><th>Element</th><th>Disclosure Requirement</th><th>Disclosure</th></tr>
<tr><td></td><td>EGX Listing</td><td>Following the Global Offer, the Company and its Shareholders may seek the necessary approvals for the Shares to be listed on the EGX. An EGX listing, if it is undertaken, will be subject to the applicable rules and regulations of the Capital Market Law and those set forth in the Listing and Delisting Rules issued by the EFSA (as amended) and their Executive Regulations applicable to the listing of foreign listed shares on the EGX. A decision on the part of the Selling Shareholders to apply for an EGX listing has not been taken. The Company and its Shareholders will consider at the appropriate time whether to apply for an EGX listing, taking into account market conditions and other relevant factors. None of the Company or any of the Selling Shareholders can provide any assurances that the Company will apply for an EGX listing.</td></tr>
<tr><td>E.4</td><td>Material interests</td><td>There are no interests, including conflicting interests, that are material to the Global Offer, other than those disclosed in B.6 above.</td></tr>
<tr><td>E.5</td><td>Selling Shareholders and Lock-up</td><td>
<table>
<tr><th rowspan="2">Selling Shareholders</th><th colspan="2">Immediately prior to admission</th><th colspan="2">Immediately following admission</th></tr>
<tr><th>Number of Shares</th><th>Percentage of issued ordinary share capital</th><th>Number of Shares</th><th>Percentage of issued ordinary share capital</th></tr>
<tr><td>IDG[1] . . . . . .</td><td>58,086,529[4]</td><td>38.72%[4]</td><td>12,434,355[3][5]</td><td>8.3%[3][5]</td></tr>
<tr><td>Hena Holdings[2] . .</td><td>60,413,471[4]</td><td>40.28%[4]</td><td>40,848,253[3][5]</td><td>27.2%[3][5]</td></tr>
<tr><td>Total . . . . . .</td><td>118,500,000</td><td>79.0%</td><td>53,282,608</td><td>35.5%</td></tr>
</table>
(1) IDG is beneficially owned and controlled by the Abraaj Group.
(2) Dr. Hend El Sherbini (CEO and Executive Director of the Company) and Dr. Moamena Kamel own 100 per cent. of the share capital of Hena Holdings as joint tenants with rights of survivorship.
(3) Assuming no exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, IDG will sell a further 6,847,826 Shares, representing 4.6 per cent. of the Company's issued share capital and Hena Holdings will have sold a further 2,934,782 Shares, representing 2.0 per cent. of the Company's issued share capital.
(4) These figures reflect the 1,328,471 Shares transferred effective upon Admission from IDG to Hena Holdings pursuant to arrangements made in connection with the acquisition by the Group of Al Mokhtabar in 2012.
(5) Pursuant to a share award plan adopted by Dr. El Sherbini, IDG and Hena Holdings, Hena Holdings will be entitled to receive in 2016 a maximum of up to 332,118 additional Shares from IDG upon the achievement by the Group in 2015 of certain key performance measures. Assuming Hena Holdings receives the maximum number of Shares under this arrangement, Hena Holdings' percentage of issued ordinary share capital in the Company will increase by approximately 0.22 per cent.
Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Joint Global Co-ordinators, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.</td></tr>
</table>

Section E—Global Offer		
Element	**Disclosure Requirement**	**Disclosure**
		Pursuant to the Underwriting Agreement and related arrangements, Actis (IDH), the Selling Shareholders, the Directors and Senior Management have agreed that, subject to certain exceptions, during the period of 180 days in respect of Actis (IDH) and the Selling Shareholders, and 12 months in respect of the Directors and Senior Management, in each case from the date of Admission, they will not, without the prior written consent of the Joint Global Co-ordinators, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.
	Cornerstone Investor Lock-Up	Pursuant to the Cornerstone Investor Subscription Agreements, each of the Cornerstone Investors has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Joint Global Co-ordinators, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares it has acquired under its respective Cornerstone Investor Subscription Agreement (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.
E.6	Dilution	As the Global Offer only comprises existing Shares, existing Shareholders will not experience any dilution as a result of the Global Offer.
E.7	Expenses charged to the investor	Not applicable. No expenses will be charged by the Company or the Selling Shareholders to any investor who purchases Shares pursuant to the Global Offer.

Any investment in the Shares is subject to a number of risks. Prior to investing in the Shares, prospective investors should carefully consider risk factors associated with any investment in the Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below.

Prospective investors should note that the risks relating to the Group, its industry and the Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors and the Company believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

The risk factors described below are not an exhaustive list or explanation of all risks which investors may face when making an investment in the Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects and, if any such risk should occur, the price of the Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

Risks Related to Egypt and the MENA Region

1. Continued instability and unrest in Egypt, along with political volatility in the MENA region, may materially and adversely affect the Group's business.

Egypt has been subject to political instability and multiple changes of government in the last four years. Popular unrest led to the Revolution and resulted in the stepping down of long-standing President Hosni Mubarak, the suspension of the Egyptian constitution and the handover of power to the Supreme Council of the Armed Forces in February 2011. Demonstrations and protests continued throughout 2011 in response to the perceived slow pace of political change, and Egypt experienced continued political uncertainty and instability over the course of 2012 and 2013. Following a popular uprising, which led to the downfall of the previous government, presidential elections were held in May 2014 and Abdel Fattah Al Sisi was sworn in as President of Egypt on 8 June 2014. The political and economic disturbances that occurred in Egypt following popular uprisings in 2011 and 2013 resulted in worker strikes, security concerns in the countryside, international delivery delays, replacement of governmental officials, fluctuations in currency prices and reduced foreign currency reserves. More recently, as part of a general Egyptian government policy for economic reform, the public has experienced increased fuel costs as government subsidies have decreased. The sustained political uncertainty and instability, including the adoption of two constitutions in short succession, have had and may continue to have a material adverse effect on Egyptian businesses.

The policies of the current government are subject to uncertainties pending parliamentary elections (which have been postponed from their original scheduled date of March 2015), as is the reaction of the various political parties to the policies of the current government. The current government is likely to continue to face socio-economic challenges and risks of instability that often accompany political transition. These challenges, together with other incidents of social and political unrest and violence, have had an adverse effect on the Egyptian economy. Furthermore, the pending parliamentary elections may lead to the formation of a new government, the political make-up, priorities and policies of which are unknown. Further incidents of political or social instability, protests or violence may directly or indirectly affect Egypt and its economy, which, in turn, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition to Egypt, the Group currently operates in Sudan and Jordan, and may in the future extend its business into other countries in the MENA region or elsewhere. The countries in the MENA region are generally viewed as being developing economies. Some of the countries in which the Group does business, or is planning to do business in the future, do not have firmly established legal and regulatory systems, and some of them, from time to time, have experienced economic, social or political instability. Some of these countries are in the process of transitioning to a market economy and, as a result, are experiencing changes

in their economies and their government policies that could affect the Group's business in these countries. Specific risks that may have a material adverse effect on the Group's business, results of operations, financial condition and prospects include, among other things:

- political and social instability, riots or other forms of civil disturbance or violence, including deteriorating security situations in the Group's target markets;
- war, terrorism, invasion, rebellion or revolution;
- government interventions, including expropriation or nationalisation of assets, increased protectionism and the introduction of tariffs or subsidies;
- changing fiscal and regulatory regimes;
- arbitrary or inconsistent government action;
- inflation in local economies;
- cancellation, nullification or unenforceability of contractual rights; and
- underdeveloped industrial and economic infrastructure.

In particular, despite the Sudanese civil war having ended in 2005, there remains political instability and civil unrest in Sudan. In addition, political instability continued throughout 2013 and 2014 in a number of countries in the MENA region, such as Bahrain, Egypt, Iraq, Gaza, Jordan, Libya, Oman, Tunisia, Syria and Yemen. Unrest in those countries may also have implications for the wider regional and global economies and may negatively affect market sentiment towards these and other countries and companies operating in these countries, including the Group. Political instability in the region may also materially and adversely affect the region's capital markets and the value of securities issued by companies in the region.

2. Egypt has experienced, and continues to experience, terrorist incidents and occasional civil disorder.

Egypt has experienced, and continues to experience terrorist attacks and occasional civil disorder. Terrorist attacks have largely targeted security and military personnel, religious minorities and political figures. Since 2011, there have been terrorist campaigns in Sinai by an affiliate of the Islamic State that have claimed a number of lives, including security and military personnel. Pipeline disruptions to natural gas exports from Egypt have occurred in the past. Cities in Egypt's Nile valley and delta have experienced terrorist incidents involving improvised explosive devices, which have resulted in limited damage. Given these, and other, security concerns in North Africa and the Middle East, there can be no assurance that extremists or terrorist groups will not escalate or continue violent activities in Egypt or expand their operations to include more targets.

Since 2011, Egypt has also experienced incidents of civil disorder such as demonstrations, protests and sit-ins. Recent examples include demonstrations by banned political groups, football-related violence and sit-ins by opposition parties. Many of these events have resulted in violence and, in many cases, loss of life. Any continuation or escalation of these events may discourage tourists from visiting Egypt and deter investments in Egypt, which would lead to a deterioration of the macroeconomic climate, creating further strain on net international reserves and, in turn, a worsening of the political and social environment. The effects of any such terrorist activities could have a material adverse effect on the Group's business, financial condition, results of operations or prospects, as well as on investor confidence in investing in Egypt.

3. The Group is subject to the economic conditions of Egypt and the MENA region generally.

The Egyptian economy, as a whole, and foreign direct investment into Egypt have experienced downward pressure in the recent past. According to the International Monetary Fund, real GDP growth declined from 5.1 per cent. in 2010 to 1.8 per cent. in 2011, 2.2 per cent. in 2012 and 2.1 per cent. in 2013. Real GDP growth grew by a further 2.2 per cent. in 2014, strengthened by a growth rate of 3.7 per cent. year-on-year in the last quarter of 2014, and in the first quarter of 2015 real GDP growth rose to 6.8 per cent. year-on-year, according to the Central Bank of Egypt. The Economist Intelligence Unit forecasts that 2015 real GDP will grow by 4.0 per cent. compared to 2014. This recent upturn does not predict future results, however, and the Egyptian economy may not continue to grow at this rate or at all.

According to the International Monetary Fund, Egypt's budget deficit has increased from 7.7 per cent. of GDP in 2010 to 10.1 per cent. of GDP in 2011 and 10.6 per cent. of GDP in 2012. The Economist

Intelligence Unit estimates that the budget deficit grew to 13.7 per cent. of GDP in 2013 and then decreased to 12 per cent. of GDP in 2014. According to the World Bank, total net foreign direct investment in Egypt decreased by 17 per cent. between 2009 and 2013. At the Egypt Economic Development Conference in March 2015, certain Gulf Cooperation Council ("**GCC**") member states pledged substantial grants, private investment and other budgetary support to Egypt to help tackle the budget deficit and stabilise the economy. These efforts, however, may not be successful and may not be continued in the long-term. In addition to the efforts by the GCC member states, the Egyptian government has amended certain investment laws and is discussing additional policies to attract investment. These policies may not be effective or may never come to fruition.

Total international reserves of the Central Bank of Egypt decreased by approximately 55 per cent. between 2010 and 2013. Although there was a slight increase in 2013, the Economist Intelligence Unit estimates that in 2014 total international reserves fell a further 15.4 per cent. According to the Ministry of Tourism, tourism revenues dropped by 25 per cent. in 2014 compared to 2012. In the absence of robust tourism revenue, Egypt's net international reserves have been heavily supported by supplies of energy on concessionary terms and new deposits with the Central Bank of Egypt by Gulf Cooperation Council member states. Recently, the Egyptian government has commenced a programme to gradually reduce energy subsidies in an attempt to ease their burden on Egypt's budget.

Egypt may continue to experience further political, social and economic difficulties and there can be no assurance that Egypt will be able to adequately address these and other difficulties and stabilise or improve the political and macroeconomic environment. In particular, significant failures to address Egypt's fiscal and current account deficits may lead to a challenging macroeconomic environment that could lead to some fiscal or balance of payments difficulties. Egypt may not continue to benefit from fiscal or foreign exchange support from member states of the Gulf Cooperation Council. Any reduction or cessation of this support may lead to deterioration in the macroeconomic environment in Egypt, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business in Egypt accounted for 89.4 per cent. of the Group's revenue in 2014, and the instability in Egypt has affected the Group's revenue over the last three years. For instance, the Company estimates that the Group suffered a loss of business of approximately EGP 23.9 million as a result of having to close its C Labs near areas of conflict, such as Tahrir Square, in 2011. The average period of closure for these locations was approximately two to three weeks. The Cairo-wide curfew in 2013 also resulted in a loss of business of an estimated EGP 18.2 million due to shortened operating hours over a period of about one week. Recent political uprisings and violence in Sinai are also being monitored by the Group. There can be no assurance that further incidents of political or social instability, terrorism, protests or violence will not directly or indirectly affect Egypt and its economy, which, in turn, could have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

The medium-term outlook for the MENA region in general remains mixed, which could materially and adversely affect the Group's revenues. Prolonged economic downturns like the recent global economic crisis are characterised by high unemployment, lower household income, lower corporate earnings, lower business investment and lower consumer spending, any of which could negatively affect demand for the Group's services, and thus have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

Where patients, directly or indirectly (such as through private health insurance premiums), are responsible for all or part of the cost of laboratory tests, individual decisions to reduce healthcare expenditures may result in a reduction in demand for the Group's services. A decrease in household disposable income, or the perception thereof, in times of economic downturn can lead to a reduction in individuals' healthcare expenditures. This may result in patients postponing certain types of medical treatment and could result in a significant decrease in the volume of business the Group is able to conduct.

Some of the jurisdictions in which the Group operates—in particular, Sudan—and in which it seeks to operate in the future have recently experienced dramatic inflation, which could negatively impact the Group's margins, results of operations and financial condition in those jurisdictions. Further, in Sudan, the Group has experienced delays of up to two years in remitting money from its Sudanese operations to its accounts in Egypt. These delays are likely to continue. As the Group's Sudanese operations grow and expand, the amount of money generated by these operations is expected to increase over the medium to long term. If the amounts generated become significant and the delays of these remittances continue or worsen, there could be a material adverse effect on the Group's results of operations in the medium to long term.

Additionally, changes in investment policies or shifts in the prevailing political climate in any of the countries in which the Group operates, or seeks to operate, could result in the introduction of increased government regulations, or the enforcement of government regulations in a different manner, with respect to, among other things:

- price controls;
- export and import controls;
- income and other taxes;
- foreign ownership restrictions;
- access to capital;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

Any unexpected changes in the political, social, economic or other conditions in Egypt, Jordan or Sudan, or in neighbouring countries, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

4. The Group is exposed to foreign currency risk with respect to purchases of supplies in foreign currencies.

The Group is exposed to foreign exchange risks affecting its purchases of supplies, a significant portion of which are payable or effectively priced in foreign currency, including price fluctuations that result from exchange rate movements and constraints on the availability of foreign currency in Egypt.

The Group operates primarily in Egypt and generated 89.4 per cent of its revenue in Egyptian pounds in 2014. A significant portion of the Group's cost of revenues, particularly test kits and other supplies, are paid or effectively priced in US dollars or euros.

A majority of the Group's supply contracts are either priced and payable in US dollars or euros or effectively priced in US dollars or euros and payable in Egyptian pounds at a fixed USD/EGP or EUR/EGP exchange rate. The contracts that are effectively priced in a foreign currency and payable in Egyptian pounds typically include provisions that allow suppliers to increase the contract price to reflect devaluations of the Egyptian pound against the US dollar or euro, as applicable. These contracts generally also provide an ability for suppliers to terminate the contract upon the occurrence of certain circumstances, including material post contract date exchange rate movements.

Going forward, the Group expects the proportion of its cost of revenues paid or effectively priced in US dollars or euros to increase, as the Mega Lab supply contracts fall into these categories. For 2015, the Group expects that 26 per cent. of its test kit purchases will be priced and payable in US dollars or euros and 42 per cent. will be effectively priced in US dollars or euros and payable in Egyptian pounds at a fixed USD/EGP or EUR/EGP exchange rate, reflecting an expected seven months of operation of the Mega Lab.

The Group has historically sought to manage its foreign currency exposure by maintaining a portion of its cash reserves in foreign currency, including by engaging in frequent foreign exchange transactions, and the remaining balance in Egyptian pounds, depending on its present needs and the availability of foreign currency at favourable exchange rates. Going forward, the Group plans to maintain this policy.

The Central Bank of Egypt has placed conditions on access to US dollars and imposed foreign currency exchange controls to restrict access to non-Egyptian currencies. It is uncertain whether and for how long these policies will continue. As a result, the availability of foreign currency in Egypt is limited, unpredictable and sometimes only available at unfavourable exchange rates. Hedging foreign currency risk has not been readily available in Egypt. The Central Bank of Egypt has recently implemented additional measures to curtail the parallel foreign exchange market, including a relaxation of the de facto EGP/USD peg (see "*Operating and Financial Review—Significant Factors Affecting the Group's Results of Operations—Foreign Currency Effects*"). After an initial period of short-term volatility, these policies have been largely successful so far in effectively eliminating the parallel market. While the market has generally been provided foreign currency in the transitional period, there is a risk that the official market may not be able to support the increased demand in the short-term whilst liquidity migrates from the parallel market to the official interbank market. The Central Bank of Egypt sold $420 million through the interbank market in early March in order to help clear outstanding demand for US dollars. There can be no assurance that the

Central Bank of Egypt will provide further support to help clear, or that such supportive measures will be successful in clearing, the outstanding demand.

While historically the Group has been able to procure foreign currency, if the Group is unable to procure foreign currency at favourable rates or at all, it may be unable to pay its suppliers in a timely manner or at all. If the Group is unable to pay its suppliers, it may have to agree to pay higher prices in Egyptian pounds, including to local suppliers, resulting in increased costs. The Group maintains on average approximately three months' worth of imported supplies at any given time in order to protect against this risk, but there can be no assurance that this level of supply is sufficient. Any of the aforementioned outcomes could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Egyptian pound has suffered from devaluation against the US dollar over the past several years, and annual inflation in Egypt has averaged nine per cent. between 2011 and 2013, according to the World Bank. According to the Central Bank of Egypt, the consumer price index in Egypt increased by an average year-on-year rate of 10.4 per cent. in the fourth quarter of 2014. This inflation has negatively affected the Group's revenue and margins. The Group endeavours to pass the majority of the cost increases on to its customers. An inability to pass these costs onto customers could result in reduced margins that could materially and adversely affect the Group's financial condition and results of operations, while increasing prices to cover exchange rate fluctuations may cause some of the Group's customers to stop using the Group's services, which would have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

5. Egyptian law does not permit the transfer of Egyptian pounds outside of Egypt, and the supply of foreign currency in Egypt is limited, which may materially and adversely affect the Group's ability to pay dividends.

IDH is a holding company with no independent business operations or significant assets other than investments in its subsidiaries, and will, accordingly, depend upon the receipt of sufficient funds from its respective subsidiaries to pay dividends to its Shareholders.

The amount of dividends and distributions available to IDH will depend on the ability of its subsidiaries to pay dividends or make other distributions. The Group's Egyptian subsidiaries are not permitted under Egyptian law to transfer Egyptian pounds out of Egypt. Dividends paid outside of Egypt must therefore be paid in foreign currency. Due to the imposition of exchange controls, however, the availability of foreign currency in Egypt is limited and foreign currency can sometimes only be available at unfavourable exchange rates, which can fluctuate greatly. The remittance of foreign currency abroad is also reviewed and (if necessary) verified by the Central Bank of Egypt. As a result, while the Group's Egyptian companies have historically been able to pay dividends outside Egypt, the ability of the Group's Egyptian subsidiaries to continue to do so may be materially and adversely affected by the unavailability, and/or fluctuating exchange rates for or high cost, of foreign currency in Egypt and the possible imposition of additional remittance restrictions, which would materially and adversely affect IDH's ability to pay dividends to its Shareholders in part or at all.

For further risks related to the payment of dividends by the Company, please see "*—Risks Related to the Global Offer and the Shares—The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements and is therefore not guaranteed*".

6. The Egyptian income tax regime has recently changed.

The Egyptian income tax regime has recently changed, and certain provisions may materially and adversely affect the Group. For instance, an income tax surcharge (the "**Surtax**") came into effect starting from the 2014 tax year (and should be applicable for three years). The Surtax adds a surcharge rate of five per cent. on the taxable income of resident natural persons and corporate bodies in excess of EGP 1 million, in addition to the highest income tax rates stated in the Income Tax Law for resident natural persons and corporate bodies, which is, not including the Surtax, 25 per cent. for the taxable income of corporations and 25 per cent. for the taxable income of natural persons exceeding EGP 250,000 per annum. In addition, a new income tax has been imposed on the dividends and capital gains realised on the disposal of securities by resident and non-resident natural persons and corporate bodies from a source in Egypt.

An amendment to the Executive Regulations of the Income Tax Law was issued on 6 April 2015. The newly issued Executive Regulations include provisions relating to the procedures for applying withholding taxes on dividends and capital gains, the timing for payments of withholding taxes and the procedures for

making such payments. As the amendments to the Income Tax Law and its Executive Regulations have been published only recently, there remains uncertainty regarding whether the new tax regime will be more costly to comply with, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. See "*Taxation—Certain Egyptian Tax Considerations*".

The Egyptian Ministry of Finance announced that the maximum rate of income tax applicable to both corporate and personal income will be reduced to 22.5 per cent. The proposed legal amendments are not yet approved through a Decree-Law and therefore are not yet in force. If the new rates are brought into effect, they would be applied on tax returns for the year in which the law is approved and will not apply with effect to 2014.

Risks Related to the Group's Business

7. The Group is subject to numerous legal and regulatory requirements governing its activities, and if it fails to comply, it may face substantial fines and penalties, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's business is subject to, and affected by, extensive, stringent and frequently changing laws and regulations, as well as frequently changing enforcement regimes, in each of the countries in which the Group operates, including, but not limited to, laws and regulations requiring:

- certification or licensing of clinical laboratories;
- sampling conducted by medical doctors or duly authorised personnel;
- compliance with operational, personnel and quality requirements relating to clinical laboratory testing, including quality control audits by regulatory authorities to which the Group is periodically subject;
- compliance with requirements relating to the social insurance of employees and contributions to employee training and service funds;
- establishment of safety and health standards for clinical laboratory employees;
- proper handling, transportation and disposal of medical samples, infectious and hazardous waste;
- ownership of clinical laboratories by chemical physicians, bacteriologists, pathologists or clinical pathologists;
- proper personnel reduction plans;
- compliance with certain rules regulating relationships with doctors and hospitals (including laws and regulations prohibiting kickbacks and regulating gifts or fringe benefits); and
- maintaining the privacy of patient data.

In addition, the Group must meet extensive requirements relating to workplace safety for employees in clinical laboratories who could be exposed to various biological risks, such as blood-borne pathogens (including HIV and the hepatitis B virus). These requirements include work practice controls, protective clothing and equipment, training and medical follow-up and may also include vaccinations and other measures designed to minimise exposure to, and transmission of, blood-borne pathogens.

A regulatory agency or tribunal may conclude that the Group is not in compliance in all material respects with applicable laws and regulations. If the Group fails to comply with applicable laws and regulations, if such laws or regulations change in a manner adverse to the Group or if the Group cannot maintain, renew or secure required permits, licences or other necessary regulatory approvals, such as licenses from the MoH or urban community authorities to open new labs, the Group may be unable to operate its business or commercialise its services in the relevant jurisdictions, suffer civil and criminal penalties or fines, or incur additional liabilities from third-party claims. For more details on penalties or fines in relation to (i) licensing of clinical laboratories, (ii) environmental, health and safety matters, as well as to (iii) social and labour law related matters, see "*Business—Business Operations—Regulation—Egypt—Ownership and Licensing of Clinical Laboratories*", "*Business—Business Operations—Regulation—Egypt—Environment, Health and Safety*" and "*Business—Business Operations—Regulation—Egypt—Social and Labour Law Considerations*", respectively. If any of the foregoing were to occur, the Group's reputation could be damaged, important relationships with contract clients or other third parties could be adversely affected

and these developments could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Medical licensing requirements significantly affect the Group's staffing requirements, and licensing applications for medical personnel may take several months or more to be finalised. If the Group is unable to complete the requisite licence applications, either as a result of changing requirements or otherwise, its ability to implement successfully its business strategy could suffer, which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

For more details on regulations that directly affect the Group's business, see "*Business Overview—Business Operations—Regulation*".

8. Failure to establish and comply with appropriate quality standards when performing testing and diagnostics services could result in litigation and liability for the Group and could materially and adversely affect its reputation and results of operations.

The tests the Group performs and the diagnostics services it provides are intended to supply healthcare professionals with information to help them establish or support diagnoses and prescribe medication and treatment for patient care. Therefore, users of the Group's services may have a greater sensitivity to errors than the users of services or products intended for other purposes. Inaccuracies or negligence in performing the testing and exam services, for example through the misreading of the results of tests, the contamination of samples or errors caused by testing equipment, could lead to incorrect diagnoses by doctors, adverse reactions by patients to the substances used in diagnostic testing, prescriptions of inappropriate treatment or decisions not to prescribe treatment when treatment is required. Any of these may lead to illness, harm, death or other adverse effects or liabilities, which could in turn subject the Group to malpractice claims from its patients. As at 31 December 2014, seven pending claims with aggregate claims of EGP 5 million (excluding interest, delay fines, execution fees and court expenses) have been filed against the Group or certain subsidiaries of the Group for medical malpractice. Given the aggregate amount of these claims, the Group does not consider that such claims, if determined against the Group would materially impact the Group's liquidity. Further, the Group is generally exposed to liabilities relating to its employees' contact with hazardous samples and waste.

Claims and litigation against the Group by either patients or employees may result in liability for the harm or other adverse effects caused. Payments related to such liabilities may adversely affect the Group's financial position and results of operations. Further, those payments may exceed the scope of the Group's insurance coverage (see "*—The Group's insurance coverage may be insufficient to cover its losses*"). The process of defending such cases, including the malpractice claims discussed above, even when the Group is successful in its defence, is costly, could distract management from executing the Group's strategy and could result in substantial damage to the Group's reputation in the medical community and adverse publicity leading to substantial damage to the Group's reputation in the general public, each of which could materially and adversely affect the Group's business. To the extent the Group is held liable for negligence, the damages that it incurs could have a material adverse effect on its business, results of operations, financial condition and prospects.

9. The success of many of the Group's services depends heavily on maintaining good relationships with and acceptance by healthcare professionals who prescribe and recommend the Group's services, as well as by end-users. A failure to maintain good relationships with or a high level of confidence among healthcare professionals and end-users in the Group's services could materially and adversely affect its business.

The Group maintains customer relationships with numerous specialised nurses, primary care physicians, other specialist physicians and other healthcare professionals. The Directors believe that sales of its services depend significantly on these healthcare professionals' confidence in, and recommendations of, the Group's services. The Group had historically incentivised select doctors and other healthcare professionals to use its services, which it discontinued doing in 2014. The Group has implemented a consultancy programme with select private doctors that compensates them for providing feedback on tests and test results produced by the Group's laboratories for their patients. Failure to maintain these existing relationships, develop new relationships and/or sustain a high-quality, professional reputation would result in a decrease in the number of patients referred to the Group's laboratories and facilities and therefore a decrease in its revenue. If the Group's consultancy programme with doctors is not effective in building doctor loyalty or is discontinued, the Group might lose some or all of the revenue attributable to those

doctors. Any of these events could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

In addition, the Group's success depends on end-users' acceptance and confidence in the effectiveness, quality and proximity of the Group's services. In order to achieve acceptance by end-users and healthcare professionals alike, the Group seeks to educate patients and the healthcare community as to the distinctive characteristics, perceived benefits, clinical efficacy and cost-effectiveness of its services compared to alternative services, including the services offered by the Group's competitors. Failure to effectively establish awareness among the Group's customers and end-users of those characteristics and benefits could result in decreased use of the Group's services by end-users, as well as less frequent recommendations of the Group's services from health care professionals, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

10. The Group's high level of goodwill and other intangible assets could generate significant future asset impairments, which could be recorded as operating losses.

The Group recognises a significant amount of goodwill and other intangible assets, including its customer list, brand name and supplier list, on its consolidated financial statements. As at 31 December 2014, the amount of goodwill and other intangible assets on its consolidated statement of financial position, comprising the Group's brand names and customer list, was EGP 1.6 billion, representing 72.0 per cent. of the Group's total assets.

The Group's success in recent years can be attributed to its ability to develop and maintain its strong brand recognition for high quality standards and services, as well as a reputation for state-of-the-art facilities, within the medical community and the general public. The Group faces the risk of impairment of its goodwill and other intangible assets. Events including, but not limited to, loss of accreditations, failure to maintain customer relationships or litigation could erode the Group's image or reputation resulting in an impairment of goodwill and/or other intangible assets. Further, market conditions, changes in accounting policy and/or other factors could materially and adversely affect the carrying value of the Group's goodwill and/or other intangible assets and/or cause the Group to accelerate amortisation of its goodwill and/or other intangible assets, which could have a material adverse effect on the Group's consolidated results of operations, financial condition and prospects.

11. The Group faces pricing pressure from third-party payers that could materially and adversely affect its revenue.

Third-party payers, such as professional syndicate health insurers, negotiate fee structures with the Group, and certain of these institutions insist on discounted fee structures as a condition for pre-selection and may insist on further discounted fee structures in the future. If the Group is not pre-selected by a significant number of private insurers its revenue could be materially and adversely affected, and if the Group were required to accept less profitable terms to secure such pre-selection its margins could be materially and adversely affected. The Group believes that this risk is limited because it does not expect to enter into contracts that it must perform at a loss or below its profitability target; consequently, the Group would not expect working capital to be negatively affected. The Group enters into contracts with, among others, private, public and professional syndicate health insurers to provide for the respective terms of all of the specified testing services for each beneficiary covered under such contracts. These specified testing services are provided at discounted prices. The Group may be unable to successfully negotiate and agree on terms of such contracts, including the level of pricing discounts, that would be favourable to the Group. The Group also faces higher pricing pressure and more frequent payment delays when dealing with public sector entities, in particular. There is generally little or no room to negotiate favourable fee structures with public entities, and occasionally the Group must participate in a bid process with its competitors for contracts with these public entities.

Pressure from private health insurers may also affect the Group indirectly. Private health insurers have exerted pricing pressure on hospitals that, in turn, have exerted pricing pressure on the Group. Such pricing pressure on hospitals and other parties with which the Group conducts business reduces such parties' margins and may cause such parties to pass on that pressure to the Group, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

12. The prices that the Group can charge in certain of its markets are dependent on recommended or mandatory fees set by governments and other authorities.

In the Group's Egyptian laboratories, prices for contracts with private contract clients are generally guided by the official list of prices issued by the MoH, which was last updated in 2010. While the prices on this list are not mandatory, they often form the basis of negotiations for the Group's and other market participants' private contract clients. The Group's realised prices vary from the prices on the MoH list based on factors such as the volume of tests expected under the contract, the complexity of tests covered by the contract and the expected turnover. The Group has no influence over the MoH list of prices, and the MoH may continue to keep recommended prices at the 2010 level or lower them, which could in effect limit the Group's ability to raise the prices it charges clients for its services. This could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Further, there is a risk that the Egyptian or Sudanese government could implement a mandatory pricing regime for the clinical laboratory industry, similar to that of Jordan and other countries in the region. If these governments were to commence such a regime, the Group's margins could deteriorate.

In Jordan, the government sets mandatory prices for all clinical laboratory services, which have remained unchanged since 2008. If the Jordanian government lowers or fails to raise these mandatory prices, this could have a material adverse effect on the business, results of operations, financial condition and prospects of the Group's Jordanian business.

13. A substantial portion of the Group's revenue depends on payments from contract clients. If the Group's relationship with these clients deteriorates, if the Group is unable to negotiate and retain similar fee arrangements, or if these clients are unable to make payments to the Group, the Group's business may be materially and adversely affected.

Over the last few years, an increasing proportion of the Group's revenues has been generated from contract clients, such as private insurers, unions and corporations. Revenue from contract clients represented 50.7 per cent. and 52.2 per cent. of the Group's revenue in 2013 and 2014, respectively. The Group provided services to around 3.0 million and 3.6 million patients under these contracts in 2013 and 2014, respectively.

The Group's future success will depend, in part, on its ability to maintain good relationships with contract clients. While the Group enjoys long-term relationships with many of its contract clients, competition from other diagnostic laboratories in the region may impact the Group's relationships with, or ability to negotiate fee increases or other favourable terms from, insurance providers and other contract clients. If the Group's relationships with these clients deteriorate, contract clients could move to other providers, the Group may be unable to negotiate favourable fee arrangements and/or its business may otherwise be materially and adversely affected.

The Group is also exposed to the risk that certain contract clients (i.e., insurance providers) may reject, delay or fail to make payment for claims it submits for services rendered. This risk may arise from human or computer error, gaps in system and process compatibility between the Group and the clients, or financial difficulties such as liquidity constraints and insolvency experienced by the clients. An increase in claims rejections or prolonged or repeated failures by contract clients to make payments could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

14. Failures of the Group's information technology systems could disrupt its operations and cause reputational damage and the loss of customers or business opportunities.

IT systems are used extensively in virtually all aspects of the Group's business and across each of its lines of business, including test and exam results reporting, billing, customer service, logistics and management of medical data. The Group's operations therefore depend on the continued and uninterrupted performance of its IT systems.

Each of the Group's labs is connected to the internet primarily through a landline, with a 3G connection as a backup. These connections are vulnerable to damage from a variety of sources, including telecommunications or network failures, relatively poor infrastructure in the region, human acts and natural disasters. Moreover, despite the security measures the Group has implemented, including antivirus software and a backup server, its IT systems may be subject to physical or electronic break-ins, cyber-attacks, computer viruses and similarly disruptive problems. IT difficulties may affect the Group's ability to process orders, deliver test and exam results, perform or bill for services in a timely manner or maintain

the privacy of the medical data it collects. Further, test results could be lost or destroyed. If the Group experiences significant or recurring IT problems, its operations would be disrupted and it could experience unauthorised access to or disclosure of confidential information. If this were to happen, it could adversely affect the Group's reputation, expose it to litigation or regulatory sanctions, result in a loss of customers and could have a material adverse effect on its business, results of operations, financial condition and prospects. See "*—The Group is subject to stringent privacy laws and information security policies, which if breached could lead to lawsuits, liability, reputational damage and loss of customers*".

15. The Group operates in a highly competitive business environment, and its inability to compete effectively could materially and adversely affect its business.

The Group operates in highly competitive markets. It may not be able to offer services similar to, or more desirable than, those of its competitors or at a price comparable to that of its competitors in certain markets. In addition, the Group faces competition from other companies based on the scope of their testing offerings, their scientific and advanced expertise, the geographical footprint of their networks, their ability to process samples and report data accurately and in a timely manner, their historical experience and customer relationships and the quality of their facilities. Existing or new competitors could develop close relationships with the Group's medical professional customers in its markets and compete for referrals, which could have a direct impact on the Group's businesses, either through market share losses or price reductions.

In 2013 the Group had a 55 per cent. share, measured by revenue, of the private chain diagnostic laboratory market in Egypt, according to Frost & Sullivan. Certain of the Group's competitors may have greater financial resources and stronger or more geographically diverse market positions than it has, and those competitors could reduce their prices further in order to increase their market share and broaden their geographic reach. Competitors with greater financial resources than the Group's may also be able to respond to changes to the relevant regulatory framework better than the Group can. Any inability to compete effectively, including by being less efficient at adapting to regulatory reforms, with the Group's competitors could have a material adverse effect on its business, results of operations, financial condition and prospects.

16. Loss of the Group's key management could materially and adversely affect the Group's operations and business.

The Group depends on the skills, knowledge, experience and expertise of its senior managers to run its business and implement its strategies. The Group's senior management has an average of 15 years of industry experience, and the majority are medical doctors. In particular, Dr. Hend El Sherbini, the Group's current CEO, has 18 years of experience in the field of pathology. She became the managing director of Al Mokhtabar in 2004, giving her 10 years of experience managing one of the leading laboratory chains in the region. The loss of any senior managers could materially and adversely affect the Group's results of operations and business.

17. The Group may be unable to retain or recruit trained laboratory professionals, which may weaken its relationship with local medical communities and materially and adversely affect its operating results.

The success of the Group's clinical laboratories depends on employing and retaining qualified chemists and laboratory technicians who can maintain and enhance the Group's reputation by providing testing services in accordance with its quality standards, helping to develop new techniques and promote synergies with their industry colleagues. In Egypt, Sudan and Jordan, as well as in certain other of the markets to which the Group plans to expand, there is currently a shortage of such chemists and technicians, which has made it difficult for the Group to attract and retain such employees, who may be attracted to employment opportunities with the Group's Egyptian and regional competitors. Further, with regard to the Group's Sudanese operations, the recruitment of qualified staff may be impaired by regulations setting a maximum allowable number of foreign employees. The effects of this shortage are exacerbated by the Group's ongoing and already planned expansion, as the need for qualified chemists and lab technicians becomes even greater. To alleviate this pressure, the Group provides its own training programmes to train chemists and staff its labs, which has increased training costs. In 2014, these costs were EGP 179,958. Further, there is a risk that other laboratory operators in the region will attempt to attract the Group's staff.

The success of the Group's business depends on the personal relationships and professional reputations of its laboratory personnel with patients and customers who refer patients to the laboratories, such as general

practitioners, specialist physicians and other healthcare providers. Departing professionals who have strong relationships with their local medical community may draw business away from the Group. Failure to attract and/or retain chemists and skilled laboratory professionals with positive relationships in their respective local medical communities could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

18. Loss of any of the Group's accreditations could have a material adverse effect on the Group's business.

The Group relies on its accreditations to differentiate itself from its competitors with contract clients and doctors who refer walk-in patients. For instance, Al Mokhtabar (Core)'s A Lab is the only laboratory in Egypt to have been accredited by the College of American Pathologists ("**CAP**") and is currently awaiting renewal of that accreditation. In particular, CAP will only accredit laboratories it can inspect and evaluate with its own employees, rather than through Egyptian accreditation agencies. Political and social turmoil and violence in Egypt has delayed CAP's ability to send inspectors to Egypt in the past, which resulted in the delay to the renewal of the accreditation. The Group intends to ask CAP to inspect its new Mega Lab facility once it is fully operational. The Group plans to seek CAP accreditation of the Mega Lab, but there is a risk that the lab will not attain such accreditation or that future instability in Egypt may again prohibit CAP inspectors from returning to Egypt. Al Borg (Core), Al Mokhtabar (Core) and Biolab are all accredited by the International Organization for Standardization ("**ISO**"). Failure to maintain or renew such accreditations or obtain CAP accreditation of the Mega Lab could impair the Group's competitiveness, adversely affect the Group's reputation and result in a loss of customers, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

19. The Group is subject to stringent privacy laws and information security policies, which if breached could lead to lawsuits, liability, reputational damage and loss of customers.

The Group receives, generates and stores significant volumes of personal and sensitive information, such as patient medical information, and is therefore subject to privacy and security regulations with respect to the uses and disclosures of protected health information, which are intended to protect the confidentiality, integrity and availability of such information. Egyptian privacy regulations and the Egyptian criminal code establish a regulatory framework on a variety of subjects, including:

- the prohibition of disclosing certain health information learned during the course of diagnosis and treatment;
- the circumstances under which use or disclosure of protected health information is permitted or required without a specific authorisation by the patient;
- the requirements to notify patients of privacy practices for protected health information; and
- safeguards required of entities that use or receive protected health information.

If the Group does not adequately safeguard confidential patient data or other protected health information, or if such information or data are wrongfully used by the Group or disclosed to an unauthorised person or entity, the Group's reputation could suffer, resulting in a loss of customers, and it could be subject to fines, penalties and litigation, any of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

20. The Group's internal controls over financial reporting are exposed to the risk of human error.

The Group takes reasonable steps to establish and maintain adequate compliance and disclosure procedures, systems and controls, and to maintain effective internal controls over financial reporting in order to produce reliable financial reports, prevent financial fraud and adhere to its obligations under the Disclosure and Transparency Rules and Listing Principle 1 of the Listing Rules. The Group maintains and regularly reviews its internal controls and has designed safeguards to ensure that it can properly identify information that requires disclosure to the market and disclose such information in a timely and accurate manner. The Group has established an audit committee and receives periodic internal audit reports from Ernst & Young ("**E&Y**") to assist the Board in discharging its obligations. However, internal controls over financial reporting must be reviewed on an ongoing basis as risks evolve, and the processes to maintain such internal controls involve human diligence and compliance and are subject to lapses in judgment and breakdowns resulting from human error. To the extent that there are lapses in judgment or breakdowns

resulting from human error, the accuracy of the Group's financial reporting could be affected, resulting in a loss of investor confidence and a decline in the price of the Group's ordinary shares.

21. Failure to obtain new tests, technologies and services could negatively impact the Group's testing volume and net revenues.

The clinical laboratory industry faces challenges from regularly changing technology and new product introductions. The Group does not develop its own tests or technologies, but relies on a relatively small number of equipment suppliers and test developers for the introduction of new tests. If one or more of the Group's suppliers were to stop supplying equipment, tests or services to the Group, the Group's business could be materially and adversely affected.

The Group's success in continuing to introduce new tests, technology and services depends on its ability to contract with equipment suppliers and test developers on favourable terms, as well as the Group's employees' ability to familiarise themselves with the new equipment or technology and accurately interpret tests. While the Group currently benefits from a strong bargaining position because of the high volume of tests it performs, a decrease in testing volume, which would cause a decrease in its bargaining power, would negatively affect its ability to purchase testing equipment on favourable terms. An inability to import equipment or test kits would decrease the number of tests or types of services the Group could offer. If the Group is unable to import equipment or test kits or obtain new tests, technology and services on favourable terms, or at all, or if its employees have difficulty adjusting to the new equipment or technology, its testing methods and offerings may become outdated and its testing volumes and revenues may be adversely affected, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

22. Disruption to or failure of transportation services for samples or test kits and other materials could materially and adversely affect the Group's business and financial results.

The transportation of test samples is handled internally by the Group. The proper and efficient handling of samples during collection and transportation by the Group's couriers is essential for maintaining their integrity and ensuring safety from accidental exposure to and contamination by potentially infectious microorganisms. The vehicles used to transport samples must satisfy relevant legal, practical and technical requirements, which vary depending on the type of sample transported. These requirements include, for example, the use of appropriate transport containers and packaging, the temperature at which samples must be transported and the duration of the journey. Mishandling samples in the collection and transportation process can increase the likelihood of errors in laboratory testing. There is also a risk that poor infrastructure, heavy traffic and remote laboratory locations could result in transportation delays, which could have detrimental effects on samples or result in late deliveries both of which could cause actual or reputational damage to the Group's business.

23. Business interruption at one of the Group's larger laboratory facilities could result in significant losses and reputational damage to the Group's business.

The Group operated 288 labs (including A Labs, B Labs and C Labs) as at 31 December 2014. While most of these are small, there are a few large sites—namely, the Group's A Labs—that are critical to its operations. There is a risk of business interruption at these sites, which could be the result of external factors such as natural disasters, fire, riots, terrorism, acts of war, vandalism, extended power failures or other unforeseen events. For example, in 2011, violence caused by the Revolution forced certain of the Group's C Labs to close temporarily, and in 2013 the Cairo-wide curfew resulted in fewer operating hours for a period of about one week. For more detail about these events, see "*—Risks Related to Egypt and the MENA Region—The Group is subject to the economic conditions of Egypt and the MENA region generally*". Business interruption could also be the result of internal factors such as failure to comply with regulatory requirements and the resulting loss of authorisation to operate the facility, labour conflict or termination or non-renewal of leases. A business interruption of this kind at one of the Group's larger facilities could have a severe negative impact on its overall business, both by direct loss of revenue and profits related to the site, but also through the long-term damage that such a business interruption could inflict on customer relationships and the Group's reputation. Although the Group intends to use one of its existing A Labs as a backup facility once its new Mega Lab is fully operational, the Group cannot assure that its losses will be offset in the event of a business interruption of this kind, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

24. The Group may not be able to successfully complete the integration of its Al Borg and Al Mokhtabar businesses.

In 2012, the Group acquired Al Mokhtabar in order to take advantage of cost synergies between the Al Borg and Al Mokhtabar operations. While the branding of each subsidiary will remain distinct, the Group has combined many functions, including but not limited to their IT departments, quality assurance and training departments, and supply chain functions. The process of consolidating certain functions and fully recognising the anticipated cost synergies is not yet complete and there remain challenges. For instance, full integration of the IT systems is still ongoing. The enterprise resource planning and human resources systems have been fully integrated, but the Group is still working on the integration of production software and the Lab Information System ("**LIS**"). The implementation of integrated practices and systems across the Group's network takes time to complete, and there is a risk that its operations could be disrupted during the implementation of these new systems. Failure to fully integrate the businesses and to realise anticipated synergies could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

25. The Group's strategy involves acquiring or partnering with existing businesses in order to expand its geographical footprint and benefit from cost savings, revenue enhancements or other synergies. The Group may fail to identify attractive targets and accurately assess the risks related to acquisitions, and it may be exposed to risks related to companies that it acquires.

The Group's growth strategy includes acquiring and partnering with other laboratory businesses. In particular, the Group is considering expansion into the GCC and North Africa, as well as opportunistically in sub-Saharan Africa. The limited track record of acquisitions in some of the targeted jurisdictions could result in the Group pursuing greenfield investments. The success of the Group's acquisition strategy depends upon the existence of suitable acquisition targets and the Group's ability to identify them, conduct appropriate due diligence, negotiate transactions on favourable terms and ultimately complete such transactions and integrate the acquired business into the Group within a reasonable timeframe.

The continued consolidation of the clinical laboratory testing market in Egypt and the MENA region may limit the opportunities for acquisitions. Some of the Group's competitors are following similar acquisition strategies and they, and certain financial investors interested in entering the Group's market, may have better access to foreign currency or greater financial resources available for investments than the Group has or may have capacity to accept less-favourable terms than the Group can accept, preventing it from acquiring the businesses that it targets and reducing the number of potential acquisition targets.

Although the Group analyses acquisition targets and the markets in which those targets operate, those assessments are subject to assumptions concerning profitability, growth, quality of operations of the acquisition targets, interest rates, company valuations and ability to redeploy the target's workforce. There can be no assurances that the Group's assessments of and assumptions regarding acquisition targets will prove to be correct, and actual developments may significantly differ from its expectations. The Group may fail in accurately assessing risks related to the acquisitions it pursues and it may be exposed to legal, market or other risks related to companies that it acquires.

Generally, when the Group acquires businesses, it identifies anticipated synergies that are expected to materialise after it combines the acquired business with its own. Achieving synergies can be difficult and success uncertain, and the process of integrating any acquired businesses involves risks. These risks include, but are not limited to:

- diversion of management's time and attention from daily operations to the integration of newly acquired operations;
- difficulties in conforming the acquired company's accounting, books and records, internal accounting controls, and procedures and policies to the Group's;
- retaining the loyalty and business of the customers of acquired businesses;
- retaining employees who may be vital to the integration of the acquired business or to the future prospects of the combined businesses;
- difficulties and unanticipated expenses related to the integration of departments, information technology systems and accounting systems, as well as those related to potential liabilities; and
- difficulties integrating technologies and maintaining uniform standards of testing.

Even if the Group is able to integrate successfully the former operations of acquired businesses, it may not be able to realise the potential cost savings, synergies and revenue enhancements that were anticipated from the integration, either in the amounts or within the timeframe that it expects, and the costs of achieving these benefits may be higher than, and the timing may be longer than, what it expects.

Any failure by the Group to implement its acquisition strategy or integrate acquired businesses successfully could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

26. The Group is subject to antitrust regulations, the violation of which would materially and adversely affect the Group's business.

The Group is a significant player in the Egyptian private clinical laboratory market. The Egyptian clinical laboratory market is large and fragmented, and the private sector is only a small part of that market, which consists of small private labs, private chain labs and large governmental and quasi-governmental institutions. As a company operating in Egypt, the Group is subject to antitrust and competition-related restrictions, as well as the possibility of investigation by the Egyptian Competition Authority. The Group could face penalties if it is found to be in a dominant position in the Egyptian market and engaging in prohibited practices (for example, preventing competitors from penetrating the market or restricting suppliers from dealing with other competitors). The Directors believe that the Group does not engage in prohibited practices and does not hold a dominant position in the Egyptian clinical laboratory market, as described above. These determinations are subject to the assessment of the Egyptian Competition Authority. No such determinations have been made with regard to the Group. However, if the Egyptian Competition Authority were to investigate the Group and determine that it does hold a dominant market position in Egypt and does engage in prohibited practices, it could impose fines and other penalties, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

27. Financial difficulties of customers or third-party payers may result in payment delays or require the Group to write off debts.

The Group encounters third-party credit risk where it is reliant on the ability of a third party to pay for services it provides. The Group is exposed to varying levels of third-party credit risk depending on whether it bills patients directly for a service, invoices private healthcare insurance providers or invoices hospitals or doctors who refer patients to it. If a third-party payer or a company with which the Group has a contractual relationship experiences financial difficulties, the Group may be unable to collect amounts payable to it, resulting in write-offs of such debt. Even though the Group maintained provisions of EGP 12.1 million for impairment of trade receivables as at 31 December 2014, such provisions may not be sufficient for the third-party credit risk that the Group faces. Significant or recurring delays in receiving payment, or incidents of bad debts, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

28. The development of new, more cost-effective tests that can be performed by the Group's customers or its patients, or the development of in-house testing by hospitals or doctors, could materially and adversely affect the Group's testing volume and net revenue.

The Group's customers are often referred to its laboratories by doctors that choose to outsource their testing, usually because they lack the expertise or the resources to conduct the testing themselves in a cost-effective manner. Advances in technology may lead to the development of more cost-effective tests that can be performed outside a commercial clinical laboratory, such as tests that can be performed by hospitals in their own laboratories, point-of-care tests that can be performed by doctors in their surgeries, or home-testing that can be performed by patients or other non-medical professionals themselves—for example, pregnancy and diabetes tests. Manufacturers of laboratory equipment and test kits could seek to increase their sales by marketing their products to doctors. Some of those doctors who previously would have referred patients to the Group's laboratories may choose to perform the tests that the Group currently performs. The Group believes it can perform these tests more efficiently and consistently because of its size and experience. However, if such doctors were to perform such tests themselves, and if the Group did not offer new or alternative services attractive to patients or those who refer them, the demand for its services would be reduced, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

29. Failure to bill timely or accurately for the Group's services could have a material adverse effect on the Group's business.

Billing for the Group's diagnostic services involves several types of payers. Depending on the billing arrangement, the payer may be the patient, a third party responsible for providing health insurance coverage to patients or another party (such as a hospital, clinic or an employer) that outsourced testing to the Group. As a result of this complex payment structure, a small percentage of the payments due to the Group tend to be delayed. In addition, the Group must maintain procedures to ensure compliance with applicable laws and regulations in order to ensure that it bills properly for its testing, which adds to the cost of the billing process. For portions of the Group's business, it bills clients directly through a contractually arranged billing framework. Changes in the terms of contractual arrangements with such clients could result in further expense associated with collecting amounts due to the Group for its diagnostic services. In general, failure to bill timely or accurately for services or increased complexity in billing arrangements and procedures may result in delayed payment or no payment and an increase in the Group's working capital requirements and could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

30. Labour disputes could disrupt the Group's operations or lead to higher labour costs.

The Group is subject to the risk of labour disputes, which may disrupt its operations. Labour laws and consultative procedures could limit the Group's flexibility with respect to employment policy or economic reorganisation and could limit its ability to respond to market changes efficiently. Even where consultative procedures are not mandatory, important strategic business decisions could be negatively received by some employees, which could lead to labour actions that could disrupt the Group's business.

In Egypt, it is mandatory to make certain profit-sharing distributions to employees in years in which shareholder dividends are paid (see "*Additional Information—Share Plans And Profit-Sharing Distributions*"). Al Borg (Core) has made profit-sharing distributions to its employees in three recent years in which shareholder dividends were not paid. Such employee profit-sharing distributions may have therefore become an acquired right, irrespective of shareholder dividend payments, for Al Borg employees under Egyptian law. If Al Borg were to now stop paying such distributions, there is a risk that a labour disruption or dispute could occur or that the Group's employees could bring a claim for payment. Either of these outcomes could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Although the Group believes its relations with its employees are good, its operations may nevertheless be materially affected by strikes, work stoppages, work slowdowns or other labour-related developments in the future. For instance, in May 2012 a number of the Group's A Lab employees in Egypt engaged in a two-day strike action relating to the payment of bonuses. Further, labour-related disruptions, including the settlement of actual or threatened labour disputes, may materially and adversely affect the Group's labour costs, productivity and flexibility, which in turn may materially and adversely affect the Group's business, results of operations, financial condition and prospects.

31. Litigation, enforcement and/or administrative proceedings could materially and adversely affect the Group's business, financial condition, results of operations, client base and reputation.

The Group and/or its directors or officers have been involved, or may be involved in the future, in various legal proceedings, including disputes, proceedings, investigations or enforcement actions concerning business practices such as the giving of holiday gifts and extra-contractual payments (practices in which the Group engaged previously but has now terminated) (see "*Directors, Senior Management and Corporate Governance—Corporate Governance—Anti-bribery and anti-corruption policy")*, professional liability, employee-related matters, regulatory matters, administrative, criminal (with respect to individuals), civil or other proceedings, as well as inquiries from, or investigations or enforcement actions commenced by, regulators, other governmental agencies and/or health insurance carriers. For more detail, see "*Business Overview—Business Operations—Legal and Administrative Proceedings"*. Some of the proceedings may concern claims for substantial amounts of money and could divert management's attention from day-to-day business operations to address such issues, as well as result in substantial monetary damages and legal expenses, damage to the Group's reputation and/or decreased demand for its services. The Group does not believe that any prior business practices (such as the giving of holiday gifts and extra-contractual payments) expose it to any material financial or other risks, other than the risk to the Group's reputation. However, the outcome of any other proceedings, investigations, enforcement actions or claims referred to above, if

adverse to the Group could have a material adverse effect on the Group's business, results of operations, financial condition, reputation and prospects. As at 31 December 2014, the Group had an EGP 2.4 million provision for potential litigation-related liabilities, which the Directors believe, if determined adversely to the Group, would not have a material adverse effect.

32. The Group's insurance coverage may be insufficient to cover its losses.

The Group carries, will carry effective from Admission or is in the process of obtaining, insurance of various types, mainly at the operating subsidiary level, including civil liability, malpractice, property, robbery, fire and directors and officers coverage. While the Group seeks to maintain appropriate levels of insurance, not all claims are insurable and there can be no assurances that the Group will not experience major incidents of a nature not covered by insurance. The Group maintains an amount of insurance protection that it believes is adequate, but there can be no assurances that its insurance coverage will be sufficient or effective under all circumstances and against all liabilities to which it may subject. The Group could, for example, be subject to substantial claims for damages upon the occurrence of several events within one calendar year. In addition, the Group's insurance costs may increase over time in response to any negative developments in its claims history or due to material price increases in the insurance market in general. The Group may not be able to maintain its current insurance coverage or do so at a reasonable cost. Liabilities that are not covered by insurance or the Group's inability to maintain its current insurance coverage could have a material adverse effect on its business, results of operations, financial condition and prospects.

33. The Group has operations in Sudan that, as a result of international sanctions against Sudan, could subject it to increased government scrutiny, make business more difficult and expose it to allegations or investigations in respect of sanctions violations, with possible damage to its reputation.

The Group conducts business activities in Sudan, which is subject to sanctions regimes of the United States, the European Union and the United Kingdom. In Sudan, the Group operates the Ultralab and Al Mokhtabar Sudan brands, which together accounted for 3.7 per cent. and 4.5 per cent. of the Group's revenue and net profit, respectively, in 2014. As a business held by a Jersey incorporated company, the Group is subject to EU and UK sanction regulations. Historically, the Group has complied with all applicable sanctions regimes, and it intends to continue conducting its business in compliance with all sanctions regimes applicable to it.

The United States, through sanctions overseen primarily by the US Treasury Department's Office of Foreign Assets Control ("**OFAC**") and the US State Department, and the European Union and its Member States have laws that regulate, restrict or prohibit certain business activities in sanctioned countries or dealing with certain individuals or entities within such countries or with significant ties to such countries. Any failure to comply with these laws and regulations may expose the Group to risk of adverse and material financial, operational, or other impacts.

Sanctions regimes and related laws and regulations are complex and constantly changing. Sanctions regimes and related laws and regulations may be enacted, amended, enforced or interpreted in a manner that materially impacts the Group's operations. Neither the Group nor its affiliates, to the best of the Directors' knowledge, are the subject, or have ever been the subject, of a government investigation or enforcement action. Nor is the Group aware of any allegations that it has been or is in violation of any sanctions regimes.

If the Group or its affiliates are found to be in violation of sanctions laws, it or its affiliates could be subject to financial or other penalties, and investors may decide, or be required, to divest their interest, or not to invest, in the Group. Further, the enforcement of sanctions laws may interfere with the Group's operations. Even where there is no violation of sanctions laws, government investigations or other actions by pressure groups related to the conduct of business in countries subject to international sanctions may result in reputational or other harm to the Group.

34. The Company is exposed to changes in its tax residency and changes in the tax treatment or arrangements relating to its business.

To maintain its non-UK and non-Egyptian tax resident status, the Company must be centrally managed and controlled outside the United Kingdom and Egypt. The effective place of management of the Company, which is determined in light of a number of criteria, including without limitation, the place of residence of the individual mambers of the Company's board of directors (the "**Board**") and the

location(s) in which the Board makes its decisions and holds its meetings, will be an important factor in determining and maintaining the non-UK and non-Egyptian tax residence status of the Company. Whilst the Company is incorporated in Jersey and there is no majority of Directors residing in either the United Kingdom or Egypt, the Company must pay continued attention to ensure that its decisions are not made in the United Kingdom or Egypt, or the Company may lose its non-UK or non-Egyptian tax resident status. Should the Company or any other member of the Group that is incorporated outside of the United Kingdom or Egypt be considered to be a UK or Egyptian tax resident, it may become subject to UK or Egyptian corporation tax on its worldwide income and gains, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Risks Related to the Global Offer and the Shares

35. The proposed standard listing of the Shares will afford investors a lower level of regulatory protection than a premium listing.

The Company is applying for a standard listing on the Official List under Chapter 14 of the Listing Rules on the basis of the Prospectus Directive requirements and, therefore, the additional on-going requirements and protections applicable to a premium listing under the Listing Rules will not apply to the Company. With the exception of Listing Principles 1 and 2 as set out in Chapter 7, the provisions of Chapters 6 to 13 of the Listing Rules (listing principles, sponsors, continuing obligations, significant transactions, related party transactions, dealing in own securities and treasury shares and contents of circulars), being additional requirements for a premium listing of equity securities, will not apply to the Group. For further information see "*Consequences of a Standard Listing*".

36. There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained.

Prior to Admission, there has been no public trading market for the Shares. Although the Group has applied to the UK Listing Authority for admission to the standard listing segment of the Official List and has applied to the London Stock Exchange for admission to trading on its main market for listed securities, the Group can give no assurance that an active trading market for the Shares will develop or, if developed, could be sustained following the closing of the Global Offer. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected.

37. Shares in the Company may be subject to market price volatility and the market price of the Shares in the Company may decline in response to developments that are unrelated to the Company's operating performance.

The Offer Price is not indicative of the market price of the Shares following Admission. The market price of the Shares may be volatile and subject to wide fluctuations. The market price of the Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in these Risk Factors, as well as period-to-period variations in operating results or changes in revenue or profit estimates by the Group, industry participants or financial analysts. The market price could also be adversely affected by developments unrelated to the Group's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to IDH, speculation about the Group in the press or the investment community, unfavourable press or research analyst ratings, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions and regulatory changes. Any or all of these factors could result in material fluctuations in the price of Shares, which could lead to investors getting back less than they invested or a total loss of their investment.

38. IDG, Actis (IDH) and Hena Holdings will (and, if the conditions in the Cornerstone Investor Subscription Agreements are satisfied, the Blakeney Funds and MENA Long-Term Value Fund may) have a significant interest in and exert substantial influence over the Group following the Global Offer and their interests may differ from or conflict with those of other Shareholders.

Immediately following Admission, IDG, Actis (IDH) and Hena Holdings will own beneficially approximately 8.3 per cent., 21.0 per cent. and 27.2 per cent., respectively, of the issued ordinary share capital of the Company (assuming no exercise of the Over-allotment Option and 3.7 per cent., 21.0 per cent. and 25.3 per cent., respectively, if the Over-allotment Option is exercised in full). In addition, subject to certain conditions (including that the Offer Price be no higher than $4.45 per Share), the Blakeney Funds and MENA Long-Term Value Fund will own beneficially approximately 4.5 per cent. and 6.0 per cent., respectively, of the issued ordinary share capital of the Company. As a result, IDG, Actis (IDH),

Hena Holdings, the Blakeney Funds and MENA Long-Term Value Fund may possess sufficient voting power to have a significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. The interests of IDG, Actis (IDH), Hena Holdings, the Blakeney Funds and MENA Long-Term Value Fund may not always be aligned with those of other holders of Shares. In particular, IDG, Actis (IDH), Hena Holdings, the Blakeney Funds and MENA Long-Term Value Fund may hold interests in, or may make acquisitions of or investments in, other businesses that may be, or may become, competitors of the Group.

39. Shareholders in the United States and other jurisdictions may not be able to participate in future equity offerings.

The Company's Articles of Association (the "**Articles**") provide for pre-emption rights to be granted to Shareholders in the Company, unless such rights are disapplied by a shareholder resolution. However, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise these rights, unless either the Shares and any other securities that are offered and sold are registered under the Securities Act, or the Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable Shareholders in the United States or other jurisdictions to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption.

40. The market price of the Shares could be negatively affected by sales of substantial amounts of such shares in the public markets following the expiry of the lock-up period, or the perception that these sales could occur.

Following completion of the Global Offer, Hena Holdings, IDG, Actis (IDH), the Cornerstone Investors, the Directors and Senior Management will own beneficially, in aggregate, 67.0 per cent. of the Company's issued ordinary share capital (assuming no exercise of the Over-allotment Option and 60.5 per cent. if the Over-allotment Option is exercised in full). The Company, Hena Holdings, IDG, Actis (IDH), the Cornerstone Investors, the Directors and Senior Management are subject to restrictions on the sale and/or transfer of their respective holdings in the Company's issued share capital as described in "*Details of the Offer—Lock-up arrangements*". The issue or sale of a substantial number of Shares by Hena Holdings, IDG, Actis (IDH), the Cornerstone Investors, the Directors or Senior Management in the public market after the lock-up restrictions in the Underwriting Agreement expire (or are waived by the Underwriters), or the perception that these sales may occur, or pursuant to a subsequent offering of Shares through the EGX in the event the Company applies for and obtains an EGX listing, may depress the market price of the Shares and could impair the Group's ability to raise capital through the sale of additional equity securities.

41. The issuance of additional Shares in the Company in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings.

The Group may seek to raise financing to fund future acquisitions and other growth opportunities. The Group may, for these and other purposes, such as in connection with share incentive and share option plans, issue additional equity or convertible equity securities. As a result, the Company's existing Shareholders may suffer dilution in their percentage ownership or the market price of the Shares may be adversely affected.

42. The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements and is therefore not guaranteed.

There can be no guarantee that the Group's historic performance will be repeated in the future, particularly given the competitive nature of the industry in which it operates, and its sales, profit and cash flow may significantly underperform market expectations. If the Group's cash flow underperforms market expectations, then the Company's capacity to pay a dividend will suffer. While the Directors intend to adopt a dividend policy that reflects the long-term earnings and cash flow potential of the Group, there can be no assurance that the Company will pay dividends in the future.

The ability of the Company to pay dividends is also dependent on its ability to collect dividend payments from its operating subsidiaries (see "*—Risks Related to Egypt and the MENA Region—Egyptian law does not permit the transfer of Egyptian pounds outside of Egypt, and the supply of foreign currency in Egypt is limited,*

which may materially and adversely affect the Group's ability to pay dividends"). The Group's Egyptian subsidiaries are not permitted under Egyptian law to transfer Egyptian pounds out of Egypt. Dividends paid outside Egypt must therefore be paid in foreign currency. Due to the imposition of exchange controls, however, the availability of foreign currency in Egypt is limited and foreign currency can sometimes only be available at unfavourable exchange rates, which can fluctuate greatly. The remittance of foreign currency abroad is also reviewed and (if necessary) verified by the Central Bank of Egypt. As a result, while the Group's Egyptian companies have historically been able to pay dividends outside Egypt, the ability of the Group's Egyptian subsidiaries to continue to do so may be materially and adversely affected by the unavailability and/or fluctuating exchange rates for or high cost of foreign currency in Egypt and the possible imposition of additional remittance restrictions, which would materially and adversely affect IDH's ability to pay dividends to its Shareholders in part or at all.

Further, under Egyptian law companies are required to make profit-sharing distributions to their employees if they pay dividends to their shareholders. The amount of the employee distributions must be at least the lesser of (i) 10 per cent. of the shareholder dividends or (ii) 100 per cent. of the relevant company's total salaries and wages paid in the relevant period.

Further, under the Egyptian Income Tax Law, an income tax is imposed on the dividends distributed to resident and non-resident shareholders of Egyptian companies at a rate of 10 per cent., which is reduced to five per cent. if the shareholder holds more than 25 per cent. of the capital or the voting rights of the company for at least two years. There are various double taxation treaties applicable in Egypt that affect the amount of income tax payable on dividends.

Any decision to declare and pay dividends will be made at the discretion of the Directors and will depend on, among other things, applicable law, regulation, restrictions, the Group's financial position, regulatory capital requirements, working capital requirements, finance costs, general economic conditions and other factors the Directors deem significant from time to time.

43. The ability of Shareholders to bring actions or enforce judgements against the Company or the Directors may be limited.

The ability of a Shareholder to bring an action against the Company may be limited under law. The Company is a limited liability company incorporated in Jersey. The rights of Shareholders are governed by Jersey law and by the Articles. These rights may differ from the rights of shareholders in UK corporations. A Shareholder may not be able to enforce a judgement against some or all of the Directors and executive officers. Consequently, it may not be possible for a Shareholder to effect service of process upon the Directors and executive officers within the Shareholder's country of residence or to enforce against the Directors and executive officers judgements of courts of the Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a Shareholder will be able to enforce any judgements in civil and commercial matters or any judgements under the securities laws of countries other than Jersey against the Directors or executive officers who are residents of a country other than those in which judgement is made. In addition, the courts in Jersey, or elsewhere, may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in Jersey or another country.

Jersey law limits the circumstances under which shareholders of companies may bring derivative actions, and, in most cases, only the Company can bring an action in respect of any wrongful act committed against it. Neither an individual shareholder nor any group of shareholders has any right of action in such circumstances. In addition, Jersey law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders of a US corporation.

CONSEQUENCES OF A STANDARD LISTING

APPLICATION HAS BEEN MADE FOR THE SHARES TO BE ADMITTED TO THE STANDARD LISTING SEGMENT OF THE OFFICIAL LIST. A STANDARD LISTING PROVIDES PURCHASERS OF SHARES WITH A LOWER LEVEL OF REGULATORY PROTECTION THAN THAT PROVIDED TO INVESTORS IN COMPANIES WHOSE SECURITIES ARE ADMITTED TO THE PREMIUM LISTING SEGMENT OF THE OFFICIAL LIST, WHICH ARE SUBJECT TO ADDITIONAL OBLIGATIONS UNDER THE LISTING RULES. IT SHOULD BE NOTED THAT NEITHER THE UK LISTING AUTHORITY NOR THE LONDON STOCK EXCHANGE WILL HAVE THE AUTHORITY TO (AND WILL NOT) MONITOR THE COMPANY'S COMPLIANCE WITH ANY OF THE LISTING RULES AND/OR ANY PROVISION OF THE MODEL CODE OR THOSE ASPECTS OF THE DISCLOSURE AND TRANSPARENCY RULES WHICH THE COMPANY HAS INDICATED HEREIN THAT IT INTENDS TO COMPLY WITH ON A VOLUNTARY BASIS, NOR TO IMPOSE SANCTIONS IN RESPECT OF ANY FAILURE BY THE COMPANY TO SO COMPLY.

The Shares will be admitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for standard listings. The Company will comply with Listing Principles 1 and 2 as set out in Chapter 7 of the Listing Rules, as required by the UK Listing Authority, and intends to comply with the premium Listing Principles as set out in Chapter 7 of the Listing Rules notwithstanding that they only apply to companies which obtain a premium listing on the Official List.

An applicant that is applying for a standard listing of equity securities must comply with all the requirements listed in Chapter 2 of the Listing Rules, which specifies the requirements for listing for all securities. Where an application is made for the admission to the Official List of a class of shares, at least 25 per cent. of shares of that class must be distributed to the public in one or more European Economic Area ("**EEA**") states. Listing Rule 14.3 sets out the continuing obligations applicable to the issuer and requires that the issuer's listed securities must be admitted to trading on a regulated market at all times. The applicant must have a minimum number of shares of any listed class (25 per cent.) in public hands at all times in the relevant jurisdictions and must notify the FCA as soon as possible if these holdings fall below the stated level. There are a number of other continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company.

These include requirements as to:

a) forwarding of circulars and other documentation to the FCA for publication through the national storage mechanism, and related notification to a Regulatory Information Service;

b) the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure and Transparency Rules;

c) the form and content of temporary and definitive documents of title;

d) the appointment of a registrar;

e) Regulatory Information Service notification obligations in relation to a range of debt and equity capital issues; and

f) compliance with, in particular, Chapters 4, 5 (if applicable) and 6 of the Disclosure and Transparency Rules.

While the Company has a standard listing, it is not required to comply with the provisions of, among other things:

- Chapter 6 of the Listing Rules containing additional requirements for the listing of equity securities, which are only applicable for companies with a premium listing;
- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. In particular, the Company is not required to appoint a sponsor in relation to the publication of this Prospectus or Admission;
- Chapter 9 of the Listing Rules containing provisions relating to transactions, including, *inter alia*, requirements relating to further issues of shares, the ability to issue shares at a discount in excess of 10 per cent. of market value, notifications and contents of financial information;

- Chapter 10 of the Listing Rules relating to significant transactions which requires Shareholder consent for certain acquisitions;
- Chapter 11 of the Listing Rules regarding related party transactions;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Shares. The Company has adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2, whereby: (i) the Board intends to seek Shareholder authority annually to purchase in the market up to 10 per cent. of the Shares in issue from time to time; (ii) unless a tender offer is made to all holders of Shares, the maximum price to be paid per Share pursuant to any such purchase must not be more than the higher of (a) 105 per cent. of the average of the middle market quotations for a Share taken from the London Stock Exchange's main market for listed securities for the five Business Days before the purchase is made; and (b) the higher of the price of the last independent trade and the highest current independent bid at the time of purchase; and (iii) any purchase by the Company of 15 per cent. or more of its Shares at the date of the proposed offer (excluding Shares held in treasury) will be effected by way of a tender offer to all Shareholders. Under the Companies Act, where the Company proposes to purchase Shares, it can only do so out of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose of financing the purchase; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

A company with a Standard Listing is not currently eligible for inclusion in any of the FTSE indices (FTSE100, FTSE250 etc.). This may mean that certain institutional investors are unable to invest in the Shares.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

GENERAL

Investors should only rely on the information in this Prospectus. No person has been authorised to give any information or to make any representations in connection with the Global Offer, other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders, or any of the Underwriters. No representation or warranty, express or implied, is made by any of the Underwriters or any selling agent as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by any of the Underwriters or any selling agent as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to FSMA, neither the delivery of this Prospectus nor any sale of Shares pursuant to the Global Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to its date.

The Company will update the information provided in this Prospectus by means of a supplement hereto if a significant new factor that may affect the evaluation by prospective investors of the Global Offer occurs after the publication of this Prospectus or if this Prospectus contains any mistake or substantial inaccuracy. This Prospectus and any supplement thereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to this Prospectus is published prior to Admission, investors shall have the right to withdraw their applications for Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear business days after publication of the supplement).

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Global Offer, including the merits and risks involved.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders, or any of the Underwriters or any of their representatives that any recipient of this Prospectus should purchase the Shares. Prior to making any decision as to whether to purchase the Shares, prospective investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus carefully and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this Prospectus, including the risks involved.

Investors who purchase Shares in the Global Offer will be deemed to have acknowledged that: (i) they have not relied on any of the Underwriters or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied on the information contained in this Prospectus, and no person has been authorised to give any information or to make any representation concerning the Group or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders or any of the Underwriters.

None of the Company, the Directors, the Selling Shareholders or any of the Underwriters or any of their representatives is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment by such offeree or purchaser.

In connection with the Global Offer, the Underwriters and any of their respective affiliates, acting as investors for their own accounts, may acquire Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Global Offer or otherwise. Accordingly, references in this Prospectus to the Shares being offered, acquired, placed or otherwise dealt in should be read as including any offer, acquisition, dealing or placing by, the Underwriters and any of their affiliates acting as investors for their own accounts. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

FINANCIAL INFORMATION

The financial information in this Prospectus has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The significant IFRS accounting policies applied in the financial information of the Company are applied consistently in the financial information in this Prospectus.

The Company has two principal operating subsidiaries, Al Borg Laboratories S.A.E. ("**Al Borg**") and Al Mokhtabar Company for Medical Labs (S.A.E.) ("**Al Mokhtabar**"), both of which are diagnostic laboratory service providers in Egypt. Al Borg was acquired by the Abraaj Group, a Dubai-based private equity firm in 2008. In August 2012, Al Mokhtabar and Al Borg were brought under a holding company, International Diagnostic Holdings Limited ("**IDH Caymans**"), a Caymans company and a wholly-owned subsidiary of the Company. Together, Al Borg and Al Mokhtabar constitute substantially all of the business undertakings of the Company as at the date of this Prospectus. Because IDH Caymans did not acquire Al Mokhtabar until August 2012, the Group's consolidated financial statements prior to that period do not reflect Al Mokhtabar, and consolidated financial statements for the Group reflecting both of the principal operating subsidiaries can only be prepared for the period since August 2012.

The Group believes that its current business undertakings are not accurately represented by consolidated financial statements for the Group as at and for the four month period ended 31 December 2012 and as at and for the years ended 31 December 2014 and 2013. Accordingly, the Group has included in this Prospectus the following financial information:

- standalone special purpose consolidated IFRS financial statements for each of Al Borg and Al Mokhtabar as at and for the years ended 31 December 2013, 2012 and 2011, each reported on by KPMG Hazem Hassan; and
- special purpose consolidated IFRS financial statements for IDH as at and for the years ended 31 December 2014 and 2013 and as at and for the four month period ended 31 December 2012, reported on by KPMG Hazem Hassan (the "**2014 and 2013 Financial Statements**").

The results of operations of Al Borg and Al Mokhtabar include intra-Group transactions that are eliminated in the Group's consolidated statement of income. The Group's consolidated statement of income also includes certain transactions that occurred at the Group level. In 2013, the most significant differences between the Group's consolidated statement of income and the sum of Al Borg's and Al Mokhtabar's statements of income were:

- EGP 7.7 million in revenue, reflecting revenue from tests outsourced from one subsidiary of the Group to another.
- EGP 124.8 million in cost of revenues. The difference between the cost of revenues eliminations and the revenue eliminations reflects the depreciation of operational assets and the amortisation of intangible assets related to the acquisition by the Group of Al Mokhtabar in 2012, including the Group's supplier list, customer list and non-compete agreement for Dr. Hend El Sherbini and Dr. Moamena Kamel.
- EGP 3.1 million in deferred tax income, reflecting the difference between the Group's amortisation schedule and that of the Egyptian tax authority.

During the preparation of the Group's 2014 and 2013 Financial Statements, the Company made a number of reclassifications within certain line items. The main effect of these reclassifications was an increase in the Company's cost of revenues in 2013 by EGP 121.0 million and a corresponding decrease in its administrative expenses in 2013, which reflected the reclassification of the amortisation of intangible assets related to the acquisition by the Group of Al Mokhtabar in 2012. These reclassifications also resulted in an increase in the Company's cost of revenues in the four month period ended 31 December 2012 by EGP 30.3 million and a corresponding decrease in its administrative expenses in that period. For more detail, see Note 29 in the 2014 and 2013 Financial Statements.

The following table sets forth the differences resulting from the intra-Group transactions eliminated in the Group's consolidated results, the transactions that occurred at the Group level and the reclassifications in the 2013 Group consolidated results.

	Year ended 31 December 2013			
	Al Borg	Al Mokhtabar	Differences	IFRS IDH
Revenue	353,497,221	325,744,658	(7,658,429)	671,583,450
Cost of revenues	(178,768,043)	(138,440,676)	(124,806,457)	(442,015,176)
Gross profit from operation	**174,729,178**	**187,303,982**	**(132,464,886)**	**229,568,274**
Other income	7,073,889	255,877	—	7,329,766
Marketing and advertising expenses	(15,111,014)	(18,675,910)	(5,057,976)	(38,844,900)
Administrative expenses	(44,348,029)	(23,141,337)	14,598,533	(52,890,833)
Other expenses	(7,461,614)	(4,566,186)	—	(12,027,800)
Profit from operations	**114,882,410**	**141,176,426**	**(122,924,329)**	**133,134,507**
Finance income—net	49,458	4,210,257	1,854,093	6,113,808
Profit before tax	**114,931,868**	**145,386,683**	**(121,070,236)**	**139,248,315**
Deferred tax income (expenses)	2,784,028	(42,414)	3,105,291	5,846,905
Income tax for the year	(34,210,849)	(42,094,515)	2,140	(76,303,224)
Net Profit for the year	**83,505,047**	**103,249,754**	**(117,962,805)**	**68,791,996**
Profit attributed to:				
Owners of the Company	77,322,188	103,270,945	(118,498,111)	62,095,022
Non-controlling interests	6,182,859	(21,191)	535,306	6,696,974
	83,505,047	**103,249,754**	**(117,962,805)**	**68,791,996**

The Company's financial year runs from 1 January to 31 December. The financial information included in "*Historical Financial Information*" is covered by the respective accountant's reports included in "*Historical Financial Information*", which were prepared in accordance with IFRS as adopted by the EU.

None of the financial information used in this Prospectus has been audited in accordance with auditing standards generally accepted in the United States of America ("**US GAAS**") or auditing standards of the Public Company Accounting Oversight Board (United States) ("**PCAOB**"). US GAAS and the auditing standards of the PCAOB do not provide for the expression of an opinion on accounting standards which have not been finalised and are still subject to modification, as is the case with accounting standards as adopted for use in the EU and included in "*Historical Financial Information*". Accordingly, it would not be possible to express any opinion on the financial information in "*Historical Financial Information*" under US GAAS or the auditing standards of the PCAOB. In addition, there could be other differences between the auditing standards issued by the Auditing Practices Board in the United Kingdom and those required by US GAAS or the auditing standards of the PCAOB. Potential investors should consult their own professional advisers to gain an understanding of the financial information in "*Historical Financial Information*" and the implications of differences between the auditing standards noted herein.

ADJUSTED EBITDA

Adjusted EBITDA is calculated from net profit for the year adjusted for finance income, tax, depreciation and amortisation charges, and exceptional costs, which comprise the one-time costs related to the Global Offer, as well as to the Group's acquisition of Al Mokhtabar in 2012. Information regarding Adjusted EBITDA or similar measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of EBITDA or similar measures and the criteria upon which EBITDA or similar measures are based can vary from company to company. Adjusted EBITDA, by itself, does not provide a sufficient basis to compare the Company's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. The Group believes Adjusted EBITDA is an important measure to consider because it removes from the Group's results of

operations the effects of the one-time exceptional costs related to the Global Offer, as well as consulting and other fees in connection with the Group's acquisition of Al Mokhtabar in 2012.

The reconciliation of the Group's consolidated net profit to Adjusted EBITDA is as follows:

	For the year ended 31 December	
	2014	2013
	(audited) (EGP thousands)	
Net profit for the year	**141,688**	**68,792**
Add back:		
Finance cost (income)—net	3,206	(6,114)
Income tax for the year	116,554	76,303
Deferred tax income	(16,354)	(5,847)
Property and equipment depreciation	24,104	22,217
Amortisation of intangible assets	91,481	122,861
EBITDA	**360,679**	**278,212**
Add back:		
Exceptional costs	8,355	—
Adjusted EBITDA	**369,034**	**278,212**

The reconciliation of Al Borg's consolidated net profit for the year to Adjusted EBITDA is as follows:

	For the year ended 31 December		
	2013	2012	2011
	(audited) (EGP thousands)		
Net profit for the year	**83,505**	**71,254**	**52,702**
Add back:			
Finance (income) cost—net	(49)	137	(2,707)
Income tax for the year	34,211	28,221	18,348
Deferred tax (income) expenses	(2,784)	(509)	920
Property and equipment depreciation	13,561	11,926	8,263
Amortisation of intangible assets	1,824	2,945	1,473
EBITDA	**130,268**	**113,974**	**78,999**
Add back:			
Exceptional costs	—	—	—
Adjusted EBITDA	**130,268**	**113,974**	**78,999**

The reconciliation of Al Mokhtabar's consolidated net profit for the year to Adjusted EBITDA is as follows:

	For the year ended 31 December		
	2013	2012	2011
	(audited) (EGP thousands)		
Net profit for the year	103,250	69,314	44,695
Add back:			
Finance income—net	(4,210)	(9,136)	(5,383)
Income tax for the year	42,095	27,093	21,751
Deferred tax expenses	42	89	119
Property and equipment depreciation	6,841	9,999	14,511
Amortisation of intangible assets	—	—	—
EBITDA	**148,018**	**97,359**	**75,693**
Add back:			
Exceptional costs	—	21,700	—
Adjusted EBITDA	**148,018**	**119,059**	**75,693**

The Company uses Adjusted EBITDA in the management reporting of its segments and in assessing the Group's growth and operational efficiencies.

CURRENCY PRESENTATION

Unless otherwise indicated, all references in this Prospectus to "Egyptian pounds" or "EGP" are to the lawful currency of the Arab Republic of Egypt. The Company prepares its financial statements in Egyptian pounds. All references to "sterling", "pounds sterling", "GBP", "£", or "pence" are to the lawful currency of the United Kingdom. All references to the "euro" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. All references to "US dollars", "$" or "US$" are to the lawful currency of the United States.

The following tables set out, for the periods set forth below, the high, low, average and period-end Bloomberg Composite Rate expressed as US dollar per EGP 1 and British pound per EGP 1. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the composite bid rate is equal to the highest bid rate of all currently active, contributed, bank indications, and the composite ask rate is equal to the lowest ask rate offered by these same bank indications. The Bloomberg Composite Rate is a mid-value rate between the composite bid rate and the composite ask rate. The rates may differ from the actual rates used in the preparation of the combined historical financial information and other financial information appearing in this Prospectus.

The average rate for a year, a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that year, month, or shorter period, as the case may be.

Period (Year/Month)	Period end	Average	High	Low
	(US dollar per EGP 1)			
2010	0.1723	0.1773	0.1846	0.1722
2011	0.1656	0.1682	0.1727	0.1656
2012	0.1572	0.1648	0.1662	0.1572
2013	0.1440	0.1456	0.1573	0.1422
2014	0.1398	0.1412	0.1438	0.1397
January 2015	0.1317	0.1377	0.1401	0.1317
February 2015	0.1311	0.1311	0.1318	0.1310
March 2015	0.1310	0.1313	0.1328	0.1309
April 2015 (through 20 April)	0.1310	0.1311	0.1312	0.1310

Period (Year/Month)	Period end	Average	High	Low
	(British pound per EGP 1)			
2010	0.1105	0.1149	0.1237	0.1076
2011	0.1066	0.1049	0.1113	0.1006
2012	0.0968	0.1040	0.1083	0.0968
2013	0.0869	0.0931	0.0992	0.0869
2014	0.0897	0.0858	0.0901	0.0815
January 2015	0.0877	0.0909	0.0927	0.0877
February 2015	0.0849	0.0856	0.0875	0.0845
March 2015	0.0883	0.0876	0.0900	0.0849
April 2015 (through 20 April)	0.0879	0.0884	0.0896	0.0876

Source: Bloomberg.

ROUNDINGS

Certain data in this Prospectus, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

Market, economic and industry data

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute the Directors' estimates, using underlying data from independent third parties. The Company obtained market, economic and industry data from internal surveys, reports and studies, where appropriate, as well as publicly available information, including from the World Bank, the Central Bank of Egypt, the Economist Intelligence Unit and the International Monetary Fund. The Company confirms that the information taken from the World Bank, the Central Bank of Egypt, the Economist Intelligence Unit, the International Monetary Fund and other publicly available third party sources has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render reproduced information inaccurate or misleading. Such information has not been audited or independently verified. Where third-party information has been used in this Prospectus, the source of such information has been identified.

Certain statements in this document relating to the Group's business have been extracted without material adjustment from the report prepared by Frost & Sullivan Limited ("**Frost & Sullivan**"), a global market research company, for the Group dated November 2014 (the "**Frost & Sullivan Report**"), which is included in full as Annex I to this Prospectus. Where information has been extracted from the Frost & Sullivan Report, it is so noted. For more information, see "*Additional Information—Consents—Frost & Sullivan*".

Service of process and enforcement of civil liabilities

The Company has been incorporated under Jersey law. Service of process upon Directors and officers of the Company, all of whom reside outside the United States, may be difficult to obtain within the United States. All of the Company's assets and the majority of the assets of its Directors and officers are located outside the United States and, as a result, it may not be possible to satisfy a judgment against the Company in the United States or to enforce a judgment obtained in United States courts, including, without limitation, judgments based upon the civil liability provisions of the US federal securities laws or the securities laws of any state or territory within the United States, against the Company outside the United States. There can be no assurance as to the enforceability in Jersey, whether by original actions or by seeking to enforce judgments of US courts, of claims based on the federal securities laws of the United States. In addition, awards for punitive damages in actions brought in the United States of elsewhere may be unenforceable in Jersey.

No incorporation of website information

The contents of the Company's websites, any website mentioned in this Prospectus or any website directly or indirectly linked to these websites have not been verified do not form part of this Prospectus.

Definitions

Certain terms used in this Prospectus, including all capitalised terms and certain technical and other items, are defined and explained in "*Definitions*".

Information not contained in this Prospectus

No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to the date hereof.

Information regarding forward-looking statements

This Prospectus includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "targets", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts.

They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies, and dividend policy of the Group and the industry in which it operates. In particular, the statements under the headings "*Summary*", "*Risk Factors*", "*Business Overview*" and "*Operating and Financial Review*" regarding the Company's strategy and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Important factors that may cause these differences include, but are not limited to, those described in "*Risk Factors*" and "*Operating and Financial Review*", which include statements relating to:

- the economic and political volatility in Egypt and the MENA region, including terrorist incidents and occasional civil disorder;
- access to foreign currency and the devaluation of the Egyptian pound;
- restrictions on the transfer of Egyptian pounds out of Egypt;
- uncertainty regarding the new Egyptian income tax regime;
- the Group's compliance with applicable laws and regulations;
- the Group's ability to maintain its quality standards;
- failure to detect or correct in a timely manner deficiencies and weaknesses in the Group's internal controls over financial reporting;
- the Group's ability to retain contract clients and maintain relationships with local medical communities;
- the Group's IT systems;
- the Group's management and, in particular, Dr. Hend El Sherbini, the Group's CEO;
- the Group's ability to recruit and train qualified personnel;
- the Group's accreditations;
- the Group's integration of Al Mokhtabar and Al Borg;
- the Group's ability to realise its expansion plans;
- the Group's ability to maintain strong bargaining power with suppliers;
- the Company's dependence on dividend payments from its subsidiaries in order to make dividend payments to Shareholders;
- risks associated with the Global Offer and the Shares; and
- other factors discussed in this document.

Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Such forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus and are not intended to qualify the working capital statement in any manner. Please see "*Additional Information—Working Capital*". The Company, the Directors, the Selling Shareholders and the Underwriters expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules, or the Disclosure and Transparency Rules of the FCA.

DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Lord Anthony St John Dr. Hend El Sherbini Ahmed Badreldin Hussein Choucri James Patrick Nolan Dan Olsson Richard Henry Phillips
Company Secretary	Capita Secretaries Limited 12 Castle Street St Helier Jersey JE2 3RT
Registered and head office of the Company	Integrated Diagnostics Holdings plc 12 Castle Street St Helier Jersey JE2 3RT
Joint Global Co-ordinators, Joint Bookrunners and Underwriters	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom EFG Hermes Promoting and Underwriting B129, Phase 3 Smart Village, Km 28 Cairo Alexandria Desert Road Egypt
Joint Bookrunner and Underwriter	Citigroup Global Markets Limited Citigroup Centre Canada Square London E14 5LB United Kingdom
English and US legal advisers to the Company	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS United Kingdom
Egyptian legal advisers to the Company	Matouk Bassiouny 12 Mohamed Ali Genah Garden City Cairo, Egypt
Jersey legal advisers to the Company	Ogier Legal 44 Esplanade St Helier Jersey JE4 9WG
Tax advisers to the Company	KPMG Hazem Hassan Pyramids Heights Office Park Km 22 Cairo/Alexandria Desert Road 12556 Al Ahram PO Box 48 Al Ahram Giza, Cairo, Egypt PricewaterhouseCoopers Plot No 211, Second Sector, City Center PO Box 170 New Cairo New Cairo 11835, Egypt

English and US legal advisers to the Joint Global Co-ordinators, Joint Bookrunners, and Underwriters	Shearman & Sterling (London) LLP 9 Appold Street London EC2A 2AP United Kingdom
Egyptian legal advisers to the Joint Global Co-ordinators, Joint Bookrunners, and Underwriters	Zulficar & Partners Nile City Building, South Tower Eighth Floor, 2005 A Cornich El Nil Ramlet Beaulac, Cairo, Egypt 11221
Reporting Accountants	KPMG Hazem Hassan Pyramids Heights Office Park Km 22 Cairo/Alexandria Desert Road 12556 Al Ahram PO Box 48 Al Ahram Giza, Cairo, Egypt
Registrars	Capita Registrars (Jersey) Limited 12 Castle Street St Helier Jersey JE2 3RT
Industry consultant	Frost & Sullivan 210, EIB-4 BT Building Dubai Internet City Dubai, UAE

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Time and Date
Publication of this Prospectus	6 May 2015
Commencement of conditional dealings on the London Stock Exchange	8.00am on 6 May 2015
Admission and commencement of unconditional dealings in the Shares on the London Stock Exchange	8.00am on 11 May 2015
Crediting of Shares to CREST accounts	8.00am on 11 May 2015

It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

All times are London times. Each of the times and dates in the above timetable is indicative only and subject to change without further notice.

OFFER STATISTICS

Offer Price (per Share)	$4.45
Number of Shares in the Global Offer[(1)]	65,217,392
Percentage of the issued Share capital being offered in the Global Offer[(1)]	43.5 per cent.
Number of Shares being allotted to the Cornerstone Investors[(2)]	15,730,337
Number of Shares subject to the Over-allotment Option	9,782,608
Number of Shares in issue at Admission	150,000,000
Market capitalisation of the Company at the Offer Price[(3)]	$667.5 million
Estimated proceeds of the Global Offer receivable by the Selling Shareholders[(1)]	$290.2 million
Estimated expenses relating to the Global Offer payable by the Company[(4)]	Up to EGP 127 million

Notes:

(1) Assuming no exercise of the Over-allotment Option.

(2) On 23 April 2015, the Company and the Selling Shareholders entered into the Cornerstone Investor Subscription Agreements with the Cornerstone Investors, pursuant to which each of the Cornerstone Investors, severally (and neither jointly nor jointly and severally), has committed to purchase Shares in the Global Offer, and the Selling Shareholders have agreed to sell, and procure the allotment and transfer of, Shares to the Cornerstone Investors at the Offer Price subject to certain conditions (including that the Offer Price be no higher than $4.45 per Share). The aggregate commitments of all the Cornerstone Investors pursuant to the Cornerstone Investor Subscription Agreements amount to $70 million. For more information, see "*Details of the Offer—Cornerstone Investors*".

(3) The market capitalisation of the Company at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will be equal to or exceed the Offer Price.

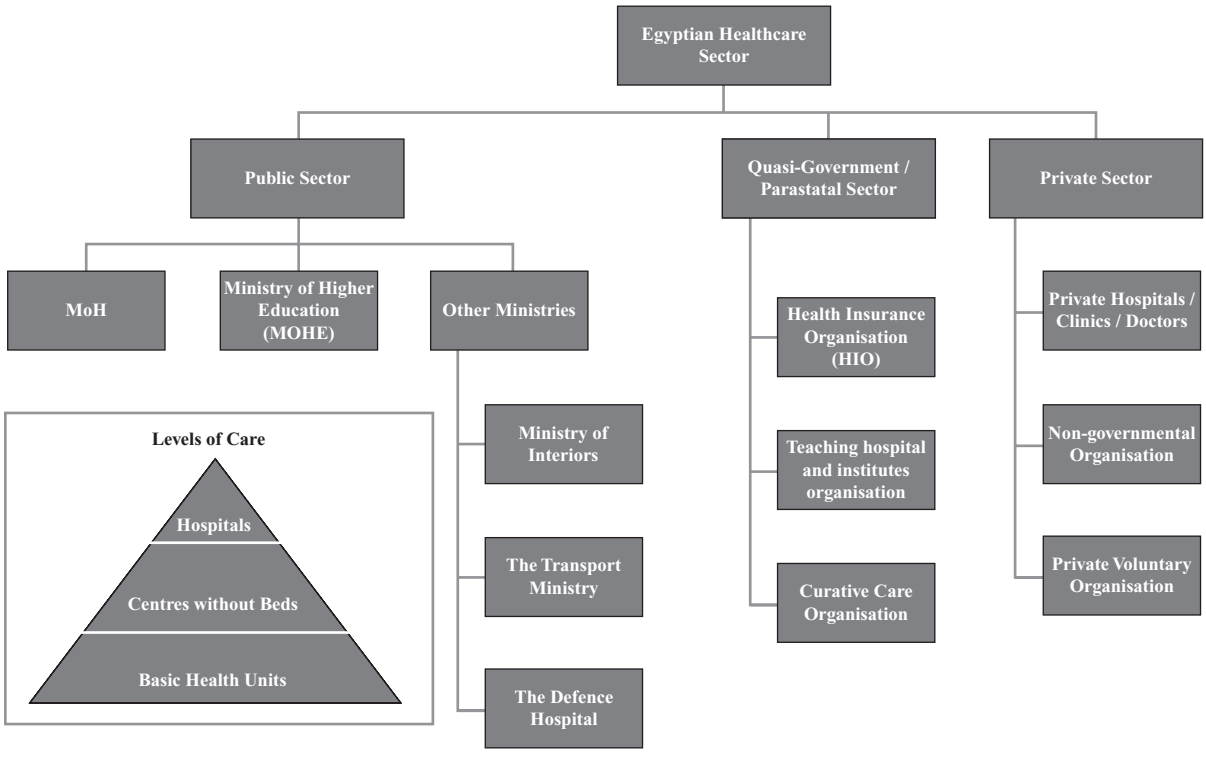
(4) Assuming no exercise of the Over-allotment Option. The Company will pay all expenses related to the Global Offer. This includes, among others, fees for auditors, tax advisors and legal counsel, as well as the underwriting fees and selling commissions (which comprise a fixed fee as a percentage of the offer volume, as well as a discretionary incentive fee) for the underwriting syndicate.

Unless indicated otherwise, market data, statistics and information in this section of this Prospectus in respect of laboratory testing markets, including statements of expectation, projections and forecasts, have been extracted from the market report prepared by Frost & Sullivan, which has been included in this Prospectus as Annex I.

In considering industry wide trends and opportunities discussed below by Frost & Sullivan, investors should be aware that, given the Group's particular strengths and strategies, on the one hand, and its risks, on the other, the impact on the Group of such trends and opportunities may be more or less than their impact on the industry as a whole. Additional factors which should be considered in assessing the usefulness of the market and competitive data and, in particular, the projected growth rates are described elsewhere in this Prospectus, including those set out in the section of this Prospectus headed "Risk Factors".

HEALTHCARE SYSTEM STRUCTURE

The healthcare system of Egypt is discrete with multiple stakeholders playing co-ordinated roles at various levels. Broadly, the ownership by provider type can be divided into the public and the private sector. Under the public health system, the MoH has a major role to play with its own health facilities and those owned by the semi-government (parastatal) sector. The dominant private sector of Egypt also follows the regulations laid by MoH and has presence at all the levels of healthcare.



Source: Healthcare System Egypt USAID—2020, NHA Egypt—2008-09, CAPMAS, Frost & Sullivan Analysis

Public Healthcare System Structure

The MoH is the supreme provider of healthcare services in Egypt, providing healthcare at all levels including primary, preventive and curative. It provides services via a network of general hospitals, district hospitals, specialty hospitals and primary healthcare centres. It also acts as the policy making body and lays down the regulatory framework of healthcare services in Egypt. The Ministry of Higher Education looks after promotion of higher medical education in Egypt with its own university hospitals, which provide primary, secondary and tertiary levels of care services. The parastatal sector comprises the quasi-governmental organisation supported directly by the government through the MoH. The sector has various independent bodies with health facilities aiming at different levels of healthcare needs of patients and with different sources of financing. The parastatal sector also has varied business intentions. Apart from these, there are other ministries like the Ministry of Interiors, the Transport Ministry and the Ministry of Defence which have their own health facilities.

Private Healthcare System Structure

The private sector healthcare delivery system comprises clinics, medical centres, pharmacies and hospitals. The private sector has been well established for a long time in Egypt, with more facilities concentrated in major governorates and cities. It has presence at all levels of care of the healthcare sector of Egypt. The private sector of Egypt can be characterised as a large unorganised market with various players in the numerous healthcare segments and service offerings.

