Annual Report 2016

The largest fully-integrated diagnostics provider in Egypt

IDH INTEGRATED DIAGNOSTICS HOLDINGS

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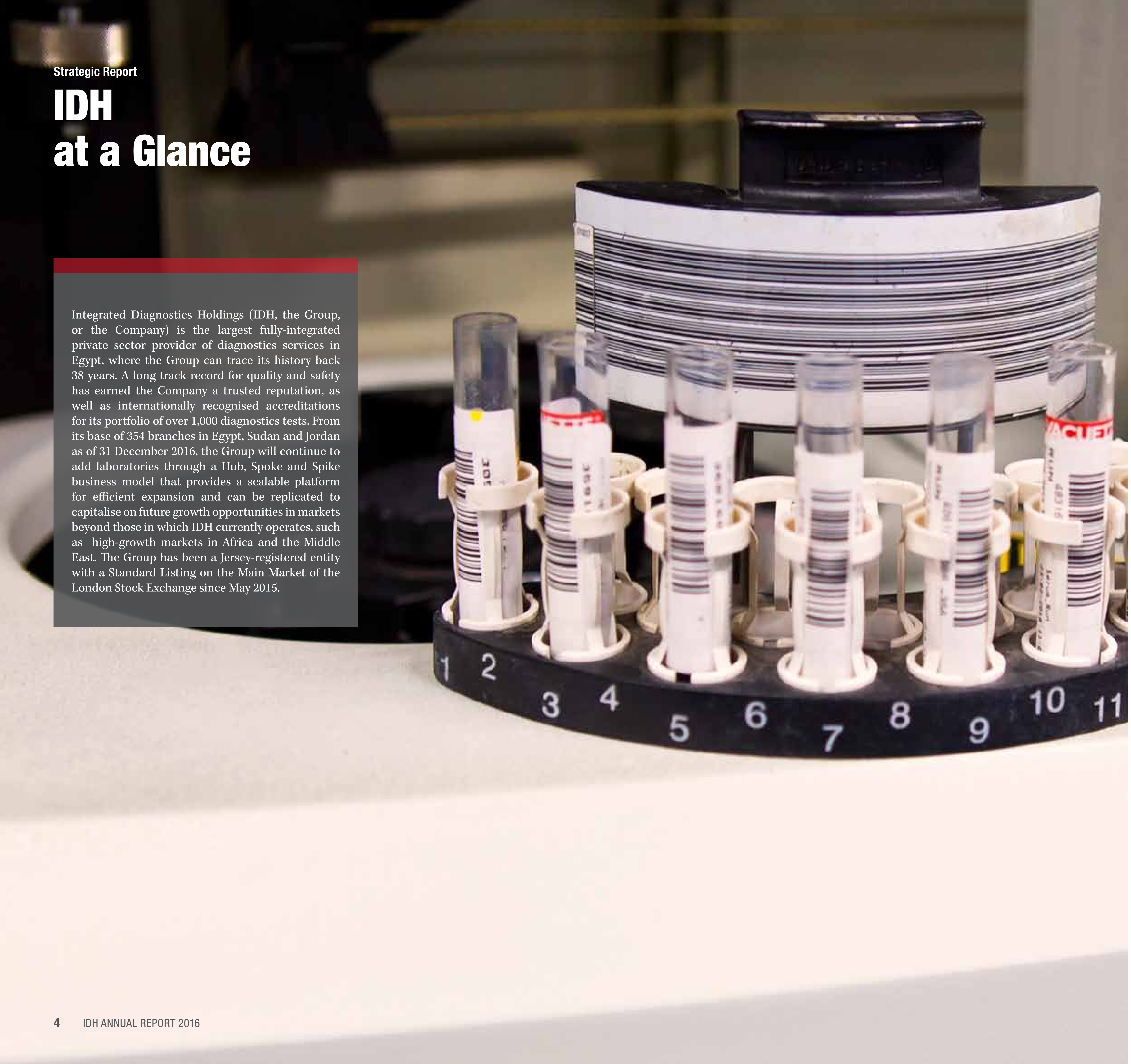
Strategic Report

IDH is the largest fully-integrated diagnostics provider in Egypt, with more than a 50% share by revenue of the private chain market segment.

Strategic Report

IDH at a Glance



Integrated Diagnostics Holdings (IDH, the Group, or the Company) is the largest fully-integrated private sector provider of diagnostics services in Egypt, where the Group can trace its history back 38 years. A long track record for quality and safety has earned the Company a trusted reputation, as well as internationally recognised accreditations for its portfolio of over 1,000 diagnostics tests. From its base of 354 branches in Egypt, Sudan and Jordan as of 31 December 2016, the Group will continue to add laboratories through a Hub, Spoke and Spike business model that provides a scalable platform for efficient expansion and can be replicated to capitalise on future growth opportunities in markets beyond those in which IDH currently operates, such as high-growth markets in Africa and the Middle East. The Group has been a Jersey-registered entity with a Standard Listing on the Main Market of the London Stock Exchange since May 2015.

+ 38 years
track record at the subsidiary level

354
operational branch labs as at 31 December 2016

5
key brands with strong awareness in underserved markets

24 mn
tests completed in 2016

EGP 1,171 mn
in revenue in 2016, up 15% on 2015

1,000 +
internationally accredited diagnostic tests offered

5.8 mn
patients served in 2016

44 %
EBITDA margin in 2016

Dividend
of 14 US cents per share (vs. 6 US cents in 2015)

2016 Highlights

Revenues
up 15% in 2016 to EGP 1,171 million, driven largely by better pricing as well as the impact of volume and the foreign currency translation of results from IDH's Sudanese and Jordanian subsidiaries into Egyptian pounds.

Gross profit
increased 15% period-on-period to EGP 628 million on the back of strong cost discipline despite macro-economic headwinds including a high-inflation environment.

Net profit
of EGP 267 million, up from EGP 155 million in 2015.

EBITDA
of EGP 511 million, up from EGP 304 million in 2015.

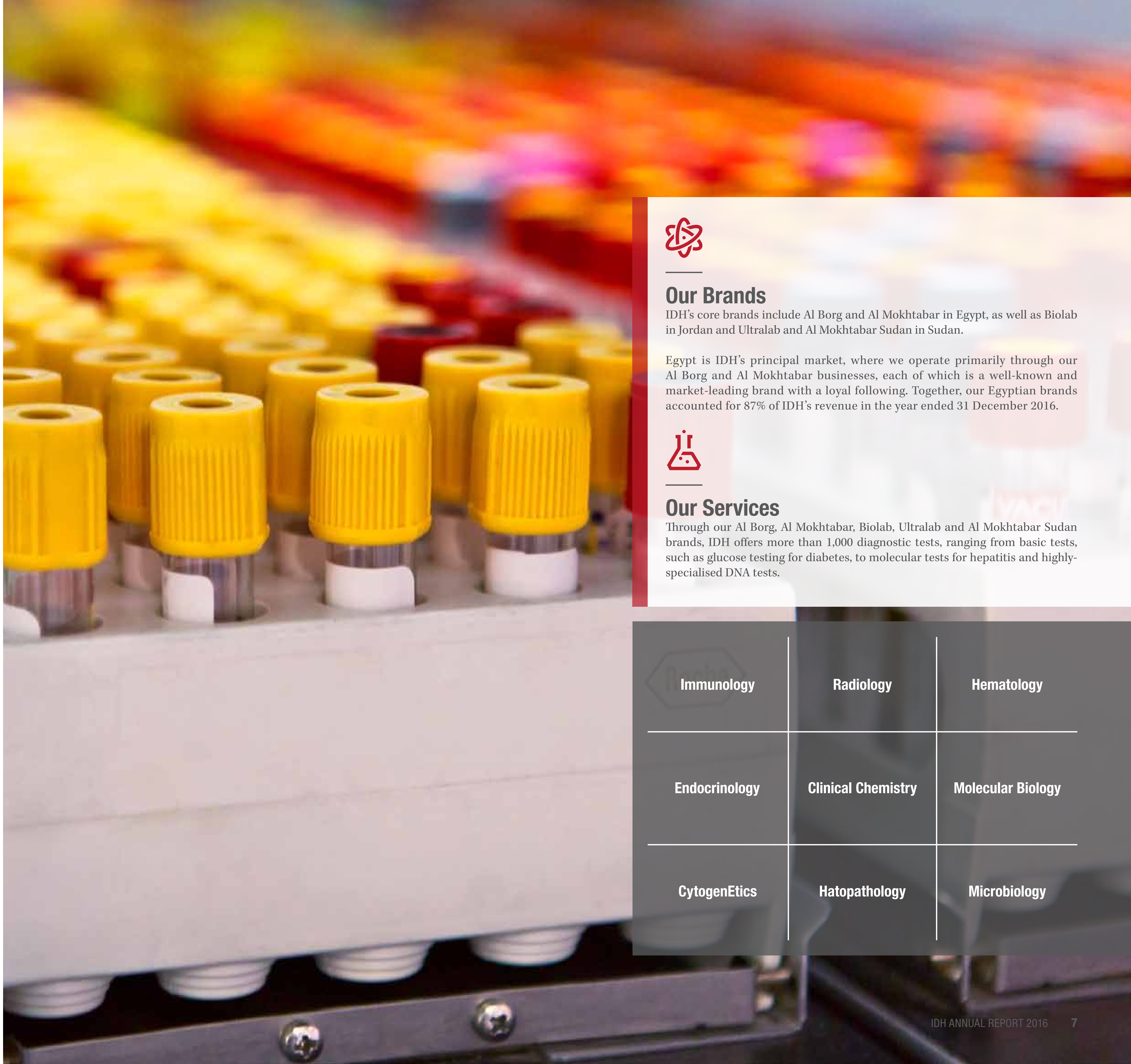
Operating profit
of EGP 466 million compared with EGP 267 million in 2015. The comparative figure for last year reflects the impact of fees associated with IDH's initial public offering on the London Stock Exchange of EGP 125 million as well other non-recurring expenses of EGP 6.0 million.

Net foreign exchange loss
amounted to EGP 89 million compared with a net forex gain of EGP 3.5 million in 2015.

Recommended final dividend
of US$ 0.14 (fourteen US cents) per share, equivalent to US$ 21 million in total compared with US$ 0.06 (six US cents) per share, equivalent to US$ 9 million in total in 2015.

Earnings per Share
of EGP 1.74, up from EGP 0.97 in 2015.

Expansion of branch footprint
to 354 in 2016, up from 314 branches in 2015.



Our Brands
IDH's core brands include Al Borg and Al Mokhtabar in Egypt, as well as Biolab in Jordan and Ultralab and Al Mokhtabar Sudan in Sudan.

Egypt is IDH's principal market, where we operate primarily through our Al Borg and Al Mokhtabar businesses, each of which is a well-known and market-leading brand with a loyal following. Together, our Egyptian brands accounted for 87% of IDH's revenue in the year ended 31 December 2016.

Our Services
Through our Al Borg, Al Mokhtabar, Biolab, Ultralab and Al Mokhtabar Sudan brands, IDH offers more than 1,000 diagnostic tests, ranging from basic tests, such as glucose testing for diabetes, to molecular tests for hepatitis and highly-specialised DNA tests.

Immunology	Radiology	Hematology
Endocrinology	Clinical Chemistry	Molecular Biology
CytogenEtics	Hatopathology	Microbiology

FINANCIAL & OPERATIONAL PERFORMANCE

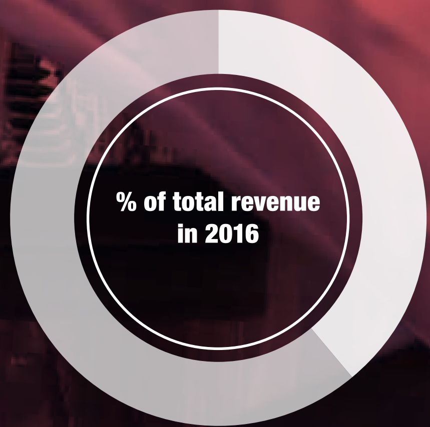
Indicator	Units	2016	2015
Operational			
Number of Tests	million	24.1	23.8
Number of Patients	million	5.8	5.8
Number of Labs	#	354	314
Tests per Patient	#	4.15	4.11
Financial			
Revenue	EGP million	1,171	1,015
Per Patient	EGP	201	175
Per Test	EGP	48.6	42.6
Per Lab	EGP million	3.3	3.5
EBITDA*	EGP million	511	304
Net Profit	EGP million	267	155
Earnings per share	EGP	1.74	0.97

* EBITDA is calculated as operating profit plus depreciation and amortisation. EBITDA for 2015 reflects the impact of fees associated with IDH's initial public offering on the London Stock Exchange of EGP 125 million as well other non-recurring expenses of EGP 6.0 million.

Revenue by Geography 2016 and 2015

	2016	2015
Egypt	87%	90%
Jordan	10%	7%
Sudan	3%	3%

REVENUE BY TYPE IN 2016 AND 2015



	2016	2015
Walk in	39%	39%
Contract	61%	61%

A Note from Our Chairman

Despite the strong macro-economic headwinds faced by Egypt, I am pleased to report that your Company delivered resilient operating results for 2016.

Our ability to continue to show resilient performance despite the currency crisis of 2016 (with a wide gulf between official and parallel market prices of foreign exchange, culminating in a free-float of the Egyptian pound in November that saw the currently lose more than 50% of its value) and continued high-inflation environment is testament to our established, trusted brands; internationally accredited laboratories; scalable business model; and wide-reaching branch network.

I am now significantly more optimistic on the political and economic future of Egypt. The country is now better positioned to make progress in stabilising the currency and accelerating economic growth following the recent much-needed fiscal and monetary reforms and the US$ 12 billion International Monetary Fund (IMF) extended fund facility. This was most recently underscored by the government's success with its oversubscribed US$ 4 billion Eurobond offering in the early weeks of 2017.

Whilst our commanding brand position in Egypt offers further opportunities to both expand and extend our business in that nation, with our LSE listing — and with the success of our stable and proven diagnostics services platform — we are looking to expand our geographic reach, particularly in other high-growth markets in Africa and the Middle East. We are acutely cognisant that improving and sustaining execution requires the ongoing enhancement of human capital. To this end, the senior management team led by our Chief Executive Dr. Hend El Sherbini, whose accomplishments and vision continue to underpin the Company's progress, will be enhanced with additional senior appointments to support the Company's growing footprint.

Your Board and management are committed to meeting shareholder expectations, and we are also very cognisant of our responsibilities regarding accountability, transparency and good governance.

Our mission is to continue to deliver sustainable growth with additional value-added services in existing jurisdictions while actively pursuing value-accretive acquisitions in new geographies that will realise the Company's full potential as a regional success story.

Lord St John of Bletso
Chairman
21 March 2017

A Note from Our CEO

Our response to these economic forces in 2017 — as last year — will be enabled by the fundamental strength of our brands as well as our scalable, asset-light business model.

Fellow shareholders,

2016 demonstrated our Company's fundamental ability to deliver a strong operating performance in a year characterised by extraordinary macro-economic headwinds in our principal market. In Egypt, where we generated 87% of our 2016 revenues, the primary factor in our business environment was the build-up to the devaluation of the Egyptian pound. This came to a head in early November when the Central Bank of Egypt allowed the interbank market to set the value of the pound relative to key foreign currencies. This was followed days later by the International Monetary Fund's (IMF) approval of a three-year, US$ 12 billion extended fund facility that underpinned the strong government commitment to an ambitious package of economic reform.

In the months prior to the devaluation, a parallel exchange rate had opened up; confidence and investment fell, and there was mounting inflationary pressure on consumers. The devaluation, whilst representing a major economic dislocation that heralded what is expected to be a transient period of rising inflation, has reset the economy and is leading to a resumption of investments and more optimistic outlook.

In absolute terms, the Egyptian pound accordingly lost 56% of its value in 2016 (from an official value of EGP 7.83 : US$ 1 on 1 January 2016 to EGP 18.00 per US$ 1 on 31 December 2016), pressuring inflation to a seven-year high of 23% at year end. By January 2017, headline inflation stood at 28%, with inflation in healthcare running at 33%.

Our response to these economic forces in 2017 — as last year — will be enabled by the fundamental strength of our brands as well as our scalable, asset-light business model. We will continue to leverage our unequalled network of branches (which provides us with the widest reach of any provider of diagnostic services in the Egyptian market) and our long-standing relationships with leading equipment and kit providers for whom we are key partners on a regional basis.

Together with our strong marketing infrastructure targeting patients and physicians alike, this will provide us with an opportunity to enhance our market share in Egypt in 2017 as smaller laboratories and chains lacking our financial resources and assets struggle to keep pace with a challenging environment.

Our revenues increased 15% period-on-period to EGP 1,171 million in 2016, underpinned by our strong brands, which over the past 38 years have come to be synonymous with quality and safety. We were able to raise prices selectively to achieve top-line growth, driving our key metrics of average revenue-per-patient up 15% and our average revenue-per-test 14% higher.

While the total number of patients we served in 2016 was approximately the same as a year earlier, we saw a continued shift in our mix of walk-in versus corporate contract patients. Individuals paying for their own healthcare have been cutting back on their spending in reaction to high inflation and economic uncertainty. Thus, whilst corporate patient volumes were nominally higher, walk-in patient volumes declined slightly. Our business has benefited from the rising numbers of patients covered by corporate healthcare agreements, a counterbalancing trend we expect to continue in 2017. In parallel, we will continue to deliver targeted marketing campaigns to capture higher-margin walk-in traffic.

This shift from higher-margin walk-ins to lower-margin corporate clients is a short-term challenge, but we believe it will ultimately accrue to IDH's benefit. Average revenue per test may decline in the short term, but the long-term restructuring of the market in favour of corporate-led contracts benefits large, multi-branch players with the broadest footprints, most-trusted brands and lower cost driven by economies of scale.

Management took important proactive steps in 2016 to insulate the Company as much as possible from the negative impact of the currency devaluation and associated inflationary pressure. To spur sales throughout the year, our advertising and marketing teams launched preventive healthcare campaigns to encourage doctors to promote — and patients to take advantage of — recurring diagnostic packages for lifestyle-related diseases and chronic health conditions. We also engaged with our key suppliers to negotiate more moderate price increases to mitigate the pressure on operating margins. Our ability to keep the costs of our materials in check reflects both the strength of our supplier relationships and the significant volumes we regularly purchase from them. While we successfully renegotiated key supplier contracts in early 2017, further volatility in the foreign exchange rate may lead to discussions on price at some point during the year.

Our geographic footprint grew 13% in 2016 to 354 branches in total at year end. We opened 39 new units in Egypt and three in Jordan, while we closed two in Sudan. The investment in our state-of-the-art central Mega Lab, which when inaugurated in 2015 doubled our capacity, continued to pay off, enabling us to further deploy our Hub, Spoke and Spike business model at a comparatively low capital cost.

To support all of our future growth plans, our Company will be consolidating our current corporate offices in downtown Cairo into a new headquarters. In 2017, we are planning to acquire a building in Smart Village, a corporate office park in the city of 6th of October, located slightly west of Cairo, that will provide sufficient space for headquarters and central staff.

Proposed Dividend and Dividend Policy

We are pleased to propose paying a final dividend of US$ 0.14 (fourteen US cents per share), or US$ 21 million in aggregate, to shareholders in respect of the financial year ended 31 December 2016. This represents an increase of more than 100% compared to a final dividend of US$ 0.06 (six US cents per share) or US$ 9.0 million in aggregate the previous financial year.

In view of the strong cash-generative nature of our business and its asset-light strategy, our dividend policy is to return to shareholders the maximum amount of excess cash after taking careful account of the cash needed to support operations, capital expenditure plans, organic expansion opportunities, and potential acquisitions.

A proactive approach to cash management has enabled IDH to convert the Egyptian pound-denominated earnings into US$.

Outlook

We are optimistic that 2017 will see the beginning of improvement in macro-economic conditions in Egypt. While the negative impact of currency devaluation and inflation have challenged the counter-cyclicality of the healthcare system in 2016, strong fundamentals continue to support a positive outlook for growth in diagnostics services in Egypt. With more people than any other country in the region at c. 92 million, Egypt hosts a large and growing number of the elderly, a significant segment of the Egyptian diagnostics industry. The Egyptian population is also marked by low awareness of health issues, a high prevalence of diseases requiring high test volumes, and most labs are still concentrated in big cities. Finally, the rapid pace of population growth and a large cohort of individuals entering the workforce over the coming decade all speak to continued demand for healthcare services.

In Egypt, our focus in 2017 will be on broadening our base of patients and increasing our revenues per patient through educational and scientific marketing messages that stress the quality and safety of our brands. Our Al Borg and Al Mokhtabar brands are recognised and trusted, with a loyal following, and together accounted for 87% of IDH's revenue in 2016. We also see ample room to increase accessibility to laboratory services by opening more branch labs around the country. The strength of our brands would also support expansion into adjacent healthcare verticals. Our sights are set on complementary diagnostic services that in combination would raise IDH's profile to that of a "one-stop-shop" diagnostics provider.

We are also mindful of the opportunity to make acquisitions outside Egypt in Africa and the Middle East, where our business model is well-suited to capitalise on similar healthcare and consumer trends and capture a significant share of fragmented markets. We are as keen as ever to build the Company through focused acquisitions, but at the same time mindful of finding the right balance of timing and strategic fit that would maximise shareholder value over the long term.