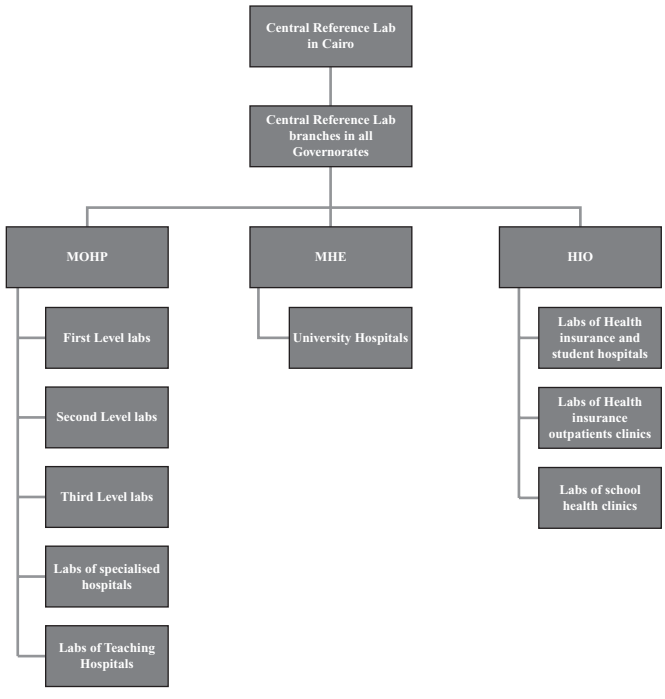
There are a few other organisations, which are also included under the private sector: non-governmental organisations and private voluntary organisations. Private voluntary organisations are the religiously affiliated clinics and charitable organisations of private ownership.

Medical Laboratory Infrastructure In Egypt

Public Sector Infrastructure

Public sector medical labs are distributed by the infrastructure provided by each of the stakeholders. The main stakeholders in the public sector are the MoH, the MoHE, and the HIO. Top of the hierarchy in the public sector is the main central reference lab at Cairo, which has branches in capitals of all the 27 governorates.

The MoH has labs across the value chain in their existing infrastructure at all levels of care. Labs in the MoH have been divided as per the facility type they are associated to; the bottom of the hierarchy starts with the first level of labs attached to rural health units, going up to labs attached to teaching and specialised hospitals of the MoH. The MoHE has labs attached to its university hospitals and the HIO has labs present in its network of hospitals, clinics and school clinics.



Source: MOHP, WHO, Frost & Sullivan Analysis

The first level of labs in the MoH is composed of those attached with rural health units and those attached to maternal and childcare centres. The second level of labs is attached to all the central hospitals present at provincial levels. The third level of labs of the MoH is attached to divisional public hospitals and specialised oncology institutes of the MoH. There are other labs, which are attached to specialised hospitals of the MoH such as fever hospitals, ophthalmology hospitals, chest hospitals, psychiatry hospitals, and even those attached to chest clinics. The top hierarchy of the MoH is composed of teaching hospitals, which also have in-house labs. Almost 82 per cent of the total MoH labs are present at the bottom of the hierarchy.

The central reference labs and its governorate branches are additionally responsible for carrying out the following activities: (1) Licensing private medical laboratories; (2) Supervising application of lab quality

assurance programmes; (3) Holding training courses for employees of all provincial labs, (4) Monitoring sources of food and water pollution; (5) Performing medical tests for early detection of thyroid hormone deficiency for new-borns, which is a part of the Egyptian National Health Programme; (6) Laboratory diagnosis of infectious and epidemiological diseases; (7) Testing for viral diseases: HIV, viral hepatitis (B, C) to extract health certificates for travellers, and renal failure patients; and (8) Conducting necessary tests on samples of blood banks to ensure its safety.

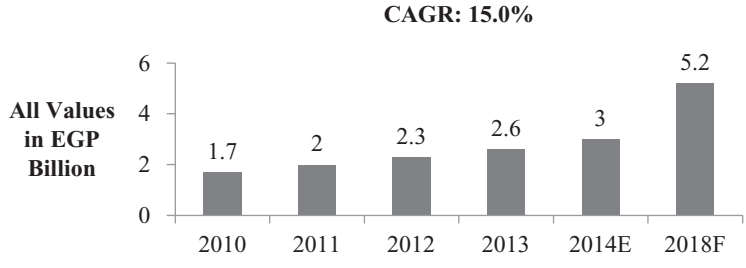
Private Sector Infrastructure

The private sector lab structure of Egypt can be divided into labs attached to private hospitals and independent standalone labs. Independent standalone labs have two segments: the standalone chain of labs (typically owned and managed by corporates) and standalone single labs (typically owned and managed by doctor(s)).

There were 1,351 private hospitals in Egypt as of 2012, with the majority of them having an attached lab and offering services at variable capacity. There are 12-15 standalone chains of labs in Egypt which comprise Al Mokhtabar, Al Borg, Alfa Lab, First Lab, Cairo Lab, Dr. Amina Hassab Labs, Royal Labs, Saridar Labs, Egy Labs, Al Shams Labs and the Sun Labs, amongst others, with an estimated 550 labs in 2013. The majority of these labs offer a wide spectrum of laboratory services including high-end tests like molecular diagnostics, hormonal tests, virology, etc. These are the most dominant labs in Egypt covering key cities. As per industry experts based on interviews with leading industry participants, an estimated 5,500 standalone single labs are spread across the country. These labs typically offer basic chemistry, haematology, immunology and urine analysis.

MARKET SIZE

The total clinical lab testing services market in the private independent commercial segment of Egypt (including the independent chain of labs and single labs) stood at EGP 2.6 billion in 2013. The independent chain of labs is likely to grow at a CAGR of 18-20 per cent until 2018. The independent chain of labs contributed nearly 40 per cent of the total lab market in 2010. The same is expected to reach 47 per cent by 2018. The total independent commercial lab market in the private sector is forecast to reach EGP 5.2 billion by 2018.



Source: Primary Research, Industry Experts Inputs, and Frost & Sullivan Analysis

MARKET DRIVERS

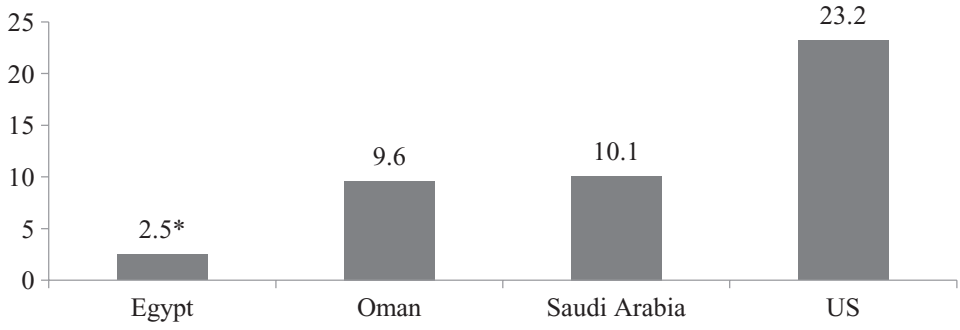
High Disease burden

Unlike some of the countries in the MENA that have made a shift from communicable diseases to non-communicable diseases, the former still dominates Egypt along with tropical diseases like Tuberculosis, Hookworm, Leishmaniasis, etc. Added to these is the prevalence of high volumes of lifestyle diseases. Neglected Tropical Diseases is endemic but patchily distributed within the 20 countries in the MENA. Amongst the MENA countries, Egypt has the highest prevalence of tropical diseases such as Ascariasis, Schistosomiasis, Hookworm, Fascioliasis and Leprosy.

Opportunity for Increased Usage of Laboratory Diagnostics as a Tool in Clinical Practice

An analysis of publicly available data across the GCC shows that the usage of laboratory diagnostics in order to establish clinical diagnosis is much less in Egypt than in its counterparts. Currently, the per capita average clinical laboratory tests performed in Egypt is approximately 2.5 tests per capita, which is much less than that of selected other countries in the GCC countries (within the range of approximately eight to ten tests per capita). This figure is likely to rise as penetration of health insurance grows within the

country; equally important is the awareness about preventive health amongst the general population and importance of timely and correct diagnosis amongst the physician community.



Source: Analysis of the U.S. Clinical Laboratory Market; Frost & Sullivan; March 2012; NHS-UK

* Estimated number based on primary research with industry experts

Increasing Accessibility to Lab Services

Most of the labs in Egypt are concentrated in big cities. In recent years, the focus has changed to creating a greater coverage of population. This phenomenon is especially seen amongst the top chain of labs. By adding new branches every year, the labs are focusing on reaching all the governorates and as close to the customer as possible. Home care services are also picking up. There is enough scope of further increasing the reach of labs in all the 27 governorates.

Emergence of Private Participants

The Egyptian Government is ambitious to improve the participation of private participants in the health sector and create new opportunities for investment through public-private partnership ("**PPP**") programmes at all value chains like pharmacies, hospitals, clinics and diagnostics labs, etc. In 2012, the Egyptian Government has announced the first PPP project of the country in the healthcare sector—an integrated medical city spread over 840,000 sq. m in Alexandria with an investment of USD 1.1 billion. In the laboratory segment, few big-ticket cross-border investments have been witnessed in recent years amongst the MENA countries, leading to overall growth of the market with increased penetration and consolidation.

Improving Corporate Market

The Egyptian laboratories market has a large source of patient workload coming from tie-ups with corporate companies for catering to their employees. The number of new firms established in Egypt in 2013 stood at 8,512, with 2013 witnessing the highest annual rate since 2005. There is a huge opportunity in the corporate tie-up segment, although the recent political turmoil has affected it severely. The top participants in the lab market have a high volume and revenue dependency on corporate tie-ups. Overall, the corporate market will remain a driver for the lab business in Egypt with more activities to be concentrated in and around key cities.

Opportunity for Higher Spending Per Capita

The per capita expenditure on ancillary services, such as in vitro diagnostics, is low in Egypt, which in turn makes the allocation of expenditure on laboratory services low (estimated in range of USD 10-12). The per capita spending on lab tests is particularly low when compared to Saudi Arabia and the United Arab Emirates. The spending on in vitro diagnostics per capita is almost double to triple times when compared to most of the European countries.

BUSINESS OVERVIEW

Investors should read this "Business Overview" in conjunction with the more detailed information contained in this Prospectus including the financial and other information appearing in "Operating and Financial Review". Where stated, financial information in this section has been extracted from "Historical Financial Information".

INTRODUCTION

The Group is the largest fully integrated private sector diagnostics services provider, including pathology and molecular diagnostics, genetics testing and basic radiology, in Egypt, and in 2013 had a private chain market share by revenue of 55 per cent. according to Frost & Sullivan. The Group also has operations in Jordan and Sudan and plans to expand into additional countries in the MENA region in the near term. As at 31 December 2014, the Group operated 288 labs, and it performed 22.3 million tests for 5.6 million patients in 2014.

Egypt is the Group's principal market, where it operates mainly through its Al Borg (Core) and Al Mokhtabar (Core) businesses, each of which is a well-known and market-leading brand with a loyal following, and together represented 88.5 per cent. of IDH's revenue in 2014. The Group's other businesses, which together represented 11.5 per cent. of IDH's revenue in 2014, include Biolab, which operates in Jordan, Ultralab and Al Mokhtabar Sudan, both of which operate in Sudan, and the Molecular Diagnostic Center and Medical Genetics Center, both of which operate in Egypt.

Through its Al Borg, Al Mokhtabar, Biolab and Ultralab brands, the Group offers a catalogue of more than 1,000 diagnostic services ranging from basic tests, such as glucose testing for diabetes, to molecular tests for hepatitis and highly specialised DNA tests. Part of the Group's strategy is to diversify its services. As part of this strategy the Group is considering opening an IVF centre and plans to expand its currently limited radiology service offerings. The Group is also focusing on offering patients a one-stop shop by further developing the Diagnostic Medical Center, which offers laboratory services, limited radiology and specialised physician services from a single location.

The Group attracts patients either upon referral of doctors or clinics or without a referral for routine check-ups. A substantial portion of the Group's revenue comes from institutional contract clients such as private insurance companies, unions and corporations, and a small portion comes from the Group's lab-to-lab business, which provides services to hospitals and to other public and private laboratories that do not have sufficient in-house testing capabilities.

The Group can trace its history back to 1979 and has developed a track record for quality and safety, earning internationally recognised accreditations. In addition to having accreditations from the ISO, the Group operates the only private laboratory in Egypt to have been accredited by the College of American Pathologists (currently awaiting renewal), one of the most prestigious accreditations in the industry globally.

In 2009 and 2010, the Group acquired MDC and MGC in Egypt, respectively. MGC was co-founded by an American Board Certified geneticist operating in Egypt and is a large private genetics testing laboratory. MDC specialises in the diagnosis of liver diseases and provides services to other Group-owned companies. The Group is considering expansion into the GCC and North Africa, as well as opportunistically in sub-Saharan Africa.

Al Borg and Al Mokhtabar were brought under common control in 2012. The Group is in the final stages of fully integrating Al Mokhtabar into the Group's structure and systems. The Group intends to have the operations of the two companies fully integrated by the end of the first half of 2015, with the exception of the sales departments. Since the two companies have distinct corporate identities, the Group has decided to keep their branding distinct for marketing purposes. For more details on this strategy, see "*—Business Operations—Marketing*."

Actis (IDH) acquired a 21.0 per cent. interest in the Group effective 11 December 2014, through its purchases from Hena Holdings and IDG of 10.0 per cent. and 11.0 per cent, respectively, of the share capital of IDH Caymans. Actis (IDH) paid in the aggregate $113.25 million for its 21 per cent. interest in the Group. The acquisition was made pursuant to a heads of terms agreed in March 2014. The purchase price reflected a private transaction with a different risk profile from purchasing shares in an IPO and with there being no certainty of the success of an IPO exit.

Pursuant to the Share-for-Share Exchange Agreement described in "*Additional Information—Material Contracts—Share-for-Share Exchange Agreement*", each of Hena Holdings, IDG and Actis (IDH) exchanged their shareholdings in IDH Caymans for a proportionate shareholding in the Company.

Pursuant to the 2014 Jersey Shareholders' Agreement described in "*Additional Information—Material Contracts—2014 Jersey Shareholders' Agreement*", Actis (IDH) will not sell any Shares in the Global Offer. The lock-up arrangements that apply to Actis (IDH) are described in "*Details of the Offer—Lock-up Arrangements*".

The following table sets out certain key financial information of the Group:

	Year ended 31 December			
Key Financial Information	**2014**	**2013**	**2012**	**2011**
Revenue (*EGP millions*)	**860.2**	**671.6**	**—**	**—**
Al Borg	—	353.5	326.9	230.8
Al Mokhtabar	—	325.7	262.5	197.9
Adjusted EBITDA[(1)] (*EGP millions*)	**369.0**	**278.2**	**—**	**—**
Al Borg	—	130.2	114.0	79.0
Al Mokhtabar	—	148.0	119.1	75.7
Adjusted EBITDA margin[(2)] (%)	**42.9**	**41.4**	**—**	**—**
Al Borg	—	36.9	34.9	34.2
Al Mokhtabar	—	45.4	45.4	38.3

(1) Defined as profit from operations plus amortisation of intangible assets and property and equipment depreciation, and adjusted for the exceptional costs related to the Global Offer, as well as to the acquisition by the Group of Al Mokhtabar in 2012.

(2) Defined as Adjusted EBITDA divided by revenue.

Between 2011 and 2013, Al Borg's and Al Mokhtabar's revenue grew at a CAGR of 23.8 per cent. and 28.3 per cent., respectively, and their Adjusted EBITDA grew at a CAGR of 28.3 per cent. and 39.8 per cent., respectively.

The Group's revenue and Adjusted EBITDA grew by 28.1 per cent. and 32.6 per cent., respectively, from 2013 to 2014. See "*Presentation of Financial and Other Information—Adjusted EBITDA*" for a reconciliation of the Group's net profit to Adjusted EBITDA.

The Group has a strong urban presence in Cairo but also derives its Egyptian revenue from a wide geographic footprint across Egypt. The following table shows the geographic spread of the Group's Egyptian revenue for 2014.

	Al Borg	Al Mokhtabar
Cairo	60%	64%
Upper Egypt	8%	8%
Gharbya	9%	12%
Alexandria	10%	5%
Dakahlya	6%	7%
Sharkya	5%	3%
Canal	2%	1%

Group Key Performance Indicators ("KPIs")

The following table sets out certain key performance indicators that the Group uses to manage its business. Operational data and revenue for 2012 and 2011 is presented on an unconsolidated basis for Al Borg (Core) and Al Mokhtabar (Core). Operational data and revenue for 2013 is presented on both an

unconsolidated basis for Al Borg (Core) and Al Mokhtabar (Core) and a consolidated basis for the Group. Operational data and revenue for 2014 is presented on a consolidated basis for the Group only.

	Year ended 31 December			
Key Performance Indicator	**2014**	**2013**	**2012**	**2011**
Number of tests (*millions*)				
IDH consolidated	22.3	19.4	—	—
Al Borg (Core)	—	8.1	7.9	6.5
Al Mokhtabar (Core)	—	9.9	9.4	7.3
Number of patients (*millions*)				
IDH consolidated	5.6	5.0	—	—
Al Borg (Core)	—	2.1	2.1	1.7
Al Mokhtabar (Core)	—	2.5	2.3	1.9
Number of labs				
IDH consolidated	288	262	—	—
Al Borg (Core)	—	106	99	96
Al Mokhtabar (Core)	—	126	115	114
Tests per patient				
IDH consolidated	4.0	3.9	—	—
Al Borg (Core)	—	3.9	3.9	3.8
Al Mokhtabar (Core)	—	3.9	4.0	3.8
Tests per lab (*'000*)				
IDH consolidated	77.3	74.1	—	—
Al Borg (Core)	—	76.7	80.3	67.5
Al Mokhtabar (Core)	—	78.9	81.5	64.3
Revenue per patient[1] (*EGP*)				
IDH consolidated	154.03	135.03	—	—
Al Borg (Core)	—	137.24	126.65	115.79
Al Mokhtabar (Core)	—	127.93	111.64	102.41
Revenue per test[2] (*EGP*)				
IDH consolidated	38.66	34.62	—	—
Al Borg (Core)	—	35.40	32.84	30.72
Al Mokhtabar (Core)	—	32.46	27.83	26.97
Revenue per lab[3] (*EGP millions*)				
IDH consolidated	3.0	2.6	—	—
Al Borg (Core)	—	2.7	2.6	2.1
Al Mokhtabar (Core)	—	2.6	2.3	1.7

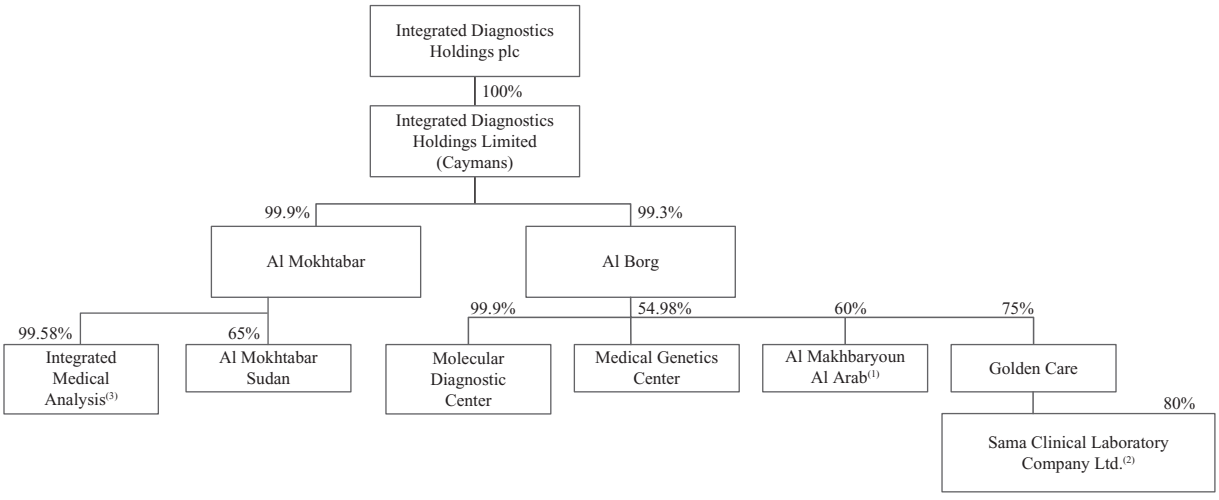
(1) Defined as revenue in the period divided by the number of patients served in the period.

(2) Defined as revenue in the period divided by the number of tests performed in the period.

(3) Defined as revenue in the period divided by the number of labs at the end of the period.

GROUP STRUCTURE

The following chart illustrates the current organisational structure of the Group:



(1) Al Makhbaryoun Al Arab operates under the Biolab brand name.

(2) Sama Clinical Laboratory Company Ltd. operates under the Ultralab brand name.

(3) Integrated Medical Analysis owns and operates the Group's new Mega Lab facility. On 21 December 2014, Al Mokhtabar acquired a 33.33 per cent. stake in IMA from Dr. El Sherbini and gained effective control of IMA. On 8 January 2015, Al Mokhtabar increased its stake to 99.58 per cent. by subscribing in full to a capital increase of IMA in the amount of approximately EGP 40 million. For more information on this transaction, see "*Additional Information—Related Party Transactions*".

HISTORY

Al Mokhtabar has been operating since 1979 and Al Borg since 1990. In 2008 IDH Caymans was created when Abraaj acquired more than 75 per cent. of Al Borg. Over the next several years the Group made a number of acquisitions and expanded its service offerings and geographical footprint. In 2012, the Group acquired Al Borg's main competitor, Al Mokhtabar, creating Egypt's largest diagnostic laboratory business. The following table sets forth key events in the Group's history.

Year	Event
1979	**Establishment of MK Lab** • Dr. Moamena Kamel, Professor of Immunology at the faculty of medicine, Cairo University, founded her first lab, which later merged with Al Mokhtabar in 2004
1990	**Al Borg was founded** • Founded by a group of four doctors, Al Borg was the first medical laboratory in Egypt to have an efficient hub, spoke and spike model
2008	**IDH Caymans established by Abraaj** • Abraaj acquired 76.8 per cent. of Al Borg and established IDH Caymans • Al Borg (Core) Labs: 61 • Al Mokhtabar (Core) Labs: 66
2009	**Expansion of IDH Caymans** • Acquisition of 99.9 per cent. stake in Molecular Diagnostic Center • Al Borg (Core) Labs: 70 • Al Mokhtabar (Core) Labs: 84

Year	Event
2010	**Expansion of product offering** • Acquisition of 54.98 per cent. stake in Medical Genetics Center • Increase of stake in Al Borg to 80 per cent. after its delisting • Al Borg (Core) Labs: 90 • Al Mokhtabar (Core) Labs: 105
2011	**Building infrastructure and scale** • Penetration into Sudan and Jordan with acquisition of Ultralab and Biolab respectively • Al Borg (Core) Labs: 96 • Al Mokhtabar (Core) Labs: 114
2012	**Creating a leading platform** • Acquisition of 99.9 per cent. of Al Mokhtabar, the largest competitor of Al Borg in Egypt • Increased stake in Al Borg to 99.3 per cent. • Al Borg (Core) Labs: 99 • Al Mokhtabar (Core) Labs: 115
2013 - 2014	**Integration and further expansion** • Establishment of the largest internationally accredited lab in Egypt • Diversification into adjacent medical services • Group Labs (2013): 262 • Group Labs (2014): 288

Competitive Strengths

Exposure to a resilient market with structural growth drivers in an under-served private laboratory services market

The Group's target markets have largely demonstrated stable growth based on strong market fundamentals since 2010, despite recent political and economic turmoil in the region. GDP growth in Egypt is expected to stabilise and improve over the long-term, according to the International Monetary Fund. Expected GDP growth in the Group's target markets (with the exception of Sudan) is, on average, expected to be higher than in other regional and more developed markets. According to the International Monetary Fund, the CAGR of GDP per capita between 2013 and 2018 in Egypt and Jordan is expected to be 9.0 per cent. and 5.1 per cent., respectively, compared to an expected average rate of 3.4 per cent. for OECD countries.

The Egyptian government is endeavouring to attract foreign investment into the country. At the Egypt Economic Development Conference in March 2015, certain GCC member states pledged substantial grants, private investment and other budgetary support to Egypt totalling $12 billion, and a number of international companies indicated a commitment to invest tens of billions of dollars. In addition, the Egyptian government has amended certain investment laws and is discussing additional policies to attract investment. The policies being discussed include lowering the highest income tax brackets for both individuals and companies from 30 per cent. to 22.5 per cent., as well as easing restrictions on property ownership, reforming dispute resolution procedures and reducing bureaucracy.

The Group anticipates the region's relatively high GDP per capita growth rate will be reflected in greater healthcare spending in its target markets. Relative to other developed markets both globally and regionally, Egypt, Sudan and Jordan are underpenetrated markets with $152, $115 and $388 of healthcare expenditure per capita in 2012, respectively, compared to average expenditure per capita of $3,880 in OECD countries, according to the World Health Organization. Further, Frost & Sullivan data shows the average annual number of lab tests per person and spending on clinical laboratory tests is significantly lower in Egypt than in the United States. Such a relatively low level of utilisation of healthcare services combined with an expected growth in the elderly segment of the population and an increase in certain types of chronic diseases that require recurrent testing due to lifestyle changes are expected to result in

significant increases of healthcare expenditure per capita in each of the Group's target markets, according to Frost & Sullivan. The Group expects that additional pressures on public health systems in its target markets will result in an increased proportion of per capita healthcare expenditure in the private sector, including for the diagnostic and other medical services offered by the Group.

Significant scale with a market leading position and strong brand recognition

The Group, which can trace its history back to 1979, has grown into a large and recognisable diagnostic laboratory business in the MENA region. In 2014, it performed 22.3 million tests for 5.6 million patients in 288 labs, and in 2013 it served approximately 55 per cent. of the private chain laboratory services market in Egypt, according to Frost & Sullivan.

Al Mokhtabar is positioned as a "care provider" and "emotional" brand while Al Borg is known for being a "professional" brand with a reputation for state-of-the-art facilities. Reinforcing its strong brand recognition, the Group has a strong reputation for its quality standards and has been officially recognised by many of the world's leading accrediting agencies for providing high quality services. The Group has achieved a number of quality accreditations, including ISO 9001 and 15189 for Al Borg and CAP, one of the most prestigious accreditations in the industry globally, for Al Mokhtabar, for which it is currently awaiting renewal. The Group's brands are the only companies among their competitors to be awarded this level of international accreditation, which the Group believes is primarily due to a stringent internal audit process and significant investment in and training of a highly-educated, quality workforce. The Group operates modern, high-capacity testing machines meeting internationally recognised quality standards that enable it to process a high volume of tests efficiently with maximum accuracy.

The combination of its strong brand recognition and reputation for quality services has positioned the Group to capitalise on the increased demand and expenditure on healthcare services in Egypt and its target markets, and has placed it at a competitive advantage to its primary competitors.

Established business model benefiting from operational excellence, high barriers to entry and a favourable industry environment

The Group's scalable business model operates using a hub, spoke and spike model, where spike labs serve as collection points for samples to be sent to spoke and hub labs for testing. This business model provides the Group an efficient low-capital intensive platform for expansion over a wide geographic area as only limited initial investments in equipment, real estate and personnel are required to support the spike labs. This allows for significant organic network expansion. Additionally, this model enhances the consistency of the Group's safety and testing procedures and performance as more tests are conducted through established centralised laboratories, and the modern high-capacity equipment in the central labs support the scalable business model. For additional information on the hub, spoke and spike model, see "*—Business Operations—Operational Model*" below.

The Group's scale has enabled it to have strong bargaining power with suppliers, as well as to invest in a broader range of service offerings, including complex testing not offered at many other laboratories. The Group plans to leverage this strong operational backbone by enhancing its test packages, which are designed to increase the number of tests, and therefore revenue, per patient. The Group also has a longstanding relationship with the MoH and other regulatory bodies in the markets in which it operates. It is therefore difficult for competitors and new entrants to the market to establish the brand and reputation, accreditation of facilities, economies of scale, wide geographic coverage and relationships with key stakeholders that the Group enjoys. These factors position the Group to take advantage of the expected increase in private healthcare expenditure in its target markets and allow for synergistic inorganic growth.

Further, the Group operates in a supportive and flexible industry environment with a clear regulatory framework, and in its main market of Egypt experiences low government intervention with regard to pricing. This allows the Group to generally set prices freely and maximise its margins.

Longstanding presence with in-depth knowledge of the Egyptian market allowing for best-in-class service to patients

The Group can trace its history back to 1979 and has built a wealth of in-depth institutional knowledge, and this knowledge has been supplemented by the Group's investment into technology. The Group boasts a database that it has been developing over several years containing approximately 70 million test records as at 31 December 2014, which allows the Group to analyse demand for tests, design targeted health

packages to increase customer satisfaction and the number of tests per patient and cross-sell additional tests and other services to the Group's customers. The Group has also advised pharmaceutical companies about trends in the industry using anonymised patient data. The Group has also been able to harness its knowledge base to enhance its value added services that improve the customer experience and cement customer loyalty. For instance, the Group's mobile phone apps allow patients to schedule house calls, access test results and receive promotions and reminders.

Proven track record of profitable growth and strong cash generation

The Group has enjoyed a strong track record of profitable growth, even through adverse economic conditions during the sub-prime crisis and the Revolution, as reflected in its KPIs. Between 2011 and 2013, the number of patients served annually by Al Borg (Core) and Al Mokhtabar (Core) on a combined basis grew by a CAGR of 12.5 per cent., and the number of tests performed annually by Al Borg (Core) and Al Mokhtabar (Core) on a combined basis grew by a CAGR of 14.3 per cent. Between 2013 and 2014, the number of patients served and tests performed annually by the Group on a consolidated basis grew by 12.3 per cent. and 14.7 per cent., respectively. These increases translated into Al Borg (Core) and Al Mokhtabar (Core) revenue growing by a CAGR of 20.2 per cent. and 27.7 per cent., respectively, between 2011 and 2013, and IDH consolidated revenue growing by 28.1 per cent. between 2013 and 2014. This compares to Egyptian GDP growing by a CAGR of 6.9 per cent. between 2011 and 2014, according to the International Monetary Fund. Additionally, Al Borg (Core)'s and Al Mokhtabar (Core)'s revenue per patient increased by 18.5 per cent. and 24.9 per cent., respectively, between 2011 and 2013, and the Group's revenue per patient, on a consolidated basis, increased by 14.1 per cent. between 2013 and 2014. The Group achieved this growth in revenue per patient by diversifying its services and enhancing its bundling of test packages. Al Borg (Core)'s and Al Mokhtabar (Core)'s revenue per test increased by 15.2 per cent. and 20.4 per cent., respectively, between 2011 and 2013, and the Group's revenue per test, on a consolidated basis, increased by 11.7 per cent. between 2013 and 2014. The Group achieved this growth in revenue per test because it has consistently been able to increase prices for walk-in clients and offer more sophisticated tests with higher margins. The Group was able to continue investing in its expansion during this period. Between 2011 and 2013, Al Borg (Core) and Al Mokhtabar (Core) grew their number of labs on a combined basis by 10.5 per cent., and the Group, on a consolidated basis, grew its number of labs by 9.9 per cent. between 2013 and 2014.

The Group achieved a high Adjusted EBITDA margin of 42.9 per cent. in 2014 as a result of increased profit from operations of EGP 245.1 million in 2014. Between 2013 and 2014, the Group's gross profit from operations grew by 65.8 per cent.

Strong unlevered balance sheet and low capital intensity business model underpin strategic flexibility

The Group operates a low capital intensive business model relative to its peers. It leases a majority of its labs and thus requires a very low level of investment to expand and open new facilities. The average investment required to open a C Lab is EGP 250,000, and a typical C Lab requires only one to two months to set-up, four to six months to break even and one year to reach full capacity. Additionally, a high proportion of its equipment is sponsored by its suppliers and not paid for directly by the Group. The Group operates a central procurement system for the purchase of equipment and supplies and is generally able to achieve favourable pricing arrangements due to its strong bargaining position as the largest private sector laboratory business in Egypt.

This business model allows for quick growth and geographical expansion through limited Capital Expenditure (defined as additions to property and equipment as defined by IFRS and detailed in the notes to the Group's consolidated financial statements). In 2014, the Group's Capital Expenditure as a percentage of revenue was 3.8 per cent. (not inclusive of investments related to the Mega Lab), and the Group's cash and cash equivalents exceeded its borrowings, which the Group believes gives it significant strategic flexibility going forward.

Experienced, entrepreneurial and longstanding management team

The Group has a highly experienced management team with an average of 15 years of experience in the healthcare sector. The Group's CEO was instrumental in driving the growth of Al Mokhtabar's business as managing director since 2004 and has continued to maintain sustained levels of growth and profitability at the Group since 2012. The promoters, Dr. Moamena Kamel and Dr. Hend El Sherbini, are industry veterans widely respected throughout the healthcare industry. Dr. Kamel is a professor at Cairo University,

Secretary General of the Red Crescent Blood Bank, and a member of a MENA-focussed group within the World Health Organization. Dr. El Sherbini is also a professor at Cairo University and has been key to the Group's expansion of service offerings. The Group believes its management team provides it with the skills and expertise necessary for managing its extensive network and facilitating the implementation of best practices across its network in each of its markets. The Group believes it has the support of the Principal Shareholders, who have strong sector experience in healthcare and objectives that are aligned with management's objectives.

The Group's Strategy

Continue to expand customer reach

The Group plans to continue to expand customer reach by continuing to grow the number of labs it operates and offering its customers convenient services that are complementary to their lifestyle. The Group has consistently grown the number of labs it operates. Between 2011 and 2013, Al Borg (Core) and Al Mokhtabar (Core) grew their number of labs on a combined basis by a CAGR of 5.1 per cent., and the Group, on a consolidated basis, grew its number of labs by 9.9 per cent. between 2013 and 2014. The Group intends to use its scalable, low capital intensive business model to quickly and efficiently open new labs and expand geographically. A wider geographic reach will increase accessibility for customers, thereby expanding the Group's customer base. Further, the Group's add-on services, such as house calls, e-services and results delivery, make the Group's services easier to use, and therefore more attractive, for prospective and existing patients.

The Group is actively involved in creating awareness of particular diseases and the importance of being tested. For instance, the Group has been involved with advertising campaigns related to swine flu awareness and World Diabetes Day. The Group also engages in campaigns to increase awareness of the need for people with lifestyle diseases such as high cholesterol to undergo frequent testing.

Increase tests per patient by expanding testing services offered

The Group intends to position itself to fully take advantage of the expected increased demand for private healthcare services in Egypt by leveraging its extensive branch network to expand and diversify the portfolio of test services offered and increase the number of tests per patient. The Group intends to expand its laboratory service offerings and broaden the range of specialised and advanced testing services offered. This will include placing an increased focus on services such as laboratory testing for clinical research processes with global pharmaceutical companies, blood bank management services and expanding the Group's ability to perform complex tests not offered in most laboratories. The Group is also focusing on the bundling of testing services into health packages to boost the number of tests, and therefore revenue, per patient. These packages are offered at discounted rates to routine customers as a way to support testing volume.

Lever growing capacity and capability to provide services to third party labs and hospitals

The Group plans to grow its business by expanding lab-to-lab services that are expected to drive further economies of scale. The Group's new state-of-the-art Mega Lab is expected to significantly increase the throughput of the Group's A Lab operations. By increasing the number of tests the Group is able to process, the Group increases its bargaining power with test kit suppliers, thereby lowering costs due to economies of scale. The Mega Lab will also enable the Group to process advanced and esoteric testing that most laboratories in Egypt cannot. Because the market is considerably fragmented, the Group can offer these advanced and esoteric services to other laboratories at competitive prices while still generating substantial margins.

The Group intends to explore significant opportunities to make sizable inroads in the growing segment of diagnostic outsourcing. The Group's size and its ability to offer complex testing services create a compelling value proposition for hospitals. The Group is exploring offering a range of services from "à la carte" testing to management and consulting services to the complete outsourcing of hospitals' diagnostic departments, which would free up hospitals' administrative burdens in favour of focusing on their primary services.

Introduce new medical services by leveraging the Group's network and reputable brand position

As the medical testing market in Egypt evolves from a single doctor-oriented model to a branded chain model, the Group sees an opportunity to offer medical services in the Egyptian market that are not currently being offered by any private healthcare provider on a large scale in Egypt. The Group's current plans include expanding the Diagnostic Medical Center, which combines laboratory services, limited radiology and specialised physician services in a one-stop diagnostic centre. The Group is also considering creating a branded chain of IVF centres to meet the growing demand of in-vitro fertilisation in the Egyptian market. The Group believes its scale and experience better position it relative to its competitors to take advantage of these developing opportunities in the Egyptian market.

Enter new geographic markets through selective value-accreting acquisitions

The Group is also targeting further expansion through acquisition in the diagnostic space and adjacent segments in Egypt and other markets. Each of the main businesses has had a strong track record of expanding its business through acquisitions in Egypt, Jordan and Sudan. The bringing together of Al Borg and Al Mokhtabar in 2012 led to reductions in administrative expenses and management and IT costs. There were further reductions in the cost of supplies due to increased bargaining power and economies of scale. The Group intends to leverage its scalable business model, strong brand recognition and reputation for quality laboratory and medical services to continue this expansion where suitable opportunities arise.

The Group is considering expansion into the GCC and North Africa, as well as opportunistically in sub-Saharan Africa. Its principal aim is to focus on those geographies that share similar demographic and cultural characteristics as Egypt and where it can best apply its managerial skills, systems and experience to successfully integrate the companies acquired and deliver operational synergies. The Group believes that it will be able to leverage its capabilities within Egypt to successfully replicate its model outside Egypt as there are numerous similarities in the markets where it plans to expand.

Business Operations

Operational Model

Al Borg and Al Mokhtabar were the first diagnostic laboratory companies in Egypt and Sudan to introduce a hub, spoke and spike model, where spike labs serve as collection points for samples to be sent to spoke and hub labs for testing. The model comprises A Labs (hubs), B Labs (spokes) and C Labs (spikes or "**Collection Points**"), each of which contributes differently to the Group's operational model and diagnostic process.

The hub, spoke and spike business model provides a platform for efficient expansion, as it enables the Group to serve a large geographic area through limited initial investments in equipment, real estate and personnel costs to support the spike labs. The business model helps to ensure consistent safety and testing quality across the laboratories, as all of the samples are processed in the hub and spoke labs.

- *A Labs (Hubs).* These large laboratories receive samples from the Group's Collection Points. In Egypt, the Group currently operates two A Labs, each located in Cairo. As they are not customer-facing, the labs are not branded as either Al Borg or Al Mokhtabar, and they receive and test samples from the Collection Points of both brands. In Sudan, Ultralab and Al Mokhtabar Sudan each operate one A Lab.

  The Egyptian A Labs are each capable of performing all tests offered by the Group, and the Sudanese A Labs are capable of performing most of them. Between five and ten per cent. of the samples received by the Sudanese A Labs are sent to Al Mokhtabar and Al Borg in Egypt for processing.

  There is a Collection Point adjacent to each of the Group's A Labs.

- *B Labs (Spokes).* These labs' testing capability is more limited than that of the A Labs. As at 31 December 2014 the Group had 10 B Labs spread across Egypt and six B Labs across Sudan. In both Egypt and Sudan, each B Lab has a customer-facing Collection Point, as well as a non-customer-facing laboratory that receives samples from Collection Points (C Labs) within its catchment zone.

- *C Labs (Spikes).* The Group's C Labs act mainly as sample collection points and have only limited testing capabilities. As at 31 December 2014 the Group operated 253 C Labs in Egypt and 23 C Labs in Sudan. As these labs represent the customer-facing segment of the business, the C Labs are branded as either Al Borg, Al Mokhtabar, Ultralab or Al Mokhtabar Sudan.

A Labs

The Group currently operates two A Labs in Egypt, which are both capable of performing all tests offered by the Group.

As at 31 December 2014, the Group's Egyptian A Labs employed an aggregate of 97 doctors, 218 chemists, four technicians and nine administrative staff.

The following table lists the Group's four A Labs:

Location	Ownership	Size (m^2)
Mohandessin, Giza, Cairo, Egypt	Owned	932
Mohandessin, Giza, Cairo, Egypt[(1)]	Partially owned/ Partially leased	1,250
Khartoum, Sudan	Leased	530
Khartoum, Sudan	Leased	324

(1) The Group plans to discontinue use of this facility as an A Lab once the Mega Lab is fully operational.

The equipment at the A Labs is generally leased at no upfront cost; instead the Group enters into supply agreements containing minimum purchasing requirements over a period of time for testing kits with each machine's manufacturer. The labs operate state-of-the-art testing equipment and, in Egypt, are each accredited by ISO. Further, the Al Mokhtabar A Lab is the only private laboratory in Egypt to have been accredited by CAP, and the Group is currently awaiting renewal of that accreditation. In Sudan, the Ultralab A Lab has participated in the external quality assessment program PREVECAL since 2012, and the Group plans to continue such participation.

In Egypt, the Group has opened a new state-of-the-art Mega Lab to replace its existing two A Labs. Following completion of the Group's transition to the Mega Lab, it will continue to keep one existing A Lab as a backup facility in case of business interruption at the Mega Lab. The Mega Lab has commenced limited operations and is expected to be fully operational by the end of the first half of 2015. For more information, see "*—The Mega Lab*".

B Labs

As at 31 December 2014 the Group operated 10 B Labs in Egypt, which receive samples from the nearest Collection Points. While the Egyptian B Labs are operated by either Al Borg or Al Mokhtabar, they receive samples from both Al Borg and Al Mokhtabar Collection Points. In Sudan, Ultralab operates six B Labs and Al Mokhtabar Sudan does not operate any.

The B Labs process routine chemistry, microbiology, haematology, endocrinology, immunology and hormone tests. The machines in the B Labs, similar to the equipment in the A Labs, are leased at no upfront cost, on the condition that the Group enters into supply agreements for testing kits with each machine's manufacturer.

In addition, the B Labs, which are branded as either Al Borg, Al Mokhtabar or Ultralab, each have customer-facing functions that act as Collection Points.

The following table lists the Group's 10 Egyptian B Labs:

Location	Ownership
Alexandria	Leased
Assiut 1	Leased
Assiut 2	Owned
Aswan 1	Leased
Aswan 2	Leased
Mansoura	Owned
Port Said	Leased
Tanta	Leased
Zagazig 1	Leased
Zagazig 2	Owned

The Group is in the process of rationalising its network of Egyptian B Labs by amalgamating into other proximate B Labs the diagnostic functions of certain B Labs. While these B Labs have been or will be closed, four of them have or will retain C Lab functionality in the same premises, and the employees in the

closed B Labs will be transferred to C Labs. The Group had closed an additional B Lab as of 31 March 2015 and aims to operate a total of seven B Labs in Egypt once the process is complete, which the Group expects to be during the first half of 2015.

The following table lists the Group's six Sudanese B Labs:

Location	Ownership
Khartoum	Leased
Khartoum	Leased
Omdurman, Khartoum	Leased
Gezira	Leased
Port Sudan	Leased
White Nile	Leased

C Labs

The Group's C Labs in Egypt act mainly as sample collection points. In Sudan, due to government regulations, the C Labs act as sample collection points but also process many routine tests. As at 31 December 2014, the Group operated 253 C Labs located across Egypt and 23 C Labs located in Sudan. C Labs in Egypt have the capability of performing minimal basic tests including certain urine, stool, semen and pregnancy tests, but almost all of the samples collected at Egyptian C Labs are sent to the nearest B Lab or A Lab for processing. While the Egyptian A Labs can perform all tests offered by the Group, samples will be sent to B Labs if the nearest B Lab can perform the required tests. C Labs are generally located in leased premises.

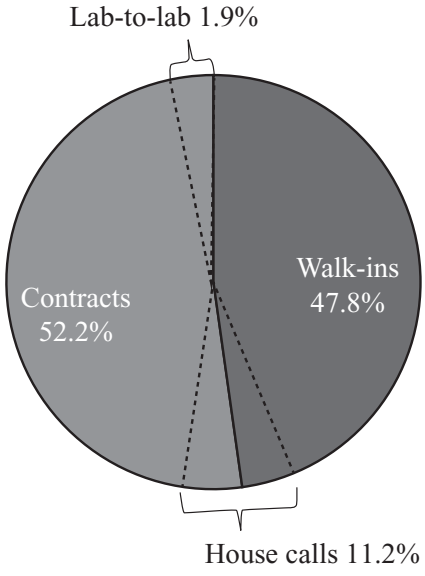
As the principal customer-facing segment of the business, the C Labs are branded as either Al Borg, Al Mokhtabar, Ultralab or Al Mokhtabar Sudan. As at 31 December 2014, there were 116 C Labs branded as Al Borg in Egypt, 137 branded as Al Mokhtabar in Egypt, 16 branded as Ultralab in Sudan and seven branded as Al Mokhtabar Sudan.

The following table shows the geographical spread of Al Borg's and Al Mokhtabar's Egyptian C Labs as at 31 December 2014.

	Al Borg	Al Mokhtabar
Cairo	46%	50%
Upper Egypt	11%	13%
Gharbya	12%	12%
Alexandria	11%	9%
Dakahlya	9%	9%
Sharkya	8%	4%
Canal	3%	3%

Sales

The Group derives its sales from two principal types of clients: contract and walk-in. Within each of those categories the Group also offers a house call service, and within its contract segment the Group offers a lab-to-lab service. The following chart shows the breakdown of the Group's revenue by client type in 2014.



Contract clients

Contract clients, which in 2014 represented 52.2 per cent. of the Group's revenue, include institutions such as unions, private insurance companies and corporations who contract with Al Borg (Core), Al Mokhtabar (Core), Biolab, Ultralab or Al Mokhtabar Sudan for set services at set prices. All contracts have a one-year term with fixed prices, which can be altered only through both parties' consent. The contracts are non-exclusive and can be terminated by either party at any time. Prices for contracts with private contract clients are generally guided by the official list of prices issued by the MoH, which was last updated in 2010. While the prices on this list are not mandatory, they do often form the basis of negotiations for the Group's and other market participants' private contract clients. The Group's realised prices vary from the prices on the MoH list based on factors such as the volume of tests expected under the contract, the complexity of tests covered by the contract and the expected turnover. Contracts with public contract clients generally have little room for negotiation, and occasionally public contracts are acquired through a bidding process.

As at 31 December 2014, the Group had a total of 3,266 contract clients, and in 2014 it treated approximately 3.6 million patients under those contracts. The following table shows revenue derived from and the number of patients served under the Group's contracts.

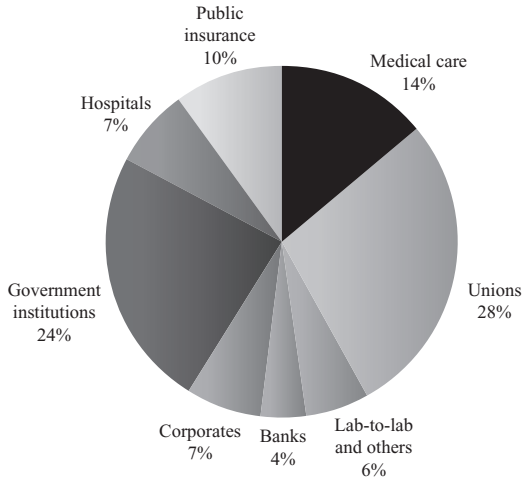
	Year ended 31 December	
	2014	**2013**
Contract client revenue (*EGP millions*)	449.2	340.5
Contract client patients (*'000*)	3,600	2,967
Contract client tests (*'000*)	15,722	13,123

Lab-to-lab

The Group provides a lab-to-lab business for hospitals and other laboratories that are not able to process certain tests in-house. The Group enters into agreements with its lab-to-lab clients to perform tests on-demand at certain prices. The lab-to-lab clients then pay on a pay-as-you-go basis. The Group categorises lab-to-lab revenue within its contract client segment, and the lab-to-lab business contributed 1.9 per cent. of the Group's revenue in 2014. The Directors have identified the lab-to-lab business as a growth area for the Group. In 2014, the Group performed 397,144 tests for 196,071 patients under its lab-to-lab contracts.

The following chart shows the breakdown of Al Borg (Core)'s and Al Mokhtabar (Core)'s combined contract client revenue in 2014 by type of institution.

Contract Client Revenue



In 2014, no contract client individually contributed more than five per cent. of the Group's contract client revenue, and the Group renewed approximately 99 per cent. of its contracts from 2013.

Walk-in clients

Walk-in clients are generally referred to the Group's laboratories by doctors or clinics based on the Group's reputation for quality and strong relationships with local doctors and medical facilities, but a portion of walk-in clients come also for routine check-ups without a referral. Part of the Group's marketing strategy, described under the heading "*—Marketing*", is to increase marketing that targets this latter group of walk-in patients, as check-up packages generally increase the number of tests, and therefore revenue, per patient.

In 2014, walk-in clients represented 35.5 per cent. of the Group's patients and 47.8 per cent. of the Group's revenue.

Each quarter, the Group's management and sales department analyse pricing and sales data to determine whether or not, and by how much, to increase prices for walk-in clients. In 2014, the Group implemented price increases on average of around five per cent. per quarter for walk-in clients. For the third quarter of 2014, the sales analysis conducted by management and the sales department was supplemented by a third-party market study.

In 2014, the Group served approximately 2.0 million walk-in patients. The following table shows the Group's walk-in patient revenue and the number of walk-in patients served.

	Year ended 31 December	
	2014	**2013**
Walk-in revenue (*EGP millions*)	411.0	331.1
Walk-in patients (*'000*)	1,985	2,006
Walk-in tests (*'000*)	6,530	6,278

House calls

In order to expand its client base by reaching patients who prefer to have their samples taken at home or who may not be able to visit the Group's laboratories, the Group offers house calls in which lab technicians visit patients at their homes to collect samples. In Egypt, the Group charges a nominal service charge of EGP 20 for this service, and in Jordan, the service is free. The Group's Sudanese subsidiaries also offer house calls for a nominal fee. This is, in part, intended to incentivise patients to use this service in order to capture their business while at the same time freeing up capacity at the Group's Collection Points to service other clients. Offering house calls also gives the Group access to patients who would not otherwise be able to travel to a laboratory (for instance, elderly, extremely ill or neonates).

In 2014, the Group served a total of approximately 417,792 house call patients, representing 11.2 per cent. and 7.5 per cent. of the Group's revenue and patients, respectively. House call data is also reflected in contract client and walk-in patient data, depending on what category each house call patient falls under. The following table shows the Group's house call patient revenue and the number of house call patients served.

	Year ended 31 December	
	2014	2013
House call revenue (*EGP millions*)	96.7	72.7
House call patients (*'000*)	418	359
House call tests (*'000*)	2,438	2,174

Doctor Consultancy Programme

To strengthen relationships with doctors in the Group's local medical communities, the Group has implemented a consultancy programme in Egypt and Sudan with select private doctors who review their patients' test results produced by the Group's laboratories and provide written feedback to the Group and meet with Group staff regarding the service standards of the relevant laboratory, patients' experience and quality of the test results. The doctors are compensated at their normal rates for their service. The Company believes that engaging select private doctors in this manner helps the Company to improve the services it provides and strengthen its relationships with these doctors. For more information, see "*Directors, Senior Management and Corporate Governance—Corporate Governance—Anti-bribery and anti-corruption policy*".

Marketing

Al Borg and Al Mokhtabar share an integrated marketing department, but the brands are marketed separately as two distinct brands with different corporate identities, as can be seen from the following graphics:

Al Borg

Al Mokhtabar

The Group has chosen to keep the Al Borg and Al Mokhtabar brands separate for a number of strategic reasons:

- *Brand loyalty.* Al Borg and Al Mokhtabar each have patients who are loyal to only that brand. By keeping the brands separate, the Group aims to avoid losing patients who are unfamiliar with the relatively new IDH group brand.
- *Market share.* Doctors, patients and insurance companies choose among a variety of laboratories for their testing needs. By maintaining two distinct brands in the market, the Group increases the likelihood that one of its labs will be chosen.
- *Brand hedging.* If a particular patient does not respond to the messaging of one brand's marketing, that response will not be carried over to the other brand, and the Group may still retain that client.

A key strategy of the Group is to increase the number of walk-in clients, and emphasis is therefore placed on marketing the Group's brands to the general public. In addition to general advertising, including TV, radio, print, social media and sponsorship, the marketing department targets the general public through educational campaigns aimed at increasing awareness of the importance of medical testing.

For instance, Al Borg launched a diabetes awareness campaign as part of the World Diabetes Day event in 2010. The campaign focused on increasing public awareness in the role that early diagnosis can play in treating the disease, as well as steps that the public can take to reduce their risk of developing diabetes, including being screened for the disease. The campaign was held in cooperation with the MoH and Sanofi Aventis, a multinational pharmaceutical company. It included TV, radio and newspaper advertisements, and featured special discounts for Al Borg's diabetes testing and treatment packages.

Al Mokhtabar launched a swine flu awareness campaign in 2010, explaining the disease, methods of infection, treatment alternatives and preventative measures. The campaign targeted social media, as well as advertisements at its labs for the swine flu vaccine.

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 packages and promotions include, but are not limited to, a diabetes treatment programme, pregnancy check-up programme and weight management programme.

The Group's marketing and advertising expenses amounted to EGP 49.4 million in 2014.

Service Offerings

One of the Group's strategies is to offer a diversified selection of services. The Group's diagnostic laboratories currently offer services in haematology, clinical chemistry, immunology, parasitology, molecular biology, endocrinology, virology and others. The following table shows each service offering as a percentage of Al Borg (Core)'s and Al Mokhtabar (Core)'s combined number of tests performed in 2014.

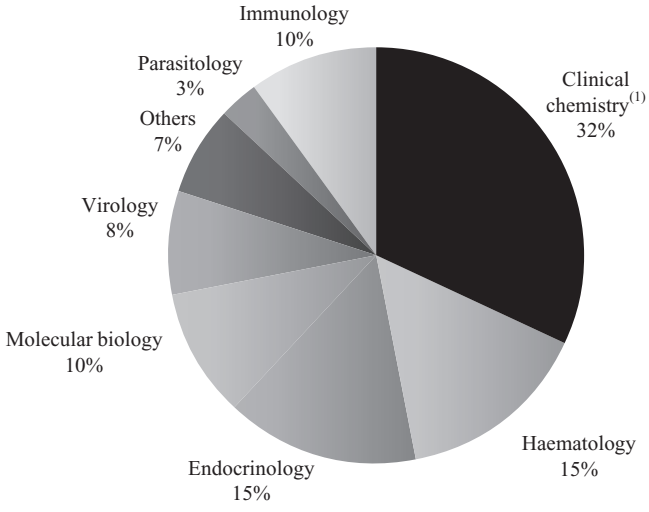
Service offering	Per cent. of total tests performed in 2014
Clinical chemistry[(1)]	53%
Haematology	15%
Endocrinology	9%
Immunology	5%
Molecular biology	5%
Parasitology	4%
Virology	4%
Others	5%

(1) Clinical chemistry includes all tests related to body functions, such as liver and kidney functions. It also includes tests related to certain chronic diseases and therapeutic and abusive drug tests.

Part of the Group's strategy is to offer patients a one-stop shop by further developing the Diagnostic Medical Center, which offers laboratory services, limited radiology and specialised physician services from a single location.

Further, the Group plans to diversify its services by expanding its currently limited radiology service offerings. The Group is also considering opening an IVF centre.

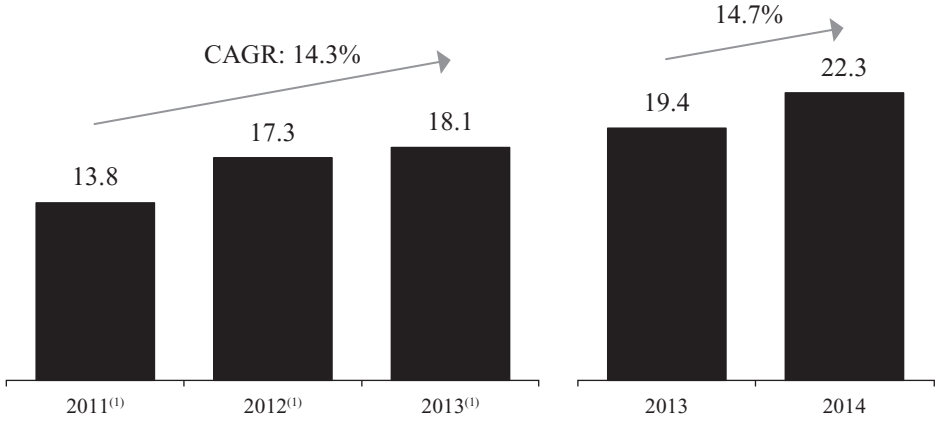
The following chart shows the Al Borg (Core) and Al Mokhtabar (Core) consolidated revenue breakdown by department in 2014:



(1) Clinical chemistry includes all tests related to body functions, such as liver and kidney functions. It also includes tests related to certain chronic diseases and therapeutic and abusive drug tests.

IDH

Number of tests (millions)



(1) Al Borg (Core) and Al Mokhtabar (Core) combined data. Excludes Non-Core Subsidiaries.

Other Brands, Subsidiaries and Services

Biolab

Biolab was established in 2001 and, as at 31 December 2014, operated 11 laboratories offering a full range of laboratory services in Amman, Jordan. The 11 labs comprise two central labs and nine smaller labs that act as both collection points and processing labs.

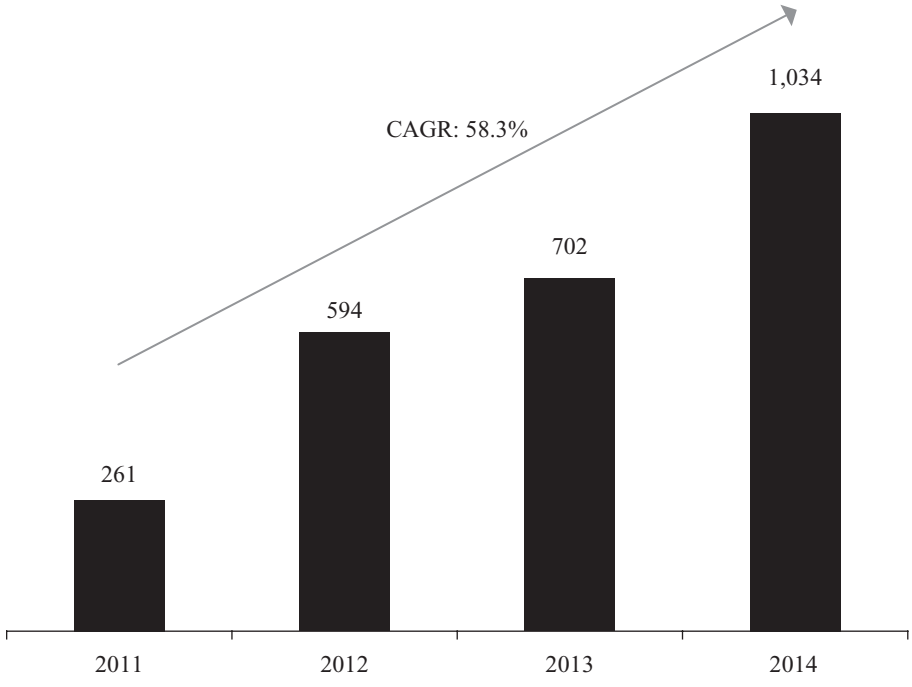
In 2011, Al Borg acquired a majority stake in Biolab in order to expand into the Jordanian market. Test prices in Jordan are set by the government, and there have been no increases since 2008. Consequently, Biolab's strategy is to expand its range of check-up packages, thereby increasing the number of tests per patient.

Unlike Al Borg and Al Mokhtabar, Biolab does not operate a hub, spoke and spike business model. The central labs perform many of the company's offered tests, and the nine specialty labs each perform particular types of tests, including but not limited to, haematology, endocrinology, immunochemistry, parasitology, oncology, transfusion medicine, molecular genetics and antenatal diagnostics and gene sequencing. In total, Biolab offers more than 1,000 different tests. Biolab does not share purchasing, supply and logistics, IT, marketing or sales functions with Al Borg and Al Mokhtabar.

In 2014, Biolab performed 1,034,000 tests for 173,805 patients. Biolab contributed seven per cent. and 4.8 per cent. of the Group's revenue and EBITDA, respectively, in 2014. As part of the Group's acquisition of 60 per cent. of Biolab in 2011, the Group has the option to purchase the remaining 40 per cent. stake, and each of the minority shareholders (one of whom is Dr. Amid Abdelnour, the managing director of Biolab) has the option to require the Group to purchase their stake, each beginning five years from the date of the acquisition.

Biolab

Number of tests (thousands)



Ultralab and Al Mokhtabar Sudan

Ultralab was established in 2007 by a group of Egyptian pathologists and operated 16 clinical laboratories in Sudan as at 31 December 2014 offering clinical and diagnostic services similar to those of Al Borg and Al Mokhtabar. Al Borg acquired a majority stake in Ultralab in 2011. Al Mokhtabar Sudan was established in 2010 prior to IDH's acquisition of Al Mokhtabar and offers similar services as Ultralab. Both subsidiaries organise their operations using the same hub, spoke and spike model as Al Borg and Al Mokhtabar.

Currently, Al Mokhtabar Sudan does not share purchasing, supply and logistics, IT, marketing or sales functions with the Group's Egyptian operations. Ultralab shares supply chain, purchasing and IT functions with them.

Ultralab performed 494,509 tests and contributed 3.1 per cent. and 2.8 per cent. of the Group's revenue and EBITDA, respectively, in 2014, and Al Mokhtabar Sudan contributed 0.6 per cent. and 0.3 per cent. of the Group's revenue and EBITDA, respectively, in 2014. As part of the Group's acquisition of a majority stake of Ultralab in 2011, the Group has the option to purchase the remaining stake beginning three years from the date of the acquisition, and the minority shareholders have the option to require the Group to purchase their stakes beginning five years from the date of the acquisition.

Medical Genetics Center

The Medical Genetics Center was co-founded in 2000 by Dr. Ezzat Al Sobky, an American Board Certified geneticist operating in Egypt, and conducted more than 20,000 tests in 2014. MGC, which operates one lab in Egypt, focuses on chromosome-based karyotyping to test for inherited diseases, as well as prenatal and neonatal screenings. In addition to performing tests on its own behalf, MGC grants Al Borg a discount on all tests so that Al Borg can offer such tests independently. Al Borg acquired 54.98 per cent. of MGC in 2010.

In 2014, MGC contributed approximately EGP 0.9 million to the Group's revenue, after accounting for intra-Group eliminations.

Molecular Diagnostic Center

MDC conducts tests using molecular biology techniques and specialises in diagnosis of liver diseases. In particular, MDC's main tests include those related to the hepatitis viruses and tuberculosis. In 2009 Al Borg acquired 99.91 per cent. of the share capital of MDC. MDC currently operates one lab in Cairo and works as an out-sourced contractor for Al Borg.

In 2014, MDC did not contribute positively to the Group's revenue and contributed 1.4 per cent. of the Group's EBITDA.

Supply and Purchasing

Certain of Al Borg's and Al Mokhtabar's supply chain functions have been integrated, while others are still undergoing such integration. Key material prices and contracts have been unified, allowing the Group to take advantage of economies of scale.

Suppliers

Most equipment and machines are leased by the Group at no upfront cost, on the condition that the Group also enters into supply agreements for testing kits with each machine's manufacturer. The supply agreements are generally for a certain number of kits to be supplied during a specified period of time. The number of kits is generally based on the historical consumption patterns and projected growth of the Group. Most of the supply agreements range from three to five years in duration. The Group's main suppliers of test kits and medical supplies are Abbott, Roche and Siemens, along with other laboratory suppliers based in the United States, Europe and Egypt. The Group does not rely on a single supplier for any of its test kit or medical supply purchases in the new Mega Lab in order to avoid back orders and consequent delays to its operations.

Warehousing and storage

At the end of the first quarter of 2015 the Group operated six warehouses in Cairo, which store test kits and other imported supplies. The Group maintains on average approximately three months' worth of imported supplies at any given time.

The Group is in the final stages of integrating the warehousing functions of Al Borg and Al Mokhtabar. By the end of the first half of 2015, when the integration is due to be complete, the Group plans to operate five warehouses.

Distribution network

Transportation of samples to and from the Group's various laboratories and Collection Points is handled internally by the Group. As at 31 December 2014, the Group employed approximately 170 couriers who move thousands of samples around Egypt, Sudan and Jordan every day. In Egypt, samples are transferred from the C Labs in Cairo three to four times per day by courier, from the C Labs in Outer Cairo twice per day by courier and from the C Labs in Upper Egypt once per day by airplane.

Quality and Training

The Group has a robust and integrated quality and training department to ensure consistency among all of the laboratories across the Group. The Group prioritises quality control and operates the only private laboratory in Egypt (the Al Mokhtabar A Lab) to have received CAP accreditation (and for which renewal is pending), and most of the Group's operations are ISO accredited. For more about the Group's accreditations, see *"—Accreditations*".

Quality assurance

The quality assurance program serves as the internal audit function of the Group, ensuring that all internal processes, lab testing procedures and results analyses are accurate. There are four employees who audit the Group's A Labs and seven who audit the Group's B and C Labs. There have been no material quality failures, and the Group maintains a robust process for correcting shortcomings. The following table sets

forth Al Mokhtabar's A Lab performance rates for what the Group considers to be the key CAP-monitored categories.

- "Unsuccessful venepunctures" occur when the phlebotomist punctures a patient's vein more than once, or when complications develop with the patient after the venepuncture (for example, hematoma).
- "Wrong results" tracks when patients receive incorrect results from the laboratory.
- "PT survey error" tracks the error rate for anonymous test samples sent by CAP to the Group's labs as a survey.
- "Critical values notification" relates to the speed at which results are delivered for conditions that, if left untreated, could be life threatening or place the patient at serious risk. These critical results should be delivered to patients within 30 minutes.

Al Mokhtabar Performance Rates for CAP-Monitored Categories

		Actual Performance	
Category	Target	2009 (Pre-CAP)	2014
Unsuccessful Venepunctures	0%	0.01%	0%
Wrong Results	0%	0%	0.0001%
PT Survey Error	0%	0.1%	0.001%
Critical Values Notification	99.9%	68.86%	90%

The significant improvement between 2009 and 2014 was due to the implementation of quality standards mandated, and guidelines recommended, by CAP, as well as continuous in-house training programmes for employees.

The following table sets forth Al Borg's performance rates for monitored categories in 2013 and 2014. These categories were not tracked in Al Borg prior to 2013.

Al Borg Performance Rates for Monitored Categories

Category	2013	2014
Unsuccessful Venepunctures	0%	0%
Wrong Results	0%	0%
PT Survey Error	0%	0%
Critical Values Notification	96.3%	98%

The Group also tracks error rates in categories such as mislabelling, rejected samples, insufficient volume of samples, cell culture contamination rate, delayed results and report accuracy, all of which have improved since 2009.

Internal Audit

A Labs and B Labs

The purpose of the audit team for A Labs and B Labs is to ensure that all the standards of the CAP and ISO accreditations are met. The audit team achieves this by inspecting hardware and equipment, implementing and ensuring compliance with procedure manuals, inspecting the accuracy of results and administering competency assessments for employees. Audits of A Labs and B Labs are conducted monthly.

C Labs

The internal audit checklist for C Labs includes observing basic routine tests undergone in C Labs to ensure conformity of process; testing the competency of employees through oral, observational, practical and written tests; and conducting managerial audits to assess the labs' management and administrative efficiency. The audit team aims to increase the frequency of inspections of each C Lab to once per month. The audit teams vary the time of day and the day of the month on which inspections at each lab occur in order to ensure that all employees (of different shifts and working days) are monitored and tested.

Training

The Group focuses on education as an essential means of ensuring quality in its laboratories. To help develop the skills of its employees, the Group has a dedicated training facility in Cairo with two training laboratories. As at 31 December 2014, the training centre employed one director, three full-time specialists, four administrators and 47 part-time instructors. The centre sees 120-170 employees, including doctors, chemists, sales personnel and administrators, undergo training every month. The proper training to be provided is determined based on performance KPIs, audit reports, management reviews, competency assessment reports and customer complaints. Training is divided into four modules: New Employee Training, Competency Based, Need Based and Practical Re-training.

New Employee Training

This module is required for all new doctors and chemists to standardise services across the Group. The first three weeks comprise lectures, practical skills teaching in the training labs and on-site training. The new employees are then required to attend a one-day session for more advanced topics every three months until the end of their first year of employment.

Competency-Based Module

This module is for employees who score below a specific benchmark in competency assessment during the periodic internal audits. The training is usually short and highly specialised and is generally aimed at management, administration and technical skills.

Need-Based Module

This module is provided on a recurring basis, supporting the Group's strategy of continuous improvement. This allows the Group to keep its employees up-to-date with, for instance, newly introduced instruments, technologies, algorithms, test kits or testing methods.

Practical Re-training

These modules are required by any employee who receives a score of "good" or below on the competency assessment tests. The trainings take place in small groups and involve practical skills such as sampling and testing procedures.

Equipment

In addition to hiring and training quality staff, the Group achieves its high standard of quality by using advanced technology and equipment manufactured and provided by leading international suppliers. The following table lists some examples of the high-quality and high-throughput machines used by the Group.

Machine	Supplier	Throughput (tests/hour)
GEN Premier Blood Gas Analyzer	Roche	40
Advia Centaur XP	Siemens	240
Immulite 2000	Siemens	200
Liaison Analyzer	DiaSorin	180
Coagulation Analyzer CA-1500	Sysmex	100

Accreditation

The Group prioritises quality control and, as a result, has earned a number of international accreditations and quality certifications:

Subsidiary/Lab	Accreditations	Date Achieved	Expected Renewal
Al Mokhtabar	ISO 15189 (EGAC)	2011	2015
	CAP	2010	2014[1]
MK Lab	ISO 9001 (TUV)	1998	—[2]
Al Borg	ISO 15189 (SWEDAC)	2013	2017
	ISO 9001 (ASR)	1999	2015
Biolab	ISO 15189 (JAS)	2012	2017
	Joint Commission International	2012	2018
Ultralab	PREVECAL program[3]	2012	Annually
Al Mokhtabar Sudan	—		
Medical Genetics Center	—		
Molecular Diagnostic Center	—		

(1) Currently awaiting delayed renewal.

(2) The requirements of ISO 9001, which expired in 2011, are now covered by Al Mokhtabar's ISO 15189 accreditation.

(3) The External Quality Assessment Program PREVECAL is a quality certification programme sponsored by BioSystems S.A. The Group achieved the certification for 2012 and 2013 and expects to receive it again for 2014. The Group plans to continue participating in the programme going forward.

ISO

ISO accreditation requires an initial inspection of laboratory practices, calibration and medical analysis by an accreditation body. For Al Mokhtabar, this accreditation body was the Egyptian Accreditation Council, for Al Borg it was the Swedish Board for Accreditation and Conformity Assessment and American Systems Registrar ("**ASR**") and for Biolab it was the Jordanian Accreditation System ("**JAS**"). The inspection involves the clinical chemistry area, the virology unit, the haematology unit and the general laboratory management practice. The accreditation's standards include both management and technical requirements and there are follow-up inspections once every two years.

CAP

Al Mokhtabar's A Lab is the only private laboratory in Egypt to have been certified by CAP, which is one of the most prestigious accreditations in the industry globally. The Group is currently awaiting renewal of that accreditation, which expired in April 2014 due to political and social turmoil in Egypt delaying CAP's ability to send an inspector to Egypt. The Group intends to ask CAP to inspect its new Mega Lab facility once it is fully operational, and the Group expects that the Mega Lab will also be CAP-accredited. Unlike ISO accreditation, CAP certification is awarded to individual labs rather than the company's operation as a whole. The CAP standards track four aspects of laboratory operations:

- *Directors and personnel.* The laboratory must be staffed with a sufficient number of personnel and the lines of authority should be well defined so that the directors can properly fulfil their responsibilities.
- *Physical resources.* There must be sufficient resources, including physical space, testing instruments, reagents, information processing and communication systems, ventilation, storage and waste disposal facilities and public utilities. Further, there must be sufficient safeguards against hazardous conditions to ensure patient safety.
- *Quality management.* The laboratory must have policies and procedures in place to ensure quality testing and patient safety. These should include the validation of test systems, analytic quality control, quality management of pre- and post-analytic processes, proficiency testing, human resource management, information management, on-going quality improvement and appropriate communication procedures.
- *Administrative requirements.* The laboratory must maintain appropriate records and adhere to CAP certification requirements and certain other policies, and will be subject to on-site inspections, interim inspections and interim self-assessments.

The CAP certification is renewed every two years after thorough inspection of the laboratory in question.

The Mega Lab

The Group has opened a new, large laboratory, which the Company refers to as the Mega Lab, to replace the existing two A Labs in Egypt. The building is in the final stages of being refurbished into a state-of-the-art facility that, once fully operational, will be significantly more automated than either of the existing Egyptian A Labs. The Company expects to increase capacity to approximately 58,000 tests per hour from the current rate of 33,000 tests per hour for the Group's two existing A labs in Egypt. The Mega Lab has commenced limited operations and the Group expects it to be fully operational by the end of the first half of 2015.

As at 31 March 2015, the Group had spent EGP 63.1 million building and developing the Mega Lab. The approximately EGP 53 million that had been spent as at 31 December 2014 is categorised under Projects in Progress in the Group's 2014 and 2013 Financial Statements. Development of the Mega Lab, which is expected to involve a total investment of approximately EGP 80 million, was initiated in 2013 through Integrated Medical Analysis ("**IMA**"), which at the time was a related party with common shareholders. For more information on the expenditures related to the Mega Lab, see "*Additional Information—Related Party Transactions*".

Both of the existing Egyptian A Labs have C Labs attached to them. These C Labs will continue to serve patients after the Mega Lab is fully operational and the A Labs are closed. The A Lab currently operated by Al Borg will be retained as a backup site in the event of a business disruption at the Mega Lab.

Competition

The Group considers its main competitors in Egypt to be Alfa Laboratories, Dr. Amina Hassab, Royal Labs and First Lab. The following table sets forth the number of labs of these competitors as compared to the Group.

Company	Number of Labs (as at 31 December 2013)
IDH Group	262
Alfa Laboratories[(1)]	44
Dr. Amina Hassab[(1)]	20
Royal Labs[(1)]	22
First Lab[(1)]	27

(1) Data provided by Frost & Sullivan.

The Group considers the combination of its geographical reach, breadth of services and recognisable brand to be an important competitive advantage. Further, the Group's large volume of tests performed each year allows for strong bargaining power with test kit suppliers, and its hub, spoke and spike business model allows for growth potential and higher return on investment through operational efficiencies. For more information on the competitive landscape, see "*Industry Overview*".

Information Technology

The Group's IT system is divided into four main parts: the Laboratory Information System, Middleware, Enterprise Resource Planning and the Human Resources Information System. In addition to these systems, the Group has also developed two mobile phone applications—one for Al Borg and one for Al Mokhtabar—that are available for both Apple and Android devices. The Group's IT system is also connected with its customer satisfaction management system in order to track customer satisfaction calls. The Group boasts a database that it has been developing over several years containing approximately 70 million test records as at 31 December 2014, which allows the Group to analyse demand for tests, design targeted health packages to increase customer satisfaction and the number of tests per patient and cross-sell additional tests and other services to the Group's customers.

Laboratory Information System

LIS is the central IT system that tracks and controls patient and visit information, laboratory test data and the invoicing and payment functions. Further, LIS integrates all of the IT systems so that they can communicate with each other in order to provide seamless service across the network. LIS is a proprietary system.

Middleware

The Middleware software is used in the testing process to check and approve test results, and provide comments with the results, ensuring a certain level of quality control. Middleware also identifies and tracks test samples as they are transported between Collection Points and the central testing laboratories.

Mobile Apps and E-services

The mobile apps for Al Borg and Al Mokhtabar, along with a content management portal, offer customers the opportunity to access promotions, locate Collection Points, view test results, access the menu of tests, request house calls and receive automatic notifications. The apps are available for both Apple and Android devices. The Group also operates a website portal allowing patients to securely access their test results online. The portal has been used by more than one million patients since 2011.

Legal and Administrative Proceedings

As at 31 December 2014, there were seven malpractice suits pending against the Group, with aggregated claims of approximately EGP 5 million, excluding interest, delay fines, execution fees and court expenses.

As at 31 December 2014, there were 31 employment-related suits pending against the Group, including 10 suits in which the claimants, nine of which are Al Borg employees and one of which is an Al Mokhtabar employee, are demanding the payment of profit-sharing bonuses. The expected maximum aggregated quantifiable exposure of the employment related suits is approximately EGP 10.2 million, which excludes claims for the payment of profit-sharing bonuses and accrued leave balances that are difficult to quantify, as well as interest, delay fines, execution fees and court expenses.

Al Muhaidib & Sons ("**Al Muhaidib**"), a Saudi Arabian conglomerate, brought a suit for breach of contract in April 2009 against, among other respondents, Dr. Moamena Kamel, a beneficial owner of Hena Holdings, in her personal capacity and as chairperson of Al Mokhtabar, and Dr. Hend El-Sherbini, the CEO of the Group and a beneficial owner of Hena Holdings, in her personal capacity and as board member of Al Mokhtabar. Al Muhaidib claimed that the memorandum of understanding dated 27 November 2007 between Dr. El Sherbini, Dr. Kamel and Al Muhaidib (the "**MOU**") constituted a final sale contract in respect of the sale of 49 per cent. of Al Mokhtabar to Al Muhaidib. The sale of the stake in Al Mokhtabar, as contemplated by the MOU on a preliminary basis, was never consummated. Despite numerous offers from Dr. Kamel and Dr. El Sherbini to return Al Muhaidib's down-payment made pursuant to the MOU, Al Muhaidib has so far refused to accept it. The Economic Court ruled that, while the MOU was a binding agreement that could result in certain contractual liability, it was a preliminary agreement meant only to outline the broad terms of the transaction and was therefore not a final sale contract. The Economic Court therefore rejected Al Muhaidib's request to order specific performance of the MOU. The Court of Cassation confirmed the Economic Court's ruling in a final, non-appealable ruling. Furthermore, an arbitral tribunal ruled that it had no jurisdiction to hear the case. Because such ruling is final, it has precluded Al Muhaidib's ability to seek further relief in arbitration. Al Muhaidib also brought suit before the Economic Court against Dr. Kamel, Dr. El Sherbini and Al Mokhtabar, among other respondents, seeking interim measures, but has since dropped that suit following the ruling of the Court of Cassation. Al Muhaidib has subsequently filed a new lawsuit in December 2014 before the South Giza Court against, among other respondents, Dr. Kamel and Dr. El Sherbini in their personal capacities, and as representatives of Al Mokhtabar. This new suit repeats the same claims that had already been rejected in the Court of Cassation's ruling and seeks specific performance of the MOU, or, failing that, interim financial compensation for EGP 1 million in damages and the repayment of the EGP 17 million down-payment plus interest. A hearing was held in March 2015 at which the case was postponed. The next hearing is scheduled on 7 May 2015, and Al Muhaidib has indicated that it may increase the amount of its claims at that time. The Group considers that the claims that have been asserted are without merit and that the risk of the court ordering specific performance of the MOU by Dr. El Sherbini and Dr. Kamel, or compensatory damages to be paid by the Group, in each case, is remote. Dr. El Sherbini, Dr. Kamel and the Group intend to vigorously defend themselves against these claims. To the extent that they are not successful, the court could award compensatory damages, which could be substantial, to be paid by Dr. El Sherbini and Dr. Kamel and/or the Group.

Intellectual Property

Al Mokhtabar has registered its name as a trademark with the Egyptian Trademark Authority. The trademark registration is valid until 20 August 2018 and is renewable after that date.

Al Borg has registered the following trademarks with the Egyptian Trademark Authority. They have been translated from Arabic into English for purposes of this Prospectus:

- Al Borg Cairo Medical Laboratory. Al Borg Laboratory. (valid until 6 June 2024)
- Al Borg Laboratories. (valid until 16 August 2019) (This trademark has also been registered internationally with WIPO Madrid, and the registration is valid until 5 September 2021.)
- The Reassurance program. Al Borg Laboratories 19911. (valid until 26 September 2019) (This trademark has also been registered internationally with WIPO Madrid, and the registration is valid until 5 September 2021.)

Al Borg has also been granted a right in Egypt over the design of a microscope coupled with the name Al Borg.

Regulation

Egypt

Ownership and Licensing of Clinical Laboratories

In Egypt, the ownership and management of clinical laboratories and the undertaking of diagnostic activities by clinical laboratories are governed by the Egyptian Clinical Laboratories Law No. 367 of 1954 ("**Clinical Laboratories Law**"), pursuant to which, a clinical laboratory may be established independently upon obtaining a license from the MoH. This license may only be granted to chemical physicians, bacteriologists, pathologists or clinical pathologists registered with the MoH. Furthermore, the Clinical Laboratories Law restricts ownership of clinical laboratories only to such individuals that are registered with the MoH. In practice, however, the MoH has allowed companies to participate in the ownership of clinical laboratories.

To be granted the license, the laboratory must comply with certain conditions outlined under the Clinical Laboratories Law, as well as health and technical requirements including specialised equipment and appliances as provided for in decrees of the MoH.

Failure to obtain the required license or satisfy its requirements may result in the administrative closure of the relevant laboratory, and/or the relevant personnel may be subject to a fine and/or imprisonment depending on the gravity of the offence.

The license to operate clinical laboratories is granted for an indefinite period. However, clinical laboratories are subject to inspection by MoH officials in order to ensure continued compliance with the provisions of the Clinical Laboratories Law. Each laboratory should be managed by either a chemical physician, bacteriologist, pathologist or clinical pathologist registered with the MoH.

The Group's Egyptian laboratories have each obtained the above mentioned licenses necessary for their current operation, except for 25 laboratories that have applied or are in the process of finalising applications to obtain such licenses.

Sampling and Personnel

Sampling processes undertaken at clinical laboratories are governed by Law No. 415 of 1954, Ministerial Decree No. 30 of 1954 and Ministerial Decree No. 342 of 1994, pursuant to which certain sampling must be carried out by physicians. The penalties stipulated in Law No. 367 of 1954 will apply in case of noncompliance with the aforementioned requirement.

Patient Data Privacy

Medical institutions, including clinical laboratories, are bound by the Egyptian Medical Code of Ethics (the "**Code of Ethics**"), promulgated by the Ministerial Decree No. 238 of 2003. Pursuant to the Code of Ethics, physicians and laboratories may not disclose the confidential information of their patients. The Group has systems in place to ensure that its patients' privacy is maintained.

Environment, Health and Safety

Handling, Transporting And Disposal Of Medical Hazardous Waste

Hazardous waste management is addressed and governed in Egypt by the Environmental Law and its Executive Regulations (the "**ER**"). Pursuant to the Environmental Law and the ER, hazardous laboratory substances and waste are not to be handled without obtaining a license from the MoH that is valid for a period of five years and renewable upon the licensee's request.

Noncompliance with the above requirement is penalised by (i) a fine between EGP 20,000 and EGP 40,000 and/or (ii) imprisonment of the person in charge for a period not less than five years.

The owner of an establishment carrying out activities producing hazardous waste must also keep a register of such waste and the methods of disposal, as well as the third party licensed contractors hired to receive such waste. The register is examined by the Environmental Affairs Agency and must be submitted to the MoH annually.

Non-compliance with the requirement to maintain the hazardous waste register is penalised by: (i) a fine between EGP 10,000 and EGP 20,000 and/or (ii) possible imprisonment for at least one year of the person in charge at the concerned entity. Compliance is monitored by the MoH.

Safety And Health Standards For Clinical Laboratory Employees

The Egyptian Labor Law No. 12 of 2003 (the "**Labor Law**") stipulates that an employer must undertake all necessary precautionary measures included under the Labor Law and the relevant ministerial decrees that ensure the safety and health of its employees at the workplace, in particular with regard to mechanical, physical, chemical and biological hazards.

Failure to abide by such measures could result in imprisonment for a period of not less than 3 months and/or a fine of not less than EGP 1,000 but not exceeding EGP 10,000. In case of repetition the penalty is doubled.

Social and Labour Law Considerations

The Egyptian Social Insurance Law No. 79 of 1975 stipulates that an employer must subscribe to social insurance and provide the Social Insurance Authority ("**SIA**") with a list of its employees as well as evidence of their salaries and subscription to social insurance.

According to Article 134 of the Labor Law, any company employing more than 10 employees is obliged to pay 1 per cent. of its annual net profits to a training and rehabilitation fund affiliated to the Ministry of Manpower and Immigration. Similarly, pursuant to Article 223 of the Labor Law and the Ministerial Decree No. 16 of 2012, any establishment employing more than 20 employees is obliged to contribute to a social, health and cultural services fund. Violation of the provisions of Article 223 of the Labor Law could result in imprisonment for a period of not less than 3 months and/or a fine of not less than EGP 1,000 but not exceeding EGP 10,000. In case of repetition the penalty is doubled.

Finally, according to Article 3 of Law No. 156 of 2002 for the Establishment of the Emergency Support Fund, any company employing more than 30 employees is obliged to contribute one per cent. of the total fixed salaries of its employees to the Emergency Support Fund.

Jordan

Ownership and Licensing of Clinical Laboratories

In Jordan, any person may establish and own a clinical laboratory according to the Public Health Law no. 54/2003. However, only physicians holding at least a Masters Degree or PhD who have obtained a license issued by the Jordanian Ministry of Health to practice may manage or operate a laboratory.

Patient Data Privacy

The Jordanian Ministry of Health's Professional Code of Ethics applies to disclosure of patient data and prohibits physicians and laboratories from disclosing the confidential information of their patients.

Environment, Health and Safety

Regulations promulgated by the Jordanian Ministry of Health require the safe transportation of laboratory waste to an incinerator licensed by the Jordanian Ministry of Health. Non-compliance with this requirement will subject the non-compliant laboratories to penalties imposed by the Jordanian Ministry of Health.

Government Price Controls

Medical laboratories must abide by the price list issued by the Jordanian Ministry of Health in 2008.

Sudan

Ownership and Licensing of Clinical Laboratories

In Sudan, an individual who is not a doctor can establish and own a clinical laboratory. However, according to regulations promulgated by the Sudanese Ministry of Health, laboratories should be managed by a doctor or a graduate of the laboratory faculty and such a person must be licensed by the Sudanese Ministry of Health.

Patient Data Privacy

The Sudanese Ministry of Health's Code of Ethics applies to disclosure of patient data and prohibits physicians and laboratories from disclosing the confidential information of their patients.

Environment, Health and Safety

Regulations promulgated by the Sudanese Ministry of Health require medical laboratories to transport waste in a safe manner to an incinerator licensed by the Sudanese Ministry of Health. Non-compliance with these regulations will subject the non-compliant laboratories to penalties and sanctions imposed by the Sudanese Ministry of Health.

Government Price Controls

There are no mandatory price lists for laboratories in Sudan. However, the Sudanese Ministry of Health occasionally inspects laboratory pricing.

Insurance

The Group maintains valid insurance cover at a level that the Directors consider to be reasonable against the type of risks usually insured against by companies carrying on the same or similar types of business as the Group in the markets in which the Group operates. The Group maintains all statutorily or contractually required cover with at least the required limit. The Group does not carry insurance to cover loss of revenue. The Directors believe the Group's coverage is consistent with industry standards.

Employees

The significant majority of the Group's employees work in its laboratories across Egypt. Laboratory employees mainly comprise chemists, with receptionists, administrative staff and doctors comprising the remainder.

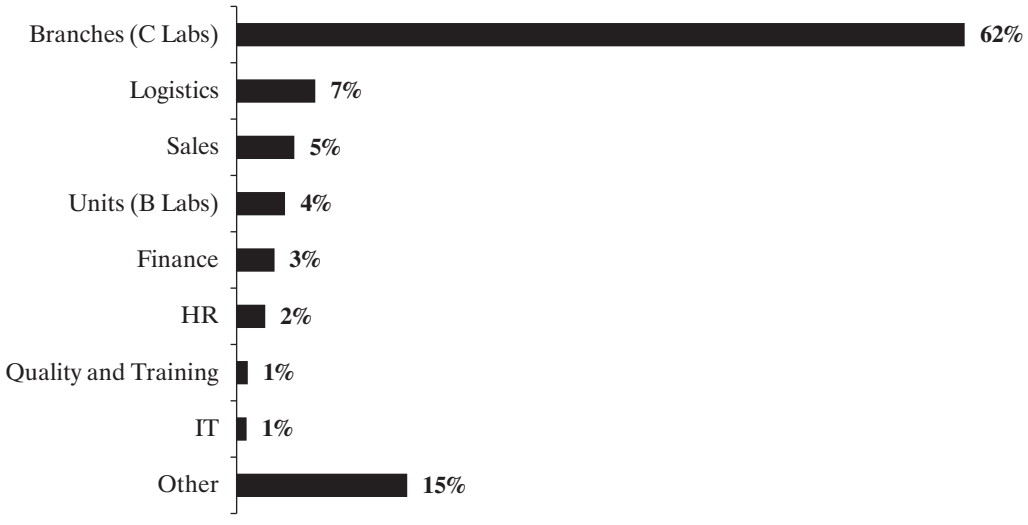
The following table presents the average number of Group employees by subsidiary.

	As at December[1]			
	2014	2013	2012	2011
Al Borg (Core)	1,755	1,649	1,586	1,460
Al Mokhtabar (Core)	1,873	1,655	1,544	1,439
Biolab	130	102	73	61
Ultralab	161	167	154	133
Al Mokhtabar Sudan	54	34	22	17
Medical Genetics Center	42	33	31	32
Molecular Diagnostic Center	13	13	19	19
Total	**4,028**	**3,653**	**3,429[2]**	**3,161[2]**

(1) The data represents the average number of employees in December 2011, 2012, 2013 and 2014.

(2) Data excludes Al-Ansary Lab, which was sold by the Group in 2013.

Al Borg (Core) and Al Mokhtabar (Core) Employees by Department



Data as at 31 December 2014.

On a geographical basis, the Group employed, on average, 3,683 employees in Egypt, 130 employees in Jordan and 215 employees in Sudan in December 2014.

None of the Company's employees is covered by a collective bargaining agreement or represented by a labour organisation. In 2012, a number of the Group's A Lab employees in Egypt engaged in a strike action that lasted two days relating to the payment of bonuses. There were no significant costs or damages as a result of the strike, and there have been no labour actions since. The Group considers its relations with its employees to be good.

The Group operates a number of incentive schemes. Some departments, including the sales departments and the various C Labs, pay monthly bonuses based on performance KPIs. The Group also pays a profit-sharing bonus to its employees. This scheme was standardised between Al Borg and Al Mokhtabar in 2014. Further, Al Borg operates a fund to which its employees have the option of contributing. The fund, which is also partly funded by Al Borg, is invested and money is available to a contributing employee on end of service in the case of death, permanent disability or retirement, as well as early retirement or resignation conditional on the employee fulfilling certain criteria. This fund was registered with the General Egyptian Insurance Supervisory Authority (which has been replaced by EFSA pursuant to Law No. 10 of 2009) under No. 799 in July 2007, and has full independent legal personality according to Law No. 54 of 1975.

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

DIRECTORS

The following table lists the names and positions of the Directors:

Name	Age	Position
Lord Anthony St John	57	Independent Non-Executive Chairperson
Prof. Dr. Hend El Sherbini	46	Group Chief Executive Officer
Ahmed Badreldin	43	Non-Executive Director
Hussein Choucri	64	Independent Non-Executive Director
James Patrick Nolan	55	Independent Non-Executive Director
Dan Olsson	49	Independent Non-Executive Director
Richard Henry Phillips	50	Non-Executive Director

Lord Anthony St John (Independent Non-Executive Chairperson)

Lord St John has been a member of the House of Lords of the UK Parliament since 1978 and is currently Deputy Chairman of Strand Hanson Ltd., Non-Executive Chairman of Global Resources Investment Trust, a member of the Advisory Board of Silicon Valley Bank, Non-Executive Director of Albion Ventures LLP, Chairman of the Governing Board of Certification International and holds advisory roles with Milio International, Alliance Media Group USA, Sapinda and ABN Corporation. Lord St John received a BA and a BSocSc in Psychology from Cape Town University, a BProc in Law from the University of South Africa and an LLM from the London School of Economics.

Prof. Dr. Hend El Sherbini (Group Chief Executive Officer)

Dr. El Sherbini is a professor of clinical pathology at the Faculty of Medicine, Cairo University and currently sits on the board of American Society of Clinical Pathology (Egypt) and consults on the international certification process. She received her MBBCh, Masters in Clinical and Chemical pathology and PhD in Immunology from Cairo University. Dr. El Sherbini served as CEO of Al Mokhtabar since 2004 until becoming CEO of the Group in 2012.

Ahmed Badreldin (Non-Executive Director)

Mr. Badreldin is a Partner at The Abraaj Group and oversees its investments in the Middle East and North Africa. He is currently vice chairman of North Africa Hospital Holdings, chairman of Spinneys Group, and a director on the board of a number of companies including Viking Oil Field Services, OMS, Stanford Marine Group and Assad. Prior to joining The Abraaj Group in 2008, he was a Director in Investment Banking at Barclays Capital in London in the Financial Sponsors and Leveraged Finance Team. Mr. Badreldin graduated in Mechanical Engineering and Business Administration from the American University in Cairo and holds an MBA from Cranfield School of Management in the UK with a focus on Strategy and Finance.

Hussein Choucri (Independent Non-Executive Director)

Mr. Choucri is Chairman and Managing Director of HC Securities & Investment, which he established in May 1996, and he currently sits on the board of the Holding Company for Tourism, Hotels & Cinema and the Egyptian British Business Council. Mr. Choucri served as a Managing Director of Morgan Stanley from 1987 to 1993 and served as Advisory Director at Morgan Stanley from 1993-2007. He received his Management Diploma from the American University in Cairo in 1978.

James Patrick Nolan (Independent Non-Executive Director)

Mr. Nolan is currently Global Head of Mergers & Acquisitions at Vimpelcom Ltd., a NASDAQ quoted integrated telecommunications services operator providing voice and data services through a range of traditional and broadband mobile and fixed technologies. Prior to his role at Vimpelcom, Mr. Nolan spent 15 years with Royal Philips NV, latterly as Head of Mergers & Acquisitions. During this period he led a series of acquisitions in diagnostic imaging, an area in which Philips is now a global leader. He has extensive quoted-company board experience having served on the boards of M*Modal Inc., Navteq Inc and SHL Telemedicine Ltd. Mr. Nolan graduated from Oxford University in Law in 1983 and is a qualified barrister in England and Wales. He also holds an MBA from INSEAD.

Dan Olsson (Independent Non-Executive Director)

Mr. Olsson is CEO of the Team Olivia Group, a Swedish healthcare group. He served as CEO of Unilabs Group in Geneva, Switzerland from 2007 to 2009 and has worked in the healthcare sector since 1999. Mr. Olsson studied economics at the University of Lund in Sweden in 1990.

Richard Henry Phillips (Non-Executive Director)

Mr. Phillips is a founding partner of Actis LLP, the emerging markets private equity group. He established the Actis Global Consumer Sector team and served as Head of Consumer for four years until becoming a member of the Actis Investment Committee. He is currently responsible for the investment activity of Actis in North Africa. Mr. Phillips is a director on the board of a number of companies including Edita Food Industries SAE, Emerging Markets Payments Holdings (Mauritius) Limited and others. Mr. Phillips holds a degree in Economics from the University of Exeter.

Senior Management Team

The Company's current senior management team, in addition to the Group Chief Executive Officer listed above, is as follows:

Name	Age	Position
Dr. Amid Abdelnour	**56**	Managing Director, Biolab
Amr Al Ashkar	**38**	Chief Information Officer
Sherif El-Ghamrawi	**39**	Investor Relations Director
Tarek Hemida	**46**	Group Chief Financial Officer
Dr. Seham Ibrahim	**46**	Sales Director
Mohamed Kamel Saleh	**33**	General Counsel
Dr. Mona Wassef	**55**	Quality and Training Director
Yasser Zaazou	**49**	Chief Human Resources Officer
Dr. Osama Zaghloul	**55**	Managing Director, Ultralab

Dr. Amid Abdelnour (Managing Director, Biolab)

Dr. Abdelnour is the founder of Biolab and has more than 20 years of experience in the fields of histocompatibility, immunogenetics and human immunology. Dr. Abdelnour holds a Bachelor of Science in Biology Sciences from the University of Jordan, a Master degree from the American University in Beirut, Lebanon and a PhD in Immunology from the University of Bristol in the United Kingdom.

Mr. Amr Al Ashkar (Chief Information Officer)

Mr. Al Ashkar joined the Group in 2011. Prior to that he worked at OMS and ITWorx, and he holds a Master of Science in Computer Science from the University of Louisville and a Doctorate in Business Administration from Maastricht Business School.

Sherif El-Ghamrawi (Investor Relations Director)

Mr. El-Ghamrawi received his MBA from Hawaii Pacific University and his Bachelor of Arts in Commerce from Cairo University. Prior to joining the Group, he was a Principal at Beltone Private Equity, was Vice President at Saudi Foras Investment and has previously worked at Kraft Canada.

Mr. Tarek Hemida (Group Chief Financial Officer)

Mr. Hemida joined Al Mokhtabar in 2008 as Finance Manager. Prior to that he held various managerial positions at KPMG Hazem Hassan, Daiwoo Motors and IACC Group. He is also a member of the Egyptian Society of Accountants and Auditors.

Dr. Seham Ibrahim (Sales Director)

Dr. Ibrahim holds an MBBCh from the Ain Shams University, as well as an Master of Science and an MD in clinical pathology. She also holds an Executive Management Diploma from the American University in Cairo. Prior to joining the Group, she held various positions at the Ministry of Health, Ain Shams University and Dar El Fouad Hospital.

Mohamed Kamel Saleh (General Counsel)

Mr. Saleh joined IDH in February 2015 and has gained prior experience working as in-house counsel at Apache Egypt, Telecom Egypt and Commercial International Bank. He has also worked at the law firms Zulficar & Partners and Matouk Bassiouny, in addition to working as an assistant prosecutor and lecturer in Egypt. Mr. Saleh holds an LL.B from Cairo University, as well as an LL.M from the American University in Cairo.

Dr. Mona Wassef (Quality and Training Director)

Dr. Wassef joined Al Mokhtabar in 1998. She holds a Bachelor of Medicine and Bachelor of Surgery, a Master degree in clinical and chemical pathology and an MD, all from Cairo University. She also received a Diploma of Total Quality Management in Healthcare from the American University in Cairo. Dr. Wassef is also a professor of clinical pathology in at Cairo University.

Mr. Yasser Zaazou (Chief Human Resources Officer)

Mr. Zaazou joined the Group in 2013. Prior to that he was the Human Resources Chief Officer at Electrolux Egypt and the Human Resources Manager at P&G Egypt. Mr. Zaazou has worked in the field of human resources for more than 28 years.

Dr. Osama Zaghloul (Managing Director, Ultralab)

Dr. Zaghloul has been associated with the Group since 1995. He holds a Masters in Microbiology and has been associated with the Cairo University Children Hospital since 1986.