We do expect macro-economic challenges to persist in the coming year, in particular inflationary pressures on our operating margins. Inflation will have a negative impact on the spending habits of our patients; our ability to pass on some price increases; and the positive impact from our targeted marketing campaigns. Based on our assessment of the operating environment as we begin the new year, we would guide investors to expect that although we believe a double-digit increase in revenues is achievable, our EBITDA margin could be in the range of 40-43%, only marginally down from last year's 44%.

I remain optimistic about IDH's growth prospects in Egypt and beyond, and look forward to updating you on our progress on all fronts in the coming year. I am honoured to have you on this journey with us.

Dr. Hend El-Sherbini
Chief Executive Officer
21 March 2017

Egypt – Our Principal Market

The Egyptian diagnostics industry can be broadly divided into public and private sector infrastructure, with the latter including both labs attached to private hospitals and independent standalone labs (chains and single labs). IDH is the largest fully-integrated private sector diagnostics service provider, with more than 50% share by revenue of the private chain market.

While the counter-cyclicality of the healthcare system in Egypt has been challenged by currency devaluation and inflation in 2016, powerful structural growth drivers continue to support future growth in diagnostic services:

- With more than 92 million people, Egypt is the most populous country in the MENA region; in terms of demographics, it hosts a growing population of elderly people.
- The population is marked by a high disease burden, with high prevalence of both communicable and non-communicable diseases; tropical diseases; and lifestyle diseases, such as diabetes.
- There is a rising prevalence of diseases commanding high test volumes, indicating an expanding need gap compared with more developed markets.
- There is ample opportunity to increase the usage of laboratory diagnostics as a tool in clinical practice, the awareness of which will be raised with higher penetration of health insurance and improved cognisance of preventive healthcare.
- Most labs in Egypt are still concentrated in big cities; there is a still substantial room to increase accessibility to lab services by adding branches in all of the country's 27 governorates for greater coverage of the population.
- The corporate market is emerging as a driver for diagnostic services, as more companies offer healthcare coverage to their employees.

IDH is in a strong competitive position in the Egyptian diagnostic industry, having created formidable barriers to entry with its 38-year track record, trusted brands, scalable business model and network of 354 branch labs:

- IDH's accreditations, which underscore its high-quality testing capabilities, are key to attracting patients. IDH's now decommissioned A labs possessed accreditation from the College of American Pathologists (CAP), underscoring its high-quality testing capabilities to attract contract clients. The Group is now pursuing CAP accreditation of its Mega Lab and expects this process to be complete in 2017.
- IDH's long-established brands have trusted reputations that have engendered strong patient loyalty.
- With a wide geographic presence, IDH is well positioned to cater to the fragmented nature of the regional market.
- IDH has a strong relationship with key stakeholders such as physicians, patients and hospitals.

IDH's Competitive Strengths & Business Model

IDH's competitive strengths have positioned it well for future organic growth within the diagnostic industry, as well as set the stage for value-accreting acquisitions in new geographies and in complementary services that could raise the Group's profile as a "one-stop shop" diagnostics provider.

Exposure to resilient markets	IDH's markets are characterised as having strong structural growth drivers and an underserved diagnostic services demand. The Group has been able to demonstrate growth based on strong underlying industry fundamentals despite political and economic turmoil in recent years. Barriers to entry are high, which the Group has been able to surmount with established strong brands, internationally accredited laboratories, a scalable business model and a wide geographic reach.
Established business model	IDH's Hub, Spoke and Spike business model provides the Group with an efficient low-capital intensive platform for organic expansion over a wide geographic area. It enhances the consistency of safety and testing procedures as more tests are conducted through its centralised Mega Lab with modern, high-capacity equipment and significant throughput.
Experienced, entrepreneurial management	The Group has a highly experienced management team with decades of experience in the healthcare sector. Furthermore, IDH's world-class Board of Directors brings years of healthcare, MENA region and investment experience to the table.
Strong, unlevered balance sheet and cash generation capacity	IDH has enjoyed a strong track record of profitable growth, even under adverse macroeconomic conditions. This was demonstrated again in 2016, when against the backdrop of currency devaluation and associated high inflation, the Group produced an EBITDA margin of 44%. In parallel, the Company's asset-light business model notably translates into minimal borrowings while allowing for significant strategic flexibility.
Substantial opportunities to expand into new geographies, as well as adjacent diagnostic categories	The Group continues to explore opportunities to expand into new high-growth markets in Africa and the Middle East as well as adjacent verticals, where complementary diagnostic services could in combination raise IDH's profile to that of a "one-stop-shop" diagnostics provider.

BARRIERS TO ENTRY

Accreditation of Facilities
Attracting contract clients requires accredited, high-quality testing capabilities.

Brand & Reputation
Patients are loyal to leading brands with a strong track record.

Market Reach
Fragmented market necessitates a wide geographic presence to allow for broad customer reach.

Relationship with Key Stakeholders
Building a scalable platform requires strong relationship with stakeholders such as physicians, patients and hospitals.

Our Market

The mechanics of the Egyptian healthcare market are markedly different from those in many Western healthcare sectors. Publicly funded and private healthcare systems exist in parallel, and in the private market served by IDH, patients have substantially more freedom to make healthcare decisions than do their counterparts in more institutionalised markets.

General practitioners (also referred to as family medicine practitioners or primary care specialists) are rare in Egypt and accordingly not the gatekeepers through which patients access primary or specialist care. Patients seeking treatment may accordingly elect to obtain initial care by (a) attending a hospital outpatient clinic or emergency room; (b) attending a polyclinic; or (c) directly seeking the services of a specialist physician. The patient's choice may be influenced by whether or not the patient has employer-provided health insurance or a corporate arrangement with a specific provider.

Physicians ordering diagnostic procedures to be completed outside a hospital setting may recommend that the patient complete these tests at a specific service provider, but patients enjoy a high degree of freedom in choosing the service provider they attend based on perceived quality and pricing or on insurance or corporate arrangements. Walk-in patients (also referred to as "self-payers") pay out of pocket in advance of the tests being completed.

Patients then typically obtain test results in person (often with an accompanying report from a pathologist, geneticist, radiologist or other specialist) and return with the results to the physician who requested the tests in the first instance. It is noteworthy that IDH has the ability to deliver test results to patients on the same day electronically as well as via a mobile app.

IDH accordingly engages in sales and marketing activities that separately target:

- **Physicians,** through direct sales visits to individual practitioners, periodic gatherings for physicians within a speciality, promotional giveaways as well as discount cards for physicians and their families that are compliant with our Anti-Bribery and Corruption Policy, incentive-based physician loyalty programs and the organisation or sponsorship of conferences;
- **Walk-in patients,** through social media channels, mass-market and targeted health awareness campaigns, et cetera, calling on outdoor advertising, television, radio and online advertising; and
- **Corporate patients,** through direct outreach to insurers and employers.

OUR SUPPLIERS

IDH has an asset-light business model that is also illustrated by its supplier relationships. The Group's contracts with its key suppliers of medical testing kits include the provision of the equipment to analyse the laboratory test results. These agreements have minimum annual commitment payments to cover the supply of the medical diagnostic equipment, kits and chemicals to be used for testing and ongoing maintenance and support services. The agreement periods are typically for five to eight years. The supply of the medical diagnostics equipment through these arrangements has been judged to be finance lease in nature.

The Group's main suppliers of kits are Roche, Siemens and BM (Sysmex), who collectively represented 69% of total raw materials in Egypt in 2016; this compares with 45% in 2015, as the Group's Megalab was not fully operational for the entire 2015 year. On the whole, raw materials as a percentage of sales declined to 16% in 2016 from 17% in 2015. IDH does not rely on any single supplier of test kits or any other medical supply purchases in the Mega Lab so as to avoid backorders and any ensuing interruptions to operations.

The number of kits purchased is determined by a combination of historical consumption patterns and future growth plans, and our high volume of kit consumption feeds into pricing power with suppliers going forward. Increasing test volumes thus puts the Group in a strong position to negotiate favourable kit prices, thereby reducing the cost per test while at the same time incurring no initial capital outlay for the purchase of medical diagnostic equipment.

IDH is exposed to foreign exchange risk in purchasing supplies, as a significant portion of its purchases are either payable or effectively priced in foreign currency (see "Specific Risk/Mitigation" table starting on on page 28). Siemens, accounting for 15% of total raw materials, is the only supplier that the Group actually pays in US dollars. While other suppliers provide the Company with imported product, they are paid in Egyptian pounds.

The Group is one of the largest providers of diagnostic services in the region, and as such, one of the largest volume purchasers of test kits. Over the years, IDH has developed strong and long-standing relationships with its supplier base. Accordingly, the Company has been able to successfully negotiate favourable contract terms against the backdrop of the currency devaluation, so that the prices of its kits have been increasing at a slower rate than that at which the Egyptian pound has lost value against the US dollar.

Our Business Model

The scalable Hub, Spoke and Spike business model works very well in a fragmented industry characterised by high barriers to entry that benefit existing professional operators such as IDH.

IDH operates an easily scalable business model, allowing for expansion in a capital-efficient manner and geared toward operational efficiency. The Group deploys a Hub, Spoke and Spike model in which the Mega Lab functions as the Hub that is equipped for all services and tests offered, particularly with advanced diagnostic tools, for samples collected by the B and C labs. The B labs (Spokes) are capable of processing routine tests, and they effectively reduce traffic to the Mega Lab where warranted. The C labs (Spikes) function as collection and basic test centres that importantly increase our reach to clients nationwide.

Supported by the strong operational backbone of the Mega Lab, IDH is able to offer a broad range of tests and can "plug and play" new C labs to extend its geographic reach. The addition of new and esoteric test facilities at the Mega Lab provides a "one-stop" solution for customers, which, in combination with value-package offerings, drives our key test-per-patient financial metric. Replacing the two A labs in 2015, the Mega Lab now houses additional machines that have increased automation and offers excess capacity to support future growth in the business.

Mega Lab (Hub)

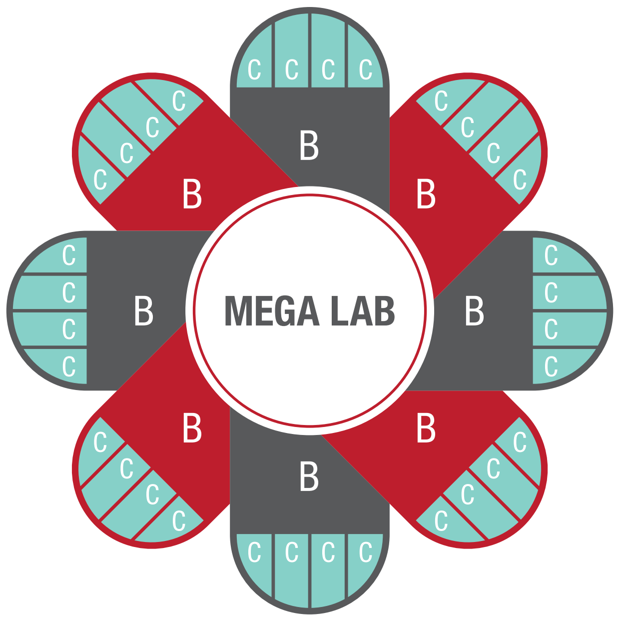
- The Mega Lab, the largest automated lab in Egypt, serves as IDH's diagnostic hub, equipped with the latest technology and providing a full suite of diagnostic tests.
- A majority of equipment is provided at no upfront cash cost in return for IDH agreeing to purchase a minimum volume of kits from the equipment supplier.
- Specialty tests from IDH subsidiaries are shipped to the Mega Lab in Egypt, and results are retrieved electronically.
- Significant cost synergies are realised on kits, logistics and quality control.

B Labs (Spokes)

- B-labs serve as IDH's spokes that work to reduce traffic to Mega Lab by processing routine tests onsite, including chemistry, parasitology and haematology.
- They are higher in capacity and larger in size than the C labs.
- At 2016 year-end, there were seven B labs in Egypt, two B labs in Jordan and 20 in Sudan.

C Labs (Spikes)

- C labs are collection centres that allow for expansion of reach.
- They conduct basic tests including urine, stool, semen, ESR and pregnancy tests.
- At 2016 year-end, there were 354 operational C lab branches compared with 314 at the end of the previous year.



Internationally Accredited Test Portfolio

IDH's comprehensive product portfolio covers immunology, radiology, haematology, endocrinology, clinical chemistry, molecular biology, cytogenetics, histopathology and microbiology. Across its brand portfolio, IDH maintains international-quality accreditations with a stringent internal audit process to ensure best-in-class service.

ISO

ISO accreditation requires an initial inspection of laboratory practices, calibration and medical analysis by an accreditation body. For Al Mokhtabar and for Al Borg, it was URS Certification (accredited internationally by the United Kingdom Accreditation Service); 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. The Company's ISO 9001:2008 accreditations for both Al Mokhtabar and Al Borg passed year-end accreditation reviews in 2016 and will next be renewed in 2017.

College of American Pathologists (CAP)

Unlike ISO accreditation, CAP certification is awarded to individual labs, rather than the Group's operation as a whole. Prior to its decommissioning, Al Mokhtabar's A Lab was the only private laboratory in Egypt to have been certified by CAP. 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. Furthermore, 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, ongoing 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 onsite inspections, interim inspections and interim self-assessments.

IDH filed for CAP certification for the Mega Lab as scheduled in 2016 and expects inspectors on site in 2017. The CAP certification will thereafter be subject to renewal every two years.

Quality Assurance

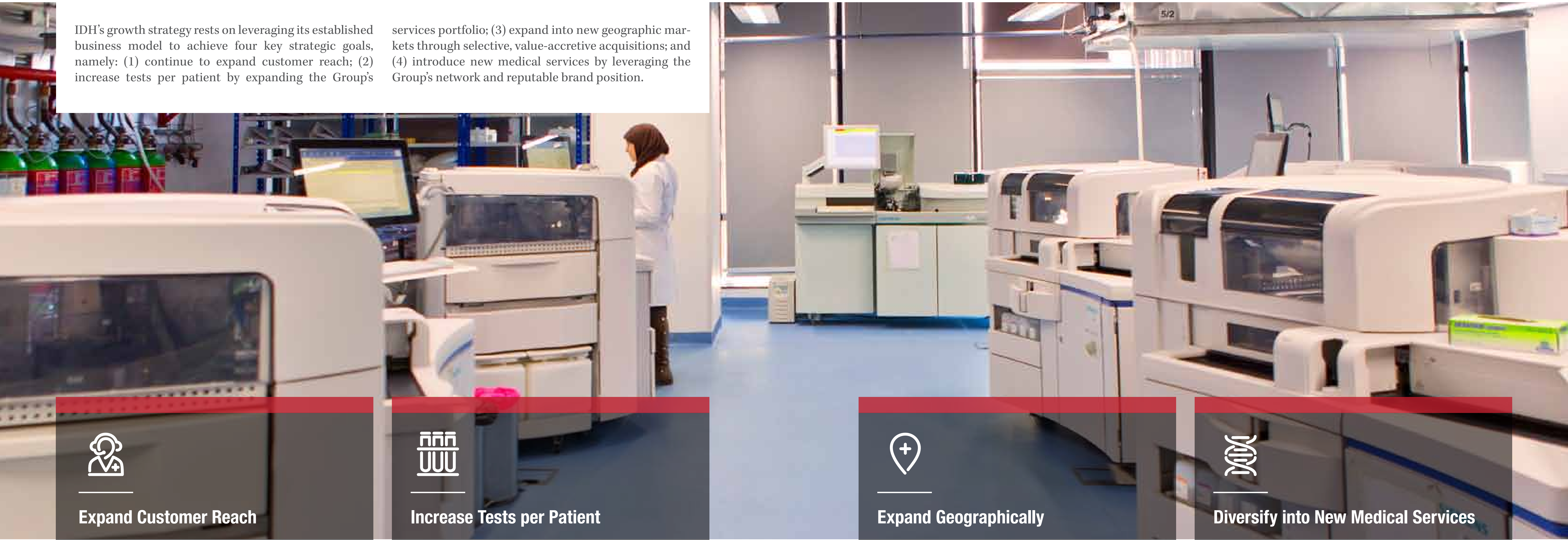
IDH's quality assurance program serves as the internal audit function of the Group, ensuring that all internal diagnostic processes, lab testing procedures and results analyses are accurate. The quality assurance program ensures that all the standards of the CAP and ISO accreditations are met by inspecting hardware and equipment, ensuring compliance with procedure manuals, inspecting the accuracy of results and administering competency assessments for employees. The internal audit team also maintains a specific audit checklist for the basic and routine tests conducted in the Group's C Labs, including 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.

Employee Training

The Group views education as an essential means of ensuring quality across its laboratories. To help develop the skills of employees, IDH has a dedicated training facility in Cairo with four training laboratories. In 2016, the training centre employed one director, five full-time specialists, four administrators and fourteen part-time instructors. The centre provides training to around 250 employees per month, including doctors, chemists, sales personnel and administrators. The training curriculum is determined based on performance KPIs, internal audit reports, management reviews, competency assessment reports and analysis of customer feedback and complaints. IDH's employee training is structured along four modules: New employee training, competency-based, need-based and practical re-training.

Growth Strategy

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



Expand Customer Reach

IDH 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 patients, thereby expanding the customer base. Further, the Group's add-on services, such as house calls, e-services and results delivery, make its regular service offerings easier to use for both existing and prospective patients. IDH is also actively engaged in advertising campaigns to raise awareness of particular diseases and the importance of being tested, as well as to educate people with lifestyle diseases, such as diabetes and high cholesterol, to undergo frequent testing.

Increase Tests per Patient

IDH intends to expand its branch network and diversify its portfolio of test services offered in order to take full advantage of the expected increased demand for private healthcare services in Egypt. The Group is expanding its ability to perform more complex tests not offered in other labs by broadening its portfolio of specialised and advanced tests, which will help to drive testing volumes. IDH is also focused on bundling testing services into health packages to offer to its existing customers at discounted rates as a way to increase tests, thus revenues, per patient.

Expand Geographically

IDH is looking to expand through value-accreting acquisitions in the MENA region, the GCC and sub-Saharan Africa, where our business model is well-suited to capitalise on similar healthcare and consumer trends and capture a significant share of fragmented markets.

Diversify into New Medical Services

As the medical testing market in Egypt is evolving from a single doctor-oriented model to a branded chain model, IDH recognises the opportunity to offer services that are not currently being provided by any private healthcare provider on a large scale. The Company believes that its scale and experience make it better positioned than its competitors to take advantage of developing diagnostic services opportunities in Egypt, ranging from specialised physician services to radiology to in-vitro fertilisation, among possibilities, that would raise IDH's profile to that of a "one-stop-shop" diagnostics provider.

Principal Risks, Uncertainties and Their Mitigation

As in any corporation, IDH has exposure to risks and uncertainties that may adversely affect its performance. IDH Chairman Lord St John of Bletso has emphasised that ownership of the risk matrix is sufficiently important to the Group's long-term success that it must be equally shared by the Board and senior management.

While no system can mitigate every risk — and some risks, as at the country level, are largely without potential mitigants — the Group has in place processes, procedures and baseline assumptions that provide mitigation. The Board and senior management agree that the principal risks and uncertainties facing the Group include:

Specific Risk	Mitigation
Country risk — Political & Security Egypt and the wider MENA region, where the Group operates, have experienced political volatility since 2011 and continue to experience occasional terrorist incidents. There remains a risk of occasional civil disorder.	See mitigants for "Country / regional risk — Economic," below.
Country / regional risk — Economic The Group is subject to the economic conditions of Egypt specifically and, to a lesser extent, those of the wider MENA region. Egypt accounted for c. 87% of our revenues in 2016 (2015: 90%). **High inflation:** Egypt's headline inflation rate closed December 2016 at a record-high of 23.3%, pressured by food prices increases. Consensus expectations are for inflation to remain at high year-on-year levels throughout the first half of 2017, gradually decelerating to c. 14% by mid-year.	As with country risk, this is largely not subject to mitigation. In both political / security and economic risk, management notes that IDH operates in a defensive industry and that the business continued to grow year-on-year through two revolutions, as well as under extremely difficult operating conditions in 2016. High inflation is one consequence of Egypt's policy-restructuring cycle. The structural change underway in government spending and general repricing of goods and services represents a reversal of 50 years of comprehensive government support. While it will take time, the reform program is designed to put the country on a more sustainable path to growth and fiscal consolidation. The Group's contemplated acquisitions outside of Egypt would also mitigate the Egypt-specific country risk over time.