CORPORATE GOVERNANCE

UK Corporate Governance Code

As a company with a Standard Listing, the Company will not be required to comply with the requirements of the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time (the "**Governance Code**"), following Admission. However, the Board acknowledges the importance of good corporate governance and has put in place a framework which enables the Company to voluntarily comply with many aspects of the UK Corporate Governance Code that the Board considers appropriate taking into account the size of the Company and nature of its business.

As envisaged by the Governance Code, the Board has established an audit committee, a nomination committee and a remuneration committee. If the need should arise, the Board may set up additional committees as appropriate.

The Governance Code recommends that at least half the board of directors of a UK-listed company, excluding the chairperson, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement ("**Independent Non-Executive Directors**"). The Board considers that the Company complies with the recommendation of the Governance Code in this respect, and it intends to continue doing so going forward. The Governance Code also recommends that the chairperson, on appointment, should meet such independence conditions, and the Board considers that the Company complies with this recommendation.

Audit committee

The audit committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group's annual and half year financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, whistleblowing and fraud systems in place within the Group. The audit committee will meet not less than three times a year.

The audit committee is chaired by James Patrick Nolan and its other members are Dan Olsson and Hussein Choucri. The Disclosure and Transparency Rules require that at least one member of the audit committee be independent and that at least one member has competence in accounting and/or auditing. In addition, the Governance Code recommends that the audit committee should comprise, in the case of

smaller companies, at least two Independent Non-Executive Directors and that at least one member has recent and relevant financial experience. The Board considers that the Company complies with the requirements of the Disclosure and Transparency Rules and the recommendations of the Governance Code in those respects.

Nomination committee

The nomination committee assists the Board in reviewing the structure, size and composition of the Board. It is also responsible for reviewing succession plans for the Directors, including the Chairman and Chief Executive and other senior executives. The nomination committee will normally meet not less than twice a year.

The nomination committee is chaired by Lord Anthony St John and its other members are Hussein Choucri and Dan Olsson. The Governance Code recommends that a majority of the nomination committee should comprise Independent Non-Executive Directors. The Board considers that the Company complies with the recommendations of the Governance Code in this respect.

Remuneration committee

The remuneration committee recommends the Group's policy on executive remuneration, determines the levels of remuneration for Executive Directors and the Chairman and other senior executives and prepares an annual remuneration report for approval by the Shareholders at the annual general meeting. The remuneration committee will normally meet not less than three times a year.

The remuneration committee is chaired by Hussein Choucri and its other members are Dan Olsson and James Patrick Nolan. The Governance Code recommends that the remuneration committee should comprise, in the case of smaller companies, at least two Independent Non-Executive Directors. The Board considers that the Group complies with the recommendations of the Governance Code in this respect.

Anti-bribery and anti-corruption policy

The Group has implemented internal policies and procedures designed to ensure it complies with the UK Bribery Act 2010, the US Foreign Corrupt Practices Act, the Corruption (Jersey) Law 2006 and Egyptian, Jordanian and Sudanese Penal Codes and other laws and regulations pertaining to anti-bribery and anti-corruption in those jurisdictions ("relevant anti-bribery legislation"). Relevant employees of the Group receive training on the policies and procedures, and the training is a regular part of the new employee induction process for relevant employees.

The Group had historically paid referral fees to select doctors and other healthcare professionals as an incentive to refer the Group's services, which it discontinued doing in December 2014, on the advice of legal counsel, to ensure compliance with applicable law. In Egypt, the referral fees paid to select doctors and other healthcare professionals (expressed in the US dollar equivalent of payments made in Egyptian pounds) amounted to $511,700, $561,400 and $696,600 in 2012, 2013 and 2014, respectively. In Sudan, these referral fees (expressed in the US dollar equivalent of payments made in Sudanese pounds) amounted to $18,702, $16,400 and $16,789 in 2012, 2013 and 2014, respectively.

The Group implemented in January 2015 a consultancy programme with select private doctors. The private doctors participating in the programme provide feedback on tests and test results produced by the Group's laboratories for their patients and the quality of the laboratories' services. The private doctors participating in the programme are compensated for their effort and time in providing such feedback. This programme is consistent with the Group's anti-bribery and anti-corruption policy, as well as all relevant anti-bribery legislation.

The Group has also, in the past, given holiday gifts and made extra-contractual payments, including small cash payments, to various low level employees in government agencies and municipalities. The aggregate amount of holiday gifts and extra-contractual payments paid by the Group (expressed in the US dollar equivalent of payments made in Egyptian pounds) was $21,266, $17,278 and $20,550 in 2012, 2013 and 2014, respectively. These practices were terminated effective January 2015, on the advice of legal counsel, to ensure compliance with applicable law.

The Company has engaged E&Y to conduct a quarterly review of relevant books, records and payments and test these against the Group's anti-bribery and corruption policies. E&Y will report on its reviews directly to the Audit Committee of the Board.

While the Group does not believe that any prior practices expose it to any material risks, nor that the cessation of such practices will materially affect its business prospects or results of operations, if an enforcement action were to be brought, it could harm the Group's reputation. See "*Risk Factors—Risks Related to the Group's Business—Litigation, enforcement and/or administrative proceedings could materially and adversely affect the Group's business, financial condition, results of operations, client base and reputation*."

The Group has established a whistleblowing policy that provides a clear system for the reporting of potential breaches of legal or ethical obligations, as well as protections for the reporting employees. The Group also has an established Code of Conduct that covers, among other matters, anti-bribery and anti-corruption, confidentiality, conflicts of interest, harassment and discrimination and fair dealing.

Share dealing code

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares which is based on, and is at least as rigorous as, the model code as published in the Listing Rules. The code adopted will apply to the Directors and other relevant employees of the Group.

Relationship Agreement

Immediately following the Global Offer and Admission, IDG, Dr. Hend El Sherbini and Actis (IDH) will beneficially exercise or control at least 3.7 per cent., 25.3 per cent. and 21.0 per cent., respectively, of the votes to be cast on all or substantially all matters at general meetings of the Company (assuming the Over-allotment Option is exercised in full). On 5 May 2015, the Company, IDG, Dr. El Sherbini and Actis (IDH) entered into the Relationship Agreement which will, conditional upon Admission, regulate the ongoing relationship between the Company and IDG, Dr. El Sherbini and Actis (IDH).

The principal purpose of the Relationship Agreement is to ensure that the Company can carry on an independent business as its main activity. The Relationship Agreement contains, among others, undertakings from IDG, Dr. El Sherbini and Actis (IDH) (collectively, the "beneficial shareholders") that: (i) transactions and arrangements with them (and/or any of their associates) will be conducted at arm's length and on normal commercial terms; (ii) neither they nor any of their associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules, and (iii) neither they nor any of their associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

In addition, the Relationship Agreement contains non-compete and non-solicitation undertakings by Dr. El Sherbini.

Pursuant to the Relationship Agreement, each of the beneficial shareholders has the right to nominate one Non-Executive Director to the Board for so long as such beneficial shareholder (together with its respective associates) holds 10 per cent. or more of the Shares. Ahmed Badreldin and Richard Henry Phillips have each been nominated by IDG and Actis (IDH), respectively. Dr. El Sherbini currently serves as an Executive Director. So long as Dr. El Sherbini or any of her associates serve as a Director, Dr. El Sherbini's right to nominate a Non-Executive Director will be deemed to have been exercised.

The Relationship Agreement will continue for so long as (a) the Shares are listed on the standard or premium listing segment of the Official List and traded on the London Stock Exchange's main market for listed securities and (b) with respect to any of the beneficial shareholders, so long as such entity (together with its associates) is entitled to exercise or to control the exercise of 10 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company.

The Directors believe the terms of the Relationship Agreement will enable the Group to carry on its business independently of the beneficial shareholders.

Following Admission, for so long as any of the beneficial shareholders is subject to the Relationship Agreement, the Articles allow for the election or re-election of any Independent Director to be approved by resolution of the Company's Shareholders.

Conflicts of interest

Save as set out below, there are no potential conflicts of interest between any duties owed by the Directors or Senior Management to the Company and their private interests or other duties.

- Dr. Hend El Sherbini (CEO and Executive Director of the Company) leases to Al Mokhtabar the premises of two labs located in Giza and Beni Suef on an arm's length basis.
- Dr. Hend El Sherbini (CEO and Executive Director of the Company) and Dr. Moamena Kamel (a beneficial owner of Hena Holdings) hold collectively 40 per cent. of the share capital of Life Medical Services ("**LMS**") and Dr. El Sherbini serves on the board of directors of LMS. LMS provides medical services to each of Al Borg and Al Mokhtabar on an arm's length basis.
- The Group is in the final stages of development of its new Mega Lab facility, which is expected to involve a total investment of approximately EGP 80 million. As at 31 March 2015, the Group had spent EGP 63.1 million. The approximately EGP 53 million that had been spent as at 31 December 2014 is categorised under Projects in Progress in the Group's 2014 and 2013 Financial Statements. Development of the Mega Lab was initiated in 2013 through IMA, which at the time was a related party with common shareholders. (IMA was initially established with Egyptian individual shareholders in order to expedite the establishment process.) At that time, the shareholders of IMA were Dr. Hend El Sherbini (CEO and an Executive Director of the Company), Dr. Moamena Kamel (a beneficial owner of Hena Holdings), Amr Helal (a managing director of Abraaj) and Tarek Hemida (the CFO of IDH). On 21 December 2014, Al Mokhtabar acquired Dr. El Sherbini's entire 33.33 per cent. stake in IMA and gained effective control of IMA. On 8 January 2015, Al Mokhtabar subscribed in full to a capital increase of IMA in the amount of approximately EGP 40 million (thereby retiring IMA's debt to the Group), which resulted in the Group acquiring in total 99.58 per cent. of the share capital of IMA.
- The Group has paid expenses on behalf of Integrated Kidney Centre (a related party whose shares are held by Dr. Hend El Sherbini (CEO and Executive Director of the Company), Dr. Moamena Kamel (a beneficial owner of Hena Holdings) and Amr Helal (managing director of Abraaj), among others). Integrated Kidney Centre was initially established with Egyptian individual shareholders in order to fast-track the establishment and licensing processes. As at 31 December 2014, Integrated Kidney Centre had an outstanding balance of EGP 1.7 million due to the Group.
- The Group has paid expenses on behalf of Health-care Tech (a company whose shareholders include Dr. Moamena Kamel (a beneficial owner of Hena Holdings) and Dr. Seham Ibrahim (a member of the Senior Management). As at 31 December 2014, Health-care Tech had an outstanding balance of EGP 113 thousand due to the Group.

SELECTED FINANCIAL INFORMATION

The selected financial information set out below has been extracted without material amendment from "*Historical Financial Information*" of this Prospectus, where it is shown with important notes describing some of the line items.

IDH Consolidated Income Statement Data

	Year ended 31 December		Period from 1 September to 31 December
	2014	2013	2012
		(audited)	
		(EGP thousands)	
Revenue	860,231	671,583	213,865
Cost of revenues	(479,506)	(442,015)	(135,555)
Gross profit from operation	**380,725**	**229,568**	**78,310**
Other income	1,574	7,330	274
Marketing and advertising expenses	(49,445)	(38,845)	(7,861)
Administrative expenses	(72,033)	(52,891)	(43,770)
Other expenses	(15,727)	(12,028)	(5,102)
Profit from operations	**245,094**	**133,134**	**21,851**
Finance income	5,994	6,685	7,731
Finance cost	(9,200)	(571)	(177)
Finance (cost) income—net	(3,206)	6,114	7,554
Profit before tax	**241,888**	**139,248**	**29,405**
Income tax for the year/period	(100,200)	(70,456)	(19,748)
Net profit for the year/period	**141,688**	**68,792**	**9,657**
Profit attributed to:			
Owners of the company	132,769	62,095	8,214
Non-controlling interests	8,919	6,697	1,443
	141,688	**68,792**	**9,657**
Earnings per share (expressed in EGP per share)			
Basic earnings per share	0.89	0.41	0.05
Adjusted EBITDA	**369,034**	**278,212**	**61,944**

Al Borg Consolidated Income Statement Data

	Year ended 31 December		
	2013	2012	2011
		(audited) (EGP thousands)	
Revenue	353,497	326,880	230,820
Cost of revenues	(178,768)	(161,847)	(113,646)
Gross profit from operation	**174,729**	**165,033**	**117,174**
Other income	7,074	684	714
Marketing and advertising expenses	(15,111)	(15,175)	(11,973)
Administrative expenses	(44,348)	(44,412)	(32,751)
Other expenses	(7,462)	(7,027)	(3,901)
Profit from operations	**114,882**	**99,103**	**69,263**
Finance income (cost)—net	50	(137)	2,707
Profit before tax	**114,932**	**98,966**	**71,970**
Deferred tax income (expenses)	2,784	509	(920)
Income tax for the year	(34,211)	(28,221)	(18,348)
Net profit for the year	**83,505**	**71,254**	**52,702**
Profit attributed to:			
Owners of the company	77,322	66,209	49,614
Non-controlling interests	6,183	5,045	3,088
	83,505	**71,254**	**52,702**
Earnings per share (expressed in EGP per share)			
Basic earnings per share	20.13	17.24	12.93
Diluted earnings per share	20.13	17.24	12.93
Adjusted EBITDA	**130,268**	**113,973**	**78,998**

Al Mokhtabar Consolidated Income Statement Data

	Year ended 31 December		
	2013	2012	2011
		(audited)	
		(EGP thousands)	
Revenue	325,745	262,517	197,944
Cost of revenues	(138,441)	(113,053)	(107,474)
Gross profit from operation	**187,304**	**149,464**	**90,470**
Other income	255	96	45
Marketing and advertising expenses	(18,676)	(11,833)	(11,011)
Administrative expenses	(23,141)	(46,927)	(14,563)
Other expenses	(4,566)	(3,440)	(3,758)
Profit from operations	**141,176**	**87,360**	**61,183**
Finance income—net	4,211	9,136	5,382
Profit before tax	**145,387**	**96,496**	**66,565**
Deferred tax expenses	(42)	(89)	(119)
Income tax for the year	(42,095)	(27,093)	(21,751)
Net profit for the year	**103,250**	**69,314**	**44,695**
Profit attributed to:			
Owners of the company	103,271	69,314	44,779
Non-controlling interests	(21)	—	(84)
	103,250	**69,313**	**44,695**
Earnings per share (expressed in EGP per share)			
Basic earnings per share	160.55	107.76	69.62
Diluted earnings per share	160.55	107.76	69.62
Adjusted EBITDA	**148,017**	**119,059**	**75,693**

See "*Presentation of Financial and Other Information—Adjusted EBITDA*" for reconciliation of IDH's, Al Borg's and Al Mokhtabar's net profit for the year to Adjusted EBITDA.

IDH Consolidated Financial Position Data

	As at 31 December		
	2014	2013	2012
		(audited)	
		(EGP thousands)	
Non-current assets	1,853,801	1,892,680	2,019,630
Current assets	381,351	391,404	423,485
Total assets	**2,235,152**	**2,284,084**	**2,443,115**
Total equity	**1,855,568**	**1,946,187**	**2,069,353**
Total non-current liabilities	117,616	134,074	140,784
Total current liabilities	261,968	203,823	232,978
Total liabilities	**379,584**	**337,897**	**373,762**
Total equity and liabilities	**2,235,152**	**2,284,084**	**2,443,115**

Al Borg Consolidated Financial Position Data

	As at 31 December		
	2013	2012	2011
		(audited)	
	(EGP thousands)		
Non-current assets	142,301	146,587	144,680
Current assets	171,998	107,916	127,680
Total assets	**314,299**	**254,503**	**272,360**
Total equity	**206,608**	**160,724**	**172,975**
Total non-current liabilities	5,747	9,392	11,156
Total current liabilities	101,944	84,387	88,229
Total liabilities	**107,691**	**93,779**	**99,385**
Total equity and liabilities	**314,299**	**254,503**	**272,360**

Al Mokhtabar Consolidated Financial Position Data

	As at 31 December		
	2013	2012	2011
		(audited)	
	(EGP thousands)		
Non-current assets	21,928	21,740	27,423
Current assets	**223,393**	**247,653**	**209,109**
Total assets	**245,321**	**269,393**	**236,532**
Total equity	**139,100**	**75,998**	**170,465**
Total non-current liabilities	450	407	318
Total current liabilities	105,771	192,988	65,749
Total liabilities	**106,221**	**193,395**	**66,067**
Total equity and liabilities	**245,321**	**269,393**	**236,532**

IDH Consolidated Cash Flow Data

	Year ended 31 December		Period from 1 September to 31 December
	2014	2013	2012
		(audited)	
	(EGP thousands)		
Cash generated from operating activities	301,587	209,291	213,031
Net cash flow used in investing activities	(70,291)	(10,897)	(7,455)
Net cash flows used in financing activities	(234,014)	(276,594)	(866)
Net (decrease) increase in cash and cash equivalent	(2,718)	(78,200)	204,710
Cash and cash equivalent at the end of the period/year	**252,110**	**262,586**	**331,845**

Al Borg Consolidated Cash Flows Data

	Year ended 31 December		
	2013	2012	2011
		(audited)	
	(EGP thousands)		
Cash generated from operating activities	88,335	90,618	58,934
Net cash flow used in investing activities	(3,793)	(24,749)	(66,076)
Net cash flows used in financing activities	(28,908)	(73,787)	(2,117)
Net increase (decrease) in cash and cash equivalent	55,634	(7,918)	(9,259)
Cash and cash equivalent at the end of the year	**108,380**	**45,530**	**60,516**

Al Mokhtabar Consolidated Cash Flows Data

	Year ended 31 December		
	2013	2012	2011
		(audited)	
		(EGP thousands)	
Cash generated from operating activities	102,365	89,264	75,625
Net cash flow (used in) generated from investing activities	(4,998)	(3,213)	19,189
Net cash flows used in financing activities	(156,876)	(47,407)	—
Net (decrease) increase in cash and cash equivalent	(59,509)	38,644	94,814
Cash and cash equivalent at the end of the year	**151,065**	**210,784**	**172,270**

OPERATING AND FINANCIAL REVIEW

This "Operating and Financial Review" should be read in conjunction with "Presentation of Financial and Other Information", "Industry Overview", "Business Overview" and "Historical Financial Information". Prospective investors should read the entire document and not just rely on the summary set out below. The financial information considered in this "Operating and Financial Review" is extracted from the financial information set out in "Historical Financial Information".

The following discussion of the Company's results of operations and financial conditions contains forward-looking statements. The Company's actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this document, particularly under "Risk Factors" and "Presentation of Financial and Other Information—Forward-Looking Statements". In addition, certain industry issues also affect the Company's results of operations and are described in "Industry Overview".

OVERVIEW

The Group is the largest fully integrated private sector diagnostics services provider, including pathology and molecular diagnostics, genetics testing and basic radiology, in Egypt, and in 2013 had a private chain market share by revenue of 55 per cent. according to Frost & Sullivan. The Group also has operations in Jordan and Sudan and plans to expand into additional countries in the MENA region in the near term. As at 31 December 2014, the Group operated 288 labs, and it performed 22.3 million tests for 5.6 million patients in 2014.

Egypt is the Group's principal market, where it operates mainly through its Al Borg (Core) and Al Mokhtabar (Core) businesses, each of which is a well-known and market-leading brand with a loyal following, and together represented 88.5 per cent. of IDH's revenue in 2014. The Group's other businesses, which together represented 11.5 per cent. of IDH's revenue in 2014, include Biolab, which operates in Jordan, Ultralab and Al Mokhtabar Sudan, both of which operate in Sudan, and the Molecular Diagnostic Center and Medical Genetics Center, both of which operate in Egypt.

Through its Al Borg, Al Mokhtabar, Biolab and Ultralab brands, the Group offers a catalogue of more than 1,000 diagnostic services ranging from basic tests, such as glucose testing for diabetes, to molecular tests for hepatitis and highly specialised DNA tests. Part of the Group's strategy is to diversify its services. As part of this strategy the Group is considering opening an IVF centre and plans to expand its currently limited radiology service offerings. The Group is also focusing on offering patients a one-stop shop by further developing the Diagnostic Medical Center, which offers laboratory services, limited radiology and specialised physician services from a single location.

The Group attracts patients either upon referral of doctors or clinics or without a referral for routine check-ups. A substantial portion of the Group's revenue comes from institutional contract clients such as private insurance companies, unions and corporations, and a small portion comes from the Group's lab-to-lab business, which provides services to hospitals and to other public and private laboratories that do not have sufficient in-house testing capabilities.

The Group can trace its history back to 1979 and has developed a track record for quality and safety, earning internationally recognised accreditations. In addition to having accreditations from the ISO, the Group operates the only laboratory in Egypt to have been accredited by the College of American Pathologists (currently awaiting renewal), one of the most prestigious accreditations in the industry globally.

In 2009 and 2010, the Group acquired MDC and MGC in Egypt, respectively. MGC was co-founded by an American Board Certified geneticist operating in Egypt and is a large private genetics testing laboratory. MDC specialises in the diagnosis of liver diseases and provides services to other Group-owned companies. The Group is considering expansion into the GCC and North Africa, as well as opportunistically in sub-Saharan Africa.

Al Borg and Al Mokhtabar were brought under common control in 2012. The Group is in the final stages of fully integrating Al Mokhtabar into the Group's structure and systems. The Group intends to have the operations of the two companies fully integrated by the end of the first half of 2015, with the exception of the sales departments. Since the two companies have distinct corporate identities, the Group has decided to keep their branding distinct for marketing purposes. For more details on this strategy, see "*Business Overview—Business Operations—Marketing*."

Actis (IDH) acquired a 21.0 per cent. interest in the Group effective 11 December 2014, through its purchases from Hena Holdings and IDG of 10.0 per cent. and 11.0 per cent, respectively, of the share capital of IDH Caymans. Actis (IDH) paid in the aggregate $113.25 million for its 21 per cent. interest in the Group. The acquisition was made pursuant to a heads of terms agreed in March 2014. The purchase price reflected a private transaction with a different risk profile from purchasing shares in an IPO and with there being no certainty of the success of an IPO exit.

Pursuant to the Share-for-Share Exchange Agreement described in "*Additional Information—Material Contracts—Share-for-Share Exchange Agreement*", each of Hena Holdings, IDG and Actis (IDH) exchanged their shareholdings in IDH Caymans for a proportionate shareholding in the Company.

Pursuant to the 2014 Jersey Shareholders' Agreement described in "*Additional Information—Material Contracts—2014 Jersey Shareholders' Agreement*", Actis (IDH) will not sell any Shares in the Global Offer. The lock-up arrangements that apply to Actis (IDH) are described in "*Details of the Offer—Lock-up Arrangements*".

Significant Factors Affecting the Group's Results of Operations

Test Volumes Driven by a Growing Population and Changing Demographics

The most significant factor affecting the Group's revenue is the volume of patients it serves and tests it performs. Between 2011 and 2013, there was a 30.7 per cent. increase in the number of tests performed annually by Al Borg (Core) and Al Mokhtabar (Core) on a combined basis, and between 2013 and 2014 there was a 14.7 per cent. increase in the number of tests performed annually by the Group on a consolidated basis. Between 2011 and 2013, there was a 26.4 per cent. increase in the number of patients served annually by Al Borg (Core) and Al Mokhtabar (Core) on a combined basis, and between 2013 and 2014 there was a 12.3 per cent. increase in the number of patients served annually by the Group on a consolidated basis. Between 2011 and 2013, Al Borg (Core) and Al Mokhtabar (Core) grew their number of labs on a combined basis by 10.5 per cent., and the Group, on a consolidated basis, grew its number of labs by 9.9 per cent. between 2013 and 2014. The Group attributes this growth to a number of factors, including the rapidly growing and comparatively young Egyptian population (resulting in a larger potential customer base), increasing life expectancy, the growth of the middle class in Egypt and the growth of long-term diseases such as cancer and diabetes requiring recurrent tests. Egypt's comparatively high rates of hepatitis C, hypertension and liver disease have also led to increased demand. See "*Industry Overview*".

The greater health consciousness of the Group's target demographics, along with increased disposable income, has contributed to both volume growth and a willingness of certain patients to absorb out-of-pocket costs. This has been evidenced by the increasing number of walk-in patients, for whom the Group can price tests more flexibly, thereby preserving high margins. Testing volumes have also increased as the medical profession responds to the increasing trends in long-term diseases by focusing on the prevention, early detection and treatment of chronic and severe illnesses and increasingly relies on clinical testing for more accurate diagnoses.

Flexible Pricing

The Group is generally able to increase its test prices for walk-in clients in line with increases in the Group's costs. Each quarter, the Group's management and sales department analyse pricing and sales data to determine whether or not, and by how much, to increase prices for walk-in clients. In 2014, the Group implemented price increases on average of around five per cent. per quarter for walk-in clients. This pricing flexibility allows the Group to match cost increases and therefore preserve margins.

General Economic and Political Conditions

Periods of weak economic conditions and political instability in Egypt and the MENA region, including the sub-prime crisis, the Revolution and the change of government in 2013, have affected the Group's results at times. The Company estimates that the Group suffered a loss of business of approximately EGP 23.9 million as a result of having to close its C Labs near areas of conflict, such as Tahrir Square, in 2011. The average period of closure for these locations was approximately two to three weeks. In general, the Group's results of operations were substantially dampened in 2011 as a result of the Revolution. The Cairo-wide curfew in 2013 also resulted in a loss of business of an estimated EGP 18.2 million due to shortened operating hours over a period of about one week. Despite this loss of business, the Group has seen its revenues growing much faster than Egypt's GDP.

Although the clinical laboratory service market is generally considered to be less sensitive to economic cycles than certain other markets, the Group believes that a weakening of overall economic conditions does have a direct impact on consumers' healthcare expenditure decisions. The largest contributor to the Group's revenue is routine testing, which patients view as more discretionary than non-routine testing. A general diminution of disposable income, or the perception thereof in times of economic downturn, can lead to a reduction in individuals' health expenditures, especially for routine testing. The Group's contract clients will also spend less on healthcare during economic downturns and/or put pressure on contract pricing. On the whole however, in the recent past and during the Revolution, the Group has seen its revenues growing much faster than Egypt's GDP. Between 2011 and 2014, GDP in Egypt grew by a CAGR of 6.9 per cent., according to the International Monetary Fund. Al Borg (Core) and Al Mokhtabar (Core) revenue grew by a CAGR of 20.2 per cent. and 27.7 per cent., respectively, between 2011 and 2013, and IDH consolidated revenue grew by 28.1 per cent. between 2013 and 2014.

Underpenetrated Healthcare Market

The MENA healthcare market is underpenetrated by global standards. For example, total annual healthcare expenditure per capita in 2012 was approximately US$152 in Egypt, compared to an OECD average of US$3,880, according to the World Health Organization. Frost & Sullivan estimates that healthcare spending per capita grew by a CAGR of approximately 12.1 per cent. in Egypt between 2010 and 2013. Private healthcare expenditure per capita in Egypt is expected to grow at a CAGR of approximately 13.2 per cent. in the 2014 to 2018 period, according to Frost & Sullivan. This expected growth reflects the anticipated growth of the elderly segment of the population that is vulnerable to acute diseases, as well as an increase in lifestyle diseases requiring regular testing (such as diabetes and high cholesterol) and increasing awareness of health-related issues in the general population. Correspondingly, the diagnostic laboratory industry is underpenetrated in Egypt and the MENA region, with test rates per capita significantly below the developed market, according to Frost & Sullivan. The Group expects the demand for diagnostic tests, and consequently the Group's revenue, to reflect the expected increases in healthcare spending per capita.

Key Cost Drivers

The Group's results are also affected by the cost of revenues. The Group's primary cost drivers are the purchase of supplies, primarily test kits, salaries and wages and rent. The purchase of supplies accounted for approximately 34.2 per cent. of the Group's cost of revenues and 19.0 per cent. of its revenue in 2014. Other expenses, primarily rent, transportation and utilities, represented approximately 14.3 per cent. of the cost of revenues in 2014, and wages and salaries represented 26.6 per cent. of the cost of revenues in 2014.

Pricing of test kits and supplies is variable based on the volume purchased, which is directly correlated to the volume of tests performed. The Group's increasing testing volume has increased its bargaining power with suppliers, resulting in significant cost savings. As an example, from 2012 to 2013 Al Borg's cost of chemicals and supplies decreased by 6.8 per cent., which was largely attributable to the Group's increased bargaining power with suppliers following the acquisition of Al Mokhtabar.

Synergies and Cost Savings Initiatives

Since the acquisition of Al Mokhtabar in 2012, the Group has been able to take advantage of synergies between the Al Borg and Al Mokhtabar operations. The Group has combined many functions, including but not limited to quality and training, supply chain, logistics and IT. In addition to operational synergies extracted by cutting administrative expenses and management and IT costs, the acquisition led to a dramatic increase in the annual volume of tests performed by the Group. In 2011, the Group performed 6.5 million tests excluding Non-Core Subsidiaries, compared to 18.1 million tests excluding Non-Core subsidiaries in 2013. The Group is now realising the cost-saving gains through its increased bargaining power with suppliers.

Further, the Group has opened a new state-of-the-art Mega Lab facility to replace both of the existing A Labs, which currently serve as central laboratories to process the more complex tests offered by the Group. The building is in the final stages of being refurbished and, once fully operational, will be significantly more automated than most other laboratories in the region. As a result of the Mega Lab, the Group expects to further expand its lab-to-lab services and regional franchising, thus increasing testing volume and operational efficiencies. The Group has commenced limited operations at the Mega Lab and expects it to be fully operational by the end of the first half of 2015.

Contract Wins and Renewals

A key driver of the Group's business historically has been its ability to win new, and retain existing, contract clients such as private insurance companies, corporations and unions. In 2014, the Group derived 52.2 per cent. of its revenue from such contract clients. The Group believes it is well-placed to continue to win new, and retain existing, contracts given its long-term relationships with many of these institutions and its focus on quality and accuracy of service. The Group has historically renewed a high percentage of its contracts with contract clients. In 2014, the Group renewed approximately 99 per cent. of its contracts from 2013.

Foreign Currency Effects

The Group operates primarily in Egypt and generated 89.4 per cent. of its revenue in Egyptian pounds in 2014. A significant portion of the Group's cost of revenues, particularly test kits and other supplies, are paid or effectively priced in US dollars or euros.

A majority of the Group's supply contracts are either priced and payable in US dollars or euros or effectively priced in US dollars or euros and payable in Egyptian pounds at a fixed USD/EGP or EUR/EGP exchange rate. The contracts that are effectively priced in a foreign currency and payable in Egyptian pounds typically include provisions that allow suppliers to increase the contract price to reflect devaluations of the Egyptian pound against the US dollar or euro, as applicable. These contracts generally also provide an ability for suppliers to terminate the contract upon the occurrence of certain circumstances, including material post-contract date exchange rate movements. To date, the Group's experience has been that none of its suppliers with exchange rate linked contracts has terminated contracts or increased contract prices as a result of movements in the applicable exchange rate.

Going forward, the Group expects the proportion of its cost of revenues paid or effectively priced in US dollars or euros to increase, as the Mega Lab supply contracts fall into these categories. For 2015, the Group expects that 26 per cent. of its test kit purchases will be priced and payable in US dollars or euros and 42 per cent. will be effectively priced in US dollars or euros and payable in Egyptian pounds at a fixed USD/EGP or EUR/EGP exchange rate, reflecting an expected seven months of operation of the Mega Lab.

The Group has historically sought to manage its foreign currency exposure by maintaining a portion of its cash reserves in foreign currency, including by engaging in frequent foreign exchange transactions, and the remaining balance in Egyptian pounds, depending on its present needs and the availability of foreign currency at favourable exchange rates. Going forward, the Group plans to maintain this policy.

The Central Bank of Egypt has placed conditions on access to US dollars and imposed foreign currency exchange controls to restrict access to non-Egyptian currencies. As a result, the availability of foreign currency in Egypt is limited, unpredictable and sometimes only available at unfavourable exchange rates. Hedging foreign currency risk has not been readily available in Egypt. The Central Bank of Egypt has recently implemented additional measures to curtail the parallel foreign exchange market, including a relaxation of the de facto EGP/USD peg, as well as setting daily and monthly caps on deposits of foreign currency obtained outside of the official interbank market. After an initial period of short-term volatility, these policies have been largely successful so far in effectively eliminating the parallel market. While the market has generally been provided foreign currency in the transitional period, there is a risk that the official market may not be able to support the increased demand in the short-term whilst liquidity migrates from the parallel market to the official interbank market. The Central Bank of Egypt sold $420 million through the interbank market in early March in order to help clear outstanding demand for US dollars. There can be no assurance that the Central Bank of Egypt will provide further support to help clear, or that such supportive measures will be successful in clearing, the outstanding demand.

While historically the Group has been able to procure foreign currency, if the Group is unable to procure foreign currency at favourable rates or at all, it may be unable to pay its suppliers in a timely manner or at all. If the Group is unable to pay its suppliers, it may have to agree to pay higher prices in Egyptian pounds, including to local suppliers, resulting in increased costs. The Group maintains on average approximately three months' worth of imported supplies at any given time in order to protect against this risk, but there can be no assurance that this level of supply is sufficient.

The Egyptian pound has suffered from devaluation against the US dollar over the past several years, and annual inflation in Egypt has averaged nine per cent. between 2011 and 2013, according to the World Bank. According to the Central Bank of Egypt, the consumer price index in Egypt increased by an average

year-on-year rate of 10.4 per cent. in the fourth quarter of 2014. This inflation has negatively affected the Group's revenue and margins. The Group endeavours to pass the majority of the cost increases on to its customers.

For more information, see "*Risk Factors—Risks Related to Egypt and the MENA Region—The Group is exposed to foreign currency risk with respect to purchase of supplies in foreign currency*".

Presentation of Financial Information and Comparability of Results

The Company has two principal operating subsidiaries, Al Borg and Al Mokhtabar, both of which are diagnostic laboratory service providers in Egypt. Al Borg was acquired by the Abraaj Group, a Dubai-based private equity firm in 2008. In August 2012, Al Mokhtabar and Al Borg were brought under a holding company, IDH Caymans, a Caymans company and a wholly-owned subsidiary of the Company. Together, Al Borg and Al Mokhtabar constitute substantially all of the business undertakings of the Company as at the date of this document. Because IDH Caymans did not acquire Al Mokhtabar until August 2012, the Group's consolidated financial statements prior to that period do not reflect Al Mokhtabar, and consolidated financial statements for the Group reflecting both of the principal operating subsidiaries can only be prepared for the period since August 2012.

The Group believes that its current business undertakings are not accurately represented by consolidated financial statements for the Group as at and for the four month period ended 31 December 2012 and as at and for the years ended 31 December 2014 and 2013. Accordingly, the Group has included in this Prospectus the following financial information:

- standalone special purpose consolidated IFRS financial statements for each of Al Borg and Al Mokhtabar as at and for the years ended 31 December 2013, 2012 and 2011, each reported on by KPMG Hazem Hassan; and
- special purpose consolidated IFRS financial statements for IDH as at and for the years ended 31 December 2014 and 2013 and as at and for the four month period ended 31 December 2012, reported on by KPMG Hazem Hassan.

The results of operations of Al Borg and Al Mokhtabar include intra-Group transactions that are eliminated in the Group's consolidated statement of income. The Group's consolidated statement of income also includes certain transactions that occurred at the Group level. In 2013, the most significant differences between the Group's consolidated statement of income and the sum of Al Borg's and Al Mokhtabar's statements of income were:

- EGP 7.7 million in revenue, reflecting revenue from tests outsourced from one subsidiary of the Group to another.
- EGP 124.8 million in cost of revenues. The difference between the cost of revenues eliminations and the revenue eliminations reflects the depreciation of operational assets and the amortisation of intangible assets related to the acquisition by the Group of Al Mokhtabar in 2012, including the Group's supplier list, customer list and non-compete agreement for Dr. Hend El Sherbini and Dr. Moamena Kamel.
- EGP 3.1 million in deferred tax income, reflecting the difference between the Group's amortisation schedule and that of the Egyptian tax authority.

During the preparation of the Group's 2014 and 2013 Financial Statements, the Company made a number of reclassifications within certain line items. The main effect of these reclassifications was an increase in the Company's cost of revenues in 2013 by EGP 121.0 million and a corresponding decrease in its administrative expenses in 2013, which reflected the reclassification of the amortisation of intangible assets related to the acquisition by the Group of Al Mokhtabar in 2012. These reclassifications also resulted in an increase in the Company's cost of revenues in the four month period ended 31 December 2012 by EGP 30.3 million and a corresponding decrease in its administrative expenses in that period. For more detail, see Note 29 in the 2014 and 2013 Financial Statements.

A table setting forth the differences resulting from the intra-Group transactions eliminated in the Group's consolidated results, the transactions that occurred at the Group level and the reclassifications in the 2013 Group consolidated results, is presented in "*Presentation of Financial and Other Information—Financial Information*".

Going forward, the Group will report its results of operations on a fully consolidated basis. This will differ from the presentation of financial information in this Prospectus. Further, there can be no guarantee that the Group's historic performance will be repeated in the future, particularly given the competitive nature of the industry in which it operates, and its sales, profit and cash flow may significantly underperform market expectations.

Key Performance Indicators

The following table sets out certain key operational performance indicators that the Group uses to manage its business. Operational data and revenue for 2012 and 2011 is presented on an unconsolidated basis for Al Borg (Core) and Al Mokhtabar (Core). Operational data and revenue for 2013 is presented on both an unconsolidated basis for Al Borg (Core) and Al Mokhtabar (Core) and a consolidated basis for the Group. Operational data and revenue for 2014 is presented on a consolidated basis for the Group only.

	Year ended 31 December			
Key Operational Performance Indicator	**2014**	**2013**	**2012**	**2011**
Revenue per patient[1] (*EGP*)				
IDH consolidated	154.03	135.03	—	—
Al Borg (Core)	—	137.24	126.65	115.79
Al Mokhtabar (Core)	—	127.93	111.64	102.41
Revenue per test[2] (*EGP*)				
IDH consolidated	38.66	34.62	—	—
Al Borg (Core)	—	35.40	32.84	30.72
Al Mokhtabar (Core)	—	32.46	27.83	26.97
Revenue per lab[3] (*EGP millions*)				
IDH consolidated	3.0	2.6	—	—
Al Borg (Core)	—	2.7	2.6	2.1
Al Mokhtabar (Core)	—	2.6	2.3	1.7

(1) Defined as revenue in the period divided by the number of patients served in the period.

(2) Defined as revenue in the period divided by the number of tests performed in the period.

(3) Defined as revenue in the period divided by the number of labs at the end of the period.

The following table sets out certain key financial performance indicators for 2014, 2013, 2012 and 2011 that the Group uses to manage its business.

	Year ended 31 December			
Key Financial Performance Indicator	**2014**	**2013**	**2012**	**2011**
Gross profit from operation (*EGP millions*)				
IDH	380.7	229.6	—	—
Al Borg	—	174.7	165.0	117.2
Al Mokhtabar	—	187.3	149.5	90.5
Gross profit margin (%)				
IDH	44.3	34.2	—	—
Al Borg	—	49.4	50.5	50.8
Al Mokhtabar	—	57.5	56.9	45.7
Adjusted EBITDA[1] (*EGP millions*)				
IDH	369.0	278.2	—	—
Al Borg	—	130.2	114.0	79.0
Al Mokhtabar	—	148.0	119.1	75.7
Adjusted EBITDA margin[2] (%)				
IDH	42.9	41.4	—	—
Al Borg	—	36.9	34.9	34.2
Al Mokhtabar	—	45.4	45.4	38.3
Free cash flow[3] (*EGP millions*)				
IDH	269.2	185.3	—	—
Al Borg	—	71.0	70.8	34.4
Al Mokhtabar	—	95.1	84.9	66.8

(1) Defined as profit from operations plus amortisation of intangible assets and property and equipment depreciation, and adjusted for the exceptional costs related to the Global Offer, as well as to the acquisition by the Group of Al Mokhtabar in 2012.

(2) Defined as Adjusted EBITDA divided by revenue.

(3) Defined as cash generated from operating activities less Capital Expenditure.

Current trading and prospects

Since 31 December 2014, the date of the Group's most recent financial statements, the Group's performance, revenue and EBITDA remain strong.

Between 1 January 2015 and 17 April 2015, Al Borg opened seven new C Labs and Al Mokhtabar opened one new C Lab.

The Group is in the final stages of development of its new Mega Lab facility, which is expected to involve a total investment of approximately EGP 80 million, of which approximately EGP 53 million had been paid as at 31 December 2014. As at 31 March 2015, a total of EGP 63.1 million had been paid. Development of the Mega Lab was initiated in 2013 through IMA, which at the time was a related party with common shareholders. On 21 December 2014, Al Mokhtabar acquired Dr. El Sherbini's entire 33.33 per cent. stake in IMA and gained effective control of IMA. On 8 January 2015, Al Mokhtabar subscribed in full to a capital increase of IMA in the amount of approximately EGP 40 million (thereby retiring IMA's debt to the Group), which resulted in the Group acquiring in total 99.58 per cent. of the share capital of IMA. For more information on this transaction, see "*Additional Information—Related Party Transactions*".

The Company will pay all expenses related to the Global Offer. This includes, among others, fees for auditors, tax advisors and legal counsel, as well as the underwriting fees and selling commissions (which comprise a fixed fee as a percentage of the offer volume, as well as a discretionary incentive fee) for the underwriting syndicate. The Company estimates the total expenses related to the Global Offer to be up to EGP 127 million (assuming no exercise of the Over-allotment Option), of which approximately EGP 8.4 million has been charged in the fourth quarter of 2014, with the remainder to be charged in the second quarter of 2015.

The Group will pay by the end of the first half of 2015 to each of the Principal Shareholders, pro rata to its shareholdings and the proportion of the year during which the Principal Shareholder was a shareholder of the Company, its share of the annual management fee for 2014 of EGP 10.8 million. The management fee is payable in accordance with the 2014 Jersey Shareholders' Agreement, which terminates upon Admission.

Egyptian Tax Considerations

The following is a summary of certain Egyptian tax considerations relevant to the Group's Egyptian operations.

Egyptian Corporate Income Tax

Effective from the 2014 tax year, the additional five per cent. Surtax is being levied temporarily for three years. The Surtax is levied on the taxable income of resident natural persons or corporate bodies in excess of EGP 1 million. This is in addition to the highest income tax rates stated in the Income Tax Law, which for corporate bodies is 25 per cent. of taxable income.

Taxpayers subject to the Surtax may ask that the proceeds of such tax be used to finance one or more service projects among different projects that are determined by a decree from the Ministry of Finance in coordination with the minister responsible for planning in the fields of education, health, housing, infrastructure or any other service fields.

The Egyptian Ministry of Finance announced that the maximum rate of income tax applicable to both corporate and personal income will be reduced to 22.5 per cent. The proposed legal amendments are not yet approved through a Decree-Law and therefore are not yet in force. If the new rates are brought into effect, they would be applied on tax returns for the year in which the law is approved and will not apply with effect to 2014.

Income Tax on Dividend Distributions by Egyptian Companies

A new 10 per cent. income tax is imposed, without any deductions against cost, on the dividends distributed to resident and non-resident shareholders.

Gains of non-resident corporate bodies earned through a permanent establishment in Egypt shall be deemed as distributed within 60 days from the date the fiscal year of such permanent establishment ends.

The 10 per cent. income tax is reduced to five per cent. if both of the following conditions are met:

- the shareholder holds more than 25 per cent. of the capital or the voting rights of the company; and

- the shares are held for at least two years.

Dividends that an Egyptian resident parent/holding company receives from resident and non-resident subsidiaries are exempted from corporate income tax. However, an amount equal to 10 per cent. of such dividends is added to the taxable income of the parent/holding company against the non-deductible costs, provided however, that:

- The participation of the Egyptian resident parent/holding company shall not be less than 25 per cent. of the capital stock or voting rights of the subsidiary; and
- The holding period of the Egyptian resident parent/holding company of such percentage shall not be less than two years, or alternatively, the parent/holding company should commit to maintain such percentage for two years starting from the date it has acquired the shares or voting rights of that subsidiary.

DESCRIPTION OF KEY LINE ITEMS

Revenue

Revenues comprises fees received by the Group for tests and other services. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services performed, stated net of discounts, returns and applicable sales tax. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Cost of revenues

Cost of revenues consists mainly of chemicals and supplies; wages and salaries; other expenses, comprising mainly rent, transportation and utilities; depreciation of property and equipment; certain of the Directors' salaries and remuneration; and the cost of having specialised tests performed at other laboratories.

Other income

Other income consists mainly of gains on the sale of an investment in a subsidiary, provisions that are no longer required, reversals of impairments in receivables and fees generated by an expanding training program that the Group offers to third-party chemists.

Marketing and advertising expenses

Sales and marketing expenses consist mainly of advertising expenses, the wages and salaries of the marketing department, gifts, expenses for accommodations and conferences, and depreciation of property and equipment related to marketing.

Administrative expenses

Administrative expenses consist mainly of the Directors' salaries, remuneration and allowances, administrative expenses, including salaries, relating to Human Resources and Finance, amortisation of intangible assets and depreciation of certain property and equipment and consulting/advisory fees mainly related to the acquisition of Al Mokhtabar.

Other expenses

Other expenses consist mainly of losses on the sales of subsidiaries and investments, as well as the creation of provisions related to ongoing tax inspections, legal proceedings and the employees training fund (as required by law) and a capital loss in connection with a financial lease.

Finance income—net

Finance income—net consists of gains on the sale of financial investments in investment funds, changes in the fair value of investment funds, return on treasury bills liquidated during the period, interest income from time deposits, adjustments for foreign exchange gains/losses, interest expenses and bank charges.

Deferred tax income (expenses)

Deferred tax income (expenses) consists of net tax that creates a liability at the end of the period less net tax resulting in tax liability at the beginning of the period, net tax liability at the subsidiary company at the acquisition date, deferred tax of the subsidiary companies that were disposed during the period and deferred tax capitalised on intangible assets.

Income tax for the year

Income tax for the year consists of tax calculated using the enacted tax rate, expenses not deductible for tax purposes and subsidiaries' separately reported income tax expense less subsidiaries' results reported net of the Group's enacted tax rates and income not subject to tax.

RESULTS OF OPERATIONS

IDH consolidated results of operations

The following table sets forth IDH's consolidated results of operations for 2014 and 2013.

	Year ended 31 December	
	2014	2013
	(audited) (EGP thousands)	
Revenue	860,231	671,583
Cost of revenues	(479,506)	(442,015)
Gross profit from operation	**380,725**	**229,568**
Other income	1,574	7,330
Marketing and advertising expenses	(49,445)	(38,845)
Administrative expenses	(72,033)	(52,891)
Other expenses	(15,727)	(12,028)
Profit from operations	**245,094**	**133,134**
Finance income	5,994	6,685
Finance cost	(9,200)	(571)
Finance (cost) income—net	(3,206)	6,114
Profit before tax	**241,888**	**139,248**
Income tax for the year	(100,200)	(70,456)
Net Profit for the year	**141,688**	**68,792**
Profit attributed to:		
Owners of the company	132,769	62,095
Non-controlling interests	8,919	6,697
	141,688	**68,792**
Earnings per share (expressed in EGP per share)		
Basic earnings per share	0.89	0.41

Revenue

Revenue increased by 28.1%, or EGP 188.6 million, from EGP 671.6 million in 2013 to EGP 860.2 million in 2014. The increase was primarily due to the opening of 26 new labs in 2014. Revenue also grew as a result of the 12.3 per cent. increase in the number of patients served in 2014 and an increase of 14.7 per cent. in the number of tests performed in 2014, including Non-Core Subsidiaries. Average revenue per test grew by 11.7 per cent. year-on-year. Further, the growth in revenue in 2014 was partially due to the relatively stabilised political and economic climate in Egypt in 2014 as compared to 2013.

Revenue, number of labs, number of patients served, number of tests performed and average revenue per test for the Group are set forth in the following table for 2014 and 2013:

	Year ended 31 December	
	2014	2013
	(audited)	
Revenue (*EGP thousands*)	**860,231**	**671,583**
Egypt	768,660	611,601
Sudan	31,527	23,998
Jordan	60,044	35,984
Number of labs	**288**	**262**
Egypt	254	233
Sudan	23	20
Jordan	11	9
Number of patients (thousands)	**5,585**	**4,973**
Egypt	5,198	4,648
Sudan	213	209
Jordan	174	117
Number of tests (thousands)	**22,252**	**19,401**
Egypt	20,636	18,119
Sudan	581	581
Jordan	1,034	702
Average revenue per test[1] (*EGP*)	**38.66**	**34.62**
Egypt	37.25	33.75
Sudan[2]	54.23	41.32
Jordan	58.06	51.29

(1) Defined as revenue in the period divided by the number of tests performed in the period.

(2) The increase in average revenue per test in Sudan between 2013 and 2014 was due to organic growth and price increases to compensate for the weakening Sudanese pound.

Cost of revenues

	Year ended 31 December	
	2014	2013
	(audited) (EGP thousands)	
Chemicals and supplies	163,867	134,900
Cost of specialised analysis at other laboratories	6,622	7,889
Wages and salaries for employees and doctors	127,562	103,255
Depreciation of property and equipment	21,169	19,657
Amortisation of intangible assets	91,481	122,861
Other expenses	68,805	53,453
	479,506	**442,015**

Cost of revenues increased by 8.5%, or EGP 37.5 million, from EGP 442.0 million in 2013 to EGP 479.5 million in 2014. The increase was primarily due to an increase in the cost of chemicals and supplies, as well as an increase in wages and salaries resulting from accrued employee profit-sharing distributions being paid. Those increases were a result of the growth in the number of labs, patients and tests. The growth in cost of revenues was partially offset by reduced amortisation of intangible assets related to the acquisition by the Group of Al Mokhtabar in 2012. Removing the effect of the amortisation of intangible assets, cost of revenues would have been EGP 319.2 million in 2013, representing 47.5% of revenue (compared to 65.8% when including the effect of the amortisation), and EGP 388.0 million in 2014, representing 45.1% of revenue (compared to 55.7% when including the effect of the amortisation). This amortisation was a one-time event relating to the acquisition by the Group of Al Mokhtabar in 2012 and will not have an effect on the Group's financial statements from 2015 onward.

Gross profit from operation

Gross profit from operation increased by 65.8%, or EGP 151.2 million, from EGP 229.6 million in 2013 to EGP 380.7 million in 2014. The increase was primarily due to the increase in revenue, which outgrew cost of revenues during the same period. This was largely due to the Group being able to realise cost savings with suppliers as a result of the larger volume of test kits ordered, as well as the reduced amortisation of intangible assets related to the acquisition by the Group of Al Mokhtabar in 2012.

Other income

Other income decreased by EGP 5.8 million, from EGP 7.3 million in 2013 to EGP 1.6 million in 2014. The decrease was primarily due to a one-time gain in 2013 from the disposal of the Al-Ansary Lab subsidiary.

Marketing and advertising expenses

	Year ended 31 December	
	2014	2013
	(audited) (EGP thousands)	
Advertising expenses	26,537	22,319
Gifts, conferences and accommodation expenses	3,001	2,148
Depreciation of property and equipment	23	27
Marketing salaries	7,787	6,012
Other expenses	12,097	8,339
	49,445	**38,845**

Marketing and advertising expenses increased by 27.3%, or EGP 10.6 million, from EGP 38.8 million in 2013 to EGP 49.4 million in 2014. The increase was due primarily to an increase in the Group's marketing spend on a new advertising campaign, as well as an increase in the wages and salaries of the Group's marketing team.

Administrative expenses

	Year ended 31 December	
	2014	2013
	(audited) (EGP thousands)	
Administrative salaries & wages	28,091	23,905
Advisory fees	10,524	1,905
Depreciation of property, plant and equipment	2,912	2,533
Board of directors salaries, remunerations & allowances	18,014	17,576
Other expenses	12,491	6,972
	72,032	**52,891**

Administrative expenses increased by 36.2%, or EGP 19.1 million, from EGP 52.9 million in 2013 to EGP 72.0 million in 2014. The increase was primarily due to growth in administrative wages and salaries, as well as the hiring of new directors. EGP 8.4 million of fees relating to the Global Offer also contributed to the increase in administrative expenses.

Other expenses

Other expenses increased by EGP 3.7 million, from EGP 12.0 million in 2013 to EGP 15.7 million in 2014. The increase was primarily due to increased provisions related to ongoing tax inspections, legal proceedings and the employees training fund (as required by law) and a capital loss in connection with a financial lease.

Profit from operations

Profit from operations increased by 84.1%, or EGP 112.0 million, from EGP 133.1 million in 2013 to EGP 245.1 million in 2014. The increase was primarily due to the increase in revenue accompanied by a smaller increase in cost of revenues, and partially offset by the increase in administrative expenses.

Finance (cost) income—net

The Group recorded finance income of EGP 6.1 million in 2013, compared to finance cost of EGP 3.2 million in 2014. This change was primarily due to foreign exchange losses resulting from the increased cost of buying US dollars in 2014, compared to a foreign exchange gain in 2013 resulting from the Group's accumulated reserves of foreign currency.

Profit before tax

Profit before tax increased by 73.7%, or EGP 102.6 million, from EGP 139.2 million in 2013 to EGP 241.9 million in 2014. The increase was primarily due to the increase in profit from operations, partially offset by foreign exchange losses.

Income tax for the year

Income tax for the year increased by 42.2%, or EGP 29.7 million, from EGP 70.5 million in 2013 to EGP 100.2 million in 2014. The increase was largely in line with profit before tax of the Group's subsidiaries (where taxes are paid). The Egyptian income tax rate in 2014 increased by 5% from 2013. However, due to an increase in deferred tax income (from EGP 5.8 million in 2013 to EGP 16.4 million in 2014) resulting from the difference between the Group's accounting treatment and the treatment by the applicable tax authority with regard to amortisation of intangible assets, the Group's effective tax rate decreased in 2014 to 41.4% from 50.6% in 2013.

Net profit for the year

Net profit for the year increased by 106.0%, or EGP 72.9 million, from EGP 68.8 million in 2013 to EGP 141.7 million in 2014. The increase was primarily due to the increase in profit before tax accompanied by a smaller increase in income tax for the year, as well as an increase in deferred tax income.

Al Borg's results of operations

The following table sets forth Al Borg's consolidated income statement for 2013, 2012 and 2011.

	Year ended 31 December		
	2013	2012	2011
		(audited)	
		(EGP thousands)	
Revenue	353,497	326,880	230,820
Cost of revenues	(178,768)	(161,847)	(113,646)
Gross profit from operation	**174,729**	**165,033**	**117,174**
Other income	7,074	684	714
Marketing and advertising expenses	(15,111)	(15,175)	(11,973)
Administrative expenses	(44,348)	(44,412)	(32,751)
Other expenses	(7,462)	(7,027)	(3,901)
Profit from operations	**114,882**	**99,103**	**69,263**
Finance income (cost)—net	50	(137)	2,707
Profit before tax	**114,932**	**98,966**	**71,970**
Deferred tax income (expenses)	2,784	509	(920)
Income tax for the year	(34,211)	(28,221)	(18,348)
Net profit for the year	**83,505**	**71,254**	**52,702**
Profit attributed to:			
Owners of the company	77,322	66,209	49,614
Non-controlling interests	6,183	5,045	3,088
	83,505	**71,254**	**52,702**
Earnings per share (expressed in EGP per share)			
Basic earnings per share	20.13	17.24	12.93
Diluted earnings per share	20.13	17.24	12.93

Revenue

Revenue increased by 8.1%, or EGP 26.6 million, from EGP 326.9 million in 2012 to EGP 353.5 million in 2013. The increase was primarily due to a 1.7% growth in the number of patients served and a 1.6% growth in the average revenue per test between 2012 and 2013, excluding Non-Core Subsidiaries.

Revenue increased by 41.6%, or EGP 96.1 million, from EGP 230.8 million in 2011 to EGP 326.9 million in 2012. The increase was primarily due to a 19.8% growth in the number of patients served and a 6.9% growth in the average revenue per test between 2011 and 2012, excluding Non-Core Subsidiaries.

The number of patients served, tests performed and average revenue per test for Al Borg are set forth in the following table for 2013, 2012 and 2011:

	Year ended 31 December		
	2013	2012	2011
		(unaudited)	
Number of patients[1]	2,095,968	2,060,897	1,720,491
Number of tests[1]	8,126,306	7,948,344	6,484,523
Average revenue per test[1][2] (*EGP*)	33.38	32.84	30.72

(1) Data excludes Non-Core Subsidiaries.

(2) Defined as revenue in the period divided by the number of tests performed in the period.

Cost of revenues

	Year ended 31 December		
	2013	2012	2011
		(audited)	
		(EGP thousands)	
Chemicals and supplies	69,135	74,194	44,632
Cost of specialised analysis at other laboratories	11,093	2,901	2,940
Wages and salaries for employees and doctors	60,863	48,742	38,957
Depreciation of property and equipment	12,119	11,017	7,590
Other expenses	25,062	24,539	19,153
Board of directors salaries and remuneration	496	454	374
	178,768	**161,847**	**113,646**

Cost of revenues increased by 10.5%, or EGP 16.9 million, from EGP 161.8 million in 2012 to EGP 178.8 million in 2013. The increase was primarily due to a 24.9% rise in salary costs resulting from standard wage growth and an increase in new employees due to the opening of new labs. The salary cost increase was partially offset by a 6.8% decrease in the cost of chemicals and supplies. This decrease reflects the strengthened bargaining power of the Group with suppliers of test kits after the Group's acquisition of Al Mokhtabar. Cost of specialised analysis at other laboratories comprises the cost to certain of Al Borg's subsidiaries for special tests processed at other Group and non-Group laboratories. In 2012 (and 2011), MGC and MDC performed most tests in-house and outsourced certain limited tests, resulting in minimal costs in this category. Beginning in 2013, after the acquisition of Al Mokhtabar, these subsidiaries began processing fewer of their tests in-house and sent many of their tests to Al Mokhtabar laboratories for processing (for which Al Mokhtabar charges a discounted price), resulting in an increase of costs in this line item.

Cost of revenues increased by 42.4%, or EGP 48.2 million, from EGP 113.6 million in 2011 to EGP 161.8 million in 2012. The increase was in large part due to a rise in the cost of chemicals and supplies resulting from the strengthening of the US dollar against the Egyptian pound, and also an increase in the number of test kits used. The Group has typically paid for test kits with Egyptian pounds, but those supply contract prices are based on the relevant USD/EGP or EUR/EGP exchange rate on the date of the contract (see "*—Significant Factors Affecting The Group's Results Of Operations—Foreign Currency Effects*"). The increased cost of revenues was also due to a 24.9% rise in salary costs resulting from standard wage growth and an increase in new employees due in part to growth of the business.

Gross profit from operation

Gross profit from operation increased by 5.9%, or EGP 9.7 million, from EGP 165.0 million in 2012 to EGP 174.7 million in 2013. The increase was primarily due to growth in the number of patients served and steady increases in the average price per test, along with decreased costs of chemicals and supplies from Al Borg's strengthened bargaining power after the acquisition of Al Mokhtabar, offset by higher salary costs.

Gross profit from operation increased by 40.8%, or EGP 47.9 million, from EGP 117.2 million in 2011 to EGP 165.0 million in 2012. The increase was primarily due to growth in the number of patients served and steady increases in the average price per test, offset by increased costs of chemicals and supplies resulting from foreign exchange movements and higher salary costs.

Other income

Other income increased by EGP 6.4 million, from EGP 0.7 million in 2012 to EGP 7.1 million in 2013. The increase was primarily due to the sale of a subsidiary, Al-Ansary Lab.

Other income decreased by 4.4%, or EGP 31 thousand, from EGP 714 thousand in 2011 to EGP 683 thousand in 2012. The decrease was primarily due to the reversal of provisions.

Marketing and advertising expenses

Marketing and advertising expenses decreased by EGP 0.1 million, from EGP 15.2 million in 2012 to EGP 15.1 million in 2013. The decrease was due primarily to a reduction of marketing salaries and TV advertising, offset by increased gifts and expenses for accommodations and conferences.

Marketing and advertising expenses increased by 26.7%, or EGP 3.2 million, from EGP 12.0 million in 2011 to EGP 15.2 million in 2012. The increase was primarily due to increased TV advertising spending and the hiring of new marketing staff.

Administrative expenses

Administrative expenses decreased by 0.1%, or EGP 63.6 thousand, from EGP 44.4 million in 2012 to EGP 44.3 million in 2013. The decrease was primarily due to administrative and personnel synergies resulting from the acquisition of Al Mokhtabar in 2012, offset by increased administrative salary costs resulting from organic growth of the business.

Administrative expenses increased by 35.6%, or EGP 11.7 million, from EGP 32.8 million in 2011 to EGP 44.4 million in 2012. The increase was primarily due to increased administrative salary costs resulting from organic growth of the business and consulting and advisory fees related to the acquisition of Al Mokhtabar in 2012.

Other expenses

Other expenses increased by 6.2%, or EGP 0.4 million, from EGP 7.0 million in 2012 to EGP 7.5 million in 2013. The increase was primarily due to a capital loss on a finance lease contract.

Other expenses increased by 80.1%, or EGP 3.1 million, from EGP 3.9 million in 2011 to EGP 7.0 million in 2012. The increase was primarily due to the establishment of legal provisions and provisions relating to doubtful customers, both occurring as a result of the Group implementing a more stringent impairment policy with respect to non-payment of debts.

Profit from operations

Profit from operations increased by 15.9%, or EGP 15.8 million, from EGP 99.1 million in 2012 to EGP 114.9 million in 2013. The increase was primarily due to growth in the number of patients served and steady increases in the average price per test, increased bargaining power with test kit suppliers after the acquisition of Al Mokhtabar, and the sale of a subsidiary, offset in part by higher salary costs.

Profit from operations increased by 43.1%, or EGP 29.8 million, from EGP 69.3 million in 2011 to EGP 99.1 million in 2012. The increase was primarily due to growth in the number of patients served and steady increases in the average price per test, offset by increased costs of chemicals and supplies resulting from foreign exchange movements, higher salary costs and fees related to the acquisition of Al Mokhtabar in 2012.

Finance income (cost)—net

Al Borg recorded finance cost of EGP 137 thousand in 2012, compared to finance income of EGP 49 thousand in 2013. This change was primarily due to an increase in interest income from time deposits and positive changes in the fair value of investment funds, along with a smaller dividend payment in 2013, offset partially by increased foreign exchange losses.

Al Borg recorded finance income of EGP 2.7 million in 2011, compared to finance cost of EGP 0.1 million in 2012. This change was primarily due to increased foreign exchange losses and smaller positive changes in the fair value of investment funds, offset partially by an increase in interest income from time deposits.

Profit before tax

Profit before tax increased by 16.1%, or EGP 16.0 million, from EGP 99.0 million in 2012 to EGP 114.9 million in 2013.

Profit before tax increased by 37.5%, or EGP 27.0 million, from EGP 72.0 million in 2011 to EGP 99.0 million in 2012.

Deferred tax income (expenses)

Deferred tax income increased by EGP 2.3 million, from EGP 0.5 million in 2012 to EGP 2.8 million in 2013. The increase was primarily due to the sale of Al-Ansary Lab, which caused a significant decrease in intangible assets as a result of the elimination of the goodwill of the lab.

Deferred tax income (expenses) was an expense of EGP 0.9 million in 2011, compared to income of EGP 0.5 million in 2012.

Income tax for the year

Income tax for the year increased by 21.2%, or EGP 6.0 million, from EGP 28.2 million in 2012 to EGP 34.2 million in 2013. The increase was primarily due to the increase in profit before tax. The effective tax rate for Al Borg was 27.34% in 2013, compared to 28% in 2012.

Income tax for the year increased by 53.8%, or EGP 9.9 million, from EGP 18.3 million in 2011 to EGP 28.2 million in 2012. The increase was primarily due to the increase in profit before tax. The effective tax rate for Al Borg was 28% in 2012, compared to 26.77% in 2011.

Net profit for the year

Net profit for the year increased by 17.2%, or EGP 12.3 million, from EGP 71.3 million in 2012 to EGP 83.5 million in 2013. The increase was primarily due to growth in the number of patients served and steady increases in the average price per test, increased bargaining power with test kit suppliers after the acquisition of Al Mokhtabar, and the sale of a subsidiary, offset in part by higher salary costs and an increased tax burden.

Net profit for the year increased by 35.2%, or EGP 18.6 million, from EGP 52.7 million in 2011 to EGP 71.3 million in 2012. The increase was primarily due to growth in the number of patients served and steady increases in the average price per test, offset by increased costs of chemicals and supplies resulting from foreign exchange movements, higher salary costs, fees related to the acquisition of Al Mokhtabar in 2012 and an increased tax burden.

Al Mokhtabar's results of operations

The following table sets forth Al Mokhtabar's consolidated income statement for 2013, 2012 and 2011.

	Year ended 31 December		
	2013	2012	2011
		(audited)	
		(EGP thousands)	
Revenue	325,745	262,517	197,944
Cost of revenues	(138,441)	(113,053)	(107,474)
Gross profit from operation	**187,304**	**149,464**	**90,470**
Other income	255	96	45
Marketing and advertising expenses	(18,676)	(11,833)	(11,011)
Administrative expenses	(23,141)	(46,927)	(14,563)
Other expenses	(4,566)	(3,440)	(3,758)
Profit from operations	**141,176**	**87,360**	**61,183**
Finance income—net	4,211	9,136	5,382
Profit before tax	**145,387**	**96,496**	**66,565**
Deferred tax expenses	(42)	(89)	(119)
Income tax for the year	(42,095)	(27,093)	(21,751)
Net profit for the year	**103,250**	**69,314**	**44,695**
Profit attributed to:			
Owners of the company	103,271	69,314	44,779
Non-controlling interests	(21)	—	(84)
	103,250	**69,314**	**44,695**
Earnings per share (expressed in EGP per share)			
Basic earnings per share	160.55	107.76	69.62
Diluted earnings per share	160.55	107.76	69.62

Revenue

Revenue increased by 24.1%, or EGP 63.2 million, from EGP 262.5 million in 2012 to EGP 325.7 million in 2013. The increase was primarily due to a 7.9% growth in the number of patients served and a 16.6% growth in the average revenue per test between 2012 and 2013, excluding Non-Core Subsidiaries.

Revenue increased by 32.6%, or EGP 64.6 million, from EGP 197.9 million in 2011 to EGP 262.5 million in 2012. The increase was primarily due to a 21.0% growth in the number of patients served and a 3.2% growth in the average revenue per test between 2011 and 2012, excluding Non-Core Subsidiaries.

The number of patients served, tests performed and average revenue per test for Al Mokhtabar are set forth in the following table for 2013, 2012 and 2011:

	Year ended 31 December		
	2013	2012	2011
		(unaudited)	
Number of patients[1]	2,520,816	2,336,682	1,930,792
Number of tests[1]	9,935,821	9,373,233	7,330,278
Average revenue per test[1][2] (*EGP*)	32.37	27.83	26.97

(1) Data excludes Non-Core Subsidiaries.

(2) Defined as revenue in the period divided by the number of tests performed in the period.

Cost of revenues

	Year ended 31 December		
	2013	2012	2011
		(audited)	
		(EGP thousands)	
Chemicals and supplies	65,765	53,554	40,559
Cost of specialised analysis at other laboratories	2,727	1,604	820
Wages and salaries for employees and doctors	41,471	29,350	37,984
Depreciation of property and equipment	5,722	9,333	13,646
Other expenses	22,756	19,213	14,465
	138,441	**113,054**	**107,474**

Cost of revenues increased by 22.5%, or EGP 25.4 million, from EGP 113.1 million in 2012 to EGP 138.4 million in 2013. The increase was primarily due to the cost of chemicals and supplies rising roughly in line with revenue. The stronger bargaining power of the Group with test kit suppliers after the acquisition of Al Mokhtabar in 2012 was largely offset by higher kit prices caused by the strengthening of the US dollar against the Egyptian pound. The Group has typically paid for test kits with Egyptian pounds, but those supply contract prices are based on the relevant USD/EGP or EUR/EGP exchange rate on the date of the contract (see *"—Significant Factors Affecting The Group's Results Of Operations—Foreign Currency Effects*"). The increase in the cost of revenues was also caused in part by higher salary costs largely driven by standard wage increases and the organic growth of the business. The increase was partially offset by decreasing depreciation costs caused by fully depreciated equipment not being replaced.

Cost of revenues increased by 5.2%, or EGP 5.6 million, from EGP 107.5 million in 2011 to EGP 113.1 million in 2012. The increase was primarily due to the cost of chemicals and supplies rising roughly in line with revenue. The increase in the cost of revenues was partially offset by lower salary costs. Wages and salaries decreased 22.7% in 2012, reflecting the fact that Al Mokhtabar paid a significantly higher profit-sharing distribution to its employees in 2011 as a result of not having paid one in previous years, even though average salaries increased compared to 2011.

Gross profit from operation

Gross profit from operation increased by 25.3%, or EGP 37.8 million, from EGP 149.5 million in 2012 to EGP 187.3 million in 2013. The increase was primarily due to growth in the number of patients served and steady increases in the average price per test, offset by increasing costs of test kits due to foreign exchange movements and higher salary costs.

Gross profit from operation increased by 65.2%, or EGP 59.0 million, from EGP 90.5 million in 2011 to EGP 149.5 million in 2012. The increase was primarily due to growth in the number of patients served and steady increases in the average price per test, along with fewer salary costs due to the larger-than-normal profit-sharing distribution to employees in 2011, offset by the costs of test kits rising in line with revenue.

Other income

Other income increased by EGP 160 thousand, from EGP 96 thousand in 2012 to EGP 256 thousand in 2013. Other income increased by EGP 51 thousand, from EGP 45 thousand in 2011 to EGP 96 thousand in 2012. The increases over the periods were primarily due to the growth in fees received in connection with the training programme that the Group offers to third-party chemists.

Marketing and advertising expenses

Marketing and advertising expenses increased by 57.8%, or EGP 6.8 million, from EGP 11.8 million in 2012 to EGP 18.7 million in 2013. The increase was primarily due to the increased expenditure on TV advertisements and the hiring of new marketing staff.

Marketing and advertising expenses increased by 7.5%, or EGP 0.8 million, from EGP 11.0 million in 2011 to EGP 11.8 million in 2012. The increase was not due to a specific event.

Administrative expenses

Administrative expenses decreased by 50.8%, or EGP 23.8 million, from EGP 46.9 million in 2012 to EGP 23.1 million in 2013. The decrease was primarily due to the large expenditure of consulting and advisory fees in 2012 related to the acquisition of Al Mokhtabar by the Group. The absence of a similar large expenditure in 2013 was offset slightly by an increase in salary costs in order to bring Al Mokhtabar employees' salaries in line with Al Borg.

Administrative expenses increased by EGP 32.4 million, from EGP 14.6 million in 2011 to EGP 46.9 million in 2012. The increase was primarily due to the payment of consulting and advisory fees in 2012 related to the acquisition of Al Mokhtabar by the Group.

Other expenses

Other expenses increased by 32.7%, or EGP 1.1 million, from EGP 3.4 million in 2012 to EGP 4.6 million in 2013. The increase was primarily due to the establishment of legal provisions and provisions relating to doubtful customers, both occurring as a result of the Group implementing a more stringent impairment policy with respect to non-payment of debts.

Other expenses decreased by 8.5%, or EGP 0.3 million, from EGP 3.8 million in 2011 to EGP 3.4 million in 2012. The decrease was primarily due to a smaller provision related to payroll taxes recorded in 2012 than in 2011.

Profit from operations

Profit from operations increased by 61.6%, or EGP 53.8 million, from EGP 87.4 million in 2012 to EGP 141.2 million in 2013. The increase was primarily due to growth in the number of patients served and steady increases in the average price per test, along with lower administrative expenses due to the fees incurred in 2012 in relation to the acquisition of Al Mokhtabar by the Group, offset in part by higher marketing expenses.

Profit from operations increased by 42.8%, or EGP 26.2 million, from EGP 61.2 million in 2011 to EGP 87.4 million in 2012. The increase was primarily due to growth in the number of patients served and steady increases in the average price per test, along with lower salary costs due to the larger-than-normal profit-sharing distribution to employees in 2011, offset by the costs of test kits rising in line with revenue and the fees paid in 2012 related to the acquisition of Al Mokhtabar by the Group.

Finance income—net

Finance income decreased by 53.9%, or EGP 4.9 million, from EGP 9.1 million in 2012 to EGP 4.2 million in 2013. The decrease was primarily due to lower cash balances as a result of paying dividends in 2013.

Finance income increased by 69.7%, or EGP 3.7 million, from EGP 5.4 million in 2011 to EGP 9.1 million in 2012. The increase was primarily due to an increase in foreign exchange gains.

Profit before tax

Profit before tax increased by 50.7%, or EGP 48.9 million, from EGP 96.5 million in 2012 to EGP 145.4 million in 2013.

Profit before tax increased by 45.0%, or EGP 29.9 million, from EGP 66.6 million in 2011 to EGP 96.5 million in 2012.

Deferred tax expenses

Deferred tax decreased by 52.2%, or EGP 46 thousand, from EGP 89 thousand in 2012 to EGP 42 thousand in 2013. Deferred tax decreased by 25.5%, or EGP 30 thousand, from EGP 119 thousand in 2011 to EGP 89 thousand in 2012.

Income tax for the year

Income tax increased by 55.4%, or EGP 15.0 million, from EGP 27.1 million in 2012 to EGP 42.1 million in 2013. The increase was primarily due to the increase in profit before tax. The effective tax rate for Al Mokhtabar was 29% in 2013, compared to 28.2% in 2012

Income tax increased by 24.6%, or EGP 5.3 million, from EGP 21.8 million in 2011 to EGP 27.1 million in 2012. The increase in income tax for the year was primarily due to the increase in profit before tax. The effective tax rate for Al Mokhtabar was 28.2% in 2012, compared to 32.8% in 2011

Net profit for the year

Net profit for the year increased by 49.0%, or EGP 33.9 million, from EGP 69.3 million in 2012 to EGP 103.3 million in 2013. The increase was primarily due to growth in the number of patients served and steady increases in the average price per test, along with lower administrative fees due to the fees incurred in 2012 in relation to the acquisition of Al Mokhtabar by the Group, offset in part by higher marketing expenses and an increased tax burden.

Net profit for the year increased by 55.1%, or EGP 24.6 million, from EGP 44.7 million in 2011 to EGP 69.3 million in 2012. The increase was primarily due to growth in the number of patients served and steady increases in the average price per test, along with lower salary costs due to the larger-than-normal profit-sharing distribution to employees in 2011, offset by the costs of test kits rising in line with revenue, the fees paid in 2012 related to the acquisition of Al Mokhtabar by the Group and an increased tax burden.

Liquidity and Capital Resources

Capital Expenditure

The Group historically has had limited levels of Capital Expenditure, and its Capital Expenditure as a percentage of revenue was 3.6 per cent. and 3.8 per cent. in 2013 and 2014, respectively. The Group's Capital Expenditure is relatively low reflecting primarily the low cost of opening and operating its C Labs. The following table presents a breakdown of the Group's Capital Expenditure in 2011, 2012, 2013 and 2014.

Historically the Group has financed its Capital Expenditure primarily from cash flows from operations.

	Year ended 31 December			
	2014	2013	2012	2011
Capital Expenditure (*EGP millions*)	**32.4**	**24.0**	**—**	**—**
Al Borg	—	17.3	19.8	24.6
Al Mokhtabar	—	7.3	4.4	8.9
Capital Expenditure/revenue (%)	**3.8**	**3.6**	**—**	**—**
Al Borg	—	4.9	6.1	10.6
Al Mokhtabar	—	2.2	1.7	4.5

In addition to the Capital Expenditure discussed above, the Group is in the final stages of development of its new Mega Lab facility, which is expected to involve a total investment of approximately EGP 80 million.

As at 31 December 2014, the Group had spent approximately EGP 53 million, which is categorised under Projects in Progress in the Group's 2014 and 2013 Financial Statements. Development of the Mega Lab was initiated in 2013 through IMA, which at the time was a related party with common shareholders. (IMA was initially established with Egyptian individual shareholders in order to expedite the establishment process.) At that time, the shareholders of IMA were Dr. Hend El Sherbini (CEO and an Executive Director of the Company), Dr. Moamena Kamel (a beneficial owner of Hena Holdings), Amr Helal (a managing director of Abraaj) and Tarek Hemida (the CFO of IDH). On 21 December 2014, Al Mokhtabar acquired Dr. El Sherbini's entire 33.33 per cent. stake in IMA and gained effective control of IMA. On 8 January 2015, Al Mokhtabar subscribed in full to a capital increase of IMA in the amount of approximately EGP 40 million (thereby retiring IMA's debt to the Group), which resulted in the Group acquiring in total 99.58 per cent. of the share capital of IMA.

Working capital

The following tables set out the Group's consolidated working capital as at 31 December 2014, 2013 and 2012, as well as Al Borg's and Al Mokhtabar's working capital as at 31 December 2013, 2012 and 2011. The notable increase includes the Group loans to IMA discussed in "*—Capital Expenditure*".

	As at 31 December		
IDH Working Capital	**2014**	**2013**	**2012**
		(audited) (EGP millions)	
Inventories	36.0	28.6	22.8
Trade and other receivables	93.2	98.2	67.0
Trade and other payables	(124.3)	(108.7)	(89.3)
Net working capital	**4.9**	**18.1**	**0.5**

	As at 31 December		
Al Borg Working Capital	**2013**	**2012**	**2011**
		(audited) (EGP millions)	
Inventories	18.8	15.3	14.9
Trade and other receivables	39.6	40.4	40.1
Trade and other payables	(55.0)	(45.7)	(61.4)
Net working capital	**3.4**	**10.0**	**(6.4)**

	As at 31 December		
Al Mokhtabar Working Capital	**2013**	**2012**	**2011**
		(audited) (EGP millions)	
Inventories	9.8	7.5	6.2
Trade and other receivables	62.6	29.4	30.6
Trade and other payables	(59.9)	(46.2)	(41.1)
Net working capital	**12.5**	**(9.3)**	**(4.3)**

In the opinion of the Directors, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

Cash flows

IDH

The following table presents a summary of IDH's cash flows for 2014 and 2013, which has been extracted without material adjustment from the historical financial information set out in "*Historical Financial Information—IDH Consolidated Financial Information*".

	Year ended 31 December	
	2014	2013
	(audited) (EGP thousands)	
Cash generated from operating activities	301,587	209,291
Net cash flow used in investing activities	(70,291)	(10,897)
Net cash flows used in financing activities	(234,014)	(276,594)
Net decrease in cash and cash equivalent	(2,718)	(78,200)
Cash and cash equivalent at the end of the year	**252,110**	**262,586**

Cash generated from operating activities

For 2014, cash generated from the Group's operating activities was EGP 301.6 million, an increase of EGP 92.3 million, or 44.1%, from EGP 209.3 million for 2013. This increase was primarily due to the increase in profit before tax and the increase in foreign exchange differences, partially offset by the reduction in the amortisation of intangible assets. To a lesser extent, the increase in cash generated from operating activities was due to an increase in provisions formed, in particular increases in tax provisions to meet potential obligations that may be incurred upon completion of tax inspections.

Net cash flow used in investing activities

For 2014, net cash flows used in the Group's investing activities was EGP 70.3 million, an increase of EGP 59.4 million from EGP 10.9 million for 2013. The increase was primarily due to the EGP 53.1 million of expenditures recorded in 2014 related to the construction and development of the Group's new Mega Lab facility. In 2013 the Mega Lab expenditures were accounted for as loans to a related party, IMA (the holding company that owns and operates the Mega Lab), which is now owned by the Group. The net increase was also due to a cash inflow in 2013 from the sale of the Al-Ansary Lab subsidiary.

Net cash flows used in financing activities

For 2014, net cash flows used in the Group's financing activities was EGP 234.0 million, a decrease of EGP 42.6 million, or 15.4%, from EGP 276.6 million for 2013. This net decrease was primarily due to a dividend of EGP 72.6 million paid in 2013 by Al Mokhtabar to its shareholders prior to the acquisition of Al Mokhtabar by the Group, which had accrued prior to the acquisition. The net decrease was partially offset by the increased dividends paid to Shareholders in 2014, which amounted to EGP 229.7 million.

Al Borg

The following table presents a summary of Al Borg's cash flows for 2013, 2012 and 2011, which has been extracted without material adjustment from the historical financial information set out in "*Historical Financial Information—Al Borg Consolidated Financial Information*".

	Year ended 31 December		
	2013	2012	2011
		(audited) (EGP thousands)	
Cash generated from operating activities	88,335	90,618	58,934
Net cash flow used in investing activities	(3,793)	(24,749)	(66,076)
Net cash flows used in financing activities	(28,908)	(73,787)	(2,117)
Net increase (decrease) in cash and cash equivalent	55,634	(7,918)	(9,259)
Cash and cash equivalent at the end of the year	**108,380**	**45,530**	**60,516**

Cash generated from operating activities

For 2013, cash generated from Al Borg's operating activities was EGP 88.3 million, a decrease of EGP 2.3 million, or 2.5%, from EGP 90.6 million for 2012. This reduction was primarily due to an increase in taxes paid in 2013.

For 2012, cash generated from Al Borg's operating activities was EGP 90.6 million, an increase of EGP 31.7 million, or 53.8%, from EGP 58.9 million for 2011. This increase was primarily due to the increase in profits before tax and decreases in both accounts receivables and contributions to an investment fund, offset by the increase in accounts payables.

Net cash flow used in investing activities

For 2013, net cash used in Al Borg's investing activities was EGP 3.8 million, a decrease of EGP 20.9 million, or 84.6%, from EGP 24.7 million for 2012. This reduction was primarily due to proceeds received from the sale of Al-Ansary Lab in 2013 and the fact that the final payments for the acquisitions of Biolab and Ultralab completed in 2011 were paid in 2012.

For 2012, net cash used in Al Borg's investing activities was EGP 24.7 million, a decrease of EGP 41.3 million, or 62.6%, from EGP 66.1 million for 2011. This reduction was primarily due to the fact that the majority of the investments in Ultralab and Biolab were made in 2011, offset partially by the sale of treasury bills in 2011 used for the financing of those acquisitions.

Net cash flows used in financing activities

For 2013, net cash used in Al Borg's financing activities was EGP 28.9 million, a decrease of EGP 44.9 million, or 60.8%, from EGP 73.8 million for 2012. This reduction was primarily due to the smaller dividend amounts paid to investors in 2013.

For 2012, net cash used in Al Borg's financing activities was EGP 73.8 million, an increase of EGP 71.7 million, from EGP 2.1 million for 2011. This increase was primarily due to dividends paid to investors in 2012.

Al Mokhtabar

The following table presents a summary of Al Mokhtabar's cash flows for 2013, 2012 and 2011, which has been extracted without material adjustment from the historical financial information set out in "*Historical Financial Information—Al Mokhtabar Consolidated Financial Information*".

	Year ended 31 December		
	2013	2012	2011
		(audited)	
		(EGP thousands)	
Cash generated from operating activities	102,365	89,264	75,625
Net cash flow (used in) generated from investing activities	(4,998)	(3,213)	19,189
Net cash flows used in financing activities	(156,876)	(47,407)	—
Net (decrease) increase in cash and cash equivalent	(59,509)	38,644	94,814
Cash and cash equivalent at the end of the year	**151,065**	**210,784**	**172,270**

Cash generated from operating activities

For 2013, cash generated from Al Mokhtabar's operating activities was EGP 102.4 million, an increase of EGP 13.1 million, or 14.7%, from EGP 89.3 million for 2012. This increase was primarily due to the increase in profit before tax, partially offset by a payment of approximately EGP 23.4 million to IMA relating to the development of the premises on which the Mega Lab is being established. At the time of the payment IMA was a related party with common shareholders. The Group now controls 99.58 per cent. of IMA's share capital.

For 2012, cash generated from Al Mokhtabar's operating activities was EGP 89.3 million, an increase of EGP 13.6 million, or 18.0%, from EGP 75.6 million for 2011. This increase was primarily due to profit-sharing distributions to Al Mokhtabar employees in 2011.

Net cash flow (used in) generated from investing activities

For 2013, net cash used in Al Mokhtabar's investing activities was EGP 5.0 million, an increase of EGP 1.8 million, or 55.6%, from EGP 3.2 million for 2012. This increase was primarily due to the fact that Al Mokhtabar opened 11 labs in 2013, compared to only one lab in 2012.

For 2012, net cash used in Al Mokhtabar's investing activities was EGP 3.2 million, an increase of EGP 22.4 million as compared to net cash generated from investing activities of EGP 19.2 million for 2011. This change reflected the liquidation of treasury bills in 2011.

Net cash flows used in financing activities

For 2013, net cash used in Al Mokhtabar's financing activities was EGP 156.9 million, an increase of EGP 109.5 million, or 230.9%, from EGP 47.4 million for 2012. This increase was primarily due to dividends paid to its shareholders in 2013.

For 2012, net cash used in Al Mokhtabar's financing activities was EGP 47.4 million, as compared to nil for 2011. This is due to dividends being paid to its shareholders in 2012 and not in 2011.

Indebtedness

The following table presents a breakdown of the Group's interest-bearing loans and borrowings as at 31 December 2014, 2013 and 2012.

	As at 31 December		
	2014	2013	2012
	(audited) (EGP thousands)		
Current liabilities:			
Borrowings	45	2,495	2,419
Non-current liabilities:			
Long-term financial obligations	582	648	1,170
Borrowings	—	38	353
	582	**686**	**1,523**
Total interest bearing loans and borrowings	**627**	**3,181**	**3,942**

Contractual Obligations and Commitments

The following table sets forth the Company's contractual obligations and commitments as at 31 December 2014:

	Total	Within 1 year	1 to 5 years	More than 5 years
Borrowings	44,956	44,956	—	—
Operating lease obligations	1,439,807	857,645	582,162	—
Total	**1,484,763**	**902,601**	**582,162**	**—**

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Financial Risk

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

Market Risk

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the British pound and the euro. However, the Group aims to minimise open positions in foreign currencies to the extent necessary to conduct its activities.

The Group has implemented policies to require Group-owned companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group has historically sought to manage its foreign currency exposure by maintaining a portion of its cash reserves in foreign currency, including by engaging in frequent foreign exchange transactions, and the remaining balance in Egyptian pounds, depending on its present needs and the availability of foreign currency at favourable exchange rates. Going forward, the Group plans to maintain this policy. The Central Bank of Egypt has placed conditions on access to US dollars and imposed foreign currency exchange controls to restrict access to non-Egyptian currencies. As a result, the availability of foreign currency in Egypt is limited, unpredictable and sometimes only available at unfavourable exchange rates. Hedging foreign currency risk has not been readily available in Egypt. The Central Bank of Egypt has recently implemented additional measures to curtail the parallel foreign exchange market, including a relaxation of the de facto EGP/USD peg (see "*Operating and Financial Review—Significant Factors Affecting the Group's Results of Operations—Foreign Currency Effects*"). After an initial period of short-term volatility, these policies have been largely successful so far in effectively eliminating the parallel market. While the market has generally been provided foreign currency in the transitional period, there is a risk that the official market may not be able to support the increased demand in the short-term whilst liquidity migrates from the parallel market to the official interbank market.

The Group has certain investments in foreign operations, the net assets of which are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31 December, if the Egyptian pound had weakened/strengthened by 10 per cent. against the US dollar (with all other variables held constant), pre-tax profit (loss) for the year would have been EGP 10.8 million, EGP 10.5 million and EGP 136 thousand higher/lower for 2014, 2013 and 2012, respectively, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

At 31 December, if interest rates on Egyptian pound-denominated borrowings had been one per cent. higher/lower (with all other variables held constant), pre-tax profit (loss) for the year would have been EGP 450, EGP 25 thousand and EGP 28 thousand higher/lower for 2014, 2013 and 2012, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit Risk

Credit risk is managed on a Group-wide basis, except for credit risk relating to accounts receivable balances. Each Group-owned company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group's policy in selecting financial institution counterparties is to deal with banks that have a high independent rating with a good reputation.

The Group assesses the credit quality of potential customers, taking into account their financial position, market reputation, past experience and other factors.

No credit limits were exceeded during the reporting period, and the Group does not expect any losses from non-performance by these counterparties.

Liquidity Risk

Cash flow forecasting is performed within each of the Group's operating entities and then aggregated by the Group finance department. The Group finance department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times to prevent the Group from breaching borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements (for example, currency restrictions).

The Group retains cash balances in order to allow repayment of obligations on time, without taking into account any factors that it cannot predict, such as natural disasters. The Group's policy is for suppliers and creditors to be repaid over a period of 45 days from the date of the invoice or the date of the commitment.

Capital Risk Management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated financial position, plus net debt.

The gearing ratios were as follows:

	As at 31 December		
	2014	2013	2012
	(EGP thousands, unless otherwise stated)		
Total liabilities	379,584	337,897	373,762
Less: cash and cash equivalents	(252,110)	(264,692)	(333,677)
Net debt	127,474	73,205	40,085
Total equity	1,812,726	1,908,817	2,035,101
Total capital	**1,940,200**	**1,982,022**	**2,075,186**
Gearing ratio	**6.6%**	**3.7%**	**1.9%**

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of trade receivables

The evaluation of the impairment value in trade receivables is made through monitoring the debts. The Group's management studies the credit position and the ability of customers to pay whose debts are due during the credit limit granted for them. The impairment is recorded with the values of the due amounts on the customers who the Group's management sees as unable to pay. The provision for impairment of

trade receivables was EGP 12.1 million, EGP 9.8 million and EGP 7.3 million as at 31 December 2014, and 2012, respectively.

Income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such a determination is made.

Estimated impairment of goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (or groups thereof) that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and, unlike prior impairments of other non-financial assets, which are reviewed for possible reversal at each reporting date, is not subsequently reversed; the amortisation of intangible assets is calculated using the straight-line method from two to four years. These calculations require the use of estimates.

Personal judgment in implementation of the Group's accounting policies

In general the application of the Group's accounting policies does not require from management the use of personal judgment (except relating to the critical accounting estimates and judgments listed above that might have a major impact on the value recognised on the financial statements).

DIVIDEND POLICY

GROUP POLICY

The Group paid shareholder distributions of EGP 194.9 million and EGP 229.7 million in 2013 and 2014, respectively. These distributions included dividends, as well as other cash distributions to Shareholders. Going forward, the Group intends to distribute any excess cash after taking into consideration all business cash requirements and any potential acquisition considerations.

Egyptian Legal Considerations

Under Egyptian law, companies are required to make profit-sharing distributions to their employees if they pay dividends to their shareholders. The amount of the employee distributions must be at least the lesser of (i) 10 per cent. of the shareholder dividends or (ii) 100 per cent. of the relevant company's total salaries and wages paid in the relevant period.

Further, under the Egyptian Income Tax Law, an income tax is imposed on the dividends distributed to resident and non-resident shareholders of Egyptian companies at a rate of 10 per cent., which is reduced to five per cent. if the shareholder holds more than 25 per cent. of the capital or the voting rights of the company for at least two years.

The Group's Egyptian subsidiaries are not permitted under Egyptian law to transfer Egyptian pounds out of Egypt. Dividends paid outside of Egypt must therefore be paid in foreign currency. Due to imposition of exchange controls, however, the availability of foreign currency in Egypt is limited and foreign currency can sometimes only be available at unfavourable exchange rates, which can fluctuate greatly. For more information on these risks, see "*Risk Factors—Risks Related to Egypt and the MENA Region—The Group is exposed to foreign currency risk with respect to purchases of supplies in foreign currencies*", "*Risk Factors—Risks Related to Egypt and the MENA Region—Egyptian law does not permit the transfer of Egyptian pounds outside of Egypt, and the supply of foreign currency in Egypt is limited, which may materially and adversely affect the Group's ability to pay dividends*" and "*Risk Factors—Risks Related to the Global Offer and the Shares—The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements and is therefore not guaranteed*".

CAPITALISATION AND INDEBTEDNESS

The tables below set out the Group's capitalisation and indebtedness as at 31 March 2015.

The capitalisation and indebtedness information has been sourced from the Group's unaudited accounting records as at 31 March 2015, which is the latest practicable date prior to the publication of this Prospectus.

	31 March 2015
	EGP
Total current debt	**855,283**
Guaranteed	855,283
Secured	0
Unguaranteed/unsecured	0
Total non-current debt (excluding current portion of long-term debt)	**370,112**
Guaranteed	370,112
Secured	0
Unguaranteed/unsecured	0
Shareholder's equity	
Share capital	1,072,500,000
Legal reserve[1]	—
Other reserves[1]	(185,284,736)
Share premium	929,692,727
Retained earning	88,711,438
Non-controlling interests	48,343,182
Total	**1,953,962,611**

(1) The legal reserves of the Company's operating subsidiaries are included in Other reserves.

The Company will pay all expenses related to the Global Offer. This includes, among others, fees for auditors, tax advisors and legal counsel, as well as the underwriting fees and selling commissions (which comprise a fixed fee as a percentage of the offer volume, as well as a discretionary incentive fee) for the underwriting syndicate. The Company estimates the total expenses related to the Global Offer to be up to EGP 127 million (assuming no exercise of the Over-allotment Option), of which approximately EGP 8.4 million has been charged in the fourth quarter of 2014, with the remainder to be charged in the second quarter of 2015.

The Group will pay by the end of the first half of 2015 to each of the Principal Shareholders, pro rata to its shareholdings and the proportion of the year during which the Principal Shareholder was a shareholder of the Company, its share of the annual management fee for 2014 of EGP 10.8 million. The management fee is payable in accordance with the 2014 Jersey Shareholders' Agreement, which terminates upon Admission.

The following table sets out the Group's net indebtedness as at 31 March 2015.

		31 March 2015
		EGP
A.	Cash	71,449,571
B.	Cash equivalent	265,364,939
C.	Trading securities	0
D.	**Liquidity (A+B+C)**	**336,814,510**
E.	Current Financial Receivable	0
F.	Current bank debt	30,052
G.	Current portion of non-current debt	0
H.	Other current financial debt	855,283
I.	**Current Financial Debt (F+G+H)**	**885,335**
J.	**Net Current Financial Indebtedness (I−E−D)**	**(335,929,175)**
K.	Non-current bank loans	0
L.	Bonds issued	0
M.	Other non-current loans	370,112
N.	**Non-Current Financial Indebtedness (K+L+M)**	**370,112**
O.	**Net Financial Indebtedness (J+N)**	**(335,559,063)**

The Group has no indirect and contingent indebtedness.

IDH CONSOLIDATED FINANCIAL INFORMATION

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Report on the Special Purpose Consolidated Financial Statements

We have audited the accompanying special purpose consolidated financial statements of Integrated Diagnostics Holding plc—IDH—("the Company"), which comprise the special purpose consolidated statement of financial position as at 31 December 2014, 31 December 2013 and 31 December 2012, the special purpose consolidated statements of income, comprehensive income, changes in equity and cash flows for the years ended 31 December 2014 and 31 December 2013 and the period from 1 September 2012 to 31 December 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the special purpose Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these special purpose consolidated financial statements in accordance with the basis of preparation in note 2-A of the notes to the special purpose consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these special purpose consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the special purpose consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the special purpose consolidated financial statements present fairly, in all material respects, the consolidated financial position of Integrated Diagnostics Holding Limited plc—IDH—as at 31 December 2014, 2013 and 2012, and its consolidated financial performance and its consolidated cash

flows for the years ended 31 December 2014 and 31 December 2013 and for the four months period ended December 31, 2012 in accordance with the basis of preparation in note 2-A.

Basis of Accounting

Without modifying our opinion, we draw attention to note 2-A of the notes to the special purpose consolidated financial statements. The special purpose consolidated financial statements have been prepared in accordance with the basis of preparation described in note 2-A to be included in a prospectus. As a result the consolidated financial statements may not be suitable for another purpose.

Report on Other legal and Regulatory Requirements.

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to insure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I and item 1.2 of Annex III of the Prospectus Directive Regulation.

KPMG Hazem Hassan

22 April 2015

INTEGRATED DIAGNOSTICS HOLDINGS plc—"IDH" AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Financial Position—as at:

(All amounts in Egyptian Pounds)

	Note	31 December 2014	31 December 2013	31 December 2012
ASSETS				
Non-current assets				
Property and equipment	5	244,962,062	192,359,778	190,138,151
Intangible assets	7	1,608,839,148	1,700,320,398	1,829,491,323
Total non-current assets		**1,853,801,210**	**1,892,680,176**	**2,019,629,474**
Current assets				
Inventories	8	36,007,252	28,561,851	22,826,966
Trade and other receivables	9	93,233,836	98,149,837	66,981,883
Cash and cash equivalent	10	252,109,940	264,692,392	333,676,557
Total current assets		**381,351,028**	**391,404,080**	**423,485,406**
Total assets		**2,235,152,238**	**2,284,084,256**	**2,443,114,880**
EQUITY AND LIABILITIES				
Equity				
Issued capital and resrves attributable to the owners of the company		1,812,726,304	1,908,817,742	2,035,101,036
Non-controlling interest		42,841,767	37,369,615	34,251,861
Total equity		**1,855,568,071**	**1,946,187,357**	**2,069,352,897**
Non-current liabilities				
Long-term financial obligations	15	582,162	648,433	1,170,342
Borrowings	16	—	37,624	352,917
Deferred tax liabilities	19	117,033,452	133,387,400	139,260,496
Total non-current liabilities		**117,615,614**	**134,073,457**	**140,783,755**
Current liabilities				
Provisions	11	19,199,754	14,213,940	11,572,446
Trade and other payables	12	124,285,435	108,661,177	89,267,764
Borrowings	16	44,956	2,495,284	2,418,896
Current tax liabilities		118,438,408	78,453,041	57,126,140
Accrued dividends		—	—	72,592,982
Total current liabilities		**261,968,553**	**203,823,442**	**232,978,228**
Total equity and liabilities		**2,235,152,238**	**2,284,084,256**	**2,443,114,880**

The accompanying notes form an integral part of these special purpose consolidated financial statements.

Dr Hend El Sherbini
Chief Executive Officer

Mr Tarek Hemida
Chief Financial Officer

Auditor's report 'attached'

INTEGRATED DIAGNOSTICS HOLDINGS plc—"IDH" AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Income:

(All amounts in Egyptian Pounds)

	Note	For the year ended 31 December 2014	For the year ended 31 December 2013	For the Period from 1 Sept. till 31 Dec. 2012
Revenue		860,231,431	671,583,450	213,865,249
Cost of revenues	17-1	(479,506,482)	(442,015,176)	(135,554,687)
Gross profit from operation		**380,724,949**	**229,568,274**	**78,310,562**
Other income		1,573,751	7,329,766	273,954
Marketing and advertising expenses	17-2	(49,445,237)	(38,844,900)	(7,860,974)
Administrative expenses	17-3	(72,032,772)	(52,890,833)	(43,769,868)
Other expenses	17-4	(15,726,761)	(12,027,800)	(5,102,770)
Profit from operations		**245,093,930**	**133,134,507**	**21,850,904**
Finance income		5,994,383	6,684,889	7,730,615
Finance cost		(9,200,498)	(571,081)	(176,909)
Finance (cost) income—net	18	(3,206,115)	6,113,808	7,553,706
Profit before tax		**241,887,815**	**139,248,315**	**29,404,610**
Income tax for the year/period	21	(100,199,925)	(70,456,319)	(19,747,659)
Net Profit for the year/period		**141,687,890**	**68,791,996**	**9,656,951**
Profit attributed to:				
Owners of the company		132,768,888	62,095,022	8,213,937
Non-controlling interest		8,919,002	6,696,974	1,443,014
		141,687,890	**68,791,996**	**9,656,951**
Earnings per share (expressed in EGP per share):				
Basic earnings per share	26	0.89	0.41	0.05

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

INTEGRATED DIAGNOSTICS HOLDINGS plc—"IDH" AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Comprehensive Income:

(All amounts in Egyptian Pounds)

	For the year ended 31 December 2014	For the year ended 31 December 2013	For the Period from 1 Sept. till 31 Dec. 2012
Net income for the year/period	**141,687,890**	**68,791,996**	**9,656,951**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	1,344,914	12,510,516	(12,204,286)
Other comprehansive income (loss) for the year/period net of tax	**1,344,914**	**12,510,516**	**(12,204,286)**
Total comprehansive income (loss) for the year/period	**143,032,804**	**81,302,512**	**(2,547,335)**
Attributed to:			
Owners of the company	133,622,545	69,568,028	886,346
Non-controlling interests	9,410,259	11,734,484	(3,433,681)
	143,032,804	**81,302,512**	**(2,547,335)**

The accompanying notes form an integral part of these special purpose consolidated financial statements.

INTEGRATED DIAGNOSTICS HOLDINGS plc—"IDH" AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Changes in Equity—For the years/period ended 31 December 2014, 2013 and 2012

(All amounts in Egyptian Pounds)

		Attributable to owners of the company									
	Note	Share Capital	Share premium	Capital reserve	Legal reserve	Translation reserve	Increase in cost of the acquisitions of investment in subsidiaries	(Carried forward losses) retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 September 2012		**317,500**	**—**	**2,100,906,827**	**26,777,114**	**204,949**	**(33,834,667)**	**(60,157,033)**	**2,034,214,690**	**37,685,542**	**2,071,900,232**
Total comprehensive income											
Profit for the period		—	—	—	—	—	—	8,213,937	**8,213,937**	1,443,014	**9,656,951**
Other comprehensive income/loss for the period		—	—	—	—	(7,327,591)	—	—	**(7,327,591)**	(4,876,695)	**(12,204,286)**
Total comprehensive income		**—**	**—**	**—**	**—**	**(7,327,591)**	**—**	**8,213,937**	**886,346**	**(3,433,681)**	**(2,547,335)**
Balance as at 31 December 2012		**317,500**	**—**	**2,100,906,827**	**26,777,114**	**(7,122,642)**	**(33,834,667)**	**(51,943,096)**	**2,035,101,036**	**34,251,861**	**2,069,352,897**
Profit for the year		—	—	—	—	—	—	62,095,022	**62,095,022**	6,696,974	**68,791,996**
Other comprehensive income for the year		—	—	—	—	7,473,006	—	—	**7,473,006**	5,037,510	**12,510,516**
Total comprehensive income		**—**	**—**	**—**	**—**	**7,473,006**	**—**	**62,095,022**	**69,568,028**	**11,734,484**	**81,302,512**
Transactions with owners of the Company											
Contributions and distributions											
Dividends		—	—	—	—	—	—	(194,866,254)	**(194,866,254)**	(7,809,998)	**(202,676,252)**
Adjusting related to disposal of subsidiary		—	—	—	—	—	—	(985,068)	**(985,068)**	(806,732)	**(1,791,800)**
Total contributions and distributions		**—**	**—**	**—**	**—**	**—**	**—**	**(195,851,322)**	**(195,851,322)**	**(8,616,730)**	**(204,468,052)**
Total transactions with owners of the Company		**—**	**—**	**—**	**—**	**—**	**—**	**(195,851,322)**	**(195,851,322)**	**(8,616,730)**	**(204,468,052)**
Balance as at 31 December 2013		**317,500**	**—**	**2,100,906,827**	**26,777,114**	**350,364**	**(33,834,667)**	**(185,699,396)**	**1,908,817,742**	**37,369,615**	**1,946,187,357**
Profit for the year		—	—	—	—	—	—	132,768,888	**132,768,888**	8,919,002	**141,687,890**
Other comprehensive income for the year		—	—	—	—	853,657	—	—	**853,657**	491,257	**1,344,914**
Total comprehensive income		**—**	**—**	**—**	**—**	**853,657**	**—**	**132,768,888**	**133,622,545**	**9,410,259**	**143,032,804**
Transactions with owners of the Company											
Contributions and distributions											
Dividends*		—	—	—	—	—	—	(229,713,983)	**(229,713,983)**	(4,104,774)	**(233,818,757)**
Legal reserve formed during the year			—	—	168,334			(168,334)	—		—
Non-controlling interests resulting from acquisition of subsidiary		—	—	—	—	—	—	—	—	166,667	**166,667**
Adjustments of the acquisition of IDH Caymans		(317,500)	—	(288,180,523)	(26,945,448)	(1,204,021)	33,834,667	282,812,825	—	—	—
Shares issued	13	1,072,500,000	929,692,727	(2,002,192,727)	—	—	—	—	—	—	—
Total contributions and distributions		**1,072,182,500**	**929,692,727**	**(2,290,373,250)**	**(26,777,114)**	**(1,204,021)**	**33,834,667**	**52,930,508**	**(229,713,983)**	**(3,938,107)**	**(233,652,090)**
Total transactions with owners of the Company		**1,072,182,500**	**929,692,727**	**(2,290,373,250)**	**(26,777,114)**	**(1,204,021)**	**33,834,667**	**52,930,508**	**(229,713,983)**	**(3,938,107)**	**(233,652,090)**
Balance as at 31 December 2014		**1,072,500,000**	**929,692,727**	**(189,466,423)**	**—**	**—**	**—**	**—**	**1,812,726,304**	**42,841,767**	**1,855,568,071**

* In accordance with the General Assembly resolution the shareholders decided to pay the dividends to the shareholders in foreign currencies. This amount includes foreign currency exchange differences amounted to L.E4,933,804 related to the dividends paid.

The accompanying notes form an integral part of these special purpose consolidated financial statements.

INTEGRATED DIAGNOSTICS HOLDINGS plc—"IDH" AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Cash Flows:

(All amounts in Egyptian Pounds)

	Note	For the year ended 31 December 2014	For the year ended 31 December 2013	For the Period from 1 Sept. till 31 Dec. 2012
Profit for the year/period before income tax		241,887,815	139,248,315	29,404,610
Adjustments				
Property and equipment depreciation	5	24,104,265	22,216,838	8,982,819
Amortization of Intangible assets		91,481,250	122,861,250	35,180,717
Capital losses		480,632	731,923	94,934
Impairment in trade and other receivables		7,556,376	7,106,247	4,295,515
Reversal of impairment in trade and other receivables	3-b	(109,255)	(507,910)	—
Provisions formed	11	7,689,754	4,176,420	706,644
Provisions no longer required	11	(967,196)	(592,200)	(108,039)
Provisions of disposed subsidiary		—	(91,303)	—
Interest expense	18	394,792	292,564	176,909
Interest income	18	(5,955,732)	(4,629,989)	(1,349,490)
Foreign currency exchange differences losses (gain)	18	8,590,633	(1,540,458)	6,312,834
Operating income before changes in working capital		**375,153,334**	**289,271,697**	**83,697,453**
Provision used	11	(1,715,029)	(954,043)	(779,051)
Change in inventory		(7,445,401)	(5,734,885)	(3,148,233)
Change in trade and other receivables		(3,379,011)	(37,780,629)	(1,037,827)
Change in trade and other payables		7,006,311	19,916,989	134,299,614
Income tax paid during the year		(68,033,179)	(55,428,445)	—
Cash generated from operating activities		**301,587,025**	**209,290,684**	**213,031,956**
Cash flows from investing activities				
Interest income collected		5,728,623	4,629,989	1,500,631
Payments for purchase of property and equipment		(76,088,918)	(24,970,414)	(8,562,922)
Proceeds from sale of property and equipment		69,584	1,943,820	—
Proceeds from sale of subsidiaries		—	7,500,000	—
Proceeds from sale of treasury bills		—	—	65,793
Payments for acquisitions in subsidiaries companies net of cash and cash equivalent		—	—	(458,853)
Net cash flows used in investing activities		**(70,290,711)**	**(10,896,605)**	**(7,455,351)**
Cash flows from financing activities				
Payments of borrowings		(381,797)	(513,956)	(334,801)
Interest paid		(394,792)	(292,564)	—
Dividends paid to non-controlling interest		(3,457,055)	(7,809,998)	—
Dividends paid to shareholders		(229,713,983)	(194,866,254)	—
Dividends paid for the period before acquisition date		—	(72,592,982)	—
Payments of long-term financial obligation		(66,272)	(518,478)	(269,764)
Payments to shareholders account		—	—	(261,929)
Net cash flows used in financing activities		**(234,013,899)**	**(276,594,232)**	**(866,494)**
Net (decrease) increase in cash and cash equivalent		**(2,717,585)**	**(78,200,153)**	**204,710,111**
Cash and cash equivalent at the beginning of the year/period		262,586,237	331,845,453	133,667,392
Foreign currency exchange differences (losses) gain		(8,590,633)	1,540,458	(6,312,834)
Translation differences of financial statements		831,921	7,400,479	(219,216)
Cash and cash equivalent at the end of the year/ period	10	**252,109,940**	**262,586,237**	**331,845,453**

The accompanying notes form an integral part of these special purpose consolidated financial statements.

1. Reporting entity

Integrated Diagnostics Holdings plc "IDH" or "the company" has been established according to the provisions of the Companies (Jersey) law 1991 under No. 117257.

IDH's purpose is not restricted and the group has full authority to do any activity as long as it is not banned by the Companies law unless amended from time to time or depending on the Companies (Jersey) law.

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

As explained in more details in note (2—C) basis of consolidation, these special purpose consolidated financial statements are issued in the name of IDH, but are a continuation of the special purpose consolidated financial statements of IDH Caymans.

These special purpose consolidated financial statements include the IDH's special purpose financial statements and its subsidiaries. The group's main activity is concentrated in the field of medical diagnostics.

During 2008 the group acquired 99.3% of the shares of Al-Borg Laboratories Company (S.A.E.) Also the group acquired 99.99% of Al-Mokhtabar Company for Medical Labs (S.A.E.) in the third quarter of 2012. This is explained in more details in notes 6-a and 6-b respectively.

The special purpose consolidated financial statements as of and for the financial years ended 31 December 2014, 2013 and 2012 (the "Special Purpose Consolidated Financial Statements") was approved for issue by the board of directors on 22 April 2015.

2. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these special purpose consolidated financial statements are set out below. These policies have been consistently applied to all the years / period presented, unless otherwise stated.

A. Basis of preparation

These special purpose consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by European Union ("IFRS-EU").

The special purpose consolidated financial statements have been prepared to be included in a prospectus.

These special purpose consolidated financial statements have been prepared on the historical cost basis, except non-derivative financial instruments, available-for-sale financial assets and contingent consideration assumed in a business combination which are measured at fair value on the reporting date.

The preparation of special purpose consolidated financial statements in conformity with IFRS-EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the special purpose consolidated financial statements are disclosed in note 4.

B. Changes in accounting policy and disclosures

(1) New and amended standards adopted by the group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2014 that would be expected to have a material impact on the group.

2. Summary of significant accounting policies (Continued)

(2) Forthcoming requirements

New or amended standards	Summary of the requirements	Possible impact on special purpose consolidated financial statements
IFRS 9 Financial Instruments	IFRS 9 , published in July 2014 , replace the existing guidance in IAS 39 Financial Instruments Recognition and measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning or on after 1 January 2018 , with early adoption permitted.	The group is assessing the potential impact on its special purpose consolidated financial statements resulting from the application of IFRS9.
IFRS 15 Revenue from contracts with customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 is effective for annual reporting periods beginning on after 1 January 2017 , with early adoption permitted.	The group is assessing the potential impact on its special purpose consolidated financial statements resulting from the application of IFRS 15.

The following new or amended standards are not expected to have a significant impact of the group's special purpose consolidated financial statements.

- IFRS 14 Regulatory Deferral Accounts.
- Accounting for Acquisition of Interests in Joint Operation (Amendments to IFRS 11).
- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38).
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).
- Annual improvements to IFRSs 2010 - 2012 Cycle.
- Annual improvements to IFRSs 2010 - 2012 Cycle.

C. Basis of consolidation

On 23 December 2014 the entire share capital of Integrated Diagnostics Holdings LLC (IDH Caymans) or "the previous parent company", was acquired by Integrated Diagnostics Holdings plc "IDH" funded by an issue of the equity instruments of IDH in exchange for these equity instruments.

There were no changes in rights or proportions of control in (IDH Caymans and its consolidated subsidiaries and subsidiary undertakings from time to time "the group", and after 23 December 2014 (the date after which IDH Caymans ceased to be the parent of the group), IDH and its consolidated subsidiaries and subsidiary undertakings from time to time "the group") as a result of this transaction.

2. Summary of significant accounting policies (Continued)

Whilst, the equity instruments of IDH Caymans were legally acquired, in substance the Directors have determined that IDH Caymans is the accounting acquirer of IDH. As such, this transaction has been accounted for as a reverse acquisition.

Accordingly, these special purpose consolidated financial statements are issued in the name of the new legal parent, IDH, but are a continuation of the special purpose consolidated financial statements of IDH Caymans. In accordance with the requirements of IFRS 3: 'Business Combinations', the special purpose consolidated financial statements of IDH Caymans, including comparative information, have been retroactively adjusted to transfer LE 2,002,192,727 from capital contribution (as previously stated in IDH Caymans consolidated statement of changes in Equity) to capital reserve to reflect the legal capital position of IDH as shown in the special purpose consolidated statement of changes in equity. No other adjustments have arisen in respect of this reverse acquisition accounting.

i. Subsidiaries

Subsidiaries are all entities controlled by the group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the special purpose consolidated statement of income.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

2. Summary of significant accounting policies (Continued)

ii. Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

D. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

E. Foreign currency translation

(1) Functional and presentation currency

Each of the group's entities are using the currency of the primary economic environment in which the entity operates ('the functional currency'). The special purpose consolidated financial statements are presented in Egyptian Pounds, which is the company functional currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the special purpose consolidated statement of income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses are presented in the special purpose consolidated statement of income within 'finance income or costs'.

(3) Group companies

The results of operations and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;

(b) Income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) The Equity items other than profit or losses for the year have been translated at the historical exchange rate.

2. Summary of significant accounting policies (Continued)

(d) All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

F. Property and equipment

All property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the special purpose consolidated statement of income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual value over their estimated useful lives, as follows:

Buildings and construction	5 - 50 years
Medical and electric equipment*	4 - 10 years
Means of transportation and vehicles	5 years
Improvements and decoration	5 years
Furniture and fixtures	4 - 16 years
Information system equipment	2 - 7 years

* Other medical equipments related to kits contracts depreciated on the basis of percentage of actual usage.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other (losses)/gains—net' in the special purpose consolidated statement of income.

G. Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

2. Summary of significant accounting policies (Continued)

Brand

Brands acquired in a business combination are recognized at fair value at the acquisition date and have an indefinite useful life.

Customer list

Customer lists acquired in a business combination are recognized at fair value at the acquisition date and have finite useful life. Amortization method on a straight-line basis and the estimated useful live is 4 years, as determined by management.

Favourable Suppliers Contracts

Favourable Suppliers Contracts acquired in a business combination are recognized at fair value at the acquisition date and have finite useful life. Amortization method on a straight-line basis and the estimated useful live is 2 to 4 years, as determined by management.

Non to compete agreement

Non to compete agreement resulting from the business combination are recognized at fair value at the acquisition date and have finite useful life. Amortization of intangible assets is calculated using the straight-line method from 2 to 4 years, as determined by management.

H. Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

I. Financial assets

(1) Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the special purpose consolidated statements of financial position.

2. Summary of significant accounting policies (Continued)

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(2) Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date—the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the special purpose consolidated statement of income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the special purpose consolidated statement of income within 'Other (losses)/gains—net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the special purpose consolidated statement of income as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the special purpose consolidated statement of income as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the special purpose consolidated statement of income as part of other income. Dividends on available-for-sale equity instruments are recognized in the special purpose consolidated statement of income as part of other income when the group's right to receive payments is established.

(3) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the special purpose consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

J. Impairment of non-financial assets

(1) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there

2. Summary of significant accounting policies (Continued)

is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the special purpose consolidated statement of income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the special purpose consolidated statement of income.

K. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the moving average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

L. Trade receivables

Trade receivables are amounts due from customers for goods' sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

M. Cash and cash equivalents

In the special purpose consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the special purpose consolidated statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

N. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2. Summary of significant accounting policies (Continued)

O. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

P. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the special purpose consolidated statement of income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Q. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

R. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the special purpose consolidated statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the special purpose consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

2. Summary of significant accounting policies (Continued)

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

S. Employee benefits

(1) Pension obligations

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(2) Profit sharing

The group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(3) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

2. Summary of significant accounting policies (Continued)

T. Provisions

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

U. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services performed, stated net of discounts, returns and value added taxes. The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1. Sales of services

For sales of services, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

2. Interest income

Interest income is recognized using the effective interest method When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

V. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the special purpose consolidated statement of income on a straight-line basis over the period of the lease.

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the special purpose consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2. Summary of significant accounting policies (Continued)

W. Dividends distribution

Dividend to the company's shareholders is recognized as a liability in the group's special purpose consolidated financial statements in the period in which the dividends are approved by the company's shareholders.

X. Legal reserve

In accordance with the Egyptian Companies Law No 159 year 1981 and the company's Articles of Association, 5% of annual net profit is transferred to the legal reserve. Upon the recommendation of the Board of Directors, the group's company may stop such transfers when the legal reserve reaches 50% of the issued capital. The reserve is not eligible for distribution to shareholders.

Y. Earnings per share

1. Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

Z. Finance income and finance costs

The Group finance income and finance costs include:

- Interest income
- Interest expense
- Foreign exchange gain or loss
- Bank charges
- Gains on sale of financial investments in investment funds
- Changes in fair value in investment funds
- The net gain or loss on financial assets at fair value through profit or loss.

3. Financial risk management

(1) Financial risk factors

The group's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the UK pound and the Europe EURO Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net

3. Financial risk management (Continued)

investments in foreign operations. However, the management aims to minimize open positions in foreign currencies to the extent that is necessary to conduct its activities.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At year / period end, major financial assets / (liabilities) in foreign currencies were as follows:

The amounts presented in the below tables are shown in the foreign currencies.

	31 December 2014		
	Assets	Liabilities	Net exposure
US Dollars	15,388,786	(344,565)	**15,044,221**
Euros	1,175,679	(59,008)	**1,116,671**
GBP	125	—	**125**
SAR	450	—	**450**
JOD	299,722	(21,156)	**278,566**
SDG	9,629,787	—	**9,629,787**

	31 December 2013		
	Assets	Liabilities	Net exposure
US Dollars	15,611,097	(510,115)	**15,100,982**
Euros	1,382,656	(107,900)	**1,274,756**
GBP	183	(63,425)	**(63,242)**
JOD	—	(3,688)	**(3,688)**
SAR	73,000	—	**73,000**
SDG	4,817,854	—	**4,817,854**

	31 December 2012		
	Assets	Liabilities	Net exposure
US Dollars	261,253	(481,718)	**(220,465)**
Euros	5,674	(100,048)	**(94,374)**
GBP	—	(16,449)	**(16,449)**
JOD	19,989	—	**19,989**
SAR	—	—	**—**
SDG	6,906,767	—	**6,906,767**

The following is the exchange rates applied:

	Average rate for the year ended		
	31 December 2014	31 December 2013	31 December 2012
US Dollars	7.09	6.91	6.12
Euros	9.34	9.15	7.89
GBP	11.63	11.15	9.76
JOD	10.04	8.89	8.54
SAR	1.89	1.86	—
SDG	1.14	1.40	1.74

3. Financial risk management (Continued)

	Spot rate for the year ended		
	31 December 2014	31 December 2013	31 December 2012
US Dollars	7.15	6.95	6.19
Euros	8.68	9.55	8.14
GBP	11.11	11.44	9.93
JOD	10.11	9.82	8.54
SAR	1.90	1.86	—
SDG	1.10	1.58	1.23

At 31 December 2014, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, pre-tax profit for the year / period would have been increased / decreased by LE 10,756,618 (2013: LE 10,495,182 and 2012: LE 136,468) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

At 31 December 2014, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, pre-tax profit for the year / period would have been increased / decreased by LE 969,270 (2013:LE 1,217,392 and 2012: LE 76,820) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

At 31 December 2014, if the Egyptian Pounds had weakened / strengthened by 10% against the GBP with all other variables held constant, pre-tax profit for the year / period would have been increased / decreased by LE 139 (2013: LE 72,349 and 2012: LE 16,334) higher / lower, mainly as a result of foreign exchange gains/losses on translation of GBP-denominated financial assets and liabilities.

At 31 December 2014, if the Egyptian Pounds had weakened / strengthened by 10% against the JOD with all other variables held constant, pre-tax profit for the year / period would have been increased / decreased by LE 281,630 (2013: 3,622 and 2012: Nil) higher / lower, mainly as a result of foreign exchange gains/losses on translation of JOD - denominated financial assets and liabilities.

At 31 December 2014, if the Egyptian Pounds had weakened / strengthened by 10% against the SAR with all other variables held constant, pre-tax profit for the year / period would have been increased / decreased by LE 86 (2013: 13,578 and 2012: Nil) higher / lower, mainly as a result of foreign exchange gains/losses on translation of SAR - denominated financial assets and liabilities.

At 31 December 2014, if the Egyptian Pounds had weakened / strengthened by 10% against the SDG with all other variables held constant, pre-tax profit for the year / period would have been increased / decreased by LE 1,059,277 higher / lower, mainly as a result of foreign exchange gains/losses on translation of SDG - denominated financial assets and liabilities.

(ii) Price risk

The group does not have investments in equity securities or bonds and accordingly is not exposed to price risk related to the change in the fair value of the investments.

(iii) Cash flow and fair value interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

At 31 December 2014, if interest rates on Egyptian pound-denominated borrowings had been 1% higher/ lower with all other variables held constant, pre-tax profit for the year / period would have been increased / decreased by LE 450 (2013: LE 25,329 and 2012: 27,718) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

3. Financial risk management (Continued)

(b) Credit risk

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and financial institutions, the Group is dealing with the banks which have a high independent rating with a good reputation.

For the customers, the Group assesses the credit quality of the customers, taking into account its financial position, and their market reputation, past experience and other factors.

For Individual the legal arrangements and documents accepted by the customer are minimizing the credit risk.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting year was as follows:

	31 December 2014	31 December 2013	31 December 2012
Trade and notes receivables (Note 9)	86,563,899	66,396,231	54,969,854
Cash and cash equivalents	252,109,940	264,692,392	333,676,557

The maximum exposure to credit risk for trade and notes receivables at the end of the reporting year by type of customers was as follows:

	31 December 2014	31 December 2013	31 December 2012
Government and public sector	42,645,306	32,709,797	26,994,966
Private sector companies	37,287,004	28,599,873	22,800,229
Others	6,631,589	5,086,561	5,174,659
Trade and notes receivables (Note 9)	**86,563,899**	**66,396,231**	**54,969,854**

The aging of trade and notes receivables at the end of the reporting period that were not impaired are as follows:

	31 December 2014	31 December 2013	31 December 2012
Balances till 30 days	25,698,384	19,711,172	17,323,129
Due from 31 - 60 days	11,293,147	8,662,068	13,650,941
Due from 61 - 90 days	9,896,141	7,590,537	10,026,572
Due more than 90 days	39,676,227	30,432,454	13,969,212
Trade and notes receivables (Note 9)	**86,563,899**	**66,396,231**	**54,969,854**

3. Financial risk management (Continued)

The movement in the allowance for impairment in trade and other receivables during the year was as follows:

	31 December 2014	31 December 2013	31 December 2012
Beginning balance at 1 January	16,213,163	12,089,561	8,726,199
Add: impairment loss recognized	7,556,376	7,106,247	4,295,515
Less: impairment used during the year	(2,486,477)	(2,474,735)	(932,153)
Less: impairment loss reversed	(109,255)	(507,910)	—
Impairment in trade and other receivables at the end of the year	**21,173,807**	**16,213,163**	**12,089,561**

	31 December 2014	31 December 2013	31 December 2012
Trade and notes receivables (note 9)	86,563,899	66,396,231	54,969,854
Less: impairment of trade and notes receivables (note 9)	(12,136,865)	(9,783,031)	(7,319,204)
Net trade and notes receivables	**74,427,034**	**56,613,200**	**47,650,650**

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the group in and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, compliance with internal financial position ratio targets and, if applicable external regulatory or legal requirements—for example, currency restrictions.

The group's management retain cash balances in order to allow repayment of obligations in due dates, without taking into account any unusual effects which it cannot be predicted such as natural disasters. All suppliers and creditors will be repaid over a period of 45 days from the date of the invoice or the date of the commitment.

3. Financial risk management (Continued)

The table below analyzes the Group liabilities into relevant maturity dates based on remaining year at the reporting date to the contractual maturity date.

	1 year or less	1 to 2 years
At 31 December 2014		
Trade and other payables	124,285,435	—
Current income tax liabilities	118,438,408	—
Provisions	—	19,199,754
Borrowings	44,956	—
At 31 December 2013		
Trade and other payables	108,661,177	—
Current income tax liabilities	78,453,041	—
Provisions	—	14,213,940
Borrowings	2,495,284	37,624
At 31 December 2012		
Trade and other payables	89,267,764	—
Current income tax liabilities	57,126,140	—
Provisions	—	11,572,446
Borrowings	2,418,896	352,917

(2) Capital risk management

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

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital is calculated as equity, as shown in the special purpose consolidated statements of financial position, plus net debts.

The gearing ratios at 31 December 2014 , 2013 and 2012 were as follows:

	31 December 2014	31 December 2013	31 December 2012
Total liabilities	379,584,167	337,896,899	373,761,983
Less: cash and cash equivalents	(252,109,940)	(264,692,392)	(333,676,557)
Net debt	**127,474,227**	**73,204,507**	**40,085,426**
Total shareholders' equity	1,812,726,304	1,908,817,742	2,035,101,036
Total capital	**1,940,200,531**	**1,982,022,249**	**2,075,186,462**
Gearing ratio	**6.6%**	**3.7%**	**1.9%**

(3) Fair value estimation

The fair value less any estimated credit adjustments for financial assets and liabilities with maturity dates less than one year is assumed to approximate their carrying value. The fair value of financial liabilities for

3. Financial risk management (Continued)

disclosure purposes is estimated by discounting the future contracted cash flows at the current market interest rate that is available to the Group for similar transactions.

4. Critical accounting estimates and judgments

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

(1) Critical accounting estimates and judgments

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of trade and notes receivables

The evaluation of the impairment value in trade receivables is made through monitoring the debts aging. The group management is studying the credit position and the ability of payments for customers whom their debts are due during the credit limit granted for them and the impairment is recorded with the values of the due amounts on the customers who the Group management see that their credit position do not allow them to pay their dues. At year end, the provision for impairment of trade receivables was LE 12,136,865, LE 9,783,031 and LE 7,319,204 for 31 December 2014, 31 December 2013 and 31 December 2012 respectively.

(b) Income tax

The group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

(c) Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(2) Personal judgment in implementation of the Group's accounting policies

In general the application of the Group's accounting policies does not require from management the use of personal judgment (except relating to critical accounting estimate and judgment "Note 4-1" which might have a major impact on the value recognized at the special purpose consolidated financial statements)

5. Property and equipment

	31 December 2014	31 December 2013	31 December 2012
Property and equipment (Note 5 a)	190,060,571	182,141,926	180,897,717
Projects in progress (Note 5 b)	54,901,491	10,217,852	9,240,434
Balance	**244,962,062**	**192,359,778**	**190,138,151**

5. Property and equipment (Continued)

5. a) Property and equipment

	Buildings & construction	Medical and electric equipment	Furniture & fixtures	Improvement & decoration	Means of transportation & vehicles	Information system equipment	Total
At 31 August 2012							
Cost	116,498,337	38,018,488	8,108,475	21,553,510	2,986,825	24,895,418	212,061,053
Accumulated Depreciation	(10,409,010)	(21,758,036)	(2,167,302)	(8,920,225)	(1,242,303)	(10,561,179)	(55,058,055)
Net Book value	**106,089,327**	**16,260,452**	**5,941,173**	**12,633,285**	**1,744,522**	**14,334,239**	**157,002,998**
Year Ended 31 December 2012							
Opening net book value	106,089,327	16,260,452	5,941,173	12,633,285	1,744,522	14,334,239	157,002,998
Translation Differences	—	(2,985,265)	(686,548)	(934,669)	(553,135)	(111,472)	(5,271,089)
Additions	—	1,630,516	652,020	3,923,310	207,782	2,149,294	8,562,922
Transfer from PUC	—	—	—	899,787	—	—	899,787
Disposals	—	(98,462)	(341,873)	(78,816)	—	(25,266)	(544,417)
Depreciation Charge	(1,194,643)	(2,959,546)	(374,460)	(1,533,308)	(608,632)	(2,312,230)	(8,982,819)
Cost of assets acquired in business combination	9,223,950	7,499,140	3,586,300	4,806,668	3,900,182	214,095	29,230,335
Closing net book value	**114,118,634**	**19,346,835**	**8,776,612**	**19,716,257**	**4,690,719**	**14,248,660**	**180,897,717**
At 31 December 2012							
Cost	125,722,286	44,064,418	11,318,374	30,169,790	6,541,654	27,122,081	244,938,603
Accumulated Depreciation	(11,603,652)	(24,717,583)	(2,541,762)	(10,453,533)	(1,850,935)	(12,873,421)	(64,040,886)
Net Book Value	**114,118,634**	**19,346,835**	**8,776,612**	**19,716,257**	**4,690,719**	**14,248,660**	**180,897,717**
Year Ended 31 December 2013							
Opening net book value	114,118,634	19,346,835	8,776,612	19,716,257	4,690,719	14,248,660	180,897,717
Translation Differences	593,528	1,118,221	242,759	1,180,509	188,564	10,538	3,334,119
Additions	26,581	6,834,507	1,980,720	9,318,266	3,046,901	2,786,021	23,992,996
Disposals	(1,382,243)	(469,683)	(98,149)	(513,202)	(147,600)	(1,255,191)	(3,866,068)
Depreciation Charge	(2,484,936)	(5,192,203)	(1,211,981)	(5,447,585)	(2,400,757)	(5,479,376)	(22,216,838)
Net book value	**110,871,564**	**21,637,677**	**9,689,961**	**24,254,245**	**5,377,827**	**10,310,652**	**182,141,926**
At 31 December 2013							
Cost	124,960,152	51,547,463	13,443,704	40,155,363	9,629,519	28,663,449	268,399,650
Accumulated Depreciation	(14,088,588)	(29,909,786)	(3,753,743)	(15,901,118)	(4,251,692)	(18,352,797)	(86,257,724)
Net Book Value	**110,871,564**	**21,637,677**	**9,689,961**	**24,254,245**	**5,377,827**	**10,310,652**	**182,141,926**
Year Ended 31 December 2014							
Opening net book value	110,871,564	21,637,677	9,689,961	24,254,245	5,377,827	10,310,652	182,141,926
Translation Differences	123,881	39,166	197,985	(65,026)	5,732	(97,720)	204,018
Additions	3,960,499	7,373,224	2,271,530	12,672,466	175,492	5,915,896	32,369,107
Disposals	—	(48,546)	(61,682)	(408,194)	(20,522)	(11,271)	(550,215)
Depreciation Charge	(2,433,568)	(5,568,501)	(1,388,065)	(6,665,452)	(716,760)	(7,331,919)	(24,104,265)
Net book value	**112,522,376**	**23,433,020**	**10,709,729**	**29,788,039**	**4,821,769**	**8,785,638**	**190,060,571**
At 31 December 2014							
Cost	129,044,532	58,911,307	15,851,537	52,354,609	9,790,221	34,470,354	300,422,560
Accumulated Depreciation	(16,522,156)	(35,478,287)	(5,141,808)	(22,566,570)	(4,968,452)	(25,684,716)	(110,361,989)
Net Book Value	**112,522,376**	**23,433,020**	**10,709,729**	**29,788,039**	**4,821,769**	**8,785,638**	**190,060,571**

5. Property and equipment (Continued)

- Medical and electric equipment item includes a net book value of equipment related to kits contracts amounting to LE 422,572 and LE 1,160,200 for 2013 and 2012 respectively. The company uses these equipment to determine the results of its tests. Those equipment are provided by the kits suppliers as a part of these contracts. Due to the fact that contracts to purchase those kits determine that those equipment will be transferred to the company after purchasing number of kits and the contracts period are from 3 to 5 years which represent almost the useful life of those assets (due to technological obsolescence) therefore the company recognize the value of those equipment as assets and liabilities.
- Information systems equipment includes assets acquired under financial lease with the net book value of LE 820,440 as of 31 December 2014, LE 49,309 as of 31 December 2013 and LE 1,697,086 as of 31 December 2012.
- The cost of Buildings & constructions includes an amount of LE 1,803,600 represented in the cost of the administrative residence of one of the subsidiaries and the registration process is in progress.
- The cost of Means of Transportation & vehicles includes an amount of LE 772,704 represented in the cost of pledged vehicles in favour of Al Khartoum bank by one of the group's subsidiaries (note 16. b).

5. b) Projects in progress:

	31 December 2014	31 December 2013	31 December 2012
Buildings and Construction*	51,864,534	—	—
Computers*	13,505	—	—
Down payment to purchase medical equipment*	1,088,500	—	—
Improvement and decoration**	1,934,952	—	—
Acquisition cost	—	3,960,482	3,960,499
Fixtures	—	4,545,646	2,892,361
IT equipment	—	1,711,724	2,387,574
Balance	**54,901,491**	**10,217,852**	**9,240,434**

* These balances represented in the cost of mega lab project related to Integrated Medical Analysis (subsidiary company).

** This balance represented in the cost of improvements and decoration in new branches of subsidiaries.

6. Acquisition of subsidiaries

The following summary represents the net consideration made for the acquisition of the subsidiaries:

Note	Subsidiary name		Net consideration for acquisition	% of Ownership
(a)	Al Borg Laboratory Company	Egypt	727,437,520	99.29%
(b)	Al Mokhtabar Company for Medical Labs	Egypt	1,069,702,278	99.91%
(c)	Molecular Diagnostic Center	Egypt	7,513,156	99.91%
(d)	Medical Genetic Center	Egypt	1,107,000	54.98%
(e)	Al Makhbariyoun Al Arab Group (Hashemite Kingdom of Jordan)	Jordan	29,637,248	60%
(f)	Golden Care for Medical Services	Egypt	30,510,997	75%
(g)	Integrated Medical Analysis (IMA)	Egypt	83,333	33.33%

6. Acquisition of subsidiaries (Continued)

Significant acquisition

a) Al Borg Laboratory Company

The group acquired 99.29% of the shares of Al Borg laboratories Company (Al Borg laboratories) S.A.E. on two phases as follows:

Acquisition Phase:

On May 5, 2008 the group acquired 3,549,109 shares estimated around 76.87% of the capital of the mentioned company at an approximate value of LE 778 million (LE 225 per share). This acquisition allowed the group to control the acquired company on the aforementioned date. The intangible assets that resulted from this acquisition was calculated as the difference between the acquisition cost and the fair value of the net assets of the acquired company (Al Borg Laboratories Company) at the acquisition date.

The following is a statement of assets and liabilities terminology of the acquired company and the value of what has been paid for this acquisition:

Fair value of the net assets recognized in the acquired company at the acquisition date	163,215,484
Less:	
Non-controlling interest	(37,900,932)
Deferred tax liabilities	(74,452,547)
	50,862,005
Total acquisition cost	778,299,525
Difference between acquisition cost and the net fair value of the company's net assets, represented in:	**727,437,520**
Goodwill resulted from the acquisition	512,165,520
Brand name	142,066,000
Other intangible assets	73,206,000
	727,437,520

Purchase of additional shares:

On August 5, 2012 the group acquired additional shares by purchasing 355,013 shares with an amount of LE 53.25 million (LE 150 per share), as a result, the percentage of total shares of the group in Al Borg Laboratories Company S.A.E. become 99.29%. The difference between the acquisition cost and the net cost of the acquired assets on the acquisition date recorded in the shareholders equity.

Net cost of the acquired assets on the purchase date-purchase of additional share	19,471,059
(Less)	
Acquiring cost for additional shares	(53,251,950)
Increase in the acquisition cost of investments in subsidiary	**(33,780,891)**

6. Acquisition of subsidiaries (Continued)

Increase in the acquisition cost of investments in subsidiary

This balance represented as follows:

	31 December 2014	31 December 2013	31 December 2012
Increase in the acquisition cost of investments in subsidiary during 2012	—	33,780,891	33,780,891
The group's share of 29.29% which has been paid in the increase through Al Borg Laboratories Company during its acquisition of subsidiaries	—	53,776	53,776
Balance	**—**	**33,834,667**	**33,834,667**

b) Al Mokhtabar Company for Medical Labs

On August 21, 2012, the group acquired 99.99% of the shares of Al Mokhtabar Company for Medical Labs S.A.E. by acquiring 643,198 shares from the total shares of the mentioned company, which totals 643,200 shares. This acquisition allowed the group to control the acquired company on the aforementioned date. The intangible assets resulted from this acquisition was calculated as the difference between the acquisition cost and the fair value of the net assets of the acquired company (Al Mokhtabar Company for Medical Labs).

The following is a statement of assets and liabilities terminology of the acquired company (Al Mokhtabar Company for Medical Labs) and the value of what has been paid for this acquisition:

Fair value of the net assets recognized in the acquired company at the acquisition date	201,103,086
Less:	
Non-controlling interest	(623)
Deferred tax liabilities	(117,403,982)
	83,698,481
Total acquisition cost	1,153,400,759
Difference between acquisition cost and the net fair value of the company's net assets, represented in:	**1,069,702,278**
Goodwill	606,310,278
Brand name	221,318,000
Other intangible assets	242,074,000
	1,069,702,278

c) Integrated Medical Analysis Company (IMA)

At 21/12/2014 and in accordance with Al Mokhtabar company's board of directors resolution, the company acquired 33.33% of the share capital of Integrated Medical Analysis Company (S.A.E.). At that date Al Mokhtabar company was able to have effective control of Integrated Medical Analysis Company (S.A.E.) from that date directly or indirectly through its other shareholders. Subsequent to the year end, Al Mokhtabar company increased its share equity of the acquiree by 66.25%, as a result, the percentage of total shares of the company in Integrated Medical Analysis Company (S.A.E.) become 99.58%.

7. Intangible assets

Intangible assets represented in goodwill, brand name, customers list, favourable suppliers contracts, non to compete agreement and customer list as follows:

	31 December 2014	31 December 2013	31 December 2012
Molecular Diagnostic Center			
Goodwill	1,849,447	1,849,447	1,849,447
	1,849,447	**1,849,447**	**1,849,447**
Al- Ansary Lab			
Goodwill	—	—	6,309,675
	—	—	**6,309,675**
Medical Genetics Center			
Goodwill	1,755,475	1,755,475	1,755,475
	1,755,475	**1,755,475**	**1,755,475**
Al Makhbariyoun Al Arab Group			
Goodwill	16,041,452	16,041,452	16,041,452
Brand name	7,769,000	7,769,000	7,769,000
Customers list	160,500	481,500	802,500
	23,970,952	**24,291,952**	**24,612,952**
Golden Care for Medical Services			
Goodwill	18,409,439	18,409,439	18,409,439
Brand name	2,902,000	2,902,000	2,902,000
Customers list	191,250	573,750	956,250
Non to compete agreement	—	—	1,120,750
	21,502,689	**21,885,189**	**23,388,439**
Al Borg Laboratory Company (Note 6-a)			
Goodwill	497,275,010	497,275,010	497,275,010
Brand name	142,066,000	142,066,000	142,066,000
	639,341,010	**639,341,010**	**639,341,010**
Al Mokhtabar Company for Medical Labs (Note 6-b)			
Goodwill	699,101,575	699,101,575	699,101,575
Brand name	221,318,000	221,318,000	221,318,000
Customers list	—	4,221,750	9,850,750
Favourable suppliers contracts	—	63,966,375	149,254,875
Non to compete agreement	—	22,589,625	52,709,125
	920,419,575	**1,011,197,325**	**1,132,234,325**
	1,608,839,148	**1,700,320,398**	**1,829,491,323**

7. Intangible assets (Continued)

The reconciliation of intangible assets carrying amount as follows:

	Goodwill	Brand name	Customers list	Favourable suppliers contracts	Non to compete agreement	Total
Year ended 31 December 2012						
Cost						
Balance at 1 September 2012	1,240,742,073	374,055,000	17,043,000	240,812,000	64,722,000	**1,937,374,073**
Balance at 31 December 2012	1,240,742,073	374,055,000	17,043,000	240,812,000	64,722,000	**1,937,374,073**
Accumulated amortization						
Balance at 1 September 2012	—	—	3,197,109	68,965,811	539,114	**72,702,034**
Amortization	—	—	2,236,391	22,591,314	10,353,011	**35,180,716**
Balance at 31 December 2012	—	—	5,433,500	91,557,125	10,892,125	**107,882,750**
Carrying amount at 31 December 2012	**1,240,742,073**	**374,055,000**	**11,609,500**	**149,254,875**	**53,829,875**	**1,829,491,323**
Year ended 31 December 2013						
Cost						
Balance at 1 January 2013	1,240,742,073	374,055,000	17,043,000	240,812,000	64,722,000	**1,937,374,073**
Disposal	(6,309,675)	—	—	—	—	**(6,309,675)**
Balance at 31 December 2013	**1,234,432,398**	**374,055,000**	**17,043,000**	**240,812,000**	**64,722,000**	**1,931,064,398**
Accumulated amortization						
Balance at 1 January 2013	—	—	5,433,500	91,557,125	10,892,125	**107,882,750**
Amortization	—	—	6,332,500	85,288,500	31,240,250	**122,861,250**
Balance at 31 December 2013	—	—	11,766,000	176,845,625	42,132,375	**230,744,000**
Carrying amount at 31 December 2013	**1,234,432,398**	**374,055,000**	**5,277,000**	**63,966,375**	**22,589,625**	**1,700,320,398**

7. Intangible assets (Continued)

	Goodwill	Brand name	Customers list	Favourable suppliers contracts	Non to compete agreement	Total
Year ended 31 December 2014						
Cost						
Balance at 1 January 2014	1,234,432,398	374,055,000	17,043,000	240,812,000	64,722,000	**1,931,064,398**
Balance at 31 December 2014	1,234,432,398	374,055,000	17,043,000	240,812,000	64,722,000	**1,931,064,398**
Accumulated amortization						
Balance at 1 January 2014	—	—	11,766,000	176,845,625	42,132,375	**230,744,000**
Amortization	—	—	4,925,250	63,966,375	22,589,625	**91,481,250**
Balance at 31 December 2014	—	—	16,691,250	240,812,000	64,722,000	**322,225,250**
Carrying amount at 31 December 2014	**1,234,432,398**	**374,055,000**	**351,750**	**—**	**—**	**1,608,839,148**

8. Inventories

	31 December 2014	31 December 2013	31 December 2012
Chemicals and operating supplies	34,287,170	26,906,351	20,823,991
Stationary and publications	1,720,082	1,655,500	2,002,975
	36,007,252	**28,561,851**	**22,826,966**

9. Trade and other receivables

	31 December 2014	31 December 2013	31 December 2012
Trade and notes receivables	86,563,899	66,396,231	54,969,854
Due from—related parties (Note 22-a)	1,853,868	23,491,772	72,555
Prepaid expenses	9,041,952	8,400,639	7,124,168
Tax authority—withholding tax (net)	6,274,181	6,059,778	5,190,525
Other debit balances	9,857,706	9,606,412	10,625,620
Accrued revenue	500,258	338,788	61,179
Suppliers—advance payments	315,779	69,380	1,027,543
	114,407,643	**114,363,000**	**79,071,444**
Less:			
Impairment of trade receivables	(12,136,865)	(9,783,031)	(7,319,204)
Impairment on other receivables	(9,036,942)	(6,430,132)	(4,770,357)
	93,233,836	**98,149,837**	**66,981,883**

10. Cash and cash equivalents

	31 December 2014	31 December 2013	31 December 2012
Banks-time deposit (less than 3 months)	185,775,882	197,302,008	118,029,891
Banks-current account	60,085,258	59,811,709	206,634,697
Checks under collection	3,357,236	2,372,422	1,822,333
Cash on hand	2,891,564	2,078,062	2,358,413
Investment in investment funds*	—	3,128,191	4,831,223
Cash and cash equivalents in the special purpose consolidated statements of financial position	**252,109,940**	**264,692,392**	**333,676,557**
Less: Bank Overdraft	—	(2,106,155)	(1,831,104)
Cash and cash equivalents in the special purpose consolidated statement of cash flows	**252,109,940**	**262,586,237**	**331,845,453**

* During year 2013 this item represents the recoverable amount for 2,000 certificates in the amount of LE 1,107.65 for each certificate issued by Credite Agricol Bank, in addition to the revocable amount for 60,920 units in amount LE 14.98 for each certificate issued by Audi Bank which represents the nominal value of these units plus their share of cumulative income for the period from the date of acquisition till the special purpose consolidated statements of financial position date

11. Provisions

Description	Provision for taxes	Provisions for employees training fund	Provision for legal claims	Employees leave provision	Total
Balance as at 1 January 2014	5,600,694	5,578,967	2,603,118	431,161	**14,213,940**
Additions during the year	5,391,108	1,027,314	675,869	595,463	**7,689,754**
Used during the year	(1,382,706)	—	(34,793)	(297,530)	**(1,715,029)**
Provisions no longer required	(95,119)	—	(872,077)	—	**(967,196)**
Translation differences	(21,715)	—	—	—	**(21,715)**
Balance as at 31 December 2014	**9,492,262**	**6,606,281**	**2,372,117**	**729,094**	**19,199,754**

Description	Provision for taxes	Provisions for employees training fund	Provision for legal claims	Employees leave provision	Total
Balance as at 1 January 2013	4,875,878	4,741,670	1,356,747	598,151	**11,572,446**
Balance of subsidiaries at acquisition	40,000	(26,303)	(105,000)	—	**(91,303)**
Additions during the year	1,052,358	863,600	1,958,371	302,091	**4,176,420**
Used during the year	(470,162)	—	(14,800)	(469,081)	**(954,043)**
Provisions no longer required	—	—	(592,200)	—	**(592,200)**
Translation differences	102,620	—	—	—	**102,620**
Balance as at 31 December 2013	**5,600,694**	**5,578,967**	**2,603,118**	**431,161**	**14,213,940**

Description	Provision for taxes	Provisions for employees training fund	Provision for legal claims	Employees leave provision	Total
Balance as at 1 January 2012	4,577,522	3,950,488	232,250	403,763	**9,164,023**
Additions during the year	1,260,632	791,182	1,124,497	345,129	**3,521,440**
Used during the year	(628,310)	—	—	(150,741)	**(779,051)**
Provisions no longer required	(108,039)	—	—	—	**(108,039)**
Translation differences	(225,927)	—	—	—	**(225,927)**
Balance as at 31 December 2012	**4,875,878**	**4,741,670**	**1,356,747**	**598,151**	**11,572,446**

Tax provision

The provisions above have been provided for to meet the potential obligations that may be incurred by the Group's companies upon the completion of tax inspection.

Employees training provision

The provision for employees training fund have been provided for in accordance with the Egyptian law and regulations.

Legal claims provision

The amounts shown comprises of gross provisions in respect of legal claims brought against the group Management opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2014.

Employees leave provision

The Employees leave provision above has been made to meet the liability towards the employees' annual leave.

12. Trade and other payables

	31 December 2014	31 December 2013	31 December 2012
Trade and other notes payable	57,555,291	52,853,793	38,623,290
Dividends Payable	—	—	187,179
Accrued expenses	34,305,159	33,814,554	26,871,205
Other credit balances	29,477,982	18,746,174	19,860,254
Due to related parties (Note 22-b)	294,020	1,678,115	2,047,158
Fixed assets creditors	1,795,338	627,490	—
Finance lease obligations (Note 15)	857,645	518,479	518,478
Liability related to laboratory equipment	—	422,572	1,160,200
Total	**124,285,435**	**108,661,177**	**89,267,764**

13. Share capital

Ordinary share capital

The Company's ordinary share capital is $150,000,000 equivalent to LE 1,072,500,000.

Name	Number of shares	% of contribution	Par value USD	Equivalent in LE
Integrated Diagnostics Group Limited	59,415,000	39.61	59,415,000	424,817,250
Hena Holdings Limited	59,085,000	39.39	59,085,000	422,457,750
Actis IDH B V	31,500,000	21	31,500,000	225, 225,000
	150,000,000	**100%**	**150,000,000**	**1,072,500,000**

Ordinary shares	2014 Number	2013 Number	2012 Number
On issue at beginning of the year	150,000,000	150,000,000	149,950,000
Issued in the year	—	—	50,000
	150,000,000	**150,000,000**	**150,000,000**

The share capital above reflects the retroactive adjustment described in note (2-C).

The Company was incorporated on 4 December 2014, on 23 December 2014 the Company acquired the entire issued share capital of Integrated Diagnostics Holdings LLC (Caymans) in consideration for the issue of 150,000,000 ordinary shares of US $ 1 and US $ 130,026,958 share premium to the previous shareholders of Integrated Diagnostics Holdings LLC—IDH (Caymans) resulting to have the shareholders of the company with the same percentage of equity.

The nominal value of shares issued is shown in share capital, with any additional consideration for those shares shown in share premium.

Capital reserve

Balances have arisen in the capital reserve when the Group's previous parent company, Integrated Diagnostics Holdings LLC—IDH (Caymans) arranged its own acquisition by Integrated Diagnostics Holdings PLC, a new legal parent. The balances arising represent the difference between the value of the equity structure of the previous and new parent companies. When the capital position of the parent company is rearranged, the capital reserve is adjusted appropriately such that the equity balances presented in the Group accounts best reflect the underlying structure of the Group's capital base.

No other adjustments have arisen in respect of this reverse acquisition.

14. Legal reserves

Legal reserve was formed based on the legal requirements of the Egyptian law governing the Egyptian subsidiaries. According to the subsidiaries' article of association 5% (at least) of the annual net profit is set aside to from a legal reserve. The transfer to legal reserve ceases once this reserve reaches 50% of the Group's issued capital. If the reserve falls below the defined level, then the Group is required to resume forming it by setting aside 5% of the annual net profits until it reaches 50% of the issued share capital.

15. Long term financial obligation

The long-term financial obligation represent finance lease agreements entered during 2014, 2013 and 2012 as follows:

	31 December 2014	31 December 2013	31 December 2012
First contract	124,559	622,795	1,121,032
Second contract	—	9,447	20,077
Third contract	5,398	16,191	29,233
Fourth contract	452,205	—	—
	582,162	**648,433**	**1,170,342**

The following schedule represents the long-term portion and current portion of the financial lease obligation contracts:

	31 December 2014	31 December 2013	31 December 2012
Less than one year (Note 12)	857,645	518,479	518,478
More than one year and less than five years	582,162	648,433	1,170,343
	1,439,807	**1,166,912**	**1,688,821**

16. Borrowings

The Group entered into long term Murabha agreement and long term loans with local banks represented as follows:

Balance at 31 December 2014	Current portion	Long term portion	Total
Murabha installments	44,956	—	44,956
	44,956	**—**	**44,956**

Balance at 31 December 2013	Current portion	Long term portion	Total
Bank overdraft	2,106,155	—	2,106,155
Bank loans	311,854	—	311,854
Murabha installments	77,275	37,624	114,899
	2,495,284	**37,624**	**2,532,908**

16. Borrowings (Continued)

Balance at 31 December 2012	Current portion	Long term portion	Total
Bank overdraft	1,831,104	—	1,831,104
Bank loans	520,387	259,964	780,351
Murabha installments	67,405	92,953	160,358
	2,418,896	**352,917**	**2,771,813**

17. Expenses

17-1 Cost of revenues

	For the year ended 31 December 2014	For the year ended 31 December 2013	For the period from 1 Sept. till 31 Dec 2012
Chemicals and supplies and cost of specialized analysis at other laboratories	163,866,758	134,899,516	38,708,949
Cost of specialized analysis at other laboratories	6,622,491	7,889,160	1,438,336
Wages and salaries for employees and doctors	127,562,060	103,255,263	29,889,195
Depreciation of property and equipment	21,168,572	19,656,794	8,242,386
Amortization of intangible assets	91,481,250	122,861,250	35,180,717
Other expenses	68,805,351	53,453,193	22,095,104
	479,506,482	**442,015,176**	**135,554,687**

17-2 Marketing and advertising expenses

	For the year ended 31 December 2014	For the year ended 31 December 2013	For the period from 1 Sept. till 31 Dec 2012
Advertising expenses	26,536,674	22,318,713	5,229,487
Gifts, conferences and Accommodation expenses	3,001,250	2,147,573	473,131
Depreciation of property and equipment	23,501	26,992	9,834
Marketing salaries	7,786,938	6,012,394	1,465,811
Others	12,096,874	8,339,228	682,711
	49,445,237	**38,844,900**	**7,860,974**

17-3 Administrative Expenses

	For the year ended 31 December 2014	For the year ended 31 December 2013	For the period from 1 Sept. till 31 Dec 2012
Administrative salaries & wages	28,091,418	23,905,378	10,404,066
Advisory fees	10,523,663	1,904,719	26,888,849
Depreciation of property and equipment	2,912,193	2,533,052	730,598
Board of directors salaries, remunerations & allowances	18,014,209	17,576,175	3,598,751
Others	12,491,289	6,971,509	2,147,604
	72,032,772	**52,890,833**	**43,769,868**

17. Expenses (Continued)

17-4 Other Expenses

	For the year ended 31 December 2014	For the year ended 31 December 2013	For the period from 1 Sept. till 31 Dec 2012
Impairment in trade receivables and other receivables	7,556,376	7,106,247	4,295,515
Provisions for potential liabilities	7,689,754	4,176,420	706,644
Capital loss	480,631	731,923	94,934
Others	—	13,210	5,677
	15,726,761	**12,027,800**	**5,102,770**

18. Finance income (cost)—Net

	For the year ended 31 December 2014	For the year ended 31 December 2013	For the period from 1 Sept. till 31 Dec 2012
Finance income			
Foreign exchange gain	—	1,540,458	6,312,834
Gains on sale of financial investments in investment funds	38,651	322,856	68,291
Changes in fair value in investment funds	—	191,586	—
Interest income—time deposits	5,955,732	4,629,989	1,349,490
Total finance income	**5,994,383**	**6,684,889**	**7,730,615**
Finance cost			
Foreign exchange losses	(8,590,633)	—	—
Interest expense	(394,792)	(292,564)	(176,909)
Bank charges	(215,073)	(278,517)	—
Total finance cost	**(9,200,498)**	**(571,081)**	**(176,909)**
Net finance (cost) income	**(3,206,115)**	**6,113,808**	**7,553,706**

19. Deferred tax liabilities

Deferred tax assets and liabilities resulted from the temporary differences between the tax base of an asset and liability and the carrying amount of these assets and liabilities in the special purpose consolidated financial statements:

	31 December 2014		31 December 2013		31 December 2012	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fixed assets (accumulated depreciation)		(3,990,128)	—	(2,656,032)	—	(3,123,930)
Revaluation of identifiable assets		(115,157,488)	—	(132,061,053)	—	(137,297,207)
Provisions for employees training fund and employees leave	2,114,164	—	1,329,685	—	1,160,641	—
Total tax resulting in deferred liability		**(117,033,452)**		**(133,387,400)**		**(139,260,496)**

19. Deferred tax liabilities (Continued)

The amount of deferred tax income recognized in the special purpose consolidated statement of income as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013	For the period from 1 Sept till 31 Dec 2012
Net tax which creates a liability at the end of the year / period	(117,033,452)	(133,387,400)	(139,260,496)
Less:			
Net tax resulting in tax liability at the beginning of the year / period	133,387,400	139,260,496	136,616,122
Deferred tax of the subsidiary companies which were disposed during the year / period	—	(26,191)	500,595
Deferred tax income (expense)—(Note 21)	**16,353,948**	**5,846,905**	**(2,143,779)**

20. Unrecognized deferred tax assets

The following deferred tax assets were not recognized due to the uncertainty that those items will have a future tax benefit:

	31 December 2014	31 December 2013	31 December 2012
Impairment of trade receivables (Note 9)	12,136,865	9,783,031	7,319,204
Impairment of other receivables (Note 9)	9,036,942	6,430,132	4,770,357
Provision for legal claims (Note 11)	2,372,117	2,603,118	1,356,747
	23,545,924	**18,816,281**	**13,446,308**
Unrecognized deferred tax asset based on enacted tax rate	**7,063,777**	**4,704,070**	**2,689,262**

21. Income tax

	For the year ended 31 December 2014	For the year ended 31 December 2013	For the period from 1 Sept. till 31 Dec. 2012
Deferred tax income (expense)	16,353,948	5,846,905	(2,143,779)
Current tax expense	(116,553,873)	(76,303,224)	(17,603,880)
Income tax for the year/period	**100,199,925**	**70,456,319**	**19,747,659**

21. Income tax (Continued)

Reconciliation of effective tax rate.

	For the year ended 31 December 2014	For the year ended 31 December 2013	For the period from 1 Sept till 31 Dec 2012
Profit before tax	**241,887,815**	**139,248,315**	**29,404,610**
Reconciled items:			
Non-deductible expenses	56,264,022	40,096,937	27,635,438
Tax-exempt income	(4,069,196)	(2,750,454)	(6,438,173)
Change in unrecognized deferred tax assets	4,729,643	5,369,973	2,677,173
Unrecognized tax losses	384,416	852,897	—
Net taxable amount	299,196,700	182,817,668	53,279,048
Income tax for the year / period (25%)	74,799,175	45,704,417	13,319,762
Impact of change in tax rate	25,400,750	24,751,902	6,427,897
Income tax for the year / period	100,199,925	70,456,319	19,747,659
Effective tax rate	41.42%	50.60%	67.16%

22. Related party transactions

Some of the Group's companies carried out during the year certain transactions with its related parties, transactions with those related parties are transacted according to the conditions and terms set by the Group's board of directors and in light of the contracts and agreements with those parties after the authorization to carry out such transactions in light of decisions of the Ordinary Assembly Meeting for this purpose.

Transaction with key management personnel

The significant transactions with key management personnel, their nature volumes and balances during the years / period 2014, 2013 and 2012.

			31 December 2014	
Related Party	Nature of relationship	Nature of transaction	Amount of transaction	Balance
Chairman	Board of director member	Salary	960,000	—
CEOs	Board of director member	Salary	5,220,078	—
Vice president	Board of director member	Salary	1,109,131	—
IDH Representatives	Board of director member	Remuneration	10,725,000	10,725,000
			18,014,209	**10,725,000**

22. Related party transactions (Continued)

			31 December 2013	
Related Party	Nature of relationship	Nature of transaction	Amount of transaction	Balance
Chairman	Board of director member	Salary	894,624	—
CEOs	Board of director member	Salary	3,000,000	—
Vice president	Board of director member	Salary	1,077,042	—
IDH Representatives	Board of director member	Remuneration	12,604,509	—
			17,576,175	—

			31 December 2012	
Related Party	Nature of relationship	Nature of transaction	Amount of transaction	Balance
Chairman	Board of director member	Salary Remuneration	298,208 2,147,440	—
CEOs	Board of director member	Salary Remuneration	1,000,000 2,080,965	—
IDH Representatives	Board of director member	Remuneration	12,184,207	—
			17,710,820	—

The significant transactions with other related parties, their nature volumes and balance during years / period 2014, 2013 and 2012 are as follows:

A. Due from related parties

			31 December 2014	
Related Party	Nature of transaction	Nature of relationship	Amount of transaction	Balance
Health-care Tech Company	Expenses paid on behalf	Affiliate	75,208	113,036
Integrated Kidney Centre Company (S.A.E.)	Expenses paid on behalf	Affiliate	1,694,520	1,694,520
Baraha Medical city	Payment on behalf	Affiliate	17,253	46,312
Total				**1,853,868**

			31 December 2013	
Related Party	Nature of transaction	Nature of relationship	Amount of transaction	Balance
AL Tayseer International-Hospital Co	Payment on behalf	Affiliate	12,988	23,868
Health-care Tech Company	Expenses paid on behalf	Affiliate	400	37,828
Integrated Medical Analysis Company (S.A.E.)	Bank transfers Value of assets paid on behalf Expenses paid on behalf	Entity owned by Company's chairman and CEO	5,063,000 18,113,760 224,257	23,401,017
Baraha Medical city	Payment on behalf	Affiliate	4,812	29,059
Total				**23,491,772**

22. Related party transactions (Continued)

			31 December 2012	
Related Party	Nature of transaction	Nature of relationship	Amount of transaction	Balance
AL Tayseer International-Hospital Co	Payment on behalf	Affiliate	—	10,880
Health-care Tech Company	Expenses paid on behalf	Affiliate	37,428	37,428
Baraha Medical city	Payment on behalf	Affiliate	20,918	24,247
Total				**72,555**

B. Due to related parties

			31 December 2014	
Related Party	Nature of transaction	Nature of relationship	Amount of transaction	Balance
Dr Motasem Gaafar.....	Bank transfers to related party	Shareholder of subsidiary	46,278	254,781
Dr Amed Abd El Noor	Transfer to related party	Shareholder of subsidiary	(1,430,373)	39,239
Total				**294,020**

			31 December 2013	
Related Party	Nature of transaction	Nature of relationship	Amount of transaction	Balance
Dr Motasem Gaafar	Bank transfers to related party	Shareholder of subsidiary	(305,988)	208,503
Dr Amed Abd El Noor ...	Expenses paid on behalf	Shareholder of subsidiary	1,469,612	1,469,612
Total				**1,678,115**

			31 December 2012	
Related Party	Nature of transaction	Nature of relationship	Amount of transaction	Balance
Dr Motasem Gaafar.....	Bank transfers to related party	Shareholder of subsidiary	(387,499)	688,639
Online Modern Solutions Co	Purchase of property and equipment Consultation	Affiliate	4,874,175 796,248	1,358,519
Total				**2,047,158**

23. Tax Status

A) Amendments on the Tax law

The profit of the company are subjected to corporate tax according to income tax law No 91 of 2005 and the company is also subjected to the provisions of Law No (44) of 2014 that was issued on 4 June 2014 concerning "imposing a temporary annual additional tax for three years as of the current taxation period at the rate of 5% on the amounts exceeding one million Egyptian pounds of the taxable income of the natural persons or on the profits of the juristic persons "Hence, the company applied the said law, assessed the tax that shall be collected according to the provisions of the aforementioned law as of 5 June 2015 On 30 June 2014, the presidential decree—law No 53 for the year 2014 was issued to the effect of including provisions to amend some articles of the income tax law that was issued by virtue of law No 91 of the year 2005 The following represents the most prominent amendments introduced to the said law:

—Imposing a tax on dividends

—Imposing a tax on capital gains resulting from the sale of shares and securities

23. Tax Status (Continued)

On 6 April 2015 the Ministerial Decree No. 172 the amended executive regulations of the said law has been issued by the Minister of Finance resolution No. 991 of year 2005.

B) Integrated Diagnostics Holdings plc—"IDH"

Integrated Diagnostics Holdings plc "IDH" has been established according to the provisions of the Companies (Jersey) law 1991 under No 117257 The company not subject to tax in accordance with the Jersey law.

C) Al Borg Laboratories Company (Al Borg Laboratory)

Corporate tax

The company submitted the corporate income tax returns on due dates in regular basis according to the income tax law no 91/2005 for the years from its inception to 2013. The Company has settled the tax due.

The Tax Authority completed the tax inspection of the corporate tax for the years from its inception to 2009, tax inspection resulted in tax differences amounted to L E 1,394,561, represented in (Penalties amounted to L E 535,661 and Tax amounted to L E 858,900). The company objected this inspection results because there are some amount were not included in the inspection from the years 2006 to 2009 amounted to L E 539,382 in addition to wrong penalties calculation.

The company is currently in the inspection process for the years 2010 to 2012.

Moveable tax

The company has been tax inspected for the years from its inception to 30/6/2005 and the due amounts were settled.

Salaries tax

The company has been tax inspected for the years from its inception to 31/12/2008 and the due amounts were settled, the company has been tax inspected for the years 2009 to 2010 resulted in tax differences amounted to L E 17,456.

The Company has not been yet inspected by the Tax Authority for the years 2011 to 2013.

Stamp tax

The company has been inspected for stamp taxes & stamp duty changes from its inspection date till 31-1-2006, and all tax differences were paid by the company.

The period from 1-7-2006 till 31-12-2010 was inspected, the inspection resulted in tax differences The company objected on the inspection, and the internal committee will be held.

The company pays the accrued stamp tax on the due dates starting from 1-1-2011 to 31-12-2014.

The Company formed the necessary provision included in Provision for taxes to meet expected tax claims.

D) Al Mokhtabar Company for Medical Labs (S.A.E)

Corporate tax

The company submitted the corporate income tax returns on due dates in regular basis.

The Company has not been inspected by the Tax Authority for the years from its inception to 2005.

The company has been tax inspected for the years 2006 to 2008 The company objected this inspection results, and it is currently in the re-inspection process for the same period.

23. Tax Status (Continued)

Salary tax

The company is currently in the inspection process for the years 2005 to 2008.

Stamp tax

The company is currently in the inspection process for the year 2012.

Sales tax:

The tax inspection has been made until year 2012, the resulting tax differences have been paid by the company.

Withholding tax:

The company has been tax inspected for the year 2007 and the due amounts were settled.

The Company formed the necessary provision included in Provision for taxes to meet expected tax claims.

24. Contingent liabilities

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

25. Operating lease

The group lease certain branches for the operation of the business. The rental costs of those branches are recognized using the operating lease method and recorded within the special purpose consolidated statement of income under cost of revenues.

The following represent the number of branches and their rental value:

	For the year ended 31 December 2014	For year ended 31 December 2013	For the period from 1 Sept till 31 Dec 2012
Number of branches	237	217	191
Total rental cost	16,394,021	14,142,665	4,035,708
Average rent cost per branch	**69,173**	**65,174**	**21,129**

26. Earnings per share Basic

	For the year ended 31 December 2014	For the year ended 31 December 2013	For the period from 1 Sept till 31 Dec 2012
Profit attributed to owners of the parent	132,768,888	62,095,022	8,213,937
Weighted average number of ordinary shares in issue	150,000,000	150,000,000	150,000,000
Basic earnings per share	**0.89**	**0.41**	**0.05**

27. Establishment of saving fund to employees

The Al Borg Laboratory Company's board of directors on October 8, 2006 approved unanimously to establish employees' saving fund according to the provisions of law No. 54 for the year 1975 on private insurance fund with the following conditions and terms:

- The participation by the employee in the Fund is optional and only for the company's permanent employees
- The employees saving fund will be financed as follows:
  - 10% calculated monthly of annual basic salaries and incentives and contributed for by the Company
  - 2.5% calculated monthly of annual basic salaries and incentives, and contributed for by the employees
- The benefits and collection of contributions (source of financing the Fund) starts from 1/1/2007.

The subscribed employees in the fund will obtain the following benefits:

- The employee or his heirs will be reimbursed for the contribution he/she made to the Fund upon end of his service- for any reason of the following reasons (either total or partial disability or reach the age of retirement or death, or retirement after three years from the date the employee started his/ her contributions to the fund) plus his share of the company's contributions and his/her share in return of the Fund's investment.

28. Segment reporting

	31 December 2014			
	Egypt Segment	Sudan Segment	Jordan Segment	Total
Revenues	768,659,798	31,527,328	60,044,305	860,231,431
Cost of revenues	(426,735,748)	(16,476,569)	(36,294,165)	(479,506,482)
Gross profit from operations	**341,924,050**	**15,050,759**	**23,750,140**	**380,724,949**
Other income				1,573,751
Marketing and advertising expenses				(49,445,237)
Administrative expenses				(72,032,772)
Other expenses				(15,726,761)
Profits from operation				**245,093,930**
Finance income				5,994,383
Finance cost				(9,200,498)
Finance (cost)—net				(3,206,115)
profit before tax				**241,887,815**
Less:				
Income tax for the year				(100,199,925)
Net profit for the year				**141,687,890**

28. Segment reporting (Continued)

	31 December 2013			
	Egypt Segment	Sudan Segment	Jordan Segment	Total
Revenues	611,601,065	23,998,127	35,984,258	671,583,450
Cost of revenues	(404,868,765)	(13,760,036)	(23,386,375)	(442,015,176)
Gross profit from operations	**206,732,300**	**10,238,091**	**12,597,883**	**229,568,274**
Other income				7,329,766
Marketing and advertising expenses				(38,844,900)
Administrative expenses				(52,890,833)
Other expenses				(12,027,800)
Profits from operation				**133,134,507**
Finance income				6,684,889
Finance cost				(571,081)
Finance income—net				6,113,808
profit before tax				**139,248,315**
Less:				
Income tax for the year				(70,456,319)
Net profit for the year				**68,791,996**

	For the Period from 1Sept till 31 Dec 2012			
	Egypt Segment	Sudan Segment	Jordan Segment	Total
Revenues	195,024,054	9,109,057	9,732,138	213,865,249
Cost of revenues	(121,502,494)	(5,523,203)	(8,528,990)	(135,554,687)
Gross profit from operation	**73,521,560**	**3,585,854**	**1,203,148**	**78,310,562**
Other income				273,954
Marketing and advertising expenses				(7,860,974)
Administrative expenses				(43,769,868)
Other expenses				(5,102,770)
Profits from operation				**21,850,904**
Finance income				7,730,615
Finance cost				(176,909)
Finance income—net				7,553,706
Net profit before tax				**29,404,610**
Less:				
Income tax for the period				(19,747,659)
Net profit for the period				**9,656,951**

29. Reclassification for comparative figures

Management reclassified some items to match with the special purpose consolidated financial statemets for Integrated Diagnostics Holdings plc "IDH".

		Reclassifications			
	31/12/2013	ALBORG LABORATORIES COMPANY (S.A.E) AND ITS SUBSIDIARIES	AL MOKHTABAR COMPANY FOR MEDICAL LABS (S.A.E.) AND ITS SUBSIDIARIES	INTEGRATED DIAGNOSTICS HOLDINGS Limited (L.L.C.)—"IDH" AND ITS SUBSIDIARIES	31/12/2013
	as presented				reclassified
1- Special purpose consolidated statement of financial position					
Trade and other receivables	98,224,722	(74,885)	—	—	98,149,837
Long-term financial obligations	651,864	(3,431)	—	—	648,433
Trade and other payables(*)	111,087,467	(1,641,700)	(784,590)	—	108,661,177
Current tax liabilities(*)	76,098,205	1,570,246	784,590	—	78,453,041
	For the year ended 31 December 2013				**For the year ended 31 December 2013**
	as presented				**reclassified**
2- Special purpose consolidated statement of income					
Cost of revenues(**)	311,365,294	9,612,882	—	121,037,000	442,015,176
Marketing and advertising expenses(**)	33,786,924	5,057,976	—	—	38,844,900
Administrative expenses(**)	188,598,691	(14,670,858)	—	(121,037,000)	52,890,833
	31/12/2012				**31/12/2012**
	as presented				**reclassified**
1- Special purpose consolidated statement of financial position					
Trade and other payables(*)	91,170,478	(1,389,288)	(513,426)	—	89,267,764
Current tax liabilities(*)	55,223,426	1,389,288	513,426	—	57,126,140
	For the Period from 1 Sept. till 31 Dec. 2012				**For the Period from 1 Sept. till 31 Dec. 2012**
	as presented				**reclassified**
2- Special purpose consolidated statement of income					
Cost of revenues(**)	100,373,970	4,921,467	—	30,259,250	135,554,687
Administrative expenses(**)	79,045,519	(5,016,401)	—	(30,259,250)	43,769,868
Other expenses(**)	5,007,836	94,934	—	—	5,102,770

(*) Reclassification of due to other tax from trade and other payables to current tax liabilities

(**) Reclassification between expenses to match with the current presentation for Integrated Diagnostics Holdings plc "IDH".

KPMG

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Report on the Special Purpose Consolidated Financial Statements

We have audited the accompanying special purpose consolidated financial statements of Al Mokhtabar Company for Medical Labs ("the Company"), which comprise the special purpose consolidated statement of financial position as at 31 December 2013, 2012, and 2011, the special purpose consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the years in the three year period ended 31 December 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Special Purpose Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these special purpose consolidated financial statements in accordance with the basis of preparation in note 2-A of the notes to the special purpose consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these special purpose consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the special purpose consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the special purpose consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Mokhtabar Company for Medical Labs as at 31 December 2013, 2012, and 2011, and its consolidated financial performance and its consolidated cash flows for each of the years in the three year period ended 31 December 2013 in accordance with the basis of preparation in note 2-A.

Basis of Preparation

Without modifying our opinion, we draw attention to Note 2-A of the notes to the special purpose consolidated financial statements. The special purpose consolidated financial statements have been prepared in accordance with the basis of preparation described in note 2-A to be included in a prospectus. As a result, the consolidated financial statements may not be suitable for another purpose.

Report on Other legal and Regulatory Requirements.

For the purpose of Prospectus Rule 5.5.3R (2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to insure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I and item 1.2 of Annex III of the Prospectus Directive Regulation.

KPMG Hazem Hassan

January 19, 2015

AL MOKHTABAR COMPANY FOR MEDICAL LABS (S.A.E) AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Financial Position as at 31 December 2013, 2012 and 2011

(All amounts in Egyptian Pounds)

	Note	31 December 2013	31 December 2012	31 December 2011
ASSETS				
Non-current assets				
Property and equipment	5	21,928,022	21,739,997	27,423,118
Total non-current assets		**21,928,022**	**21,739,997**	**27,423,118**
Current assets				
Inventories	6	9,763,419	7,499,137	6,198,959
Trade and other receivables	7	62,564,099	29,369,429	30,640,059
Cash and cash equivalent	8	151,065,149	210,784,096	172,270,359
Total current assets		**223,392,667**	**247,652,662**	**209,109,377**
Total assets		**245,320,689**	**269,392,659**	**236,532,495**
EQUITY AND LIABILITIES				
Equity				
Share capital	11	6,432,000	6,432,000	6,432,000
Legal reserve	12	3,216,000	3,216,000	3,216,000
Translation reserve		269,154	11,937	77,200
Retained earnings		129,038,201	66,331,647	160,697,759
Equity attributable to owners of the parent		**138,955,355**	**75,991,584**	**170,422,959**
Non-controlling interest		144,930	6,428	41,569
Total equity		**139,100,285**	**75,998,012**	**170,464,528**
Non-current liabilities				
Deferred tax liabilities	17	449,495	407,081	318,305
Total non-current liabilities		**449,495**	**407,081**	**318,305**
Current liabilities				
Provisions	9	3,773,516	3,453,904	2,898,001
Trade and other payables	10	59,902,390	46,167,780	41,100,247
Current income tax liabilities	16	42,094,515	27,093,427	21,751,414
Accrued dividends—Shareholders		488	116,272,455	—
Total current liabilities		**105,770,909**	**192,987,566**	**65,749,662**
Total equity and liabilities		**245,320,689**	**269,392,659**	**236,532,495**

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

Mr. Tarek Hemida
Chief Financial Officer

Dr. Hend El Sherbini
Chief Executive Officer

Auditors report attached

AL MOKHTABAR COMPANY FOR MEDICAL LABS (S.A.E) AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Income—for the financial years ended 31 December 2013, 2012 and 2011

(All amounts in Egyptian Pounds)

	Note	31 December 2013	31 December 2012	31 December 2011
Revenue		325,744,658	262,517,371	197,944,069
Cost of revenues	13	(138,440,676)	(113,053,636)	(107,473,898)
Gross profit from operation		**187,303,982**	**149,463,735**	**90,470,171**
Other income	14	255,877	95,711	44,942
Marketing and advertising expenses	13	(18,675,910)	(11,832,690)	(11,010,699)
Administrative expenses	13	(23,141,337)	(46,926,632)	(14,563,394)
Other expenses	13	(4,566,186)	(3,440,269)	(3,758,337)
Profits from operations		**141,176,426**	**87,359,855**	**61,182,683**
Finance income—net	15	4,210,257	9,136,072	5,382,698
Profit before tax		**145,386,683**	**96,495,927**	**66,565,381**
Less:				
Deferred tax expenses	17	(42,414)	(88,776)	(119,198)
Income tax for the year	16	(42,094,515)	(27,093,427)	(21,751,414)
Net profit for the year		**103,249,754**	**69,313,724**	**44,694,769**
Profit attributed to:				
Owners of the Company		103,270,945	69,313,724	44,778,769
Non-controlling interests		(21,191)	—	(84,000)
		103,249,754	**69,313,724**	**44,694,769**
Earnings per share (expressed in EGP per share):				
Basic earnings per share	21	160.55	107.76	69.62
Diluted earnings per share	21	160.55	107.76	69.62

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

AL MOKHTABAR COMPANY FOR MEDICAL LABS (S.A.E) AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Comprehensive Income—for the financial years ended 31 December 2013, 2012 and 2011

(All amounts in Egyptian Pounds)

	31 December 2013	31 December 2012	31 December 2011
Net income for the year	103,249,754	69,313,724	44,694,769
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	416,910	(100,404)	118,769
Other comprehensive income for the year	**416,910**	**(100,404)**	**118,769**
Total comprehensive income for the year	**103,666,664**	**69,213,320**	**44,813,538**
Attributed to:			
Owners of the Parent	103,528,162	69,248,461	44,855,969
Non-controlling interests	138,502	(35,141)	(42,431)
	103,666,664	**69,213,320**	**44,813,538**

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

AL MOKHTABAR COMPANY FOR MEDICAL LABS (S.A.E) AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Changes in Equity—for the financial years ended 31 December 2013, 2012 and 2011

(All amounts in Egyptian Pounds)

	Attributable to owners of the parent						
	Share Capital	Legal reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2011	**6,432,000**	**3,216,000**	**—**	**115,918,990**	**125,566,990**	**—**	**125,566,990**
Total comprehensive income							
Profit (loss) for the year	—	—	—	44,778,769	44,778,769	(84,000)	44,694,769
Other comprehensive income for the year 2011	—	—	77,200	—	77,200	41,569	118,769
Total comprehensive income	—	—	77,200	44,778,769	44,855,969	(42,431)	44,813,538
Change in ownership interests							
Non-controlling interest resulted from establishment of subsidiary during the year	—	—	—	—	—	84,000	84,000
Total change in ownership interests	—	—	—	—	—	**84,000**	**84,000**
Total transactions with owners of the Company	—	—	—	—	—	**84,000**	**84,000**
Balance at 31 December 2011	**6,432,000**	**3,216,000**	**77,200**	**160,697,759**	**170,422,959**	**41,569**	**170,464,528**
Balance at 1 January 2012	**6,432,000**	**3,216,000**	**77,200**	**160,697,759**	**170,422,959**	**41,569**	**170,464,528**
Total comprehensive income							
Profit (loss) for the year	—	—	—	69,313,724	69,313,724	—	69,313,724
Other comprehensive income for the year 2012	—	—	(65,263)	—	(65,263)	(35,141)	(100,404)
Total comprehensive income	**—**	**—**	**(65,263)**	**69,313,724**	**69,248,461**	**(35,141)**	**69,213,320**
Transactions with owners of the Company							
Dividends	—	—	—	(163,679,836)	(163,679,836)	—	(163,679,836)
Total transactions with owners of the Company	—	—	—	**(163,679,836)**	**(163,679,836)**	—	**(163,679,836)**
Total transactions with owners of the Company	—	—	**(65,263)**	**(94,366,112)**	**(94,431,375)**	**(35,141)**	**(94,466,516)**
Balance at 31 December 2012	**6,432,000**	**3,216,000**	**11,937**	**66,331,647**	**75,991,584**	**6,428**	**75,998,012**

AL MOKHTABAR COMPANY FOR MEDICAL LABS (S.A.E) AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Changes in Equity—for the financial years ended 31 December 2013, 2012 and 2011 (Continued)

(All amounts in Egyptian Pounds)

	Attributable to owners of the parent						
	Share Capital	**Legal reserve**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2013	**6,432,000**	**3,216,000**	**11,937**	**66,331,647**	**75,991,584**	**6,428**	**75,998,012**
Total comprehensive income							
Profit (loss) for the year	—	—	—	103,270,945	103,270,945	(21,191)	103,249,754
Other comprehensive income for the year 2013	—	—	257,217	—	257,217	159,693	416,910
Total comprehensive income	—	—	**257,217**	**103,270,945**	**103,528,162**	**138,502**	**103,666,664**
Transactions with owners of the Company							
Dividends	—	—	—	(40,564,391)	(40,564,391)	—	(40,564,391)
Total transactions with owners of the Company	—	—	—	**(40,564,391)**	**(40,564,391)**	—	**(40,564,391)**
Total transactions with owners of the Company	—	—	**257,217**	**62,706,554**	**62,963,771**	**138,502**	**63,102,273**
Balance at 31 December 2013	**6,432,000**	**3,216,000**	**269,154**	**129,038,201**	**138,955,355**	**144,930**	**139,100,285**

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

AL MOKHTABAR COMPANY FOR MEDICAL LABS (S.A.E) AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Cash Flows—for the financial years ended 31 December 2013, 2012 and 2011

(All amounts in Egyptian Pounds)

	Note	2013	2012	2011
Profit before tax		145,386,683	96,495,927	66,565,381
Adjustments:				
Property and equipment depreciation	5	6,840,578	9,998,525	14,511,207
Interest income	15	(2,124,589)	(1,120,122)	(117,127)
Gain on sale of property and equipment	14	(13,210)	(9,462)	(2,187)
Provisions		788,693	706,644	1,131,151
Impairment in trade and notes receivable		3,777,493	2,727,948	2,525,552
Operating income before changes in working capital		**154,655,648**	**108,799,460**	**84,613,977**
Changes in working capital				
Changes in inventory		(2,292,493)	(1,301,368)	(308,395)
Changes in trade and other receivables		(33,070,943)	405,624	(4,613,580)
Changes in trade and other payables		9,185,402	2,002,949	7,756,010
Provisions utilized		(469,081)	(150,741)	(253,031)
Cash flows generated from operating activities		**128,008,533**	**109,755,924**	**87,194,981**
Income tax paid during the year		(25,643,047)	(20,492,175)	(11,569,907)
Cash generated from operating activities		**102,365,486**	**89,263,749**	**75,625,074**
Cash flows from investing activities				
Purchase of property and equipment		(7,178,085)	(4,386,464)	(8,862,489)
Share of capital attributed to subsidiary		—	—	84,000
Interest income collected		2,124,589	1,120,122	117,127
Proceeds from sale of property and equipment		55,086	53,000	2,200
Decrease in held to maturity financial assets		—	—	27,847,650
Net cash flows (used in) generated from investing activities		**(4,998,410)**	**(3,213,342)**	**19,188,488**
Cash flows from financing activities				
Dividends paid		(156,875,713)	(47,407,381)	—
Net Cash flows used in financing activities		**(156,875,713)**	**(47,407,381)**	**—**
Net (decrease) increase in cash and cash equivalents		**(59,508,637)**	**38,643,026**	**94,813,562**
Cash and cash equivalent at beginning of the year		210,784,096	172,270,359	77,159,899
Translation differences of financial statements		(210,310)	(129,289)	296,898
Cash and cash equivalent at end of the year	**8**	**151,065,149**	**210,784,096**	**172,270,359**

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

1. Reporting entity

Al Mokhtabar Company for Medical Labs (S.A.E.) was established in Egypt on 19 June 2004 under Law No. 159 of 1981 and its executive regulation and was registered in the commercial register number 11573 Cairo.

The Group established its subsidiary Al Mokhtabar Sudany-Egyptian Company for Technological Laboratories with an ownership of 65%.

These special purpose consolidated financial statements comprise special purpose financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the medical labs.

The purpose of the Group is establishment, ownership and managing medical labs in all kinds and the investment in all services, manufacturing, commercial activities, importing and training medical and scientific resources on performing all types of medical labs and qualifying them for work. The group is performing its activities in Arab Republic of Egypt.

The Group's address is in 64 Gameat El Dowal El Arbia Street—Mohandessin—Giza—Egypt.

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

These special purpose consolidated financial statements have been approved for issuance from the Board of Directors at 21 September 2014 .

The ultimate parent company is IDH (Integrated Diagnostics Holding Ltd.).

The significant accounting policies applied in the preparation of these special purpose consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. Summary of significant accounting policies

A. Basis of preparation

These special purpose consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by European Union ("IFRS-EU").

The 3 years special purpose consolidated financial statements have been prepared to be included in a prospectus.

These special purpose consolidated financial statements have been prepared under the historical cost convention, except available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS-EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

B. Changes in accounting policy and disclosures

(1) New and amended standards adopted by the group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the group.

(2) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated

2. Summary of significant accounting policies (Continued)

financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the company, except the following set out below:

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

The management is expecting the approval of these IFRSs and its amendments in the financial statements for the first period when the application of these standards becomes mandatory. The initial assessment for the impact that there is no except for have a material impact on the amounts included in the financial statements, but it is expected to add additional disclosures.

C. Basis of consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement

2. Summary of significant accounting policies (Continued)

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

ii. Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii. Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

iv. Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognized in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

2. Summary of significant accounting policies (Continued)

D. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

E. Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Egyptian Pounds, which is the group's presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains-net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

(3) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) The Equity items other than profit or losses for the year have been translated at the historical exchange rate.

(d) All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

2. Summary of significant accounting policies (Continued)

F. Property and equipment

All property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual value over their estimated useful lives, as follows:

Buildings	50 years
Medical and electric equipment*	5 - 10 years
Vehicles	5 years
Leasehold Improvements	4 years
Furniture and fixture	4 - 16.67 years
Computers	2 - 7 years

* Other medical equipments related to kits contracts depreciated on the basis of percentage of actual usage.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

G. Financial assets

(1) Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

2. Summary of significant accounting policies (Continued)

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(2) Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date—the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other (losses)/gains—net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the group's right to receive payments is established.

(3) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

H. Impairment of non-financial assets

(1) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

2. Summary of significant accounting policies (Continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

I. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the moving average method.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

J. Non Derivative financial instruments

- **Trade receivables**

Trade receivables are amounts due from customers for goods' sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

- **Cash and cash equivalents**

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

- **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

- **Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

2. Summary of significant accounting policies (Continued)

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

K. Expenses

- **Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

- **Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

L. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognized.

2. Summary of significant accounting policies (Continued)

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

M. Provisions

Provisions are recognized when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

N. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services performed, stated net of discounts, returns and value added taxes. The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1. Sales of services

For sales of services, revenue is recognized in the accounting period in which the services are rendered.

2. Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

O. Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders before the balance sheet date.

2. Summary of significant accounting policies (Continued)

P. Earnings per share

1. Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

2. Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

3. Financial risk management

(1) Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the UK pound and the Europe EURO. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. However, the management aims to minimize open positions in foreign currencies to the extent that is necessary to conduct its activities.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At year end, major financial assets / (liabilities) in foreign currencies were as follows:

	31 December 2013		
	Assets	Liabilities	Net
US Dollars	9,789,962	—	**9,789,962**
Euros	1,271,275	—	**1,271,275**
SAR	73,000	—	**73,000**

3. Financial risk management (Continued)

	31 December 2012		
	Assets	Liabilities	Net
US Dollars	29,192,929	—	**29,192,929**
Euros	115,424	—	**115,424**

	31 December 2011		
	Assets	Liabilities	Net
US Dollars	27,452,544	—	27,452,544
Euros	105,223	—	**105,223**

The following is the exchange rates applied:

	Average rate for the year ended		
	31 December 2013	31 December 2012	31 December 2011
US Dollars	6.65	6.16	5.98
Euros	9.11	8.18	8.40
SAR	1.86	—	—

	Spot rate for the year ended		
	31 December 2013	31 December 2012	31 December 2011
US Dollars	6.98	6.32	6.04
Euros	9.63	8.59	7.82
SAR	1.86	—	—

At 31 December, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, post tax profit for the year would have been LE 6,833,393 LE 18,449,931 and LE 11,855,898 for 2013, 2012 and 2011 respectively, higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

At 31 December, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post tax profit for the year would have been LE 1,224,238, LE 99,149 and LE 82,284 for 2013, 2012 and 2011 respectively higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

At 31 December, if the Egyptian Pounds had weakened / strengthened by 10% against the SAR with all other variables held constant, post tax profit for the year would have been LE 13,578, Nil and Nil for 2013, 2012 and 2011 respectively higher / lower, mainly as a result of foreign exchange gains/losses on translation of SAR -denominated financial assets and liabilities.

(ii) Price risk

The group does not have investments in equity securities or bonds and accordingly is not exposed to price risk related to the change in the fair value of the investments.

(iii) Cash flow and fair value interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

3. Financial risk management (Continued)

(b) Credit risk

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and financial institutions, the Group is dealing with the banks which have a high independent rating with a good reputation.

For the customers, the Group assesses the credit quality of the customers, taking into account its financial position, and their market reputation, past experience and other factors.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	2013	2012	2011
Trade and other receivables	62,564,099	29,369,429	30,640,059
Cash and cash equivalents	151,065,149	210,784,096	172,270,359

The maximum exposure to credit risk for trade and other receivables at the end of the reporting period by type of customers was as follows:

	2013	2012	2011
Government and public sector	11,239,446	8,040,211	8,504,712
Private sector companies	17,038,682	12,459,929	9,998,649
Bank Sector	1,579,915	1,411,668	1,250,378
	29,858,043	**21,911,808**	**19,753,739**

The aging of trade receivables analysis at the end of the reporting period that were not impaired was as follows:

	2013	2012	2011
Balances till 30 days	8,207,011	6,392,174	5,760,475
Due from 31 - 60 days	825,577	4,224,157	3,366,368
Due from 61 - 90 days	584,353	2,986,530	2,993,413
Due more than 90 days	20,241,102	8,308,947	7,633,483
	29,858,043	**21,911,808**	**19,753,739**

The movement in the allowance for impairment in trade and other receivables during the year was as follows:

	2013	2012	2011
Beginning balance of the impairment for the year	6,663,530	3,935,582	1,410,030
Add: impairment during the year	3,777,493	2,727,948	2,525,552
Impairment in trade receivables and debtors at the end of the year	**10,441,023**	**6,663,530**	**3,935,582**

3. Financial risk management (Continued)

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the group in and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements—for example, currency restrictions.

The group's management retain cash balances in order to allow repayment of obligations in due dates, without taking into account any unusual effects which it cannot be predicted such as natural disasters. All suppliers and creditors will be repaid over a period of 45 days from the date of the invoice or the date of the commitment.

The table below analyzes the Group liabilities into relevant maturity dates based on remaining periods at the balance sheet date to the contractual maturity date.

	Less than 6 months	Less than 12 months
At 31 December 2013		
Trade and other payables	59,902,390	
Current income tax liability	42,094,515	
Provisions		3,773,516
At 31 December 2012		
Trade and other payables	46,167,780	—
Current income tax liability	27,093,427	—
Provisions	—	3,453,904
At 31 December 2011		
Trade and other payables	41,100,247	—
Current income tax liability	21,751,414	—
Provisions	—	2,898,001

(2) Capital risk management

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

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt dividends by total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated financial position, plus net debts.

3. Financial risk management (Continued)

The gearing ratios at 31 December 2013, 2012 and 2011 were as follows:

	2013	2012	2011
Total liabilities	106,220,404	193,394,647	66,067,967
Less: cash and cash equivalents	(151,065,149)	(210,784,096)	(172,270,359)
Net liabilities	(44,844,745)	(17,389,449)	(106,202,392)
Total equity	138,955,355	75,991,584	170,422,959
Total capital	94,110,610	58,602,135	64,220,567
Gearing ratio	−48%	−30%	−165%

(3) Fair value estimation

The fair value less any estimated credit adjustments for financial assets and liabilities with maturity dates less than one year is assumed to approximate their carrying value.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contracted cash flows at the current market interest rate that is available to the Group for similar transactions.

4. Critical accounting estimates and judgments

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

(1) Critical accounting estimates and judgments

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of trade receivables

The evaluation of the impairment value in trade receivables is made through monitoring the debts aging. The group management is studying the credit position and the ability of payments for customers whom their debts are due during the credit limit granted for them and the impairment is recorded with the values of the due amounts on the customers who the Group management see that their credit position do not allow them to pay their liabilities. At 31 December, the provision for impairment of trade receivables was LE 5,803,819, LE 3,539,279 and LE 2,428,107 for 2013, 2012 and 2011 respectively.

(b) Income tax

The group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(2) Personal judgment in implementation of the Group's accounting policies

In general the application of the Group's accounting policies does not require from management the use of personal judgment (except relating to critical accounting estimate and judgment "Note 4-1" which might have a major impact on the value recognized at the financial statements).

5. Property and equipment

	Buildings	*Medical and electric equipment	Furniture	Computers	Leasehold Improvement	Vehicles	Construction in progress	Total
At 1 January 2011								
Cost	4,239,547	42,144,189	4,220,911	5,758,628	9,318,578	298,901	—	65,980,754
Accumulated depreciation	(291,440)	(24,335,346)	(991,118)	(2,419,998)	(4,582,063)	(110,811)	—	(32,730,776)
Net book amount	**3,948,107**	**17,808,843**	**3,229,793**	**3,338,630**	**4,736,515**	**188,090**	**—**	**33,249,978**
Yearend 31 December 2011								
Opening net book value	3,948,107	17,808,843	3,229,793	3,338,630	4,736,515	188,090	—	33,249,978
Additions	—	2,277,429	992,964	1,533,718	2,009,967	164,511	1,883,900	8,862,489
Disposal	—	(13)	—	—	—	—	—	(13)
Translation difference	—	(79,030)	(59,576)	(34,296)	—	(5,227)	—	(178,129)
Depreciation charge	(84,791)	(10,210,943)	(466,861)	(1,288,680)	(2,392,891)	(67,041)	—	(14,511,207)
Closing net book amount	**3,863,316**	**9,796,286**	**3,696,320**	**3,549,372**	**4,353,591**	**280,333**	**1,883,900**	**27,423,118**
At 31 December 2011								
Cost	4,239,547	44,342,575	5,154,299	7,258,050	11,328,545	458,185	1,883,900	74,665,101
Accumulated depreciation	(376,231)	(34,546,289)	(1,457,979)	(3,708,678)	(6,974,954)	(177,852)	—	(47,241,983)
Net book amount	**3,863,316**	**9,796,286**	**3,696,320**	**3,549,372**	**4,353,591**	**280,333**	**1,883,900**	**27,423,118**
Yearend 31 December 2012								
Opening net book value	3,863,316	9,796,286	3,696,320	3,549,372	4,353,591	280,333	1,883,900	27,423,118
Additions	—	936,752	364,947	810,720	1,448,728	9,856	815,461	4,386,464
Transfer from projects under progress	—	—	—	2,699,361	—	—	(2,699,361)	—
Disposal	—	(2,860)	—	—	—	(40,678)	—	(43,538)
Translation difference	—	(18,122)	(1,322)	(7,228)	—	(850)	—	(27,522)
Depreciation charge	(84,791)	(5,571,642)	(528,656)	(1,616,909)	(2,128,843)	(67,684)	—	(9,998,525)
Closing net book amount	**3,778,525**	**5,140,414**	**3,531,289**	**5,435,316**	**3,673,476**	**180,977**	**—**	**21,739,997**
At 31 December 2012								
Cost	4,239,547	45,258,345	5,517,924	10,760,903	12,777,273	426,513	—	78,980,505
Accumulated depreciation	(461,022)	(40,117,931)	(1,986,635)	(5,325,587)	(9,103,797)	(245,536)	—	(57,240,508)
Net book amount	**3,778,525**	**5,140,414**	**3,531,289**	**5,435,316**	**3,673,476**	**180,977**	**—**	**21,739,997**

5. Property and equipment (Continued)

	Buildings	*Medical and electric equipment	Furniture	Computers	Leasehold Improvement	Vehicles	Construction in progress	Total
Year end 31 December 2013								
Opening net book value	3,778,525	5,140,414	3,531,289	5,435,316	3,673,476	180,977	—	21,739,997
Additions	26,581	2,332,475	500,738	765,591	2,614,069	459,336	585,415	7,284,205
Disposal	—	(19,896)	(822)	(904)	(20,254)	—	—	(41,876)
Translation differences	—	(112,489)	(114,868)	(47,416)	46,799	(9,199)	23,447	(213,726)
Depreciation charge	(85,014)	(2,170,970)	(555,795)	(1,918,581)	(1,982,126)	(128,092)	—	(6,840,578)
Closing net book amount	**3,720,092**	**5,169,534**	**3,360,542**	**4,234,006**	**4,331,964**	**503,022**	**608,862**	**21,928,022**
At 31 December 2013								
Cost	4,266,128	47,458,435	5,902,972	11,478,174	15,417,887	876,650	608,862	86,009,108
Accumulated depreciation	(546,036)	(42,288,901)	(2,542,430)	(7,244,168)	(11,085,923)	(373,628)	—	(64,081,086)
Net book amount	**3,720,092**	**5,169,534**	**3,360,542**	**4,234,006**	**4,331,964**	**503,022**	**608,862**	**21,928,022**

* Medical and electric equipments item included a net book value of equipments related to kits contracts amounting to LE 387,334 , LE 1,034,701 and LE 4,986,529 for 2013, 2012 and 2011 respectively.The company uses these equipments to determine the results of it's tests. Those equipments are provided by the kits suppliers as a part of these contracts. Due to the fact that contracts to purchase those kits determine that those equipments will be transferred to the company after purchasing number of kits and the contracts period are from 3 to 5 years which represent almost the useful life of those assets (due to technological obsolescence) therefore the company recognize the value of those equipments as assets and liabilities.