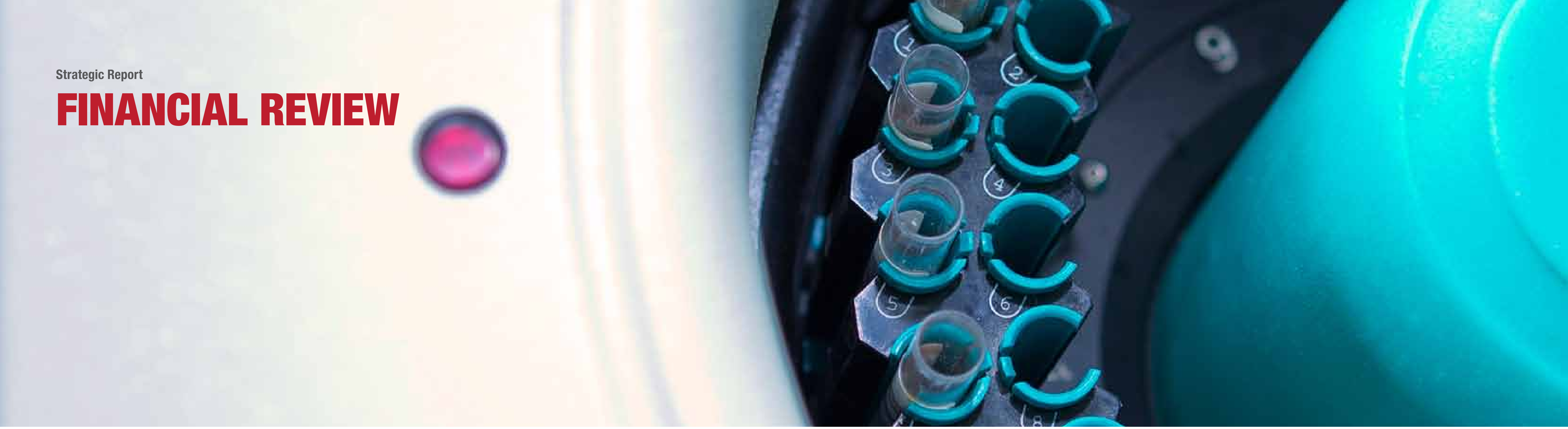
Specific Risk	Mitigation
Foreign currency and banking regulation risk **Foreign currency risk:** The Group is exposed to foreign currency risk on the cost side of the business. The majority of supplies it acquires are paid in Egyptian pounds (EGP), but given they are imported, their price will vary with the rate of exchange between the EGP and foreign currencies. In addition, a portion of supplies are priced and paid in foreign currencies. As was the case in 2015, Egypt experienced in 2016 a foreign currency shortage that limited the ability of companies to source foreign exchange. That shortage worsened in 2016 and resulted in a wide gap between the official and parallel market value of the Egyptian pound against the US dollar and other key foreign currencies. This shortage was accompanied by measures to limit the import of non-essential goods as well as others designed to restrict cash deposits of foreign currency and to slow the transfer of foreign currency out of the country. In parallel, the Central Bank of Egypt (CBE) enforced in 2016 a 13-year-old rule that forbade any Egyptian Company from paying another Egyptian Company in foreign currency. The CBE moved to a fully floating foreign exchange regime on 3 November 2016, since which time the value of the Egyptian pound against the US dollar has been set by the interbank market. As of 31 December 2016, the pound had lost 56% of its value against the US dollar compared to its value as at 1 January 2016. The Egyptian pound closed 2016 at 18.00 per US$ 1.00 against an opening rate of EGP 7.83. The Egyptian pound was valued at 18.06 to US$ 1.00 as of 15 March 2017. **Banking regulation risk:** A priority list and allocation mechanism imposed by the CBE was in effect throughout 2016 to prioritise essential imports. This mechanism was in place in response to an active parallel market for foreign exchange. While foreign exchange is increasingly available following the November 2016 float of the Egyptian pound and prices set by the interbank mechanism, IDH faces the risk of variability in the exchange rate as a result of economic and other factors.	IDH's exposure to foreign currency risk takes two primary forms: price and availability. Price risk impacts the cost of supplies (almost all imported, either directly by IDH or by third parties), on which spending was equivalent to c. 16% of revenues in 2016 (2015: 17%). Management believes that it can mitigate the effects of devaluation through a combination of improved pricing and cost efficiencies (see Supplier Risk below for more). Only 15% of IDH's cost of supplies (c. 2% of revenues) are payable in US dollars, minimising the Group's exposure to foreign exchange (FX) scarcity and in part, the volatility of the Egyptian pound. In 2016, IDH recorded a net foreign exchange loss of EGP 89 million compared with a net foreign exchange gain of EGP 3.5 million in 2015. The priority list and allocation mechanism have been relaxed following the float of the Egyptian pound. Companies now report increasing availability of foreign exchange for imports. The parallel market for foreign exchange is presently dormant. Caps on deposits of foreign exchange into the banking system, which were in place during 2015 and throughout much of 2016, have been removed, although strict documentation requirements remain in place. There are currently no restrictions in Egypt on repatriation of dividends by foreign companies. The CBE confirmed it verbally informed banks in December 2016 that they may, subject to available foreign currency liquidity, repatriate dividends and other funds for foreign companies. The repatriation queue for investors in Egyptian equities traded on the Egyptian Exchange (EGX) has been cleared, but there remains a repatriation queue for other funds. The size of this backlog has not been disclosed.
Supplier risk In the period 1 January 2016 to 31 December 2016, the EGP lost 56% of its value against the US$, creating significant risk of suppliers re-opening negotiations in the face of cost pressure. IDH's supplier risk is particularly concentrated with three key suppliers — Siemens, Roche and BM (Sysmex)— who provide it with kits representing 69% of the total value of total raw materials in 2016 in Egypt (2015: 45%).	IDH has strong, longstanding relationships with its suppliers, to whom it is a significant regional client. Due to the volumes of kits the Company purchases, IDH is able to negotiate favourable pricing that in 2016 saw the price it pays for kits rise slower than did inflation (which rose to new highs as a result of the devaluation of the EGP). The percentage of kits sourced from Siemens, Roche and BM (Sysmex) rose period-on-period due to changing supplier relationships for the MegaLab inaugurated in the second half of 2015. Total raw materials costs as a percentage of sales declined to 16% in 2016 from 17% in 2015.

Specific Risk	Mitigation
Remittance of dividend regulations & repatriation of profit The Group's ability to remit dividends abroad may be adversely affected by the imposition of remittance restrictions where, under Egyptian law, companies must obtain government clearance to transfer dividends overseas and are subject to higher taxation on payment of dividends. International banks are very cautious in carrying out transactions with any Sudanese business and so while there are no actual restrictions on the payment of dividends from the Sudanese subsidiary in practice, the probability of enabling payments of dividends from Sudan to Egypt is quite low.	As a foreign investor in Egypt, IDH does not have issues with the repatriation of dividends, but is exposed to risk in the form of cost of foreign exchange in the markets in which the Group operates, particularly Egypt. As a provider of medical diagnostic services, IDH's operations in Sudan are not subject to sanctions. Management moreover notes that the international community has signalled its desire to ease the sanctions regime.
Legal & regulatory risk to the business 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 it operates. Moreover, as a significant player in the Egyptian private clinical laboratory market, the Group is subject to antitrust and competition related restrictions, as well as the possibility of investigation by the Egyptian Competition Authority.	The Group's general counsel and the quality assurance team work together to keep IDH abreast of, and in compliance with, both legislative and regulatory changes. On the antitrust front, the private laboratory segment (of which IDH is a part) accounts for a small proportion of the total market, which consists of small private labs, private chain labs and large governmental and quasi-governmental institutions.
Quality control risks 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. This is particularly key as the Group depends heavily on maintaining good relationships with and acceptance by healthcare professionals who prescribe and recommend the Group's services.	The Group's quality assurance (QA) function ensures compliance with best practices across all medical diagnostic functions. All laboratory staff participate in ongoing professional education with quality assurance emphasised at each juncture. The head of quality assurance for the Group is a member of the senior management team at the IDH level, which meets weekly to review recent developments, plan strategy and discuss issues of concern to the Group as a whole.
Risk from contract clients Contract clients including private insurers, unions and corporations, account for c. 61% of the Group's revenue. Should IDH's relationship with these clients deteriorate, if IDH should prove unable to negotiate and retain similar fee arrangements or should these clients be unable to make payments to the Group, IDH's business may be materially and adversely affected.	IDH diligently works to maintain sound relationships with contract clients. All changes to pricing and contracts are arrived at through discussion rather than blanket imposition by IDH. Relations are further enhanced by regular visits to contract clients by the Group's sales staff. IDH's attractiveness to contract clients is enhanced by the extent of its national network. No single client contract currently accounts for more than 1.1% of revenues. Prudent management of contract clients translated into the Group taking provisions of EGP 4.3 million in 2016 for doubtful accounts (2015: EGP 9.2 million). (See note 17 to the accompanying Financial Statements for more information.)

Specific Risk	Mitigation
Pricing pressure in a competitive, regulated environment The Group faces pricing pressure from various third-party payers that could materially and adversely affect its revenue. Pricing may be restrained in cases by recommended or mandatory fees set by government ministries and other authorities. This risk may be more pronounced in the context of headline monthly inflation, which, as of December 2016, reached a record high of 23.3%.	This is an external risk for which there exist few mitigants. In the event there is escalation of price competition between market players, the Group sees its wide national footprint as a mitigant; c. 61% of our revenue is generated by servicing contract clients (private insurer, unions and corporations) who prefer IDH's national network to patchworks of local players. IDH has a limited ability to influence changes to mandatory pricing policies imposed by government agencies, as is the case in Jordan, where basic tests that account for the majority of IDH's business in that nation are subject to price controls.
High level of goodwill and other intangible assets IDH's high level of goodwill and other intangible assets could generate significant future asset impairments, which could be recorded as operating losses. Goodwill and intangible assets have arisen from historic acquisitions made by the Group and include the brand names used in the business.	IDH carries out an annual impairment test on goodwill and other intangible assets in line with IAS 36. The results of the annual impairment test show headroom between the recoverable amount (based on value in use) and the carrying value of each of the identified Cash Generating Units and no impairment is deemed to be required For more detail see note 14 of the Financial Statements.
Business continuity risks **Management concentration risk:** IDH is dependent on the unique skills and experience of a talented management team. The loss of the services of key members of that team could materially and adversely affect the Company's operations and business. **Business interruption:** 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. Similarly, business interruption at one of the Group's larger laboratory facilities could result in significant losses and reputational damage to the Group's business as a result of external factors such as natural disasters, fire, riots or extended power failures. The Group's operations therefore depend on the continued and uninterrupted performance of its systems.	IDH understands the need to support its future growth plans by strengthening its human capital and engaging in appropriate succession planning. The Company is committed to expanding the senior management team, led by its CEO Dr. Hend El Sherbini, to include the talent needed for a larger footprint. The Group has constituted an Executive Committee led by Dr. El Sherbini and composed of heads of departments. The Executive Committee meets every second week. The Group has in place a full disaster recovery plan, with procedures and provisions for spares, redundant power systems and the use of mobile data systems as alternatives to landlines, among multiple other factors. IDH tests its disaster recovery plans on a regular basis.

Specific Risk	Mitigation
Loss of talent IDH 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. IDH is furthermore reliant on its ability to recruit and retain laboratory professionals. Loss of senior managers could materially and adversely affect the Group's results of operations and business.	In addition to competitive compensation packages, the Group also ensures it has access to a broad pool of trained laboratory professionals through its own in-house recruitment and training program. We furthermore have in place a program to monitor the performance of graduates of the training program. Egypt is a net exporter of trained healthcare professionals as there is surplus staff in the market. IDH's efforts are accordingly focused on retention of qualified staff as opposed to recruitment of new personnel.
Loss of certifications and accreditations One of IDH's subsidiaries was the only laboratory in Egypt accredited by the College of American Pathologists (CAP); the Group's new Mega Lab is presently undergoing CAP certification. Many of IDH's facilities are also certified by the International Organization for Standards. The failure to obtain CAP accreditation for Mega Lab or the failure to renew ISO certifications would call into question the Group's quality standards and competitive differentiators.	IDH filed to acquire CAP accreditation for Mega Lab in 2016 and expects inspectors on site in 2017. The Company also renewed its ISO certifications in 2016, with the next renewal due in 2017. IDH's ability to keep current its certifications and accreditation are supported by ongoing QA, training and internal audit procedures.

FINANCIAL REVIEW



IDH delivered strong operational and financial performances in the year ended 31 December 2016, most notably against the backdrop of significant macro-economic challenges in its home market of Egypt. The Group's top line was driven largely by better pricing, as well as the impact of volume and foreign currency translation of results from the Group's Sudanese and Jordanian subsidiaries into Egyptian pounds. Bottom-line results notably reflect the impact of fees amounting to EGP 125 million associated with the Company's initial public offering on the London Stock Exchange in 2015 against nil in 2016.

The Company continued to invest in expanding its geographic footprint, supported by its state-of-the-art Mega Lab with excess capacity that enables the Group to deploy its Hub, Spoke and Spike business model to open capital efficient "C" labs more rapidly. During 2016, the Group added 40 new labs in total, including 19 new branches for Al Mokhtabar (Egypt), 20 new branches for Al Borg (Egypt) and 3 new branches for Biolab (Jordan); one branch each was closed for Ultralab and MK Sudan, both of which operate in Sudan. Total IDH branches reached 354 as of 31 December 2016 versus 314 branches at 2015 year end, for 13% total unit expansion.

The results for the year are summarised below:

EGP million

	2016	2015	% Change
Revenue	**1,171**	**1,015**	**15%**
Cost of sales	(543)	(468)	16%
Gross Profit	**628**	**547**	**15%**
Gross Profit Margin %	54%	54%	-
Operating expenses	(162)	(280)	-42%
Operating Profit	**466**	**267**	**74%**
Depreciation	45	36	25%
Amortisation	-	-	-
EBITDA*	**511**	**304**	**68%**
Net Profit*	**267**	**155**	**72%**

*EBITDA is calculated as operating profit plus depreciation and amortisation. EBITDA and Net Profit for 2015 reflect the impact of fees associated with IDH's initial public offering on the London Stock Exchange of EGP 125 million as well other non-recurring expenses of EGP 6.0 million.
In respect of this summary, the Group notes:

Our Customers

IDH serves two principal types of clients: contract (corporate) and walk-in (individuals). Within each of these categories, the Group also offers a house-call service, and within the contract segment, a lab-to-lab service.

Contract Clients

IDH's contract clients, who in 2016 represented 61% of the Group's revenues, include institutions such as unions, private insurance companies and corporations who enter into one-year renewable contracts at agreed rates per-test and on a per-client basis. During 2016, IDH served 4.2 million patients under these contracts and performed a total of 18.5 million tests, with no single contract client accounting for more than 1.1% of revenues. Within the contract segment, IDH also provides lab-to-lab services for hospitals and other laboratories not able to process certain tests in house.

Walk-in Clients

IDH derived 39% of its revenues in 2016 from walk-in clients. Walk-in clients numbered 1.6 million in 2016, representing 28% of total patients served. As IDH's markets develop and become more institutionally oriented, more patients will be performing pathology tests under corporate agreements, a trend that plays to the Group's strength with the best economies of scale in the Egyptian diagnostics industry.

IDH Revenue by Type and Key Performance Indicators

	2016	2015
Contract Clients		
Revenue (EGP mn)	713	615
Patients ('000)	4,174	4,074
Tests ('000)	18,540	18,173
Walk-in Clients		
Revenue (EGP mn)	458	400
Patients ('000)	1,642	1,718
Tests ('000)	5,530	5,660
Total revenue (EGP mn)	1,171	1,015
Total patients ('000)	**5,816**	**5,792**
Total tests ('000)	**24,070**	**23,833**
Tests per patient	**4.15**	**4.11**
Revenue per patient (EGP)	*201*	*175*
Revenue per test (EGP)	*49*	*43*

IDH Revenue by Type and Key Performance Indicators

	% of total 2016 revenues	% of total 2015 Revenues
Contracts – Unions	14%	18%
Contracts – Banks	2%	2%
Contracts – Corporate	26%	18%
Contracts – Government Institutions	2%	4%
Contracts – Hospitals	4%	5%
Contracts – Public Insurance	6%	7%
Contracts – Medical Care	7%	7%
Contracts as % of total revenue	**61%**	**61%**
Walk-ins as % of total revenue	**39%**	**39%**

Revenue Analysis

Consolidated revenues increased 15% year-on-year to EGP1,171 million, underpinned by IDH's strong brands and focused marketing strategies. While the total number of patients in 2016 was on par with that of 2015, the combination of selected price increases and a better mix of test types drove growth of the top line. This can be seen in the key metrics of average revenue-per-patient (up 15% year-on-year across both contract and walk-in patients) and average revenue-per-test (14% higher year-on-year across both patient categories).

Revenues from contract clients increased 16% in 2016, despite gains of only 2% in patient and test volumes. It is noteworthy that in a difficult year, this strong revenue performance was achieved on top of a 31% year-on-year gain in 2015, further demonstrating the trend toward corporate health insurance coverage, in particular in the Group's principal market of Egypt. In the contract client category, average revenue-per-patient and average revenue-per-test increased 15% and 14% period-on-period, respectively. IDH signed 456 new corporate contracts with insurers last year versus 312 in 2015.

Revenues from walk-in clients gained 14% year-on-year, even as the number of walk-in patients decreased 4% and the number of walk-in tests declined 2%. In part, this reflects consumer migration toward corporate healthcare agreements, a shift in mix expected to continue. Since late 2015, however, walk-in patient volumes have been hurt as consumers have been curbing their spending in general in reaction to the high inflation associated with the devaluation of the Egyptian pound. Average revenue per walk-in patient rose 13% period-on-period, while average revenue per walk-in test climbed 14%.

In particular, IDH has been successful in maintaining high levels of walk-in volumes against the backdrop of unprecedented high inflation through tactical marketing campaigns targeting families of recurring tests of patients with lifestyle and other chronic diseases. These campaigns emphasise the Group's brand messages of quality and safety; and they are educational in nature, encouraging medical testing and offering value packages and promotions for diabetes treatment, pregnancy check-ups and weight management, among others.

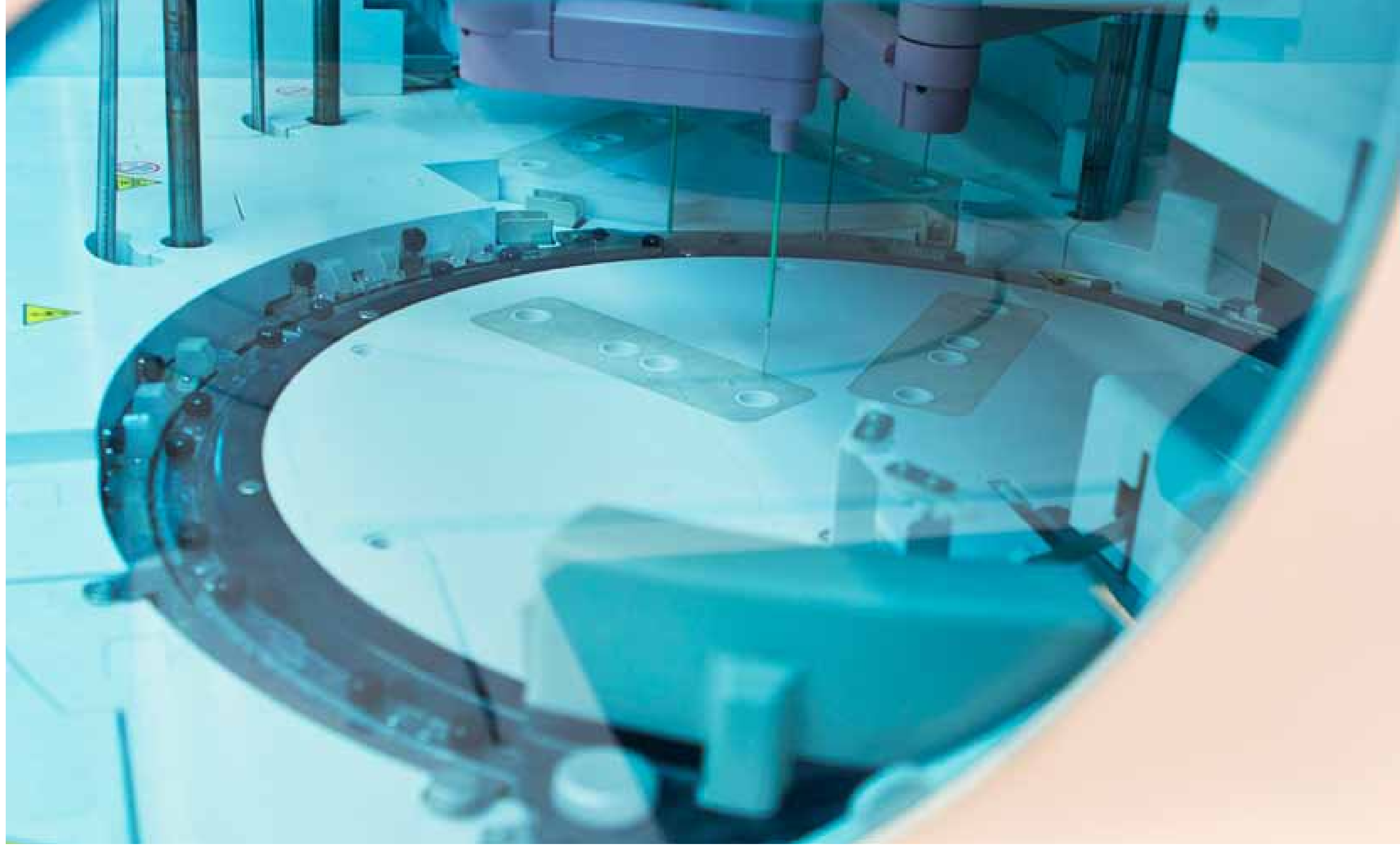
The largest factor backing higher revenues in 2016 was price and mix of tests (58%), followed by test volumes (24%) and currency translation (18%).

The currency effect was due to the translation of revenues in local currencies from Sudan and Jordan into Egyptian pounds. In 2016, the Sudanese pound (SDG) was translated at an average rate of 1.204 (2015: 1.144) while the Jordanian dinar (JOD) was translated at an average rate of 14.573 (2015: 10.815).

On a geographic basis, Egypt contributed 87% of Consolidated Group Revenues in 2016 followed by Jordan at 10% and Sudan at 3%. In 2015, Egypt accounted for 90%, Jordan for 7% and Sudan for 3%.

Cost of Sales

Cost of sales increased 16% year-on-year to EGP 543 million in 2016 compared with EGP 468 million in 2015. Raw material costs were positively leveraged, as IDH maintained strict cost disciplines in what was a challenging economic environment. The Group was also able to negotiate favourable contract terms with its three main suppliers: Roche, Siemens and BM (Sysmex). The ability to keep material costs in check is reflected in the competitive advantages of both the strength of the Company's supplier relationships and the large volumes that it regularly purchases from them. Thus, in the high inflation environment in Egypt associated with



the currency devaluation, the prices of test kits have been increasing at a slower rate than that at which the Egyptian pound has lost value against the US dollar.

Wages and salaries were the largest component of cost of sales in 2016 at 36% of total (2015: 34%) and rose 22% year-on-year. The increase was driven by annual employee salary raises and by new hires primarily associated with branch expansion. Higher employee profit share entitlement for Egyptian operations, based on annual growth in net profits in 2016, was also a factor.

The depreciation expense accounted for in COGS increased 24% to EGP 41 million in 2016 (2015: EGP 33 million). The difference was primarily due to the depreciation of leased equipment calculated for a full year in 2016, compared with 7.5 months in 2015, and the opening of 40 new branches last year.

Gross Profit

Gross profit increased 15% for the year, or in line with revenues, to EGP 628 million compared with EGP 547 million in 2015. The Group's gross profit margin was accordingly flat in 2016 compared with 54% in 2015. As discussed above, this reflected the Company's ability to maintain cost discipline and negotiate favourable pricing with suppliers despite macro-economic headwinds.

Operating Expenses

Operating expenses were EGP 162 million in 2016 versus EGP 280 million in 2015. As a percentage of sales, operating expenses fell to 13.2% from 25.8% a year earlier. The primary reason for this was the absence of expenses in 2016 related to the Company's IPO the previous year, which totalled EGP 125 million.

Other factors that represented favourable year-on-year expense swings included lower allowances for bad debt collection, reduced provisions related to legal cases and the release of a provision no longer required.

Operating Profit

Operating profit for 2016 was accordingly EGP 466 million compared with EGP 267 million in 2015.

EBITDA[1]

EBITDA rose 68% to EGP 511 million, with an associated EBITDA margin improvement to 44%. EBITDA in 2015 included IPO costs of EGP 125 million as well as the write-off of costs of EGP 6.0 million relating to plans to set up operations in Qatar, the closure of Molecular Diagnostics Centre in Cairo and surplus stationery stock included within inventory.

Egyptian operations contributed just under 94% of EBITDA, Jordan slightly less than 5% and Sudan nearly 2% in 2016. In 2015, these contributions stood at 94% Egypt, 4% Jordan and 2% Sudan.

[1] EBITDA is calculated as operating profit plus depreciation and amortisation.

We consider EBITDA to be an appropriate alternative performance measure, as it is a metric commonly followed by the institutional investment community.

Foreign Exchange

In 2016, the Group's net foreign exchange loss amounted to EGP 89 million, as an FX loss of EGP 133 million more than offset an EGP 44 million FX gain. This compares with a net foreign exchange gain of EGP 3.5 million in 2015.

Out of the EGP 133 million foreign exchange loss, EGP 105 million was primarily attributable to revalued foreign denominated contracts with major suppliers. The FX gain of EGP 44 million was mainly due to the revaluation of intercompany balances between IDH and its subsidiaries and with the different functional currencies within the group, including the Egyptian pound, the Sudanese pound, the Jordanian dinar and the US dollar.

During 2016, IDH purchased US$ 14.2 million at an average price of US$: EGP of 11.62.

Taxation

In 2016, IDH recorded income tax expense of EGP 136 million, with an effective tax rate of 31% versus 44% in 2015. There is no tax payable in the two IDH holding companies (Jersey and Cayman); thus, costs incurred at the holding company level are not tax deductible. These would include, but are not limited to, KPMG UK fees and IDH administrative fees in London.

All tax is paid within the Group's operating companies. The corporate income tax rates in countries in which IDH operates are as follows: Egypt 22.5%, Sudan 15.0% and Jordan 20.0%.

The Group's dividend policy is to distribute any excess cash after taking into consideration all business cash requirements and potential acquisition considerations. As a result, a deferred tax liability is recognised for the 5% tax on dividends for the future expected distribution payable by Egyptian entities under Egyptian tax legislation. Deferred tax in 2016 amounted to EGP 14.1 million (gain) compared with EGP 11.4 million (loss) in 2015.

Net Profit

Net profit for the year was EGP 267 million versus EGP 155 million recorded in 2015. Net profit in 2015 included the impact of fees amounting to EGP 125 million associated with the Company's initial public offering on the London Stock Exchange against nil in 2016. These results also include the net impact of an EGP 89 million foreign exchange loss in 2016 compared with the net impact of an EGP 3.5 million foreign exchange gain in 2015.

Balance Sheet

On the assets side of the balance sheet, property, plant and equipment (PPE) rose to EGP 391 million at 31 December 2016 from EGP 338 million a year earlier due to the opening of 40 new branches in 2016, as well as new investment in Information Technology systems.

In 2015, IDH entered into equipment lease agreements with its major suppliers that became effective in May 2015. The agreement periods range from five to eight years, which is deemed to reflect the useful life of the equipment. The agreements include annual commitment payments to cover the supply of medical diagnostic equipment, test kits and chemicals to be used for testing and ongoing maintenance and support services over the term of the agreement. If the minimum annual commitment payments are met over the agreement period, ownership of the equipment supplied will legally transfer to IDH. On one side, the leased equipment is recorded in PPE, and the finance lease is recorded as a liability on the other side.

Trade and other receivables rose 27% to EGP 148 million compared with EGP 117 million in 2015. The gain was primarily due to higher pre-paid expenses and an increase in the net accounts receivable balance associated with higher revenues generated by contract clients.

On the liabilities side, trade and other payables increased to EGP 346 million in 2016 from EGP 230 million in 2015 as the overall supplier balance rose due to management's decision to accumulate inventory as a hedge against further devaluation of the Egyptian pound. The 13% Value Added Tax (VAT) also contributed to the higher supplier balance, as did an increase in the put option liability related to the Company's Jordanian operation.

Inventories at 2016 year-end were EGP 52 million, up 51% versus a year ago, also reflecting the decision to hedge against further currency devaluation.

During 2016, IDH managed to deliver strong operational cash flow, which led to an increase in the cash balance at year end of c.76% compared to 31 December 2015.

Dividend

Proposed dividends for ordinary shares are subject to the approval of the Annual General Meeting and are not recognised as a liability as at 31 December 2016. The Board of Directors has recommended that a final dividend of US$ 0.14 (fourteen US cents) per share, or US$ 21 million in aggregate, should be paid to shareholders who appear on the register as at 12 May 2017, with an ex-dividend date of 11 May 2017. The payment date for the dividend will be 6 June 2017.

Strategic Report

Corporate Responsibility

Founded on the principle of providing quality medical assistance and services to better the lives of individuals and the community at large, IDH views corporate responsibility initiatives as an extension of its core purpose: The Group aims to leave the communities in which it does business better than it found them.

IDH commits up to 1% of the net after-tax profit of the subsidiaries Al Borg and Al Mokhtabar to the Moamena Kamel Foundation for Training and Skill Development. The Foundation was established in 2006 by Dr. Moamena Kamel, a Professor of Pathology at Cairo University and founder of IDH subsidiary Al-Mokhtabar Labs and mother of the CEO, Dr. Hend El Sherbini. The Foundation allocates this sum to organisations and groups in need of assistance, with a particular focus on making a difference in the lives of residents of Cairo's Al Duweiqa community along with several other villages across Egypt. The Foundation deploys an integrated program and vision for the communities it helps that include economic, social and healthcare development initiatives. In 2016, EGP 2.7 million was paid to the foundation by the IDH Group; the comparable figure for 2015 was EGP 0.8 million.

The foundation's primary services include:

1. Free healthcare clinics
2. Loans for entrepreneurial women
3. Educational services for the children of Al Duweiqa community
4. Providing food for families in need of such assistance
5. Coverage of running costs for the intensive care unit (ICU) at Cairo's public-sector Kasr El Aini Hospital, including the purchase of consumables for the unit, donations of instruments and allowances for staff training, among other costs.

Corporate Governance

IDH is committed to implementing best practices in corporate governance through the expertise of both the individual Directors and outside parties.

Board of Directors

The majority of members of IDH's Board of Directors are independent and offer significant experience in the healthcare market, MENA region and investment activities.

Lord St John of Bletso (Age 59)
Independent Non-Executive Chairman

Lord St John has been a crossbencher in the House of Lords, UK Parliament, since 1978 and is an Extra Lord-in-Waiting to HM Queen Elizabeth II. He is currently non-executive chairman of Strand Hanson Ltd and Global Resources Investment Trust (GRIT) and serves as a director of Falcon Group and Albion Enterprise VCT. He is also a member of the advisory boards of 10Sat, Betway Group, ECO Capacity Exchange and Impala Energy. Lord St John received a BA (Law) and BSocSc (Psychology) from Cape Town University, BProc (Law) from the University of South Africa and an LLM from the LSE, London.

Prof. Dr. Hend El Sherbini (Age 48)
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, PhD in Immunology from Cairo University, and an Executive MBA from London Business School. Dr. El Sherbini served as CEO of Al Mokhtabar since 2004, until becoming CEO of the Group in 2012.

Hussein Choucri (Age 66)
Independent Non-Executive Director and Chairman of the Remuneration Committee

Mr. Choucri is Chairman and Managing Director of HC Securities & Investment, which he established in May 1996, and he currently sits on the boards of Edita Food Industries, Six of October Development and Investment Co. (SODIC), 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 (Age 56)
Independent Non-Executive Director and Chairman of the Audit and M&A Committees

Mr. Nolan is an Independent Director. He spent 15 years with Royal Philips NV, latterly as Head of Mergers & Acquisitions, and has also served as Head of Mergers & Acquisitions at Veon Inc., a major mobile telecoms operator in Emerging Markets. During his time at Philips, 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 (Age 51)
Independent Non-Executive Director

Mr. Olsson is CEO of the Team Olivia Group, a Swedish healthcare group. He has long and extensive international experience in the diagnostic sector, where he has served in a range of executive positions, among others 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.

Richard Henry Phillips (Age 52)
Non-Executive Director

Mr. Phillips is a founding partner of Actis LLP, the emerging markets private equity group. As Actis LLP is one of the Company's major shareholders, Mr. Philips is not considered by the Board as being independent. 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. During the year he was responsible for the investment activity of Actis in North Africa and, latterly, Asia. Mr. Phillips is a director on the board of a number of companies including Edita Food Industries SAE, Emerging Markets Knowledge Holdings Ltd. and others. Mr. Phillips holds a degree in Economics from the University of Exeter.

Ahmed Badreldin* (Age 45)
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.

* Mr. Badreldin resigned from the Board on 22 November 2016 as The Abraaj Group had ceased to be a shareholder of IDH.

Corporate Governance Report

Your Board of Directors ("the Board") is responsible for providing strong leadership and effective decision making, safeguarding in the process the interests of all shareholders of Integrated Diagnostics Holdings. Under my chairmanship, the Board has been resolute in providing oversight and guidance to senior management as the Group continues to execute its regional growth strategy.

IDH has a standard listing on the London Stock Exchange and is thus not required to comply with the requirements of the 2014 U.K. Corporate Governance Code ("the Code") as issued by the Financial Reporting Council, nor does IDH voluntarily comply with the Code. That said, it is the view of your Board that we continue our path of improving our corporate governance structure to adhere to best practices. We strongly believe that the gradual adoption of best industry practices in governance will assist us in building a profitable and sustainable business as well as safeguarding shareholder interests.

We are compliant with Financial Conduct Authority Disclosure Guidance and Transparency Rules (DTR) subchapters 7.1 and 7.2, which set out certain mandatory disclosures: 7.1 concerns audit committees and bodies carrying out equivalent functions; 7.2 concerns corporate governance standards that are included in the Directors Report or, in this case, as part of the Strategic Review (DTR 7.2.1).

To that end, we have an Audit Committee as well as Remuneration, Nomination and Mergers & Acquisitions (M&A) Committees. The Board may establish additional committees as appropriate going forward. This Annual Report includes reports from both the Audit and Remuneration Committees. The Nomination Committee did not meet during the year. The new M&A Committee created in 2016 met twice by telephone.

Your Board aims to work towards implementing best practices in corporate governance, calling on both the expertise of individual Directors as well as that of outside parties, including legal counsel and global professional services firms.

Functioning of the Board

We met nine times as a Board during the course of 2016 (twice in each of March and December and once in each of May, July, August, October and November). I was delighted to have had the opportunity to visit IDH's main base of operations in Cairo, Egypt, in summer 2016. During the visit, I engaged directly with senior management to discuss both the Group's strategic plans and how management (including our Chief Executive) is evolving the policies and procedures necessary to continue the full institutionalisation of the business.

The Board has invested significant time discussing and evaluating the Group's strategy and prospects for future growth, the outcome of which is presented in our statement of strategy on page 26. We are confident that we have in place the right strategy and the right management team to deliver shareholder returns going forward.

Composition of the Board

Under its Articles of Association, the Group must have a minimum of two Directors. While there is no maximum number of Directors, the Board presently includes six Board members and has no intention at present of appointing additional members. Notably, Directors have no share qualification, meaning they do not need to be shareholders of the Group in order to serve.

I am pleased to report that we have four Independent Non-Executive Directors. Together, the Directors offer IDH a world standard mix of expertise in areas including strategy, finance and medical diagnostics — as well as diverse experience in Europe, the Middle East and Africa. We have relevant commercial and technical experience to help direct the Group as it delivers on its strategy in a very technical field and across rapidly changing geographies.

Following the sale of Abraaj Group's shareholding of IDH, Mr. Ahmed Badreldin resigned as a Non-Executive Director of the Board on 22 November 2016. The Board is most grateful to Mr. Badreldin for his valued service to IDH. His insights and market experience were instrumental to the establishment and growth of the Group. The Board currently has no plan to replace Mr Badreldin.

Your Board in 2016 and their biographies are set out on pages 44 and 45 of this Annual Report and are summarised in the table below.

Name	Position (Date of appointment)
Lord St John of Bletso	Independent Non-Executive Chairperson (12 January 2015)
Prof. Dr. Hend El Sherbini	Group Chief Executive Officer (23 December 2014)
Ahmed Badreldin[2]	Non-Executive Director (5 December 2014)
Hussein Choucri	Independent Non-Executive Director (12 January 2015)
James Patrick Nolan	Independent Non-Executive Director (8 April 2015)
Dan Olsson	Independent Non-Executive Director (12 January 2015)
Richard Henry Phillips	Non-Executive Director (23 December 2014)

[2] Mr. Badreldin resigned from the Board on 22 November 2016 as The Abraaj Group had ceased to be a shareholder of IDH.

Leadership

We continue to operate on the basis of a clear division of responsibilities between the role of the Chairman and that of the Group Chief Executive. This segregation of roles was agreed at the Board meeting held 12 January 2015.

As Chairman, I ensure the Board is effective in the execution of all aspects of its role. The Group Chief Executive Officer, meanwhile, is responsible for managing the day-to-day running of the business. In this, she is supported by a senior management team. The Group Chief Executive and I have a good working relationship and discuss matters of Group strategy and performance on an as-needed basis.

We also work together to ensure that Board meetings cover relevant matters, including a quarterly review of financial and operational performance (including key performance indicators), and in partnership with the Group secretary ensure that all Directors:

- are kept advised of key developments;
- receive accurate, timely and clear information upon which to call in the execution of their duties; and
- actively participate in the decision-making process.

Agendas for meetings of the Board are reviewed and agreed in advance to ensure each Board meeting is efficiently run, allowing all Directors to openly and constructively challenge the proposals made by the Group's senior management. I am pleased to report that throughout the year, each Director has properly exercised those powers with which they have been vested by the Group's Articles of Association and relevant laws.

The Board operates under a Schedule of Matters Reserved, the details of which are unchanged since our last Annual Report. Matters reserved to the Board means any decision that may affect the overall direction, supervision and management of the Group, including, but not limited to:

a) approving annually a strategic plan and objectives for the following year for the Group;
b) approving any decision to cease to operate all or any material part of the Group's business or to enter into any new business or geographic areas;
c) monitoring the delivery of the Group's strategy, objectives, business plan and budget;
d) engaging or otherwise contracting with agents, representatives, consultants, distributors or other intermediaries to provide material services for or on behalf of the Group's group;
e) adopting or amending the Group's business plan or annual budget;
f) incurring any capital expenditure in respect of any item or project of more than EGP 5 million that is not within the annual budget already approved by the Board;
g) entering into any contract, liability or commitment that: (i) could involve a liability for expenditure in excess of EGP 25 million that is not within the annual budget already approved by the Board or (ii) is outside the ordinary course of business of the Group, unless a contract involves costs within the annual budget and business plan already approved by the Board and satisfies such authorisation criteria as the Group may approve from time to time as part of the procedures for the Group;
h) making any material acquisition or disposal (including any grant of any material licence) of or relating to any intellectual property rights;
i) decisions relating to the conduct (including the settlement) of any legal proceedings to which any member of the Group's group is a party where there is a potential liability or claim of more than EGP 100,000;
j) approving the Group's statutory accounts and half-yearly financial statements and / or any change in the accounting principles or tax policies of any member of the Group's group and / or any change in the end of the financial year of any member of the Group's group except as contemplated by the business plan or annual budget, as required by law or to comply with a new accounting standard;
k) adopting (or varying) the Group's group material policies in respect of employees' remuneration, employment terms and/or pension schemes;
l) any member of the Group's group declaring or paying any dividend or distribution;
m) delegating any of the Group's powers to a committee of the Board, including setting the quorum for a meeting of any such committee or approving its, or any changes to its, terms of reference;
n) approving the issue of all circulars, prospectuses, listing particulars and general meeting notices to shareholders of the Group;
o) ensuring the Group has effective systems of internal control and risk management in place by (i) approving the Group's risk appetite statements and (ii) approving policies and procedures for the detection of fraud, the prevention of bribery and other areas considered by the Board to be material;
p) undertaking an annual review of the effectiveness of the Group's risk management and internal control and reporting on that review in the Group's annual report. The review should cover all controls, including financial, operational and compliance controls and risk management;
q) carrying out a robust assessment of the principal risks facing the Group, including those that threaten its business, future performance, solvency or liquidity and to report on such assessment in the Group's annual report; and
r) reviewing the Group's overall corporate governance arrangements and approving any changes thereto.

Apart from these Reserved matters, the Board delegates specific items to its principal committees, namely the committees on Audit, Remuneration, Nominations and M&A. Each Committee is authorised to seek any information it requires from senior management.

I provide brief recaps below on each of these committees. Reports from the Chairmen of the Audit and Remuneration committees appear starting pages 54 and 58, respectively, of this Annual Report, respectively.

Board activities during 2016

Your Board of Directors held nine meetings in 2016: three in London, one in Jersey, one in Cairo, one via conference call and three ad-hoc meetings by teleconference during the course of the year.
The following standing items are considered at each meeting:

- Determines that notice was given and that a quorum for the meeting has been obtained;
- Hears declarations of interest and considers any conflicts of interest that may arise; and
- Establishes the purpose of the meeting.
- Reviews and approves minutes of the previous meeting of the Board.

Details of our Directors' attendance at Board and Committee meetings are shown on the table on page 52. In the event that any Director is unable to attend a meeting of the Board or of a Committee of which they are a member, he or she receives the necessary papers, including agendas, meeting outcomes and any documents presented for review or information. Furthermore, I endeavour to discuss with them in advance of the meeting to obtain their views and decisions on the proposals to be considered.

The Board held one meeting in Egypt in 2016 to afford all Directors the opportunity to tour the Group's Egypt offices and diagnostic facilities as well as to meet with members of the Group's senior management on an as-needed basis. We will continue this practice in 2017.

Within the wider corporate governance framework, management established in 2016 a Management Committee led by the Chief Executive. Its members include all heads of departments, and it meets every second week to discuss issues related to sales, manual analysis units, automated analysis units, human resources, finance, marketing, quality and investor relations. The Group's general counsel also attends these meetings on an as-needed basis. Senior management uses this as a forum to review upcoming priorities, recent performance, and the operational steps necessary to ensure the management team delivers on its business goals and the Group's strategic plan.

Meeting	Highlights
18 March 2016 **(Held at 2 More London Riverside, London)**	Discussion of business developments including financial and operational highlights. Discussion of the foreign currency situation and macro backdrop in Egypt. Review of year-to-date financial highlights. Approval of the hiring of an internal auditor.
24 March 2016 **(Via conference call)**	Approval of the Group's Annual Report and Financial Statements for the year ended 31 December 2015, recommendation to shareholders of a final dividend for approval at the AGM.
10 May 2016 **(Held in St. Helier, Jersey)**	Review of key operational and financial performance indicators, discussion of strategy and business opportunities going forward.
6 July 2016 **(Held at 310 Harbour Yard, Chelsea Harbour, London)**	Review of the Group's performance and discussion following a site visit to Cairo. Review of business strategy and key performance indicators. Discussion of the budget for the year.
22 August 2016 **(Held in Cairo, Egypt)**	Approval to establish Mergers and Acquisitions committee. Discussion of business developments in Egypt, including the macro-economic backdrop as well as a review of the half-year's priorities with management. Approval of the Group's Interim Financial Statements for the period to 30 June 2016
22 November 2016 **(Held at 2 More London Riverside, London)**	Discussion of 2017 budget and review of Financial Statements for Group's Egyptian subsidiaries. Discussion of business strategy and recent developments.