6. Inventories

	2013	2012	2011
Finished goods	9,144,862	6,830,489	4,272,168
Raw materials	618,557	668,648	1,926,791
	9,763,419	**7,499,137**	**6,198,959**

7. Trade and other receivables

	2013	2012	2011
Trade receivables	29,858,043	21,911,808	19,753,739
Notes receivables	2,077,285	964,799	3,592,116
Less: Impairment of trade receivables	(5,803,819)	(3,539,279)	(2,428,107)
Trade receivables—net	**26,131,509**	**19,337,328**	**20,917,748**
Due from related parties (Note 18.B)	27,362,299	754,339	1,783,299
Prepaid expenses	4,392,371	3,266,163	3,526,461
Other debit balances	7,316,935	6,847,559	3,231,105
Withholding tax	1,592,436	1,450,380	1,259,239
Deposits with others	319,120	—	—
Suppliers- Advance payment	63,633	837,911	363,930
Letters of guarantee	23,000	—	—
Accrued revenues	—	—	1,065,752
	67,201,303	**32,493,680**	**32,147,534**
Less: Impairment of other receivables	(4,637,204)	(3,124,251)	(1,507,475)
	62,564,099	**29,369,429**	**30,640,059**

- **Impairment of trade and others receivables movement**

	2013	2012	2011
Beginning balance of the impairment for the year	6,663,530	3,935,582	1,410,030
Add: impairment during the year	3,777,493	2,727,948	2,525,552
Impairment in trade receivables and debtors at the end of the year	**10,441,023**	**6,663,530**	**3,935,582**

8. Cash and cash equivalents

	2013	2012	2011
Banks current accounts	37,326,055	116,606,367	171,414,499
Short term bank deposit	110,250,292	91,152,000	—
Checks under collection	2,322,626	2,089,802	—
Cash on hand	1,166,176	935,927	855,860
	151,065,149	**210,784,096**	**172,270,359**

9. Provisions

Description	Provision movement for the year 2013			
	Balance as at 1 January	Additions during the year	Used during the year	Balance as at 31 December
Vacation provision	598,151	302,091	(469,081)	**431,161**
Other provisions	2,855,753	486,602	—	**3,342,355**
	3,453,904	**788, 693**	**(469,081)**	**3,773,516**

Description	Provision movement for the year 2012			
	Balance as at 1 January	Additions during the year	Used during the year	Balance as at 31 December
Vacation provision	403,763	345,129	(150,741)	**598,151**
Other provisions	2,494,238	361,515	—	**2,855,753**
	2,898,001	**706,644**	**(150,741)**	**3,453,904**

Description	Provision movement for the year 2011			
	Balance as at 1 January	Additions during the year	Used during the year	Balance as at 31 December
Vacation provision	497,360	159,434	(253,031)	**403,763**
Other provisions	1,522,521	971,717	—	**2,494,238**
	2,019,881	**1,131,151**	**(253,031)**	**2,898,001**

Vacation provision

The vacation provision above has been made to meet the liability towards the employees' annual leave.

Other provisions

Other provisions relate to claims expected from other parties in connection with the Group's operations. The information usually required by International Accounting Standards is not disclosed because the management believes that it would seriously prejudice the outcome of the negotiation with that other party. These provisions are reviewed by management every year and adjusted based on latest development, discussions and agreements with the other party.

10. Trade and other payables

	2013	2012	2011
Trade payable and notes payable	27,041,634	18,390,302	14,717,636
Credit balance—employees profit share and board of Directors remuneration	29,030,680	22,688,104	17,993,513
Accrued expenses	1,559,353	1,938,299	1,627,657
Tax Authority	784,590	513,426	352,243
Advances payments from customers	507,390	511,704	150,871
Liability related to medical equipments	387,334	1,034,701	4,986,529
Other credit balances	382,906	402,605	144,117
Due to a related party (Note 18.A)	208,503	688,639	1,127,681
	59,902,390	**46,167,780**	**41,100,247**

11. Share capital and reserves

Authorized capital

The authorized capital of the group is amounted to LE 20 million.

The General assembly of the shareholders decided at its extraordinary meeting held on September 6,2014 to increase the authorized capital to be LE 60 million. The Company's management is currently taking the necessary procedures to register this increase in the commercial register.

Issued and paid up capital

The total issued number of ordinary shares is 643,200 share with a par value of LE 10 per share including 60,000 cash share and 583,200 share in kind. All issued shares are fully paid.

12. Legal reserves

According to the Group's article of association 5% (at least) of the annual net profit is set aside to from a legal reserve. The transfer to legal reserve ceases once this reserve reaches 50% of the Group's issued capital. If the reserve falls below the defined level, then the Group is required to resume forming it by setting aside 5% of the annual net profits until it reaches 50% of the issued share capital.

13. Expenses by nature and Auditor's remuneration

	2013	2012	2011
Chemicals and supplies	65,764,819	53,553,828	40,559,439
Staff costs**	53,622,246	37,479,468	43,970,057
Other expenses	29,239,148	25,431,417	19,256,174
Advertisement expenses	13,531,910	8,165,581	7,845,864
Depreciation of property and equipment	6,840,578	9,998,525	14,511,207
Board of directors remunerations and allowances	5,550,000	8,804,924	4,080,000
Impairment of trade and other receivables	3,777,493	2,727,948	2,525,552
Consulting fees*	1,353,945	25,127,298	927,131
Auditors' remuneration	550,774	465,351	196,598
Cost of specialized analysis at other laboratories	2,726,706	1,604,340	819,629
Gifts, accommodations and conferences	1,077,797	1,187,903	881,892
Other provisions during the year	788,693	706,644	1,131,151
Losses on refund deposits before maturity date	—	—	101,634
	184,824,109	**175,253,227**	**136,806,328**

* The consulting fees for 2012 included L.E. 21.7 million which represents the amount of the fee paid for one of the stock evaluation institutes for evaluating the stocks of the company during the year ended 31 December 2012.

** **Staff number and costs**

	2013	2012	2011
Number of employees	1689	1566	1456
Wages and salaries	52,631,970	36,664,360	42,951,055
Social insurance	990,276	815,108	1,019,002
	53,622,246	**37,479,468**	**43,970,057**

14. Other operating income

	2013	2012	2011
Other income	242,667	86,249	42,755
Gains from sale fixed assets	13,210	9,462	2,187
	255,877	**95,711**	**44,942**

15. Finance income—net

	2013	2012	2011
Net foreign currency exchange gain	2,085,668	8,015,950	5,265,571
Interest income	2,124,589	1,120,122	117,127
	4,210,257	**9,136,072**	**5,382,698**

16. Taxation

Income tax was calculated as follows:

	2013	2012	2011
Profit before tax	145,386,683	96,495,927	66,565,381
Tax calculated using enacted tax rate (25%)	36,346,671	23,623,982	16,141,345
Tax effect of:			
Subsidiary's results reported net of tax	254,040	373,873	389,650
Income not subject to tax	(120,573)	(40,051)	(63,258)
Expenses not deductible for tax purposes	5,656,791	3,224,399	5,402,874
	42,136,929	**27,182,203**	**21,870,612**
Effective tax rate	**29%**	**28.2%**	**32.8%**

17. Deferred tax

Deferred tax assets and liabilities resulted from the temporary differences between the tax base of an asset and liability and the carrying amount of these assets and liabilities in the consolidated financial statements:

	2013		2012		2011	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fixed assets (accumulated depreciation)	—	(557,285)	—	(556,618)	—	(419,245)
Provisions for employees training fund	107,790	—	149,537	—	100,940	—
Total tax resulting in deferred liability		**(449,495)**		**(407,081)**		**(318,305)**

The following schedule represents the movement on the deferred tax liability:

	2013	2012	2011
Net deferred tax at the end of the year	(449,495)	(407,081)	(318,305)
Less: Net tax at the beginning of the year	407,081	318,305	199,107
Income tax for the year	**(42,414)**	**(88,776)**	**(119,198)**

17. Deferred tax (Continued)

Unrecognized deferred tax assets

The following deferred tax assets were not recognized due to the uncertainty that those items will have a future tax benefit:

	2013	2012	2011
Impairment of trade receivables (Note 7)	5,803,819	3,539,279	2,428,107
Impairment of other receivables (Note 7)	4,637,204	3,124,251	1,507,475
Other provisions (Note 9)	3,342,355	2,855,753	2,494,238
	13,783,378	**9,519,283**	**6,429,820**
Unrecognized deferred tax asset based on enacted tax rates	**3,445,845**	**1,903,857**	**1,285,964**

18. Related party transactions

Some of the Group's companies carried out during years 2013, 2012 and 2011 certain transactions with its related parties, transactions with those related parties are transacted according to the conditions and terms set by the Group's board of directors and in light of the contracts and agreements with those parties after the authorization to carry out such transactions in light of decisions of the Ordinary Assembly Meeting for this purpose.

Transaction with key management personnel

The significant transactions with key management personnel, their nature and volumes during years 2013, 2012 and 2011 are as follows:

			31 December 2013	
Related Party	Nature of relationship	Nature of transaction	Amount of transaction	Balance
Chairman	Board of director member	Salary	894,624	—
Group CEO	Board of director member	Salary	3,000,000	—
Vice president	Board of director member	Salary	1,077,042	—
IDH Representatives	Board of director member	Remuneration	5,550,000	—
			10,521,666	—

			31 December 2012	
Related Party	Nature of relationship	Nature of transaction	Amount of transaction	Balance
Chairman	Board of director member	Salary	298,208	—
		Remuneration	2,093,336	
Group CEO	Board of director member	Salary	1,000,000	—
		Remuneration	1,465,336	
IDH Representatives	Board of director member	Remuneration	5,246,252	—
			10,103,132	—

18. Related party transactions (Continued)

			31 December 2011	
Related Party	**Nature of relationship**	**Nature of transaction**	**Amount of transaction**	**Balance**
Chairman	Board of director member	Remuneration	2,400,000	—
Group CEO	Board of director member	Remuneration	1,680,000	—
			4,080,000	—

The significant transactions with other related parties, their nature and volumes during years 2013, 2012 and 2011 are as follows:

A. Due to related parties

			31 December 2013	
Related Party	**Nature of transaction**	**Nature of relationship**	**Amount of transaction**	**Balance**
Dr. Moatasem Gaafar (Sudan)	Bank transfers to related party	Affiliate	(305,988)	208,503
Total				**208,503**

			31 December 2012	
Related Party	**Nature of transaction**	**Nature of relationship**	**Amount of transaction**	**Balance**
Dr. Moatasem Gaafar (Sudan)	Bank transfers to related party	Affiliate	(387,499)	688,639
Total				**688,639**

			31 December 2011	
Related Party	**Nature of transaction**	**Nature of relationship**	**Amount of transaction**	**Balance**
Dr. Moatasem Gaafar (Sudan)	Bank transfers from related party	Affiliate	1,127,681	1,127,681
Total				**1,127,681**

18. Related party transactions (Continued)

B. Due from related parties

			31 December 2013	
Related Party	**Nature of transaction**	**Nature of relationship**	**Amount of transaction**	**Balance**
Alborg Laboratories . . .	Medical examinations and operating supplies	Affiliate	(3,766,882)	3,923,454
	Medical examinations		6,660,957	
	Cheques paid		(2,826,476)	
	Cheques paid		3,010,470	
	Expenses paid on behalf		128,474	
Health Tech Group . . .	Expenses paid on behalf	Affiliate	400	37,828
Integrated Medical Analysis Company (S.A.E)	Bank transfers	Entity owned by Company's chairman and CEO	5,063,000	23,401,017
	Value of assets paid on behalf		18,113,760	
	Expenses paid on behalf		224,257	
Total				**27,362,299**

			31 December 2012	
Related Party	**Nature of transaction**	**Nature of relationship**	**Amount of transaction**	**Balance**
Shareholders current account	Settlement of debit balance	Shareholder	(1,783,299)	—
Alborg Laboratories	Expenses paid on behalf	Affiliate	716,911	716,911
Health Tech Group	Expenses paid on behalf	Affiliate	37,428	37,428
Total				**754,339**

			31 December 2011	
Related Party	**Nature of transaction**	**Nature of relationship**	**Amount of transaction**	**Balance**
Shareholders current account .	Revenues collected on behalf of the Company	Shareholder	491,848	1,783,299
Total				**1,783,299**

19. Contingent liabilities

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

20. Operating lease

The group lease certain branches for the operation of the business. The rental costs of those branches are recognized using the operating lease method and recorded within the statement of income under cost of revenues.

The following represent the number of branches and their rental value:

	2013	2012	2011
Number of branches	122	111	108
Total rental cost within income statements	6,785,206	5,434,205	4,613,997
Average rent cost per branch	**55,616**	**48,957**	**42,722**

* **All operating leases more than five' years**

21. Earnings per share

Earnings per share are calculated by dividing the profits available for distribution during the year over the weighted average number of outstanding shares:

Basic

	2013	2012	2011
Profits available for distribution	103,270,945	69,313,724	44,778,769
Original shares	643,200	643,200	643,200
Basic earnings per share	**160.55**	**107.76**	**69.62**

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The group does not have any categories of dilutive potential ordinary shares, hence the diluted earnings per share is the same as the basic earnings per share.

22. Tax status

Amendments on the Tax law

On June 4, 2014 law no. 44 for the year 2014 was issued to the effect of imposing a temporary annual additional income tax for a three—year period commencing from the current tax period at a rate of 5% shall be imposed on the amount that exceeds one million Egyptian Pound of the tax base of the income of natural persons or the profits of corporate bodies according to the provisions of income tax law and shall be assessed and collected based on such provisions. The said law shall be in effect as of June 5, 2014.

On June 30, 2014, law no. (53) For the year 2014 have been issued by a presidential decree. This law included amendments for some articles of law No. (91) for the year 2005. The most important amendments are as follows:

1—Imposing a tax dividends

2—Imposing a tax on the capital gains resulted from sale of capital contribution shares and securities

As the executive regulations related to the previously mentioned law has not been issued yet, that may result in inconsistency in interpreting the articles of the new law, the company's management has assessed and qualified the impact of application of the tax law according to its interpretation, never the less, this assessment and qualification may differ upon issuance of the executive regulations of this law

22. Tax status (Continued)

Due to the nature of the tax assessment process in Egypt, the final outcome of the assessment by the Tax Authority might not be realistically estimated. Therefore, additional contingent liabilities may be required as a result of the tax inspection and assessment of Tax Authority for the Group's tax dues.

Below is a summary of the tax position of Al Mokhtabar Company for Medical Labs:

Corporate tax

- Since the inception of the company on 19 June 2004 till 31 December 2005, the company presented its tax returns to the tax authority on the due date with no tax inspection.
- The company received form No. 19 from the tax authority on 19 February 2012 for the net profit of the years 2006, 2007 and 2008 with the amount of L.E 31,767,858, L.E 57,040,366 and L.E 104,003,326 respectively. The form was appealed by the company on the due date and the company is currently under inspection.
- The company received a notice on 13/9/2013 requesting the data, analysis and documents for the inspection for the year 2010.

Tax return

- The company submitted its corporate tax return for 2013 on 22 April 2014 with the tax amounting to LE 40,502,079 and paid with cheques.

Payroll tax

- The company received on 3 September 2012 a notice requesting data and documents relating to the inspection of the payroll tax reconciliation. Payroll tax reconciliations were prepared for the years 2006-2008 and a specialized inspection division is currently finishing the inspection.

Stamp tax

- The company received form No. 5/S/Stamp on 28 November 2013 with a final amount for the year 2011 regarding to the total tax due amounting to LE 1,021,492 and the tax authority is currently preparing for the inspection of the company documents for the year 2012.

Withholding Tax

- The tax authority claimed tax differences amounting to LE 251,453 on 26 November 2012 representing the value of the withholding tax with interacting parties with the company and was deducted from the paid withholding tax relating to the 2007 tax return. The company presented confirmations received from interacting parties with a total amount of LE 135,495 and did not receive confirmations for the remaining amount of LE 115,957.
- The tax position was obtained from the Liberal Professions and 6 October Tax Authorities relating to the year 2007 and the deduction amounted to more than LE 627,000 and is currently in process of obtaining the last approved tax.

23. Subsequent events

No subsequent events after 31 December 2013.

24. Segment reporting

The Group has the following four strategic divisions (Cairo—Delta—Upper Egypt—Sudan), which are its reportable segment. These divisions are managed separately because they require different marketing strategies.

24. Segment reporting (Continued)

	31 December 2013					
	Cairo Segment	Delta Segment	Upper Egypt Segment	Other Segment	Sudan Segment	Total
Revenue	206,201,394	54,638,746	34,227,934	27,430,145	3,246,439	325,744,658
Cost of revenues	(87,302,399)	(21,930,504)	(14,432,258)	(11,672,659)	(3,102,856)	(138,440,676)
Gross profit from operation	**118,898,995**	**32,708,242**	**19,795,676**	**15,757,486**	**143,583**	**187,303,982**
Other income						255,877
Marketing and advertising expenses						(18,675,910)
Administrative expenses						(23,141,337)
Other expenses						(4,566,186)
Profit from operations						**141,176,426**
Finance income—net						4,210,257
Profit before tax						**145,386,683**
Less:						
Deferred tax expenses						(42,414)
Income tax for the year						(42,094,515)
Net profit for the year						**103,249,754**

24. Segment reporting (Continued)

	31 December 2012					
	Cairo Segment	Delta Segment	Upper Egypt Segment	Other Segment	Sudan Segment	Total
Revenue	165,589,848	45,072,267	27,421,937	22,788,808	1,644,511	262,517,371
Cost of revenues	(63,460,966)	(21,637,782)	(13,978,549)	(11,882,037)	(2,094,302)	(113,053,636)
Gross profit from operation	**102,128,882**	**23,434,485**	**13,443,388**	**10,906,771**	**(449,791)**	**149,463,735**
Other income						95,711
Marketing and advertising expenses						(11,832,690)
Administrative expenses						(46,926,632)
Other expenses						(3,440,269)
Profit from operations						**87,359,855**
Finance income—net						9,136,072
Profit before tax						**96,495,927**
Less:						
Deferred tax expenses						(88,776)
Income tax for the year						(27,093,427)
Net profit for the year						**69,313,724**

24. Segment reporting (Continued)

	31 December 2011					
	Cairo Segment	Delta Segment	Upper Egypt Segment	Other Segment	Sudan Segment	Total
Revenue	121,301,779	34,079,308	23,070,490	19,278,611	213,881	197,944,069
Cost of revenues	(67,723,616)	(16,097,176)	(11,188,958)	(12,173,775)	(290,373)	(107,473,898)
Gross profit from operation	**53,578,163**	**17,982,132**	**11,881,532**	**7,104,836**	**(76,492)**	**90,470,171**
Other income						44,942
Marketing and advertising expenses						(11,010,699)
Administrative expenses						(14,563,394)
Other expenses						(3,758,337)
Profit from operations						**61,182,683**
Finance income—net						5,382,698
Profit before tax						**66,565,381**
Less:						
Deferred tax expenses						(119,198)
Income tax for the year						(21,751,414)
Net profit for the year						**44,694,769**

KPMG

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Report on the Special Purpose Consolidated Financial Statements

We have audited the accompanying special purpose consolidated financial statements of Al Borg Laboratories Company (Al Borg Laboratory) ("the Company"), which comprise the special purpose consolidated statement of financial position as at 31 December 2013, 2012, and 2011, the special purpose consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the years in the three year period ended 31 December 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Special Purpose Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these special purpose consolidated financial statements in accordance with the basis of preparation in note 2-A of the notes to the special purpose consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these special purpose consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the special purpose consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the special purpose consolidated financial statements present fairly, in all material respects, the consolidated financial position of AlBorg Laboratories Company (Al Borg Laboratory) as at 31 December 2013, 2012, and 2011, and its consolidated financial performance and its consolidated cash flows for each of the years in the three year period ended 31 December 2013 in accordance with the basis of preparation in note 2-A.

Basis of accounting

Without modifying our opinion, we draw attention to Note 2-A of the notes to the special purpose consolidated financial statements. The special purpose consolidated financial statements have been prepared in accordance with the basis of preparation described in note 2-A to be included in a prospectus. As a result, the consolidated financial statements may not be suitable for another purpose.

Report on Other legal and Regulatory Requirements.

For the purpose of Prospectus Rule 5.5.3R (2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to insure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I and item 1.2 of Annex III of the Prospectus Directive Regulation.

KPMG Hazem Hassan

19 January 2015

ALBORG LABORATORIES COMPANY (S.A.E) AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Financial Position as at 31 December 2013, 2012 and 2011

(All amounts in Egyptian Pounds)

	Note	31 December 2013	31 December 2012	31 December 2011
ASSETS				
Non-current assets				
Property and equipment	5	92,519,153	88,670,547	83,818,564
Intangible assets	7	49,782,063	57,915,988	60,860,988
Total non-current assets		**142,301,216**	**146,586,535**	**144,679,552**
Current assets				
Inventories	8	18,798,432	15,327,829	14,869,613
Trade and other receivables	9	39,584,565	40,395,792	40,075,441
Cash and cash equivalent	10	110,486,581	47,361,365	60,516,029
Investment in investment fund	11	3,128,191	4,831,223	12,218,865
Total current assets		**171,997,769**	**107,916,209**	**127,679,948**
Total assets		**314,298,985**	**254,502,744**	**272,359,500**
EQUITY AND LIABILITIES				
Equity				
Share capital	14	38,413,100	38,413,100	40,762,810
Treasury shares		—	—	(35,659,319)
Legal reserve	15	23,729,064	23,729,064	20,957,436
Translation reserve		30,353	7,185,436	76,892
Retained earnings		125,288,659	89,064,911	129,531,984
Equity attributed to the owners of the Company		**187,461,176**	**144,021,639**	**155,669,803**
Non-controlling interest		19,146,602	16,702,655	17,305,399
Total equity		**206,607,778**	**160,724,294**	**172,975,202**
Non-current liabilities				
Long-term financial obligations	16	651,864	1,170,342	1,619,269
Borrowings	17	37,624	352,917	1,158,599
Deferred tax liabilities	21	5,057,926	7,868,145	8,377,406
Total non-current liabilities		**5,747,414**	**9,391,404**	**11,155,274**
Current liabilities				
Provisions	12	10,440,424	8,118,542	6,266,022
Trade and other payables	13	55,002,256	45,719,609	61,400,611
Borrowings	17	2,495,284	2,418,896	1,034,734
Current income tax liabilities	21	34,005,829	28,129,999	19,527,657
Total current liabilities		**101,943,793**	**84,387,046**	**88,229,024**
Total equity and liabilities		**314,298,985**	**254,502,744**	**272,359,500**

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

Mr. Tarek Hemida
Financial Manager

Dr. Hend El Sherbini
Managing Director

Auditor's report attached

ALBORG LABORATORIES COMPANY (S.A.E) AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Income—for the financial years ended 31 December 2013, 2012 and 2011

(All amounts in Egyptian Pounds)

	Note	31 December 2013	31 December 2012	31 December 2011
Revenue		353,497,221	326,879,985	230,820,086
Cost of revenues	18	(178,768,043)	(161,847,050)	(113,646,301)
Gross profit from operation		**174,729,178**	**165,032,935**	**117,173,785**
Other income	19	7,073,889	683,295	714,480
Marketing and advertising expenses	18	(15,111,014)	(15,174,869)	(11,973,310)
Administrative expenses	18	(44,348,029)	(44,411,626)	(32,751,190)
Other expenses	18	(7,461,614)	(7,027,035)	(3,900,658)
Profit from operations		**114,882,410**	**99,102,700**	**69,263,107**
Finance income (cost)—net	20	49,458	(136,890)	2,706,539
Profit before tax		**114,931,868**	**98,965,810**	**71,969,646**
Deferred tax income (expenses)	21	2,784,028	509,261	(919,525)
Income tax for the year	21	(34,210,849)	(28,221,142)	(18,348,446)
Net profit for the year		**83,505,047**	**71,253,929**	**52,701,675**
Profit attributed to:				
Owners of the Company		77,322,188	66,209,261	49,613,675
Non-controlling interests		6,182,859	5,044,668	3,088,000
		83,505,047	**71,253,929**	**52,701,675**
Earnings per share (expressed in EGP per share):				
Basic earnings per share	25	20.13	17.24	12.93
Diluted earnings per share	25	20.13	17.24	12.93

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

ALBORG LABORATORIES COMPANY (S.A.E) AND ITS SUBSIDIARIES

Consolidated Statement of Comprehensive Income—For the financial years ended 31 December 2013, 2012 and 2011

(All amounts in Egyptian Pounds)

	31 December 2013	31 December 2012	31 December 2011
Net income for the year	**83,505,047**	**71,253,929**	**52,701,675**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	12,114,797	(12,103,882)	128,154
Other comprehansive income for the year	**12,114,797**	**(12,103,882)**	**128,154**
Total comprehansive income for the year	**95,619,844**	**59,150,047**	**52,829,829**
Attributed to:			
Owners of the Company	84,537,977	58,946,933	49,690,567
Non-controlling interests	11,081,867	203,114	3,139,262
	95,619,844	**59,150,047**	**52,829,829**

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

ALBORG LABORATORIES COMPANY (S.A.E) AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Changes in Equity for the financial years ended 31 December 2013, 2012 and 2011

(All amounts in Egyptian Pounds)

		Attributable to owners of the Company							
Change in ownership interests	**Note**	**Share Capital**	**Treasury shares**	**Legal reserve**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2011		**43,112,840**	**(76,888,479)**	**16,949,950**	—	**124,631,177**	**107,805,488**	1,888,658	**109,694,146**
Total comprehensive income									
Profit for the year		**—**	**—**	**—**	**—**	49,613,675	49,613,675	3,088,000	52,701,675
Other comprehensive income for the year		**—**	**—**	**—**	76,892	**—**	76,892	51,262	128,154
Total comprehensive income		**—**	**—**	**—**	**76,892**	**49,613,675**	**49,690,567**	**3,139,262**	**52,829,829**
Transactions with owners of the Company									
Contributions and distributions									
Treasury shares acquired		**—**	(1,808,244)	**—**	**—**	**—**	**(1,808,244)**	**—**	**(1,808,244)**
Formed legal reserve for the year 2010	15	**—**	**—**	4,007,486	**—**	(4,007,486)	—	**—**	—
Non-controlling interest profit share for the year 2010		**—**	**—**	**—**	**—**	**—**	—	(828,368)	**(828,368)**
Fees paid for canceled treasury shares		**—**	(18,008)	**—**	**—**	**—**	**(18,008)**	**—**	**(18,008)**
Cost of deleting treasury shares acquired in December 2009		(2,350,030)	43,055,412	**—**	**—**	(40,705,382)	—	**—**	—
Non-controlling interest resulting from consolidating subsidiary during the year		**—**	**—**	**—**	**—**	**—**	—	13,105,847	**13,105,847**
Total contributions and distributions		**(2,350,030)**	**41,229,160**	**4,007,486**	—	**(44,712,868)**	**(1,826,252)**	**12,277,479**	**10,451,227**
Total transactions with owners of the Company		**(2,350,030)**	**41,229,160**	**4,007,486**	—	**(44,712,868)**	**(1,826,252)**	**12,277,479**	**10,451,227**
Balance at 31 December 2011		**40,762,810**	**(35,659,319)**	**20,957,436**	**76,892**	**129,531,984**	**155,669,803**	**17,305,399**	**172,975,202**
Balance at as at 1 January 2012		**40,762,810**	**(35,659,319)**	**20,957,436**	**76,892**	**129,531,984**	**155,669,803**	**17,305,399**	**172,975,202**
Total comprehensive income									
Profit for the year		**—**	**—**	**—**	**—**	66,209,261	**66,209,261**	5,044,668	**71,253,929**
Other comprehansive income for the year		**—**	**—**	**—**	(7,262,328)	**—**	**(7,262,328)**	(4,841,554)	**(12,103,882)**
Total comprehensive income		—	—	—	**(7,262,328)**	**66,209,261**	**58,946,933**	**203,114**	**59,150,047**
Transactions with owners of the Company									
Contributions and distributions									
Formed legal reserve for the year 2011	15	**—**	**—**	2,771,628	**—**	(2,771,628)	**—**	**—**	**—**
Non controlling interest profit share for year 2011 (Medical Genetics Centre)		**—**	**—**	**—**	**—**	**—**	—	(805,858)	**(805,858)**
Cost of deleting treasury shares acquired in November 2010, May 2011, and June 2011	14	(2,349,710)	35,676,440	**—**	**—**	(33,326,730)	**—**	**—**	**—**
Dividends		**—**	**—**	**—**	**—**	(70,577,976)	**(70,577,976)**	—	**(70,577,976)**
Fees paid for canceled treasury shares		**—**	(17,121)	**—**	**—**	**—**	**(17,121)**	**—**	**(17,121)**
Total contributions and distributions		**(2,349,710)**	**35,659,319**	**2,771,628**	—	**(106,676,334)**	**(70,595,097)**	**(805,858)**	**(71,400,955)**
Total transactions with owners of the Company		**(2,349,710)**	**35,659,319**	**2,771,628**	**—**	**(106,676,334)**	**(70,595,097)**	**(805,858)**	**(71,400,955)**
Balance at 31 December 2012		**38,413,100**	**—**	**23,729,064**	**(7,185,436)**	**89,064,911**	**144,021,639**	**16,702,655**	**160,724,294**

ALBORG LABORATORIES COMPANY (S.A.E) AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Changes in Equity for the financial years ended 31 December 2013, 2012 and 2011 (Continued)

(All amounts in Egyptian Pounds)

		Attributable to owners of the Company							
Change in ownership interests	**Note**	**Share Capital**	**Treasury shares**	**Legal reserve**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2013		**38,413,100**	—	**23,729,064**	**(7,185,436)**	**89,064,911**	**144,021,639**	**16,702,655**	**160,724,294**
Total comprehensive income									
Profit for the year		**—**	**—**	**—**	—	77,322,188	**77,322,188**	6,182,859	**83,505,047**
Other comprehensive income for the year		**—**	**—**	**—**	7,215,789	—	**7,215,789**	4,899,008	**12,114,797**
Total comprehensive income		—	—	—	**7,215,789**	**77,322,188**	**84,537,977**	**11,081,867**	**95,619,844**
Transactions with owners of the Company									
Contributions and distributions									
Non controlling interest profit share for year 2012 (Medical Genetics Centre Company)		**—**	**—**	**—**	**—**	**—**	**—**	(1,093,986)	**(1,093,986)**
Non controlling interest profit share for year 2012 (Sama Company)		**—**	**—**	**—**	**—**	(10,074,017)	**(10,074,017)**	(6,716,012)	**(16,790,029)**
Dividends		**—**	**—**	**—**	**—**	(30,000,000)	**(30,000,000)**	**—**	**(30,000,000)**
Adjusting non controlling interest		**—**	**—**	**—**	**—**	**—**	**—**	(827,922)	**(827,922)**
Adjusting the revaluation in retained earnings in subsidiaries at the date of ceasing control		**—**	**—**	**—**	**—**	(1,024,423)	**(1,024,423)**	**—**	**(1,024,423)**
Total contributions and distributions		**—**	**—**	**—**	**—**	**(41,098,440)**	**(41,098,440)**	**(8,637,920)**	**(49,736,360)**
Total transactions with owners of the Company		**—**	**—**	**—**	**—**	**(41,098,440)**	**(41,098,440)**	**(8,637,920)**	**(49,736,360)**
Balance at 31 December 2013		**38,413,100**	**—**	**23,729,064**	**30,353**	**125,288,659**	**187,461,176**	**19,146,602**	**206,607,778**

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

ALBORG LABORATORIES COMPANY (S.A.E) AND ITS SUBSIDIARIES

Special Purpose Consolidated Statement of Cash Flows—For the financial years ended 31 December 2013, 2012 and 2011

(All amounts in Egyptian Pounds)

	Note	31 December 2013	31 December 2012	31 December 2011
Profit before tax		114,931,868	98,965,810	71,969,646
Adjustments				
Property and equipment depreciation	5	13,561,256	11,925,763	8,262,728
Amortization of intangible assets	7	1,824,250	2,945,000	1,472,500
Provisions formed	12	3,387,727	2,814,796	2,091,799
Gains from disposal of investments in subsidiaries	19	(5,672,439)	—	—
Provisions no longer required		(592,200)	(108,039)	—
Impairment in trade and other receivables		3,328,754	3,728,901	1,675,961
Reversal of impairment in trade receivables		(507,910)	(241,650)	—
Capital losses	18	745,133	437,093	132,898
Interest income		(2,505,400)	(1,951,548)	(1,596,687)
Interest expense	20	292,564	289,947	214,943
Income from investment in treasury bills	20	—	—	(521,993)
Foreign currency exchange differences losses	20	2,399,303	2,026,274	819,257
Operating income before changes in working capital		**131,192,906**	**120,832,347**	**84,521,052**
Provision used	12	(484,962)	(628,310)	(282,595)
Changes in inventory		(3,470,603)	(458,216)	(2,522,910)
Change in trade and other receivables		(8,652,142)	(5,419,037)	(11,044,182)
Change in trade and other payables		(2,119,624)	(5,345,364)	5,744,093
Income tax paid during the year		(28,129,999)	(18,363,055)	(17,481,564)
Cash generated from operating activities		**88,335,576**	**90,618,365**	**58,933,894**
Cash flows from investing activities				
Interest income collected		2,803,710	2,119,477	1,522,918
Payments for purchase of property and equipment		(17,035,272)	(20,620,991)	(21,407,660)
Proceeds from sale of property and equipment		1,235,512	92,812	25
Proceeds from disposal of investments in subsidiaries		7,500,000	—	—
Payments for purchase of investments in treasury bills		—	—	(13,987,124)
Proceeds from sale of treasury bills included interests		—	—	31,025,000
Change in Investment in investment fund		1,703,032	7,387,642	(12,218,865)
Change in time deposits- more than three month		—	—	2,710,374
Payments for acquisitions of subsidiaries companies net of cash and cash equivalent		—	(13,728,000)	(53,720,343)
Net cash flow used in investing activities		**(3,793,018)**	**(24,749,060)**	**(66,075,675)**
Cash flows from financing activities				
Fees paid for treasury shares		—	(17,121)	(18,008)
Change in non-controlling interest		2,603,994	(799,056)	(821,376)
Proceeds from long-term financial obligation		—	80,966	2,491,183
Payments for long-term financial obligation		(811,041)	(799,598)	(588,620)
Payments for borrowings		(513,956)	(1,252,624)	(492,666)
Payments for Shareholders' account		(187,179)	(421,770)	(879,503)
Payments for purchasing treasury shares		—	—	(1,808,244)
Shareholders' share of profit appropriation- paid		(30,000,000)	(70,577,976)	—
Net cash flows used in financing activities		**(28,908,182)**	**(73,787,179)**	**(2,117,234)**
Net increase (decrease) in cash and cash equivalent		**55,634,376**	**(7,917,874)**	**(9,259,015)**
Cash and cash equivalent at the beginning of the year		45,530,261	60,516,029	69,703,186
Translation differences of financial statements		7,215,789	(7,067,894)	71,858
Cash and cash equivalent at the end of the year	10	**108,380,426**	**45,530,261**	**60,516,029**

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

1. Reporting entity

Al Borg Laboratories Company (Al Borg Laboratory)—The Cairo Medical Tower Laboratory (previously) (S.A.E.) has been established in August 1990, according to the provisions of the Companies law No. 159 for the year 1981, registered in the Commercial Register under No. 86915 Giza dated 25 August 1990.

The Company's purpose is to create, manage and operate specialized labs for analysis and sophisticated medical treatment units of blood diseases and immune diseases, tumors and blood bank using the latest medical and technological level of global advanced and importation of all requirements needed to achieve its purpose. In-addition the Company can have interest or participate in any way with bodies and other engaged in similar activities that may corporate to achieve its goal in Egypt or aboard.

In accordance to resolution of the Company's Extra General Assembly Meeting held on 29 December 2009.

1—The activity of providing vaccination services has been added to the Company's purpose with adjustments to the article No. 3 of article of associate.

2—The name of the Company has been changed to be Al Borg Laboratories Company (Al Borg Laboratory) instead of Cairo Medical Tower Laboratory Group (Al Borg Laboratory) and adjustments to article No. 2 of the article of association.

The initiation in the commercial registry was made on 9 February 2011 and articles 2, 3 of the Company's articles of association have been amended.

The board of directors decided in its meeting held on 5 September 2011 to approve the cancelation of the Company's registration at the Egyptian stock exchange market voluntarily and the cancelation was effected at 24 November 2011.

These special purpose consolidated financial statements have been approved for issuance from the Board of Directors at 8 December 2014

Special purpose consolidated financial statements of the Company comprise special purpose financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Group is involved primarily in the medical analysis.

The Group acquired 99.91% from the capital share of Molecular Diagnostic Center "Egyptian joint stock Company" capital (prior a related party)" during year 2009, as explained in Note (6-a).

The Group acquired 54.98% from Medical Genetic Center "Egyptian joint stock Company" capital (prior a related party) during year 2010, as explained in Note (6-b).

The Group acquired 60% from the share capital of Al Makhbariyoun Al Arab Company (Hashemite Kingdom of Jordan) "Limited Liability Company" during year 2011, as explained in Note (6-c).

The Group acquired 75% from the share capital of Golden Care Company for Medical services "Limited Liability Company" during year 2011, as explained in Note (6-d).

The Group acquired 80% from the share capital of Al-Ansary Lab "Limited Liability Company" during year 2011, as explained in Note (6-e).

The Group acquired indirectly 60% from the share capital of Sama Company for Medical Lab "Limited Liability Company" (Sudan) through Golden Care Company for medical services "Limited Liability Company" that acquired 80% from the share capital of Sama Company for medical Lab.

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

2. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these special purpose consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Basis of preparation

These special purpose consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by European Union ("IFRS-EU").

The 3 years special purpose consolidated financial statements have been prepared to be included in a prospectus.

These special purpose consolidated financial statements have been prepared under the historical cost convention, except available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS-EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

B. Changes in accounting policy and disclosures

(1) New and amended standards adopted by the group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the group.

(2) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the company, except the following set out below:

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

The management is expecting the approval of these IFRSs and its amendments in the financial statements for the first period when the application of these standards becomes mandatory. The initial assessment that there will be no material impact on the amounts included in the financial statements, except for additional disclosures to be added.

C. Basis of consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully

2. Summary of significant accounting policies (Continued)

consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

ii. Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii. Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2. Summary of significant accounting policies (Continued)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognized in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

D. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

E. Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Egyptian Pounds, which is the group's functional currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains-net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to

2. Summary of significant accounting policies (Continued)

changes in amortised cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

(3) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) The Equity items other than profit or losses for the year have been translated at the historical exchange rate.

(d) All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

F. Property and equipment

All property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual value over their estimated useful lives, as follows:

Buildings and construction	5 - 50 years
Laboratory equipment*	4 - 10 years
Means of transportation and vehicles	5 years
Improvements and decoration	5 years
Furniture and fixtures	4 - 16 years
Information system equipment	2 - 7 years

* Other laboratory equipments related to kits contracts depreciated on the basis of actual usage.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

2. Summary of significant accounting policies (Continued)

G. Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Brand

Brands acquired in a business combination are recognized at fair value at the acquisition date and have an indefinite useful life.

Customer list

Customer lists acquired in a business combination are recognized at fair value at the acquisition date and have finite useful life. Amortization method on a straight-line basis and the estimated useful live is 4 years, as determined by management.

Non to compete agreement

Non to compete agreement resulting from the business combination are recognized at fair value at the acquisition date and have finite useful life. Amortization method on a straight-line basis and the estimated useful live is 2 years, as determined by management.

H. Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

I. Financial assets

(1) Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are

2. Summary of significant accounting policies (Continued)

also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(2) Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date—the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other (losses)/gains—net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the group's right to receive payments is established.

(3) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

J. Impairment of financial assets

(1) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and

2. Summary of significant accounting policies (Continued)

impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

K. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the moving average method.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

L. Non Derivative financial instruments

- **Trade receivables**

Trade receivables are amounts due from customers for goods' sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

- **Cash and cash equivalents**

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

- **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2. Summary of significant accounting policies (Continued)

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

- **Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

M. Expenses

- **Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

- **Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

N. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate

2. Summary of significant accounting policies (Continued)

taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

O. Provisions

Provisions are recognized when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

P. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services performed, stated net of discounts, returns and value added taxes. The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's

2. Summary of significant accounting policies (Continued)

activities, as described below. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1. Sales of services

For sales of services, revenue is recognized in the accounting period in which the services are rendered.

2. Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

Q. Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders before the balance sheet date.

R. Earnings per share

1. Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

2. Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

S. Finance income and finance costs

The Group finance income and finance costs include:

- Interest income
- Interest expense
- Foreign exchange gain or loss
- The net gain or loss on financial assets at fair value through profit or loss.

3. Financial risk management

(1) Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Financial risk management (Continued)

(a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the UK pound and the Europe EURO. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. However, the management aims to minimize open positions in foreign currencies to the extent that is necessary to conduct its activities.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At year end, major financial assets / (liabilities) in foreign currencies were as follows:

	31 December 2013		
	Assets	Liabilities	Net
US Dollars	5,821,135	(510,115)	**5,311,020**
Euros	111,381	(107,900)	**3,481**
GBP	183	(63,425)	**(63,242)**
JOD	—	(3,688)	**(3,688)**

	31 December 2012		
	Assets	Liabilities	Net
US Dollars	145,829	(481,718)	**(335,889)**
Euros	5,674	(100,048)	**(94,374)**
GBP	—	(16,449)	**(16,449)**

	31 December 2011		
	Assets	Liabilities	Net
US Dollars	3,077,763	(405,064)	**2,672,699**
Euros	45,422	(118,692)	**(73,270)**
GBP	1,922	(10,439)	**(8,517)**

The following is the exchange rates applied:

	Average rate for the year ended		
	31 December 2013	31 December 2012	31 December 2011
US Dollars	6.91	6.12	5.98
Euros	9.15	7.89	8.40
GBP	11.15	9.76	9.56
JOD	8.89	8.54	8.50
SDG	—	1.74	2.55

3. Financial risk management (Continued)

	Spot rate for the year ended		
	31 December 2013	31 December 2012	31 December 2011
US Dollars	6.95	6.19	6.00
Euros	9.55	8.14	7.77
GBP	11.44	9.93	9.22
JOD	9.82	8.54	8.5
SDG	—	1.23	2.26

At 31 December, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, post tax profit (loss) for the year would have been LE 3,691,159, LE (207,915) and LE 1,603,619 for 2013, 2012 and 2011 respectively higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

At 31 December, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post tax profit (loss) for the year would have been LE 3,324, LE (76,820) and LE (56,931) for 2013, 2012 and 2011 respectively higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

At 31 December, if the Egyptian Pounds had weakened / strengthened by 10% against the GBP with all other variables held constant, post tax profit (loss) for the year would have been LE (72,349), LE (16,334) and LE (7,853) for 2013, 2012 and 2011 respectively higher / lower, mainly as a result of foreign exchange gains/losses on translation of GBP-denominated financial assets and liabilities.

At 31 December, if the Egyptian Pounds had weakened / strengthened by 10% against the JOD with all other variables held constant, post tax profit (loss) for the year would have been LE (3,622), Nil and Nil for 2013, 2012 and 2011 respectively higher / lower, mainly as a result of foreign exchange gains/losses on translation of JOD -denominated financial assets and liabilities.

(ii) Price risk

The group does not have investments in equity securities or bonds and accordingly is not exposed to price risk related to the change in the fair value of the investments.

(iii) Cash flow and fair value interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

At 31 December, if interest rates on Egyptian pound -denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been LE 25,329, LE 27,718 and LE 21,993 for 2013, 2012 and 2011 respectively lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

3. Financial risk management (Continued)

For banks and financial institutions, the Group is dealing with the banks which have a high independent rating with a good reputation.

For the customers, the Group assesses the credit quality of the customers, taking into account its financial position, and their market reputation, past experience and other factors.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	2013	2012	2011
Trade and notes receivable	34,460,903	32,093,247	34,551,728
Cash and cash equivalents	110,486,581	47,361,365	60,516,029

The maximum exposure to credit risk for trade and notes receivables at the end of the reporting period by type of customers was as follows:

	2013	2012	2011
Government and public sector	20,688,400	18,600,736	22,688,710
Private sector companies	10,375,775	9,791,677	9,761,136
Others	3,396,728	3,700,834	2,101,882
	34,460,903	**32,093,247**	**34,551,728**

The aging of trade and notes receivables analysis at the end of the reporting period that were not impaired was as follows:

	2013	2012	2011
Balances till 30 days	10,933,182	10,649,501	9,623,030
Due from 31 - 60 days	7,779,054	9,240,790	5,719,582
Due from 61 - 90 days	6,965,529	6,908,542	8,349,071
Due more than 90 days	8,783,138	5,294,414	10,860,045
	34,460,903	**32,093,247**	**34,551,728**

The movement in the allowance for impairment in trade and other receivables during the year was as follows:

	2013	2012	2011
Beginning balance of the impairment for the year	5,426,031	4,790,617	3,899,403
Balance of the subsidiaries at acquisition	—	—	228,126
Add: impairment during the year	3,328,754	3,728,901	1,675,961
Less: used during the year	(2,474,735)	(2,851,837)	(1,012,873)
Reverse impairment in trade receivables	(507,910)	(241,650)	—
Impairment in trade receivables & debtors at the end of the year	**5,772,140**	**5,426,031**	**4,790,617**

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the group in and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed

3. Financial risk management (Continued)

borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements—for example, currency restrictions.

The group's management retain cash balances in order to allow repayment of obligations in due dates, without taking into account any unusual effects which it cannot be predicted such as natural disasters. All suppliers and creditors will be repaid over a period of 45 days from the date of the invoice or the date of the commitment.

The table below analyzes the Group liabilities into relevant maturity dates based on remaining periods at the balance sheet date to the contractual maturity date.

At 31 December 2013	Less than 6 months	More than 6 months
Trade and other payables	55,002,256	—
Current income tax liabilities	34,005,829	—
Provisions	—	10,440,424
Borrowings	—	2,495,284

At 31 December 2012	Less than 6 months	More than 6 months
Trade and other payables	45,719,609	—
Current income tax liabilities	28,129,999	—
Provisions	—	8,118,542
Borrowings	—	2,418,896

At 31 December 2011	Less than 6 months	More than 6 months
Trade and other payables	61,400,611	—
Current income tax liabilities	19,527,657	—
Provisions	—	6,266,022
Borrowings	—	1,034,734

(2) Capital risk management

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

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt dividends by total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated financial position, plus net debts.

3. Financial risk management (Continued)

The gearing ratios at 31 December 2013, 2012 and 2011 were as follows:

	2013	2012	2011
Total liabilities	107,691,207	93,778,450	99,384,298
Less: cash and cash equivalents	(110,486,581)	(47,361,365)	(60,516,029)
Net debt	(2,795,374)	46,417,085	38,868,269
Total equity	187,461,176	144,021,639	155,669,803
Total capital	184,665,802	190,438,724	194,538,072
Gearing ratio	(1.5)%	24%	20%

(1) Fair value estimation

The fair value less any estimated credit adjustments for financial assets and liabilities with maturity dates less than one year is assumed to approximate their carrying value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contracted cash flows at the current market interest rate that is available to the Group for similar transactions.

4. Critical accounting estimates and judgments

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

(1) Critical accounting estimates and judgments

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of trade receivables

The evaluation of the impairment value in trade receivables is made through monitoring the debts aging. The group management is studying the credit position and the ability of payments for customers whom their debts are due during the credit limit granted for them and the impairment is recorded with the values of the due amounts on the customers who the Group management see that their credit position do not allow them to pay their liabilities. At year end, the provision for impairment of trade receivables was LE 3,979,212, LE 3,779,925 and LE 3,379,273 for 31 December 2013, 2012 and 2011 respectively.

(b) Income tax

The group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(c) Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

4. Critical accounting estimates and judgments (Continued)

(2) Personal judgment in implementation of the Group's accounting policies

In general the application of the Group's accounting policies does not require from management the use of personal judgment (except relating to critical accounting estimate and judgment "Note 4-1" which might have a major impact on the value recognized at the financial statements).

5. Property and equipment

	2013	2012	2011
Property and equipment (Note 5.a)	82,910,163	79,430,113	77,346,667
Projects in progress (Note 5.b)	9,608,990	9,240,434	6,471,897
Balance at 31 December	**92,519,153**	**88,670,547**	**83,818,564**

5. Property and equipment (Continued)

5.a) Property and equipment

	Buildings & construction	Laboratory equipment	Furniture & fixtures	Improvement & decoration	Means of transportation & vehicles	Information system equipment	Total
At 1 January 2011							
Cost	20,083,829	21,244,892	3,907,561	9,027,833	729,386	8,247,686	63,241,187
Accumulated depreciation	(3,457,461)	(14,623,837)	(1,394,302)	(6,040,862)	(276,139)	(5,692,432)	(31,485,033)
Net Book Amount	**16,626,368**	**6,621,055**	**2,513,259**	**2,986,971**	**453,247**	**2,555,254**	**31,756,154**
Year Ended 31 December 2011							
Opening net book amount	16,626,368	6,621,055	2,513,259	2,986,971	453,247	2,555,254	31,756,154
Cost of assets in subsidiaries at acquisition date	11,333,321	9,709,547	2,373,211	3,945,588	1,864,216	153,119	29,379,002
Translation Differences	—	31,225	7,272	8,420	8,113	1,117	56,147
Additions	4,172,000	3,164,345	874,073	2,877,279	89,361	13,373,957	24,551,015
Disposals	—	(127,093)	—	—	(5,830)	—	(132,923)
Depreciation Charge	(520,041)	(2,979,771)	(406,625)	(1,379,162)	(370,674)	(2,606,455)	(8,262,728)
Closing net book value	**31,611,648**	**16,419,308**	**5,361,190**	**8,439,096**	**2,038,433**	**13,476,992**	**77,346,667**
At 1 January 2012							
Cost	35,589,150	34,022,916	7,162,117	15,859,120	2,685,246	21,775,879	117,094,428
Accumulated Depreciation	(3,977,502)	(17,603,608)	(1,800,927)	(7,420,024)	(646,813)	(8,298,887)	(39,747,761)
Net Book Amount	**31,611,648**	**16,419,308**	**5,361,190**	**8,439,096**	**2,038,433**	**13,476,992**	**77,346,667**
Year Ended 31 December 2012							
Opening net book amount	31,611,648	16,419,308	5,361,190	8,439,096	2,038,433	13,476,992	77,346,667
Translation Differences	—	(2,979,228)	(686,119)	(932,260)	(553,131)	(111,177)	(5,261,915)
Additions	—	3,684,839	1,476,729	9,347,460	26,453	5,265,548	19,801,029
Disposals	—	(97,505)	(341,873)	(78,816)	(4)	(11,707)	(529,905)
Depreciation Charge	(673,478)	(3,146,649)	(564,616)	(2,494,539)	(494,508)	(4,551,973)	(11,925,763)
Closing net book value	**30,938,170**	**13,880,765**	**5,245,311**	**14,280,941**	**1,017,243**	**14,067,683**	**79,430,113**

5. Property and equipment (Continued)

	Buildings & construction	Laboratory equipment*	Furniture & fixtures	Improvement & decoration	Means of transportation & vehicles	Information system equipment	Total
At 1 January 2013							
Cost	35,589,150	34,631,022	7,610,854	24,195,504	2,158,564	26,918,543	131,103,637
Accumulated Depreciation	(4,650,980)	(20,750,257)	(2,365,543)	(9,914,563)	(1,141,321)	(12,850,860)	(51,673,524)
Net Book Amount	**30,938,170**	**13,880,765**	**5,245,311**	**14,280,941**	**1,017,243**	**14,067,683**	**79,430,113**
Year Ended 31 December 2013							
Opening net book amount	30,938,170	13,880,765	5,245,311	14,280,941	1,017,243	14,067,683	79,430,113
Translation Differences	593,528	1,230,710	357,627	1,227,925	141,765	19,737	3,571,292
Additions	—	4,502,032	1,479,982	8,552,675	432,832	2,326,685	17,294,206
Disposals	(1,382,243)	(449,787)	(97,327)	(512,298)	(127,346)	(1,255,191)	(3,824,192)
Depreciation Charge	(646,428)	(2,959,723)	(656,186)	(3,529,004)	(418,631)	(5,351,284)	(13,561,256)
Closing net book value	**29,503,027**	**16,203,997**	**6,329,407**	**20,020,239**	**1,045,863**	**9,807,630**	**82,910,163**
At 31 December 2013							
Cost	34,800,435	39,913,977	9,351,136	33,463,806	2,605,815	28,009,774	148,144,943
Accumulated Depreciation	(5,297,408)	(23,709,980)	(3,021,729)	(13,443,567)	(1,559,952)	(18,202,144)	(65,234,780)
Net Book Amount	**29,503,027**	**16,203,997**	**6,329,407**	**20,020,239**	**1,045,863**	**9,807,630**	**82,910,163**

* Laboratory equipment item included a net book value of equipments related to kits contracts amounting to LE 35,238, LE 125,499 and LE 310,524 for 2013, 2012 and 2011 respectively.The company uses these equipments to determine the results of its tests. Those equipments are provided by the kits suppliers as a part of these contracts. Due to the fact that contracts to purchase those kits determine that those equipments will be transferred to the company after purchasing number of kits and the contracts period are from 3 to 5 years which represent almost the useful life of those assets (due to technological obsolescence) therefore the company recognize the value of those equipments as assets and liabilities.

- The cost of buildings & constructions includes an amount of LE 13,424,439 represented in cost of certain branches did not register in the name of the parent Company yet.
- The cost of Buildings & constructions includes an amount of LE 1,803,600 represented in cost of administrative residence related to one of the subsidiaries and the registration is still in process.
- The cost of Means of Transportation & vehicles included an amount of LE 772,704 represented in cost of pledged vehicles in favour of Al Khartoum bank by one of the subsidiaries (note 17.b).

5. Property and equipment (Continued)

5.b) Projects in progress:

	2013	2012	2011
Acquisition cost of branches*	3,960,499	3,960,499	3,960,499
Fixtures in new branches	3,936,767	2,892,361	1,426,270
IT equipments	1,711,724	2,387,574	—
Advanced payments for fixed assets purchases	—	—	1,085,128
Balance at 31 December	**9,608,990**	**9,240,434**	**6,471,897**

* This balance represented in cost of Ground floor and Mezzanine at the parent company's administrative residence located in 48 Abdel Monem Riad El Mohandseen.

6. Acquisition of subsidiaries

The following summary represents the net payments made for the acquisition of the subsidiaries:

Note	Subsidiary name	Country of operation	Net payment made in acquisition	% of Ownership
(a)	Molecular Diagnostic Center	Egypt	7,513,156	99.91%
(b)	Medical Genetic Center	Egypt	1,107,000	54.98%
(c)	Al Makhbariyoun Al Arab Company (Hashemite Kingdom of Jordan)	Jorden	29,637,248	60%
(d)	Golden Care for Medical Services	Egypt	30,510,997	75%
(e)	Al-Ansary Lab	Egypt	7,300,098	80%*

a) Molecular Diagnostic Center

The Parent company acquired 99.91% of the share capital of Molecular Diagnostic Center Company (MDC) "Egyptian Joint stock company" where the Parent company's General assembly dated 4 December 2008 approved the board of Director's suggestion to acquire up to 99.99% of MDC. On 31 December 2008, the Parent company entered into an agreement with the major shareholders of Molecular Diagnostic Center to have an effective control over MDC through acquiring number of shares from the company's capital share. The sellers and the purchaser agree that the purchase price of the shares will be LE 500.

The amount paid for the acquisition of additional 30 shares after the date of exercising the control which is amounted to LE 1,847 was recognized directly in equity.

6. Acquisition of subsidiaries (Continued)

The following is a statement of Acquiree's net assets at the acquisition date and the value of what was paid for this acquisition:

	LE
Acquiree's net assets at the acquisition date	
Property and equipment and projects in progress	848,570
Trade and other receivables	5,991,067
Inventories	721,153
Cash and cash equivalents	3,136,692
Trade and other payables	(1,891,002)
Net assets acquired	**8,806,480**
Paid for the acquisition of 30 shares after the date of control	1,847
Non-controlling interest	(7,926)
Intangible assets arising from the acquisition (Note 7)	1,849,447
Total acquisition	**10,649,848**
The balance of cash and cash equivalents at the date of acquisition	(3,136,692)
Net payment in acquisition of a subsidiary net of cash acquired	**7,513,156**

b) Medical Genetic Center

The Parent company acquired 54.98% of the share capital of Medical Genetic Center "Egyptian Joint stock company" at 28 March 2010 where the Parent company's General assembly approved the board of Director's suggestion to acquire a minimum percentage of 51% of the mentioned company shares and not exceeding 99%. At 28 March 2010 the Parent company entered into an agreement for purchasing the shares of the subsidiary company with the primary shareholders of Medical Genetic Center and that is to acquire a share of the subsidiary company capital shares, which is enabling the Parent company to control the acquired company starting from the date mentioned above, and it was agreed that the purchasing price of the share is LE 300.

The amount paid for the acquisition of additional 501 shares, after the date of exercising the control, which is amounted to LE 52,312 was recognized directly in equity.

6. Acquisition of subsidiaries (Continued)

The following is a statement of Acquiree's net assets at the acquisition date and the value of what was paid for this acquisition:

	LE
Acquiree's net assets at the acquisition date	
Property and equipment	1,526,255
Project in progress	8,100
Deferred assets	15,372
Trade and other receivables	1,163,217
Inventories	254,168
Cash and cash equivalent	2,352,766
Trade and other payables	(1,770,188)
Provisions	(537,689)
Deferred liabilities	(51,485)
Net assets acquired	**2,960,516**
Paid for the acquisition of 501 shares after the date of control	52,312
Non-controlling interest	(1,308,537)
Intangible assets arising from the acquisition (Note 7)	1,755,475
Total acquisition	**3,459,766**
The balance of cash and cash equivalents at the date of acquisition	(2,352,766)
Net payment in acquisition of a subsidiary net of cash acquired	**1,107,000**

c) Al Makhbariyoun Al Arab Group (Hashemite Kingdom of Jordan)

The Parent company acquired 60% of share capital of Al Makhbariyoun Al Arab Company (Hashemite Kingdom of Jordan) "Limited Liability Company", according to the parent company's board of directors resolution to acquire a percentage of the share capital of the above company. The shares were transferred in the parent company's name during July 2011 which is enabling the Parent company to control the acquired company starting from 1 July 2011.

6. Acquisition of subsidiaries (Continued)

The following is a statement of Acquiree's net assets at the acquisition date and the value of what was paid for this acquisition at the date of acquisition on 1 July 2011:

	LE
Acquiree's net assets at the acquisition date	
Property and equipment	18,520,000
Trade and other receivables	2,382,287
Inventories	1,064,498
Cash and cash equivalents	184,178
Trade and other payables	(2,204,645)
Tax authority	(184,501)
Estimated income tax provision	(455,473)
Long term borrowings	(2,135,192)
Shareholder's current account	(1,488,452)
Net assets acquired	**15,682,700**
Non-controlling interest	(6,273,080)
Intangible assets arising from the acquisition	20,411,806
Total acquisition	**29,821,426**
The balance of cash and cash equivalents at the date of acquisition	(184,178)
Net payment in acquisition of a subsidiary net of cash acquired	**29,637,248**

d) Golden Care for Medical Services

The Parent company acquired 75% of share capital of Golden Care for Medical Services "Limited Liability Company", accordance to the Parent company's board of directors resolution to acquire a percentage of the share capital of the above company. The shares were transferred in the Parent company's name during July 2011; however the Parent company was able to control the financial and operating policies of the acquired company as of 1 July 2011.

The Parent company acquired indirectly 60% from the share capital of Sama Group for Medical Lab "Limited Liability Company" through Golden Care Company for Medical Services "Limited Liability Company" that acquired 80% from the share capital of Sama Company for Medical Lab.

6. Acquisition of subsidiaries (Continued)

The following is a statement of Acquiree's net assets at the acquisition date and the value of what was paid for this acquisition at the date of acquisition on 1 July 2011:

	LE
Acquiree's net assets at the acquisition date	
Property and equipment and project in progress	9,981,183
Trade and other receivables	3,458,616
Inventories	804,677
Cash and cash equivalents	4,241,766
Trade and other payables	(1,529,596)
Tax authority	528
Estimated income tax provision	(134,434)
Provisions	(51,377)
Murabha	(550,807)
Net assets acquired	**16,220,556**
Non-controlling interest	(6,485,205)
Intangible assets arising from the acquisition	25,017,412
Total acquisition	**34,752,763**
The balance of cash and cash equivalents at the date of acquisition	(4,241,766)
Net payment in acquisition of a subsidiary net of cash acquired	**30,510,997**

e) Al-Ansary Lab

The Parent company acquired 80% of share capital of Al-Ansary Lab "Limited Liability Company", according to the Company's board of directors resolution to acquire a percentage of the share capital of the above company. The shares were transferred in the parent company's name during May 2011, which is enabling the Parent company to control the acquired company starting from June 30, 2011.

* During 2013 the Group lost control of the 80% ownership in Al-Ansary Lab due to selling of the shares

6. Acquisition of subsidiaries (Continued)

The following is a statement of Acquiree's net assets at the acquisition date and the value of what was paid for this acquisition at the date of acquisition on June 30, 2011:

	2011
Acquiree's net assets at the acquisition date	
Property and equipment	1,537,994
Trade and other receivables	347,219
Tax authority—withholding tax	1,416
Inventories	72,226
Cash and cash equivalents	399,828
Trade and other payables	(564,264)
Tax authority	(7,283)
Estimated income tax provision	(40,249)
Deferred liabilities	(9,074)
Net assets acquired	**1,737,813**
Non controlling interest	(347,562)
Intangible assets arising from the acquisition (Note 7)	6,309,675
Total acquisition	**7,699,926**
The balance of cash and cash equivalents at the date of acquisition	(399,828)
Net payment in acquisition of a subsidiary net of cash acquired	**7,300,098**

7. Intangible assets

Intangible assets represented in goodwill, brand name and customer list as follows:

	2013	2012	2011
Molecular Diagnostic Center (Note 6-a)			
Goodwill	1,849,447	1,849,447	1,849,447
	1,849,447	**1,849,447**	**1,849,447**
Medical Genetics Center (Note 6-b)			
Goodwill	1,755,475	1,755,475	1,755,475
	1,755,475	**1,755,475**	**1,755,475**
Al-Ansary Lab			
Goodwill	—	6,309,675	6,309,675
	—	**6,309,675**	**6,309,675**
Al Makhbariyoun Al Arab Group (Note 6-c)			
Brand name	7,769,000	7,769,000	7,769,000
Customer list	481,500	802,500	1,123,500
Goodwill	16,041,452	16,041,452	16,041,452
	24,291,952	**24,612,952**	**24,933,952**
Golden Care for Medical Services (Note 6-d)			
Brand name	2,902,000	2,902,000	2,902,000
Customer list	573,750	956,250	1,338,750
Non to compete agreement	—	1,120,750	3,362,250
Goodwill	18,409,439	18,409,439	18,409,439
	21,885,189	**23,388,439**	**26,012,439**
Balance at 31 December	**49,782,063**	**57,915,988**	**60,860,988**

7. Intangible assets (Continued)

The reconciliation of intangible assets carrying amount as follows:

	Goodwill	Brand name	Customer list	Non to compete agreement	Total
Cost					
Balance at 1 January 2011	3,604,922	—	—	—	**3,604,922**
Additions	40,760,566	10,671,000	2,814,000	4,483,000	**58,728,566**
Balance at 31 December 2011	44,365,488	10,671,000	2,814,000	4,483,000	**62,333,488**
Accumulated amortization					
Balance at 1 January 2011	—	—	—	—	**—**
Amortization	—	—	351,750	1,120,750	1,472,500
Balance at 31 December 2011	—	—	351,750	1,120,750	1,472,500
Carrying amount at 31 December 2011	**44,365,488**	**10,671,000**	**2,462,250**	**3,362,250**	**60,860,988**
Cost					
Balance at 1 January 2012	44,365,488	10,671,000	2,814,000	4,483,000	**62,333,488**
Additions	—	—	—	—	**—**
Balance at 31 December 2012	44,365,488	10,671,000	2,814,000	4,483,000	**62,333,488**
Accumulated amortization and impairment losses					
Balance at 1 January 2012	—	—	351,750	1,120,750	**1,472,500**
Amortization	—	—	703,500	2,241,500	**2,945,000**
Balance at 31 December 2012	—	—	1,055,250	3,362,250	**4,417,500**
Carrying amount at 31 December 2012	**44,365,488**	**10,671,000**	**1,758,750**	**1,120,750**	**57,915.988**
Cost					
Balance at 1 January 2013	44,365,488	10,671,000	2,814,000	4,483,000	**62,333,488**
Disposal	(6,309,675)	—	—		**(6,309,675)**
Balance at 31 December 2013	38,055,813	10,671,000	2,814,000	4,483,000	**56,023,813**
Accumulated amortization and impairment losses					
Balance at 1 January 2013	—	—	1,055,250	3,362,250	**4,417,500**
Amortization	—	—	703,500	1,120,750	**1,824,250**
Balance at 31 December 2013	—	—	1,758,750	4,483,000	**6,241,750**
Carrying amount at 31 December 2013	**38,055,813**	**10,671,000**	**1,055,250**	**—**	**49,782,063**

8. Inventories

	2013	2012	2011
Finished goods	17,761,489	13,993,502	13,363,942
Raw materials	1,036,943	1,334,327	1,505,671
	18,798,432	**15,327,829**	**14,869,613**

9. Trade and other receivables

	2013	2012	2011
Trade and notes receivables	34,460,903	32,093,247	34,551,728
Tax authority—withholding tax (net)	4,467,342	3,740,145	3,145,823
Prepaid expenses	4,008,268	3,858,005	4,132,411
Other debit balances	1,478,375	3,130,444	1,736,459
Due from related parties (Note 22.B)	127,812	2,101,554	56,045
Deposits with others	469,470	647,617	736,984
Accrual revenue	338,788	61,179	212,795
Suppliers—advance payments	5,747	189,632	293,813
	45,356,705	**45,821,823**	**44,866,058**
Less:			
Impairment of trade receivables	(3,979,212)	(3,779,925)	(3,379,273)
Impairment of other receivables	(1,792,928)	(1,646,106)	(1,411,344)
	39,584,565	**40,395,792**	**40,075,441**

- **Impairment of trade and others receivables movement**

	2013	2012	2011
Beginning balance of the impairment for the year	5,426,031	4,790,617	3,899,403
Balance of the subsidiaries at acquisition	—	—	228,126
Add: impairment during the year	3,328,754	3,728,901	1,675,961
Less: used during the year	(2,474,735)	(2,851,837)	(1,012,873)
Reverse impairment in trade receivables	(507,910)	(241,650)	—
Impairment in trade and other receivables at the end of the year	**5,772,140**	**5,426,031**	**4,790,617**

10. Cash and cash equivalents

	2013	2012	2011
Banks-time deposit (less than 3 months)	87,051,716	26,877,891	39,274,610
Banks-current account	22,473,183	19,328,457	19,509,542
Cash on hand	911,886	886,406	1,573,625
Checks under collection	49,796	268,611	158,252
Cash and cash equivalents in the statement of financial position	**110,486,581**	**47,361,365**	**60,516,029**
Less: Bank Overdraft (Note 17)	(2,106,155)	(1,831,104)	—
Cash and cash equivalents in the statement of cash flows	**108,380,426**	**45,530,261**	**60,516,029**

11. Investment in investment fund

	2013	2012	2011
Investment in investment fund*	3,128,191	4,831,223	12,218,865
Total investment in investment fund	**3,128,191**	**4,831,223**	**12,218,865**

* This item represents the recoverable amount for 2 000 units in the amount of LE 1,107.65 for each issued by Credit Agricol Bank, in addition to the revocable amount for 60920 units in amount LE 14.98 for each issued by Audi Bank which represents the nominal value of these units plus their share of cumulative income for the period from the date of acquisition till the consolidated financial position date. Change in the fair value of these units at the dates of the financial position amounted to LE 191,586, LE 54,845 and LE 896,872 for 2013, 2012 and 2011 respectively included in the statement of income (Note 20).

12. Provisions

Description	Balance as at 1 January 2013	Balance of subsidiaries at date of disposals	Additions during the year	Used during the year	Provisions no longer required	Translation differences	Balance as at 31 December 2013
Provision for other taxes	2,020,125	40,000	565,756	(470,162)	—	102,620	2,258,339
Provisions for employees training fund	4,741,670	(26,303)	863,600	—	—	—	5,578,967
Provision for lawsuits	1,356,747	(105,000)	1,958,371	(14,800)	(592,200)	—	2,603,118
Total	**8,118,542**	**(91,303)**	**3,387,727**	**(484,962)**	**(592,200)**	**102,620**	**10,440,424**

Description	Balance as at 1 January 2012	Balance of subsidiaries at acquisition	Additions during the year	Used during the year	Provisions no longer required	Translation differences	Balance as at 31 December 2012
Provision for other taxes	2,083,284	—	899,117	(628,310)	(108,039)	(225,927)	2,020,125
Provisions for employees training fund	3,950,488	—	791,182	—	—	—	4,741,670
Provision for lawsuits	232,250	—	1,124,497	—	—	—	1,356,747
Total	**6,266,022**	**—**	**2,814,796**	**(628,310)**	**(108,039)**	**(225,927)**	**8,118,542**

Description	Balance as at 1 January 2011	Balance of subsidiaries at acquisition	Additions during the year	Used during the year	Provisions no longer required	Translation differences	Balance as at 31 December 2011
Provision for other taxes	837,901	51,377	1,476,742	(282,595)	—	(141)	2,083,284
Provisions for employees training fund	3,335,431	—	615,057	—	—	—	3,950,488
Provision for lawsuits	232,250	—	—	—	—	—	232,250
Total	**4,405,582**	**51,377**	**2,091,799**	**(282,595)**	**—**	**(141)**	**6,266,022**

The provisions above have been made to meet the potential obligations that may be incurred by the group's companies upon the completion of tax inspection and legal cases raised against the group's companies.

Other provisions

Other provisions relate to claims expected from other parties in connection with the Group's operations. The information usually required by International Accounting Standards is not disclosed because the management believes that it would seriously prejudice the outcome of the negotiation with that other parties. These provisions are reviewed by management every year and adjusted based on latest development, discussions and agreements with the other party.

13. Trade and other payables

	2013	2012	2011
Trade and other notes payable	25,812,159	20,232,988	23,292,917
Credit balance—employees profit share and board of directors remuneration	15,820,314	16,694,349	11,503,659
Due to related parties (Note 22.C)	5,572,951	2,036,527	1,850,929
Accrued expenses	3,224,521	2,244,802	6,512,169
Other credit balances	1,605,014	2,037,444	1,890,817
Other taxes	1,075,358	873,255	603,046
Fixed assets creditors	627,490	—	—
Financial lease obligation (Note 16)	518,478	518,478	498,237
Payroll tax	263,638	265,963	153,844
Withholding tax	231,250	250,070	319,561
Customers—credit balance	215,845	253,055	127,959
Liability related to laboratory equipment	35,238	125,499	310,524
Payables remaining for subsidiary acquisition	—	—	13,728,000
Owners' current account	—	187,179	608,949
Total	**55,002,256**	**45,719,609**	**61,400,611**

14. Share capital and reserves

Authorized capital

The authorized capital of the parent group is amounted to LE 120 million.

Issued and paid up capital

Issued & fully paid up capital of the parent company as at December 31, 2013 amounted to LE 38,413,100, distributed over 3,841,310 shares at a par value of LE 10 each after reduction of issued and fully paid up capital by :

	LE
Capital transactions	
Issued & fully paid up capital	45,000,000
Par value of 188 716 treasury shares acquired during February 2009, which decided to be deleted on December 29, 2009	(1,887,160)
par value of the 235 003 treasury shares acquired during December 2009, which decided to be deleted on 6 February 2011	(2,350,030)
Share capital at 31 December 2011	**40,762,810**
Par value of the 234 971 treasury shares acquired during November 2010, and May and June 2011, and decided to be deleted on January 30, 2012.	(2,349,710)
Share capital at 31 December 2012 and 2013	**38,413,100**

15. Legal reserves

	2013	2012	2011
Beginning balance of the year	23,729,064	20,957,436	16,949,950
Additions during the year	—	2,771,628	4,007,486
Ending balance of the year	**23,729,064**	**23,729,064**	**20,957,436**

16. Long-term financial obligation

The long-term financial obligation represent finance lease agreements entered during 2013, 2012 and 2011 as follows:

	2013	2012	2011	Period
First contract	622,795	1,121,032	1,619,269	1 - 5 Years
Second contract	10,629	20,077	—	1 - 5 Years
Third contract	18,440	29,233	—	1 - 5 Years
	651,864	**1,170,342**	**1,619,269**	

The first contract

The parent company has signed a finance lease contract with corplease group to lease 2 colored laser printers with tray, sorting and stapling unit. This contract give the parent company the right to own these machines at the end of the lease period against a charge mentioned in the contracts, the Group has implemented the IAS 17 *Leases* in accounting for those contracts, in which the Group capitalized the assets on property and equipment and charged the statement of income with interests on the installments paid during the period contracts, also charging the statement of income with any maintenance expenses which the Group may spend on this machine.

The contract is summarized as follow:

The contract period from 12 April 2011 till 12 January 2016 with a net present value of LE 2,491,183 and total future value amounting to LE 3,924,000 paid in 20 quarterly installments the installment amount is LE 196,200. The statement of income has been charged by the interest on the contract through the year amounting to LE 286,563 (2012: LE 286,563) under finance costs.

During 2013, those assets were disposed by selling them for an amount of LE 450,000 and the difference between the proceeds from selling and the net book value of the assets which amounted to LE 671,033 were charged as capital loss on disposal as expenses at the consolidated statements of income. (The group however, is obliged and committed to the settlement of the lease installment liability.

The financial obligation appears as follows:

	2013	2012	2011
Initial acquisition cost			
Total contract future value	3,924,000	3,924,000	3,924,000
Less: interest charged	(1,432,817)	(1,432,817)	(1,432,817)
	2,491,183	**2,491,183**	**2,491,183**
Instalments paid			
Instalment due	(2,158,201)	(1,373,420)	(588,600)
Less: interest on instalments due	788,050	501,506	214,923
	(1,370,151)	**(871,914)**	**(373,677)**
Finance lease obligation	**1,121,032**	**1,619,269**	**2,117,506**
Less: current portion due within a year	(498,237)	(498,237)	(498,237)
Long-term financial obligation	**622,795**	**1,121,032**	**1,619,269**

16. Long-term financial obligation (Continued)

The second contract

Medical Genetics Center Company has signed a finance lease contract with International for finance leasing company to lease 1 colored laser printer. This contract gives the subsidiary company the right to own these machines at the end of the leasing period against a charge mentioned in the contacts, the group has implemented the IAS 17 *Leases* in accounting for those contracts, in which the Group capitalized the assets on property and equipment and charged the statement of income with interests on the installments paid during the period contracts, also charging the statement of income with any maintenance expenses which the Group may spend on this machine.

The contract is summarized as follow:

The contract period from 16 February 2012 till 15 November 2015 with total value amounting to 48,990 paid in 16 quarterly installments the installment amount is LE 3,062. The statement of income has been charged by the interest on the contract through the year amounting to LE 2,800 (2012: LE 2,450) under finance costs.

The financial obligation appears as follows:

	2013	2012
Initial acquisition cost		
Total contract future value	48,990	48,990
Less: interest charged	(11,198)	(11,198)
	37,792	**37,792**
Instalments paid		
Instalment due	(22,965)	(10,717)
Less: interest on instalments due	5,250	2,450
	(17,715)	**(8,267)**
Finance lease obligation	**20,077**	**29,525**
Less: current portion due within a year (Note 13)	(9,448)	(9,448)
Long-term financial obligation	**10,629**	**20,077**

The third contract

The parent company has signed a finance lease contract with International for finance leasing company (encloses) company to lease 1 colored laser printer. This contract gives the parent company the right to own these machines at the end of the leasing period against a charge mentioned in the contacts, the group has implemented the IAS 17 *Leases* in accounting for those contracts, in which the Group capitalized the assets on property and equipment and charged the statement of income with interests on the installments paid during the period contracts, also charging the statement of income with any maintenance expenses which the Group may spend on this machine.

The contract is summarized as follow:

The contract period from 15 September 2012 till 15 June 2015 with total value amounting to 55,968 paid in 16 quarterly installments the installment amount is LE 3,498. The statement of income has been charged by the interest on the contract through the year amounting to 3,200 (2012: LE 933) under finance costs.

16. Long-term financial obligation (Continued)

The financial obligation appears as follows:

	2013	2012
Initial acquisition cost		
Total contract future value	55,968	55,968
Less: interest charged	(12,794)	(12,794)
	43,174	**43,174**
Instalments paid		
Instalment due	(18,073)	(4,081)
Less: interest on instalments due	4,132	933
	(13,941)	**(3,148)**
Finance lease obligation	**29,233**	**40,026**
Less: current portion due within a year (Note 13)	(10,793)	(10,793)
Long-term financial obligation	**18,440**	**29,233**

17. Borrowings

The Group entered into long term Murabha agreement and long term loans with local banks represented as follows:

Balance at 31 December 2013	Current portion	Long term portion	Total
Bank overdraft	2,106,155	—	2,106,155
Bank loans (Note 17.a)	311,854	—	311,854
Murabha installments (Note 17.b)	77,275	37,624	114,899
	2,495,284	**37,624**	**2,532,908**

Balance at 31 December 2012	Current portion	Long term portion	Total
Bank overdraft	1,831,104	—	1,831,104
Bank loans (Note 17.a)	520,387	259,964	780,351
Murabha installments (Note 17.b)	67,405	92,953	160,358
	2,418,896	**352,917**	**2,771,813**

Balance at 31 December 2011	Current portion	Long term portion	Total
Bank loans (Note 17.a)	901,799	803,565	1,705,364
Murabha installments (Note 17.b)	132,935	355,034	487,969
	1,034,734	**1,158,599**	**2,193,333**

(17.a) Bank loans

Loans represents the following:

Bank loan provided to Al Makhbariyoun Al Arab company (subsidiary company) by SGB Bank with an amount of 48 thousand Jordanian Dinar at an annual interest rate of 10.5% and with 1% deducted commissions. The loan shall be settled on forty eight equal monthly installment, The amount of each installment is 1 229 Jordanian Dinar starting from 30 April, 2011 till 31 March 2014.

17. Borrowings (Continued)

Bank loan provided to Al Makhbariyoun Al Arab company (subsidiary company) by SGB Bank with an amount of 150 thousand Jordanian Dinar at an annual interest rate of 9.75% and with 0.5% deducted commissions. The loan shall be settled on forty eight equal monthly installment, The amount of each installment is 3 125 Jordanian Dinar starting from 30 October, 2011 till 30 September 2014.

(17.b) Bank Murabha

This item is represented in the bank murabha provided to Sama company for Medical Lab (subsidiary company) by Al Khartoum Bank to purchase 5 cars. The Murabha shall be settled on sixty equal monthly installment, the amount of each installment is 4,961 Sudanese Pounds and that is guaranteed by a pledge for the favor of the bank on all the cars

The detailed analysis of the bank loans and bank murabha according to their maturity dated are as follows:

	2013	2012	2011
Less than one year	389,129	587,792	1,034,734
More than one year and less than five years	37,624	352,917	1,158,599
More than five years	—	—	—
	426,753	**940,709**	**2,193,333**

18. Expenses by nature

	2013	2012	2011
Staff costs*	95,386,498	82,146,138	62,966,439
Chemicals and supplies and	69,134,697	74,194,000	44,632,032
Cost of specialized analysis at other laboratories	11,092,607	2,901,359	2,939,966
Other expenses	24,451,480	23,964,278	18,663,975
Amortization of intangible assets	1,824,250	2,945,000	1,472,500
Depreciation of property and equipment	13,561,256	11,925,763	8,262,728
Advertising expenses	11,338,942	12,986,056	8,571,695
Gifts, conferences and accommodation expenses	3,772,072	2,188,813	3,401,615
Auditors' remuneration	610,775	693,737	488,831
Provisions for potential liabilities	3,387,727	2,741,754	2,091,799
Impairment in trade receivables	3,328,754	3,728,901	1,675,961
Board of directors salaries, remunerations and allowance	7,054,509	7,607,688	6,971,020
Capital loss	745,133	437,093	132,898
	245,688,700	**228,460,580**	**162,271,459**

* Staff number and Costs

	2013	2012	2011
Number of employees	1964	1959	1785
Wages and salaries	91,900,668	79,191,444	58,040,740
Social insurance	3,485,830	2,954,694	4,925,699
	95,386,498	**82,146,138**	**62,966,439**

19. Other income

	2013	2012	2011
Gain on sale of investment in subsidiary	5,672,439	—	—
Provision no longer required	592,200	108,039	—
Impairment in receivables—reverse	507,910	280,892	—
Other income	301,340	294,364	714,480
	7,073,889	**683,295**	**714,480**

20. Finance income (cost)—net

	2013	2012	2011
Finance income			
Gains on sale of financial investments in investment funds	322,856	558,281	1,025,543
Changes in fair value in investment funds (Note 11)	191,586	54,845	896,872
Return on treasury bills liquidated during the year	—	—	521,993
Interest income—time deposits	2,505,400	1,951,548	1,596,687
Total finance income	**3,019,842**	**2,564,674**	**4,041,095**
Foreign exchange losses	(2,399,303)	(2,026,274)	(819,257)
Interest expense	(292,564)	(289,947)	(214,943)
Bank charges	(278,517)	(385,343)	(300,356)
Total finance expenses	**(2,970,384)**	**(2,701,564)**	**(1,334,556)**
Net finance income (cost)	**49,458**	**(136,890)**	**2,706,539**

21. Taxation

Deferred tax assets and liabilities resulted from the temporary differences between the tax base of an asset and liability and the carrying amount of these assets and liabilities in the financial statements:

	2013		2012		2011	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fixed assets (accumulated depreciation)	—	(2,098,747)	—	(2,567,312)	—	(2,203,132)
Intangible assets	—	(4,181,074)	—	(6,311,937)		(6,989,673)
Provisions for employees training fund	1,221,895	—	1,011,104	—	815,399	—
Total tax resulting in deferred liability		**(5,057,926)**		**(7,868,145)**		**(8,377,406)**

21. Taxation (Continued)

The amount of deferred tax income recognized in the consolidated statement of income as follows:

	2013	2012	2011
Net tax which creates a liability at the end of the year	(5,057,926)	(7,868,145)	(8,377,406)
Less:			
Net tax resulting in tax liability at the beginning of the year	7,868,145	8,377,406	459,134
Net tax liability at the subsidiary company at acquisition date	—	—	9,074
Deferred tax asset capitalized on intangible assets	—	—	6,989,674
Deferred tax of the subsidiary companies which were disposed during the year	(26,191)	—	—
Balance at 31 December	**2,784,028**	**509,261**	**(919,524)**

Unrecognized deferred tax assets

The following deferred tax assets were not recognized due to the uncertainty that those items will have a future tax benefit:

	2013	2012	2011
Impairment of trade receivables (Note 9)	3,979,212	3,779,925	3,379,273
Impairment of other debit balances (Note 9)	1,792,928	1,646,106	1,411,344
Provision for other taxes (Note 12)	2,258,339	2,020,125	2,083,284
Provision for lawsuits (Note 12)	2,603,118	1,356,747	232,250
	10,633,597	**8,802,903**	**7,106,151**
	2,658,399	**1,760,581**	**1,421,230**

Income tax

Income tax expense was calculated as follows:

	2013	2012	2011
Profit before tax	114,931,868	98,965,810	71,969,646
Tax calculated using enacted tax rate (25%)	28,732,967	24,241,453	17,492,412
Tax effect of:			
—Subsidiaries' results reported net of the group's enacted tax rates	(4,487,068)	(6,133,556)	(4,552,022)
—Income not subject to tax	(941,920)	(367,277)	(505,348)
—Expenses not deductible for tax purposes	2,273,005	4,148,270	3,666,410
—Subsidiaries' separately reported income tax expense	5,849,837	5,822,991	3,166,519
	31,426,821	**27,711,881**	**19,267,971**
Effective tax rate	**27.34%**	**28%**	**26.77%**

21. Taxation (Continued)

Income tax liability calculated as follows:

	2013	2012	2011
Income tax for the group companies (included in statement of income)	**34,210,849**	**28,221,142**	**18,348,446**
Translation differences	(72,058)	(1,209,525)	(61,724)
Unpaid income taxes for the year 2011		1,242,762	697,080
Income tax paid for the year	(132,962)	(124,380)	—
Income tax for the year at the subsidiaries companies at the acquisition date	—	—	543,855
Current income tax liability	**34,005,829**	**28,129,999**	**19,527,657**

22. Related party transactions

Some of the Group's companies carried out during years 2013, 2012 and 2011 certain transactions with its related parties, transactions with those related parties are transacted according to the conditions and terms set by the Group's board of directors and in light of the contracts and agreements with those parties. The transactions with related parties conducted on an arm's length basis.

The ultimate parent company is IDH (Integrated Diagnostics Holding Ltd.).

A) Transaction with key management personnel

The significant transactions with key management personnel, their nature and volumes during years 2013, 2012 and 2011 are as follows:

			31 December 2013	
Related Party	**Nature of relationship**	**Nature of transaction**	**Amount of transaction**	**Balance**
Chairman	Board of director member	Salary	—	—
Group CEO	Board of director member	Salary	—	—
BOD Representatives	Board of director member	Remuneration	7,054,509	—
			7,054,509	**—**

			31 December 2012	
Related Party	**Nature of relationship**	**Nature of transaction**	**Amount of transaction**	**Balance**
Chairman	Board of director member	Remuneration	54,104	—
Group CEO	Board of director member	Remuneration	615,629	—
BOD Representatives	Board of director member	Remuneration	6,937,955	—
			7,607,688	**—**

			31 December 2011	
Related Party	**Nature of relationship**	**Nature of transaction**	**Amount of transaction**	**Balance**
Chairman	Board of director member	Remuneration	492,628	—
Group CEO	Board of director member	Remuneration	796,972	—
BOD Representatives	Board of director member	Remuneration	5,681,420	—
			6,971,020	**—**

22. Related party transactions (Continued)

B) Due from related parties

			31-Dec-13	
Related Party	Nature of Transaction	Nature of relationship	Amount of transaction	Balance
Integrated Diagnostics Holdings Limited (IDH)	Payment on behalf	Parent	(1,994,291)	72,136
AL Tayseer International-Hospital Co.	Payment on behalf	Affiliate	12,988	23,868
Baraha Medical city	Payment on behalf	Affiliate	4,812	29,059
Al-Mokhtabar Sudan	Payment on behalf	Affiliate	2,749	2,749
				127,812

			31-Dec-12	
Related Party	Nature of Transaction	Nature of relationship	Amount of transaction	Balance
Integrated Diagnostics Holdings Limited (IDH)	Payment on behalf	Parent	2,066,427	2,066,427
AL Tayseer International-Hospital Co.	Payment on behalf	Affiliate	—	10,880
Baraha Medical city	Payment on behalf	Affiliate	20,918	24,247
				2,101,554

			31-Dec-11	
Related Party	Nature of Transaction	Nature of relationship	Amount of transaction	Balance
AL Tayseer International-Hospital Co.	Payment on behalf	Affiliate	(52,501)	10,880
Baraha Medical city	Payment on behalf	Affiliate	45,165	45,165
				56,045

C) Due to related parties

			31-Dec-13	
Related Party	Nature of Transaction	Nature of relationship	Amount of transaction	Balance
Al Mokhtabar for Medical Labs Company	Cost of medical tests	Affiliate	6,775,883	4,103,339
	Purchase of property and equipment		179,887	
	Revenue from medical tests		(882,546)	
	Payment on behalf		(323,705)	
Dr . Amed Abd elnoor	Purchase of property and equipment	Affiliate	1,469,612	1,469,612
				5,572,951

22. Related party transactions (Continued)

			31-Dec-12	
Related Party	Nature of Transaction	Nature of relationship	Amount of transaction	Balance
Al Mokhtabar for Medical Lab Company	Cost of medical tests	Affiliate	20,907	678,008
	Purchase of property and equipment		696,004	
	Revenue from medical tests		(38,903)	
Online Modern Solutions Co.	Purchase of property and equipment	Affiliate	4,874,175	1,358,519
	Consultation		796,248	
				2,036,527

			31-Dec-11	
Related Party	Nature of Transaction	Nature of relationship	Amount of transaction	Balance
Abraaj Capital Company	Payment on behalf	Parent	1,850,929	1,850,929
Online Modern Solutions Co.	Purchase of property and equipment	Affiliate	11,186,475	—
				1,850,929

23. Contingent liabilities

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

24. Operating lease

The group lease certain branches for the operation of the business. The rental costs of those branches are recognized using the operating lease method and recorded within the statement of income under cost of revenues.

The following represent the number of branches and their rental value:

	2013	2012	2011
Total rental cost within income statement	2,528,068	2,411,386	1,499,359
Number of branches	60	54	45
Average rent cost per branch	**42,134**	**44,655**	**33,319**

* All operating leases more than five years

25. Earnings per share

Earnings per share are calculated by dividing the profits available for distribution during the year over the weighted average number of outstanding shares:

Basic

	2013	2012	2011
Profit attributed to owners of the Company	77,322,188	66,209,261	49,613,675
Weighted average number of ordinary shares in issue			
Original shares	3,841,310	3,943,023	4,149,457
Less: Weighted average number own shares	—	(101,713)	(313,648)
	3,841,310	**3,841,310**	**3,835,809**
Basic earnings per share	**20.13**	**17.24**	**12.93**

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The group does not have any categories of dilutive potential ordinary shares, hence the diluted earnings per share is the same as the basic earnings per share.

26. Tax status

Amendments on the Tax law

On June 4, 2014 law no. 44 for the year 2014 was issued to the effect of imposing a temporary annual additional income tax for a three-year period commencing from the current tax period at a rate of 5% shall be imposed on the amount that exceeds one million Egyptian Pound of the tax base of the income of natural persons or the profits of corporate bodies according to the provisions of income tax law and shall be assessed and collected based on such provisions. The said law shall be in effect as of June 5, 2014.

On June 30, 2014, law no. (53) For the year 2014 have been issued by a presidential decree. This law included amendments for some articles of law No. (91) for the year 2005. The most important amendments are as follows:

1—Imposing a tax dividends

2—Imposing a tax on the capital gains resulted from sale of capital contribution shares and securities

As the executive regulations related to the previously mentioned law has not been issued yet, that may result in inconsistency in interpreting the articles of the new law, the company's management has assessed and qualified the impact of application of the tax law according to its interpretation, never the less, this assessment and qualification may differ upon issuance of the executive regulations of this law

A) Al Borg Laboratories Company (Al Borg Laboratory)—The parent Company

Corporate tax

- The parent company submitted its corporate tax return to the tax authority annually on due dates since its establishment in 2004. The parent company submitted its tax returns in accordance with Law No. 91 for the year 2005 starting from 2005 until 2013 on its due dates. Also the company settled the due tax as per the tax returns.
- The parent Company was inspected by the Tax Authority for corporate tax since the year it was established until 2009 and the parent company settled the tax differences with the tax authority

26. Tax status (Continued)

according to Form 9A. The tax differences amounted to LE 1,394,561 (penalties: LE 535,661, tax: LE 858,900). These amounts were appealed as there was an amount of withholding tax for the years 2006-2009 of LE 539,382 in addition to including the penalty for filing late by mistake.

- The Tax Authority is currently examining the books and documents for the tax years 2010 until 2012.

Moveable Tax

- The parent company was inspected for moveable tax since the establishment of the company until 30/6/2005 and the company settled this amount in Form 9A issued on 28/10/2013.

Salaries Tax

- The parent Company was inspected for salaries tax starting from its establishment until 31/12/2008 and the tax was settled by Form 9A on 28/10/2013. The Company was inspected for salaries tax for the years 2009 and 2010 and the inspection revealed tax differences amounting to LE 17,456 which were not included in the settlement mentioned above. The years 2011 until 2013 have not been inspected yet.

Stamp tax

- The parent Company was inspected for stamp taxes starting from its establishment until 31/1/2006. The inspection revealed tax differences and all tax differences were paid by the parent Company. The parent company was inspected for the period starting 1/7/2006 until 31/12/2010 for stamp taxes. The inspection revealed tax differences. The company rejected the forms and an internal committee is in progress. For the period 1/1/2011 until 31 August 2014, the company has been settling the stamp tax on its due dates. The parent company has decided to create a provision for the tax differences relating to the stamp tax for 2006 until 2013 with the amount of LE 300,000.
- The tax Authority examined the books and documents for the tax year 2003 and the parent Company settled the additional claimed tax with the Tax Authority internal committee and the parent Company has obtained a final settlement until the year 2003 with a credit balance of LE 894.716 for the company. Except for the tax on the board of directors remuneration for the year 2003 which is not deductible item from corporate taxes point of view (40%) instead it is subject to the moveable tax (32%) and the dispute was transferred to the appeal committee and the company expects that the decision will be in the company's favor with regards to this matter.
- The Tax Authority has also examined the books and documents for the tax year 2003 & 2004 and received the assessment (Form 18). The company appealed the assessment in the due dates keeping the Company's right to deduct some of the items which have not been deducted in the previous form.
- The parent company had made a partial payment of the additional tax due in 2004 till it settles the dispute. A provision was formed for the expected tax differences (Note 11).
- The year of 2005 have been inspected by tax authority.
- The years 2006 till 2009 are currently under inspection and the year 2011 has not inspected by tax authority yet.

B) Molecular Diagnostic Center—subsidiary

Corporate tax

- The subsidiary company was established under interior investment system according to the provisions of guarantee and investment incentives law No. 8 for the year 1997.

26. Tax status (Continued)

- The subsidiary company profits is subject to corporate tax according to the income tax law No 91 for the year 2005. According to the article No. 19 of the said law, the subsidiary company profit is exempted from these tax for 5 years that starting from the first financial year following to the beginning of the subsidiary company operation.
- The General Investment and Free Zone Authority determined the inspection date of the subsidiary company operation at 1 August 2004, accordingly the tax exemption year end at 31 December 2009.
- The subsidiary company submits its corporate tax returns to the Tax Authority annually on due dates.
- Regarding the years from 2005 till 2009, the subsidiary company obtained a letter from the ministry of Health addressed to the investment Tax Authority which mentioned that there were no free cases to be transferred to the subsidiary company which is an evidence of the exemption from 1 August 2004 till 31 December 2009.

Moveable tax

- The periods from 1 August 2004 till 30 June 2005 are not yet inspected, and it's expected that the inspection will result in tax differences amounted to LE 15,000 for that period.

Salaries tax

- The subsidiary company deducts tax on salaries and pays them to the Tax Authority at the due date.
- The subsidiary company was inspected from the date of the inspection till 2009 for salaries tax and a part of tax differences were paid by the subsidiary company, were to object to these differences and the tax dispute was referred to the committee of interior.
- The years 2010 and 2011 have not been inspected yet.

Stamp tax

- The subsidiary company was inspected for stamp tax for the period from 1 August 2004 till 31 July 2006 and all tax differences were paid by the subsidiary company. The tax periods from 1 August 2006 till now are not yet inspected although the subsidiary company has not made any publications or advertisements in the newspapers from 1 August 2006 till 31 December 2012 which triggers stamp tax.

C) Medical Genetic Center—subsidiary Company

Corporate tax and moveable tax

- The subsidiary company was established under interior investment system according to the provisions of guarantee and investment incentives law No. 8 for the year 1997.
- The subsidiary company's profit is subject to corporate tax according to the income tax law No. 91 for the year 2005. According to the articles No. 19 of the said law, according to law No. 19 of incentive the investment No. 8 for the year 1997 the subsidiary company profit is exempted from these tax for five years that starting from the fist financial year following to the beginning of the subsidiary company's operation 1 January 2006 accordingly the tax incentive has been finished at 31 December 2005.
- The subsidiary company was inspected by the Tax Authority for corporate tax from the starting date of inspection to year 2004 and the inspection shows that the subsidiary company has the right for the tax incentive from the starting date of business till the date of 31 December 2004 and the Tax Authority determined part of expenses to be subjected to corporate tax and movable tax for this period with an amount of 179,600 pounds, the required provisions have been recorded to cover that.
- The years from 2005 till 2007 are currently under inspection.

26. Tax status (Continued)

- The subsidiary company was not inspected by Tax Authority from 2008 till 2010, the subsidiary company settled its corporate tax return annually on due dates.

Salaries tax

- The period has been inspected from the starting date of business till 31 December 2007 and the tax differences were paid.
- The subsidiary company was inspected from 2008 till 2010, the subsidiary company to object on these differences and the tax dispute was referred to the committee of interior, the subsidiary company deducts tax on salaries and pays them to the Tax Authority according to law No. 91. Of 2005.

Stamp tax

- The subsidiary company was examined for stamp tax from the starting date of business till 31 July 2006 and the examination result was there a tax difference and the subsidiary company has settled it, and the subsidiary company has not examined from 1 August 2006 up to date.

D) Golden Care for Medical Services—subsidiary Company

Corporate tax and moveable tax

- The subsidiary company's profits is subject to corporate tax according to the income tax law No 91 for the year 2005 and the subsidiary company's books have not been inspected from the starting date of business till now.

Salaries tax

- The subsidiary company's books have not been inspected from the starting date of business till now.

Stamp tax

- The subsidiary company's books have not been inspected from the starting date of business till now.

E) Makhbariyoun Al Arab Company (Hashemite Kingdom of Jordan)—subsidiary Company

- The Company reached a final settlement with income Tax Authority in (Hashemite Kingdom of Jordan) up to the end of the year 2009.
- The Company's books have not been inspected by the Income Tax Authority for the years from 2010 till 2013

F) Sama Company for Medical Lab Limited "Ultra-Lab" (Sudan)—subsidiary Company

- The Company was established on 11 May 2012 and has been registered at the Intermediate Tax Authority—North. The Company registered its business Name "UltraLab for Medical Lab" within its tax file.
- The Company was registered with the tax authority and become subject to the provisions of the tax laws and regulations of Sudan according to the following:

Corporate tax

- The Company is subject to the provisions of the income law of Sudan for the year 1986 and obliged to submit its annual tax return and paying the tax liability recorded within its financial statement.
- The tax return of 2013 was submitted and the related tax liability paid within due date.

26. Tax status (Continued)

Salaries tax

- The Company is subject to the provisions of the personal income tax laws of Sudan and required to deduct taxes from employees' salaries and submitting them within the legal specified dates.

Value added tax

- According to the provisions of the value added tax law in the Sudan, so the medical services activity is to be exempted from the value added taxes.

27. Establishment of saving fund to employees

The Company's board of directors on October 8, 2006 approved unanimously to establish employees' saving fund according to the provisions of law No. 54 for the year 1975 on private insurance fund with the following conditions and terms:

- The participation by the employee in the Fund is optional and only for the company's permanent employees.
- Expense relating to pension plans

2013	2012	2011
802,340	660,908	506,041

- The employees saving fund will be financed as follows:
  - 10% calculated monthly of annual basic salaries and incentives and contributed for by the Company.
  - 2.5% calculated monthly of annual basic salaries and incentives, and contributed for by the employees.
- The benefits and collection of contributions (source of financing the Fund) starts from 1/1/2007.

The subscribed employees in the fund will obtain the following benefits:

- The employee or his heirs will be reimbursed for the contribution he/she made to the Fund upon end of his service- for any reason of the following reasons (either total or partial disability or reach the age of retirement or death, or retirement after three years from the date the employee started his/ her contributions to the fund) plus his share of the company's contributions and his/her share in return of the Fund's investment.

28. Subsequent events

No subsequent events after 31 December 2013.

29. Segment reporting

The Group has the following four strategic divisions (Cairo—Delta—Upper Egypt—Subsidiaries), which are its reportable segment. These divisions are managed separately because they require different marketing strategies.

29. Segment reporting (Continued)

	31 December 2013					
	Cairo Segment	Delta Segment	Upper Egypt Segment	Other Segment	Subsidiaries Segment	Total
Revenue	170,584,270	64,064,360	19,818,605	33,174,056	65,855,930	353,497,221
Cost of revenues	(86,819,276)	(33,168,793)	(11,394,658)	(15,688,209)	(31,697,107)	(178,768,043)
Gross profit from operation	**83,764,994**	**30,895,567**	**8,423,947**	**17,485,847**	**34,158,823**	**174,729,178**
Other income						7,073,889
Marketing and advertising expenses						(15,111,014)
Administrative expenses						(44,348,029)
Other expenses						(7,461,614)
Profit from operations						**114,882,410**
Finance income—net						49,458
Profit before tax						**114,931,868**
Deferred tax income						2,784,028
Income tax for the year						(34,210,849)
Net profit for the year						**83,505,047**

29. Segment reporting (Continued)

	31 December 2012					
	Cairo Segment	Delta Segment	Upper Egypt Segment	Other Segment	Subsidiaries Segment	Total
Revenue	158,410,006	55,366,989	16,425,678	30,808,242	65,869,070	326,879,985
Cost of revenues	(82,210,028)	(31,287,369)	(10,739,601)	(14,847,756)	(22,762,296)	(161,847,050)
Gross profit from operation	**76,199,978**	**24,079,620**	**5,686,077**	**15,960,486**	**43,106,774**	**165,032,935**
Other income						683,295
Marketing and advertising expenses						(15,174,869)
Administrative expenses						(44,411,626)
Other expenses						(7,027,035)
Profit from operations						**99,102,700**
Finance (cost)—net						(136,890)
Profit before tax						**98,965,810**
Deferred tax income						509,261
Income tax for the year						(28,221,142)
Net profit for the year						**71,253,929**

29. Segment reporting (Continued)

	31 December 2011					
	Cairo Segment	Delta Segment	Upper Egypt Segment	Other Segment	Subsidiaries Segment	Total
Revenue	121,843,619	42,398,581	11,618,405	23,347,132	31,612,349	230,820,086
Cost of revenues	(52,462,347)	(24,881,399)	(8,502,354)	(11,807,913)	(15,992,288)	(113,646,301)
Gross profit from operation	**69,381,272**	**17,517,182**	**3,116,051**	**11,539,219**	**15,620,061**	**117,173,785**
Other income						714,480
Marketing and advertising expenses						(11,973,310)
Administrative expenses						(32,751,190)
Other expenses						(3,900,658)
Profit from operations						**69,263,107**
Finance income—net						2,706,539
Profit before tax						**71,969,646**
Deferred tax expenses						(919,525)
Income tax for the year						(18,348,446)
Net profit for the year						**52,701,675**

DETAILS OF THE OFFER

THE GLOBAL OFFER

The Selling Shareholders are collectively offering for sale pursuant to the Global Offer 65,217,392 Shares (assuming no exercise of the Over-allotment Option) at a price of $4.45 per Share.

The Global Offer is being made by way of an institutional offer by the Selling Shareholders: (i) to certain institutional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S and in accordance with locally applicable laws and regulations, and (ii) in the United States, only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Certain restrictions that apply to the distribution of this Prospectus and the Shares being sold under the Global Offer in jurisdictions outside the United Kingdom are described in "*Selling Restrictions*" below.

When admitted to trading, the Shares will be registered with ISIN number JE00BV9H9G76 and SEDOL (Stock Exchange Daily Official List) number BV9H9G7 and trade under the symbol "IDHC".

Immediately following Admission, it is expected that in excess of 25.0 per cent. of the Company's issued ordinary share capital will be held in public hands (within the meaning of paragraph 6.1.19 of the Listing Rules) (assuming that the Over-allotment Option is not exercised) and in excess of 28.0 per cent. will be held in public hands (assuming that the Over-allotment Option is exercised in full).

THE EGX LISTING

Following the Global Offer, the Company and its Shareholders may seek the necessary approvals for the Shares to be listed on the EGX. An EGX listing, if it is undertaken, will be subject to the applicable rules and regulations of the Capital Market Law and those set forth in the Listing and Delisting Rules issued by the EFSA (as amended) and their Executive Regulations applicable to the listing of foreign listed shares on the EGX. A decision on the part of the Selling Shareholders to apply for an EGX listing has not been taken. The Company and its Shareholders will consider at the appropriate time whether to apply for an EGX listing, taking into account market conditions and other relevant factors. None of the Company or any of the Selling Shareholders can provide any assurances that the Company will apply for an EGX listing.

REASONS FOR THE GLOBAL OFFER AND USE OF PROCEEDS

The Selling Shareholders are seeking to realise part of their investment in the Company by way of the Global Offer.

In addition, the Board believes that Admission will benefit the Company as it will, amongst other things:

- assist in positioning the Group for its next stage of development;
- further increase the Group's profile, brand recognition and credibility with its customers, suppliers and employees
- give the Group access to a wider range of capital-raising options which may be of use in the future; and
- assist in recruiting, retaining and incentivising key management and employees.

Through the sale of Shares pursuant to the Global Offer, the Global Offer is expected to raise gross proceeds receivable by the Selling Shareholders of approximately $290.2 million (assuming that the Over-allotment Option is not exercised).

The Company will not receive any of the proceeds from the sale of the Shares pursuant to the Global Offer, all of which will be paid to the Selling Shareholders.

The Company will pay all expenses related to the Global Offer. This includes, among others, fees for auditors, tax advisors and legal counsel, as well as the underwriting fees and selling commissions (which comprise a fixed fee as a percentage of the offer volume, as well as a discretionary incentive fee) for the underwriting syndicate. The Company estimates the total expenses related to the Global Offer to be up to EGP 127 million (assuming no exercise of the Over-allotment Option).

ALLOCATION

The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes. The Shares allocated under the Global Offer have been underwritten, subject to certain conditions, by the Underwriters as described in the paragraph headed "*Underwriting arrangements*" below and in "*Additional Information—Underwriting arrangements*". Allocations under the Global Offer will be amongst the Cornerstone Investors with regard to the Shares allotted to the Cornerstone Investors as set forth in the Cornerstone Investor Subscription Agreements, and following which, as determined by the Joint Global Co-ordinators in consultation with the Company and the Selling Shareholders. All Shares sold pursuant to the Global Offer will be sold, payable in full, at the Offer Price. Liability for UK stamp duty and SDRT is described in "*Taxation—UK Tax Considerations*".

CORNERSTONE INVESTORS

The Company and the Selling Shareholders have entered into the Cornerstone Investor Subscription Agreements pursuant to which the Cornerstone Investors listed in the table below have committed to purchase, and the Selling Shareholders have agreed to sell, and procure the allotment and transfer of, to each of the Cornerstone Investors, at the Offer Price, the number of Shares set forth opposite its name in the table below. The obligations of the Cornerstone Investors to acquire the Shares under the Cornerstone Investor Subscription Agreements are conditional on Admission and certain other conditions being satisfied (including that the Offer Price be no higher than $4.45 per Share) and will terminate automatically if such conditions have not been fulfilled on or before 12 June 2015 (or such other date as may be agreed between the Company, the Selling Shareholders and the Cornerstone Investors). For more information on the Cornerstone Investor Subscription Agreements, see "*Additional Information—Material Contracts—Cornerstone Investor Subscription Agreements*".

Name of Cornerstone Investor	Individual Cornerstone Investor Commitment—Number of Shares
The Blakeney Funds[1]	6,741,573
MENA Long-Term Value Fund[2]	8,988,764
Total Cornerstone Investor Commitment	**15,730,337**

(1) The Blakeney Funds invest on behalf of institutional investors such as pension funds, charities, endowments and foundations in the equity markets of Africa and the Middle East. Blakeney LLP acts as Investment Manager for each of the Blakeney Funds.

(2) EFG Hermes UAE Limited and Wellcome Trust formed a partnership in 2010 to invest in public and private long-term opportunities in the Middle East and North Africa region. The MENA Long-Term Value Fund was established with a seed capital of $200 million from Wellcome Trust and $50 million from EFG Hermes UAE Limited, with the latter acting as MENA Long-Term Value Fund's dedicated Investment Manager. EFG Hermes UAE Limited is an affiliate of EFG Hermes in its capacity as an Underwriter. The vehicle is the first of its kind in the region with a hybrid public and private-equity investing style seeking concentrated, long-term investment opportunities in the best in class companies in the region.

The Cornerstone Investors will acquire the Shares pursuant to, and as part of, the Global Offer. The Shares to be acquired by the Cornerstone Investors will rank *pari passu* with the Shares sold in the Global Offer and will be counted towards the public float of the Company. No special rights have been granted to any of the Cornerstone Investors as part of its commitment to purchase Shares pursuant to the Cornerstone Investor Subscription Agreements.

DEALING ARRANGEMENTS

The Global Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, which are typical for an agreement of this nature. Certain conditions are related to events which are outside the control of the Company, the Directors and the Underwriters. Further details of the Underwriting Agreement are described in "*Additional Information—Underwriting arrangements*".

It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 11 May 2015. Settlement of dealings from that date will be on a two-day rolling basis. Prior to Admission, conditional dealings in the Shares are expected to commence on the London Stock Exchange on 6 May 2015. Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. The earliest date for such settlement of such dealings will be 11 May 2015. **All dealings before the commencement of unconditional**

dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. These dates and times may be changed without further notice.

Each investor will be required to undertake to pay the Offer Price for the Shares sold to such investor in such manner as shall be directed by the Joint Global Co-ordinators.

It is expected that Shares allocated to investors in the Global Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

OVER-ALLOTMENT AND STABILISATION

In connection with the Global Offer, Deutsche Bank AG, London Branch, as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilising transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings in the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measure be taken to stabilise the market price of the Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilising transactions conducted in relation to the Global Offer.

In connection with the Global Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Shares up to a maximum of 15 per cent. of the total number of Shares comprised in the Global Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such overallotments and/or from sales of Shares effected by it during the stabilising period, the Over-allotment Shareholders will have granted to the Stabilisation Manager the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares up to a maximum of 15 per cent. of the total number of Shares comprised in the Global Offer at the Offer Price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being sold in the Global Offer and will form a single class for all purposes with the other Shares.

For a discussion of certain stock lending arrangements entered into in connection with the Over-allotment Option, see "*Additional Information—Underwriting arrangements*".

CREST

CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. With effect from Admission, the Articles will permit the holding of Shares in the CREST system.

Application has been made for the Shares to be admitted to CREST with effect from Admission. Settlement of transactions in the Shares following Admission will only take place within the CREST system and no certificated Shares will be issued.

UNDERWRITING ARRANGEMENTS

The Underwriters have entered into commitments under the Underwriting Agreement pursuant to which they have agreed, subject to certain conditions, to procure purchasers for the Shares to be sold by the Selling Shareholders in the Global Offer, or, failing which, themselves to purchase such Shares, at the Offer Price. The Underwriting Agreement contains provisions entitling the Underwriters to terminate the Global Offer (and the arrangements associated with it) at any time prior to Admission in certain

circumstances. If this right is exercised, the Global Offer and these arrangements will lapse and any moneys received in respect of the Global Offer will be returned to applicants without interest. The Underwriting Agreement provides for the Underwriters to be paid commissions or fees in respect of the existing Shares sold and any Over-allotment Shares sold following exercise of the Over-allotment Option. Any commissions or fees received by the Underwriters may be retained, and any Shares acquired by them may be retained or dealt in, by them, for their own benefit.

The Underwriters are expected to make offers and sales of the Shares in the United States to QIBs in reliance on Rule 144A under the Securities Act through their respective selling agents. Any offers and sales in reliance on Rule 144A will be conducted by broker-dealers registered with the U.S. Securities and Exchange Commission. EFG Hermes is expected to make offers and sales in the United States through its selling agent, Auerbach Grayson & Company, Inc., a U.S. registered broker-dealer.

Further details of the terms of the Underwriting Agreement are set out in "*Additional Information—Underwriting arrangements*". Certain selling and transfer restrictions are set out below.

Certain of the Underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Company, the Selling Shareholders and/or their respective affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Company, the Selling Shareholders and/or their respective affiliates. In particular, (i) Deutsche Bank AG, London Branch owns shares in and is represented on the board of Abraaj Holdings, the holding company of the Abraaj Group; and (ii) EFG Hermes UAE Limited, an affiliate of EFG Hermes, is the dedicated investment manager of MENA Long-Term Value Fund, a Cornerstone Investor. The Underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of securities and/or financial instruments of the Company, the Selling Shareholders and/or their respective affiliates and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

LOCK-UP ARRANGEMENTS

Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Joint Global Co-ordinators, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to the Underwriting Agreement and related arrangements, Actis (IDH), the Selling Shareholders, the Directors and Senior Management have agreed that, subject to certain exceptions, during the period of 180 days in respect of Actis (IDH) and the Selling Shareholders, and 12 months in respect of the Directors and Senior Management, in each case from the date of Admission, they will not, without the prior written consent of the Joint Global Co-ordinators, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Further details of these arrangements, which are contained in the Underwriting Agreement, are set out in "*Additional Information—Underwriting arrangements*".

Pursuant to the Cornerstone Investor Subscription Agreements, each of the Cornerstone Investors has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Joint Global Co-ordinators, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares it has acquired under its respective Cornerstone Investor Subscription Agreement (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

SELLING RESTRICTIONS

The distribution of this Prospectus and the offer of Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and

observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") no Shares have been offered or will be offered pursuant to the Global Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State.

For the purposes of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Global Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Joint Global Co-ordinators has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriters of such fact in writing may, with the prior consent of the Joint Global Co-ordinators, be permitted to acquire Shares in the Global Offer.

United States

The Shares have not been and will not be registered under the US Securities Act or under any applicable securities laws or regulations of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Global Offer of the Shares an offer or sale of Shares within the United States by any dealer (whether or not participating in the Global Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

The Underwriting Agreement provides that the Underwriters may directly or through their respective United States broker-dealer affiliates arrange for the offer and resale of Shares within the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

Each acquirer of Shares within the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

(a) it is (a) a QIB within the meaning of Rule 144A, (b) acquiring the Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein, (c) acquiring the Shares for investment purposes, and not with a view to further distribution of such Shares, and (d) aware, and each beneficial owner of the Shares has been advised, that the sale of the Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

(b) it understands that the Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the US Securities Act and that the Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (c) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder ("**Rule 144**") (if available) or (d) pursuant to an effective registration statement under the US Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. It further (a) understands that the Shares may not be deposited into any unrestricted depositary receipt facility in respect of the Shares established or maintained by a depositary bank, (b) acknowledges that the Shares (whether in physical certificated form or in uncertificated form held in CREST) are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Shares and (c) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

(c) it understands that the Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE US SECURITIES ACT

PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR RESALES OF THE SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS; and

(d) it represents that if, in the future, it offers, resells, pledges or otherwise transfers such Shares while they remain "restricted securities" within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above.

The Company, the Selling Shareholders, the Underwriters and their affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Australia

This Prospectus (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia ("Corporations Act"); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission ("**ASIC**"), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (c) may not be provided in Australia other than to select investors ("Exempt Investors") who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are "wholesale clients" for the purpose of section 761G of the Corporations Act.

The Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Shares, each purchaser or subscriber of Shares represents and warrants to the Company, the Selling Shareholders, the Underwriters and their affiliates that such purchaser or subscriber is an Exempt Investor.

As any offer of Shares under this Prospectus, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Shares each purchaser or subscriber of Shares undertakes to the Company, the Selling Shareholders, the Underwriters that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Shares, offer, transfer, assign or otherwise alienate those Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Japan

The Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 as amended, the "FIEL") and disclosure under the FIEL has not been, and will not be, made with respect to the Shares. Neither the Shares nor any interest therein may be offered, sold, resold, or otherwise transferred, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and all other applicable laws, regulations and guidelines

promulgated by the relevant Japanese governmental and regulatory authorities. As used in this paragraph, a resident of Japan is any person that is resident in Japan, including any corporation or other entity organised under the laws of Japan.

Egypt

The Shares may not be offered or sold in any form of general solicitation or general advertising or in a public offering in Egypt, except in accordance with the Capital Market Law and provided the pre-approval of the EFSA and/or the EGX has been obtained.

United Arab Emirates

Offer of shares in mainland UAE

The Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates ("**UAE**") other than in compliance with the laws of the UAE. Prospective investors in the Dubai International Financial Centre should have regard to the specific notice to prospective investors in the Dubai International Financial Centre set out below. The information contained in this Prospectus does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the UAE, as amended) or otherwise and is not intended to be a public offer. This Prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other relevant licensing authority in the UAE, including any licensing authority incorporated under the laws and regulations of any of the free zones established and operating in the territory of the UAE, in particular the Dubai Financial Services Authority (the "**DFSA**"), a regulatory authority of the Dubai International Financial Centre. If you do not understand the contents of this Prospectus, you should consult an authorised financial adviser. This Prospectus is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

Offer of shares in the Dubai International Financial Centre

This Prospectus relates to an exempt offer in accordance with the DFSA Markets Rules. This Prospectus is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with exempt offers. The DFSA has not approved this Prospectus nor taken steps to verify the information set out in it, and has no responsibility for it. The Shares which are the subject of the Global Offer contemplated by this Prospectus may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares offered should conduct their own due diligence on the Shares and prospective purchasers who do not understand the contents of this Prospectus should consult an authorised financial adviser.

In relation to its use in the DIFC, this Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Shares may not be offered or sold directly or indirectly to the public in the DIFC.

Kingdom of Saudi Arabia

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia.

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective investors should conduct their own due diligence on the accuracy of the information relating to the Shares. If a prospective investor does not understand the contents of this Prospectus he or she should consult an authorised financial adviser.

Kuwait

This document is not for general circulation to the public in Kuwait. The Shares have not been licensed for offering, marketing or sale in Kuwait by the Kuwait Capital Markets Authority or the Central Bank of Kuwait or any other relevant Kuwaiti government agency. The offering, marketing or sale of the Shares in

Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990 and the implementing regulations thereto (as amended) and Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Shares is being made in Kuwait, and no agreement relating to the sale of the Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Shares in Kuwait. Interested investors from Kuwait who approach the Company, the Selling Shareholder or the Underwriters are deemed to acknowledge that they understand this restriction and that the Shares and any related materials thereto are subject to applicable foreign laws and rules; therefore, such investors must not copy or distribute such material to any other person.

Qatar

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Shares in Qatar. In particular, the Shares offered under this Prospectus have not been and will not be registered under the applicable securities laws of Qatar and, subject to certain exceptions, may not be offered or sold directly, or indirectly, in or into Qatar or to any person or legal entity resident in Qatar.

South Africa

Due to restrictions under the securities laws of South Africa, the Shares are not offered, transferred, sold, made, renounced or delivered in South Africa or to a person with an address in South Africa and the Global Offer is not made, offered, transferred, sold, renounced or delivered in South Africa or to a person with an address in South Africa, unless such person falls within one or more of the exemptions to the securities laws relating to offers to the public set out in Section 96 of the Companies Act, No. 71 of 2008 (as amended). The exemptions include:

- offers made only to the following persons, namely (i) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents; (ii) the Public Investment Corporation as defined in the Public Investment Corporation Act, No. 23 of 2004 (as amended); (iii) persons regulated by the Reserve Bank of South Africa; (iv) authorised financial services providers as defined in the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (as amended); (v) financial institutions as defined in the Financial Services Board Act, No. 97 of 1990; (vi) wholly owned subsidiaries of the persons contemplated in (iii), (iv) and (v), acting as agent in the capacity of authorised portfolio manager for a pension fund registered in terms of the Pension Funds Act, No. 24 of 1956 or as a manager for a collective investment scheme registered in terms of the Collective Investment Schemes Control Act, No. 45 of 2002; (vii) any combination of the persons contemplated in (i) to (vi); and
- offers made to a single addressee acting as principal where the contemplated acquisition cost of the Shares is equal to or greater than R1,000,000.

The Global Offer does not constitute an offer for the sale of or subscription for, or the solicitation of an offer to buy and subscribe for, shares to the public as defined in the Companies Act, No. 71 of 2008 (as amended) and will not be distributed to any person in South Africa in any manner which could be construed as an offer to the public in terms of the Companies Act, No. 71 of 2008 (as amended) and should any person who does not fall into any of the above exemptions receive this Prospectus they should not and will not be entitled to acquire any Shares or otherwise act thereon. This Prospectus does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act, No. 71 of 2008 (as amended).

ADDITIONAL INFORMATION

1. Incorporation And Share Capital

The Company was incorporated on 4 December 2014 as a private limited company under the Jersey Companies Law with registered number 117257 under the name Integrated Diagnostics Holdings Limited. On 23 December 2014, pursuant to Special Resolutions passed on 23 December 2014, the Company was re-registered as a public limited company and changed its name to Integrated Diagnostics Holdings plc.

The Shares are subject to, and have been created under, the Jersey Companies Law and the subordinate legislation made under it.

The Company's registered and head office is at 12 Castle Street, St Helier, Jersey JE2 3RT. The Company's telephone number is +441534847000.

The share capital history of the Company is as follows:

(a) At the time of its incorporation, the Company's authorised share capital amounted to £500,000,000, divided into 500,000,000 Shares with a nominal value of £1.00 each. The issued and paid-up share capital of the Company amounted to £2.00, consisting of two Shares. At the time of its incorporation, one share was held by Capita Secretaries Limited and one share was held by Capita Nominees Limited.

On 23 December 2014, the authorised nominal share capital of the Company was changed to $180,000,000 divided into 180,000,000 Shares, each having a nominal value of $1.00. The two issued Shares were each converted to 1.56 Shares of $1.00 each, being the GBP/USD rate of exchange current on 8 December 2014.

On 24 December 2014, the Board approved the purchase of 19,805 shares of IDH Caymans from IDG, 19,695 shares of IDH Caymans from Hena Holdings and 10,500 shares of IDH Caymans from Actis (IDH). This represents 100 per cent. of the issued share capital of IDH Caymans. As consideration for these purchases, the Board issued 59,414,998.44 Shares of $1.00 each to IDG, 59,084,998.44 Shares of $1.00 each to Hena Holdings and 31,500,000 Shares of $1.00 each to Actis (IDH). As a result of these transactions the Company's issued share capital is $150,000,000 divided into 150,000,000 Shares, each having a nominal value of $1.00. Immediately prior to Admission 59,415,000 Shares were held by IDG, 59,085,000 Shares were held by Hena Holdings and 31,500,000 Shares were held by Actis (IDH).

Pursuant to arrangements made in connection with the acquisition by the Group of Al Mokhtabar in 2012, IDG agreed to pay Dr. El Sherbini deferred consideration upon the successful IPO of the Group, pursuant to which IDG will transfer effective upon Admission 1,328,471 Shares to Hena Holdings for the benefit of Dr. El Sherbini.

Save as disclosed above:

(a) no share capital of the Company has, within three years of the date of this Prospectus, been issued or agreed to be issued, or is now proposed to be issued (other than pursuant to the Global Offer), fully or partly paid, either for cash or for a consideration other than cash, to any person;

(b) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and

(c) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

The Company will be subject to the provisions of the Listing Rules and the Articles of Association (see below) with regard to the issue of Shares following Admission. The Shares are in registered form and are only available in the form of an entry in the Company's Shareholders' register and not in certificated form. The Shares may also be held in dematerialised form as Depository Interests in CREST.

2. Articles Of Association

Under Jersey Companies Law, the capacity of a Jersey company is not limited by anything contained in its memorandum or articles of association. Accordingly, the memorandum of association of a Jersey incorporated company, and hence IDH, does not contain an objects clause.

There are a number of differences between the Jersey Companies Law and the UK Companies Act 2006 which may impact on the rights of holders of the Shares. As such, where considered appropriate and subject to the Jersey Companies Law, provisions have been incorporated into the Articles to enshrine rights that are not conferred by Jersey Companies Law but which shareholders in a company listed on the London Stock Exchange would normally expect.

The Articles include provisions to the following effect:

Share rights

Subject to the provisions of the Jersey Companies Law relating to authority or otherwise and to any resolution of the Company in general meeting passed pursuant to those provisions and any provision of the Articles, all unissued shares for the time being in the capital of the Company are at the disposal of the Board. The Board may allot such shares on any terms and conditions, grant options over them, offer them for sale or otherwise dispose of them in any other way. The Board may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder on such terms as provided by the Articles subject to the provisions of the Jersey Companies Law.

Voting rights on new shares

Subject to any rights or restrictions as to voting attached to any shares, on a show of hands, every member present in person or (subject to certain conditions) by proxy shall have one vote, and, on a poll, every member present in person or by proxy has one vote for every share of which he is the holder.

If at the time of any general meeting or class meeting, a member owes the Company any money in relation to his share, he will not be entitled to vote that share (either in person or by proxy) or exercise any other right attached to that share at that general meeting or class meeting. A member may not (amongst other things) exercise voting rights in the Company in respect of shares which are the subject of a restriction notice served after failure to provide the Company with information concerning interests in certain shares required to be provided by the Company, in accordance with the Articles.

Dividends

Subject to the provisions of the Jersey Companies Law, the members may by ordinary resolution declare any dividend out of any lawful source, but no dividend shall exceed the amount recommended by the Board. Subject to the provisions of the Jersey Companies Law, the Board may pay interim dividends out of reserves of profit if it appears to the Board that it is justified by the financial position of the Company. If the share capital is divided into different classes and members with preferential dividend rights suffer as a result of an interim dividend being paid to other members, the Board will not be liable for the loss if it acted in good faith. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during the whole period in respect of which the dividend is paid. Any amount paid on a share in advance of the date on which a call is payable will not be treated as paid up for these purposes. The Company does not have to pay interest on any dividend or other money due to a member in respect of his shares, unless the rights of the share state otherwise. If a dividend or other money payable in respect of a share remains unclaimed for 12 years from the date it was declared or became due for payment, the Board can pass a resolution to forfeit the payment and the member will lose the right to the dividend. If recommended by the Board, members can pass an ordinary resolution to direct that a dividend will be satisfied in whole or in part by distributing assets instead of cash. This includes, amongst other things, paid up shares or debentures of another company. The Board can make any arrangements it wishes to settle any difficulties which may arise in connection with the distribution, including for example (a) the valuation of the assets, or (b) the payment of cash to any member on the basis of that value in order to adjust the rights of members, and (c) the transfer of any asset to a trustee. The Board may, if authorised by an ordinary resolution of the Company, offer members the right to elect to receive shares by way of scrip dividend (which are credited as fully paid) instead of cash in respect of some or all of their dividend.

Variation of rights

Subject to the provisions of the Jersey Companies Law, rights attached to any class of shares in the capital of the Company may be varied or abrogated either with the written consent of the holders of at least three quarters in nominal value of the issued shares of the class, or with the sanction of a special resolution

passed at a separate class meeting of the class of members affected. While the Company's shares are divided into different classes, the rights of a share will be treated as varied if either (a) the capital paid up on that share or class of shares is reduced (unless this results from the Company buying back or redeeming its own shares), or (b) another share is allotted which has (i) priority for payment of a dividend, (ii) priority on a return of capital or (iii) voting rights more favourable than those attached to that share or class of shares.

Lien and forfeiture

The Company has the right to any unpaid money on a partly paid share. This covers any money which is owed to the Company by the member, where the money has been called for or is payable under the terms on which the share was issued. The Company has the right to sell any partly paid share if a member fails to pay any money due on the partly paid share within 14 clear days of notice of the amount of money owed being given to the holder of the share or to the person entitled to the share by transmission.

The Board can call at any time on members on one or more occasions to pay any money which they owe to the Company on a share, provided that there must be at least one month between the payment dates of two consecutive calls and that the call is made in accordance with the Articles and the terms of allotment of the relevant share. Members must be given at least one month's notice of a requirement to pay and the notice must state when and where the payment is to be made. If a member does not pay the money due under a call or any instalment of a call by the due date, he must pay interest on the amount due from the due date until it is actually paid. If the terms of any allotment of any share require money to be paid when the share is allotted or on a fixed date, the amount payable will be treated in the same way as if a valid call had been made for that money the same date the money is due. If the money is not paid, the provisions of the Articles relating to calls and forfeiture will apply as if the member had been notified of a valid call for that amount on that date.

Ownership of shares by non-UK persons

There are no provisions in the Articles that restrict non-UK resident or foreign Shareholders from holding shares or from exercising voting rights attaching to shares.

Transfer of shares

A transfer of a certificated share must be in writing, either by the usual transfer form or in any other form which the Board approves. The transfer form must be signed by or on behalf of the person transferring the share and, unless the share is fully paid, by or on behalf of the person acquiring the share. The transfer form does not need to have a seal attached. If the certificated shares being transferred are only partly paid, the Board is entitled to refuse to register the transfer without giving any reason for the refusal as long as it does not prevent dealings in shares from taking place on an open and proper basis. The Board can also refuse to register the transfer of a certificated share if: (a) the transfer form is not lodged, properly stamped (if stamping is required), at the registered office (or any other place chosen by the Board) together with the appropriate share certificate for the shares being transferred and any other evidence of transfer that the Board reasonably asks for; (b) the transfer is for more than one class of shares; or (c) the transfer is to more than four joint members.

If the Board refuses to register a transfer of a share, it must notify the person to whom the shares were being transferred of this refusal. An instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is sent. If the transfer is of shares in CREST, the notice must be sent out within two months of the date on which the operator instruction was received by the Company. Neither the Board nor anyone else can charge a member for registering a transfer form or other documents relating to his shares or affecting his title to a share.

Pre-emption rights

If the Company issues certain specific kinds of additional securities, current members will generally have pre-emption rights to those securities on a pro rata basis. The members may, by way of special resolution, grant authority to the Board to allot shares as if the pre-emption rights did not apply.

Liquidation rights

If the Company is wound up, the liquidator can, with the approval of a special resolution passed by the members and any other sanction required by the Jersey Companies Law, divide some or all of the Company's assets among the members. The liquidator may determine the value of such assets and how they are to be divided between the members.

Disclosure of shareholdings

The Disclosure and Transparency Rules require members to notify the Company if the voting rights attached to shares held by them (subject to some exceptions) reach, exceed or fall below three per cent. and each one per cent. threshold thereafter up to 100 per cent. Pursuant to the Articles, the Company may also send a notice to any person whom it knows or believes to be interested in its shares, requiring such person to confirm whether he has such an interest and, if so, details of that interest. Under the Articles, if a member fails to supply the information requested in the notice or provides information that is false in a material particular, the Board may serve a restriction notice on such person stating amongst other things that the member may not attend or vote at any general meeting or class meeting in respect of some or all of his shares.

Rights to share in the Group's profits

If authorised by ordinary resolution of the members, the Board can pass a resolution to capitalise any undistributed profits (unless required for paying a preferential dividend) or other sum in any reserve or fund. The amount capitalised must be distributed to the members or holders of shares of any class on the record date as if it were distributed by way of dividend.

Circulation of shareholder resolutions

Members of the Company may require the Company to circulate a notice of a resolution to members. For this purpose, the members must represent (i) at least five per cent. of the total voting rights of all members who have a right to vote on the relevant resolution, or (ii) not less than 100 in number who have a right to vote on such resolution and hold an average of at least £100, per member, of paid up shares in the Company. Similarly, if so requested the Company shall also circulate to members a statement of not more than 1,000 words with respect to a matter referred to in a proposed resolution to be dealt with at a particular meeting or other business to be dealt with at that meeting.

Information rights

A member has the right to nominate another person, on whose behalf he holds shares, to enjoy the same information rights as defined and stipulated in sections 146 to 149 of the Companies Act (with certain exceptions).

Power to require website publication of audit concerns

If so requested by members, the Company shall publish on its website a statement setting out any matter relating to the audit of its accounts or any circumstances connected with an auditor of the Company ceasing to hold office. For this purpose, the members must represent (i) at least five per cent. of the total voting rights of all members who have a right to vote at the relevant general meeting, or (ii) not less than 100 in number who have a right to vote at such meeting and hold an average of at least £100, per member, of paid up shares in the Company.

Independent report on poll

Members may require the Board to obtain an independent report on any poll taken, or to be taken, at a general meeting of the Company in accordance with the of the Companies Act (with certain exceptions).

General meetings

The Company will hold an annual general meeting each year in accordance with the requirements of the Jersey Companies Law. All other general meetings of the members are called general meetings. The Board can call a general meeting at such times at it chooses. All annual general meetings can only be held if members have been given at least 21 clear days' notice. Members must be given at least 14 clear days'

notice of all other general meetings. The members can require the Board to call a general meeting in accordance with the Jersey Companies Law.

Notice of a general meeting must be sent to all of the Company's members (subject to certain exceptions for holders of partly-paid shares), the Board and the auditors. The notice calling a general meeting must specify the place, day, time and general nature of the business of the meeting. A notice calling an annual general meeting must state that the meeting is an annual general meeting. A member may attend and/or vote at general meetings or class meetings in person or by proxy. The Articles contain provisions for the appointment of proxies, including electronic communication of appointments and cut off times for appointments prior to general meetings. Even if a director is not a member, he is entitled to attend and speak at any general meeting or class meeting. A quorum for a general meeting is three people (including members and/or proxies) entitled to vote at the meeting. If a quorum is not present within 30 minutes of the time set for the general meeting (or such longer time not exceeding one hour as the chairman of the meeting may determine), the meeting shall be adjourned to such later time and date as the chairman of the meeting may determine, unless the meeting was called at the request of the members in which case it shall be dissolved. If the general meeting is adjourned for more than 30 days, the Board must give members at least seven clear days' notice of the adjourned meeting.

Directors

Appointment of directors

The Company must have at least two directors on the Board (not counting alternate directors). There is no maximum number of directors. Subject to the Articles, members (by ordinary resolution) or the Board can appoint any person willing to be a director either to fill a vacancy or as an additional director. Where the appointment is made by the Board, the director must retire at the next annual general meeting and can then be put forward by the Board for reappointment by Shareholders in accordance with the Articles.

Eligibility of new directors

A person will only be eligible for appointment as a director of the Board if: (a) he is a director who has retired by rotation; or (b) he is recommended by the Board; or (c) a member who is entitled to vote at the general meeting has given the Company a written notice at least seven days (but not more than 21 days) before the date for which the meeting is called of his intention to propose someone (other than himself) as a director. The notice must include all the details of that person which would be required to be included in the register of directors, and be accompanied by a written confirmation from the proposed director confirming his willingness to be appointed as a director.

No share qualification

Directors do not need to be Shareholders in the Company.

Retirement of directors by rotation

At every annual general meeting, one third of the Directors on the Board must retire or, if the number of directors is not divisible by three, the number of directors nearest to one third shall retire from office but if any directors will have been a director for three years or more since he was last appointed (or re-appointed) at the date fixed for the annual general meeting, he must retire. A director who retires at an annual general meeting may be re-appointed if he is willing to act as a director. Subject to the Jersey Companies Law and the Articles, the directors to retire by rotation will firstly be those directors who wish to retire without re-appointment, and secondly those who have served the longest as a director since their last appointment or re-appointment. If directors were last re-appointed directors on the same day, they can agree among themselves who is to retire. If they cannot agree, then they must draw lots to decide.

Remuneration of directors

The total fees paid to non-executive directors (other than amounts payable under any other article) must not exceed £1,000,000 a year or any other sum agreed by ordinary resolution at a general meeting.

If a non-executive performs any other service which in the Board's opinion is beyond the scope of his role as a non-executive director, the Board can decide to pay him additional remuneration. This can take the form of a salary, commission or anything else the Board decides. The benefits paid to an executive director will be decided by the Board (or any duly constituted committee of the Board), and can be of any

description. This includes, but is not limited to, (i) admission to, or continuance of, membership of any scheme (including a share purchase scheme) or fund established or financed or contributed to by the Company for the provision of pensions, life assurance or other benefits for employees or their dependants, and (ii) the payment of a pension or other benefits to him or his dependants on or after his retirement or death.

The provisions contained in sections 215 to 221 of the Companies Act in relation to payments made to directors (or a person connected to such directors) for loss of office and the circumstances in which such payments would require the approval of members broadly apply to the Company, and the Company shall comply with such provisions as if it were a company incorporated in the UK.

Appointment of executive directors

Subject to the Jersey Companies Law, the Board can appoint a director to any executive position (except that of auditor), on such terms and for such period as it thinks fit. The Board can also terminate or vary an executive appointment whenever it wishes and decide on any fee or other form of remuneration to be paid for such appointment. This fee or other remuneration may be as well as or instead of any fees payable as a director.

Permitted interests of directors

Subject to the provisions of the Jersey Companies Law, as long as a director has disclosed the nature and extent of his interest to the Board, a director can: (a) be a party to, or otherwise have an interest in, any transaction or arrangement with the Company or in which the Company has a direct or indirect interest; (b) act by himself or through his firm in a paid professional role for the Company (other than as auditor); and (c) be a director, officer or employee of or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company has any interest whether direct or indirect. A director who has, and is permitted to have, any interest referred to in the above paragraph can keep any remuneration or other benefit which he derives as a result of having that interest as if he were not a director. Any disclosure may be made at a meeting of the Board, by notice in writing or by general notice or otherwise in accordance with the Jersey Companies Law. The Board may authorise directors' actual and potential conflicts of interests, provided that any director concerned does not vote or count towards the quorum at the meeting where the matter is considered. Where a director's relationship with another person has been authorised and such relationship gives rise to an actual or potential conflict of interest, the director will not be in breach of the general duties he owes to the Company if he absents himself from meetings, or makes arrangements not to receive documents and information, relating to the actual or potential conflict of interest for so long as he reasonably believes that the same subsists.

Borrowing powers

Subject to the relevant legislation and the Articles, the Board can exercise all the Company's powers relating to borrowing money, giving security over all or any of the Company's business and activities, property, assets (present and future) and uncalled capital, and issuing debentures and other securities.

Indemnity of officers

As long as the Company complies with the provisions of the Jersey Companies Law relating to the indemnification of officers, it will indemnify every director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company. This provision does not affect any indemnity which a director or officer is otherwise entitled to.

Other

Each member must comply with the notification obligations to the Company contained in Chapter 5 of the Disclosure and Transparency rules including, without limitation, the provisions of DTR 5.1.2. Accordingly, the vote holder and issuer notification rules shall apply to the Company as well as each holder of shares.

If a member fails to comply with obligations under the relevant rule, the Board may impose certain restrictions on that holder, including giving a notice to the relevant member requiring the member to change the relevant shares held in Uncertificated form to Certificated form, or that the member may not

change any of the relevant shares held in Certificated form to Uncertificated form. If the holder does not comply with the notice, the Board may authorise any person to instruct an authorised operator to change the relevant shares held in Uncertificated form to Certificated form.

The Company may not make a political donation to a political party or other political organisation, or to an independent election candidate, or incur any political expenditure, unless such donation or expenditure is authorised by an ordinary resolution in accordance with the Articles and is passed before the donation is made or the expenditure incurred.

A resolution in writing agreed to by all directors entitled to receive notice of a meeting of the Board or of a committee of the Board (comprising not less than two directors) shall be as valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) a committee of the Board duly convened and held.

3. Directors' And Senior Management's Interests

The Directors and members of Senior Management, their functions within the Group and brief biographies are set out in "*Directors, Senior Management and Corporate Governance*".

The interests in the share capital of the Company of the Directors and Senior Management (all of whom, unless otherwise stated, are beneficial or are interests of a person connected with a Director or a member of Senior Management) as at 5 May 2015 (the latest practicable date prior to printing of this Prospectus) were as follows:

	Immediately prior to admission		Immediately following admission	
	Number of Shares	Percentage of issued ordinary share capital	Number of Shares	Percentage of issued ordinary share capital
Directors				
Lord Anthony St John	—	—	—[1]	—[1]
Prof. Dr. Hend El Sherbini	60,413,471[2][3]	40.28%[2][3]	40,848,253[4]	27.2%[4]
Ahmed Badreldin	—	—	—	—
Hussein Choucri	—	—	—	—
James Patrick Nolan	—	—	—	—
Dan Olsson	—	—	—	—
Richard Henry Phillips	—	—	—	—
Senior Management				
Dr. Amid Abdelnour	—	—	—	—
Amr Al Ashkar	—	—	—	—
Tarek Hemida	—	—	—	—
Dr. Seham Ibrahim	—	—	—	—
Mohamed Kamel Saleh	—	—	—	—
Dr. Mona Wassef	—	—	—	—
Yasser Zaazou	—	—	—	—
Dr. Osama Zaghloul	—	—	—	—

(1) From Admission, Lord St John is entitled to receive an annual award of Shares, calculated based on a notional annual fee of US$75,000. For more detail, please see "*—Directors' and Senior Management's Terms of Employment—Chairperson and Non-Executive Directors*".

(2) Dr. Hend El Sherbini beneficially owns the shares through Hena Holdings, of which she owns 100 per cent. of the share capital with Dr. Moamena Kamel as joint tenants with rights of survivorship.

(3) These figures reflect the 1,328,471 Shares transferred effective upon Admission from IDG to Hena Holdings pursuant to arrangements made in connection with the acquisition by the Group of Al Mokhtabar in 2012. See "*Share Plans and Profit-Sharing Distributions—2015 KPI and Deferred Consideration Plans*".

(4) Assuming no exercise of the Over-allotment Option. Pursuant to a share award plan adopted by Dr. El Sherbini, IDG and Hena Holdings, Hena Holdings will be entitled to receive in 2016 a maximum of up to 332,118 additional Shares from IDG upon the achievement by the Group in 2015 of certain key performance measures. See "*Share Plans and Profit-Sharing Distributions—2015 KPI and Deferred Consideration Plans*". Assuming Hena Holdings receives the maximum number of Shares under this arrangement, Hena Holdings' percentage of issued ordinary share capital in the Company will increase by approximately 0.22 per cent.

In so far as is known to the Directors, the following are the interests (within the meaning of Part VI of the Companies Act 2006, as amended (the "**Act**")) (other than interests held by the Directors) which represent, or will represent, directly or indirectly, three per cent. or more of the issued share capital of the Company on 5 May 2015 (the latest practicable date prior to printing of this Prospectus) assuming no exercise of the Over-allotment Option:

	Immediately prior to admission		Immediately following admission	
Shareholders	**Number of Shares**	**Percentage of issued ordinary share capital**	**Number of Shares**	**Percentage of issued ordinary share capital**
IDG[1]	58,086,529[4]	38.72%[4]	12,434,355[3][5]	8.3%[3][5]
Hena Holdings[2]	60,413,471[4]	40.28%[4]	40,848,253[3][5]	27.2%[3][5]
Actis (IDH)[6]	31,500,000	21.0%	31,500,000	21.0%
The Blakeney Funds[7]	—	—	6,741,573	4.5%
MENA Long-Term Value Fund[8]	—	—	8,988,764	6.0%

(1) IDG is beneficially owned and controlled by the Abraaj Group.

(2) Dr. Hend El Sherbini (CEO and Executive Director of IDH) and Dr. Moamena Kamel own 100 per cent. of the share capital of Hena Holdings as joint tenants with rights of survivorship.

(3) Assuming no exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, IDG will have sold a further 6,847,826 Shares, representing 4.6 per cent. of the Company's issued share capital and Hena Holdings will have sold a further 2,934,782 Shares, representing 2.0 per cent. of the Company's issued share capital.

(4) These figures reflect the 1,328,471 Shares transferred effective upon Admission from IDG to Hena Holdings pursuant to arrangements made in connection with the acquisition by the Group of Al Mokhtabar in 2012. See "*Share Plans and Profit-Sharing Distributions—2015 KPI and Deferred Consideration Plans*".

(5) Pursuant to a share award plan adopted by Dr. El Sherbini, IDG and Hena Holdings, Hena Holdings will be entitled to receive in 2016 a maximum of up to 332,118 additional Shares from IDG upon the achievement by the Group in 2015 of certain key performance measures. See "*Share Plans and Profit-Sharing Distributions—2015 KPI and Deferred Consideration Plans*". Assuming Hena Holdings receives the maximum number of Shares under this arrangement, Hena Holdings' percentage of issued ordinary share capital in the Company will increase by approximately 0.22 per cent.

(6) Actis (IDH) is a holding company ultimately controlled by Actis GP LLP in its capacity as the General Partner of each of the limited partnerships comprising Actis Global 4 and Actis Africa 4.

(7) Pursuant to the Cornerstone Investor Subscription Agreement dated 23 April 2015, the Selling Shareholders have agreed to sell, and procure the allotment and transfer of, and the Blakeney Funds have agreed to purchase, at the Offer Price, the number of Shares equal to $30 million, its aggregate investor commitment amount, divided by the Offer Price, conditional upon Admission and certain other conditions (including that the Offer Price be no higher than $4.45 per Share). For more information, see "*Details of the Offer—Cornerstone Investors*".

(8) Pursuant to the Cornerstone Investor Subscription Agreement dated 23 April 2015, the Selling Shareholders have agreed to sell, and procure the allotment and transfer of, and MENA Long-Term Value Fund has agreed to purchase, at the Offer Price, the number of Shares equal to $40 million, its investor commitment amount, divided by the Offer Price, conditional upon Admission and certain other conditions (including that the Offer Price be no higher than $4.45 per Share). For more information, see "*Details of the Offer—Cornerstone Investors*".

In addition to the Blakeney Funds and MENA Long-Term Value Fund referred to above, the following investors intend to purchase Shares representing more than five per cent. of the Global Offer:

Investors	**Shares to be purchased in the Global Offer**
BlackRock, Inc.[1]	4,875,000
Fidelity Management & Research Company	3,500,000
Wellington Management Company, LLP	3,500,000

(1) Funds and accounts under management by investment management subsidiaries of BlackRock, Inc.

Actis (IDH) acquired a 21.0 per cent. interest in the Group effective 11 December 2014, through its purchases from Hena Holdings and IDG of 10.0 per cent. and 11.0 per cent, respectively, of the share capital of IDH Caymans. Actis (IDH) paid in the aggregate $113.25 million for its 21 per cent. interest in the Group. The acquisition was made pursuant to a heads of terms agreed in March 2014. The purchase price reflected a private transaction with a different risk profile from purchasing shares in an IPO and with there being no certainty of the success of an IPO exit.

Pursuant to the Share-for-Share Exchange Agreement described in "*Additional Information—Material Contracts—Share-for-Share Exchange Agreement*", each of Hena Holdings, IDG and Actis (IDH) exchanged their shareholdings in IDH Caymans for a proportionate shareholding in the Company.

Pursuant to the 2014 Jersey Shareholders' Agreement described in "*Additional Information—Material Contracts—2014 Jersey Shareholders' Agreement*", Actis (IDH) will not sell any Shares in the Global Offer. The lock-up arrangements that apply to Actis (IDH) are described in "*Details of the Offer—Lock-up Arrangements*".

Save as disclosed above, in so far as is known to the Directors, there is no other person who is or will be immediately following Admission, directly or indirectly, interested in three per cent. or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. None of the Company's major Shareholders have or will have different voting rights attached to the shares they hold in the Company.

No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.

The following table sets out the interests of each of the Selling Shareholders (all of which, unless otherwise stated, are beneficial or are interests of a person connected with the Selling Shareholder), prior to the Global Offer and the number of Shares such Selling Shareholder is selling in the Global Offer. The business address of IDG is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, and the business address of Hena Holdings is Woodbourne Hall, Road Town, Tortola, British Virgin Islands.

	Immediately prior to admission		Immediately following admission	
Selling Shareholders	**Number of Shares**	**Percentage of issued ordinary share capital**	**Number of Shares**	**Percentage of issued ordinary share capital**
IDG[1]	58,086,529[4]	38.72%[4]	12,434,355[3][5]	8.3%[3][5]
Hena Holdings[2]	60,413,471[4]	40.28%[4]	40,848,253[3][5]	27.2%[3][5]
Total	**118,500,000**	**79.0%**	**53,282,608**	**35.5%**

(1) IDG is beneficially owned and controlled by the Abraaj Group.

(2) Dr. Hend El Sherbini (CEO and Executive Director of the Company) and Dr. Moamena Kamel own 100 per cent. of the share capital of Hena Holdings as joint tenants with rights of survivorship.

(3) Assuming no exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, IDG will have sold a further 6,847,826 Shares, representing 4.6 per cent. of the Company's issued share capital and Hena Holdings will have sold a further 2,934,782 Shares, representing 2.0 per cent. of the Company's issued share capital.

(4) These figures reflect the 1,328,471 Shares transferred effective upon Admission from IDG to Hena Holdings pursuant to arrangements made in connection with the acquisition by the Group of Al Mokhtabar in 2012. See "*Share Plans and Profit-Sharing Distributions—2015 KPI and Deferred Consideration Plans*".

(5) Pursuant to a share award plan adopted by Dr. El Sherbini, IDG and Hena Holdings, Hena Holdings will be entitled to receive in 2016 a maximum of up to 332,118 additional Shares from IDG upon the achievement by the Group in 2015 of certain key performance measures. See "*Share Plans and Profit-Sharing Distributions—2015 KPI and Deferred Consideration Plans*". Assuming Hena Holdings receives the maximum number of Shares under this arrangement, Hena Holdings' percentage of issued ordinary share capital in the Company will increase by approximately 0.22 per cent.

4. Directors' And Senior Management's Terms Of Employment

The Directors and their functions are set out in "Directors, Senior Management and Corporate Governance". The terms of Dr. Hend El Sherbini's service agreement with the Company, which will apply

on and from Admission, and the terms of the Non-Executive Directors' letters of appointment with the Company, are set out below.

Executive Director

(a) On and from the date of Admission, Dr. Hend El Sherbini will receive an annual payment of US$450,000. In each financial year of the Company, Dr. Hend El Sherbini will also receive an annual award of Shares with a value at the date of grant equal to the US dollar equivalent of EGP 450,000 (the "**Annual Award**"). The number of Shares comprised in each Annual Award will be calculated by dividing the US dollar equivalent of EGP 450,000 by a reference price (which, other than for the first Annual Award, shall be the average quoted closing price on the London Stock Exchange of the Shares over the last 30 days of the last financial year). The grant, vesting and transfer of the Shares shall be subject to such other conditions as the Company may determine. She will also be eligible to participate in such annual discretionary bonus scheme and long-term incentive arrangements as may be established for executive directors of the Company.

(b) Dr. Hend El Sherbini's services agreement may be terminated by her or by the Company on 12 months' written notice. The Company is entitled to terminate the services agreement immediately by making a payment in lieu of notice comprising Dr. Hend El Sherbini's annual payment in respect of the notice period (or the remaining part of it).

(c) The Company may elect at its discretion to make the payment in lieu as a lump sum or to pay the payment in lieu in equal monthly instalments. There is a mechanism in the agreement to reduce the instalments where Dr. Hend El Sherbini commences an alternative role during the notice period.

(d) Under the terms of the services agreement, Dr. Hend El Sherbini receives full international private medical insurance cover; pension contributions; a company car with a driver; and she is entitled to receive any other benefits that the Remuneration Committee may from time to time direct. Dr. Hend El Sherbini is entitled to reimbursement of reasonable expenses incurred by her in the performance of her duties.

(e) Dr. Hend El Sherbini is entitled to 30 days' holiday per year plus Egyptian public holidays.

(f) Dr. Hend El Sherbini is subject to a confidentiality undertaking without limitation in time and to non-competition, non-solicitation and non-interference restrictive covenants for a period of 12 months after the termination of her services agreement.

Chairperson and Non-Executive Directors

(a) From Admission, Lord St John is entitled to receive an annual award of Shares, calculated based on a notional annual fee of US$75,000. The number of Shares attributable to each financial year will be calculated by dividing US$75,000 by a reference price (which, other than for the first year of the appointment, shall be the average quoted closing price on the London Stock Exchange of the Shares over the last 30 days of the last financial year). These shares will be subject to dealing restrictions.

(b) Lord St John's appointment is terminable at any time upon six months' written notice or in accordance with the Articles or the Jersey Companies Law or upon his resignation. Although the appointment is for an initial period of three years, Lord St John is expected to serve two three-year terms. His appointment is subject to re-election by the Company in general meeting, in accordance with the retirement by rotation principles described in "*—Articles of Association*" above.

(c) Lord St John is subject to various restrictions on activities during his appointment and to non-compete and non-solicitation of employees restrictions for the 12 months after its termination.

(d) Hussein Choucri, James Patrick Nolan and Dan Olsson have been engaged by the Company as Independent Non-Executive Directors under letters of appointment, which are conditional on and become effective from Admission. They are each entitled to an annual fee of US$50,000.

(e) Pursuant to the Relationship Agreement, Ahmed Badreldin and Richard Henry Phillips have been engaged by the Company as Non-Executive Directors under letters of appointment, which are conditional on and become effective from Admission. They will not be entitled to receive any fee from the Company for this role.

(f) The appointments of each of the Non-Executive Directors are for a fixed terms of three years, subject to re-election by the Company in general meeting, in accordance with the retirement by rotation

principles described in "*Articles of Association*" above. The appointments of all the Non-Executive Directors may be terminated at any time upon written notice or in accordance with the Articles or upon their resignation. In addition, the appointments of the Non-Executive Directors appointed pursuant to the Relationship Agreement may be terminated in accordance with that agreement.

(g) The Chairperson and each Non-Executive Director is also entitled to reimbursement of reasonable expenses.

(h) The Chairperson and the Non-Executive Directors are not entitled to receive any compensation on termination of their appointment and are not entitled to participate in any Company share, bonus or pension schemes (save as described in paragraph (a) above in relation to the Chairperson).

(i) The Non-Executive Directors are subject to confidentiality undertakings without limitation in time.

(j) The Company will have customary directors' and officer's indemnity insurance in place effective from Admission in respect of the Chairperson and the Non-Executive Directors. The Company will enter into an indemnity with the Chairperson and the Non-Executive Directors.

Save as set out above, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

Directors' and Senior Management's Remuneration

The following table sets forth the remuneration paid (including contingent and deferred compensation) and benefits in kind granted (under any description whatsoever) during 2014 to each of the current Directors and current members of Senior Management who were employed by the Group in that year.

	Position	Annual Salary Received in 2014	Other Benefits Received in 2014
Directors			
Lord Anthony St John . . .	Independent Non-Executive Chairperson	—	—
Prof. Dr. Hend El Sherbini	Group Chief Executive Officer	EGP 3,300,000	—
Ahmed Badreldin	Non-Executive Director	—	—
Hussein Choucri	Independent Non-Executive Director	—	—
James Patrick Nolan	Independent Non-Executive Director	—	—
Dan Olsson	Independent Non-Executive Director	—	—
Richard Henry Phillips . . .	Non-Executive Director	—	—
Senior Management			
Dr. Amid Abdelnour	Managing Director, Biolab	JOD 99,996	JOD 25,000[1]
Amr Al Ashkar	Chief Information Officer	EGP 594,000	EGP 208,870
Sherif El-Ghamrawi	Investor Relations Director	—	—
Tarek Hemida	Group Chief Financial Officer	EGP 511,200	EGP 412,051
Dr. Seham Ibrahim	Sales Director	EGP 298,152	EGP 301,084
Mohamed Kamel Saleh . . .	General Counsel	—	—
Dr. Mona Wassef	Quality and Training Director	EGP 198,720	—
Yasser Zaazou	Chief Human Resources Officer	EGP 1,175,352	EGP 328,374
Dr. Osama Zaghloul	Managing Director, Ultralab	USD 117,564	USD 58,579

(1) Annual compensation for position on board of directors in 2014.

There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Prospectus.

Directors' and Senior Management's current and past directorships and partnerships

Set out below are the directorships (unless otherwise stated) and partnerships held by the Directors and members of Senior Management (other than, where applicable, directorships held in the Company and/or in any subsidiaries of the Company), in the five years prior to the date of this Prospectus:

	Current directorships/partnerships	Past directorships/partnerships
Directors		
Lord Anthony St John	**Deputy Chairman**: —Strand Hanson Ltd **Non-executive Chairman:** —Global Resources Investment Trust **Non-executive Director**: —Albion Ventures LLP **Chairman of Governing Board**: —Certification International	**Non-Executive Chairman:** —Estate & General (IOM Ltd) —Spiritel PLC —Equest Balkan Properties PLC **Non-Executive Director**: —afb —Obtala Resources PLC —CarbonDesk PLC —Sharp Interpack —Regal Petroleum plc —WMRC plc —Pecaso Ltd —Globix Corporation **Non-Remunerative Chairman of Trustees:** —Citizens Online
Prof. Dr. Hend El Sherbini	**Non-executive Director**: —Life Medical Services SAE	—
Ahmed Badreldin	**Director**: —ABRAAJ Aqua SPV Limited —Abraaj Partners Holding Company —Abraaj Viking Management Limited —Abraaj Viking Partners Limited —Abraaj Viking Holdco Limited —Aqua Consortium Limited —Riyada Managers Limited —Riyada Enterprise Development Limited —RED Entertainer SPV Limited —Gray Mackenzie Retail Management Limited —KEC SPV I Limited —Kantara Investments Limited —Spinneys Egypt Limited —Spinneys Group Limited —Spinneys Holdings Limited —Spinneys Iraq Limited —Spinneys IP Limited —Spinneys Jordan Limited —Spinneys Kazakhstan Limited —Spinneys KSA Limited —Spinneys Levant Limited —Spinneys Algeria Limited —Spinneys Qatar Limited —Spinneys Syria Limited —Eclipse Holdings Limited	—

	Current directorships/partnerships	Past directorships/partnerships
Hussein Choucri	**Chairman and Managing Director**: —HC Securities & Investment **Director**: —Company for Tourism and Cinema —HOTAC —Egyptian British Businessmen Council	**Director**: —Delta International Bank —Banque Misr —Egyptian Capital Market Authority —Egyptian Capital Supervisory Market
James Patrick Nolan	—	**Director**: —Navteq Inc. —SHL Telemedicine Ltd —M*Modal Inc. —Prime Ventures Fund III —Tendris Holdings
Dan Olsson	**Director**: —Purch AB **Non-executive Director**: —Accolab Ltd —Proxima Intressenter AB	—
Richard Henry Phillips	**Partner**: —Actis LLP —Actis GP LLP **Director**: —Edita Food Industries S.A.E. —Emerging Markets Payments Holdings (Mauritius) Limited —Gentle Bay Investments (Pvt) Ltd —Emerging Markets Knowledge Holdings Limited	**Director**: —Sinai Holding International for Marble and Investment S.A.E. —Mo'men Foods Ltd
Senior Management		
Dr. Amid Abdelnour	—	**Non-executive Director**: —Medlabs Consultancy Group
Amr El Ashkar	—	—
Sherif El-Ghamrawi	—	—
Tarek Hemida	—	—
Dr. Seham Ibrahim	**Partner**: —Health Tech LLC **Non-executive Director**: —Integrated Treatment for Kidney Diseases	—
Mohamed Kamel Saleh	—	—
Dr. Mona Wassef	—	—
Yasser Zaazou	**Partner**: —Concepts For Facilities Management Company **Director**: —PICO Modern Agriculture Company —Tamayoz —Maharat Bank —Maadi Club	**Director**: —Electrolux Egypt —B-TECH —Quest
Dr. Osama Zaghloul	—	—

Within the period of five years preceding the date of this Prospectus, none of the Directors or any member of Senior Management:

(a) has had any convictions in relation to fraudulent offences;

(b) has been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company;

(c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company;

(d) been declared bankrupt or been the subject of any individual voluntary arrangement, or been associated with any bankruptcy, receivership or liquidation in his capacity as director or senior manager;

(e) been disqualified by a court from acting as a director or member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company;

(f) been a partner or senior manager in a partnership which, while he was a partner or within 12 months of his ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement; or

(g) owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where he was a partner at a time or within the 12 months preceding such event.

There are not any family relationships between or among any of the Directors and any member of Senior Management. Dr. Hend El Sherbini, CEO and Executive Director of the Company, is the daughter of Dr. Moamena Kamel, a beneficial owner of Hena Holdings.

5. Share Plans and Profit-Sharing Distributions

2015 KPI and Deferred Consideration Plans

Hena Holdings and IDG have entered into share award plans in respect of Dr. Hend El Sherbini's contributions to the Group ("**Award Plans**"), the result of which is a reallocation of Shares held between IDG and Hena Holdings. The Award Plans have been adopted by Dr. El Sherbini, IDG and Hena Holdings for the purpose of making a one-off award over Shares beneficially owned by IDG to Hena Holdings. IDG has agreed to grant an award to Hena Holdings over a maximum of 332,118 Shares that vests by reference to performance during 2015 (the "**KPI Award**") and an award over 1,328,471 Shares that vests as set out below (the "**Deferred Consideration Award**").

The KPI Award will vest at the end of the Company's 2015 financial year to the extent that applicable performance conditions have been met. The performance conditions applicable to the KPI Award are based on the achievement of organic revenue growth, organic EBITDA growth and organic net profit growth. If relevant, regional expansion and/or revenue diversification will also be assessed to determine the extent to which the KPI Award vests.

To the extent that the KPI Award vests, IDG shall transfer to Hena Holdings up to the maximum number of Shares described above after the lock-up arrangements described in "*Details of the Offer—Lock-up Arrangements*" cease to apply to IDG.

If Dr. El Sherbini ceases to be engaged as Chief Executive Officer of the Company or employed in any capacity within the Group or be a director or officer of any member of the Group before the KPI Award has vested in full the KPI Award will lapse unless IDG determines otherwise.

In the event of any demerger or payment of a dividend (where there is a material impact on the value of the KPI Award) or any capital reorganisation, IDG, Hena Holdings and Dr. El Sherbini may agree to adjust the number of Shares under the KPI Award.

Pursuant to arrangements made in connection with the acquisition by the Group of Al Mokhtabar in 2012, the Deferred Consideration Award will vest in respect of 1,328,471 Shares on the earlier of Admission and 27 August 2015 and, following vesting, IDG shall transfer such Shares to Hena Holdings.

If Dr. El Sherbini ceases to be engaged as Chief Executive Officer of the Company or employed in any capacity within the Group or be a director or officer of any member of the Group for fraud or misconduct

before the Deferred Consideration Award vests, the Deferred Consideration Award will lapse. In all other circumstances it will vest in full in the normal way.

Profit-sharing Distributions

Al Borg has made profit-sharing distributions to its employees in each of the five previous financial years, and Al Mokhtabar has made such distributions since it was acquired by the Group. In 2014 the scheme was standardised between Al Borg and Al Mokhtabar, and the Group anticipates continuing with such distributions in the future. Under Egyptian law, in any particular year, companies are required to make profit-sharing distributions to their employees if they pay dividends to their shareholders in that year. The amount of the employee distributions must be the lesser of (i) 10 per cent. of the shareholder dividends or (ii) 100 per cent. of the relevant company's total salaries and wages paid in that year.

Employee Fund

Further, Al Borg operates a fund to which its employees have the option of contributing. The fund, which is also partly funded by Al Borg, is invested and money is available to a contributing employee on end of service in the case of death, permanent disability or retirement, as well as early retirement or resignation conditional on the employee fulfilling certain criteria. This fund was registered with the General Egyptian Insurance Supervisory Authority (which has been replaced by EFSA pursuant to Law No. 10 of 2009) under No. 799 in July 2007, and has full independent legal personality according to Law No. 54 of 1975. Al Mokhtabar is in the process of establishing a similar fund.

6. Underwriting Arrangements

6.1 Underwriting Agreement

On 6 May 2015 the Company, the Directors, the Selling Shareholders and the Underwriters entered into the Underwriting Agreement.

The Underwriters have entered into commitments under the Underwriting Agreement pursuant to which they have agreed, subject to certain conditions, to procure purchasers for the Shares to be sold by the Selling Shareholders in the Global Offer, or, failing which, themselves to purchase such Shares, at the Offer Price. The Underwriting Agreement contains provisions entitling the Underwriters to terminate the Global Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Global Offer and these arrangements will lapse and any moneys received in respect of the Global Offer will be returned to applicants without interest. The Underwriting Agreement provides for the Underwriters to be paid commissions or fees in respect of the existing Shares sold and any Over-allotment Shares sold following exercise of the Over-allotment Option. Any commissions or fees received by the Underwriters may be retained, and any Shares acquired by them may be retained or dealt in, by them, for their own benefit.

6.2 Stock lending agreement

In connection with settlement and stabilisation, Deutsche Bank AG, London Branch, as Stabilising Manager, has entered into a stock lending agreement with the Over-allotment Shareholders. Pursuant to this agreement, the Stabilising Manager will be able to borrow up to a maximum of 15 per cent. of the total number of Shares comprised in the Global Offer (excluding the Shares subject to the Over-allotment Option) on Admission for the purposes, amongst other things, of allowing the Stabilising Manager to settle, on Admission, over-allotments, if any, made in connection with the Global Offer. If the Stabilising Manager borrows any Shares pursuant to the stock lending agreement, it will be required to return equivalent securities to the relevant Over-allotment Shareholders by no later than the third business day after the date that is the 30th day after the commencement of conditional dealings of the Shares on the London Stock Exchange.

7. Subsidiaries And Principal Establishments

The Company is the holding company of the Group. At Admission, the principal subsidiaries and subsidiary undertakings of the Company are as follows. All subsidiaries and subsidiary undertakings operate in the diagnostic and laboratory services industry.

Subsidiaries and subsidiary undertakings

Name	Country of incorporation and registered office	Class and percentage of current ownership interest and voting power
Integrated Diagnostics Holdings Limited	Cayman Islands	100%
Al Mokhtabar	Egypt	99.9%
Al Borg	Egypt	99.3%
Al Mokhtabar Sudan	Sudan	65%
Molecular Diagnostic Center	Egypt	99.9%
Medical Genetics Center	Egypt	54.98%
Al Makhbaryoun Al Arab[1]	Jordan	60%
Golden Care[2]	Egypt	75%
Sama Clinical Laboratory Company Ltd.[3]	Sudan	60%
Integrated Medical Analysis[4]	Egypt	99.58%

(1) Al Makhbaryoun Al Arab operates under the Biolab brand name.

(2) Golden Care is the holding company of Sama Clinical Laboratory Company Ltd. and has no operations of its own.

(3) Sama Clinical Laboratory Company Ltd. operates under the Ultralab brand name.

(4) Integrated Medical Analysis owns and operates the Group's new Mega Lab facility. On 21 December 2014, Al Mokhtabar acquired a 33.33 per cent. stake in IMA from Dr. El Sherbini and gained effective control of IMA. On 8 January 2015, Al Mokhtabar increased its stake to 99.58 per cent. by subscribing in full to a capital increase of IMA in the amount of approximately EGP 40 million. For more information on this transaction, see "*Additional Information—Related Party Transactions*".

Principal establishments

The following are the principal establishments of the Group:

Establishment	Type of facility	Tenure
Mega Lab, Cairo, Egypt	Diagnostic laboratory	Owned[1]
A Lab, Cairo, Egypt	Diagnostic laboratory	Owned
A Lab, Cairo, Egypt	Diagnostic laboratory	Partially owned/partially leased[2]

(1) The Group owns and operates the new Mega Lab facility through its subsidiary IMA. IMA was recently acquired by the Group in a transaction described in more detail in "*Additional Information—Related Party Transactions*".

(2) The Group plans to discontinue use of this facility as an A Lab once the Mega Lab is fully operational.

The Group also owns or leases 10 B Labs in Egypt as at 31 December 2014. See "*Business—Business Operations—Operational Model—B Labs*".

8. Reporting Accountant and Auditor

KPMG Hazem Hassan is a chartered accountant, whose registered address is at Pyramids Heights Office Park, Km 22 Cairo-Alexandria Desert Road, 12556 Al Ahram (PO Box 48 Al Ahram), Giza, Cairo, Egypt. KPMG Hazem Hassan has prepared and reported on the separate consolidated financial statements of each of Al Borg and Al Mokhtabar for financial information as at and for the years ended 31 December 2013, 2012 and 2011, as well as the consolidated financial statements of the Group as at and for the years ended 31 December 2014 and 2013 and as at and for the four month period ended 31 December 2012, in accordance with IFRS-EU international auditing standards.

KPMG LLP, a member of the Institute of Chartered Accountants of England and Wales and whose registered address is at 15 Canada Square, Canary Wharf, London E14 5GL, will be the auditors of the Company following Admission.

9. Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately

preceding the date of this Prospectus which are, or may be, material to the Company or any member of the Group, and (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this Prospectus:

Underwriting Agreement

The Underwriting Agreement is described in "*Underwriting Arrangements—Underwriting Agreement*" above.

Relationship Agreement

The Relationship Agreement is described in "*Directors, Senior Management and Corporate Governance—Corporate Governance—Relationship Agreement*" above.

2012 Shareholders' Agreement

On 26 July 2012, IDG, IDH Caymans and Hena Holdings entered into a Shareholders' Agreement, which set out, among other things, the terms on which IDG and Hena Holdings were willing to invest in IDH Caymans, terms on which IDH Caymans was to be governed and the terms on which the Group would seek an IPO. Under this agreement, IDH Caymans agreed to pay all costs to be incurred in relation to an initial public offering of its shares. This agreement was amended and restated by the 2014 Caymans Shareholders' Agreement.

2014 Caymans Shareholders' Agreement

On 11 December 2014, Hena Holdings, IDG, Actis (IDH) and IDH Caymans entered into a Shareholders' Agreement, which sets out, among other things, the terms on which Actis (IDH) was willing to invest in IDH Caymans, the terms on which IDH Caymans is to be governed and the terms on which the Group would seek an IPO.

The agreement contained transfer restrictions, non-compete and non-solicitation covenants, board and shareholder reserved matters, board appointment rights and governance arrangement. Under this agreement, IDH Caymans agreed to pay all costs to be incurred in relation to an initial public offering of its shares. This agreement terminated on 24 December 2014 pursuant to the Share-for-Share Exchange Agreement.

2014 Jersey Shareholders' Agreement

On 24 December 2014, Hena Holdings, IDG, Actis (IDH) and the Company entered into a Shareholders' Agreement, which sets out, among other things, terms on which the Company is to be governed and the terms on which the Group would seek an IPO. The agreement contained transfer restrictions, non-compete and non-solicitation covenants, board and shareholder reserved matters, board appointment rights and governance arrangement. Under this agreement, the Company agreed to pay all costs to be incurred in relation to an initial public offering of its Shares. This agreement will terminate at the earlier of Admission or admission to the EGX.

Actis (IDH) Share Purchase Agreement

Actis (IDH) acquired a 21.0 per cent. interest in the Group effective 11 December 2014, through its purchases from Hena Holdings and IDG of 10.0 per cent. and 11.0 per cent, respectively, of the share capital of IDH Caymans. Actis (IDH) paid in the aggregate $113.25 million for its 21 per cent. interest in the Group. The acquisition was made pursuant to a heads of terms agreed in March 2014. The purchase price reflected a private transaction with a different risk profile from purchasing shares in an IPO and with there being no certainty of the success of an IPO exit.

Pursuant to the Share-for-Share Exchange Agreement described in "*—Share-for-Share Exchange Agreement*", each of Hena Holdings, IDG and Actis (IDH) exchanged their shareholdings in IDH Caymans for a proportionate shareholding in the Company.

Pursuant to the 2014 Jersey Shareholders' Agreement described in "*—2014 Jersey Shareholders' Agreement*", Actis (IDH) will not sell any Shares in the Global Offer. The lock-up arrangements that apply to Actis (IDH) are described in "*Details of the Offer—Lock-up Arrangements*".

Share-for-Share Exchange Agreement

Pursuant to a share-for-share exchange agreement dated 24 December 2014 between Hena Holdings, IDG, Actis (IDH), IDH Caymans and the Company, the Company purchased all of the shares of IDH Caymans held by each of Hena Holdings, IDG and Actis (IDH). As consideration for the purchase, the Company issued 3,000 Shares for every one share of IDH Caymans to each of Hena Holdings, IDG and Actis (IDH), pro rata with their former shareholding in IDH Caymans. As a result of this transaction, the Company recorded issued share capital of $150,000,000 divided into 150,000,000 shares, each with a nominal value of $1.00 plus an aggregate share premium of $130,026,958.

Cornerstone Investor Subscription Agreements

The Company and the Selling Shareholders have entered into two respective cornerstone investor subscription agreements with (i) the Blakeney Funds and (ii) MENA Long-Term Value Fund.

Cornerstone Agreement with the Blakeney Funds

On 23 April 2015, the Company and the Selling Shareholders entered into a cornerstone agreement with the Blakeney Funds, pursuant to which the Selling Shareholders have agreed to sell, and procure the allotment and transfer of, and the Blakeney Funds have agreed to purchase, at the Offer Price, the number of Shares equal to $30 million, its aggregate investor commitment amount, divided by the Offer Price, conditional upon Admission and certain other conditions (including that the Offer Price be no higher than $4.45 per Share). This cornerstone agreement contains standard representations and warranties from the Blakeney Funds, the Company and the Selling Shareholders.

Cornerstone Agreement with MENA Long-Term Value Fund

On 23 April 2015, the Company and the Selling Shareholders entered into a cornerstone agreement with MENA Long-Term Value Fund, pursuant to which the Selling Shareholders have agreed to sell, and procure the allotment and transfer of, and MENA Long-Term Value Fund has agreed to purchase, at the Offer Price, the number of Shares equal to $40 million, its investor commitment amount, divided by the Offer Price, conditional upon Admission and certain other conditions (including that the Offer Price be no higher than $4.45 per Share). This cornerstone agreement contains standard representations and warranties from MENA Long-Term Value Fund, the Company and the Selling Shareholders.

10. Enforcement and Civil Liabilities under US Federal Securities Laws

The Company has been incorporated under Jersey law. Service of process upon Directors and officers of the Company, all of whom reside outside the United States, may be difficult to obtain within the United States. All of the Company's assets and the majority of the assets of its Directors and officers are located outside the United States and, as a result, it may not be possible to satisfy a judgment against the Company in the United States or to enforce a judgment obtained in United States courts, including, without limitation, judgments based upon the civil liability provisions of the US federal securities laws or the securities laws of any state or territory within the United States, against the Company outside the United States. There can be no assurance as to the enforceability in Jersey, whether by original actions or by seeking to enforce judgments of US courts, of claims based on the federal securities laws of the United States. In addition, awards for punitive damages in actions brought in the United States of elsewhere may be unenforceable in Jersey.

11. Litigation

Save as described in "*Business—Business Operations—Legal and Administrative Proceedings*", there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the previous 12 months which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

12. Related Party Transactions

The Group is in the final stages of development of its new Mega Lab facility, which is expected to involve a total investment of approximately EGP 80 million. As at 31 March 2015, the Group had spent EGP 63.1 million. The approximately EGP 53 million that had been spent as at 31 December 2014 is categorised under Projects in Progress in the Group's 2014 and 2013 Financial Statements. Development of the Mega

Lab was initiated in 2013 through IMA, which at the time was a related party with common shareholders. (IMA was initially established with Egyptian individual shareholders in order to expedite the establishment process.) At that time, the shareholders of IMA were Dr. Hend El Sherbini (CEO and an Executive Director of the Company), Dr. Moamena Kamel (a beneficial owner of Hena Holdings), Amr Helal (a managing director of Abraaj) and Tarek Hemida (the CFO of IDH). On 21 December 2014, Al Mokhtabar acquired Dr. El Sherbini's entire 33.33 per cent. stake in IMA and gained effective control of IMA. On 8 January 2015, Al Mokhtabar subscribed in full to a capital increase of IMA in the amount of approximately EGP 40 million (thereby retiring IMA's debt to the Group), which resulted in the Group acquiring in total 99.58 per cent. of the share capital of IMA.

Save as disclosed in Note 23 and Note 18 of the consolidated financial statements of Al Borg and Al Mokhtabar, respectively, as at and for the years ended 31 December 2011, 2012 and 2013 and Note 22 of the consolidated financial statements of IDH as at and for the years ended 31 December 2014 and 2013 and as at and for the four month period ended 31 December 2012 set out in "*Historical Financial Information*" and in the paragraph below, there are no related party transactions between the Company or members of the Group that were entered into during the financial years ended 2011, 2012, 2013 and 2014 and during the period between 1 January 2015 and 5 May 2015 (the latest practicable date prior to the publication of this Prospectus).

- Dr. Moamena Kamel (a beneficial owner of Hena Holdings) entered into five contracts with Al Mokhtabar in December 2013 for the sale of the premises of labs located in Suez, Cairo and Giza and held in the name of Dr. Moamena until that date.
- Dr. Hend El Sherbini (CEO and Executive Director of the Company) leases to Al Mokhtabar the premises of two labs located in Giza and Beni Suef on an arm's length basis.
- Dr. Hend El Sherbini (CEO and Executive Director of the Company) and Dr. Moamena Kamel (a beneficial owner of Hena Holdings) hold collectively 40 per cent. of the share capital of Life Medical Services and Dr. El Sherbini serves on the board of directors of LMS. LMS provides medical services to each of Al Borg and Al Mokhtabar on an arm's length basis.

13. Working Capital

In the opinion of the Company, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

14. No Significant Change

The Company will pay all expenses related to the Global Offer. This includes, among others, fees for auditors, tax advisors and legal counsel, as well as the underwriting fees and selling commissions (which comprise a fixed fee as a percentage of the offer volume, as well as a discretionary incentive fee) for the underwriting syndicate. The Company estimates the total expenses related to the Global Offer to be up to EGP 127 million (assuming no exercise of the Over-allotment Option), of which approximately EGP 8.4 million has been charged in the fourth quarter of 2014, with the remainder to be charged in the second quarter of 2015.

The Group will pay by the end of the first half of 2015 to each of the Principal Shareholders, pro rata to its shareholdings and the proportion of the year during which the Principal Shareholder was a shareholder of the Company, its share of the annual management fee for 2014 of EGP 10.8 million. The management fee is payable in accordance with the 2014 Jersey Shareholders' Agreement, which terminates upon Admission.

Except for the payment of expenses relating to the Global Offer and the payment of the 2014 management fee, each as discussed above, there has been no significant change in the financial or trading position of the Group since 31 December 2014, the date to which the last consolidated accounts of the Group were prepared.

15. Consents

KPMG Hazem Hassan

KPMG Hazem Hassan has given and has not withdrawn its written consent to the inclusion of the reports in "*Historical Financial Information*", in the form and context in which they appear and has authorised the contents of those parts of this Prospectus which comprise its reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

For the purposes of Prospectus Rule 5.5.3R(2)(f), KPMG Hazem Hassan confirms that it is responsible for its reports as part of this Prospectus and declares that it has taken all reasonable care to insure that the information contained in its reports is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in this Prospectus in compliance with item 1.2 of Annex I and items 1.2 of Annex III of the Prospectus Directive.

Frost & Sullivan

Frost & Sullivan has given and has not withdrawn its written consent to the inclusion of the Frost & Sullivan Report in its entirety as Annex I to this Prospectus, as well as market data, statistics and information that have been extracted without material adjustment from the report in "*Summary*", "*Risk Factors*", "*Industry Overview*", "*Business Overview*" and "*Operating and Financial Review*", and has authorised the inclusion of the full report in the Prospectus and the extracted market data, statistics and information in "*Summary*", "*Risk Factors*", "*Industry Overview*", "*Business Overview*" and "*Operating and Financial Review*", for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

For the purposes of Prospectus Rule 5.5.3R(2)(f), Frost & Sullivan confirms that it is responsible for the Frost & Sullivan Report included as part of this Prospectus, as well as the market data, statistics and information that have been extracted without material adjustment from the Frost & Sullivan Report in "*Summary*", "*Risk Factors*", "*Industry Overview*", "*Business Overview*" and "*Operating and Financial Review*", and declares that it has taken all reasonable care to insure that the information contained in the Frost & Sullivan Report and the market data, statistics and information that have been extracted without material adjustment from the Frost & Sullivan Report in "*Summary*", "*Risk Factors*", "*Industry Overview*", "*Business Overview*" and "*Operating and Financial Review*", is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in this Prospectus in compliance with item 1.2 of Annex I and items 1.2 of Annex III of the Prospectus Directive.

16. General

The Company will pay all expenses related to the Global Offer. This includes, among others, fees for auditors, tax advisors and legal counsel, as well as the underwriting fees and selling commissions (which comprise a fixed fee as a percentage of the offer volume, as well as a discretionary incentive fee) for the underwriting syndicate. The Company estimates the total expenses related to the Global Offer to be up to EGP 127 million (assuming no exercise of the Over-allotment Option), of which approximately EGP 8.4 million has been charged in the fourth quarter of 2014, with the remainder to be charged in the second quarter of 2015.

17. Documents Available For Inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following the publication of this Prospectus at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London EC4Y 1HS:

(a) the Articles of Association;

(b) the consolidated financial statements of each of Al Borg and Al Mokhtabar as at and for the years ended 31 December 2011, 2012 and 2013 and the consolidated financial statements of IDH as at and for the years ended 31 December 2014 and 2013 and as at and for the four month period ended 31 December 2012, together with the related accountant's reports from KPMG Hazem Hassan, which are set out in "*Historical Financial Information*";

(c) the Frost & Sullivan Report

(d) the consent letters referred to in "—*Consents*" above; and

(e) this Prospectus.

Dated: 6 May 2015

TAXATION

JERSEY TAX CONSIDERATIONS

The following summary of the anticipated treatment of the Company and holders of its Shares is based on Jersey taxation law and practice as it is understood to apply at the date of this Prospectus. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice (including such tax law and practice as it applies to any land or building situated in Jersey). Prospective investors in the Shares should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of Shares under the laws of any jurisdiction in which they may be liable to taxation.

Taxation of the Company

The Company is regarded as resident for tax purposes in Jersey and is subject to income tax in Jersey at a current rate of zero per cent.

Holders of Shares

Dividends on Shares may be paid by the Company without withholding or deduction for or on account of Jersey income tax and holders of Shares will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Shares. The attention of any holder of Shares who is resident in Jersey is drawn to the provisions of Article 134A of the Income Tax (Jersey) Law 1961, as amended, which may in certain circumstances render such a resident liable to Jersey income tax on undistributed income or profits of the Company.

Goods and Services Tax

Jersey has introduced a tax on goods and services supplied in the Island ("**GST**"). On the basis that the Company has obtained international services entity status, GST is not chargeable on supplies of goods and/or services made by the Company. The Directors intend to conduct the business of the Company such that no GST will be incurred by the Company.

Stamp Duty

In Jersey, no stamp duty is levied on the issue or transfer of the Shares (unless there is any element of Jersey residential property being transferred, in which case a land transaction tax may apply pursuant to the Taxation (Land Transactions) (Jersey) Law 2009) except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer Shares on the death of a holder of such Shares. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situated in respect of a holder of Shares domiciled in Jersey, or situated in Jersey in respect of a holder of Shares domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75 per cent of such estate (although the total duty payable may not exceed £100,000). The rules for joint holders and holdings through a nominee are different and advice relating to this form of holding should be obtained from a professional adviser.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there otherwise estate duties.

EU Savings Tax Directive

Although not a Member State of the European Union, Jersey, in common with certain other jurisdictions, entered into bilateral agreements with EU Member States on the taxation of savings income. On 1 July 2005, agreements on the taxation of savings income which were entered into between Jersey and each of the European Union ("**EU**") Member States came into effect. These agreements provided the same provisions as the EU Savings Tax Directive and required, in certain circumstances, the retention of tax from payments made by certain Jersey collective investment vehicles prior to 1 January 2015 to EU resident individuals.

The operation of the Jersey Regulations that gave effect to the EU Savings Tax Directive have been amended to remove the retention tax option in respect of interest payments made from 1 January 2015 onwards to beneficial owners resident in an EU member state and Jersey paying agents must instead report all such interest payments to the Comptroller of Taxes.

Where the Company has appointed a paying agent located outside Jersey, the Company is not required to make any disclosures or levy retention tax. However, the rules applicable in the jurisdiction where the paying agent is located will apply.

The requirements in respect of information disclosure or retention tax will not apply to payments made to companies, partnerships or to most types of trusts, nor will they apply to individuals who are resident outside the EU.

The Company intends to take advice and receive confirmation from the Comptroller of Taxes acting as the competent authority that administers these agreements that it is outside the scope of the agreement.

FATCA—US-Jersey Intergovernmental Agreement

The Foreign Account Tax Compliance Act ("**FATCA**"), enacted into law in the United States, introduces a new regime applicable to non-US financial institutions ("**foreign financial institutions**" or "**FFIs**"), generally intended to result in the disclosure of offshore accounts and investments held by certain US persons, either directly or indirectly through non-US entities. Under FATCA, an FFI generally is required to provide the US Internal Revenue Service ("**IRS**") annually with certain information in respect of certain of its US "account holders" (including investors in an investment vehicle), and potentially to withhold 30 per cent. on certain payments made to account holders and payees that are not compliant with FATCA. An FFI generally is expected to reduce the number of non-compliant account holders over time. An FFI that does not fulfil the obligations above may be subject to 30 per cent withholding on certain payments it receives.

The United States and Jersey have entered into an intergovernmental agreement ("**US IGA**") to implement FATCA. Under the terms of the US IGA, the Company may be obliged to comply with the provisions of FATCA as enacted by the Jersey legislation implementing the US IGA (being the Taxation (Implementation) (International Tax Compliance) (United States of America) (Jersey) Regulations 2014, and referred to below as the "**Jersey IGA Legislation**"), rather than directly complying with the U.S. Treasury Regulations implementing FATCA. Under the terms of the US IGA, Jersey resident entities that comply with the requirements of the Jersey IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA on payments they receive and will not be required to withhold under FATCA on payments they make.

The Company is expected to be treated for the purposes of the IGA as a Reporting Financial Institution. The Company intends to be compliant with its relevant obligations under the IGA. As a result, the Company will be obliged to register on the US FATCA portal and report information with respect to certain Shareholders to the Comptroller of Taxes who would then supply the information to the IRS.

If any other entity in which the Company invests is not compliant with FATCA (including potentially by failing to terminate the interests of its non-compliant investors), such entity may be subject to FATCA withholding on payments that it receives, which may adversely affect the return derived by the Company.

UK-FATCA—UK-Jersey Intergovernmental Agreement

In addition to the US IGA, Jersey and the United Kingdom have entered into an intergovernmental agreement ("**UK-Jersey IGA**") for the implementation of information exchange arrangements, based on FATCA (and implemented by the Taxation (Implementation) (International Tax Compliance) (United Kingdom) (Jersey) Regulations 2014).

The Company is expected to be treated for the purposes of the UK-Jersey IGA as a Reporting Financial Institution. The Company intends to be compliant with its relevant obligations under the UK-Jersey IGA. As a result, the Company will be obliged to report information with respect to certain Shareholders to the Comptroller of Taxes who would then supply the information to HM Revenue and Customs.

Certain Egyptian Tax Considerations

The statements herein regarding taxation are based on the laws in effect in Egypt as of the date of this Prospectus and are subject to any changes of law occurring after such date, which changes could be made on a retroactive basis.

Capital Gains and Capital Losses

Capital gains realised by Egyptian resident corporate shareholders on disposal of unlisted shares are subject to tax at the applicable income tax rate (25 per cent., or 30 per cent. if the Surtax applies), while capital gains realised from the sale of shares listed on the EGX are subject to a 10 per cent. income tax without any deductions against cost.

The Egyptian Ministry of Finance announced that the maximum rate of income tax applicable to both corporate and personal income for resident shareholders will be reduced to 22.5 per cent. The proposed legal amendments are not yet approved through a Decree-Law and therefore are not yet in force. If the new rates are brought into effect, they would be applied on tax returns for the year in which the law is approved and will not apply with effect to 2014.

Non-resident shareholders are taxed at the rate of 10 per cent., without any deductions against costs, on the gains realised from the sale of shares held in Egyptian resident companies (irrespective of whether the company is listed or not) as well as on the gains realised from the sale of shares held in non-Egyptian resident companies listed on the EGX and traded across the EGX.

Any capital losses arising from the sale of shares listed on the EGX can be offset against capital gains from other share disposal transactions, and excess capital losses not utilised during a tax year can be carried forward for three years.

There are various double taxation treaties applicable in Egypt that affect the amount of income tax payable on capital gains.

Certain US Federal Income Tax Considerations

The following discussion is a general summary based on present law of certain US federal income tax consequences of the acquisition, ownership and disposition of Shares. The discussion is not a complete description of all tax considerations that may be relevant. It applies only to US Holders (as defined below) that acquire Shares in the Global Offer, hold Shares as capital assets and use the US dollar as their functional currency. The discussion is a general summary; it is not a substitute for tax advice. It does not address the tax treatment of prospective investors subject to special rules, such as banks or other financial institutions, insurance companies, tax exempt entities, dealers, traders in securities that elect to mark-to-market, regulated investment companies, real estate investment trusts, investors liable for alternative minimum tax or the Medicare tax on net investment income, US expatriates, persons that directly, indirectly or constructively own 10% or more of the Company's equity interests, investors that hold shares in connection with a permanent establishment or fixed base outside the United States, or investors that hold Shares as part of a hedge, straddle, conversion, constructive sale or other integrated financial transaction. This summary also does not address US federal taxes other than the income tax (such as estate or gift taxes), US state and local, or non-US tax laws or matters.

As used here, a "**US Holder**" means a beneficial owner of the Company's Shares that is for US federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation or other business entity treated as a corporation created or organised under the laws of the United States, any state thereof, or the District of Columbia, (iii) a trust subject to the control of one or more US persons and the primary supervision of a US court and (iv) an estate the income of which is subject to US federal income tax without regard to its source.

The US federal income tax treatment of a partner in a partnership (or other entity or arrangement treated as a partnership for US federal income tax purposes) that holds Shares will generally depend on the status of the partner and the activities of the partnership. Partnerships and partners in partnerships should consult their tax advisors concerning the US federal income tax consequences to their partners of the acquisition, ownership and disposition of Shares.

This discussion is based on the tax laws of the United States in effect as of the date of this Prospectus, on US Treasury regulations in effect or, in some cases, proposed as of the date of this Prospectus, as well as judicial and administrative interpretations thereof, in each case as in effect and available as of the date of this Prospectus. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below, and there can be no assurance that the IRS or US courts will agree with the tax consequences described in this summary.

Dividends

Subject to the discussion below under "*—Passive Foreign Investment Company Rules*", the gross amount of any distribution of cash or property with respect to the Shares (other than certain distributions, if any, of the Company's Shares distributed pro rata to all Shareholders) will be included in a US Holder's gross income as ordinary income from foreign sources when received. The dividends will not be eligible for the dividends-received deduction generally available to US corporations. The dividends will not be eligible for the reduced rate of tax applicable to qualified dividend income because there is no income tax treaty between the United States and Jersey nor will the Shares be traded on an established securities market in the United States.

Dividends paid in a currency other than US dollars will be included in income in a US dollar amount based on the exchange rate in effect on the date of receipt, whether or not the currency is converted into US dollars at that time. A US Holder's tax basis in the non-US currency will equal the US dollar amount included in income. Any gain or loss on a subsequent conversion or other disposition of the non-US currency for a different US dollar amount generally will be US source ordinary income or loss. If dividends paid in a currency other than US dollars are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

Dispositions

Subject to the discussion below under "*—Passive Foreign Investment Company Rules*", a US Holder generally will recognise capital gain or loss on the sale or other disposition of Shares equal to the difference between the US dollar value of the amount realised and the US Holder's tax basis in the Shares. The US Holder's amount realised will include the gross amount of the proceeds from the sale or other disposition. Any gain or loss generally will be treated as arising from US sources. The gain or loss will be long-term capital gain or loss if the US Holder's holding period exceeds one year. Deductions for capital loss are subject to significant limitations.

The initial tax basis of the US Holder's Shares will be the US dollar value of the foreign currency denominated purchase price determined at the spot rate of exchange on the date of purchase. If the Shares are treated as traded on an "established securities market," a cash basis US Holder (or, if it elects, an accrual basis US Holder) will determine the US dollar value of the cost of such Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

A US Holder that receives foreign currency on the sale or other disposition of the Shares will realise an amount equal to the US dollar value of the foreign currency at the spot rate of exchange on the date of sale or other disposition (or in the case of Shares traded on an "established securities market" that are sold by a cash basis or electing accrual basis taxpayer, the settlement date). A US Holder will recognise currency gain or loss if the US dollar value of the currency received at the spot rate of exchange on the settlement date differs from the amount realised. A US Holder will have a tax basis in the foreign currency received equal to its value at the spot rate on the settlement date. Any currency gain or loss realised on the settlement date or on a subsequent conversion of the foreign currency into US dollars will be US source ordinary income or loss. US Holders should consult their tax advisors regarding the tax consequences to them if Egyptian tax is imposed on a disposition of Shares, including the availability of a foreign tax credit or deduction for the Egyptian tax imposed.

Passive Foreign Investment Company Rules

The Company does not believe that it was classified as a passive foreign investment company ("**PFIC**") for US federal income tax purposes for its most recent taxable year ending 31 December 2013 and, based on the composition of the Company's current gross assets and income (including the income and assets of the Group) and the manner in which the Company expects the Group to operate its business in future years, the Company believes that it should not be classified as a PFIC for US federal income tax purposes for the Company's current taxable year or in the foreseeable future. In general, a non-US corporation will be a PFIC for any taxable year in which, taking into account its proportionate share of the income and assets of 25% or more owned subsidiaries, (1) 75% or more of its gross income consists of passive income, or (2) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For these purposes, cash is considered a passive asset and passive income generally includes, among other things, dividends, rents, royalties and gains from the disposition of investment assets (subject to various exceptions). Whether the Company is a PFIC is a factual

determination made annually, and the Company's status could change depending upon, among other things, changes in the composition and relative value of its gross receipts and assets (including the amount of cash held by the Company), which may be dependent on the market value of the Shares, and the manner in which the Company otherwise conducts its business. Accordingly, no assurance can be given that the Company will not be a PFIC in the current or any future taxable year.

If the Company is treated as a PFIC for any taxable year during which a US Holder holds the Shares, gain recognised by a US Holder on a sale or other taxable disposition (including certain pledges) of the Shares will generally be allocated rateably over the US Holder's holding period for the Shares. The amounts allocated to the taxable year of the sale or other taxable disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations for that year, as appropriate, and an interest charge would be imposed. Further, to the extent that any distribution received by a US Holder on its Shares exceeds 125 per cent. of the average of the annual distributions on the Shares received during the preceding three years or the US Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, as described immediately above.

A US Holder may be able to avoid some of the adverse impacts of the PFIC rules described above by electing to mark the Shares to market annually. The election is available only if the Shares are considered "marketable stock," which generally includes stock that is regularly traded in more than de minimis quantities on a qualifying exchange. If a US Holder makes the mark-to-market election, any gain from marking the Shares to market or from disposing of them would be ordinary income. Any loss from marking the Shares to market would be recognised only to the extent of unreversed gains previously included in income. Loss from marking the Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of mark-to-market gains previously included in income. No assurance can be given that the Shares will be considered regularly traded on a qualifying exchange, and therefore considered "marketable stock," for purposes of the PFIC mark-to-market election. A valid mark-to-market election cannot be revoked without the consent of the IRS unless the Shares cease to be marketable stock. Each US Holder is encouraged to consult its own tax advisor as to the Company's status as a PFIC and whether a mark to market election is available or desirable in their particular circumstances.

A US Holder would not be able to avoid the tax consequences described above by electing to treat the Company as a qualified electing fund ("**QEF**") because the Company does not intend to provide US Holders with the information that would be necessary to make a QEF election with respect to the Shares.

US Holders should consult their own tax advisors concerning the Company's possible PFIC status and the consequences to them if the Company were a PFIC for any taxable year.

Information Reporting and Backup Withholding

Dividends on Shares and proceeds from the sale or other disposition of Shares may be reported to the IRS unless the holder establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting. Any amount withheld may be credited against the holder's US federal income tax liability subject to certain rules and limitations. US Holders should consult with their own tax advisors regarding the application of the US information reporting and backup withholding rules.

Certain non-corporate US Holders are required to report information with respect to investments in Shares not held through an account with a domestic financial institution. US Holders that fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors about these and any other reporting obligations arising from their investment in Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

UK Taxation

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Shares. They are based on current or announced UK legislation and what is understood to be the current practice of HM Revenue & Customs, both of which may change, possibly with retroactive effect.

They apply only to Shareholders who are resident, and in the case of individual Shareholders domiciled, for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Shares as an investment (other than in an individual savings account), and who are the absolute beneficial owner of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring their Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered. In addition the summary below may not apply to (i) a person who holds Shares as part of or pertaining to a fixed base or permanent establishment in Jersey or (ii) to any Shareholder who, either alone or together with one or more associated persons, controls directly or indirectly at least 10 per cent. of the voting rights or any class of share capital of the Company.

THE STATEMENTS SUMMARISE THE CURRENT POSITION AND ARE INTENDED AS A GENERAL GUIDE ONLY. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS AS TO THE CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SHARES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

The Company

The Directors intend that the affairs of the Company will be managed and conducted so that it does not become resident in the UK for UK taxation purposes. The remainder of this section is written on the basis that the Company is not, and does not become, so resident. Accordingly, and provided that the Company does not carry on a trade in the UK (whether or not through a permanent establishment situated therein), the Company will not be subject to UK income tax or corporation tax on its profits other than on any income with a UK source or comparable connection.

Certain interest and certain other types of income received by the Company which have a UK source may be subject to UK withholding taxes.

Dividends

Dividend payments may be made without withholding or deduction for or on account of UK income tax.

UK resident individual Shareholders

Dividends received by individual Shareholders resident for tax purposes in the UK will be subject to UK income tax. This is charged on the gross amount of any dividend paid, as increased for any UK tax credit available as described below.

UK resident individual Shareholders, will generally be entitled to a UK tax credit equal to one-ninth of the amount of the gross dividend, equivalent to ten per cent. of the aggregate of the dividend and credit.