Effectiveness

The Board of IDH does not currently have formal mechanisms in place to evaluate its effectiveness as regards to the on-boarding of new Directors, strategic planning or its formulation of goals. That said, having spent considerable time in both formal meetings and in learning about the skills of our Directors one on one — and drawing on my past experience as a Director — I am confident that the Board has the skills, talent and industry knowledge it needs to effectively deliver the Group's agreed strategy. It is, moreover, our hope that we will over time develop formal evaluation mechanisms that will allow us to report on our effectiveness in a more rigorous manner.

In the interim, it is my considered judgement that the Board receives from senior management sufficiently detailed budgets, forecasts, strategy proposals, reviews of the Group's financial position and operating performance, and annual and half yearly reports to ensure that it may be effective. This enables us to effectively ask questions of senior management and to hold discussions on the Group's strategy and performance. In 2016, senior management delivered regular reports to the Board ahead of regularly scheduled Board meetings.

All meetings of the Board and its Committees are minuted by the Group Secretary or a designated alternate. Any concerns raised by Directors are clearly recorded in the minutes of each meeting. I review Board minutes in my capacity as Chairman before these minutes are circulated to all Directors in attendance and then tabled for approval at the next meeting, at which time any necessary amendments are made.

The Group has obtained customary directors' and officers' indemnity insurance covering the Chairman and the Non-Executive Directors.

Overview of the Nomination Committee

Chairman	Members
Lord St John of Bletso	Hussein Choucri
	Dan Olsson

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 management. The Nomination Committee did not meet in 2016.

I note in this instance that all members of the Nomination Committee are Non-Executive Directors. As a result, we are fully compliant with the Code's recommendation that a majority of the Nomination Committee should comprise Independent Non-Executive Directors. Hussein Choucri is deemed to be our Non-Executive Director with relevant financial experience in compliance with the DTR.

Overview of the Remuneration Committee

Chairman	Members
Hussein Choucri	Dan Olsson
	James Patrick Nolan

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 management and prepares an annual remuneration report for approval by the Shareholders at the Annual General Meeting.

The Code recommends that the Remuneration Committee should comprise, in the case of smaller companies, at least two Independent Non-Executive Directors. As all of the members of the Committee are Independent Non-Executive Directors, we are in full compliance with the recommendations of the Code in this respect.

The Remuneration Committee met on 4 July 2016. The complete report of the Remuneration Committee for 2016 appears starting on page 58.

Overview of the M&A Committee

Chairman	Members
James Patrick Nolan	Dan Olsson
	Hussein Choucri

The Committee was established under the Chairmanship of James Nolan on 29 September 2016 in order to formalise the process for developing strategies for non-organic growth and to review the management team's work on evaluating potential acquisition opportunities. The Committee met by telephone twice in the year together with other members of the Board. Mr. Nolan is joined on the Committee by Hussein Choucri, Chairman and Managing Director of HC Securities & Investment in Egypt.

Overview of the Audit Committee

Chairman	Members
James Patrick Nolan	Dan Olsson
	Hussein Choucri

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 and internal and external audits and controls; reviewing and monitoring the independence and 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 Code requires 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 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 and that members of the Committee must have competence relevant to the sector in which the Group is operating. The Board considers that the Audit Committee complies with the requirements and recommendations of the Code in those respects.

The full report of the Audit Committee for 2016 appears starting on page 54 of this Annual Report.

Internal Control and Risk Management

Given the business and geographies in which the Group operates, I believe as Chairman that risk mitigation will be key not just to the creation and preservation of shareholder value, but in the Group's growth going forward. The Company's risk matrix, outlined on pages 28-32, is of sufficiently vital importance that it must be owned equally by the management team and members of the Board.

Our view as a Board is that the Group must be proactive on risk in order to meet shareholder expectations, and I have advised that I expect the IDH management team to be ahead of the curve in this area. Senior management is working with the internal audit team to take the risk register forward. You may expect risk and its mitigation will be a theme to which your Board returns repeatedly in 2017, as we did in 2016.

The Board has ultimate responsibility for the Group's internal controls; however, they have delegated oversight of the Group's system of internal controls to the Audit Committee so as to safeguard the assets of the Group and the interests of shareholders. The Audit Committee thus reviews the effectiveness of the Group's internal controls on an ongoing basis to ensure the keeping of proper accounting records, safeguarding the assets of the Group and detecting fraud and other irregularities. The Audit Committee reports back to the Board with their findings and recommendations.

The Board has accordingly established that the Group has in place internal controls to manage risk including:

- the outsourcing of the internal audit function to professionals from Ernst & Young (EY) until an Internal Auditor was appointed for the Group on 16 May 2016;
- the identification and management of risk at the level of operating departments by the heads of those departments; and
- regular Board level discussion of the major business risks of the Group, together with measures being taken to contain and mitigate those risks.

The Group's principal risks and uncertainties and mitigation for them are set out on pages 28-32 of this Annual Report.

Your Board has furthermore put in place a control framework at the Group level that applies to all subsidiaries, including:

- Board approval of the overall Group budget and strategic plans;
- a clear organisational structure delineating lines of responsibility, authorities and reporting requirements;
- defined expenditure authorisation levels;
- a regular process for operational reviews at the senior management level on a weekly, monthly and quarterly basis covering all aspects of the business;
- a strategic planning process that defines the key steps senior management must take to deliver on the Group's long term strategy;
- a comprehensive system of financial reporting including weekly flash reports to management, monthly reporting to management and an annual budget process involving both senior management and the Board. The Board received reports on a quarterly basis in 2016.
- as part of the reporting process in 2016, management reviewed monthly and year-to-date actual results against prior year, against budget and against forecast; beginning 2016, these reports were circulated to the Board. Any significant changes and adverse variances are reviewed by the Group Chief Executive and by senior management and remedial action is taken where appropriate.

An internal audit plan for 2016 was prepared and agreed with the Audit Committee.

Investor Relations

Engagement with shareholders continues to be a key function at both the senior management and the Board level. Our investor relations function held more than 50 meetings with current and potential investors during the course of the year. Management met investors at seven investor conferences organised by CI Capital (Cairo and New York; counted as one conference), EFG Hermes (Dubai and London; two separate conferences), Renaissance Capital (Cape Town), Arqaam Capital (Dubai), HSBC (London) and, Deutsche Bank (Dubai); welcomed potential and current investors to meetings in Cairo; and handled queries, whether delivered verbally or in writing, from more than 70 investors.

We published both half- and full-year results and further released trading updates on performance at the three- and nine-month periods. We intend to continue publishing trading updates at the first- and third-quarter marks in 2017, while simultaneously meeting the minimum regulatory disclosure as required of a UK Standard listed entity.

The Board communicates with shareholders through public announcements disseminated via the London Stock Exchange, analyst briefings, roadshows and press interviews. Copies of public announcements and financial results are published on the Group's website, along with a number of other investor relations tools. The delivery of a richer investor relations website with additional shareholder tools is a priority for senior management in 2017.

The Board receives regular updates from the senior management team on the views of major shareholders and on milestones in the investor relations program. We will continue throughout 2017 to grow our investor relations program to ensure that our shareholders and stakeholders remain informed of the Group's strategy and ongoing financial and business performance.

Annual Reporting and Annual General Meeting of Shareholders

We typically publish our Annual Report in March in respect of the prior year ended 31 December.

The Group's second Annual General Meeting as a listed company will be held in London on 22 May 2017. Shareholders are encouraged to attend the AGM and to ask questions about the business, its financial performance and its strategy.

All Board members are scheduled to attend the upcoming AGM. Details of the AGM are included in the Notice of Meeting that accompanies this Annual Report and which is available on our website.

At the AGM, all of the Group's Directors will retire and submit themselves for re-election.

The outcome of the voting at the AGM will be announced by way of a London Stock Exchange announcement and full details will be published on the Group's website shortly after the AGM.

Limitations of this Report

As I noted earlier, the Group is not bound to adhere to the requirements of the 2014 UK Code of Corporate Governance. Nevertheless, we have endeavoured to ensure that this Annual Report is, as a whole, fair, balanced and understandable.

In formulating this Annual Report, we have called on the Group Chief Executive and her senior management staff to provide us with clear documentary evidence of the Group's performance and policies for 2016. The Audit Committee has confirmed to us that the financial statements as contained in the 2016 Annual Report are true and fair and that the work of the external auditor has been accurate and effective.

Lord St John of Bletso
Chairman
21 March 2017

Table of Director Attendance at 2016 Meetings

	Board	Audit	Remuneration	Nominations
Number of meetings	9	3	1	0
Directors				
Lord St John of Bletso	9	-	-	-
Dr. Hend El Sherbini	9	-	-	-
Ahmed Badreldin*	4	-	-	-
Hussein Choucri	9	3	1	-
James Nolan	9	3	1	-
Dan Olsson	8	3	1	-
Richard Phillips	8	-	-	-

* Prior to his resignation from the Board on 22 November 2016, Ahmed Badreldin attended 4 of 5 meetings while a member.

Audit Committee Report

James Nolan
Chairman, Audit Committee

The Audit Committee is responsible for overseeing IDH's internal financial reporting and ensuring the integrity of the Group's financial statements. The Committee is also responsible for reviewing and monitoring the effectiveness of the Group's risk management processes and internal controls, as well as for ensuring that audit processes are robust.

At the date of this report, the Audit Committee comprises three Non-Executive Directors, all of whom are considered independent. In addition to myself, the members are Dan Olsson and Hussein Choucri.

2017 marks my second year as Chairman of the Audit Committee, having been appointed to that role owing to my relevant financial experience as required by the Code. I have served on the audit committees of three publicly quoted companies in the past. I have held the positions of Global Head of Mergers & Acquisitions both at Veon and at Royal Philips. I hold an MBA from INSEAD and studied law at university. The other members of the Committee have a broad range of appropriate skills and experience covering financial and healthcare industry matters and their biographies are summarised on pages 44-45. I am very grateful for their valuable contributions and am happy that we work well together as a team.

During 2016, the Audit Committee convened three times, twice in March and once in August. We provided governance of external financial reporting, risk management and internal controls and reported our findings and recommendations to the Board. Outside of scheduled committee meetings, the Audit Committee also communicated throughout 2016 on an as-needed basis with the Group Chief Financial Officer and with KPMG as our external auditors.

The audit partner and audit manager from the Group's external auditor, KPMG, are invited to attend meetings of the Committee on a regular basis. During 2016, they attended meetings in whole or in part, both in person and by telephone. The Vice-President Finance and Strategy, who is not a member of the executive board, attends our meetings by invitation, and other members of the senior management team attend as required; these include the Director of Investor Relations and the Group Secretary.

There are also private meetings between the Audit Committee and the external auditor outside the half-year and year end timetable at which senior management is not present. The Committee will continue with the practice of meeting in private with the external auditor in the future.

At our Board Meeting in August 2016, the Audit Committee approved the Internal Audit Activity Charter as well as the appointment of Mr Ashraf Hallaba as Internal Auditor reporting to the Audit Committee. The role reports functionally to the Audit Committee and administratively to the Chief Executive Officer. Since inception, the Internal Auditor has been building a team, writing a manual on operations, reviewing process of key functions within the Company and discussing the same with the Company's management. The Internal Auditor delivered his first comprehensive overview of activities to the Audit Committee at the 21 March 2017 meeting of the Audit Committee, and will continue to do so at all future meetings of the Committee. I am pleased with the progress made on developing this role to date.

FRC Audit Quality Review

The FRC is the UK's independent regulator responsible for promoting high-quality corporate governance and reporting to foster investment. The FRC's responsibilities include independent monitoring of audits of listed and certain other public interest entities performed by firms registered to conduct audits in the UK by a Recognised Supervisory Body (further details are set out on the FRC's website). This monitoring is performed by the FRC's Audit Quality Review ('AQR') team. The reviews of individual audit engagements are intended to contribute to safeguarding and promoting improvement in the overall quality of auditing in the UK.

During the year, the Company's auditor was subject to the FRC Audit Quality Review of the Company's Consolidated Financial Statements for the year ended 31 December 2015. The assessment of the audit work by the FRC was category 1 'good'. There were no points arising from the review, which need to be addressed by the Audit Committee or the Company.

Roles and Duties of the 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;
- reviewing the Group's 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; and
- 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.

During its scheduled meetings, the Committee also considers the following matters:

- confirm compliance with Directors' duties and consider any new conflicts of interest;
- review minutes of previous meetings;
- review actions from previous meetings; and
- review progress against current year objectives.

Audit Committee Activities During 2016

During 2016 the Audit Committee had three scheduled meetings; two were held in March and one was held in August. At each scheduled meeting, the Committee considers the matters outlined above under the subheading "Roles and Duties of the Audit Committee."

17 March 2016

- Overview of the 2015 audit of the Company
- Identification and discussion of key risk factors, including the impairment of goodwill, lease accounting, revenue recognition, management override controls and foreign exchange issues
- Discussion of dividend policy
- Discussion of further voluntary compliance with the UK Governance Code
- Decision to recommend proposed UK listing compliance services to the Board

24 March 2016

- Update on and review of the Annual Report and financial statements for the year ended 31 December 2015
- Letter of Representation recommended to the Board for signature
- Final dividend recommended to the Board

22 August 2016

- Consideration of half-year financials for the period to 30 June 2016
- Identification and discussion of key risk factors including the impairment of goodwill, lease accounting, hyperinflation and foreign currency availability
- Recommendation to the Board on half-year results
- Approval of KPMG's letter of engagement, including audit fees for 2016
- Approval of the Group's "Internal Audit Charter"
- Approval of the appointment of Mr. Ashraf Hallaba as Internal Auditor

Significant Issues

The Committee considered several significant accounting issues, matters and judgements in relation to the Group's financial statements and disclosures for the year ended 31 December 2016. As part of the half-year and full-year reporting process, management communicates key accounting issues to the Committee, and the external auditor is asked to comment on the key significant areas of accounting judgement and disclosure. The information presented is used by the Committee to critically review and assess the key policies and judgements that have been applied, the consistency of policy application from year to year and the appropriateness of key disclosures made, together with compliance with the applicable accounting standards. The significant issues arising and a description of how each was addressed are shown in the following table.

Issue	How it is being addressed
Finance lease accounting	The contracts entered into during 2015 for the supply of medical testing kits with the key suppliers to the business (Siemens, BM (Sysmex) and Roche) include the provision of the equipment to analyse the results of the testing kits. The agreements have minimum annual commitment payments to cover the supply of medical diagnostic equipment, kits and chemicals to be used for testing and ongoing maintenance and support services. The agreement periods are for 5-8 years. Under IAS 17 'Leases,' these agreements were judged to meet the definition of a finance lease arrangement. The Committee critically reviewed the accounting treatment along with the significant judgement and estimates during 2016. The Committee has re-evaluated the currency denomination of the finance lease agreements during 2016 in response to the significant devaluation of Egyptian pound against the US dollar. The Committee deemed the Siemens and Roche contracts to be US dollar denominated. Under IAS 21, the US dollar finance lease liability at 31 December 2016 will need to be retranslated into the Egyptian pound functional currency using the year end spot rate. The increase in the finance lease liability caused by the foreign exchange loss is recognised in the Profit and Loss Account.
Impairment of intangible assets	The carrying value of goodwill is subject to annual impairment testing undertaken by management, who apply a series of assumptions concerning future revenue and cash flows and appropriate discount rates for Cash Generating Units (CGU). Management presented the outcome of the impairment review to the Audit Committee, highlighting the level of headroom. The external auditor also commented on this. The Committee critically reviewed management's assessment of the outlook and carrying value of these intangible assets and their disclosure in the Group's financial statements. The Committee concurred with management's conclusion that the carrying value of goodwill attributed to each CGU was fully supported, and no impairment is required at 31 December 2016.

External Auditor

KPMG has acted as the Group's external auditor since appointment in July 2015, with Mr. Adrian Wilcox having been appointed audit partner. The Auditor's independence was considered by the Committee during the year and following careful consideration, it was agreed that the Auditors remained independent. We aim to comply with the requirement to rotate the audit partner every five years, and thus the term of appointment of our audit partner is expected to end in 2020.

In acknowledgment of the Competition and Markets Authority's proposal that companies must put their statutory audit engagement out to tender at least every ten years, it is possible that we will tender the audit process in 2025, or earlier if KPMG's performance falls short of the Audit Committee's expectations.

Provision of Non-Audit Services

IDH may, on occasion, retain the external auditor for non-audit services on matters including accounting advice in relation to acquisitions and divestments, corporate governance and risk management advice, among other services.

The Audit Committee reviewed the work completed by the external auditor, as well as the provision of non-audit services to ensure that the auditor maintained its independence. The Audit Committee confirms that during 2016, £60,000 was paid to KPMG in respect of non-audit work compared to the audit fee for the Group financial statements for the year ended 31 December 2016 of £200,000 (audit fee for the Group financial statements for the year ended 31 December 2015: £230,000). This non-audit work was related to the review of the half year financial statements.

Recommendation

Ultimately, it is the Board's responsibility to review and approve the Group's full-year and half-year financial statements, as well as to determine that, taken as a whole, the Annual Report is balanced, understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. It is the Audit Committee's role to assist the Board in discharging its responsibilities with regards to financial reporting, external and internal audits and controls. Following a review of the process around the annual audit and the content of the financial statements, the Audit Committee advised the Board at its meeting on 21 March 2017 that is was their opinion that the financial statements as at 31 December 2016 provide a true and fair view of the financial performance of the Group and recommend that it be adopted by the Board and recommended to shareholders for approval at the forthcoming Annual General Meeting.

The Audit Committee has recommended to the Board that the Auditors be put forward for re-election at the forthcoming Annual General Meeting. The Committee arrived at this recommendation after having: met with the Audit partner and Audit team; reviewed the quality of the Auditors' reports and the quality of the work undertaken in respect of the half-yearly and Annual Report; considered the Audit fees of both Audit and Non-Audit work; and reviewed the Auditors' independence.

James Nolan
Chairman of the Audit Committee
21 March 2017

Remuneration Committee Report

Hussein Choucri
Chairman of the Remuneraton Committee

In this report from the Remuneration Committee, I outline on behalf of my colleagues and myself the basis on which Directors and select members of senior management will be remunerated for their service in 2016.

A detailed discussion of the basis on which the aforementioned (as well as one key member of senior management) were remunerated for their service in 2016 appears below and is summarised in tabular form on page 59.

Director Compensation in 2016

Executive Director: The Board has approved that Dr. Hend El Sherbini will receive an annual salary of US$450,000. In each financial year of the Group, Dr. El Sherbini will also receive an annual bonus of EGP 450,000. 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 Group. This remuneration is set forth in a service agreement between Dr. El Sherbini and the Group that also outlines additional taxable benefits, holiday leave, the mechanism for reimbursement of expenses, and the conditions under which the agreement may be terminated by her or by the Group.

On 4 July 2016, Dr. El Sherbini's service agreement was amended to facilitate the ease of payment, so as to allow Dr. El Sherbini to elect to receive her Annual Award as either cash or as a payment of Ordinary Shares in the Company.

Chairman: Lord St John of Bletso is entitled to receive an annual salary of US$75,000. He is entitled to the reimbursement of reasonable expenses.

Independent Non-Executive Directors: Hussein Choucri, James Patrick Nolan and Dan Olsson have been engaged by the Group as Independent Non-Executive Directors under letters of appointment. They are each entitled to an annual fee of US$50,000. The Independent Non-Executive Directors are all entitled to the reimbursement of reasonable expenses.

Ahmed Badreldin resigned as an Independent Non-Executive Director as of 22 November 2016.

Non-Executive Directors: Richard Henry Phillips has been engaged by the Group as a Non-Executive Director under letter of appointment. He will not be entitled to receive any fee from the Group for this role. The Non-Executive Directors are all entitled to the reimbursement of reasonable expenses.

Hussein Choucri
Chairman of the Remuneraton Committee
21 March 2017

Remuneration of Directors in 2016 (all figures in EGP)[3]

Figures in EGP	Base salary / fees 2016	Base salary / fees 2015	Annual bonus 2016	Annual Bonus 2015	Total 2016	Total 2015
Executive Director						
Dr. Hend El Sherbini[4]	3,898,322	3,458,250	450,000	450,000	4,348,322	3,908,250
Non-Executive Directors						
Lord St John of Bletso[5]	761,565	583,500	-	-	761,565	583,500
Hussein Choucri[5]	507,710	389,000	-	-	507,710	389,000
James Nolan[5]	507,710	389,000	-	-	507,710	389,000
Dan Olsson[5]	507,710	389,000	-	-	507,710	389,000
Richard Phillips[6]	-	-	-	-	-	-
Ahmed Badreldin[7]	253,855	-	-	-	253,855	-

[3] There are no taxable benefits, corporate pensions or long-term incentive plans for the Company's directors.
[4] Dr. Hend El Sherbini receives part of her annual bonus in the form of an annual award amounting to EGP 450,000.
[5] Director compensation was unchanged year-on-year in US dollar terms, but is translated into Egyptian pounds owing to the float of the EGP in November 2016, which affects the rate of translation for part of the the Directors' fees.
[6] Mr. Philips is the board representative of a major shareholder, Actis, and is therefore not remunerated.
[7] Mr. Badreldin resigned from the Board on 22 November 2016 as The Abraaj Group had ceased to be a shareholder of IDH.

Directors' Report

The statements and reviews on pages 2 to 40 comprise the Strategic Report, which contains certain information that is incorporated into this Directors' Report by reference, including indications as to the Group's likely future business developments.