An individual UK resident Shareholder, who is subject to income tax at a rate or rates not exceeding the basic rate will be liable to tax on the dividend at the rate of ten per cent. and will therefore generally have no UK income tax liability to pay.

An individual UK resident Shareholder who is subject to income tax at the higher rate or additional rate will be liable to income tax at the rate of 32.5 per cent or 37.5 per cent respectively to the extent that such sum, when treated as the top slice of that Shareholder's income, falls above the threshold for higher rate or additional rate income tax. Because tax is charged on the gross dividend plus the tax credit, any tax credit lowers the effective rates of tax in respect of the dividend. So, for example, a gross dividend of £180 will generally carry a tax credit of £20 and the United Kingdom income tax payable on the dividend by an individual Shareholder who is subject to income tax at the higher rate would be 32.5 per cent. of £200, namely £65, less the tax credit of £20, leaving a net tax charge of £45.

UK resident corporate Shareholders

Unless the Shareholder is a "small company" (see further below), it is likely that most dividends paid on the Shares to UK resident corporate Shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules.

Shareholders within the charge to UK corporation tax which are "small companies" (as that term is defined in section 931S of the Corporation Tax Act 2009) will be liable to corporation tax on dividends paid

to them by the Company because the Company is not resident in a "qualifying territory" for the purposes of the relevant legislation.

Shareholders within the charge to UK corporation tax should consult their own professional advisers.

Non-UK resident Shareholders

A Shareholder who is not resident in the UK for UK tax purposes will not be liable to income or corporation tax in the UK on dividends paid on the Shares unless such a Shareholder carries on a trade (or profession or vocation) in the UK and the dividends are either a receipt of that trade or, in the case of corporation tax, the Shares are held by or for a UK permanent establishment through which the trade is carried on.

Taxation of disposals

A disposal or deemed disposal of Shares by a Shareholder who is resident in the UK for tax purposes may, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals, or indexation for corporate shareholders), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

An individual Shareholder who has ceased to be resident for tax purposes in the UK or is treated as resident outside the UK for the purposes of a double tax treaty ("Treaty non-resident") for a period of five years or less (or, for departures before 6 April 2013, ceases to be resident or ordinarily resident or becomes Treaty non-resident for a period of less than five tax years) and who disposes of all or part of his Shares during that period may be liable to capital gains tax on his return to the UK, subject to any available exemptions or reliefs.

UK stamp duty and stamp duty reserve tax (SDRT)

No liability to UK stamp duty or SDRT will arise on the issue of Shares to Shareholders.

UK stamp duty will not normally be payable in connection with a transfer of Shares, provided that the instrument of transfer is executed and retained outside the UK and no other action is taken in the UK by the transferor or transferee.

No UK SDRT will be payable in respect of any agreement to transfer Shares provided that the Shares are not registered in a register kept in the UK by or on behalf of the Company.

Inheritance Tax

Liability to UK inheritance tax may arise in respect of the Shares on the death of, or on a gift of the Shares by, an individual holder of such Shares who is domiciled, or deemed to be domiciled, in the UK.

For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Shares, bringing them within the charge to inheritance tax. Shareholders should consult an appropriate tax adviser if they make a gift or transfer at less than full market value or if they intend to hold any Shares through trust arrangements.

The following definitions apply throughout this Prospectus unless the context requires otherwise:

"2014 and 2013 Financial Statements"	the special purpose consolidated IFRS financial statements for IDH as at and for the years ended 31 December 2014 and 2013 and as at and for the four month period ended 31 December 2012, reported on by KPMG Hazem Hassan
"A Labs" or "Hubs"	large, central laboratories that receive samples from the Group's sample collection points
"Abraaj" or "Abraaj Group"	The Abraaj Group, a private equity investor operating in Africa, Latin America, the Middle East, Asia and Turkey
"Act"	the Companies Act 2006, as amended
"Actis (IDH)"	Actis IDH B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands and registered with the Dutch Commercial Register (*Handelsregister*) under number 61968358. The company is ultimately controlled by Actis GP LLP in its capacity as the General Partner of each of the limited partnerships comprising Actis Global 4 and Actis Africa 4
"Admission"	the admission of the Shares to the standard listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
"Al Borg"	Alborg Laboratories Company (S.A.E), a subsidiary of the Company
"Al Borg (Core)"	Al Borg, excluding its subsidiaries
"Al Mokhtabar"	Al Mokhtabar Company for Medical Labs (S.A.E), a subsidiary of the Company
"Al Mokhtabar (Core)"	Al Mokhtabar, excluding its subsidiaries
"Al Muhaidib"	Al Muhaidib & Sons
"Annual Award"	an annual award of Shares to Dr. El Sherbini with a value at the date of grant equal to the US dollar equivalent of EGP 450,000
"Articles"	the Articles of Association of the Company
"ASR"	American Systems Registrar
"Award Plans"	share plans in respect of Dr. Hend El Sherbini's contributions to the Group, the result of which is a reallocation of Shares held between IDG and Hena Holdings
"B Labs" or "Spokes"	laboratories with testing capabilities that are more limited than the Group's A Labs, but that receive certain samples for testing from the Group's sample collection points
"Biolab"	Al Makhbaryoun Al Arab, the Group's Jordanian subsidiary, which operates under the Biolab brand name

"Blakeney Funds"	CC Development Partners LP, ONYX LP, Ithaca LP, Austin Alpha LP, Heviben LP and Blakeney Sand Hill LP (each of which is ultimately controlled by Blakeney General Partners III Limited in its capacity as the General Partner of each of the limited partnerships), Blakeney LP (which is ultimately controlled by Blakeney General Partners IV Limited in its capacity as General Partner of that limited partnership) and Blakeney Investors SICAV. Blakeney LLP acts as Investment Manager for each of the Blakeney Funds
"Board"	the board of directors of the Company
"Business Day"	any day which is not a Saturday or Sunday or a public or bank holiday in England
"C Labs" or "Spikes"	the Group's small laboratories that act mainly as sample collection points and also have limited testing capabilities
"CAGR"	compound annual growth rate
"CAP"	College of American Pathologists
"Capital Expenditure"	additions to property and equipment as defined by IFRS and detailed in the notes to the Group's consolidated financial statements
"Capital Market Law"	the Egyptian Capital Market Law No. 95 for the year 1992 and its Executive Regulations
"Citigroup"	Citigroup Global Markets Limited
"Clinical Laboratories Law"	the Egyptian Clinical Laboratories Law No. 367 of 1954
"Code of Ethics"	the Egyptian Medical Code of Ethics
"Collection Points"	the Group's C Labs
"Company"	IDH Caymans, and, after 23 December 2014 (the date after which IDH Caymans ceased to be the parent of the Group), Integrated Diagnostics Holdings plc, a public limited company incorporated on 4 December 2014 in Jersey under the Companies (Jersey) Law 1991, as amended, with registration number 117257
"Cornerstone Investors"	each of the Blakeney Funds and MENA Long-Term Value Fund
"Cornerstone Investor Subscription Agreements"	the share purchase commitment agreements, each entered into by the Company, the Selling Shareholders and a Cornerstone Investor on 23 April 2015, as described in "*Details of the Offer—Cornerstone Investors*"
"CREST"	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK and Ireland Limited is the operator
"Deutsche Bank"	Deutsche Bank AG, London Branch
"Deferred Consideration Award"	an award to Hena Holdings by IDG over 1,328,471 Shares
"Directors"	the Executive Directors and the Non-Executive Directors
"E&Y"	Ernst & Young LLP
"EEA"	the European Economic Area
"EFG Hermes"	EFG Hermes Promoting and Underwriting
"EFSA"	the Egyptian Financial Supervisory Authority

"EGX"	the Egyptian Exchange
"Egypt"	the Arab Republic of Egypt
"Egyptian pounds" or "EGP"	the lawful currency of Egypt
"ER"	Executive Regulations
"EU"	the European Union
"Executive Directors"	the executive directors of the Company
"FATCA"	the Foreign Account Tax Compliance Act
"FCA"	the UK Financial Conduct Authority
"Frost & Sullivan"	Frost & Sullivan Limited, a global market research company
"Frost & Sullivan Report"	a report prepared by Frost & Sullivan for the Group dated November 2014
"FSMA"	the Financial Services and Markets Act 2000, as amended
"GCC"	Gulf Cooperation Council countries
"Global Offer"	the proposed offer to certain institutional and professional investors outside of Egypt of the Shares of the Company, as described in "*Details of the Offer*"
"Governance Code"	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time
"Group"	IDH Caymans and its consolidated subsidiaries and subsidiary undertakings from time to time, and, after 23 December 2014 (the date after which IDH Caymans ceased to be the parent of the Group), the Company and its consolidated subsidiaries and subsidiary undertakings from time to time
"GST"	a tax on goods and services supplied in Jersey
"Hena Holdings"	HENA Holdings Limited, a British Virgin Islands company, the share capital of which is held entirely by Dr. Hend El Sherbini (CEO and Executive Director of IDH) and Dr. Moamena Kamel as joint tenants with rights of survivorship
"HIO"	Health Insurance Organisation
"IDG"	Integrated Diagnostics Group Limited, an exempted company incorporated on 6 February 2012 in the Cayman Islands with registration number 266101, the majority owner and sole voting shareholder of which is Integrated Diagnostics TopCo Limited, a company ultimately controlled by Abraaj Investment Management Limited through IGCF General Partner Limited as the general partner of The Infrastructure Growth Capital Fund L.P.
"IDH"	IDH Caymans, and, after 23 December 2014 (the date after which IDH Caymans ceased to be the parent of the Group), Integrated Diagnostics Holdings plc, a public limited company incorporated on 4 December 2014 in Jersey under the Companies (Jersey) Law 1991, as amended, with registration number 117257
"IDH Caymans"	Integrated Diagnostics Holdings Limited, an exempted company incorporated on 8 January 2008 in the Cayman Islands with registration number 202639
"IFRS"	International Financial Reporting Standards, as adopted by the European Union

"IMA"	Integrated Medical Analysis, a subsidiary of the Company that owns and operates the Group's new Mega Lab facility
"Independent Non-Executive Directors"	non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement
"IRS"	the US Internal Revenue Service
"ISO"	International Organization for Standardization
"IT"	information technology
"JAS"	Jordanian Accreditation System
"Jersey Companies Law"	the Companies (Jersey) Law 1991 as amended from time to time
"Jersey IGA Legislation"	the Taxation (Implementation) (International Tax Compliance) (United States of America) (Jersey) Regulations 2014
"Joint Bookrunners"	Deutsche Bank AG, London Branch, EFG Hermes Promoting and Underwriting and Citigroup Global Markets Limited
"Joint Global Co-ordinators"	Deutsche Bank AG, London Branch and EFG Hermes Promoting and Underwriting
"Jordan"	the Hashemite Kingdom of Jordan
"KPI"	key performance indicator
"KPI Award"	an award to Hena Holdings by IDG over a maximum of 332,118 Shares that vests by reference to performance during 2015
"Labor Law"	the Egyptian Labor Law No. 12 of 2003
"LIS"	Laboratory Information System
"Listing Rules"	the listing rules of the FCA made under section 74(4) of the FSMA
"LMS"	Life Medical Services, a company of which 40 per cent. of the share capital is owned by Dr. Hend El Sherbini (CEO and Executive Director of the Company) and Dr. Moamena Kamel (beneficial owner of Hena Holdings), of which Dr. El Sherbini serves on the board of directors, and which provides medical services to each of Al Borg and Al Mokhtabar on an arm's length basis
"London Stock Exchange" or "LSE"	London Stock Exchange plc
"MCDR"	Misr for Central Clearing, Depositary and Registry
"MDC"	Molecular Diagnostic Center, a subsidiary of Al Borg
"MENA Long-Term Value Fund"	MENA Long-Term Value Master Fund, L.P.
"MGC"	Medical Genetics Center, a subsidiary of Al Borg
"MoH"	the Egyptian Ministry of Health
"MoHE"	the Egyptian Ministry of Higher Education
"MOU"	the memorandum of understanding dated 27 November 2007 between Dr. Hend El Sherbini, Dr. Moamena Kamel and Al Muhaidib in respect of the proposed sale of 49 per cent. of Al Mokhtabar to Al Muhaidib
"Non-Core Subsidiaries"	all subsidiaries of the Group except Al Borg and Al Mokhtabar
"Non-Executive Directors"	the non-executive directors of the Company

"OFAC"	US Treasury Department's Office of Foreign Assets Control
"Offer Price"	the price at which each Share is to be sold pursuant to the Global Offer
"Official List"	the Official List of the FCA
"Over-allotment Option"	the option granted to the Stabilising Manager by the Over-allotment Shareholders to purchase, or procure purchasers for, up to 9,782,608 additional Shares as more particularly described in "*Details of the Offer*"
"Over-allotment Shareholders"	IDG and Hena Holdings
"Over-allotment Shares"	the Shares the subject of the Over-allotment Option
"PCAOB"	the Public Company Accounting Oversight Board (United States)
"PD Amending Directive"	Directive 2010/73/EU
"PFIC"	a passive foreign investment company for US federal income tax purposes
"pounds", "pounds sterling", "sterling", "GBP" or "£"	the lawful currency of the United Kingdom
"PPP"	public-private partnership
"PRA"	the Prudential Regulation Authority
"Principal Shareholders"	IDG, Actis (IDH) and Hena Holdings
"Prospectus"	the final prospectus approved by the FCA as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the FSMA
"Prospectus Directive"	the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.
"QEF"	qualified electing fund
"QIBs"	has the meaning given by Rule 144A
"Qualified Investors"	persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive
"Regulated Exchange"	a foreign exchange that is subject to supervision by an authority similar to the EFSA
"Regulation S"	Regulation S under the US Securities Act
"Relevant Member State"	each member state of the European Economic Area which has implemented the Prospectus Directive
"Revolution"	the revolution in Egypt in January 2011
"Rule 144"	Rule 144 under the US Securities Act
"Rule 144A"	Rule 144A under the US Securities Act
"SDRT"	stamp duty reserve tax
"Selling Shareholders"	IDG and Hena Holdings, the Shareholders who are selling Shares as part of the Global Offer

"Senior Management"	Dr. Hend El Sherbini, Tarek Hemida, Sherif El-Ghamrawi, Yasser Zaazou, Amr Al Ashkar, Dr. Mona Wassef, Dr. Seham Ibrahim, Dr. Amid Abdelnour, Mohamed Kamel Saleh and Dr. Osama Zaghloul
"Shareholders"	the holders of Shares in the capital of the Company
"Shares"	the ordinary shares of the Company, having the rights set out in the Articles
"SIA"	the Social Insurance Authority in Egypt
"Stabilising Manager"	Deutsche Bank AG, London Branch
"Sudan"	the Republic of the Sudan
"Surtax"	effective from the 2014 tax year, an additional five per cent. income tax in Egypt being levied temporarily for three years
"UAE"	the United Arab Emirates
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK-Jersey IGA"	an intergovernmental agreement between the UK and Jersey for the implementation of information exchange arrangements, based on FATCA
"UK Listing Authority"	the FCA in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of the FSMA
"Ultralab"	Sama Clinical Laboratory Company Ltd., one of the Group's Sudanese subsidiaries, which operates under the Ultralab brand name
"Underwriters"	Deutsche Bank AG, London Branch, EFG Hermes Promoting and Underwriting and Citigroup Global Markets Limited
"Underwriting Agreement"	the underwriting agreement entered into between the Company, the Directors, the Selling Shareholders and the Underwriters described in "*Additional Information—Underwriting arrangements*"
"United States" or "US"	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
"US dollar", "USD", "$" or "US$"	the lawful currency of the United States
"US Exchange Act"	United States Securities Exchange Act of 1934, as amended
"US GAAS"	auditing standards generally accepted in the United States
"US IGA"	an intergovernmental agreement between the US and Jersey to implement FATCA
"US Securities Act"	United States Securities Act of 1933, as amended

ANNEX I

FROST & SULLIVAN

50 Years of Growth, Innovation and Leadership

Independent Report on Clinical Laboratory Testing Services Market for an Initial Public Offering (IPO) in Egypt

A Frost & Sullivan Report

2014

A Frost & Sullivan White Paper

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The market research process for this study has been undertaken through detailed primary and secondary research, which involves discussing the status of the industry with leading industry participants and experts, and compiling inputs from publicly available sources, including official publications and research reports. The Expert Opinion Consensus Methodology has been used for the report. Quantitative market information is based primarily on such interviews and desk-based secondary research; therefore, making it subject to fluctuation.

Frost & Sullivan has taken all reasonable care to insure that the information contained in this report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

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Section 1: Socioeconomic and Demographic Indicators in Egypt

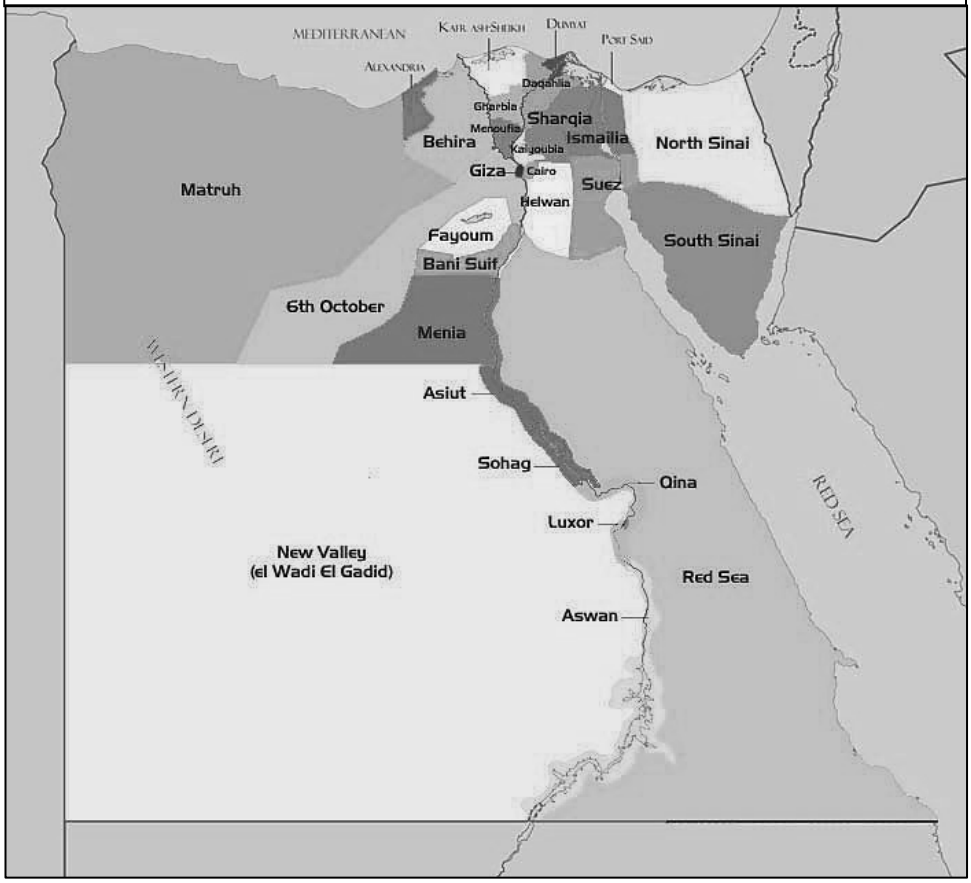
Section I: Overview of Socioeconomic and Demographic Indicators in Egypt

I. Geographical Overview

Egypt is located in the North-eastern corner of Africa, with the Mediterranean Sea on its North, the Gaza Strip, Israel, and the Red Sea on its East, Sudan on its South, and Libya on its West.

The country is divided into four main physical regions —the Nile Valley and Delta, the Western Desert, the Eastern Desert, and the Sinai Peninsula.

Exhibit 1.1: Administrative Map of Egypt



Source: Central Agency for Public Mobilization and Statistics (CAPMAS), Egypt

The Nile Valley and Delta region in Egypt is the most important region, it covers only about 5.5 per cent (35 000 sq. km) of the total area and supports 99 per cent of the country's population on its cultivated lands.

The rich, alluvial Nile valley, which extends approximately 800 km from Aswan to the outskirts of Cairo, is also known as Upper Egypt, while the Nile Delta, which covers approximately 22,000 sq. km, is known as Lower Egypt.

Administratively, Egypt is divided into 27 governorates (see exhibit 1.1). They are:

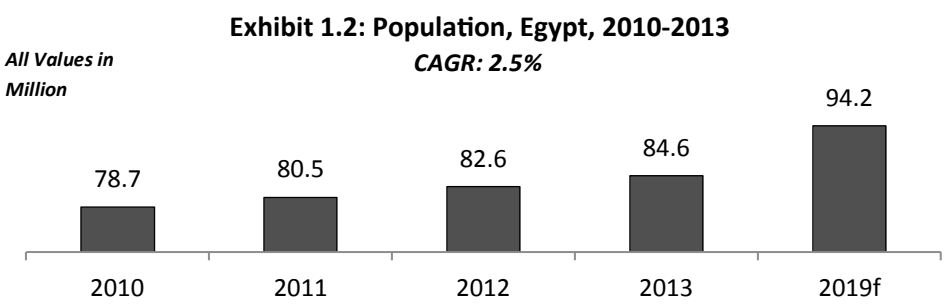
- Four city governorates (Alexandria, Cairo, Port Said, and Suez)
- Nine in Lower Egypt (in the Nile Delta region)

- Nine in Upper Egypt along the Nile River from Cairo to Aswan
- Five frontier governorates covering Sinai and the deserts that lie on west and east of the Nile.

II. Population of Egypt

One of the most populous countries in the Middle East, Egypt's population has grown at a compound annual growth rate (CAGR) of 2.5 per cent between 2010 and 2013 to reach 84.6 million as per the mid-year estimates published by CAPMAS, Egypt. Although, there has been improvement in control of population in the country, the overpopulation creates pressure on economic resources leading to social disparities.

Exhibit 1.2: Population, Egypt, 2010-2013



Source: CAPMAS-Egypt mid-year estimates-2014, 2019 data from IMF, Frost & Sullivan Analysis

According to an another estimate by the Department of Economic and Social Affairs of the United Nations on population size based on a variety of birth rate scenarios, even if Egypt succeeded in pursuing a low birth rate scenario, its population would be reaching 100 million people in 2036 and up to 105 million by 2050. At a high birth rate scenario, the population would exceed 100 million by 2025.

Population by Region

The top regions by population base are Nile Delta and Upper Egypt comprising 85 per cent of the total population of Egypt, followed by Cairo and Alexandria. The top regions by growth in population between 2010 and 2013 are Suez Canal, Upper Egypt, and Sinai Peninsula.

Exhibit 1.3: Population by Regions in Million, Egypt, 2010-2013

Regions	2010	2011	2012	2013	CAGR 2010-13	2013 % Contribution	Key Governorates / Areas
Alexandria	4.4	4.5	4.6	4.7	2.2%	5.5	Alexandria City
Cairo	8.5	8.7	8.8	9.0	1.9%	10.6	Cairo City
Nile Delta	33.4	34.2	35.0	35.9	2.4%	42.4	Sharkia, Dakahlia, Behera, Kalyoubia, Gharbia
Sinai Peninsula	0.5	0.5	0.6	0.6	6.3%	0.7	North Sinai
Suez Canal	1.6	1.6	1.7	1.7	2.0%	2.0	Ismailia
Upper Egypt	29.4	30.1	31.0	31.8	2.7%	37.6	Giza, Menia, Suhag, Asyout, Fayoum
Others	0.9	0.9	0.9	1.0	3.6%	1.1	East, Northeast, and Southwest

Source: CAPMAS-Egypt-2014, Frost & Sullivan Analysis

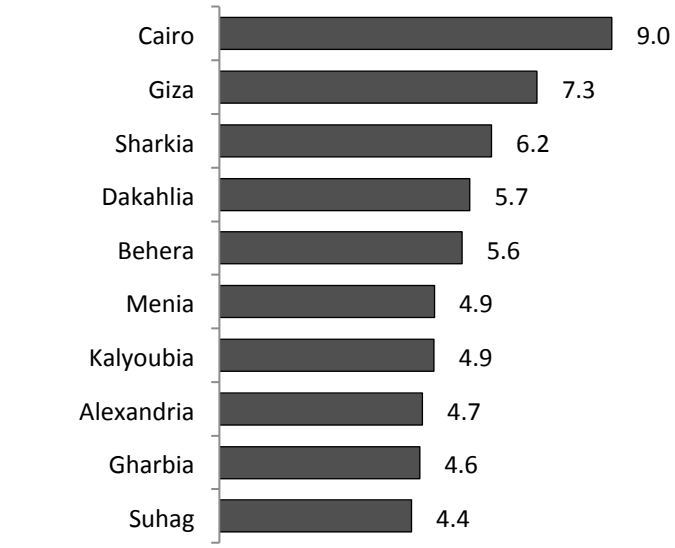
The key cities by population are Cairo, Giza, and Sharkia with population of 9.0, 7.3, 6.2 million, respectively, and their contribution to total population as of 2013 is 10.6, 8.6, and 7.4 per cent, respectively.

Population by Governorates

Within the Delta region, Sharkia, Dakahlia, Behera, Kalyoubia, and Gharbia governorates contribute to 75 per cent of the total region's population and 32 per cent Egypt's total population. The region's fertile soil suitable for agriculture is the reason behind its high population, which is diverse and includes fishermen from the North coast.

Within Upper Egypt, which is the second most populated region, the key governorates are Giza, Menia, Suhag, Asyout, and Fayoum, which contribute to 74 per cent of the total region's population and 28 per cent Egypt's total population. Giza is the most populated governorate with ~23 per cent of the total population of Upper Egypt.

Exhibit 1.4: Population By Top Governorates, Egypt, 2013



Source: CAPMAS-Egypt-2014, Frost & Sullivan Analysis

Urbanisation Trend

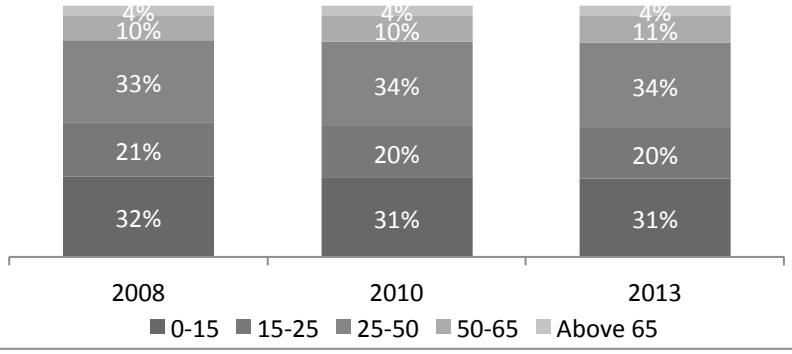
Egypt has witnessed a large shift in urbanisation in the past 50 years. According to the Central Intelligence Agency (CIA), approximately 43.5 per cent of the total population of Egypt is urbanised, as of 2011. The population of key cities in Egypt are growing fast with an annual growth rate of 1.5-1.8 per cent over the past five years. The urban population component in Egypt has increased rapidly (~4 per cent annually) than that of the total population, fuelled by diversification and industrialisation. Major cities like Cairo and Alexandria are the key destinations that the rural population of Egypt seek for migration. This has led to availability of ample workforce and labour for businesses and industries; thus enhancing the overall economy.

However, this urbanisation in Egypt has led to many negative effects as well. The cities mentioned are built on the banks of river Nile with soil rich in nutrients and minerals and urbanisation is gradually converting this rich agricultural land in a jungle of skyscrapers and other concrete establishments.

Population by Age Group

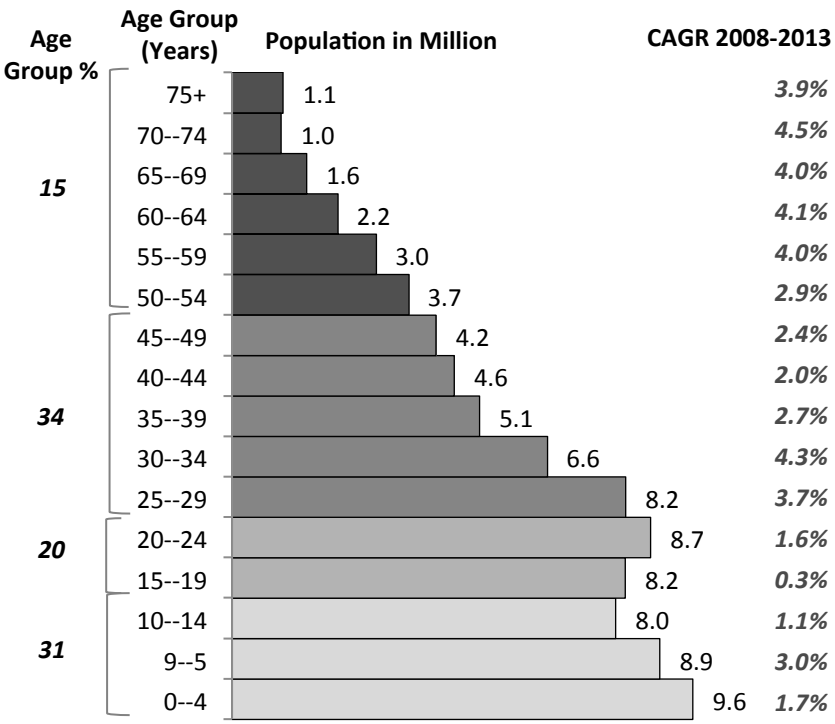
As of 2013, 31 per cent of Egypt's population comprised those in the age group of 0-15 years; the 25-30 years age group constituted 34 per cent. Between 2008 and 2013, 2.1 million people were added to the ageing population base of those above 50 years, showing a growth of 3.1 per cent.

Exhibit 1.5: Population By Broad Age Groups (Years), Egypt, 2008-2013



Source: CAPMAS Egypt-2014, Frost & Sullivan Analysis

Exhibit 1.6: Age Group-wise Population, Egypt, 2013



Source: CAPMAS Egypt-2014, Frost & Sullivan Analysis

This represents the growing potential of Egypt in terms of earning capacity and economic growth. The elderly population (65+ years of age) represents 4.3 per cent of the total population.

There has been an increase in the earning population in the age group 25-50 years by 3.2 per cent between 2008 and 2013 showing positive aspects for the economy. However, there has been an increase in the elderly population in the age group of 50-65 years by 3.6 per cent and above 65 years of age by 4.1 per cent.

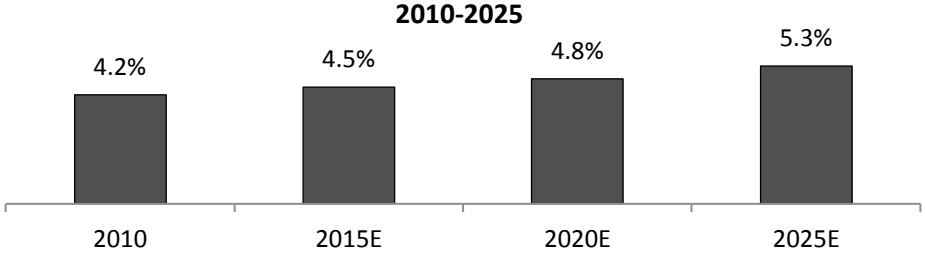
Population by Gender

The male population contributes to 51 per cent of the total population.

Per Cent of Population above 65 years of Age Projections – Egypt:

The ageing population base in Egypt is expected to increase in future with the contribution of population above 65 years to the total population increasing by 0.6 to 1 per cent in next 5 to 10 years.

Exhibit 1.7: Per Cent of population above 65 years age, Egypt, 2010-2025



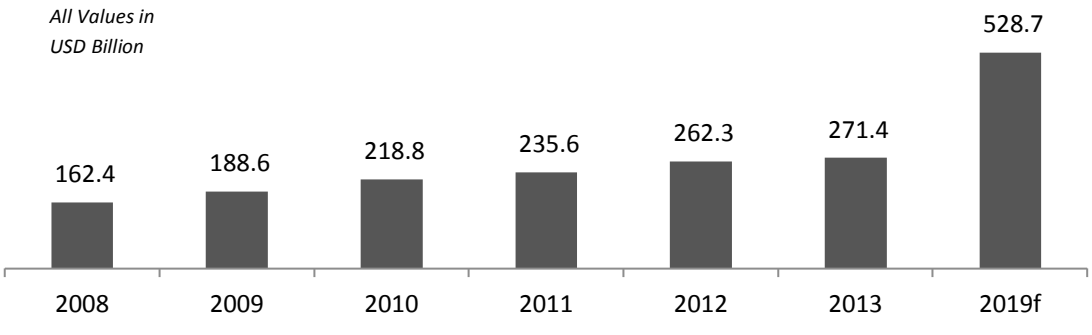
Source: Data from 2010 to 2013 from CAPMAS; total population data post 2013 from IMF and Frost & Sullivan

III. Gross Domestic Product (GDP): Egypt

Egypt's economy is largely dependent on petro-chemical exports to European nations. The country has healthy trade relations with African nations, the Middle East countries, and the European Union (EU) members. Egypt is a member of the Arab League and the World Trade Organization (WTO). Egypt's economic growth has been fuelled by its significant bilateral relations with several EU nations and the United States (US).

The GDP of Egypt grew steadily at a CAGR of 10.8 per cent in five years between 2008 and 2013, reaching United States Dollar (USD) 271 billion in 2013 from USD 162 billion in 2008. Going further, the GDP of the country is expected to grow at a rate of 11.8 per cent per annum to reach approximately USD 529 billion by 2019.

Exhibit 1.8: Gross Domestic Product Evolution, Egypt, 2008-2013, 2019



Source: IMF, Frost & Sullivan Analysis

Egypt has shown a higher GDP growth rate between 2008 and 2013 compared to the Levant[1] countries at 6.2 per cent (excluding Palestine and Syria) and the countries under the Organisation for Economic Co-operation and Development (OECD)[2] at 1.2 per cent. Countries in the Gulf Cooperation Council (GCC)[3] also have a lesser combined average growth in their GDP at 6.7 per cent between 2008 and 2013.

However, post 2011 there has been economic disarray due to political uncertainties and constraints that prevented the Government of Egypt (GoE), mainly constituted by the Supreme Council of the Armed Forces (SCAF), and the former president (Hosni Mubarak) from focusing on the economy.

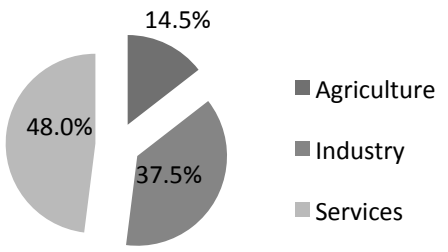
However, in late 2013, the Government committed to boost the economy by formulating an economic plan containing four main elements:

- Tackling energy and input shortages that had seriously constrained industrial production
- Introducing a fiscal stimulus to increase consumption and employment
- Increasing the minimum wage to assist low earners and, thereby, raising consumption and reducing income inequality
- Improving the external imbalances and building up foreign exchange reserves; thereby reducing the pressure on exchange rate

GDP Composition by Sector of Origin

In the overall economy, the service sector's contribution to the total GDP has been highest (48 per cent), followed by the industrial sector and the agriculture sector. The service sector is also the highest employment generator in the country, with approximately 47 per cent of the total labour force employed in this sector.

Exhibit 1.9: GDP Composition by Sectors, Egypt, 2013e



Source: CIA Egypt Fact Book-2014

The industrial sector employs 24 per cent of the total available workforce in the country. From agriculture point of view, the country has been a good producer of cotton, rice, corn, wheat, and beans amongst others. The sector employs approximately 29 per cent of the total workforce present in Egypt, as of 2011. The key industries boosting the economy of Egypt are textiles, food processing, tourism, chemicals, pharmaceuticals, hydrocarbons, construction, cement, metals, and light manufactures.

[1] Levant countries include Cyprus, Israel, Jordan, Lebanon, Palestine and Syria.

[2] OECD countries include Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States

[3] GCC countries include The United Arab Emirates (UAE), The Kingdom of Saudi Arabia (KSA), The Kingdom of Bahrain (Bahrain), The State of Kuwait (Kuwait), The State of Qatar (Qatar) and The Sultanate of Oman (Oman)

Foreign Trade in Egypt

The Egyptian economy is dependent on foreign trade and has been one of the major contributors to world trade from the Middle East and North Africa (MENA). The Egyptian economy essentially relies on tourism, revenue from the Suez Canal, revenue from private transfers, and the export of oil and gas. Services contribute lesser as compared to goods in both exports and imports.

As of 2013, WTO figures reflect that the total size of export in Egypt stood at USD 47.3 billion as compared to imports, which stood at USD 74.6 billion. Imports and exports grew by 6.6 percent and 1.6 per cent between 2009 and 2013, respectively.

Exhibit 1.10: Exports and Imports in USD Billion By Goods and Services, Egypt, 2009-2013

Foreign Trade Indicators	CAGR (2009-13)	2009	2010	2011	2012	2013
Imports of Goods	7.2%	44.9	52.9	58.9	69.2	59.3
Imports of Services	4.7%	12.7	12.9	13.1	15.5	15.3
Total Imports	**6.6%**	**57.7**	**65.9**	**72.0**	**84.7**	**74.6**
Exports of Goods	5.0%	23.0	26.4	30.5	29.3	28.0
Exports of Services	(2.5%)	21.3	23.6	19.0	21.3	19.2
Total Exports	**1.6%**	**44.3**	**50.0**	**49.5**	**50.7**	**47.2**

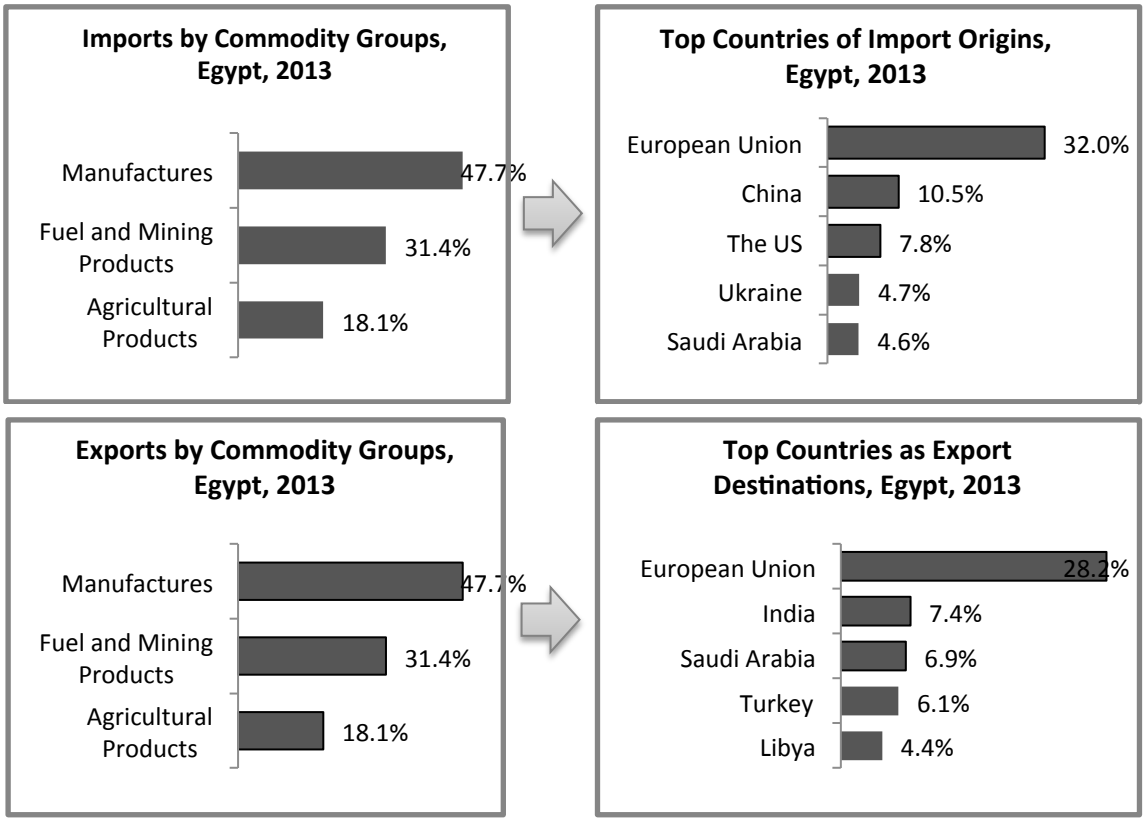
Source: WTO Country Profiles' Egypt-2014

Exports and imports of Egypt have seen lot of changes in between 2009 and 2013. The overall percentage of change in exports and imports show a decrease between 2012 and 2013 by 12 per cent and 3 per cent, respectively. The main factor for the decrease is the recent political turmoil in the country.

Share of Main Commodity Groups Exported and Imported

The manufacturing sector has been the highest contributor to the overall imports and exports in the country. The European Union and the US have been long-time partners for exports and imports mainly due to petro-chemical related products. The top products exported by Egypt are crude petroleum, petroleum gas, refined petroleum, gold, and nitrogenous fertilisers. The top products imported by Egypt are refined petroleum, wheat, crude petroleum, semi-finished iron, and petroleum gas.

Exhibit 1.11: Imports and Exports in percentage by Commodity Groups and Top Countries, Egypt, 2013

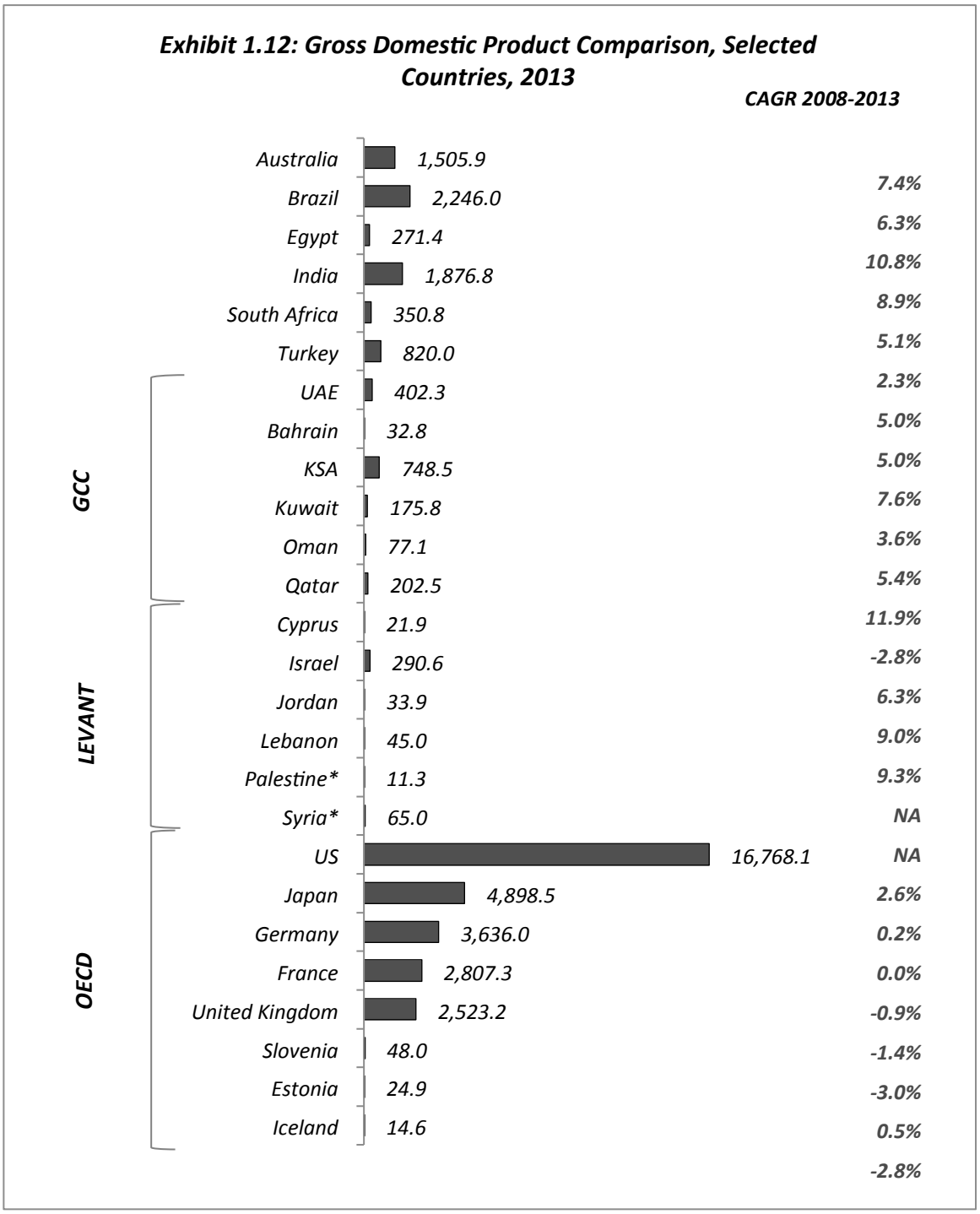


Source: WTO Country Profiles' Egypt-2014

IV. Gross Domestic Product Comparison

The GDP at current prices[4] is compared with other selected countries to understand the economic standing of Egypt (Exhibit: 1.12).

Exhibit 1.12: Gross Domestic Product Comparison, Selected Countries, 2013



**Values shown for Palestine and Syria are for 2012*

Source: IMF-2014, Frost & Sullivan Analysis

[4] GDP at current prices is GDP at prices of the current reporting period, it is also known as the nominal GDP.

According to International Monetary Fund (IMF) estimates, the GDP of Egypt was approximately USD 271 billion in 2013. Developed countries like the United States had a high GDP of approximately USD 16,768 billion and countries like Brazil and India had a GDP of approximately USD 2,246 billion and USD 1,876 billion, respectively.

Countries in the GCC: Apart from KSA and UAE, the GDP of Egypt is better than Bahrain, Kuwait, Qatar, and Oman.

Countries in the Levant: The Levant, also known as the Eastern Mediterranean, is a geographic and cultural region consisting of the "eastern Mediterranean littoral between Anatolia and Egypt". The region currently consists of Cyprus, Israel, Jordan, Lebanon, Palestine, Syria, and part of southern Turkey. Amongst these countries, the GDP of Egypt can be compared to those of Israel, which is highest in the Levant at approximately USD 291 billion as of 2013, and Palestine Territory had the lowest GDP in the Levant.

Countries in the OECD: The OECD is an international economic organisation founded in 1961 to stimulate economic progress and world trade. There are 34 countries in the OECD as of 2014 and further enlargement of the group is in progress. The countries in the OECD are:

Exhibit 1.13: Listed Countries in the OECD, 2014				
Australia	Austria	Belgium	Canada	Chile
Czech Republic	Denmark	Estonia	Finland	France
Germany	Greece	Hungary	Iceland	Ireland
Israel	Italy	Japan	Korea	Luxembourg
Mexico	Netherlands	New Zealand	Norway	Poland
Portugal	Slovakia	Slovenia	Spain	Sweden
Switzerland	Turkey	United Kingdom	USA	

Source: Website of the OECD 2014

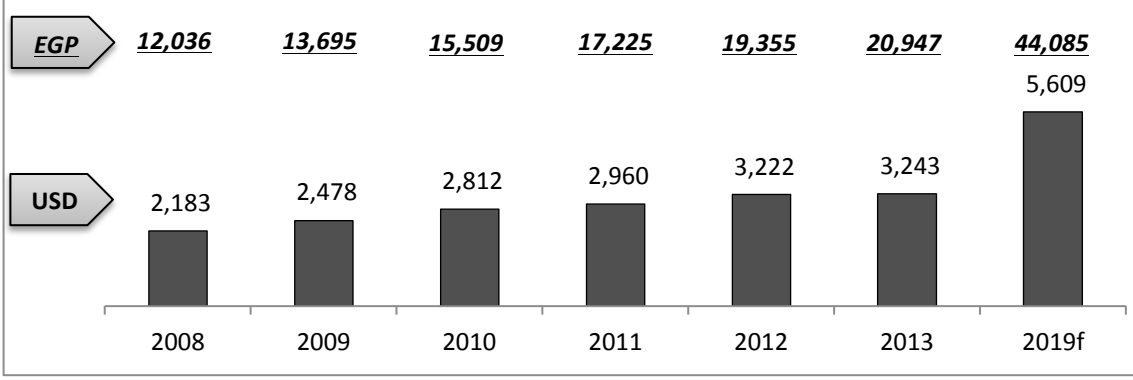
Out of these 34 countries, Australia, Turkey, and the US have already been considered for comparison in other groups of selected countries and Israel has been discussed as part of the Levant.

The countries having the highest GDP in the OECD are Japan, Germany, France, and the UK with approximately USD 4,899, 3,636, 2,807 and 2,523 billion, respectively. Countries like Slovenia, Estonia, and Iceland have rank lowest in the OECD with approximate GDP of USD 48, 25, and 15 billion, respectively. As of 2013, GDP of Egypt is better than 12 countries in the OECD, namely, Finland, Greece, Ireland, Portugal, Czech Republic, New Zealand, Hungary, Slovak Republic, Luxembourg, Slovenia, Estonia, and Iceland. The Egyptian GDP grew at higher rates in comparison to any of the countries in the OECD between 2009 and 2013.

V. Gross Domestic Product Per Capita: Egypt

The GDP per capita for Egypt grew at a CAGR of 8.2 per cent between 2008 and 2013 to reach USD 3,243 (EGP 20,947) in 2013 from USD 2,183 (EGP 12,036) in 2008. As per IMF estimates, the GDP per capita of Egypt is expected to grow at a rate of 9.6 per cent to reach approximately USD 5,609 (EGP 44,085) by 2019.

Exhibit 1.14: GDP Per Capita, Egypt, 2008-2013, 2019



Source: IMF, Frost & Sullivan Analysis

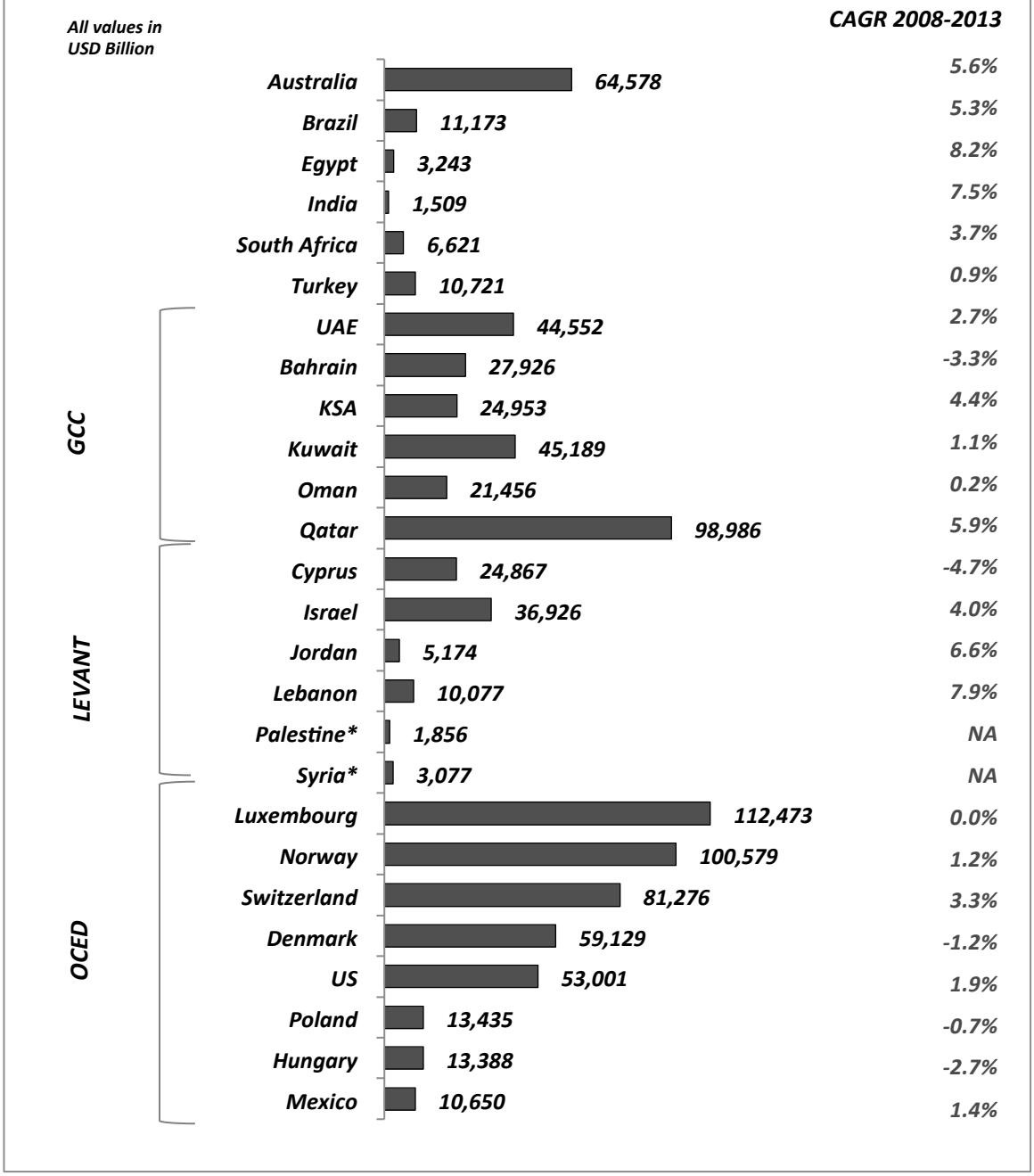
Egypt had a higher GDP per capita growth between 2008 and 2013 as compared to selected counties in the Levant with 1.2[5] per cent growth rate (excluding Palestine and Syria) and the countries in the OECD at approximately 0.02 per cent. Countries in the GCC also showed a lesser per capita GDP growth (2.7 per cent) than Egypt between 2008 and 2013.

[5] CAGR shown for the average of the GDP per capita in selected countries of the region

VI. Gross Domestic Product Per Capita Comparison

The GDP Per Capita at current prices is compared with other selected countries (Exhibit: 1.15).

Exhibit 1.15: GDP Per Capita Comparison, Selected Countries, 2013



**Values shown for Palestine and Syria are for 2012*

Source: IMF-2014, Frost & Sullivan Analysis

According to IMF estimates, the GDP per capita of Egypt was approximately USD 3,243 in 2013. Developed countries like the United States and Australia have a high GDP per capita of approximately USD 53,000 and 64,578, respectively. Countries like the UAE and Brazil have approximately USD 44,550 and 11,170, respectively. India has a GDP per capita of USD 1,509.

Countries in the GCC: Amongst the countries in the GCC, Qatar had a very high GDP per capita of approximately USD 98,986 in 2013, while Kuwait had approximately USD 45,190. As of 2013, Egypt has comparatively less GDP per capita as compared to these countries.

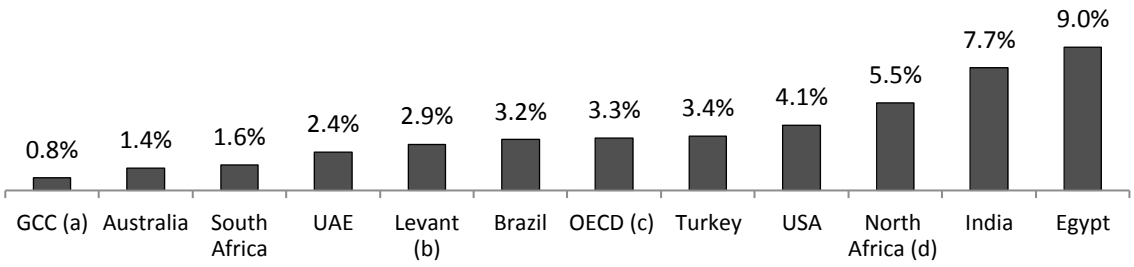
Countries in the Levant: Amongst the countries in this region, Israel has the highest GDP per capita of approximately USD 36,926 and Jordan is on lower side with approximately USD 5,174. Amongst these countries, GDP per capita of Egypt is comparative to that of Syria, which had value of USD 3,077 in 2013.

Countries in the OECD: Countries like Luxembourg, Norway, and Switzerland had the highest GDP per capita of approximately USD 112,470, 100,580, and 81,276 in 2013, respectively. Poland, Hungary, and Mexico have low GDP per capita of approximately USD 13,435, 13,390, and 10,650, respectively. The GDP per capita of Egypt is lesser than the countries in the OECD but the growth has been higher in comparison to any of these countries between 2008 and 2013.

GDP Per Capita Growth Rate Projections (2013 to 2018E):

The Egyptian market is expected to show a higher growth in its GDP per capita between 2013 and 2018, when compared to other selected countries and regions.

Exhibit 1.16: GDP per Capita CAGR Comparison, 2013A-18E

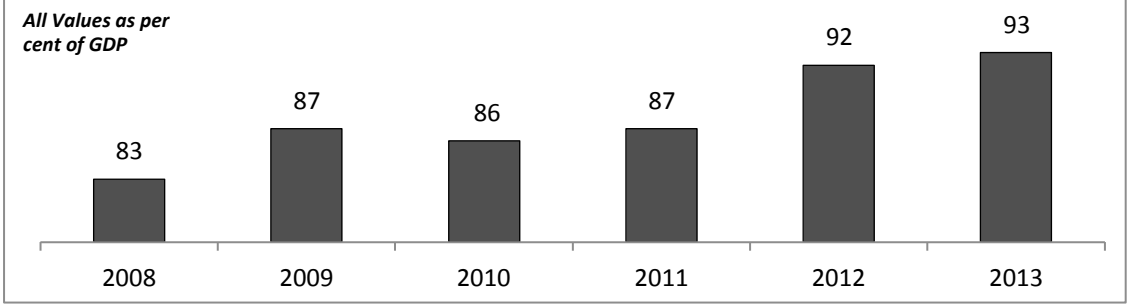


Note: (a) GCC includes average of Bahrain, Kuwait, Oman, Qatar, KSA and UAE
(b) North Africa includes average of Algeria, Libya, Morocco, Sudan and Tunisia
(c) Levant includes average of Cyprus, Israel, Jordan and Lebanon
(d) OECD includes average of Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, South Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, UK, US
Source: IMF; Frost & Sullivan

VII. Consumer Expenditure: Egypt

Driven by its fast growing population, consumer expenditure in Egypt has grown by approximately 2.3 per cent between 2008 and 2013. The rising consumer expenditure in Egypt could be easily accessed from the fact that the consumption by the population in 2013 made up around 93 per cent of its GDP.

Exhibit 1.17: Final Consumption Expenditure, Egypt, 2008-2013



Source: IMF, Frost & Sullivan Analysis

The Household Consumption Expenditure (*all goods and services, including durable products such as cars, washing machines, and home computers) holds a significant share in the consumption expenditure in Egypt over the Government Consumption Expenditure. It grew at a CAGR of 2.5 per cent between 2008 and 2013 against the Government Consumption Expenditure, which grew at a CAGR of 1.5 per cent between 2008 and 2013.

As compared to the MENA, the consumption expenditure in Egypt has been considerably higher showing growth since 2010 unlike the MENA with a decline since 2010.

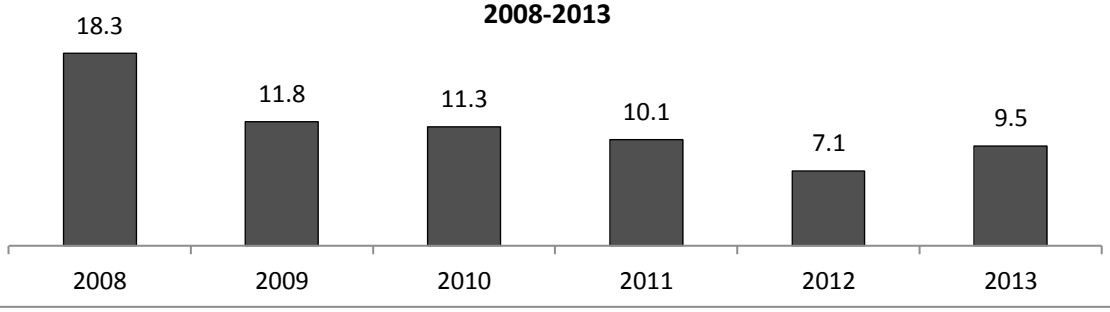
Recent trends of Household Expenditure in Egypt:

- With the increase in the minimum wages by the Government in January 2014 to USD 168 (Egyptian Pound (EGP) 1,200) from USD 98 (EGP 700), the household consumption is likely to increase in the coming years and consequently the economic growth is likely to grow.
- With a constant rise in the population, the household expenditure has seen significant growth in the recent years.
- As in most developing countries, food dominates the consumer expenditure and is expected to grow.

Inflation Rates

Inflation of consumer prices in Egypt has shown improvement in between 2008 and 2012, even though the inflation rates are higher in Egypt compared to other key countries in the GCC and the Levant. Increase in fuel and electricity prices have raised prices of other commodities and contributed to the rise in inflation. As of 2014, the urban consumer price index has hit highest rates compared to 2008.

Exhibit 1.18: Consumer Price Index in Anuual percentage, Egypt, 2008-2013



Source: CAPMAS, World Bank Data on Inflation' Egypt-2014, Frost & Sullivan Analysis

The main reason for the increasing inflation rates post 2012 is the low value of the Egyptian pound, which has severely pushed up prices of local products. The rise in the price of the dollar has led to an increase in the prices of imported products, especially since Egypt imports about 80 per cent of its needs.

Section 2: Overview of the Egyptian Healthcare Services System

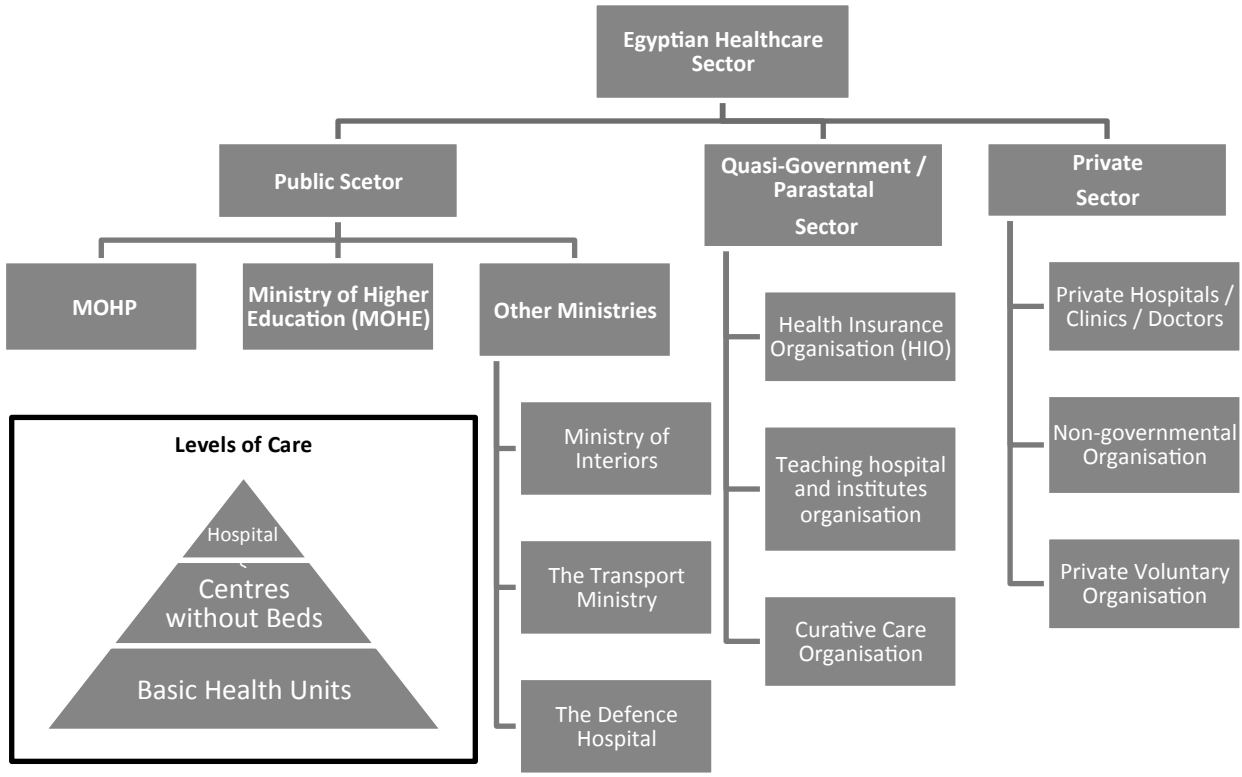
Section 2: Overview of Egyptian Healthcare Service System

I. Healthcare System Structure

The healthcare system of Egypt is discrete with multiple stakeholders playing co-ordinated role at various levels. Broadly, the ownership by provider type can be divided into the public and the private sector. Under the public health system, the Ministry of Health and Population (MOHP) has a major role to play with its own health facilities and those owned by the Semi Government (parastatal) sector. Apart from these two, there are other ministries like Interiors, Transport and Defence which have their own health facilities.

The dominant private sector of Egypt also follows the regulations laid by MOHP and has presence at all the levels of healthcare.

Exhibit 2.1: Healthcare System Structure, Egypt



Source: Healthcare System Egypt USAID-2020, NHA Egypt-2008-09, CAPMAS, Frost & Sullivan Analysis

Public Healthcare System Structure:

The public healthcare structure, as explained in the above exhibit, has various components to it, which are:

- **MOHP:** The MOHP is the supreme provider of healthcare services in Egypt, providing healthcare at all levels including primary, preventive, and curative. It provides services via a network of general hospitals, district hospitals, specialty hospitals, and primary healthcare centres (PHC). It also acts as the policy making body and lays down the regulatory framework of healthcare services in Egypt.

- **MOHE:** The MOHE looks after promotion of higher medical education in Egypt with its own university hospitals, which provide primary, secondary, and tertiary levels of care services.

- **Other Ministries:** Besides the MOHP, there are healthcare facilities provided by other ministries such as Interiors, Transportation, and Defence, which are targeted towards providing healthcare to their employees and dependents.

    - The Ministry of Interiors, with nearly 1,368 beds, is one of the most important operating health facilities for Police and Prison population.
    - The Transport Ministry operates two hospitals with 400 beds for railway employees.
    - The Ministry of Defence operates health facilities for the armed forces.

- **The Parastatal Sector**: It comprises the quasi-governmental organisation supported directly by the government through the MOHP. The sector has various independent bodies with health facilities aiming at different levels of healthcare needs of patients and they also have different sources of financing. They also have varied business intentions. These organisations are:

    - **Autonomous Bodies acting under the MOHP:** Health facilities under these bodies provide services to patients of HIO, MOHP, private firms, public firms as well as the private households.

        - **Teaching Hospitals and Institute Organisation**: It provides services at primary, secondary and tertiary levels of healthcare through General hospitals and research institutes. Majority of the services offered by them are free of cost. The THIO depends for its finance on Ministry of Finance, MOHP, private firms, international donors, and out-of-pocket spend by households.

        - **Curative Care Organisation:** It provides free emergency services under the contract with the Government of Egypt (GoE). It runs independently on non-profit basis and reinvests the surplus revenue for service improvement. It receives funding from HIO and MOHP contracts, private companies, and out-of-pocket spend by individuals.

    - **HIO:** Established in 1964, it is an independent governmental organisation running under the MOHP. This organisation is the primary provider of health insurance in Egypt. The HIO raises funds via premiums and co-payments from households. The HIO was created as the umbrella organisation that would provide all Egyptians with insurance and care. Today, it covers only government employees and schoolchildren. As per the latest available data of 2010, the HIO had its own network of 37 hospitals, 600 clinics, 78 work-related injury centres, 34 general practitioners committee, and thousands of school clinics. The insurance network outsources / had empanelment with 640 hospitals and 1,141 outpatient clinics.

Private Healthcare System Structure:

The private sector healthcare delivery system comprises clinics, medical centres, pharmacies, and hospitals. The private sector is well established for long in Egypt, with more facilities concentrated in major governorates and cities. It has presence at all levels of care of the healthcare sector of Egypt. The private sector of Egypt faces a challenge in terms of a large unorganised market.

There are a few other organisations, which are also included under the private sector; they are the Non-governmental Organisation (NGO) and Private Voluntary Organisation. Private Voluntary Organisations are the religiously affiliated clinics and charitable organisations of private ownership.

For ease of clarity, the following sections will enunciate the infrastructure in two broad categories of public and private healthcare at tertiary, secondary, and primary level of care.

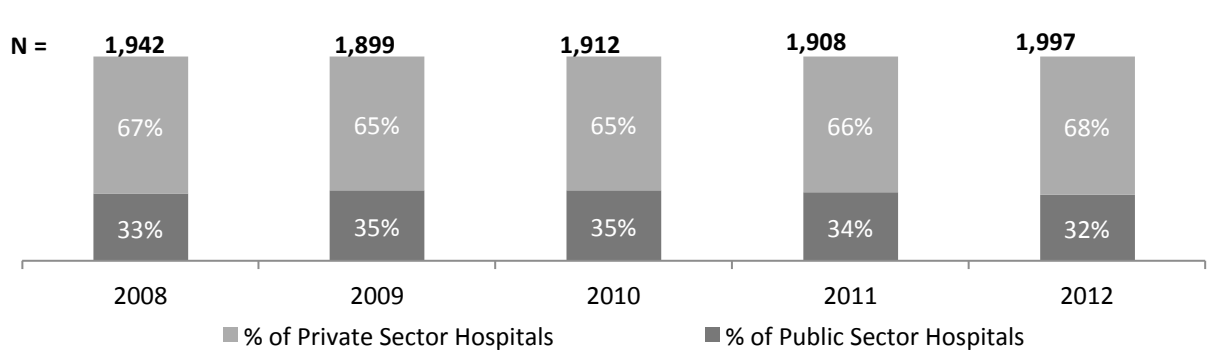
II. Healthcare Infrastructure by Level of Care

Quaternary / Tertiary Care:

The top most level of the healthcare value chain in Egypt is composed of quaternary and tertiary care services provided by hospitals and university hospitals, which are owned and operated by the public as well as the private sector.

As of 2012, Egypt had 1,997 hospitals in the public and the private sector together; the number of hospitals grew at a CAGR of 0.7 per cent between 2008 and 2012.

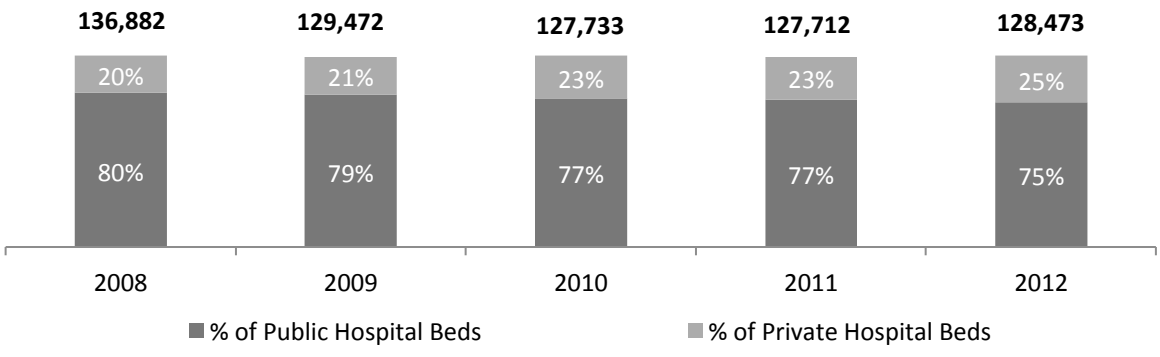
Exhibit 2.2: Number of Hospitals by Public and Private Sector, Egypt, 2008-2012



Source: CAPMAS-2014, Frost & Sullivan Analysis

The number of hospitals in the private sector has increased from 1,305 in 2008 to 1,351 in 2012, marking a 0.9 per cent growth. However, despite the number of hospitals being low in the public sector, it had a major share in hospital beds at 75 per cent of the total hospital beds available in Egypt as of 2012. This is attributed to the large size district hospitals and university hospitals run by the Government.

Exhibit 2.3: Number of Hospital Beds by Public and Private Sector, Egypt, 2008-2012



Source: CAPMAS-2014, Frost & Sullivan Analysis

The total number of hospital beds in the private sector grew from 26,814 in 2008 to 31,653 in 2012, marking a 4.2 per cent growth. The increased share of private hospital beds out of total available in Egypt, is also because of the decrease in public hospital beds between 2008 and 2012 (see exhibit 2.3).

Cairo (24 per cent) and Giza (11 per cent) comprise 35 per cent of the total number of hospitals in Egypt as of 2012. Other governorates with high concentration of the hospitals are Dakahlia (9 per cent) and Alexandria (7 per cent). Private sector hospitals are also more in these four governorates (see exhibit 2.4).

Cairo, Alexandria, Giza, and Dakahlia contribute to 48 per cent of the total hospital beds available in Egypt. The average beds per hospital in Cairo, Giza, and Alexandria stood at 67, 40, and 85, respectively, which signify that there are many small to medium level of facilities in Cairo and Giza (see exhibit 2.5).

Exhibit 2.4: Top Governorates by Number of Hospitals, Egypt, 2012

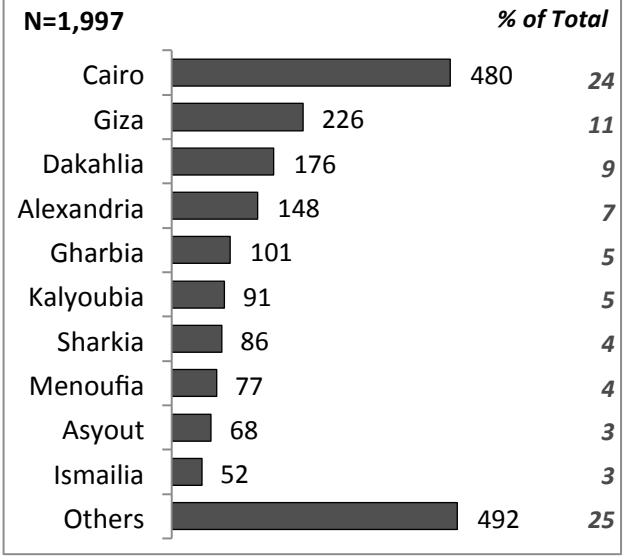
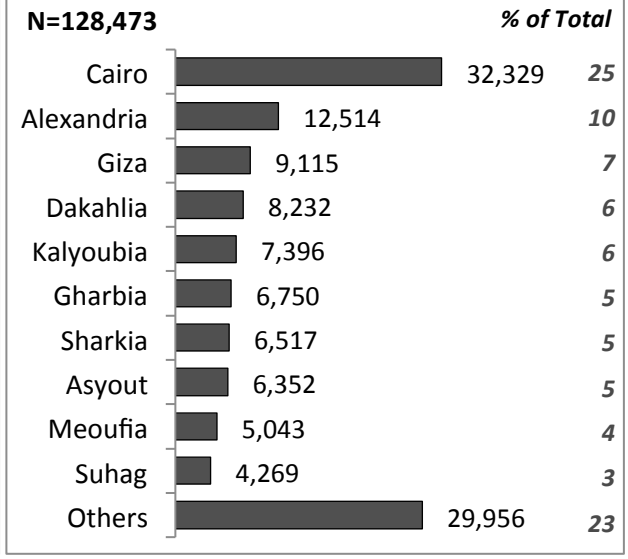


Exhibit 2.5: Top Governorates by Number of Hospital Beds, Egypt, 2012

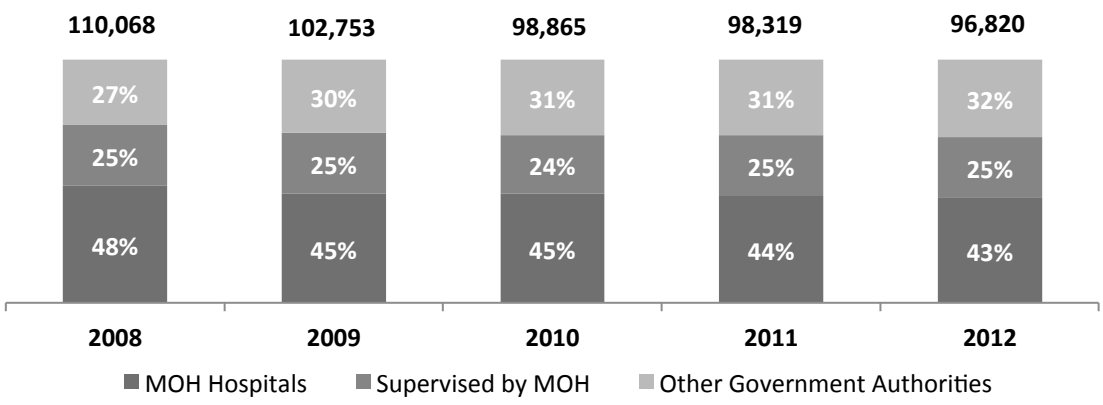


Source: CAPMAS-2014, Frost & Sullivan Analysis

Quaternary / Tertiary Care in the Public Sector

The public hospitals are owned directly by the MOHP, other ministries, and organisations, which are a part of the parastatal sector such as the HIO, THO, and CCO. The MOHP operates its own hospitals and acts as a controlling or supervisory body to the other institutions operating their hospitals. Although, the number of public hospital beds has seen a decrease over the years, the bed distribution in the public sector by type of institutions owned and supervised by the MOHP are explained in exhibit 2.6.

Exhibit 2.6: Distribution of Public Hospital Beds, Egypt, 2008-2012



Source: CAPMAS-2014

The health facilities supervised by the MOH are Specialised Medical Centres, Psychiatric Hospitals, Educational Hospitals and Institutes, Government Health Insurance Hospitals, and the Medical Authority. The other Government authorities' health facilities include University hospitals, Police and Prison Hospitals, Railway Hospitals, and other facilities by other ministries.

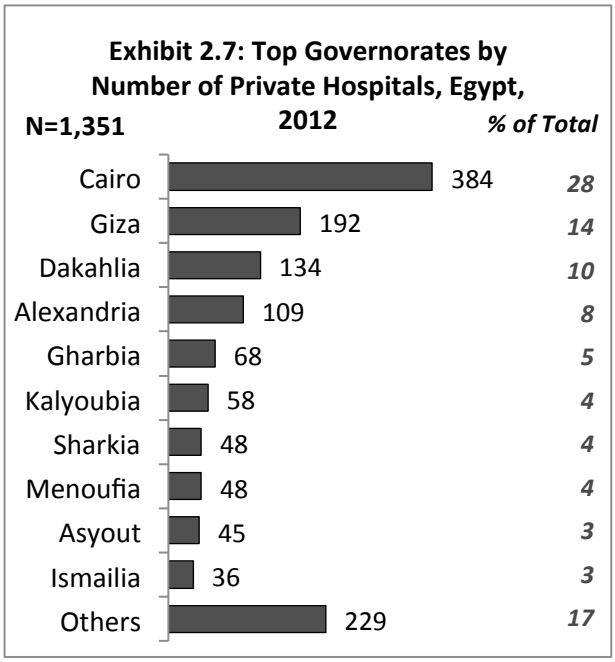
Cairo has 96 hospitals, making it the most concentrated city by number of public hospitals, followed by Dakahlia, Alexandria, and Sharkia at 42, 39, and 38 hospitals, respectively, out of 646 public hospitals in Egypt, as of 2012.

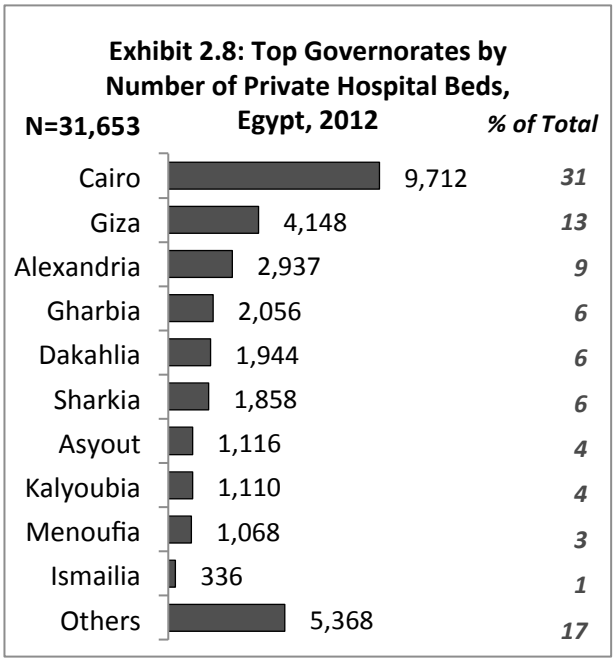
University hospital beds and beds in the MOHP hospitals form a major share at 71 per cent of total public hospital beds in Egypt. According to concentration of public beds, Cairo, Alexandria, Dakahlia, and Kalyoubia are the top four governorates. The Cairo governorate houses approximately 22,617 beds, which is 23 per cent of the total 96,820 public beds available in Egypt, as of 2012.

Quaternary / Tertiary Care in the Private Sector

The private sector in Egypt has a network of general to specialised hospitals from small and medium to large-scale capacity in nature. The private sector holds a major share in the healthcare system with ~1,351 hospitals (~68 per cent of the total number of hospitals) in 2012.

The concentration of private hospitals is comparatively higher in the governorates like Cairo, Giza, Dakahlia, and Alexandria. Together, these four governorates contain ~60 per cent of the total private hospitals in Egypt (see exhibit 2.7).





Source: CAPMAS-2014, Frost & Sullivan Analysis

Cairo has the maximum concentration of private hospital beds. As of 2012, the top four governorates of Cairo, Giza, Alexandria, and Gharbia accounted to 60 per cent of the total private hospital beds available in Egypt (see exhibit 2.8).

The average number of beds per hospital in the private sector is between 20 and 40 in key governorates. Cairo, Giza, Alexandria, and Dakahlia has 25, 22, 27, and 15 beds per hospital, respectively, which further signifies that the majority of health facilities in the private sector are small to medium scale in nature.

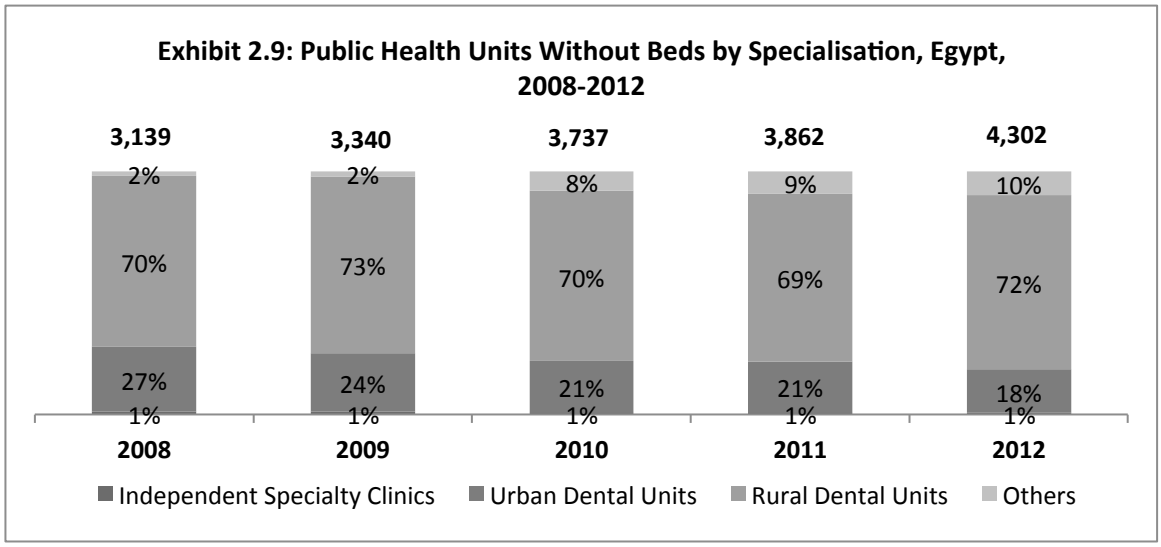
In the private sector, some of the well-known hospitals are Al Salam International Hospital, Magrabi Hospital, Dar Al Fouad Hospital, International Medical Centre, Nile Badrawi Hospital, Dar El Oyoun Eye Institution, Miami Private Hospital, and Victoria Hospital.

Secondary / Primary Care:

Secondary and Primary Level of Care in the Public Sector:

The MOHP is the key provider of Secondary and Primary healthcare services in Egypt. It provides services via a network of specialised clinics dealing with various diseases. There are primary health centres (PHC) / clinics run by other bodies like parastatal organisation (THO, HIO and CCO).

The secondary level of care by the public sector can be broadly categorised into independent specialty clinics, urban dental units, rural dental units, and others, comprising pre-marriage check-up clinics and medical committees (see exhibit 2.9).



Source: CAPMAS-2014

In 2012, there were about 4,300 health services units operated by the public sector. There has been more focus on the dental services by the public sector always in both rural and urban areas, with about 90 per cent of the clinics offering dental services, as of 2012 (see exhibit 2.9).

At the primary level of care, there are about 5,200 Basic Health Unit operated by the Government and other Government bodies. The GoE has a strong focus on delivering health services to the rural areas with maximum addition of basic healthcare units over the past few years (see exhibit 2.10). During 2008-2012, there has been an addition of ~260 new basic healthcare units in these areas. On the contrary, the urban healthcare centres have seen a decline in numbers by ~250 over 2008-2012.

Exhibit 2.10: Number of Basic Healthcare Units, Egypt, 2008-2012

Sector	Year				
	2008	2009	2010	2011	2012
Health Offices (Small Clinics)	324	322	315	314	329
District Clinics (Comprehensive)	105	109	77	74	90
Motherhood and Childhood Care Centres	175	178	162	156	149
Urban Health Centers	342	343	208	154	91
Health Care Units (Medicine)	-	-	229	294	359
Basic Care Units in Rural Areas	3,983	3,996	4,112	4,144	4,245
Total	**4,929**	**4,948**	**5,103**	**5,136**	**5,263**

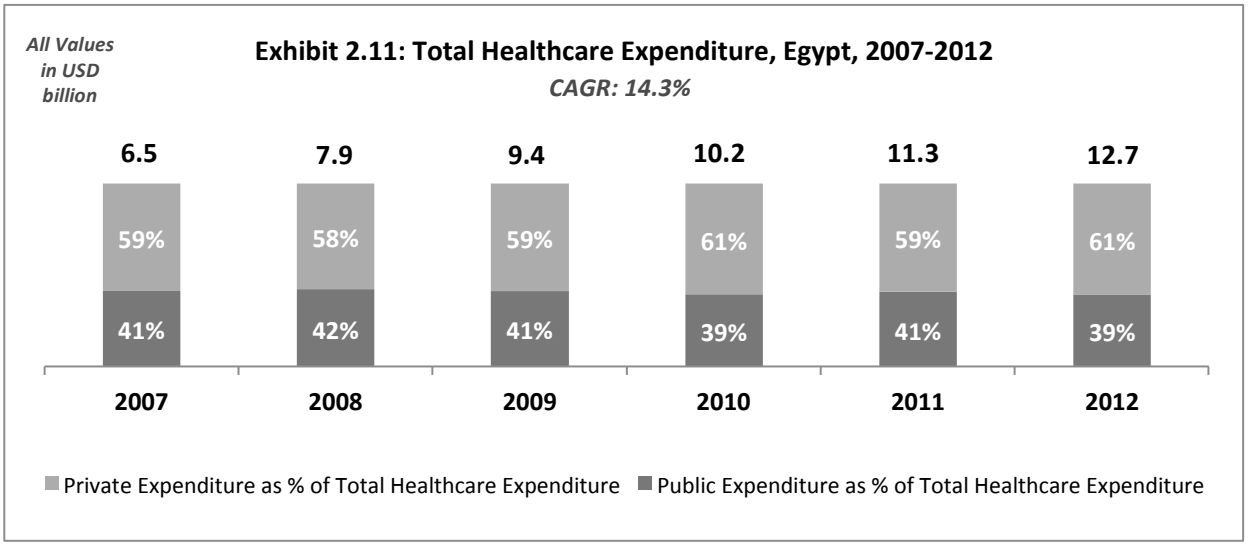
Source: CAPMAS-2014

Secondary and Primary Level of Care in the Private Sector:

To fulfil primary healthcare needs, the people of Egypt heavily rely upon private doctors and clinics. Amongst all the healthcare facilities across the public and private healthcare sectors, private doctors (also denoted as 'Office of Physicians') cater to the maximum number of patients. Besides the private doctors, there are clinics run by NGOs) preferred for primary care in private sector. The private sector has medical centres, clinics, laboratories, blood banks, diagnostic centres, and day surgery centres, apart from a network of hospitals. There is a huge unaccounted base of unorganised private sector market at all levels of care and facility type in Egypt.

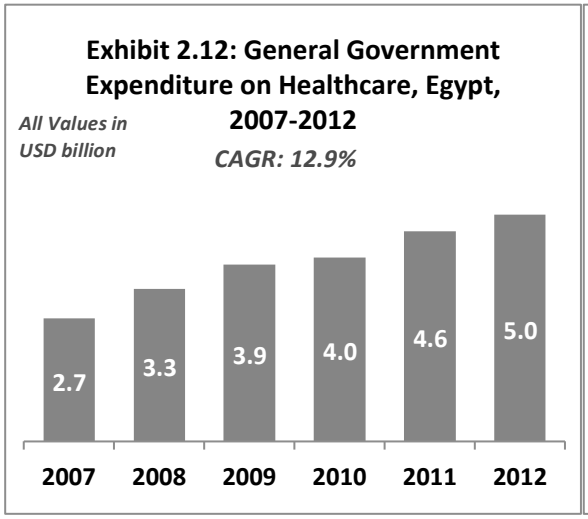
III. Healthcare Expenditure: Egypt

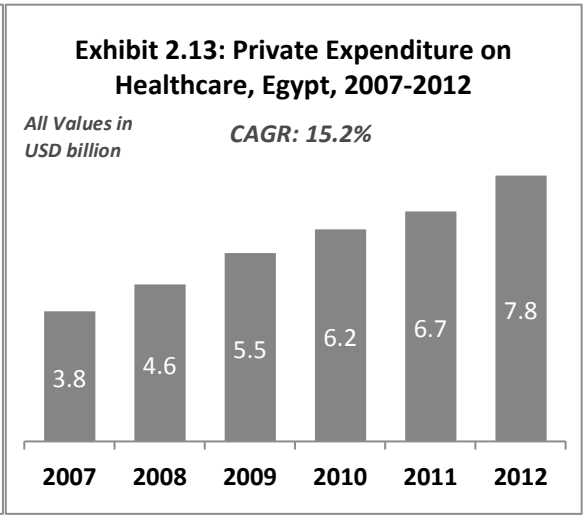
The expenditure on healthcare in Egypt stood at USD 12.7 billion, at a CAGR of 14.3 per cent between 2007 and 2012. The healthcare expenditure stood at 5.0 per cent of the GDP as of 2012, which was 4.9 per cent in year 2007.



Source: WHO, Frost & Sullivan Analysis

Public expenditure on healthcare is low compared to private expenditure; it stood at USD 5 billion and USD 7.8 billion as of 2012, respectively. Over the years, the share of contribution by the Government on healthcare expenditure has been decreasing with increase in private expenditure.





Source: WHO, Frost & Sullivan Analysis

The public and private expenditure on healthcare grew at a CAGR of 12.9 per cent and 15.2 per cent between 2007 and 2012, respectively. There has been no substantial increase in Government budgets for healthcare; therefore, contribution by the Government is slowly decreasing in the overall healthcare expenditure scenario.

Egypt has pluralistic and complex financing mechanisms, which are tax-based financing, health insurance, and fee for service through OOP expenditures.

As of 2012, private expenditure on healthcare is largely contributed by OOP expenses, while contribution by private insurance and private non-profit institutions is very low at 2-3 per cent.

Exhibit 2.14: Private Sector Expenditure Contribution by Sources, Egypt, 2012

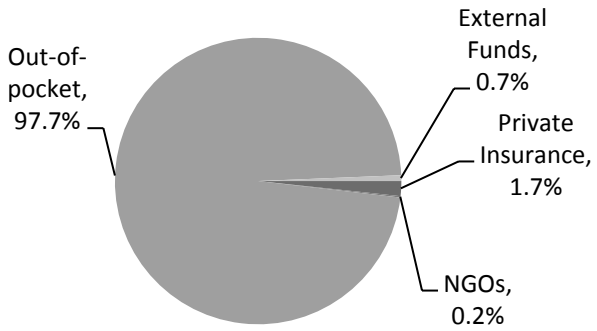
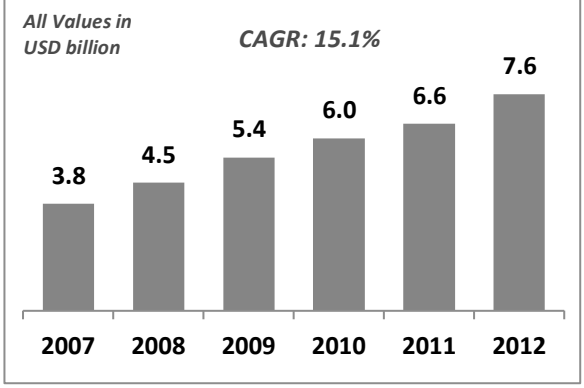


Exhibit 2.15: Out-of-Pocket Expenditure on Healthcare, Egypt, 2007-2012



Source: WHO, Frost & Sullivan Analysis

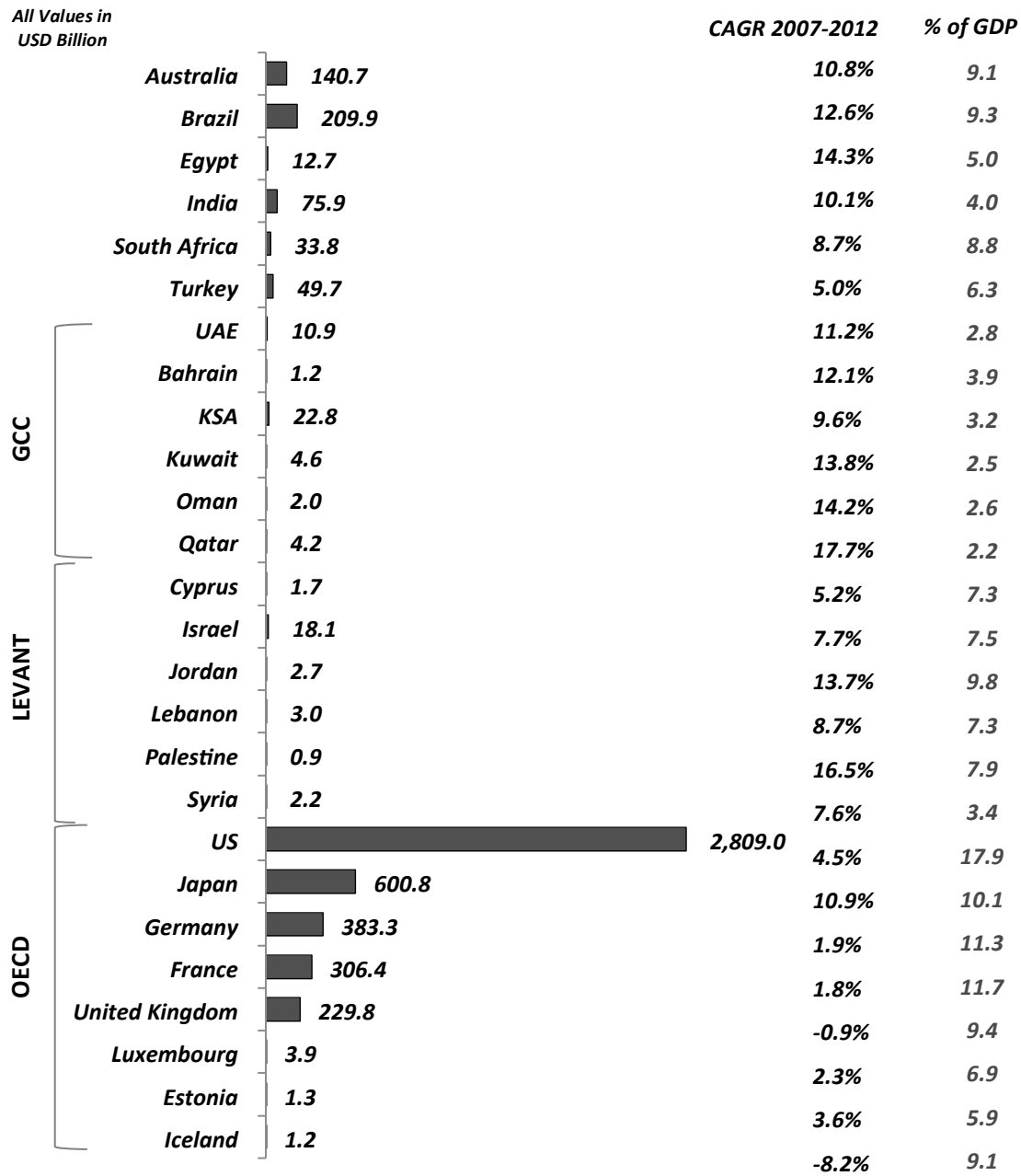
Out-of-pocket expenditure, being the major driver of healthcare expenditure, grew at 15.1 per cent between 2007 and 2012 contributing to almost 97.4 per cent of the total private expenditure in Egypt.

The contribution of out-of-pocket expenditure to the total healthcare expenditure has grown from 58 per cent to 60 per cent between 2007 and 2012.

The percentage of out-of-pocket expenditure spending for healthcare in Egypt is very high while Government expenditure is steadily decreasing, along with minimal private insurance presence in the country, burdening private households by these costs. This private money spent on healthcare, however, does not grant unlimited access to high quality services. Most of the funding in the Egyptian healthcare system comes from and is spent in private sector based systems — a trend that is likely to increase in future. The Government has some discrete plans on universal coverage to control the increasing burden of cost.

IV. Healthcare Expenditure Comparison

Exhibit 2.16: Healthcare Expenditure, Selected Countries, 2012



Source: WHO National Health Accounts-2014, Frost & Sullivan Analysis

Egypt had a higher growth in total healthcare expenditure at 14.3 per cent between 2007 and 2012 as compared to countries in the Levant with combined growth rate of 8.4 per cent and OECD countries, which has a low growth of approximately 4.3 per cent.

According to WHO national health accounts, the healthcare expenditure of Egypt stood at USD 12.7 billion in 2012, and is much lower when compared to those of developed countries like the United States, Brazil, and Australia, which stood at USD 2,800, 210, and 141 billion, respectively.

Countries in the GCC: The healthcare expenditure of Egypt is higher than most of the countries in GCC like UAE, Bahrain, Kuwait, Oman, and Qatar, which have expenditure in the order of USD 10.9, 1.2, 4.6, 2, and 4.2 billion, respectively. As of 2012, healthcare expenditure in KSA was almost double as compared to Egypt at USD 23 billion.