Directors

The Directors who held office at 31 December 2016 and up to the date of this report are set out on pages 44 to 45 along with their photographs and biographies. Mr. Ahmed Badreldin resigned his position as a Non-Executive Director on 22 November 2016. The remuneration of the Directors (including their respective shareholdings in the Group, where applicable) is set out in the Remuneration Report on pages 58 to 59.

Directors' and Officers' Liability Insurance and Indemnification of Directors

Subject to the conditions set out in the Companies (Jersey) Law 1991 (as amended), the Group has arranged appropriate Directors' and Officers' liability insurance to indemnify the Directors against liability in respect of proceedings brought by third parties. Such provisions remain in force at the date of this report.

Principal Activities

The Group's principal activity is the provision of medical diagnostics services. An overview of the Group's principal activities is an integral component of the Strategic Review included in this Annual Report beginning on page 18.

Business Review and Future Developments

A review of the development and performance of the Group's business forms an integral part of this Annual Report in sections including A Note from Our Chairman (pages 10-11), A Note from our CEO (pages 12 to 14), Strategic Report (beginning page 2) and particularly the Financial Review (beginning on page 34). Financial statements for 2016 appear in the Audited Financial Statements (starting on page 64).

Results and Dividends

The Group's Results for 2016 are set out in the Audited Financial Statements starting on page 64.

The Board of Directors has recommended that a dividend of US$ 0.14 (fourteen US cents) per share (2015: US$ 0.06, six US cents) should be paid to shareholders who appear on the register as at 12 May 2017, with an ex-dividend date of 11 May 2017. The payment date for the dividend is 6 June 2017.

Principal Risks and Uncertainties

The principal risks and uncertainties that may affect IDH's business, as well as their potential mitigants, are outlined on pages 28 to 33 of this Annual Report.

Share capital

The Group has 150,000,000 ordinary shares each with a nominal value of US$ 1.00. There are no other shares in issue, other than ordinary shares. Note 21 to the consolidated financial statements on page 99 summarises the rights of the ordinary shares as well as the number issued during 2016. An analysis of shareholdings is shown below.

Substantial share holdings

As at 1 March 2017, the Company ascertained from its own analysis that the following held interests of 3% or more of the voting rights of its issued share capital:

The Directors certify that there are no issued securities that carry special rights with regard to control of the Company. There are similarly no restrictions on voting rights. Chief Executive Officer Dr. Hend El-Sherbini jointly holds voting rights to shares held by Hena Holdings Ltd. with her mother, Dr. Moamena Kamel.

Shareholder	Number of voting rights	% of voting rights
Hena Holdings Ltd.	38,245,589	25.50
Actis Idn B.v.	31,500,000	21.00
HSBC Global Asset Mgmt (UK)	12,834,161	8.56
Fidelity Management & Research (US)	5,809,411	3.87
Pictet Asset Management (Geneva)	4,641,178	3.09

Committees of the Board
The Board has established Audit, Nominations, Remuneration and M&A Committees. Details of these Committees, including membership and their activities during 2016, are contained in the Corporate Governance section of this Annual Report and in the Remuneration Report.

Corporate Responsibility
The Group's report on Corporate Responsibility is set out on pages 40 to 41.

Corporate Governance
The Group's report on Corporate Governance is on pages 42 to 63.

Articles of Association
The Company's Articles of Association set out the rights of shareholders including voting rights, distribution rights, attendance at general meetings, powers of Directors, proceedings of Directors as well as borrowing limits and other governance controls. A copy of the Articles of Association can be requested from the Group Company Secretary.

The Articles of Association may be amended by members of the Company via special resolution at a General Meeting of the Company.

Rules on the Appointment and Replacement of Directors
Rules on the appointment and replacement of Directors are set out in the Group's Articles of Association, a copy of which may be requested from the Group Company Secretary.

Agreements Related to Change of Control of the Group
No such agreements exist.

Conflicts of interest
During the year, no Director held any beneficial interest in any contract significant to the Group's business, other than a contract of employment. The Company has procedures set out in the Articles of Association for managing conflicts of interest. Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Group, they are required to notify the Board as soon as reasonably practicable.

Political Donations
The Group made no political donations in 2016 (2015: nil).

Financial Instruments
The Group's principal financial instruments comprise cash balances, balances with related parties, trade receivables and payables and other payables and receivables that arise in the normal course of business. The Group's financial instruments risk management objectives and policies are set out in Note 15.2 to the Financial Statements.

Employees
The Group has one (1) Executive Director, namely Group Chief Executive Dr. Hend El Sherbini, as identified in the Corporate Governance section. Her biographical information appears on page 44 of this Annual Report, and her compensation is reported in the Remuneration Committee Report on pages 58 to 59. IDH has service agreements with the Group Chief Executive and with the Group Chief Financial Officer, Mr. Tarek Hemida, who is not a Company Director. Dr. Hend El Sherbini leads the Company's Executive Committee, which also includes all heads of departments and meets every second week to review and discuss performance, priorities and upcoming events in light of the Group's strategic plan. In view of the Company's regional growth plans, IDH is committed to building out its senior management team in preparation for a larger footprint. The Group and its subsidiaries had total of 4,688 (2015: 4,323) employees as of 31 December 2016 employed in Egypt, Jordan and Sudan.

Creditor Payment Policy
Individual subsidiaries of the Group are responsible for agreeing on the terms and conditions under which business transactions with their suppliers are conducted. It is the Group's policy that payments to suppliers are made in accordance with all relevant terms and conditions.

Post-Balance Sheet Events
There are no such events to report.

Going Concern
Having made enquiries, the Directors have a reasonable expectation that the Group has adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of these consolidated financial statements. Thus, they continue to adopt the going concern basis in preparing the financial information. The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Review on pages 2 to 39. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements and notes thereon on pages 64 to 104.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the annual report and the financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS as adopted by the EU"), interpretations from the International Financial Reporting Interpretations Committee ("IFRIC") and Companies (Jersey) Law 1991 (as amended). Jersey Law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the assets, liabilities, financial position and profit or loss of the Group for that year.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, comparable, understandable and prudent;
- ensure that the financial statements comply with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and to enable them to ensure that the financial statements comply with Jersey Law. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for the maintenance and integrity of the Group's website on the internet. However, information is accessible in many different countries where legislation governing the preparation and dissemination of financial statements may differ from that applicable in the United Kingdom and Jersey.

The Directors of the Group confirm that to the best of their knowledge that:

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards; and Interpretations adopted by the International Accounting Standards Board give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The sections of this Report, including the Chairman's Statement, Strategic Report, Financial Review and Principal Risks and Uncertainties, which constitute the management report, include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Disclosure of Information to the Auditor
So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditors, each Director has taken all the steps that he/she is obliged to take as a Director in order to have made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Annual General Meeting (AGM)
The 2017 AGM will be held at the Hilton London Tower Bridge on 22 May 2017 at 9:30 am, London, UK.

The Chairmen of the Board and of each of its Committees as well as all company Directors will be in attendance at the AGM to answer questions from shareholders.

During the AGM, all of the Group's Directors will retire and submit themselves for re-election.

Auditor
KPMG LLP has expressed its willingness to continue in office as auditor and separate resolutions will be proposed at the forthcoming AGM concerning their reappointment and to authorise the Board to agree their remuneration.

By order of the Board:

Dr. Hend El Sherbini
Executive Director
21 March 2017

Financial Statements

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEGRATED DIAGNOSTICS HOLDINGS PLC

We have audited financial statements of Integrated Diagnostics Holdings plc for the year ended 31 December 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Profit or loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the EU.

This report is made solely to the Group's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on page xx, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU of the state of the group's affairs as at 31 December 2016; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Group; or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Adrian Wilcox
for and on behalf of KPMG LLP

Chartered Accountants and Recognised Auditor
15 Canada Square
London E14 5GL

21 March 2017

NOTES:

- The maintenance and integrity of the Integrated Diagnostics Holdings Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements or our audit report since they were initially presented on the website. KPMG LLP has carried out no procedures of any nature subsequent to 21 March 2017 which in any way extends this date.
- Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the financial statements are complete and unaltered in any way.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

	Notes	2016 EGP'000	2015 EGP'000
Assets			
Non-current assets			
Property, plant and equipment	12	391,141	337,877
Intangible assets and goodwill	13	1,643,595	1,606,225
Deferred tax assets	10	18,307	-
Restricted cash	19	13,253	-
Total non-current assets		**2,066,296**	**1,944,102**
Current assets			
Inventories	16	51,715	34,326
Trade and other receivables	17	148,375	117,155
Other investments	20	95,575	-
Cash and cash equivalents	18	683,721	387,716
Total current assets		**979,386**	**539,197**
Total assets		**3,045,682**	**2,483,299**
Equity			
Share capital	21	1,072,500	1,072,500
Share premium reserve	21	1,027,706	1,027,706
Capital reserves	21	(314,310)	(314,310)
Legal reserve	21	30,251	28,834
Put option reserve	21	(102,082)	(64,069)
Translation reserve	21	207,720	1,193
Retained earnings		315,518	142,712
Share based payment reserve		-	1,034
Equity attributable to the owners of the Company		**2,237,303**	**1,895,600**
Non-controlling interests	8	62,161	46,873
Total equity		**2,299,464**	**1,942,473**
Non-current liabilities			
Deferred tax liabilities	10	132,627	128,427
Other provisions	23	12,202	10,962
Long-term financial obligations	25	119,638	60,327
Total non-current liabilities		**264,467**	**199,716**
Current liabilities			
Trade and other payables	24	345,776	229,631
Current tax liabilities		135,975	111,479
Total current liabilities		**481,751**	**341,110**
Total liabilities		**746,218**	**540,826**
Total equity and liabilities		**3,045,682**	**2,483,299**

The accompanying notes on pages xx - xx form an integral part of these consolidated financial statements.
These consolidated financial statements were approved and authorised for issue by the Board of Directors and signed on their behalf on 21 March 2017 by:

Chief Executive Officer	Head of Audit Committee
Dr. Hend El Sherbini	**James Nolan**

CONSOLIDATED INCOME STATEMENT

For the financial year ended December 31, 2016

	Notes	2016 EGP'000	2015 EGP'000
Revenue	4	1,170,621	1,014,844
Cost of sales		(542,687)	(467,528)
Gross profit		**627,934**	**547,316**
Marketing and advertising expenses		(53,187)	(53,688)
Administrative expenses		(105,390)	(210,417)
Other expenses		(3,165)	(15,750)
Operating profit	9	**466,192**	**267,461**
Finance costs		(99,072)	(6,380)
Finance income		21,418	13,412
Net finance cost	9.2	(77,654)	7,032
Profit before tax		**388,538**	**274,493**
Income tax expense	10	(121,620)	(119,521)
Profit for the year		**266,918**	**154,972**
Profit attributed to:			
Owners of the Company		260,399	144,873
Non-controlling interests	8	6,519	10,099
		266,918	**154,972**
Earnings per share (expressed in EGP)	11		
Basic and Diluted		1.74	0.97

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended December 31, 2016

	2016 EGP'000	2015 EGP'000
Net profit	**266,918**	**154,972**
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences on foreign currency subsidiaries	228,130	1,432
Other comprehensive income for the year, net of tax	**228,130**	**1,432**
Total comprehensive income for the year	**495,048**	**156,404**
Attributable to:		
Owners of the Company	467,664	144,862
Non-controlling interests	27,384	11,542
	495,048	**156,404**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended December 31, 2016

	Note	2016 EGP'000	2015 EGP'000
Cash flows from operating activities			
Profit for the period before tax		388,538	274,493
Adjustments for:			
Depreciation	12	44,730	35,840
Amortisation	13	-	352
Impairment of Intangible assets		1,849	-
(Loss)/Gain on disposal of Property, plant and equipment		60	(138)
Impairment in trade and other receivables	9	4,298	9,230
Reversal of impairment in trade and other receivables	17	(2,768)	(343)
Provisions made	23	2,224	2,881
Provisions reversed	23	(717)	(6)
Share-based payment charge		-	1,034
Interest expense	9.2	9,271	6,380
Interest income	9.2	(21,418)	(9,930)
Loss/(gain) of foreign exchange	9.2	88,877	(3,482)
Net cash from operating activities before changes in working capital		**514,944**	**316,311**
Provision used	23	(267)	(891)
Change in inventory		(17,388)	1,681
Change in trade and other receivables		(30,436)	(36,351)
Change in trade and other payables		39,935	20,336
Cash generated from operating activities before income tax payment		**506,788**	**301,086**
Income tax paid during period		(108,130)	(111,224)
Net cash from operating activities		**398,658**	**189,862**
Cash flows from investing activities			
Interest received		19,753	10,477
Acquisition of Property, plant and equipment		(48,539)	(54,897)
Proceeds from sale of property and equipment		90	2,003
Change in restricted Cash	19	(13,253)	-
Change in other investment	20	(95,575)	-
Net cash flows used in investing activities		**(137,524)**	**(42,417)**
Cash flows from financing activities			
Repayments of borrowings		-	(45)
Interest paid		(10,263)	(4,275)
Acquisition non-controlling interest		(10,450)	(272)
Dividends paid		(88,560)	(6,464)
Financial lease		(8,928)	(1,711)
Net cash flows used in financing activities		**(118,201)**	**(12,767)**
Net increase in cash and cash equivalents		**142,933**	**134,678**
Cash and cash equivalent at the beginning of the period		387,716	252,110
Effect of exchange rate fluctuations on cash held		153,072	928
Cash and cash equivalent at the end of the period	18	**683,721**	**387,716**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended December 31, 2016

EGP'000	Share Capital	Share premium	Capital reserve	Legal reserve*	Put option reserve	Translation reserve	Retained earnings	Share based payment reserve	Total attributed to the owners of the Company	Non-Controlling interests	Total Equity
As at 1 January 2016	1,072,500	1,027,706	(314,310)	28,834	(64,069)	1,193	142,712	1,034	**1,895,600**	46,873	**1,942,473**
Profit for the period	-	-	-	-	-	-	260,399	-	**260,399**	6,519	**266,918**
Other comprehensive income for the period	-	-	-	-	-	207,265	-	-	**207,265**	20,865	**228,130**
Total comprehensive income	-	-	-	-	-	**207,265**	**260,399**	-	**467,664**	**27,384**	**495,048**
Transactions with owners of the Company											
Contributions and distributions											
Dividends	-	-	-	-	-	-	(79,470)	-	**(79,470)**	(9,090)	**(88,560)**
Reverse share-based payment	-	-	-	-	-	-	-	(1,034)	**(1,034)**	-	**(1,034)**
Legal reserve formed during the period	-	-	-	90	-	-	(90)	-	-	-	-
Movement in put option liability in the year	-	-	-	-	(38,013)	-	-	-	**(38,013)**	-	**(38,013)**
Total contributions and distributions	-	-	-	**90**	**(38,013)**	-	**(79,560)**	**(1,034)**	**(118,517)**	**(9,090)**	**(127,607)**
Change in ownership interests											
Acquisition of Non-controlling interests without change in control	-	-	-	1,327	-	(738)	(8,033)	-	**(7,444)**	(3,006)	**(10,450)**
At 31 December 2016	**1,072,500**	**1,027,706**	**(314,310)**	**30,251**	**(102,082)**	**207,720**	**315,518**	-	**2,237,303**	**62,161**	**2,299,464**
As at 1 January 2015	**1,072,500**	**1,027,706**	**(314,310)**	**26,945**	**(50,420)**	**1,204**	-	-	**1,763,625**	**41,523**	**1,805,148**
Profit for the period	-	-	-	-	-	-	144,873	-	**144,873**	10,099	**154,972**
Other comprehensive income for the period	-	-	-	-	-	(11)	-	-	**(11)**	1,443	**1,432**
Total comprehensive income	-	-	-	-	-	**(11)**	**144,873**	-	**144,862**	**11,542**	**156,404**
Transactions with owners of the Company											
Contributions and distributions											
Dividends**	-	-	-	-	-	-	-	-	-	(6,464)	**(6,464)**
Equity settled share-based payment	-	-	-	-	-	-	-	1,034	**1,034**	-	**1,034**
Legal reserve formed during the period	-	-	-	1,889	-	-	(1,889)	-	-	-	-
Movement in put option liability in the year	-	-	-	-	(13,649)	-	-	-	**(13,649)**	-	**(13,649)**
Total contributions and distributions	-	-	-	**1,889**	**(13,649)**	-	**(1,889)**	**1,034**	**(12,615)**	**(6,464)**	**(19,079)**
Change in ownership interests											
Non-controlling interests resulting from acquisition of subsidiary	-	-	-	-	-	-	(272)	-	**(272)**	272	-
At 31 December 2015	**1,072,500**	**1,027,706**	**(314,310)**	**28,834**	**(64,069)**	**1,193**	**142,712**	**1,034**	**1,895,600**	**46,873**	**1,942,473**

INTEGRATED DIAGNOSTICS HOLDINGS PLC – "IDH" AND ITS SUBSIDIARIES

Annual report and Consolidated Financial Statements for the year ended 31 December 2016

1. CORPORATE INFORMATION

The consolidated financial statements of Integrated Diagnostics Holdings plc and its subsidiaries (collectively, the Group) for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 21 March 2017. 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 starts on 1 January and ends on 31 December each year. The Group's main activity is concentrated in the field of medical diagnostics

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (adopted IFRS) issued by the International Accounting Standards Board (IASB) and the Jersey Law 1991 an amendment to which means separate company financial statements are not required.

Basis of measurement

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

Functional and presentation currency

Each of the Group's entities is using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group's consolidated financial statements are presented in Egyptian Pounds, being the reporting currency of the main Egyptian trading subsidiaries within the Group and the primary economic environment in which the Group operates. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation; the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Going concern

These consolidated financial statements have been prepared on the going concern basis. At 31 December 2016, the Group had net assets amounting to EGP 2,299,464. The Group is profitable and cash generative and the Directors have considered the Group's cash forecasts for a period of 12 months from the signing of the balance sheet. The Directors have a reasonable expectation that the Group has adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of these condensed consolidated interim financial statements. Thus, they continue to adopt the going concern basis in preparing the financial information.

2.1. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

i. Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

ii. Change in subsidiary ownership and loss of control
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Where the group loses control of a subsidiary, the assets and liabilities are derecognised along with any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iii. Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2. Significant accounting policies
Except for the changes below, the accounting policies set out below have been consistently applied to all the years presented in these consolidated financial statements.

The Group has adopted the following new standard, including any inconsequential amendments to other standards, with a date of initial application of 1 January 2016.

- Annual Improvements to IFRSs – 2012-2014 Cycle
- Disclosure initiative – amendment to IAS 1

This new standard had a non-material impact on these consolidated financial statements.

a) Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

This includes the separation of embedded derivatives in host contracts by the acquiree.
Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Fair value measurement
The Group measures financial instruments such as non-derivative financial instruments, available-for-sale financial assets and contingent consideration assumed in a business combination, at fair value at each balance sheet date.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing

categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

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.

c) Revenue recognition
Revenue represents the medical value of medical diagnostic services rendered in the year, and is stated net of discounts. The Group has two types of customers: Walk-in patients and patients served under contract. For patients under contract, rates are agreed in advance on a per-test, client-by-client basis. For both types of customers, revenue is recognised on completion of the services rendered. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

d) Leases
i. Determining whether an arrangement contains a lease
At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates out payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impractical to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

ii. Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

iii. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

e) Income Taxes

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

i. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is recognised 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 recognised 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 and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. 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 realised or the deferred income tax liability is settled.

f) Foreign currency

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

On consolidation, the assets and liabilities of foreign operations are translated into Egyptian Pounds at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average rate (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). The exchange differences arising on translation for consolidation are recognised in other comprehensive income and accumulated in the translation reserve or NCI as the case may be. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

g) Property, plant 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 recognised 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 consolidated statement of income during the financial period in which they are incurred.

Land is not depreciated.

Laboratory Equipment held to perform the 'Hub spoke' at the Mega Lab and provided under finance lease arrangements are depreciated under a unit of production method as this most closely reflects the consumption of benefits from the equipment.

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, electric and information systems equipment	4-10 years
Leasehold improvements	4-5 years
Fixtures, fittings & vehicles	4-16 years

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 recognised within 'Other (losses)/gains – net' in the consolidated statement of income.

h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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.

Goodwill is stated at cost less any accumulated impairment losses. 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.

Brand

Brands acquired in a business combination are recognised at fair value at the acquisition date and have an indefinite useful life.

Customer list

Customer lists acquired in a business combination are recognised at fair value at the acquisition date and have finite useful life. Amortisation method on a straight-line basis and the estimated useful live is 4 years, as determined by management.

i) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, AFS financial assets, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- AFS financial assets

The Group did not hold financial assets classified as financial assets at fair value through the profit or loss or AFS financial assets at 31 December 2016 and 31 December 2015.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

• Disclosures for significant estimates and assumptions	Note 3
• Financial assets	Note 15
• Trade receivables	Note 17

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the 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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

ii. Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

All of the Group's financial liabilities are classified as financial liabilities carried at amortised cost using the effective interest method. The Group does not use derivative financial instruments or hedge account for any transactions. Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

The Group's financial liabilities include trade and other payables, finance lease liabilities and loans and borrowings including bank overdrafts.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions and estimates Note 3
- Goodwill and intangible assets with indefinite lives Note 14

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased.

If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 October and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 October at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

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 recognised 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 (CGU). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling and distribution expenses.

l) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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 a finance cost.

n) Pensions and other post-employment benefits

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. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

o) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised 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 recognised 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.

p) 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.

2.3. New and amended standards and interpretations not yet adopted

The Group has not early adopted any other standard, interpretation or amendments that have been issued but not yet effective for the year ended 31 December 2016. None of these are expected to have a material effect on these consolidated financial statements of the Group, except for the following which could change the classification and measurements of financial assets.