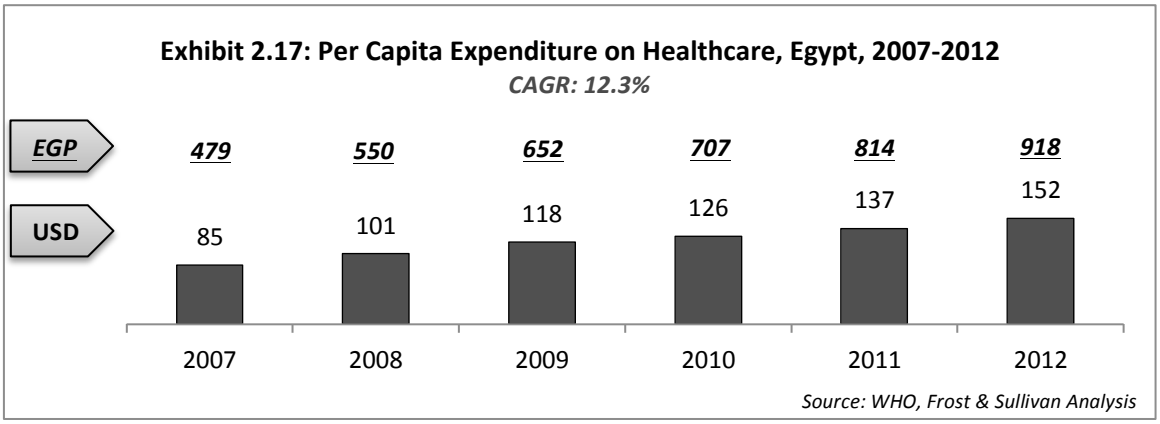
Countries in the Levant: Amongst all the countries in the Levant, Israel had the highest healthcare expenditure at USD 18 billion in 2012, followed by other countries which had a low spending on healthcare (between USD 1 to 3 billion).

Countries in the OECD: The top countries in terms of healthcare expenditure in the OECD are the US, Japan, Germany, France, and the United Kingdom at USD 2,809, 600, 383, 306, and 230 billion, respectively. Luxembourg, Estonia, and Iceland had the lowest expenditure amongst the countries in OECD with USD 4, 1.3, and 1.2 billion, respectively. As of 2012, the total expenditure on healthcare of Egypt was better than six countries in the OECD —Hungary, Slovak Republic, Slovenia, Luxembourg, Estonia, and Iceland.

V. Per Capita Healthcare Expenditure: Egypt

The per capita expenditure on health in Egypt grew 1.5 times between 2007 and 2012. The per capita expenditure on health stood at USD 152 (EGP 918) in 2012, marking a CAGR of 12.3 per cent between 2007 and 2012.

Exhibit 2.17: Per Capita Expenditure on Healthcare, Egypt, 2007-2012



Source: WHO, Frost & Sullivan Analysis

Egypt has a lower per capita expenditure on health as compared to countries of the GCC, the Levant, and the OECD. This is mainly attributed to the country's huge population and high fertility rates.

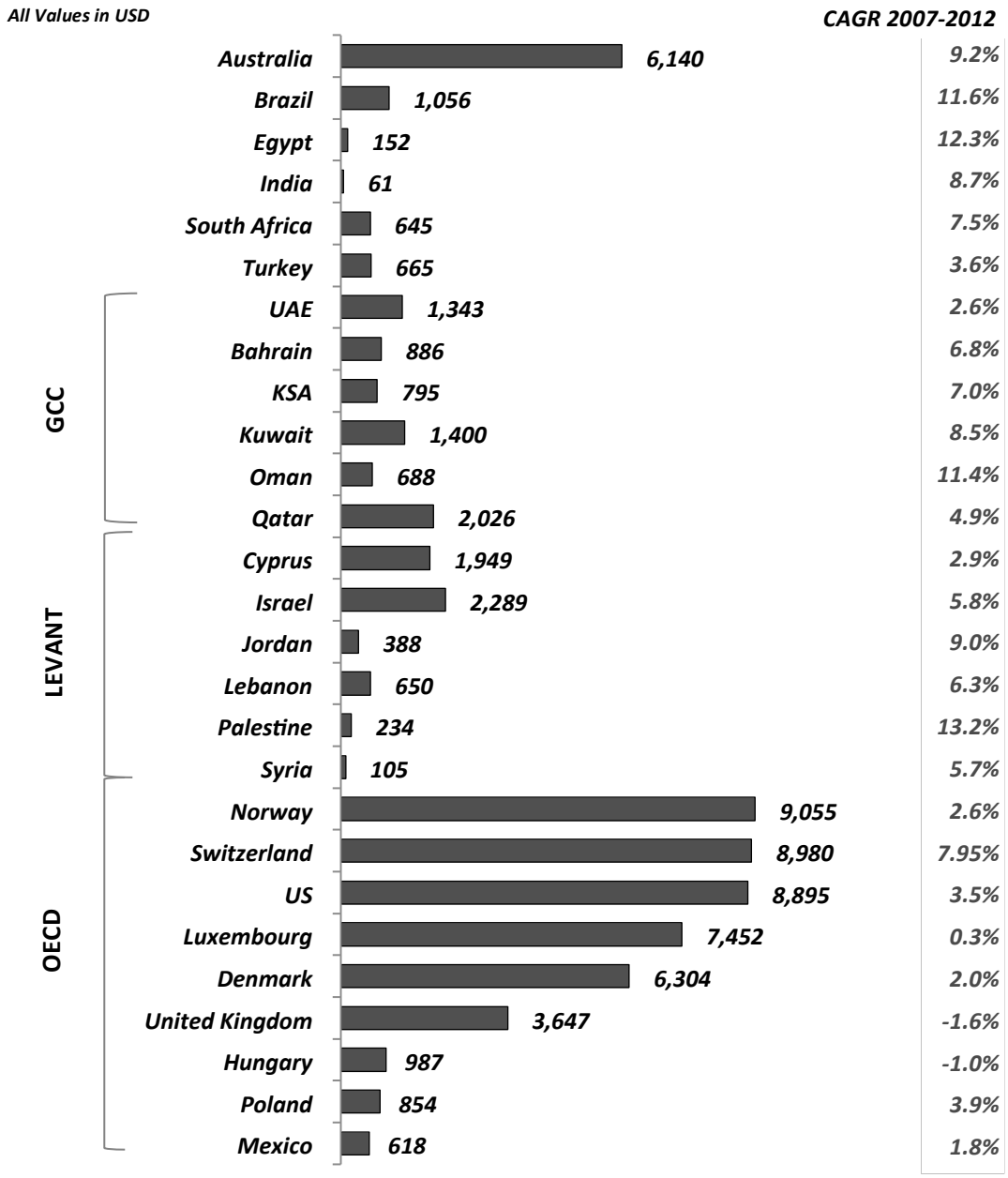
The growth in per capita healthcare expenditure of Egypt (12.3 per cent) is higher as compared to the countries in the GCC, the Levant, and the OECD at 6.1 per cent, 5.2 per cent, and 2.3 per cent, respectively between 2007 and 2012.

VI. Per Capita Healthcare Expenditure Comparison

According to the WHO National Health accounts, per capita healthcare expenditure of Egypt was approximately USD 152 in 2012 (see exhibit: 2.18). Some countries like the United States and Australia had high per capita expenditure in order of USD 8,895 and 6,140, respectively. Egypt has higher per capita healthcare expenditure than India, which is USD 61. Amongst the countries in the GCC, Qatar has a very high per capita healthcare expenditure of approximately USD 2,000, while Kuwait's approximately USD 1,400 is high too.

Amongst the countries in the Levant, Israel has the highest per capita spending on healthcare at USD 2,289, while Palestine and Syria had the lower spending per capita at USD 234 and USD 105, respectively. Amongst the countries in the OECD, Norway, Switzerland, the US, Luxembourg, and Denmark had a high per capita expenditure on health and countries like Hungary, Poland, and Mexico stood at lowest per capita spend, as of 2012.

Exhibit 2.18: Per Capita Healthcare Expenditure, Selected Countries, 2012

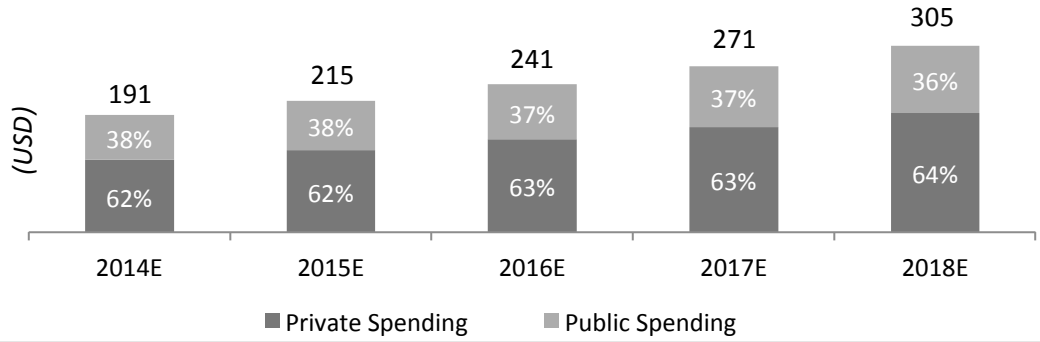


Source: WHO National Health Accounts-2014, Frost & Sullivan Analysis

Per Capita Healthcare Expenditure Projection – Egypt (2014E-2018E):

The healthcare expenditure per capita of Egypt is expected to reach USD 305 by 2018 as compared to USD 191 in 2014, with a CAGR of 12.4 per cent between 2014 and 2018. Private expenditure is expected to grow at a CAGR of 13.2 per cent as compared 11.0 per cent in public expenditure between 2014 and 2018.

Exhibit 2.19: Per Capita Healthcare Expenditure, Egypt, 2014 - 2018

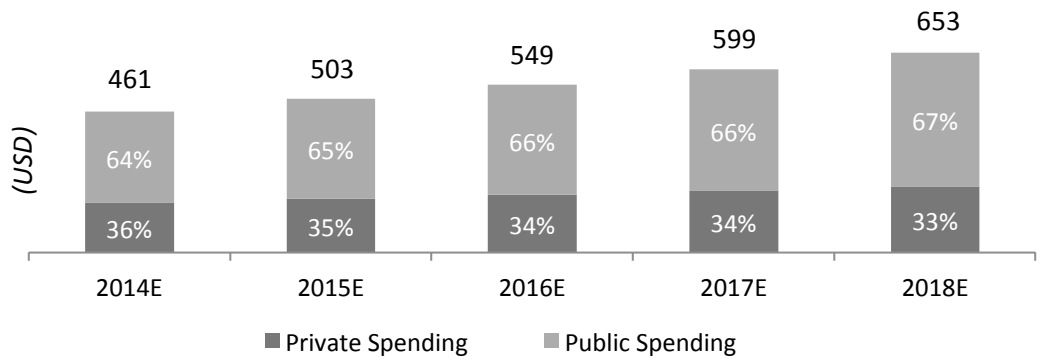


Source: CAPMAS Egypt, WHO, Frost & Sullivan Analysis

Per Capita Healthcare Expenditure Projection – Jordan (2014E-2018E):

The healthcare expenditure per capita of Jordan is expected to reach USD 653 by 2018 as compared to USD 461 in 2014, with a CAGR of 9.1 per cent between 2014 and 2018. Private expenditure is expected to grow at a CAGR of 7.1 per cent as compared 10.1 per cent in public expenditure between 2014 and 2018.

Exhibit 2.20: Per Capita Healthcare Expenditure, Jordan, 2014 - 2018

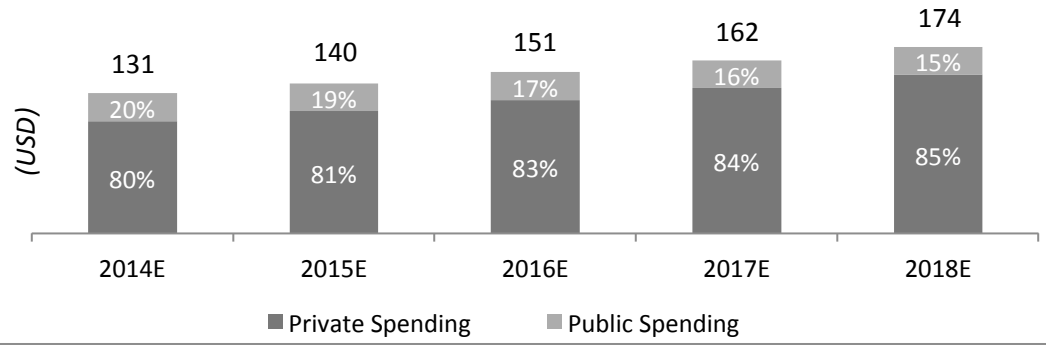


Source: WHO, Frost & Sullivan Analysis

Per Capita Healthcare Expenditure Projections – Sudan (2014E-2018E):

The healthcare expenditure per capita of Sudan is expected to reach USD 174 by 2018 as compared to USD 131 in 2014, with a CAGR of 7.3 per cent between 2014 and 2018. Private expenditure is expected to grow at a CAGR of 7.4 per cent as compared -0.9 per cent in public expenditure between 2014 and 2018.

Exhibit 2.21: Per Capita Healthcare Expenditure, Sudan, 2014 - 2018



Source: WHO, Frost & Sullivan Analysis

VII. Health Insurance System

Overall Insurance Scenario:

The insurance premiums collected in Egypt in 2012 were USD 1.8 billion and it saw a growth of 6.1 per cent over the previous year.

Exhibit 2.22: Insurance Scenario, Egypt, 2012	
Insurance Regulator	Egyptian Financial Supervisory Authority (EFSA)
Insurance Association	Insurance Federation of Egypt (IFE)
Total Number of Insurers / Reinsurers	29 (19 in Non-life segment)
Life Premiums Collected	USD 785 million
Non-Life Premiums Collected	USD 1,033 million
Insurance Density	USD 21.7
Insurance Penetration	0.73%
Top Five Companies by Net Premiums in USD Million, 2012	
Misr Insurance	0.27
Misr Life	0.22
Allianz Life	0.12
MetLife Alico	0.11
Commercial International Life	0.07

Source: MENA Insurance Review Report-AIG-2013, Swiss Re sigma No 3/20

The insurance sector has suffered huge losses since the outbreak of the 2011 revolution (Arab Spring), most of which are from property damages due to increased rates of violence and rioting.

Insurance Sector Comparison with Selected Countries:

The non-life segment majorly contributed (85 per cent) to the USD 44.1-billion insurance market of the MENA in 2012. The penetration of insurance in the MENA as a share of GDP was 1.5 per cent in 2012 and the premium per capita stood at USD 306.

The five countries with higher premium collections than that of Egypt are Turkey, Iran, KSA, UAE, and Morocco. At 1.0 billion premiums of non-life segment in Egypt in 2012, the country lags behind other countries in the MENA such as Turkey, Iran, KSA, UAE, Morocco, Qatar, and Algeria (see exhibit 2.23).

The insurance market of Egypt was pegged at USD 1.8 billion in 2012, which marked a growth of 6.1 per cent over the previous year. The non-life segment contributes more to the total sector at 57 per cent; both the life and non-life segments grew at same rate of 6.1 between 2011 and 2012. Health insurance contributes approximately 11-12 per cent of the non-life segment. The penetration of insurance as a share of GDP was 0.73 per cent in 2012 and the premium per capita was USD 21.7.

Exhibit 2.23: Insurance Sector Comparison with Selected Countries, 2012						
	Premiums		Non-Life		Insurance Penetration (Premiums as % of GDP	Insurance Density (Premiums per capita in USD)
Region / Countries	Total Premiums (USD Million)	% growth over Previous Year	Contribution to total Premiums Collected	Growth in %		
Turkey	10,882	8.0	84%	7.9	1.4	145.9
Iran	8,222	0.7	92%	0.7	1.7	108.8
UAE	7,190	10.4	80%	9.8	2.0	1,464.2
KSA	5,455	10.5	96%	11.2	0.8	190.2
Qatar	1,300	8.6	96%	8.6	0.6	695.9
Lebanon	1,295	4.0	71%	3.7	2.9	301.9
Kuwait	970	18.5	81%	18.5	0.5	337.1
Oman	762	4.1	84%	4.1	1.0	263.6
Jordan	659	7.2	91%	7.2	2.1	102.5
Bahrain	627	9.6	77%	9.6	2.0	449.6
Morocco	2,857	(2.5)	67%	(2.5)	3.0	87.6
Egypt	1,818	6.1	57%	6.1	0.7	21.7
Algeria	1,250	5.2	93%	6.0	0.7	34.3
Tunisia	816	(2.4)	85%	(2.4)	1.8	76.3
MENA	44,103	6.2	84%	6.2	1.5	305.7
Asia (including Japan)	1,346,223	5.3	29%	7.8	5.7	321.7
Africa	71,891	3.8	31%	(1.2)	3.7	67.3
Europe	1,535,176	(5.6)	43%	(4.1)	6.7	1,724.4

Source: MENA Insurance Review Report-AIG-2013, Swiss Re sigma No 3/20

Health Insurance Introduction:

The healthcare system in Egypt is dynamic and involves great complexity, which incorporates both the public and private sectors of the health insurance market. There are few providers of health insurance in Egypt and penetration rates remain lower in comparison with Brazil, Turkey, Tunisia, Iran, and Jordan, countries with penetration above 85 per cent of its total population.

Insurance from the Health Insurance Organisation (HIO) covers 54.4 per cent of the total population. Apart from the basic Government health insurance by the HIO, another 1.3 per cent is enrolled in private health insurance schemes and the remaining 44.3 per cent of Egyptians have no health insurance at all.

Health Insurance Structure:

Public Health Insurance: The main insurance provider in Egypt is the HIO. It was established in 1964 with the intention of providing social health insurance to formal workers and extending coverage to the whole population. Besides its function as a social health insurance body, the HIO is an important provider of health services through its own network of facilities.

- **Beneficiaries:** The beneficiaries of the HIO are Government employees, public and private sector employees, students, widows, pensioners, and new-borns. Most of the people not covered by the HIO belong to low-income groups. Coverage rates across regions vary considerably because of different population structures in the regions. In 2010, about 35 million Egyptians were covered by public medical insurance, which grew to 45 million by 2012.

  The introduction of new regulations like the insurance schemes for students and pre-school children caused a considerable extension of the HIO coverage. Therefore, most of the insured under HIO are children followed by Government employees. Widows are covered under a separate programme, but do not make premium payments. Small co-payments are required from some workers, but these are quite small when compared to the benefits provided.

- **Network:** Apart from its own health facilities network, the HIO also had tie-ups with 640 hospitals and 1,141 clinics in Egypt in 2012.

- **Funding:** Although the HIO operates as an insurance agency, in practice, its annual expenditures are greater than its income from premiums. Consequently, it receives ad hoc subsidies from the GoE so that it pays unpaid creditors, and occasionally for capital expenditures. Thus, the HIO can be regarded as a funding mechanism combining features of both social insurance as well as general revenue financing.

- **HIO Financing Structure:** The Medical Insurance budget was USD 120 million per annum in 2010, covering 530 types of medications supplied almost free of charge.
  - The insurance is financed by 1 per cent of citizen's salary along with 3 per cent from the employer (4 per cent of basic salary)
  - Employers contribute around 40 per cent of the overall revenues of the HIO
  - The insured and the MOF each contribute a share of around 20 per cent to the HIO revenue
  - Public firms (15 per cent) and NGOs (<1 per cent) contribute the rest of HIO funds

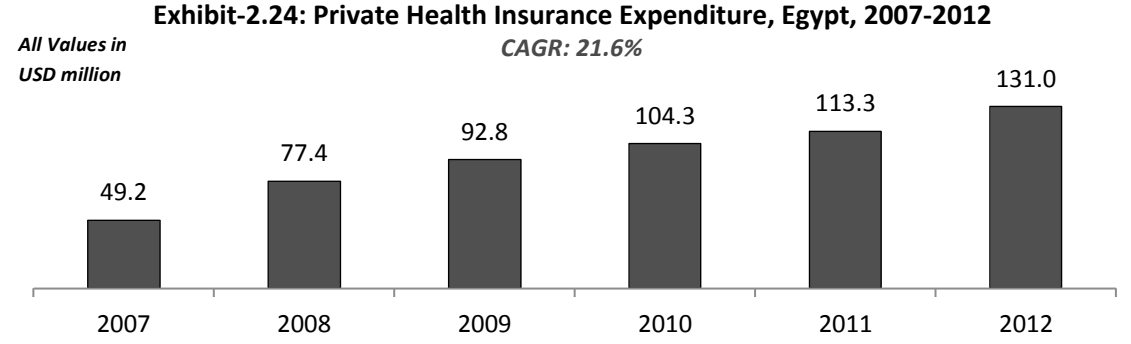
- **Exclusions in the HIO Schemes:** The exclusion groups from coverage are:
  - Dependents of workers are not covered
  - In many households, especially in the informal sector, only some members (for example, school-going children) are covered

- Given the high share of informal economy workers in Egypt, a large part of the population is excluded from the HIO coverage and are vulnerable to poverty impacts due to OOP payments

Private Health Insurance: Private insurance forms a miniscule part of the total health insurance market in Egypt:

- As of 2012, private health insurance contributed only 1.7 per cent of the total private healthcare expenditure and 1 per cent of the total healthcare expenditure of Egypt
- **Coverage:** Approximately, 1 million citizens are covered by private insurance firms operating in Egypt
- **Key Participants:** BUPA, AIG, MetLife ALICO, Al Chark Insurance Company, Chartis Egypt, Egyptian American Insurance Company and Mohandes Insurance Company, among the others.
- **Network:** Private insurance companies are empanelled with the Government as well as private health facilities across Egypt, especially in key cities. For example, BUPA has a network of 259 health facilities across Egypt with 90, 66, and 19, respectively, of them in Cairo, Giza, and Alexandria.

Exhibit-2.24: Private Health Insurance Expenditure, Egypt, 2007-2012



Source: WHO, Frost & Sullivan Analysis

Future Scenario:

In future, the HIO would exclusively become a payer with an aim to provide universal coverage. It is planning to get out of the provider role and develop a medical management process, which will work the in lines of medical auditing, utilisation, and case management.

- The new medical insurance law which was outlined in end of 2012 is expected to extend the coverage of the HIO to 60 million citizens including 15 million living below property level. Additionally, 17 million students and 9 million babies are to be covered by the state.
- The Government is keen to implement universal health insurance coverage with a basic package of primary healthcare, to develop and implement governorate primary healthcare insurance systems and to expand health insurance to cover new population groups, especially the vulnerable ones, the poor, and those in underserved rural areas. These will ensure increase in insured population in coming years.

- To achieve universal coverage, Egypt is rolling out a new insurance scheme, currently being piloted in Suez Governorate, based on a 'family physician model', which will separate financing from service provision.
- Despite the Government's efforts for universal coverage, about 60 percent of total health expenditure comes from out-of-pocket at the point of service in public and private facilities.

Section 3: Egyptian Clinical Laboratory Testing Services Market

Section 3: Egyptian Clinical Laboratory Testing Services Market

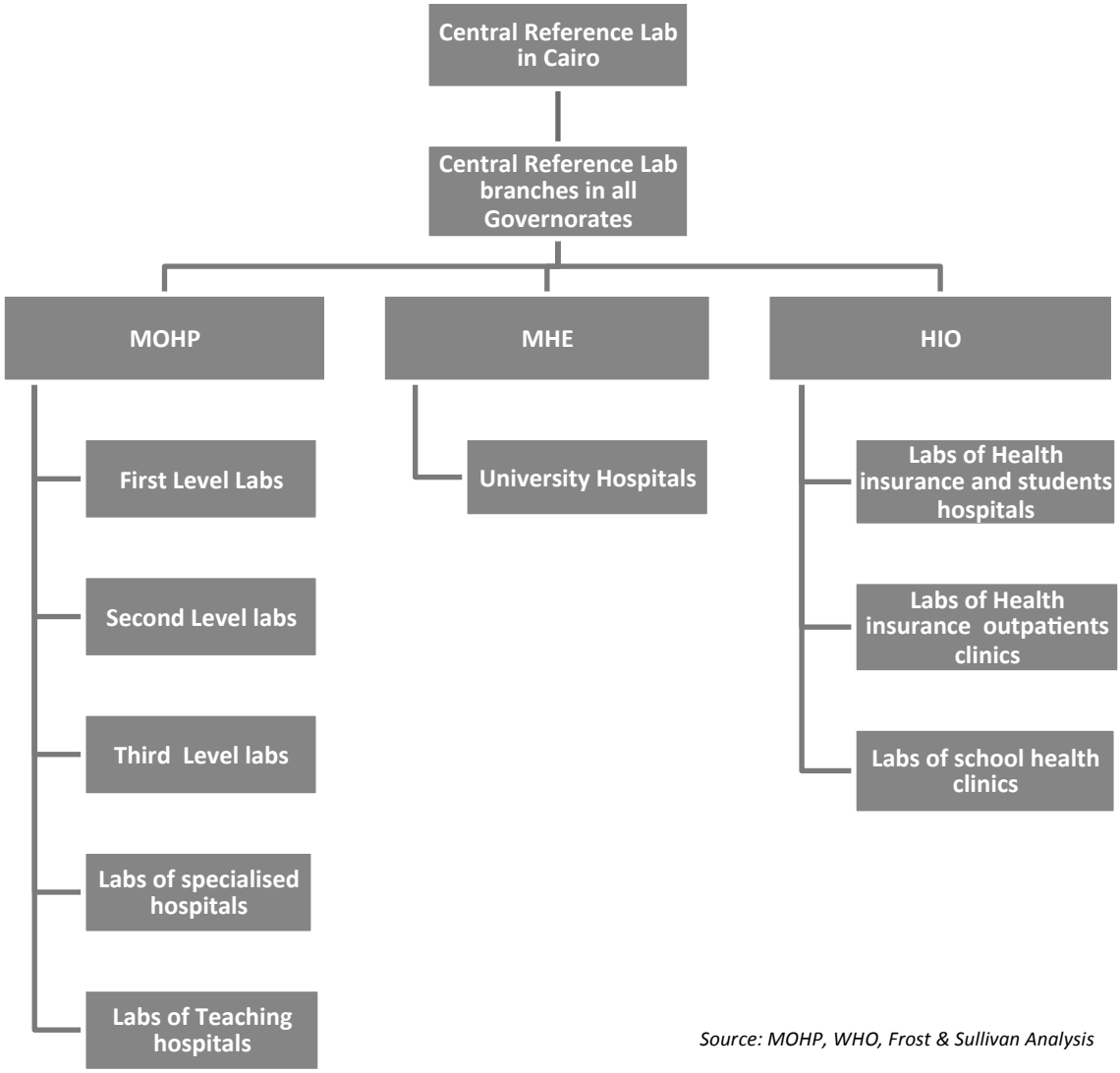
I. Medical Laboratory Infrastructure in Egypt:

Public Sector Infrastructure:

Public sector medical laboratories (labs) are distributed by the infrastructure provided by each of the stakeholders. The main stakeholders in the public sector are the MOHP, the MHE, and the HIO. Top of the hierarchy in the public sector is the main central reference lab at Cairo, which has branches in capitals of all the 27 governorates.

The MOHP has labs across the value chain in their existing infrastructure at all levels of care. Labs in the MOH have been divided as per the facility type they are associated to; the bottom of hierarchy starts with the first level of labs attached to rural health units going up to labs attached to teaching and specialised hospitals of the MOHP. The MHE has labs attached to their university hospitals and the HIO has labs present in their network of hospitals, clinics, and school clinics.

Exhibit 3.1: Medical Labs Infrastructure and Hierarchy in Public Sector, Egypt

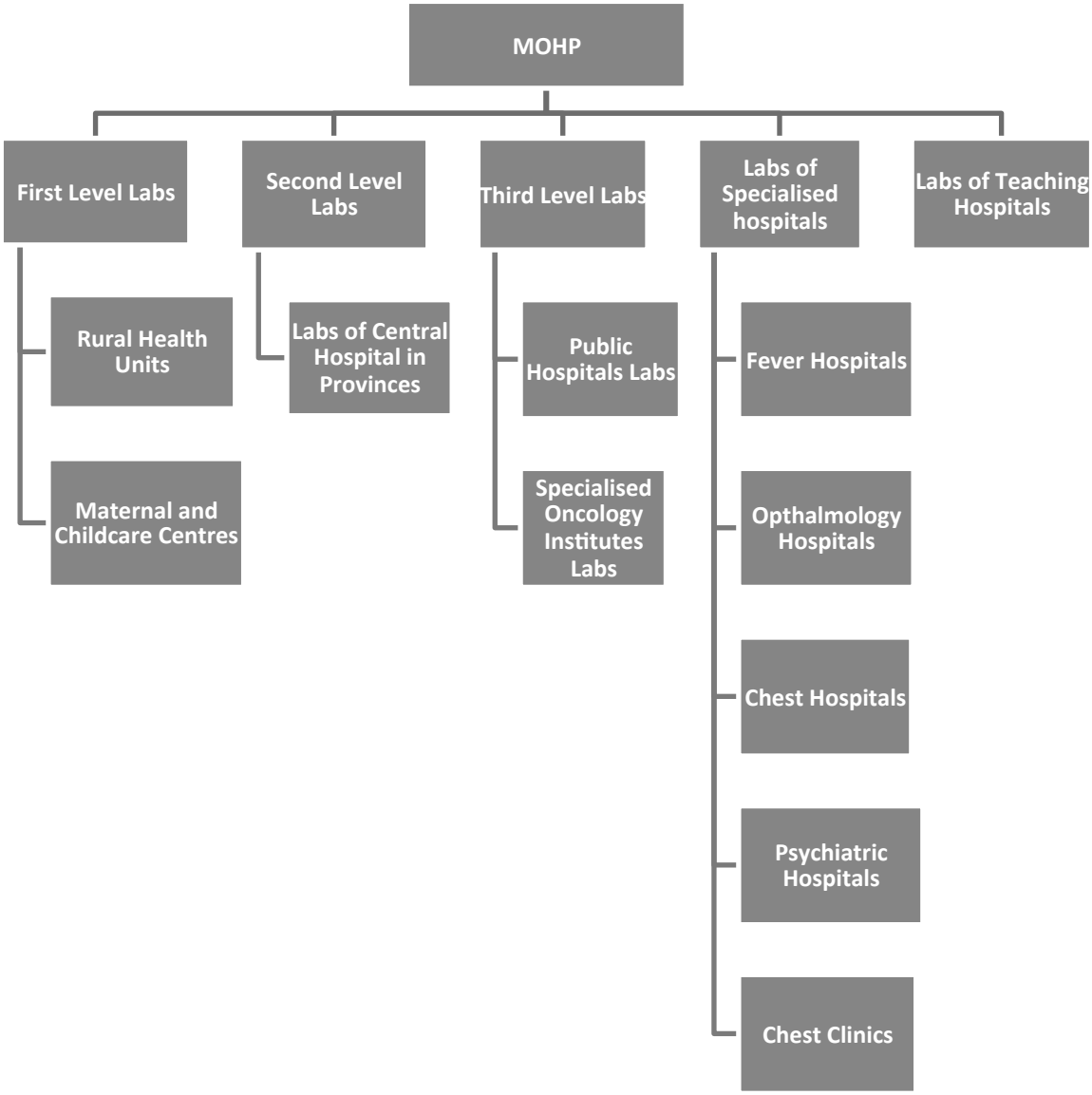


Source: MOHP, WHO, Frost & Sullivan Analysis

The first level of labs in the MOHP is composed of those attached with rural health units and those attached to maternal and childcare centres. The second level of labs is attached to all the central hospitals present at provincial levels. The third level of labs of the MOHP is attached to divisional public hospitals and specialised oncology institutes of the MOHP. There are other labs, which are attached to specialised hospitals of the MOHP such as Fever Hospitals, Ophthalmology Hospitals, Chest Hospitals, Psychiatry Hospitals, and even those attached to chest clinics. The top hierarchy of the MOHP is composed of teaching hospitals, which also have in-house labs. Almost 82 per cent of the total MOHP labs are present at the bottom of the hierarchy having maximum number of labs.

According to an estimation by the Theodor Bilharz Research Institute in Giza, the number of labs in public sector stood at ~5,800 in 2011. Majority of the public labs are of the first level operated at Rural Health Units followed by Maternal and Childcare Centres under the MOHP.

Exhibit 3.2: Hierarchy of Medical Labs in the MOHP, Egypt



Source: MOHP, WHO, Frost & Sullivan Analysis

The Central Reference Labs (CRL) and its governorate branches are additionally responsible for carrying out the following activities:

- Licensing private medical laboratories
- Supervising application of lab quality assurance programmes
- Holding training courses for employees of all provincial labs
- Monitoring sources of food and water pollution
- Performing medical tests for early detection of thyroid hormone deficiency for new-borns, which is a part of the Egyptian National Health Programme
- Laboratory diagnosis of infectious and epidemiological diseases
- Testing for viral diseases: HIV, viral hepatitis (B, C) to extract health certificates for travellers, and renal failure patients
- Conducting necessary tests on samples of blood banks to ensure its safety

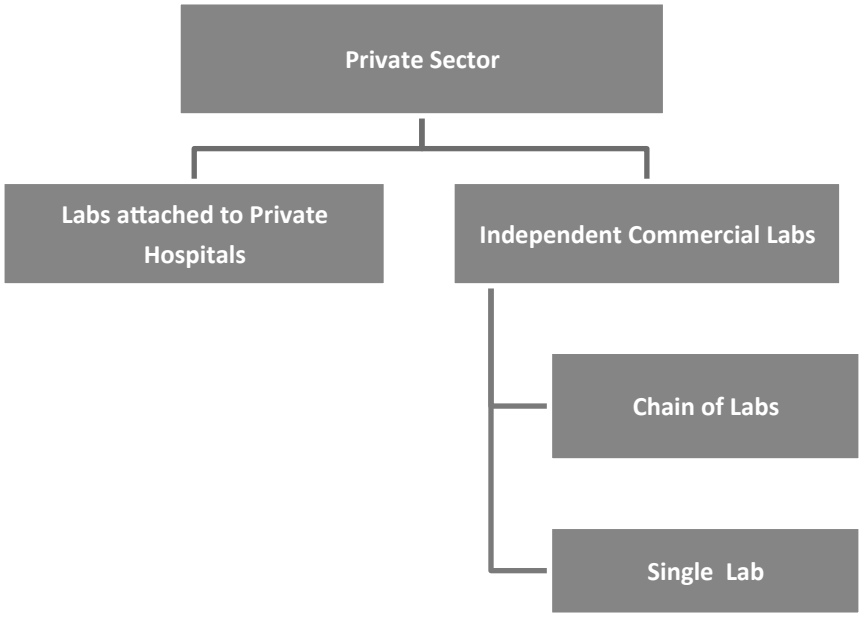
Private Sector Infrastructure:

The private sector lab structure of Egypt can be divided into labs attached to private hospitals and independent standalone labs. Independent standalone labs has two segments viz. the standalone chain of labs (typically owned and managed by corporates) and Standalone Single Labs (typically owned and managed by doctor(s)).

There were 1,351 private hospitals in Egypt as of 2012, with majority of them having an attached lab and offering services at variable capacity. There are 12-15 standalone chains of labs in Egypt viz. Al Mokhtabar Lab, Al Borg Lab, Alfa Lab, First Lab, Cairo Lab, Dr. Amina Hassab Labs, Royal Labs, Saridar Labs, Egy Labs, Al Shams Labs, and the Sun Labs amongst others with an estimated 550 labs in 2013. Majority of these labs offer a wide spectrum of laboratory services including high-end tests like Molecular Diagnostics, Hormonal Tests, Virology, etc. These are the most dominant labs in Egypt covering key cities. As per industry experts, an estimated 5,500[6] Standalone Single Labs are spread across the country. These labs typically offer basic Chemistry, Haematology, Immunology, and Urine Analysis.

[6] Estimated figures based on primary interviews with leading industry participants as no estimates are available on number of labs by the Egypt MOHP.

Exhibit 3.3: Distribution of Medical Laboratories in Private Sector, Egypt

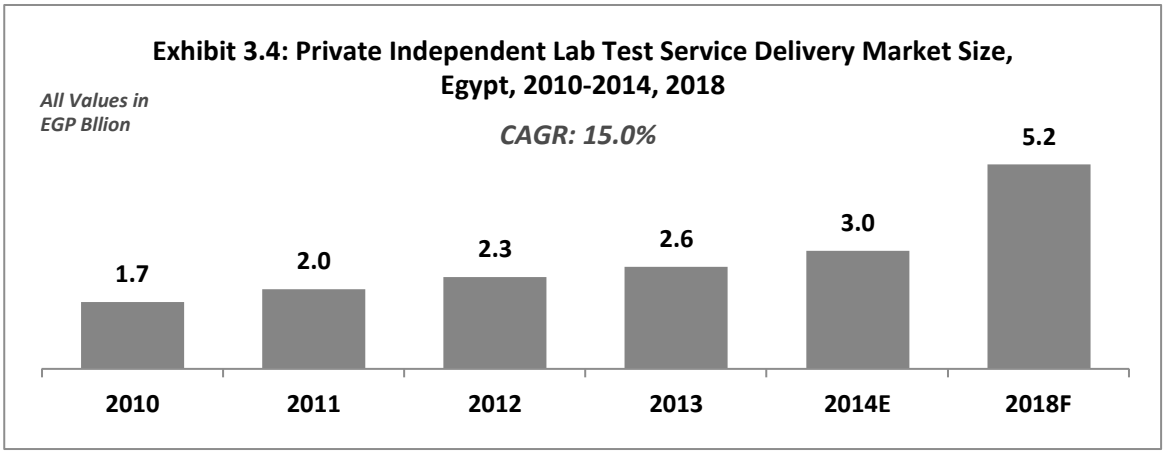


Source: Primary Research, Industry Experts Inputs, and Frost & Sullivan Analysis

II. Market Size – Private Independent Clinical Lab Testing Services

The total clinical lab testing services market in the private independent commercial segment of Egypt (including the independent chain of labs and single labs) stood at EGP 2.6 billion in 2013. The independent chain of labs is likely to grow at CAGR of 18-20 per cent until 2018. The independent chain of labs contributed nearly 40 per cent of the total lab market in 2010. The same is expected to reach 47 per cent by 2018. The total independent commercial lab market in the private sector is forecast to reach EGP 5.2 billion by 2018.

Exhibit 3.4: Private Independent Lab Test Service Delivery Market Size, Egypt, 2010-2014, 2018



Source: Primary Research, Industry Experts Inputs, and Frost & Sullivan Analysis

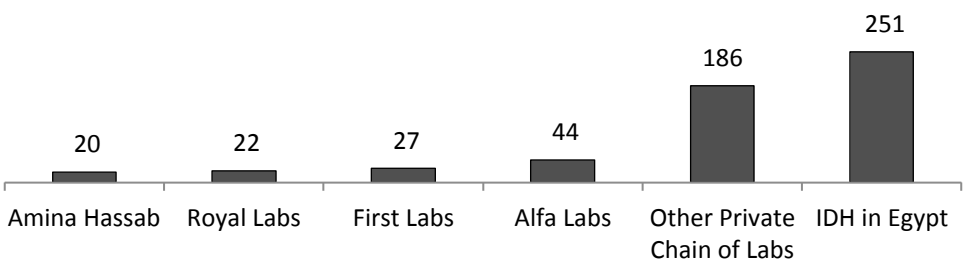
This growth is stimulated by the increasing reach of the labs in untouched areas of Egypt, increasing awareness and improving insurance scenarios. A trend of increase in growth of market share of chain of labs has been witnessed in recent years, with single labs' contribution marking a slower growth in comparison to chain of labs.

III. Demand-side Structure and Dynamics

Competitive Market Structure (Number of Labs – Private Independent Chain of Labs Category)

Amongst the independent chain of labs of the private sector, two largest chains are Al Mokhtabar Medical Laboratories and Al Borg Medical Laboratories. Both of these chains of labs are owned and managed by the Integrated Diagnostics Holdings (IDH).

Exhibit 3.5: Number of Branches - Chain of Labs, Egypt, 2013

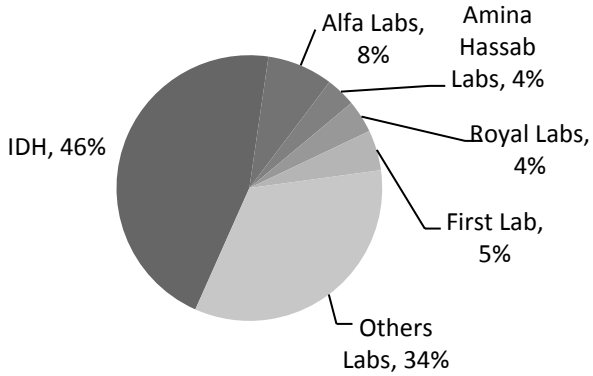


Source: Data from Primary Research, Frost & Sullivan

Out of the total chain of labs (~550 labs) across 12-15 lab chains, IDH (Al Borg Medical Laboratories and Al Mokhtabar Medical Laboratories) accounts for ~46 per cent with ~251 labs across the country.

No other chain of labs in Egypt is of similar scale in terms of number of branches. However, some of the other reputed labs and their number of branches are Alfa Lab (44), First Lab (27), Royal Labs (22), and Dr. Amina Hasaab Lab (20).

Exhibit 3.6: Market Share , Top Chain of Labs by Number of Branches, Egypt, 2013



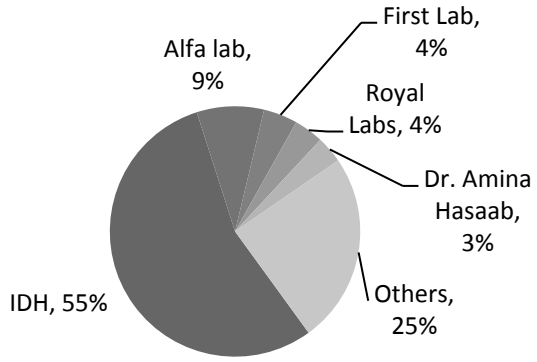
Source: Primary Research, Industry Experts Inputs, and Frost & Sullivan Analysis

Competitive Market Structure (Market Size – Private Independent Chain of Labs Category)

The total private independent chain of labs market in Egypt is estimated at EGP 1.1 billion in 2013. The IDH (Al Borg and Al Mokhtabar lab) capture ~55 per cent of the private independent chain of labs market.

Moreover, the IDH (Al Borg and Al Mokhtabar lab) in Egypt has a higher average realization per test at EGP 34 as compared to the average realization per test of majority of the other private chain of labs (EGP 28 to 32).

Exhibit 3.7: Market Share - Chain of Labs by Revenues, Egypt, 2013



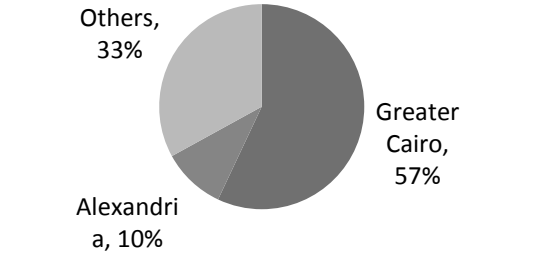
Source: Primary Research, Industry Experts Inputs, and Frost & Sullivan Analysis. Note: Other labs include Al Shams Labs, Egy Labs, Cairo Labs, the Sun Labs, Saridar Lab, Egyptian American Medical Laboratories, Tiba Lab, Al Madina Labs, El Nokhba Laboratory, etc.

Supply-Side Structure and Dynamics

The independent labs market is dominated by 12-15 key chains having presence mostly in key Egyptian cities. These labs witness inequitable distribution across the cities with Greater Cairo (Cairo and Giza) having 57 per cent of labs followed by Alexandria with 10 per cent.

Some like Amina Hassab Labs are predominantly based in Alexandria followed by labs in Cairo. Sun Labs, Royal Labs, Cairo Labs, and First labs do not have presence in Alexandria and are concentrated more in other governorates. Cairo Labs and Sun Labs are only present in Cairo and Giza.

Exhibit-3.8: Distribution of Branches by Key Cities, Top Independent Chain of Labs, Egypt 2013



Source: Primary Research, Industry Experts Inputs, Frost & Sullivan Analysis

Looking at the source of patients in these top chains of labs, a sizeable business comes from the corporate customer base along with walk-in patients. Some of the major labs have high dependency on business from corporate tie-ups, in tune of 40-50 per cent. The credit period for reimbursements of tests from corporates varies from 30-60 days and more.

In terms of type of tests, the top two categories are biochemistry and immunoassay, followed by haematology and microbiology. Although, not all the labs are capable of molecular diagnostics, the category of test has still been good growth in recent years.

IV. Market Drivers

High Disease burden

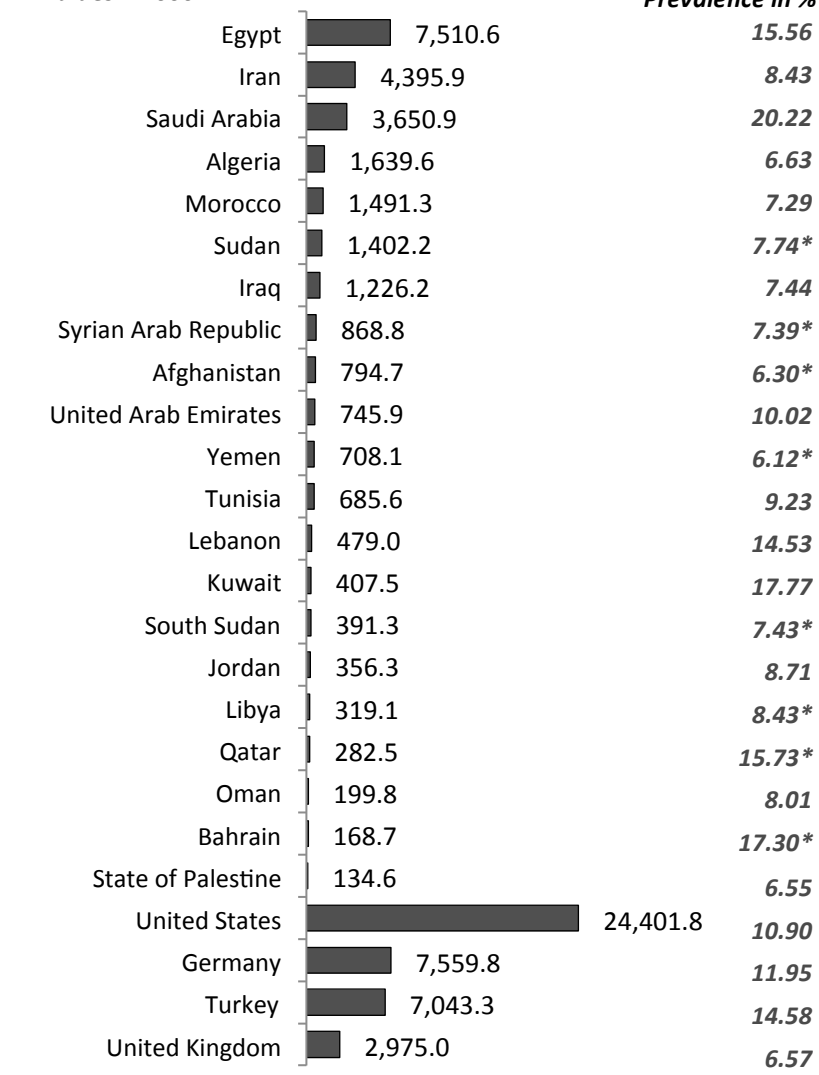
Unlike some of the countries in the MENA that have made a shift from communicable diseases to non-communicable diseases, the former still dominates Egypt along with tropical diseases like Tuberculosis, Hookworm, Leishmaniasis, etc. Added to these is the prevalence of high volumes of lifestyle diseases. Neglected Tropical Diseases (NTD) is endemic but patchily distributed within the 20 countries in the MENA. Amongst the MENA countries, Egypt has the highest prevalence of tropical diseases such as Scariasis, Schistosoniasis, Hookworm, Fascioliasis, and Leprosy.

Diabetes Prevalence in Egypt and Other Selected Countries

In the MENA, one in 10 adults has diabetes; the region has the highest prevalence of diabetes at 10.9 per cent as compared to 15.5 per cent of Egypt. In Egypt, approximately 42 per cent of people with diabetes experience early-stage eye disease and 5 per cent of the people with diabetes are classified as legally blind.

Egypt ranks as one of the top countries in terms of diabetes prevalence. The main reason for diabetes in Egypt is accounted to the sedentary lifestyle. Diabetes was once rare in youths, is now common in overweight and obese children as well as adolescents.

Exhibit 3.9: Diabetes Cases and Prevalence in 20-79 years age group, Selected Countries, 2013



*Note: * Estimate of diabetes prevalence based on extrapolation from similar countries*
Source: International Diabetes Federation-World Atlas-2014

Obesity and Hypertension Prevalence in the MENA Region

The MENA has one the highest levels of obesity prevalence across the world. In the region, Egypt shares the second rank in obesity with the KSA at 35 per cent after Kuwait, which has 43 per cent obese population.

According to a new global analysis on obesity by the WHO, 58 per cent of men and 65 per cent of women, aged at least 20 years, are overweight in the MENA. According to 2013 estimates, more than two-thirds of the countries in the region had overweight and obesity rates of over 50 per cent in adult men and women. These rates make MENA the region with the highest obesity rates in the world, alongside Central America. The rise in obesity has also led to rise in Diabetes and Hypertension.

In the countries in the MENA, rise in obesity and hypertension is attributed to changes in diet habits accompanied by decrease in physical activity. There has been increase in calorie intake and the traditional diet of the region has been gradually substituted with the refined and processed food rich in salt and fat content.

Exhibit 3.10: Obesity and Hypertension Percentage in Population, 2008

Countries	Percentage who are obese (Body Mass Index 30 kg/sq. m)			Percentage with raised Blood Pressure (SBP 140 and/or DBP 90 mmHg or currently on medication for raised BP)		
	Male	Female	Both Sexes	Male	Female	Both Sexes
Kuwait	37	52	43	21.9	16.4	20.0
KSA	30	44	35	26.0	21.5	24.2
Egypt	23	46	35	24.5	24.7	24.6
Jordan	27	42	34	21.1	16.5	18.9
UAE	30	43	34	21.1	13.3	19.1
Qatar	31	39	33	27.1	19.1	25.0
Bahrain	29	38	33	29.1	26.6	28.1
Syria	24	39	32	26.4	23.4	24.9
Libya	22	41	31	39.5	31.4	35.7
Iraq	22	36	29	25.5	23.3	24.4
Lebanon	26	30	28	32.9	25.1	28.8
Oman	19	32	26	27.4	22.2	25.4
Israel	23	28	26	23.8	18.8	21.2
Tunisia	14	33	24	29.3	28.8	29.0
Iran	14	30	22	26.1	22.4	24.3
Algeria	11	24	18	29.1	28.7	28.9
Morocco	11	23	17	31.2	33.6	32.4
Yemen	11	23	17	26.9	23.4	25.1

Source: WHO Global Health Data

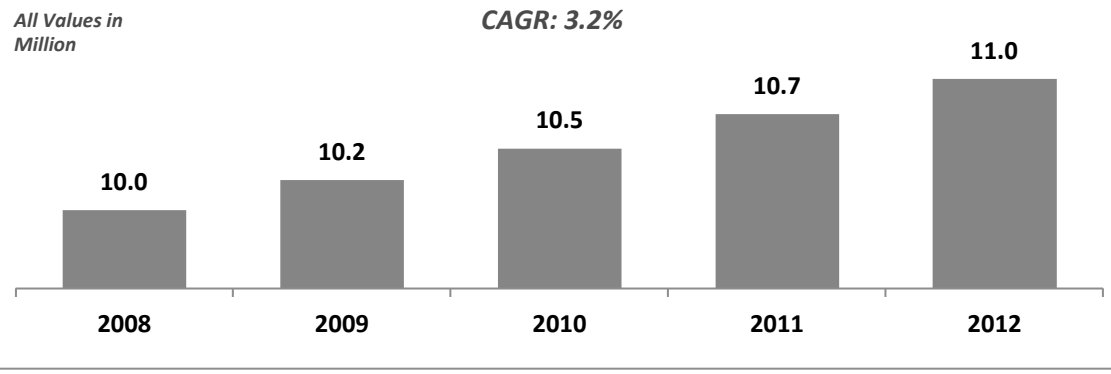
Overall, 25 per cent of the population has high blood pressure in the above-mentioned countries in the MENA. Egypt shows a similar trend with more than 24 per cent of its population having high blood pressure.

Hepatitis C Prevalence in Egypt

The WHO has declared Hepatitis C a global health problem, with approximately 3 per cent of the world's population infected with Hepatitis C Virus (HCV). Although incidence of HCV on a global scale is not known, about 5-10 million people in Europe and about 12 million people in India are infected. In the US, approximately 3 million people are chronically infected, many of whom are still undiagnosed.

In Egypt, the situation is quite worse; out of a population of 84 million, Hepatitis C is prevalent between 13-22 per cent, which is highest in the world, with roughly 12 million people infected as of 2014 (at lowest case scenario). The national prevalence rate of HCV antibody positivity in Egypt was once estimated to be between 10-13 per cent of 62 million populations in 2004 (*Mohamed MK. Epidemiology of HCV in Egypt 2004). The infected population base of 5-6 million in 2007 has increased by 1.5 times to reach epidemic conditions at 11-12 million in 2014.*

Exhibit 3.11: Hepatitis C Virus Prevalent Population, Egypt, 2008-2012



Note: the population base infected by HCV has been calculated at a fixed rate of 13 Per cent. The lowest range of infected rates which has been an outcome of the several studies conducted by various domestic and international public and private organizations

Source: NCBI, Pan African Medical Journal, WHO, and Frost & Sullivan Analysis

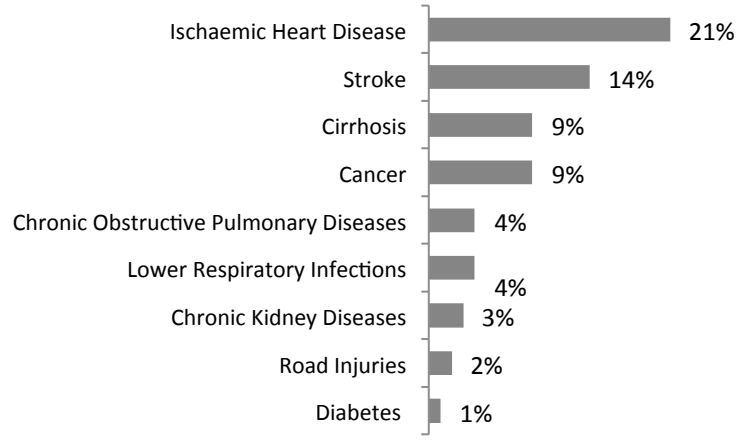
In 2008, the MOHP launched a programme for HCV care and treatment. As of 2012, 26 treatment centres established across the nation treated 190,000 patients with interferon and ribavirin (generic antiviral drugs).

- HCV is especially prevalent in the Delta region
- Sixty per cent of the patients, that is, 0.12 million out of the total 0.19 million had completed successfully the 48 week-long treatments
- However significant this achievement is, at least 0.13 to 0.16 million new infections occur annually, a figure that may be considerably higher (according to the WHO)
- HCV treatment consumes 20 per cent (USD 80 million) of Egypt's annual health budget, with the state covering 40 per cent of the costs and insurance companies and patients paying the balance

HCV causes infection of liver and amongst every 100 people infected in Egypt, one to five die of cancer or cirrhosis of the liver. The latter has been one of the top causes of mortality in Egypt since

long, affected mainly by late identification of the HCV. In 2010, cirrhosis-related deaths accounted to 9 per cent of the total deaths in Egypt

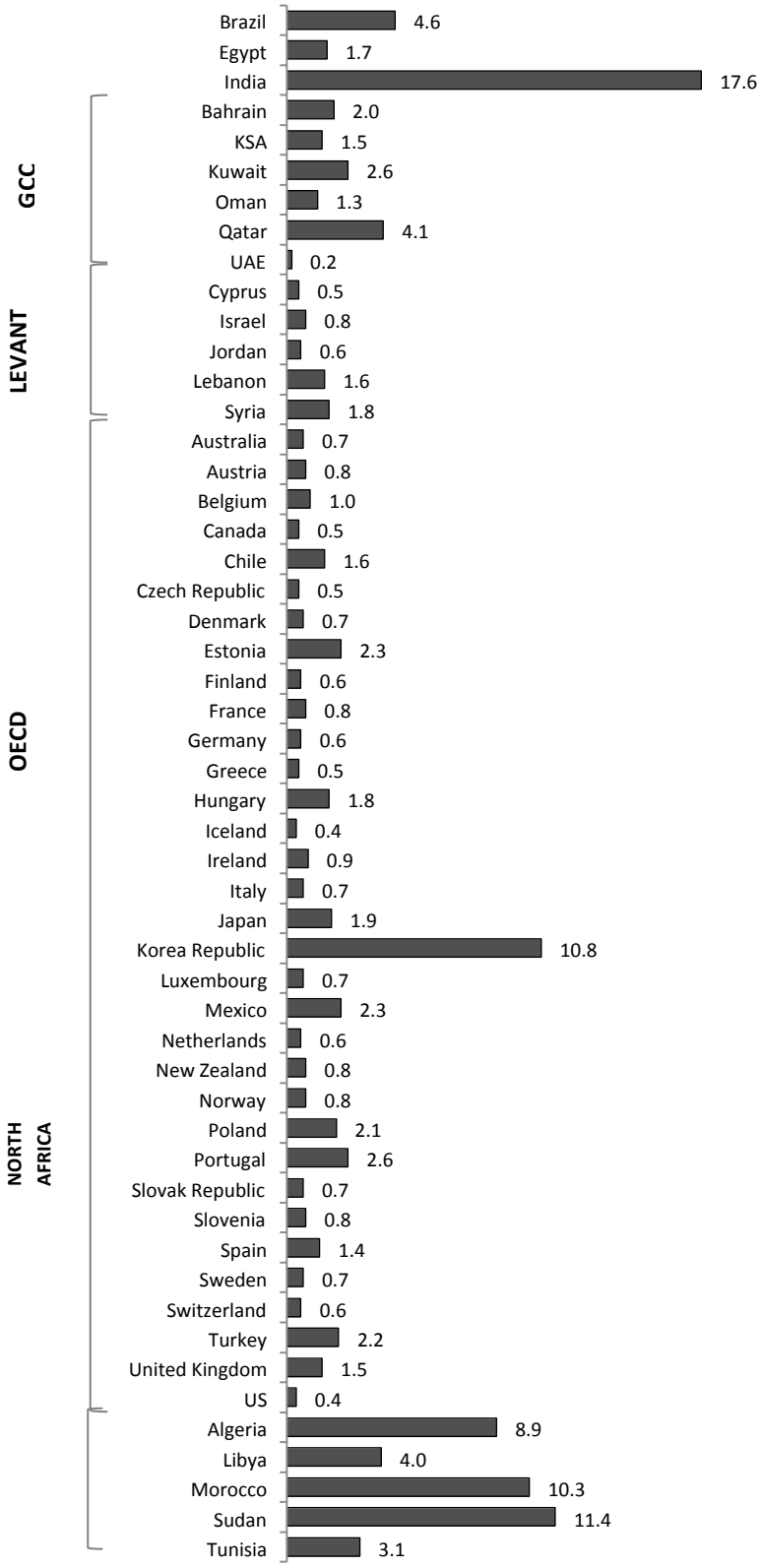
Exhibit 3.12: Top Causes of Mortality in %, Egypt, 2010



Source: CDC-GDB Comparison-2010

Tuberculosis Incidence in Egypt

Exhibit 3.13: Tuberculosis Incidence Rate Per Million Population, Selected Countries, 2012



According to the latest WHO Global Tuberculosis (TB) Report the incidence of TB in Egypt stood at 1.7 per million people. Out of the selected countries, incidence of TB in South Africa was highest at 100.3 per million people.

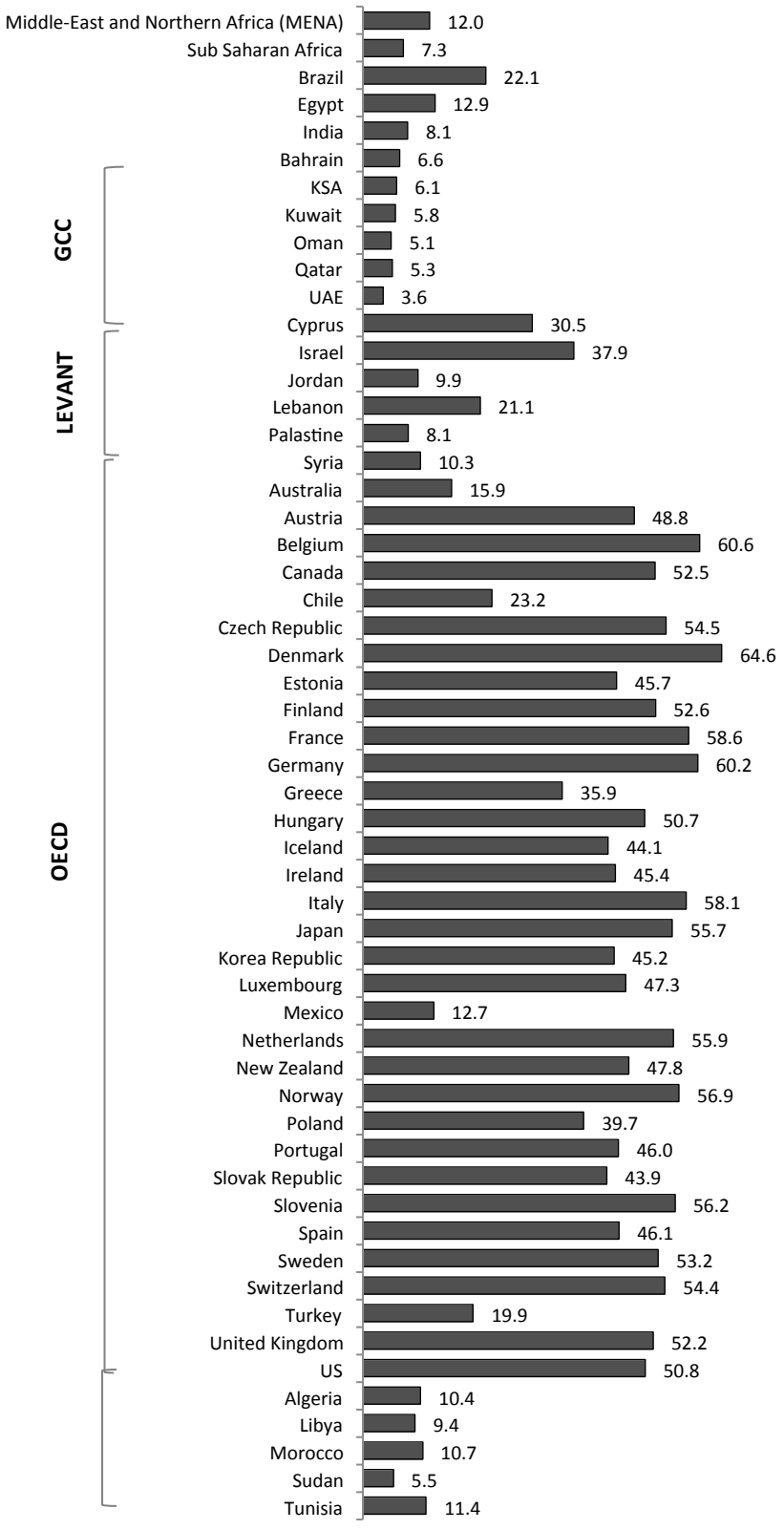
Occurrence of TB per million people in Egypt is comparable to those of average of the countries in the GCC, and is higher than the averages of countries in the LEVANT and the OECD.

The prevalence of TB per million people in Egypt was lesser than the average prevalence in the countries in the GCC. The prevalence in Egypt is much higher when compared to the US and Jordan. The UK and Sudan had higher prevalence rate per million people than those of Egypt.

Source: WHO-World Health Statistics 2014, Frost and Sullivan analysis
Note: The estimated number of TB cases includes new pulmonary, smear positive, extra-pulmonary tuberculosis cases and patients with HIV.

Cancer Incidence in Egypt

Exhibit 3.14: Cancer Incidence Rate Per Million Population, Selected Countries, 2012



According to the latest Globocan report on cancer incidence across the globe, those in Egypt stood at 12.9 per million people as of 2012.

Out of the selected countries, the incidence of cancer in Denmark is highest at 64 per million people.

The incidence of cancer per million people in Egypt is higher when compared to average in the countries in the GCC, and selected North African countries. It is lesser when compared to averages of the countries in the OECD and LEVANT.

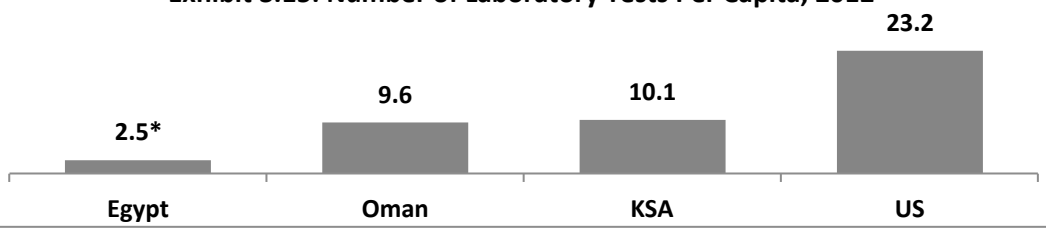
According to Globocan, the estimated number of new cancers excluding non-melanoma skin cancer for all ages in Egypt would reach 0.11 and 0.12 million by 2015 and 2020, respectively.

Source: http://globocan.iarc.fr-2014, Frost and Sullivan analysis
Note: Incidence shown for all cancers excl. non-melanoma skin cancer for all ages and sexes.

Opportunity for Increased Usage of Laboratory Diagnostics as a Tool in Clinical Practice

An analysis of publicly available data across the GCC shows that the usage of laboratory diagnostics in order to establish clinical diagnosis is much lesser in Egypt than in its counterparts. Currently, the per capita average clinical laboratory tests performed in Egypt is ~2.5 tests per capita, which are much lesser than that of selected other countries in the GCC countries (within the range of ~8-10 tests per capita). This figure is likely to rise as penetration of health insurance grows within the country; equally important is the awareness about preventive health amongst the general population and importance of timely and correct diagnosis amongst the physician community.

Exhibit 3.15: Number of Laboratory Tests Per Capita, 2012



Source: Analysis of the U.S. Clinical Laboratory Market; Frost & Sullivan; March 2012; NHS-UK
**Estimated number based on primary research with Industry experts*

Increasing Accessibility to Lab Services:

Most of the labs in Egypt are concentrated in big cities. In recent years, the focus has changed on creating a greater coverage of population. This phenomenon is especially seen amongst the top chain of labs. By adding new branches every year, the labs are focusing on reaching all the governorates and as close to the customer as possible. Home care services are also picking up. There is enough scope of further increasing the reach of labs in all the 27 governorates.

Emergence of Private Participants:

The Government is ambitious to improve the participation of private participants in the health sector and create new opportunities for investment through public-private partnership (PPP) programmes at all value chains like Pharmacies, Hospitals, Clinics and Diagnostics labs, etc. In 2012, the Government has announced the first PPP project of the country in the healthcare sector — an integrated medical city spread over 840,000 sq. m in Alexandria with an investment of USD 1.1 billion. In the laboratory segment, few big-ticket cross-border investments have been witnessed in recent years amongst the MENA countries, leading to overall growth of the market with increased penetration and consolidation.

Improving Corporate Market:

The Egyptian laboratories market has a large source of patient workload coming from tie-ups with corporate companies for catering to their employees. The number of new firms established in Egypt in 2013 stood at 8,512 witnessing the highest annual rate since 2005. There is a huge opportunity in the corporate tie-up segment, although the recent political turmoil has affected it severely. The top participants in the lab market have a high volume and revenue dependency on corporate tie-ups. Overall, the corporate market will remain a driver for the lab business in Egypt with more activities to be concentrated in and around key cities.

Opportunity for Higher Spending Per Capita

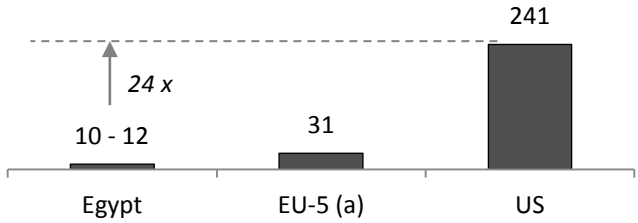
The per capita expenditure on ancillary services is low in Egypt, which in turn makes the allocation of expenditure on laboratory services low (estimated in range of USD 10-12). The spending on IVD per capita is almost double to triple times when compared to most of the European countries.

Egyptian spending on clinical laboratories per capita has potential to grow by 24 times when compared to those of the US, which spends USD 241 per capita on lab services.

The IVD market size in the total healthcare expenditure in top countries of the European Union (EU) stood in the range between 0.4 to 1.3 per cent.

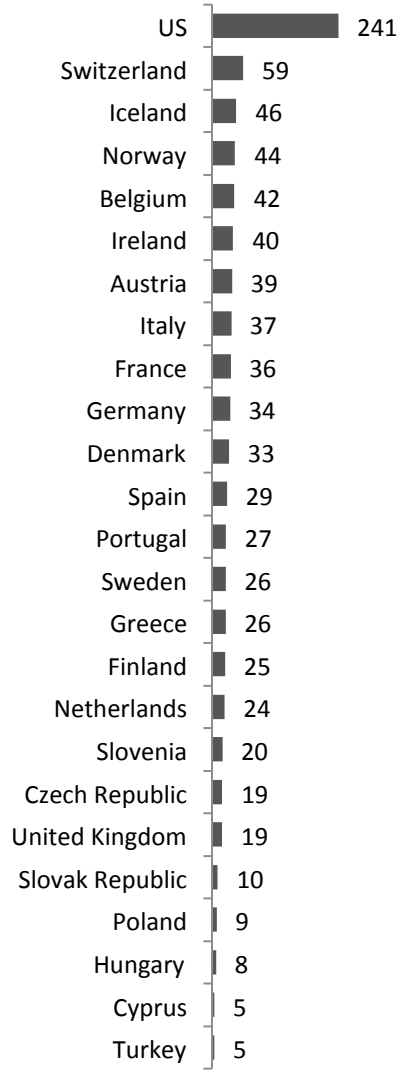
Egypt can witness increased realisation per tests if the coverage of insurance increases and improvement in standardisation norms followed by the labs. There is huge opportunity in increased spending on lab tests even when compared to countries in the MENA.

Exhibit 3.17: Spending on Clinical Laboratories per Capita in USD



Note: (a) EU-5 is average of France, Germany, Italy, Spain and UK
Source: OECD Stats, Frost & Sullivan

Exhibit 3.16: Per Capita Spending on IVD in USD, Selected Countries, 2012



Source: OECD Stats on healthcare expenditure on Ancillary services and ambulatory care-2014, Frost & Sullivan

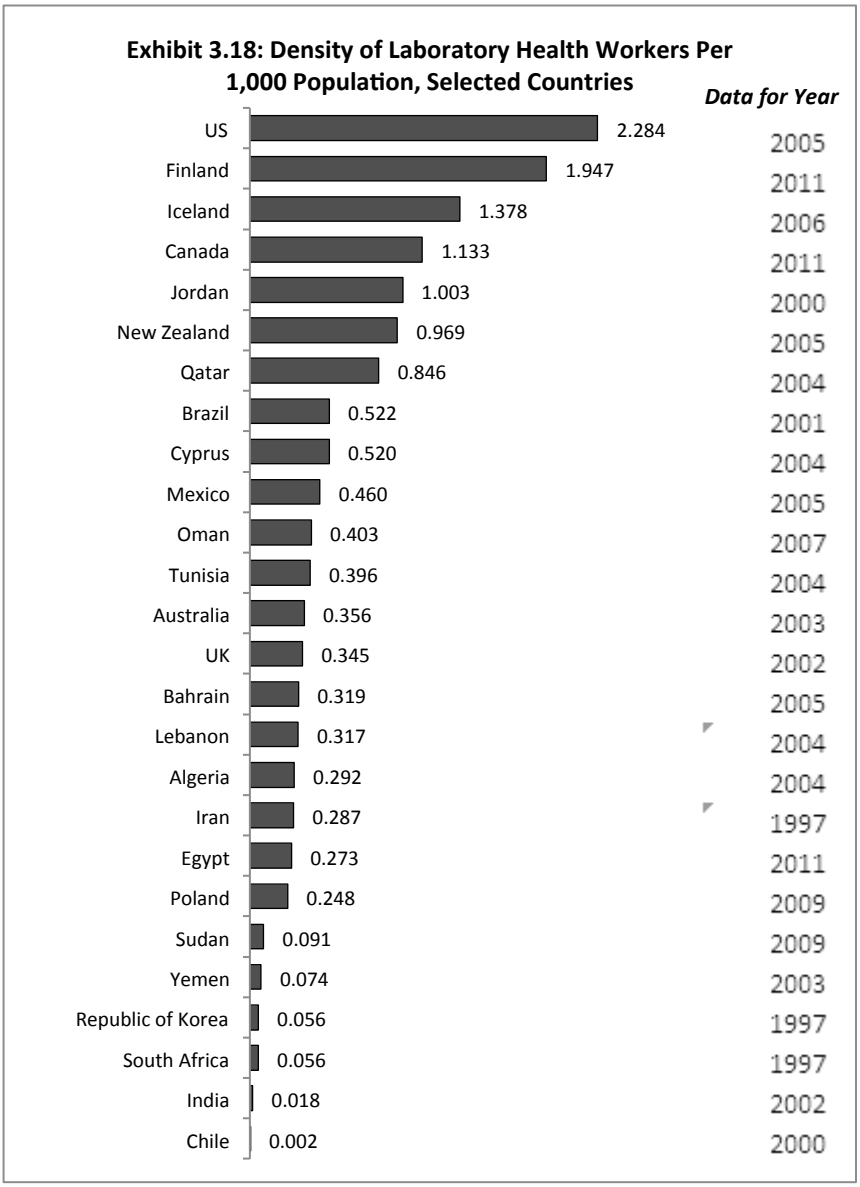
V. Challenges

Lack of Quality Standards in Healthcare Organisations:

The lack of quality standards within the Egyptian lab services sector is a big issue. There are a handful of private institutions, which are serious about obtaining and maintaining international accreditations. Apart from a few eminent labs in Egypt, no lab has accreditations in its plans in the short term, which could affect the quality of outcomes of the tests and in turn the faith of patients.

Low Density of Laboratory Health Workers

Exhibit 3.18: Density of Laboratory Health Workers Per 1,000 Population, Selected Countries



Unlike most of the Middle Eastern countries, which are facing the challenge of locally available skilled and trained medical manpower, Egypt produces comparatively higher number of doctors as compared to other countries of the region.

Apart from the high production of manpower, the industry is challenged by drainage of their staff to other MENA countries.

Approximately, 10,000 medical graduates pass out every year, making Egypt's healthcare workforce one of the largest in the Arab World.

Egypt has lesser density of laboratory personnel as compared to other selected countries of the GCC, Levant, and the OECD.

Seasonality Effect on the Business:

Holidays and festival periods have a sizeable impact on the entire healthcare sector and the same affects the lab tests market, as well. There are multiple effects of Ramadan on the lab business, the first being variable opening timings and reduced operating hours. The tests, which are recommended after consuming food, cannot be performed on time. The effect is seen across the MENA on variable scales. However, the post festival / holiday days bring good volumes of business for the labs.

Insurance Penetration:

As of 2013, the penetration of insurance in Egypt covers about only 55 per cent of the total population. Out of this, most of the coverage has been provided by public organisations like the HIO and a few private participants. As of 2013, there were 19 companies registered for offering non-life insurance products, with only a few of them having offerings for health insurance. The Government's intentions to extend coverage to the non-insured in Egypt, presents a strong need for addition of new participants in the market. With growth in insurance penetration, opportunities for insurance provider in healthcare sector are numerous.

Heavy Dependency on Out-of-Pocket Expenditure:

The entire sector witnesses a huge amount of out-of-pocket expenditure - a phenomenon that will not disappear from the country anytime soon. The out-of-pocket expenditure dependency creates some basic challenges for the lab market as well. The greater number of tests per capita and the increased realisation per test are the functions directly dependent on the private sector of the out-of-pocket expenditure, which have limitations of escalations. The transformation of mix of the source of finances for healthcare may require long time due to complex system present as of today.

Political Instability:

Political turmoil has resulted in a steep drop in foreign investment and tourism, compounded by the enduring economic depression in Egypt's Southern European export markets. Key indicators such as poverty rate at 25.2 per cent in 2011, unemployment rate 11.9 per cent in the first quarter of 2011, and soaring costs of living show the effects of the instability. With increasing cost of living, inadequate public resources disbursements, and increased out-of-pocket investments, overall the healthcare sector including the lab segment is experiencing the effect on greater uptake of services and scalability of the prices.

VI. Market Regulatory framework

The Egyptian healthcare sector has pluralistic regulatory framework, with multiple stakeholders at different levels. The exhibit below summarises the main authoritative agency for the registration and licensing of various services and products of the healthcare segments in Egypt.

Exhibit 3.19: Registration and Licensing Authorities, Egypt			
Segments	**Registration**	**Licensing**	**Control and Research**
Medical Practitioners	Egyptian Medical Syndicate (EMS)	MOHP	
Pharmaceuticals	Egyptian Drug Authority (EDA)	Central Administration of Pharmaceutical Affairs (CAPA)	National Organisation for Drug Control and Research (NODCAR) and National Organisation For research and Control of Biologicals (NORCB)
Medical Devices	MOHP; Drug Policy and planning centre (DPPC)	Central Administration of Pharmaceutical Affairs (CAPA) for class III medical devices	

Laboratory Regulations in Egypt:

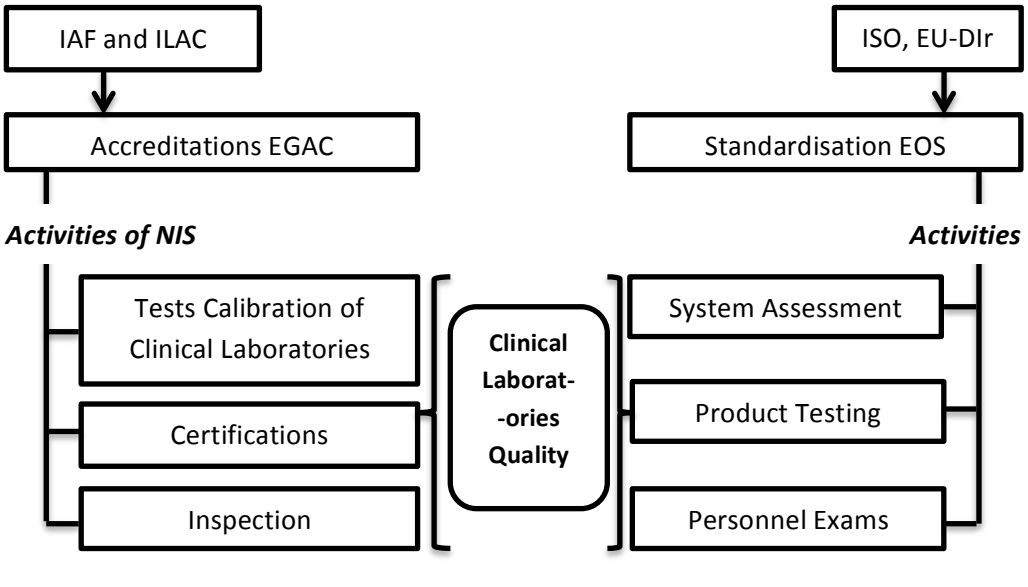
The National Organisation for Research and Control of Biologicals in Egypt looks after Quality Control testing. The laboratory is a functional part of the Mutual Recognition Arrangement (MRA). The NORCB national laboratory facilities have been accepted for collaboration with the WHO pre-qualification programme – National Organisation for Drug Control and Research (NODCAR). The CRL and its branches in all the governorates of Egypt are responsible for licensing private medical laboratories and they also supervise the application of lab quality assurance programmes.

Exhibit 3.20: Regulatory Scenario for Laboratories, Egypt, 2014	
Licensing and Registration Authority for Labs	MOHP and CAPA
Licensing of Private Labs	Through branches of Central Reference Labs of Ministry
Policy or group of policies on clinical laboratories exists	No
National clinical laboratory policy implementation plan exists	No
Does a laboratory exist in the country for Quality Control testing	Yes
Is the laboratory part of the Mutual Recognition Arrangement (MRA)	Yes
Any national laboratory accepted for collaboration with WHO prequalification Programs	National Organisation for Drug Control and Research (NODCAR)
A national reference laboratory/or any other institution has responsibility for coordinating epidemiological surveillance of antimicrobial resistance	No

Laboratories Market Control and Quality Control:

- The National Institute for Standards (NIS) is affiliated with the Ministry of Higher Education and Scientific Research. NIS is Egypt's primary standards laboratory. It is mostly concerned with measurements, testing, calibration, accreditation, and consultation, and provides laboratory accreditation services.
- The Egyptian Organisation for Standardization and Quality (EOS) was formed for standardisation of quality across sectors in Egypt. The quality norms specified by the EOS are as per the International Organisation for Standardisation (ISO) and European Union Directives (EU-Dir). The standards issued by the EOS also include the general standards for clinical laboratories. The EOS also aims to open National Institute for Quality to carry out all the tests mentioned in the Egyptian and international standards.
- The Egyptian Accreditation Council (EGAC) looks after the accreditations of the medical laboratories in Egypt. The EGAC has standards recognised at international level by the International Laboratory Accreditation Cooperation (ILAC) and International Accreditation Forum (IAF) looks after the tests calibration of labs, their certification, and inspections.
- The commonly followed international accreditations by top labs of Egypt are ISO and European accreditations. Very few of the labs have College of American Pathologist (CAP) accreditations.

Exhibit 3.21: Quality Structure of Medical Laboratories, Egypt



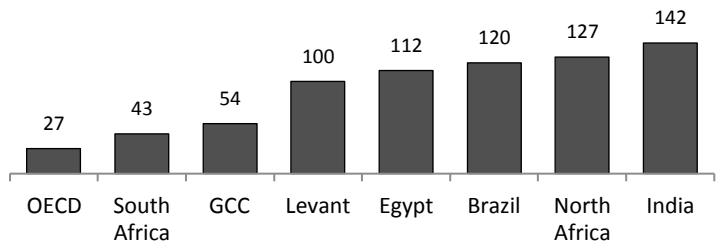
Source: Egyptian Accreditation Council (EGAC)

Customer Behavioural Trends

- For most of the top laboratory chains in Egypt, customers do not frequently switch to other labs. Customer loyalty and trust on the brand are the key drivers for generating volumes in future in the lab business.
- Top-of-the-mind awareness for labs in customers is Al Mokhtabar, Al Borg, and Alfa Labs followed by Royal, Cairo, Saridar, and Ultra Labs.
- The top five important attributes for a lab from the customers' point of view are:
    - Accuracy of the test results
    - Trust with the particular lab / brand
    - Cleanliness and upkeep of the labs
    - Modern Technology uptake
    - Faster results
- The volume of discounts and marketing advertisements are not the main attracting factors for the customers.

VII. Barriers to Entry

Exhibit 3.22: Ease of Doing Business Rank, Egypt, 2014



Source: Report by World Bank-Doing Business 2015: Going Beyond Efficiency

The Egyptian market is relatively open for business if compared to most of the other MENA countries.

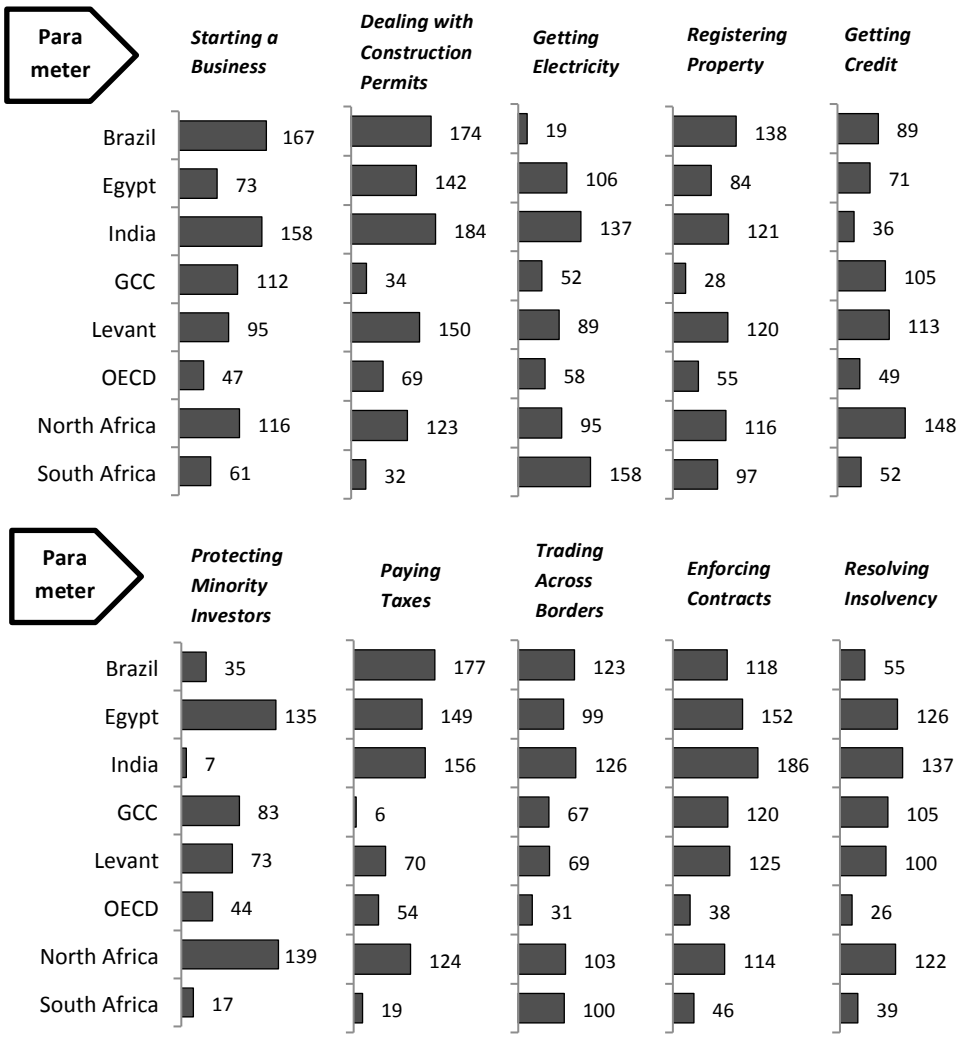
Egypt ranks better than selected countries like Brazil, India and countries of North African Region, aas per the rankings published in the Doing Business 2015 report by World Bank.

Egypt ranks high in parameters such as starting a business, registering a property, and getting credits. Starting a business in Egypt is relatively easier than in all other countries in the GCC except the UAE. It is also easier to start a business when compared to Levant countries like Jordan, Lebanon, and Syria.

Compared to selected North African countries, it is far easier to start a business in Egypt, except Morocco. So we can say that there are lesser barriers to entry for doing business in Egypt when compared to countries in the GCC and Levant.

In Cairo, starting a business takes only seven procedures and eight days while costing 9.7 per cent of income per capita with no paid-in minimum capital requirement.

Exhibit 3.23: Doing Business Rankings on Various Parameters, Egypt and Selected Countries / Regions, 2014



Source: Report by World Bank-Doing Business 2015: Going Beyond Efficiency

Trading across borders requires eight documents, 12 days, and USD 625 for exports and 10 documents, 15 days, and USD 790 for imports.

Meanwhile, in an average MENA economy, starting a business takes eight procedures and 19.9 days with a cost of 28.9 per cent of income per capita and a paid-in minimum capital requirement of 45.4 per cent of income per capita. Exports require six documents, 20 days, and USD 1,127 and imports require eight documents, 24 days, and USD 1,360.

On a comparative basis, Alexandria, Cairo, and Giza rank number one in terms of ease of doing business in entire Egypt.

Exhibit 3.24: Ease of Doing Business Ranking of Governorates, Egypt, 2014					
City	**Procedure (number)**	**Time (days)**	**Cost (% of income per capita)**	**Paid-in minimum capital (% of income per capita)**	**Starting a Business (Rank)**
Alexandria	7	8	9.7	0.0	1
Assuit	8	9	9.7	0.0	4
Aswan	8	11	10.5	0.0	15
Cairo	7	8	9.7	0.0	1
Damietta	7	10	10	0.0	10
Fayoum	7	9	9.9	0.0	6
Giza	7	8	9.7	0.0	1
Ismailia	8	9	9.7	0.0	4
Kharga	8	11	9.9	0.0	14
Mansoura	7	9	9.9	0.0	6
Port Said	8	11	9.8	0.0	12
Sohag	8	10	9.9	0.0	12
Suez	8	10	9.8	0.0	10
Tanta	7	10	9.8	0.0	8
Zagazig	7	10	9.8	0.0	8

Note: Rankings are based on the average city percentile rankings on the procedures, time, cost and paid-in minimum capital to start a business.
Source: world Bank-Doing Business database

The laboratories segment witnesses' similar type of concentration of labs in these cities, as there is ease of having a business. Most of the labs in Egypt are based in the top ranked three cities of Egypt, which are Cairo, Giza, and Alexandria. In recent years, the cities have witnessed a growth in the rental scenario and there has been scarcity of space. Amongst the key cities of Egypt, Alexandria faces higher non-availability of space problems in comparison to Cairo and Giza. Greater Cairo area provides better expansion opportunities in terms of availability of space.

Definition:

Terms	Definition
Gross Domestic Product (GDP)	GDP refers to the market value of all final goods and services produced within a country in a given period.
GDP at Current Prices	GDP at current prices is GDP at prices of the current reporting period, it is also known as the nominal GDP.
Total Health Expenditure	Total health expenditure is the sum of general government expenditure on health and private expenditure on health in a given year
Health Expenditure as percent of GDP	The total expenditure on health by general government and private players divided by the GDP of the country
Per Capita Health Expenditure	The sum of public and private expenditure divided by the population
Government Expenditure	The expenditure made by the country specific government in the total healthcare expenditure. It includes general government expenditure on health and the outlay on social security funds
Private Expenditure	The expenditure made by the private players in the total healthcare expenditure. It includes private insurance outlay and non-profit institutions serving households (e.g. NGOs)
Out of Pocket Expenditure	The expenditure made by the country apart from any cover by government and /or private players in the total healthcare expenditure
Foreign Direct Investment (FDI)	FDI is investment of foreign assets into domestic structures, equipment, and organizations. It does not include foreign investment into the stock market
Consumer Expenditure	Consumer expenditure or consumption is the total personal spending made on all types of goods and services. It is the largest part of aggregate demand or effective demand at the macroeconomic level.
Inflation Rates	Inflation is a sustained increase in the general price level of goods and services in an economy over a period of time. These price fluctuations are based upon the consumer price index (CPI) and are denoted in percentages.
Parastatal Organizations	The organization which fall under the quasi / semi government type of functionality, funding and structure. In Egypt some of these healthcare organizations which are neither fully a part of public or private sector are THO, HIO and CCO

Life Insurance	It is a contract between an insured (insurance policy holder) and an insurer or assurer, where the insurer promises to pay a designated beneficiary a sum of money (the "benefits") in exchange for a premium, upon the death of the insured person.
Non-life Insurance	Non-life insurance or general insurance provides payments depending on the loss from a particular financial event, anything apart from the life insurance which may include automobile, homeowners, health etc.

Glossary of Terms:

BMI	Body Mass Index	IMF	International Monetary Fund
BP	Blood Pressure	ISO	International Organisation for Standardisation
CAGR	Compound Annual Growth Rate	KSA	Kingdom of Saudi Arabia
CAPA	Central Administration of Pharmaceutical Affairs	MENA	Middle East and North Africa
CAPMAS	Central Agency for Public Mobilisation and Statistics	MHE	Ministry of Higher Education
CCO	Curative Care Organisation	MOHP	Ministry of Health and Population
CIA	Central Intelligence Agency	MRA	Mutual Recognition Arrangement
CRL	Central Reference Laboratory	NGO	Non-Governmental Organisation
DPPC	Drug Policy and planning centre	NIS	National Institute for Standards
EDA	Egyptian Drug Authority	NODCAR	National Organisation for Drug Control and Research
EFSA	Egyptian Financial Supervisory Authority	NORCB	National Organisation For research and Control of Biologicals
EGAC	Egyptian Accreditation Council	NTD	Neglected Tropical Diseases
EGP	Egyptian Pound	OECD	Organisation for Economic Co-operation and Development
EMS	Egyptian Medical Syndicate	PHC	Primary Healthcare Centres
EOS	Egyptian Organisation for Standardization and Quality	PPP	Public Private Partnership
EU	European Union	PVO	Private Voluntary Organisation
GCC	Gulf Cooperation Council	SCAF	Supreme Council of the Armed Forces
GDP	Gross Domestic Product	TBRI	Theodor Bilharz Research Institute
GoE	Government of Egypt	TBRI	Tuberculosis
HCV	Hepatitis C Virus	THO	Teaching Hospitals and Institute Organisation
HIO	Health Insurance Organisations	UAE	United Arab Emirates
IAF	International Accreditation Forum	US	United States
IDH	Integrated Diagnostics Holdings	USD	United States Dollar
IFE	Insurance Federation of Egypt	WHO	World Health Organization
ILAC	International Laboratory Accreditation Cooperation	WTO	World Trade Organization

References:

The table below shows the conversion rates used for finding USD from National Currency units, as used by the WHO in calculation of healthcare expenditure by countries:

Countries	National Currency Units (NCU)	1 USD to NCU Conversion Rate				
		2008	2009	2010	2011	2012
Australia	Australian Dollars	1.2	1.3	1.1	1	1
Austria	Euros	0.7	0.7	0.8	0.7	0.8
Bahrain	Bahraini Dinar	0.4	0.4	0.4	0.4	0.4
Belgium	Euros	0.7	0.7	0.8	0.7	0.8
Brazil	Reais	1.8	2	1.8	1.7	2
Canada	Canadian Dollar	1.1	1.1	1	1	1
Chile	Chilean Peso	522.5	560.9	510.2	483.7	486.5
Cyprus	Euros	0.7	0.7	0.8	0.7	0.8
Czech Republic	Euros	17.1	19.1	19.1	17.7	19.6
Denmark	Danish Krone	5.1	5.4	5.6	5.4	5.8
Egypt	Egyptian Pound	5.4	5.5	5.6	5.9	6.1
Estonia	Euros	0.7	0.7	0.8	0.8	0.8
Finland	Euros	0.7	0.7	0.8	0.7	0.8
France	Euros	0.7	0.7	0.8	0.7	0.8
Germany	Euros	0.7	0.7	0.8	0.7	0.8
Greece	Euros	0.7	0.7	0.8	0.7	0.8
Hungary	Hungarian Forint	172.1	202.3	207.9	201.1	225.1
Iceland	Icelandic Kronur	87.9	123.6	122.2	116	125.1
India	Indian National rupees	43.5	48.4	45.7	46.7	53.4
Ireland	Euros	0.7	0.7	0.8	0.7	0.8
Israel	New Sheqel	3.6	3.9	3.7	3.6	3.9
Italy	Euros	0.7	0.7	0.8	0.7	0.8
Japan	Japanese Yen	103.4	93.6	87.8	79.8	79.8
Jordan	Jordanian Dinar	0.7	0.7	0.7	0.7	0.7
Korea	Won	1,102.10	1,276.90	1,156.10	1,108.30	1,126.50
KSA	Saudi Arabian Riyal	3.8	3.8	3.8	3.8	3.8
Kuwait	Kuwaiti Dinar	0.3	0.3	0.3	0.3	0.3
Lebanon	Lebanon Pound	1,507.50	1,507.50	1,507.50	1,507.50	1,507.50
Luxembourg	Euros	0.7	0.7	0.8	0.7	0.8
Mexico	Mexican Peso	11.1	13.5	12.6	12.4	13.2
Netherlands	Euros	0.7	0.7	0.8	0.7	0.8
New Zealand	NZ Dollars	1.4	1.6	1.4	1.3	1.4
Norway	Norway Kroner	5.6	6.3	6	5.6	5.8
Oman	Omani Rial	0.4	0.4	0.4	0.4	0.4
Poland	Zloty	2.4	3.1	3	3	3.3
Portugal	Euros	0.7	0.7	0.8	0.7	0.8
Qatar	Qatari Rial	3.6	3.6	3.6	3.6	3.6
Slovak Republic	Euros	0.7	0.7	0.8	0.7	0.8
Slovenia	Euros	0.7	0.7	0.8	0.7	0.8
South Africa	Rand	8.3	8.5	7.3	7.3	8.2
Spain	Euros	0.7	0.7	0.8	0.7	0.8
Sweden	Swedish Krona	6.6	7.7	7.2	6.5	6.8
Switzerland	Swiss franc	1.1	1.1	1	0.9	0.9
Syria	Syrian Pound	46.6	46.7	46.4	46.9	47
Turkey	Turk New Lira	1.3	1.5	1.5	1.7	1.8
UAE	U.A. Emirates Dirham	3.7	3.7	3.7	3.7	3.7
United Kingdom	Pound Sterling	0.5	0.6	0.6	0.6	0.6
US	US Dollar	1	1	1	1	1

Assumptions and notes on GDP data taken in the report:

Country	Data Estimates Start After	Source
Australia	2013	IMF
Brazil	2013	IMF
Egypt	2013	IMF
India	2014	IMF
South Africa	2012	IMF
Turkey	2013	IMF
United Arab Emirates	2012	IMF
Bahrain	2013	IMF
Saudi Arabia	2013	IMF
Kuwait	2013	IMF
Oman	2013	IMF
Qatar	2013	IMF
Cyprus	2013	IMF
Israel	2013	IMF
Jordan	2013	IMF
Lebanon	2011	IMF
Palestine	2012	Palestine Central Bureau of Statistics
Syria	2012	WHO
United States	2013	IMF
Japan	2013	IMF
Germany	2013	IMF
France	2013	IMF
United Kingdom	2013	IMF
Slovenia	2013	IMF
Estonia	2013	IMF
Iceland	2013	IMF
Poland	2013	IMF
Hungary	2011	IMF
Mexico	2013	IMF
Luxembourg	2013	IMF
Norway	2013	IMF
Switzerland	2011	IMF

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