- IFRS 9 "Financial instruments" (expected effective date of January 2018).
- IFRS 16 'Leases' (effective date of January 2019) introduces an on balance sheet accounting model for operating leases. The Group has significant operating lease commitments through the lease of branches and is anticipated to have a material effect when these arrangements are required to be brought on balance sheet.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity with adopted IFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management — Note 5
- Financial instruments risk management and policies — Note 15
- Sensitivity analyses disclosures — Note 15

Judgments

In preparing these consolidated financial statements, management have made a material judgment, that affect the application of the Group's lease accounting policy and the reported amounts of assets, liabilities, and expenses. Information about judgment, estimate and assumptions relating to finance leases are set out in note 26.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of intangible assets

The Group tests annually whether goodwill and other intangibles with indefinite lives have suffered any impairment. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts of cash generating units have been determined based on value in use. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Impairment of trade and other receivables

The requirement for impairment of trade receivables is made through monitoring the debts aging and reviewing customer's credit position and their ability to make payment as they fall due. An impairment is recorded against receivables for the irrecoverable amount estimated by management. At the year end, the provision for impairment of trade receivables was EGP 19,154k (31 December 2015: EGP 17,030k).

4. SEGMENT INFORMATION

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

The Group operates in three geographic areas, Egypt, Sudan and Jordan. Each area offers similar services and the KPIs of each are viewed to be the same and they are not viewed as individual operating segments. The revenue split between the three regions is set out below.

	Revenue by geographic location			
	Egypt region	Sudan region	Jordan region	Total
For the year ended	EGP'000	EGP'000	EGP'000	EGP'000
31 December 2016	1,024,378	34,103	112,140	**1,170,621**
31 December 2015	910,886	30,740	73,218	**1,014,844**

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

	2016 EGP'000	2015 EGP'000
Profit from operations	**466,192**	**267,461**
Property, plant and equipment depreciation	44,730	35,840
Amortisation of Intangible assets	-	352
EBITDA	**510,922**	**303,653**

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

5. CAPITAL 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 repatriation of a declared dividend from Egyptian group entities are subject to regulation by Egyptian authorities. The outcome of an Ordinary General Meeting of Shareholders declaring a dividend is first certified by the General Authority for Investment and Free Zones (GAFI). Approval is subsequently transmitted to Misr for Central Clearing, Depository and Registry (MCDR) to distribute dividends to all shareholders, regardless of their domicile, following notification of shareholders via publication in two national newspapers.

The Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities (being total current liabilities plus long-term financial obligations) less cash and cash equivalents.

As a provider of medical diagnostic services, IDH's operations in Sudan are not subject to sanctions. However International banks are very cautious in carrying out transactions with any Sudanese business and so while there are no actual restrictions on the payment of dividends and remittance of cash from the Sudanese subsidiary in practice, there is no opportunity to enable payments of dividends from Sudan to Egypt. The amount of undistributed reserves held in Sudanese subsidiaries is not significant to the Group's total capital management and the total reserves that could be distributed from Sudan is EGP 599K and the total cash held in Sudan is EGP 14,355K. No funds will be remitted from until such a time as the sanctions imposed on Sudan are clarified or released.

	2016 EGP’000	2015 EGP’000
Total liabilities	601,389	401,437
Less: cash and short-term deposits (Note 18)	(683,721)	(387,716)
Net (cash)/debt	**(82,332)**	**13,721**
Total Equity	**2,299,464**	**1,942,473**
Net debt to equity ratio	**-3.6%**	**0.7%**

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 2015.

6. GROUP INFORMATION

Information about subsidiaries

The consolidated financial statements of the Group include:

	Principal activities	Country of Incorporation	% equity interest 2016	% equity interest 2015
Al Borg Laboratory Company (“Al-Borg”)	Medical diagnostics service	Egypt	**99.3%**	**99.3%**
Al Mokhtabar Company for Medical Labs (“Al Mokhtabar”)	Medical diagnostics service	Egypt	**99.9%**	**99.9%**
Molecular Diagnostic Center*	Medical diagnostics service	Egypt	**99.9%**	**99.9%**
Medical Genetic Center	Medical diagnostics service	Egypt	**55.0%**	**55.0%**
Al Makhbariyoun Al Arab Group (Hashemite Kingdom of Jordan)	Medical diagnostics service	Jordan	**60.0%**	**60.0%**
Golden Care for Medical Services	Holding company of SAMA	Egypt	**100.0%**	**75.0%**
Integrated Medical Analysis Company (S.A.E)	Medical diagnostics service	Egypt	**99.6%**	**99.6%**
SAMA Medical Laboratories Co. ("Ultralab medical laboratory ")	Medical diagnostics service	Sudan	**80.0%**	**60.0%**
AL-Mokhtabar Sudanese Egyptian Co.	Medical diagnostics service	Sudan	**65.0%**	**65.0%**
Integrated Diagnostics Holdings Limited	Intermediary holding company	Cayman Island	**100.0%**	**100.0%**
Dynasty Group Holdings Limited**	Intermediary holding company	Cayman Island	**51.0%**	-

*"Molecular Diagnostic Center" is no longer treated as a subsidiary with effect from 5 May 2016 following the start of liquidation proceedings as control has been passed to the liquidator [Abd EL Wahab Kamal] under Egyptian Law..

**On 22 December 2016, IDH established a new subsidiary "Dynasty Group Holdings Limited", in which it holds 51%, for the purpose of investing in acquisition opportunities mainly in Africa.

Full details of the Group historical acquisitions can be found in the prospectus for the initial public offering by the Company dated 6 May 2015 and available at www.idhcorp.com.

7. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisition of non-controlling interest in Golden Care for Medical Services

On 8 December 2016, the put option held by the vendor of Golden Care for Medical Services (LLC) was exercised which forced Al-Borg to purchase the remaining 25% equity.

As a result, Al-Borg’s percentage share of total equity shares in Golden Care for Medical Services (LLC) increase from 75% to 100% from this date.

8. NON-CONTROLLING INTEREST

Financial information of subsidiaries that have material non-controlling interests is provided below:

PROPORTION OF EQUITY INTEREST HELD BY NON-CONTROLLING INTERESTS:

	Country of Incorporation	2016	2015
Medical Genetic Center	Egypt	45.0%	45.0%
Al Makhbariyoun Al Arab Group (Hashemite Kingdom of Jordan)	Jordan	40.0%	40.0%
SAMA Medical Laboratories Co. " Ultra lab medical laboratory "	Sudan	20.0%	40.0%
Al Borg Laboratory Company	Egypt	0.7%	0.7%

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

	Medical Genetic Center EGP'000	Al Makhbariyoun Al Arab Group (Hashemite Kingdom of Jordan) EGP'000	SAMA Medical Laboratories Co. "Ultralab medical laboratory " EGP'000	Alborg Laboratory Company EGP’000	Other individually immaterial subsidiaries EGP’000	Intra-Group eliminations EGP’000	Total EGP’000
Summarised statement of profit or loss for 2016:							
Revenue	11,881	112,266	27,160	482,002	207,452	-	840,761
Profit	1,818	13,850	1,360	199,827	(57,725)	-	159,130
Other comprehensive income	-	52,930	(1,115)	-	393	-	52,208
Total comprehensive income	-	**52,930**	**(1,115)**	-	**393**	-	**52,208**
Profit allocated to non-controlling interest	818	5,540	272	1,414	(916)	(610)	6,518
Other comprehensive income allocated to non-controlling interest	-	21,172	(446)	-	139	-	20,865
Summarised statement of financial position as at 31 December 2016:							
Non-current assets	885	92,168	3,363	136,938	136,316	-	369,670
Current assets	7,761	47,090	20,548	311,085	306,983	-	693,467
Non-current liabilities	9	773	-	-	99,339	-	100,121
Current liabilities	4,518	42,014	14,657	120,345	324,452	-	505,986
Net assets	**13,173**	**182,045**	**38,568**	**568,368**	**867,090**	-	**1,669,244**
Net assets attributable to non-controlling interest	5,930	72,818	7,714	4,023	(1,327)	(26,997)	62,161

	Medical Genetic Center EGP'000	Al Makhbariyoun Al Arab Group (Hashemite Kingdom of Jordan) EGP'000	SAMA Medical Laboratories Co. "Ultralab medical laboratory" EGP'000	Alborg Laboratory Company EGP'000	Other individually immaterial subsidiaries EGP'000	Intra-Group eliminations EGP'000	Total EGP'000
Summarised cash flow information for year ended 31 December 2016:							
Operating	2,687	18,034	1,508	189,193	73,254	-	284,676
Investing	(37)	(11,955)	(410)	(55,929)	(8,326)	-	(76,657)
Financing	(3,163)	(6,848)	-	(52,256)	(8,928)	-	(71,195)
Net increase/(decrease) in cash and cash equivalents	**(513)**	**(769)**	**1,098**	**81,008**	**56,000**	**-**	**136,824**

	Medical Genetic Center EGP'000	Al Makhbariyoun Al Arab Group (Hashemite Kingdom of Jordan) EGP'000	SAMA Medical Laboratories Co. "Ultralab medical laboratory" EGP'000	Alborg Laboratory Company EGP'000	Other individually immaterial subsidiaries EGP'000	Intra-Group eliminations EGP'000	Total EGP'000
Summarised statement of profit or loss for 2015:							
Revenue	12,468	73,523	24,518	433,944	126,063	-	670,516
Profit	3,818	10,894	4,720	135,008	34,531	-	188,971
Other comprehensive income	-	3,016	850	-	(297)	-	3,569
Total comprehensive income	**-**	**3,016**	**850**	**-**	**(297)**	**-**	**3,569**
Profit allocated to non-controlling interest	1,719	4,358	1,888	956	1,425	(247)	10,099
Other comprehensive income allocated to non-controlling interest	-	1,033	340	-	70	-	1,443
Summarised statement of financial position as at 31 December 2015:							
Non-current assets	920	35,038	4,612	126,539	82,363	-	249,472
Current assets	8,442	17,853	18,765	167,615	109,422	-	322,097
Non-current liabilities	(2)	-	-	(1,297)	(2,155)	-	(3,454)
Current liabilities	(3,239)	(12,046)	(14,368)	(97,957)	(67,047)	-	(194,657)
Net assets	**6,121**	**40,845**	**9,009**	**194,900**	**122,583**	**-**	**373,458**
Net assets attributable to non-controlling interest	2,756	16,338	3,604	1,379	2,180	20,616	46,873
Summarised cash flow information for year ended 31 December 2015:							
Operating	2,727	13,711	7,254	63,675	39,052	-	126,419
Investing	181	(5,665)	(1,228)	(2,968)	(30,224)	-	(39,904)
Financing	(2,759)	(9,019)	(1,390)	(73,933)	39,750	-	(47,351)
Net increase/(decrease) in cash and cash equivalents	**149**	**(973)**	**4,636**	**(13,226)**	**48,578**	**-**	**39,164**

9. EXPENSES AND OTHER INCOME

Included in profit and loss are the following

	2016 EGP'000	2015 EGP'000
Impairment on trade and other receivables	4,298	9,230
Impairment of goodwill	1,849	-
Charge for increase in provisions	2,224	2,881
Operating lease payments (buildings)	32,234	22,278
Professional and advisory fees*	24,907	138,436
Amortisation	-	352
Depreciation	44,730	35,840
Total	**110,242**	**209,017**

* In comparative year 2015 professional and advisory fees included EGP 125 million relating to the costs for the IPO. No shares were issued on IPO and so all costs were expensed.

9.1. Auditor's remuneration

The group paid or accrued the following amounts to its auditor and its associates in respect of the audit of the financial statements and for other services provided to the group

	2016 EGP'000	2015 EGP'000
Fees payable to the Company's auditor for the audit of the Group's annual financial statements	2,686	2,645
The audit of the Company's subsidiaries pursuant to legislation	1,234	629
Tax compliance and advisory services	-	64
Other services	806	2,970
	4,726	**6,308**

9.2. Net finance costs

	2016 EGP'000	2015 EGP'000
Finance charges payable under finance leases	(9,271)	(5,725)
Net foreign exchange loss	(88,877)	-
Bank Charges	(924)	(655)
Total finance costs	**(99,072)**	**(6,380)**

	2016 EGP'000	2015 EGP'000
Interest income	21,418	9,930
Net foreign exchange gain	-	3,482
Total finance income	21,418	13,412
Net finance (cost)/ income	**(77,654)**	**7,032**

IDH has entered into a number of currency swap transactions during 2016 to convert Egyptian pounds into US Dollars. During the year there was a difference between the official exchange rate and an unofficial parallel exchange rate for the Egyptian pound against the US Dollar. A foreign exchange loss has arisen due to the difference between the official exchange rate and the less favourable unofficial parallel exchange rate received by IDH when entering into these transactions. In the period IDH purchased a total of US$ 14,200K (Dec 2015: US$ 8,570K) which resulted in a total foreign exchange loss recognised of EGP 44,198K (Dec 2015: EGP 3,485K). Certain finance lease liabilities held by the Group are denominated in US$. Due to the devaluation in the EGP against the US$ a foreign exchange loss of EGP 85,078k has been recognised in 2016 on translating these monetary liabilities at the year end. See note 26 for further details.

9.3. Employee numbers and costs

The average number of persons employed by the Group (including directors) during the year and the aggregate payroll costs of these persons, analysed by category, were as follows:

	2016			2015		
	Medical	**Administration**	**Total**	**Medical**	**Administration**	**Total**
Average number of employees	4,307	381	**4,688**	3,917	406	**4,323**

	2016 EGP'000			2015 EGP'000		
	Medical	**Administration**	**Total**	**Medical**	**Administration**	**Total**
Wages and salaries	179,626	59,276	**238,902**	148,604	43,229	**191,833**
Social security costs	12,086	2,678	**14,764**	9,238	1,818	**11,056**
Contributions to defined contribution plan	3,131	511	**3,642**	2,216	386	**2,602**
Equity settled shared based payments	-	-	-	-	1,034	**1,034**
Total	194,843	62,465	**257,308**	160,058	46,467	**206,525**

Details of Directors' and Key Management remuneration and share incentives are disclosed in the Remuneration Report and note 27.

10. INCOME TAX

a) Amounts recognised in profit or loss

	2016 EGP'000	2015 EGP'000
Current tax:		
Current year	(135,727)	(108,128)
Deferred tax:		
Effect of reduction in tax rate to 22.5%	-	13,139
Deferred tax arising on undistributed reserves in subsidiaries	(18,876)	(22,614)
Relating to origination and reversal of temporary differences	32,983	(1,918)
Total Deferred tax income / (expense)	**14,107**	**(11,393)**
Tax expense recognised in profit or loss	**(121,620)**	**(119,521)**

b) Reconciliation of effective tax rate

The Company is treated as a tax resident of Jersey for the purpose of Jersey tax laws and is subject to a tax rate of 0%. The Company determined to switch its tax domicile from its current status as resident in Jersey to become resident in the UK, with effect from 1 July 2016. As a holding company for the IDH group, the Board concluded that the UK represents the most effective and efficient jurisdiction from which to manage the Company. The current income tax charge for the Group represents tax charges on profits arising in Egypt, Jordan and Sudan. The significant profits arising within the Group subject to corporate income tax are generated from the Egyptian operations and subject to 22.5% (2015: 22.5%) tax rate. The reconciliation of effective income tax rate has been performed using this rate.

	2016 EGP'000	2015 EGP'000
Profit before tax	**388,538**	**274,493**
Profit before tax multiplied by rate of corporation tax in Egypt of 22.5% (2015: 22.5%)	87,421	61,761
Effect of tax rate in Jersey of 0% (2015: 0%)	(2,210)	27,985
Effect of tax rates in Jordan and Sudan of 20% and 15% respectively (2015: 20% and 15%)	(452)	(805)
Tax effect of:		
Change in unrecognised deferred tax assets	303	(1,476)
Deferred tax arising on undistributed reserves	18,876	22,614
Reduction in tax rate on deferred tax balances	-	(13,139)
Non-deductible expenses for tax purposes - employee profit share	8,940	7,549
Non-deductible expenses for tax purposes - other	8,742	15,032
Tax expense recognised in profit or loss	**121,620**	**119,521**

Deferred tax

Deferred tax relates to the following:

	2016		2015	
	Assets EGP'000	**Liabilities EGP'000**	**Assets EGP'000**	**Liabilities EGP'000**
Property, plant and equipment	-	(9,528)	-	(5,668)
Intangible assets	-	(101,661)	-	(102,113)
Undistributed reserves from group subsidiaries*	-	(30,175)	-	(22,614)
Provisions and finance lease liabilities	27,044	-	1,968	-
Deferred tax assets (liabilities) before set-off	**27,044**	**(141,364)**	**1,968**	**(130,395)**
Set-off of tax	(8,737)	8,737	(1,968)	1,968
Net deferred tax assets (liabilities)	**18,307**	**(132,627)**	-	**(128,427)**

All movements in the deferred tax asset/liability in the year have been recognised in the profit or loss account.

Deferred tax liabilities and assets have been calculated based on the enacted tax rate at 31 December 2016 for the country the liabilities and assets has arisen. The enacted tax rate in Egypt is 22.5% (2015: 22.5%), Jordan 20% (2015: 20%) and Sudan 15% (2015: 15%).

* Undistributed reserves from group subsidiaries

The Group's dividend policy is to distribute any excess cash after taking into consideration all business cash requirements and potential acquisition considerations. The expectation is to distribute profits held within subsidiaries of the Group in the near foreseeable future. During 2015 the Egyptian Government imposed a tax on dividends at a rate of 5% of dividends distributed from Egyptian entities. As a result a deferred tax liability has been recorded for the future tax expected to be incurred from undistributed reserves held within the Group which will be taxed under the new legislation imposed and were as follows:

	2016 EGP'000	2015 EGP'000
Al Mokhtabar Company for Medical Labs	11,378	8,859
Alborg Laboratory Company	11,490	5,776
Integrated Medical Analysis Company	2,192	2,192
Molecular Diagnostic Center	1,095	2,724
Golden Care for Medical Services	677	677
Medical Genetics Center	189	236
Al Makhbariyoun Al Arab Group	3,154	2,150
	30,175	**22,614**

Unrecognised deferred tax assets

The following deferred tax assets were not recognised due to the uncertainty that those items will have a future tax benefit:

	2016 EGP'000	2015 EGP'000
Impairment of trade receivables (Note 17)	19,154	17,030
Impairment of other receivables (Note 17)	8,068	8,068
Provision for legal claims (Note 23)	2,191	2,967
	29,413	**28,065**
Unrecognised deferred tax asset	**6,618**	**6,315**

11. EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. There are no dilutive effects from ordinary share and no adjustment required to weighted-average numbers of ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computation:

	2016 EGP'000	2015 EGP'000
Profit attributable to ordinary equity holders of the parent for basic earnings	260,399	144,873
Weighted average number of ordinary shares for basic and dilutive EPS	150,000	150,000
Basic and dilutive earnings per share (expressed in EGP)	**1.74**	**0.97**

There is no dilutive effect from equity.

12. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings EGP'000	Medical, electric & information system equipment EGP'000	Leasehold improvements EGP'000	Fixtures, fittings & vehicles EGP'000	Building & Leasehold improvements in construction EGP'000	Total EGP'000
Cost						
At 1 January 2015	129,103	93,354	52,324	25,738	53,813	354,332
Additions	-	95,422	24,788	5,094	3,144	128,448
Disposals	-	(9,179)	(1,391)	(584)	-	(11,154)
Exchange differences	509	1,697	551	1,701	78	4,536
Transfers	38,000	15,459	-	-	(53,459)	-
At 31 December 2015	**167,612**	**196,753**	**76,272**	**31,949**	**3,576**	**476,162**
Additions	-	23,177	18,050	2,740	4,570	48,537
Disposals	(648)	(1,994)	(315)	(342)	-	(3,299)
Exchange differences	6,285	16,728	23,646	6,095	2,248	55,002
Transfers	-	4,114	1,198	-	(5,312)	-
At 31 December 2016	**173,249**	**238,778**	**118,851**	**40,442**	**5,082**	**576,402**
Depreciation and impairment						
At 1 January 2015	16,582	61,135	22,535	10,206	-	110,458
Depreciation charge for the year	2,600	21,390	9,726	2,124	-	35,840
Disposals	-	(7,588)	(1,335)	(367)	-	(9,290)
Exchange differences	149	466	162	500	-	1,277
At 31 December 2015	**19,331**	**75,403**	**31,088**	**12,463**	**-**	**138,285**
Depreciation charge for the year	2,757	26,551	12,947	2,475	-	44,730
Disposals	-	(1,497)	(306)	(248)	-	(2,051)
Exchange differences	77	2,275	1,280	665	-	4,297
At 31 December 2016	**22,165**	**102,732**	**45,009**	**15,355**	**-**	**185,261**
Net book value						
At 31 December 2016	**151,084**	**136,046**	**73,842**	**25,087**	**5,082**	**391,141**
At 31 December 2015	**148,281**	**121,350**	**45,184**	**19,486**	**3,576**	**337,877**

Leased equipment

EGP 74m of medical and electric equipment was supplied under finance lease arrangements during the year ended 31 December 2015. This equipment was supplied to service the Group's new state of the art Mega Lab. The equipment secures lease obligations, see note 26 for further details on the recognition and the leasing arrangement. At 31 December 2016 the net carrying amount of lease equipment was EGP 59m (2015: EGP 68m).

13. INTANGIBLE ASSETS

	Goodwill EGP'000	Brand Name EGP'000	Customer list EGP'000	Total EGP'000
Cost				
At 1 January 2015	**1,234,432**	**374,055**	**17,043**	**1,625,530**
Effect of movements in exchange rates	(3,233)	971	-	(2,262)
At 31 December 2015	**1,231,199**	**375,026**	**17,043**	**1,623,268**
Effect of movements in exchange rates	26,153	13,066	-	**39,219**
At 31 December 2016	**1,257,352**	**388,092**	**17,043**	**1,662,487**
Amortisation and impairment				
At 1 January 2015	-	-	**16,691**	**16,691**
Amortisation	-	-	352	**352**
At 31 December 2015	-	-	**17,043**	**17,043**
Impairment Loss*	1,849	-	-	1,849
At 31 December 2016	**1,849**	-	**17,043**	**18,892**
Net book value				
At 31 December 2016	**1,255,503**	**388,092**	-	**1,643,595**
At 31 December 2015	**1,231,199**	**375,026**	-	**1,606,225**

* During the year goodwill of EGP 1,849K allocated to the Molecular Diagnostics Centre CGU has been fully impaired due to the start of the liquidation plan of this legal entity in May 2016. The impairment has been charged to 'Other expenses' in the consolidation income statement.

14. GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

Goodwill acquired through business combinations and intangible assets with indefinite lives are allocated to the Group's CGUs as follows:

	2016 EGP'000	2015 EGP'000
Molecular Diagnostic Center		
Goodwill	-	1,849
	-	**1,849**
Medical Genetics Center		
Goodwill	1,755	1,755
	1,755	**1,755**
Al Makhbariyoun Al Arab Group ("Biolab")		
Goodwill	47,953	20,576
Brand name	23,224	9,965
	71,177	**30,541**
Golden Care for Medical Services ("Ultralab")		
Goodwill	9,417	10,641
Brand name	1,484	1,677
	10,901	**12,318**
Alborg Laboratory Company ("Al-Borg")		
Goodwill	497,275	497,275
Brand name	142,066	142,066
	639,341	**639,341**
Al Mokhtabar Company for Medical Labs ("Al-Mokhtabar")		
Goodwill	699,102	699,102
Brand name	221,319	221,319
	920,421	**920,421**
Balance at 31 December	**1,643,595**	**1,606,225**

The Group performed its annual impairment test in October 2016. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

IDH instructed FinCorp Investment Holding (referred to hereafter as "Fincorp") an independent financial advisor, to prepare an independent impairment assessment of the Group's CGUs. The assessment was carried out based on business plans provided by IDH. These plans have been prepared based on criteria set out below:

	Ultra Lab	Bio Lab	Al-Mokhtabar	Al-Borg
Average annual patient growth rate from 2016 -2020	3%	9%	1%	1%
Average annual price per test growth rate from 2016 -2020	14%	0%	7%	9%
Annual revenue growth rate from 2016 -2020	7%	9%	10%	8%
Average gross margin from 2016 -2020	43%	40%	54%	47%
Terminal value growth rate from 1 January 2022	2%	2%	3%	3%
Discount rate	23.8%	15.3%	19.1%	19.1%

Fincorp has prepared discounted cash flow projections using the key assumptions above so as to be able to calculate the net present value of the asset in use and determine the recoverable amount. The projected cash flows from 2016- 2020 have been based on detailed forecasts prepared by management for each CGU and a terminal value thereafter. Management have used past experience and historic trends achieved in order to determine the key growth rate and margin assumptions set out above. The terminal value growth rate applied is not considered to exceed the average growth rate for the industry and geographic locations of the CGUs.

This recoverable amount is then compared to the carrying value of the asset as recorded in the books and records of IDH plc. The discount rate is the pre-tax rate taking into account the risks of each CGU.

These risks include country risk, currency risk as well as the beta factor relating to the CGU and how it performs relative to the market.

The conclusions from the impairment review were that there was headroom within the forecasts and therefore no impairment is required.

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair values of all financial assets and financial liabilities by class shown in the balance sheet are as follows:

	2016 EGP'000	2015 EGP'000
Held-to-maturity		
Short term deposits - treasury bills	95,575	-
Loans and receivables		
Cash and cash equivalent	683,721	387,716
Trade and other receivables	120,873	103,688
Total financial assets	**900,169**	**491,404**
Financial liabilities measured at amortised cost		
Trade and other payables	211,533	151,320
Put option liability	102,082	64,069
Finance lease liabilities	151,799	74,569
Total financial liabilities	**465,414**	**289,958**
Total financial instruments	**434,755**	**201,446**

The fair values of all of the Group's financial instruments are the same as their carrying values. All financial instruments are deemed Level 2.

15.1. Financial instruments risk management objectives and policies

The Group's principal financial liabilities are trade and other payables, put option liability and finance lease liabilities. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

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, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2016 and 2015. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

The analyses exclude the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2016 and 2015.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign subsidiary at 31 December 2016 for the effects of the assumed changes of the underlying risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. During the year ending 2016 the Group was not exposed to the risk of changes in floating interest rates. The only interest-bearing financial liabilities held by the Group at 31 December 2016 were for finance lease liabilities held and disclosed in note 26. The implicit interest rate for the finance leases in place was estimated to be 11.5%.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Sudanese Pound and the Jordanian Dinar. Foreign exchange risk arises from to the Group's operating activities (when revenue or expense is denominated in a foreign currency), recognised assets and liabilities and net investments in foreign operations. However, the management aims to minimise 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 recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At year end, major financial assets / (liabilities) denominated in foreign currencies were as follows (the amounts presented are shown in the foreign currencies):

	31-Dec-16 ('000)							
	Assets			Liabilities				
	Cash and cash equivalents	**Other assets**	**Total assets**	**Put option**	**Finance lease**	**Trade payables and other liabilities**	**Total liability**	**Net exposure**
US Dollars	22,652	203	**22,855**	-	(7,866)	(2,619)	**(10,485)**	**12,370**
Euros	95	-	**95**	-	-	(68)	**(68)**	**27**
GBP	12	-	**12**	-	-	(211)	**(211)**	**(199)**
JOD	157	1,692	**1,849**	(4,017)	-	(1,147)	**(5,164)**	**(3,315)**
SDG	12,652	7,501	**20,153**	-	-	(4,023)	**(4,023)**	**16,130**

	31-Dec-15 ('000)							
	Assets			Liabilities				
	Cash	**Other assets**	**Total assets**	**Put option**	**Finance lease**	**Trade payables and other liabilities**	**Total liability**	**Net exposure**
US Dollars	12,581	-	**12,581**	-	(8,986)	(1,958)	**(10,944)**	**1,637**
Euros	87	-	**87**	-	-	(126)	**(126)**	**(39)**
GBP	11	-	**11**	-	-	(8)	**(8)**	**3**
JOD	210	1,432	**1,642**	(4,320)	-	(1,105)	**(5,425)**	**(3,783)**
SDG	12,609	4,222	**16,831**	-	-	(17,652)	**(17,652)**	**(821)**

The following is the exchange rates applied against EGP:

	Average rate for the year ended	
	2016	**2015**
US Dollar	10.15	7.70
Euros	11.09	8.48
GBP	13.43	11.73
JOD	14.57	10.81
SAR	2.71	2.05
SDG	1.20	1.20

	Spot rate at the year ended	
	31-Dec-16	**31-Dec-15**
US Dollar	18.00	7.78
Euros	18.87	8.46
GBP	22.04	11.52
JOD	25.41	10.90
SAR	4.80	2.07
SDG	1.13	1.28

At 31 December 2016, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollar with all other variables held constant, pre-tax profit for the year would have been increased / decreased by EGP 22k (2015: EGP 8,264k), mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities. The effect on equity would have been an increase/decrease by EGP (2,500k) due to the impact from translation of foreign subsidiaries.

At 31 December 2016, if the Egyptian Pounds had weakened / strengthened by 10% against the Jordanian Dinar with all other variables held constant, pre-tax profit for the year would have been increased / decreased by EGP (8k) (2015: EGP (4,124k)), mainly as a result of foreign exchange gains/losses on translation of JOD - denominated financial assets and liabilities. The effect on equity would have been an increase/decrease by EGP (1,667k) due to the impact from translation of foreign subsidiaries.

At 31 December 2016, if the Egyptian Pounds had weakened / strengthened by 10% against the Sudanese Pound with all other variables held constant, pre-tax profit for the year would have been increased / decreased by EGP 2k (2015: EGP (105k)), mainly as a result of foreign exchange gains/losses on translation of SDG -denominated financial assets and liabilities. The effect on equity would have been an increase/decrease by EGP (162k) due to the impact from translation of foreign subsidiaries.

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.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk is managed on a group basis, except for credit risk relating to accounts receivable balances. Each local entity 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.

For banks and financial institutions, the Group is only dealing with the banks which have a high independent rating and a good reputation.

Trade receivables

Each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management manages customer credit risk. Credit quality of a customer is assessed based on an individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and the average general credit terms given to contract customers are 45 days.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The Group does not hold collateral as security.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 17.

Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents disclosed in Note 18.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of finance leases and loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 December 2016	1 year or less EGP'000	1 to 5 years EGP'000	more than 5 years EGP'000	Total EGP'000
Obligations under finance leases	48,373	152,234	8,438	**209,045**
Put option liability	102,082	-	-	**102,082**
Trade and other payables	211,533	-	-	**211,533**
	361,988	**152,234**	**8,438**	**522,660**

Year ended 31 December 2015	1 year or less EGP'000	1 to 5 years EGP'000	more than 5 years EGP'000	Total EGP'000
Obligations under finance leases	22,321	62,681	21,375	**106,377**
Put option liability	69,956	-	-	**69,956**
Trade and other payables	151,320	-	-	**151,320**
	243,597	**62,681**	**21,375**	**327,653**

Cash flow forecasting is performed in the operating entities of the group 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. Such forecasting takes into consideration the group's 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 not less 30 days from the date of the invoice or the date of the commitment.

16. INVENTORIES

	2016 EGP'000	2015 EGP'000
Chemicals and operating supplies	51,715	34,326
	51,715	**34,326**

During 2016, EGP 184,087k (2015: EGP 172,354k) was recognised as an expense for inventories carried at net realisable value. This was recognised in cost of sales.

17. TRADE AND OTHER RECEIVABLES

	2016 EGP'000	2015 EGP'000
Trade receivables	107,193	100,033
Prepaid expenses	27,502	13,467
Receivables due from related parties	4,294	465
Other receivables	6,214	2,143
Accrued revenue	3,172	1,047
	148,375	**117,155**

For terms and conditions relating to related party receivables, refer to Note 27.

As at 31 December 2016, trade and other receivables with an initial carrying value of EGP 27,222k (2015: EGP 25,098k) were impaired and fully provided for. Below shows the movements in the provision for impairment of trade and other receivables:

	2016 EGP'000	2015 EGP'000
At 1 January	25,098	19,132
Charge for the year	4,298	9,230
Utilised	-	(343)
Unused amounts reversed	(2,768)	(2,873)
Exchange differences	594	(48)
At 31 December	**27,222**	**25,098**

As at 31 December, the ageing analysis of trade receivables is as follows:

	Total EGP'000	1 - 30 days EGP'000	30-60 days EGP'000	61-90 days EGP'000	Over 90 days EGP'000
2016	**107,193**	54,072	8,450	19,477	25,194
2015	**100,033**	29,508	28,774	20,668	21,083

18. CASH AND CASH EQUIVALENT

	2016 EGP'000	2015 EGP'000
Cash at banks and on hand	426,578	124,332
Short-term deposits (less than 3 months)	257,143	263,384
	683,721	**387,716**

EGP 14,355K (2015: EGP 16,166K) of total cash and cash equivalents are held in subsidiaries operating in Sudan. As detailed in note 5 no cash will be remitted from Sudanese subsidiaries until such a time as the sanctions imposed on Sudan are clarified or released and International banks facilitate transactions with Sudanese businesses.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates ranging from 10%- 11% per annum.

19. RESTRICTED CASH

	2016 EGP'000	2015 EGP'000
Restricted cash	13,253	-
	13,253	-

The cash balance related to "Molecular Diagnostic Center" and not available for use by the Group because the entity de-consolidated starting May 2016 and control has been transferred to the liquidator. The process of liquidation will take more than one year and once complete the total cash amount is expected to be returned to IDH.

20. OTHER INVESTMENTS

	2016 EGP'000	2015 EGP'000
Fixed term deposits	90,000	-
Treasury bills	5,575	-
	95,575	-

The maturity date of the fixed term deposit between 9–12 months and the effective interest rate on the deposit is 14.65%. The maturity date of the treasury bills is between 3–6 months and have settled interest rate of 18.10%.

Fixed term deposits and treasury bills are classified as held to maturity.

21. SHARE CAPITAL AND RESERVE

The Company's ordinary share capital is $150,000,000 equivalent to EGP 1,072,500,000.

All shares are authorised and fully paid and have a pair value of $1.

	Ordinary shares 31-Dec-16	Ordinary shares 31-Dec-15
In issue at beginning of the year	150,000,000	150,000,000
In issue at the end of the year	**150,000,000**	**150,000,000**

Capital reserve

The capital reserve was created 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.

Legal reserves

Legal reserve was formed based on the legal requirements of the Egyptian law governing the Egyptian subsidiaries. According to the Egyptian 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 entity's issued capital. If the reserve falls below the defined level, then the entity is required to resume forming it by setting aside 5% of the annual net profits until it reaches 50% of the issued share capital.

Put option reserve

Through acquisitions made within the Group, put option arrangements have been entered into to purchase the remaining equity interests in subsidiaries from the vendors at a subsequent date. At acquisition date an initial put option liability is recognised and a corresponding entry recognised within the put option reserve. After initial recognition the accounting policy for put options is to recognise all changes in the carrying value of the liability within put option reserve. When the put option is exercised by the vendors the amount recognised within the reserve will be reversed.

Translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries, including gains or losses arising on net investment hedges.

22. DISTRIBUTIONS MADE AND PROPOSED

	2016 EGP'000	2015 EGP'000
Cash dividends on ordinary shares declared and paid:		
US$ 0.06 per qualifying ordinary share (2015: US$ nil)	79,470	-
	79,470	-
After the balance sheet date the following dividends were proposed by the directors (the dividends have not been provided for):		
US$0.14 per share (2015: US$ 0.06) per share	**378,000**	**79,470**

The proposed 2016 dividend on ordinary shares are subject to approval at the annual general meeting and is not recognised as a liability as at 31 December 2016.

23. PROVISION

	Egyptian Government Training Fund for employees EGP'000	Provision for legal claims EGP'000	Total EGP'000
At 1 January 2016	7,995	2,967	10,962
Provision made during the year	2,016	208	2,224
Provision used during the year	-	(267)	(267)
Provision reversed during the year	-	(717)	(717)
At 31 December 2016	**10,011**	**2,191**	**12,202**
Current	-	-	-
Non- Current	10,011	2,191	12,202

	Egyptian Government Training Fund for employees EGP'000	Provision for legal claims EGP'000	Total EGP'000
At 1 January 2015	6,606	2,372	8,978
Provision made during the year	1,389	1,492	2,881
Provision used during the year	-	(891)	(891)
Provision reversed during the year	-	(6)	(6)
At 31 December 2015	**7,995**	**2,967**	**10,962**
Current	-	-	-
Non- Current	7,995	2,967	10,962

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 amount comprises the gross provision in respect of legal claims brought against the Group. Management's opinion, after taking appropriate legal advice, is that the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2016.

24. TRADE AND OTHER PAYABLES

	2016 EGP'000	2015 EGP'000
Trade payables	126,069	70,743
Accrued expenses	77,646	73,747
Other payables	7,818	6,830
Put option liability	102,082	64,069
Finance lease liabilities	32,161	14,242
	345,776	**229,631**

The accounting policy for put options after initial recognition is to recognise all changes in the carring value of the put liability within equity.

Through the historic acquisitions of Makhbariyoun Al Arab and Golden Care Medical Services the Group entered into 2 separate put option arrangements to purchase the remaining equity interests from the vendors at a subsequent date. At acquisition a put option liability has been recognised for the net present value for the exercise price of the option.

The options are exercisable in whole from the fifth anniversary of completion of the original purchase agreement, which fell due in June 2016.

In July 2016 the Group was notified by the vendors of Golden Care Medical Services that the put option had been exercised. The purchase of the remaining shares has been completed in December 2016 which amounting EGP 10,450K of cash consideration paid for the remaining equity interest.

25. LONG-TERM FINANCIAL OBLIGATIONS

	2016 EGP'000	2015 EGP'000
Finance lease liabilities (see note 26)	119,638	60,327
	119,638	**60,327**

26. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2016 EGP'000	2015 EGP'000
Less than one year	39,805	21,706
Between one and five years	139,466	68,817
More than five years	81,868	37,450
	261,139	**127,973**

The Group lease certain branches for the operation of the business. During the year EGP 32,234K was recognised as an expense in the income statement in respect of operating leases (2015: EGP 22,278K).

Finance lease

The Group has finance leases for various items of plant and machinery. Future minimum lease payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments are, as follows:

	2016 EGP'000	2015 EGP'000
Finance lease liability – laboratory equipment	149,996	74,023
Finance lease liability – other	1,803	461
	151,799	**74,484**

Finance lease liabilities for the laboratory equipment are payable as follows

At 31 December 2016	Minimum lease payments 2016 EGP'000	Interest 2016 EGP'000	Principal 2016 EGP'000
Less than one year	47,834	16,212	31,622
Between one and five years	150,971	38,628	112,343
More than five years	8,438	2,407	6,031
	207,243	**57,247**	**149,996**

At 31 December 2015	Minimum lease payments 2015 EGP'000	Interest 2015 EGP'000	Principal 2015 EGP'000
Less than one year	21,860	7,965	13,895
Between one and five years	62,681	20,290	42,391
More than five years	21,375	3,638	17,737
	105,916	**31,893**	**74,023**

The Group entered into 2 significant agreements during the prior year ended 31 December 2015 to service the Group's new state-of-the-art Mega Lab. Both agreements have minimum annual commitment payments to cover the supply of medical diagnostic equipment, kits and chemicals to be used for testing and ongoing maintenance and support services over the term of the agreement. The agreement periods are 5 and 8 years which is deemed to reflect the useful life of the equipment. If the minimum annual commitment payments are met over the agreement period ownership of the equipment supplied will legally transfer to the IDH. Management fully expect to be able to fulfil the minimum payments and the basis of treating the proportion of payments relating to the supply of equipment as a finance lease.

Management have performed a fair value exercise in order to allocate payments between the different elements of the arrangements and identify the implicit interest rate of the finance lease. Due to the difficulty in reliably splitting the payments for the supply of medical equipment from the total payments made, the finance asset and liability has been recognised at an amount equal to the fair value of the underlying equipment. This is based on the current cost price of the equipment supplied provided by the suppliers of the agreement. The implicit interest rate of both finance leases has been estimated to be 11.5%. The equipment is being depreciated based on units of production method as this most closely reflects the consumption of the benefits from the equipment.

Both agreements have been judged to be US$ denominated due to the future minimum lease payments for the use of the equipment and corresponding finance lease liability being directly connected to the US$. Due to the significant devaluation in the EGP against the US$ a foreign exchange loss of EGP 85,078k has been recognised in 2016 on translating the two 'monetary' finance lease liabilities at the year end exchange rate.

Contingent liabilities

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

27. RELATED PARTY DISCLOSURES

The significant transactions with related parties, their nature volumes and balance during the period 31 December 2016 and 2015 are as follows:

Related Party	Nature of transaction	Nature of relationship	31-Dec-16 Transaction amount of the year EGP'000	Amount due from EGP'000
Health-care Tech Company*	Expenses paid on behalf	Affiliate*	16	204
Life Scan (S.A.E)**	Expenses paid on behalf	Affiliate**	-	277
International Fertility (IVF)***	Expenses paid on behalf	Affiliate***	3,760	3,760
	Rental income		274	
Integrated Treatment for Kidney Diseases (S.A.E)	Medical Test analysis	Entity owned by Company's CEO	53	53
Total				**4,294**

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

* Health-care Tech is a company whose shareholders include Dr. Seham Ibrahim (a member of the Senior Management).

** Life Scan is a company whose shareholders include Dr. Alaa Abd El-Rehim (a member of the Senior Management).

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

Terms and conditions of transactions with related parties

The transactions with the related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2015: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

IDH commits up to 1% of the net after-tax profit of the subsidiaries Al Borg and Al Mokhtabar to the Moamena Kamel Foundation for Training and Skill Development. Established in 2006 by Dr. Moamena Kamel, a Professor of Pathology at Cairo University and founder of IDH subsidiary Al-Mokhtabar Labs and mother to the CEO Dr. Hend El Sherbini. The Foundation allocates this sum to organisations and groups in need of assistance. The foundation deploys an integrated program and vision for the communities it helps that include economic, social, and healthcare development initiatives. In 2016 EGP 2,740K (2015: EGP 800K) was paid to the foundation by the IDH Group.

Compensation of key management personnel of the Group

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

	2016 EGP'000	2015 EGP'000
Short-term employee benefits	23,085	17,252
Share-based payment transactions*	-	1,034
Total compensation paid to key management personnel	**23,085**	**18,286**

The Executive receive incentive award in the form of an award of ordinary shares in the company ("Shares") or as a cash payment at the Executive's discretion (in either case, an "Award"). During 2016 and within the required notice period, the Executive made the decision to receive their 2015 Award in cash payment and not shares.

INTEGRATED DIAGNOSTICS HOLDINGS