

General Medical CLINICS

Interim Report
to 30 November 2008





General
Medical
CLINICS

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Officers and Professional Advisers

Directors

H Hyman (Non-executive Chairman)
J Appleyard (Chief Executive)
N Davis (Non-executive)
B Kelly (Non-executive)
J Metliss (Non-executive)
Dr M Paul (Non-executive)

Secretary

K Isaac

Registered Office

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EC4Y 8AA

Company number

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Auditors

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Solicitors

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Registrar

David Venus & Co LLP
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Bankers

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WC2R 1BB

Corporate Adviser

Axiom Capital Limited
Roman House
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Chief Executive's Statement

Business Summary

General Medical Clinics PLC is a well established provider of primary care in the City of London and the West End specialising in the provision of general practice, health screening services, occupational health programmes, physiotherapy and nurse led functions such as travel and 'flu' vaccinations. It operates four established private clinics, an NHS walk-in centre at Liverpool Street Station and since 2008 several outreach clinics with other providers.

The Company's services are provided through individual membership plans, one-off appointments, and the Company Doctor Scheme, which provides a comprehensive service to corporate clients' employees. It also offers travel vaccination clinics and runs in-house clinics for some of the larger corporate clients.

Following the second full year since the PLUS flotation in December 2006, the Company has seen a steady increase in turnover and a widening of services on offer to its growing customer base in primary care.

Financial Summary

During the six month period under review, turnover increased to £3,423,207, up 3.71% from the same six month period last year (2007: £3,330,729) while gross profit increased 5.91% to £1,729,552 (2007: £1,633,072). Earnings per share amounted to 0.7p (2007: 0.5p).

Profit on ordinary activities before tax for the six month period increased to £154,236 (2007: £122,491) – a 26% increase.

In October 2008, the Company paid its maiden dividend following the capital re-organisation in October 2007. The Board keeps its dividend policy under constant review and will review the available profits during the second half with a view to recommending a dividend in respect of the year ending 31 May 2009.

The Board believes that the continuation of tightening internal controls, the restructuring of the Head Office costs as well as the introduction of an integrated computer system in all clinics will lead to greater long-term benefits for the shareholders.

The Company continues to enjoy a strong balance sheet with net cash of £1.84 million.

Review of Operations

The Company continues to drive business forward by developing several different strategies that enable us to capture future opportunities in terms of patient / client experience and / or cost savings.

The Company now operates one computerised diary system in all the clinics that allows us to track patients around the network offering alternative clinics, monitor all drugs, and move staff to clinics that need support as well as allowing patients to book on line. All of these, along with the

management reports that are being developed, will allow the patient to experience a smoother process as well as allowing the Company to use its resources intelligently.

Individual memberships, now branded under GP First, have continued to grow following increased focus in selling by the patient facing staff as well as new branding and external sales drives.

The Company has opened its first new clinic in the West End at 55 Baker Street. This is a new build unit based in the ground floor of an office complex housing 5,500 staff. We are offering all the services (general practice, health screening services, occupational health programmes, physiotherapy, and nurse led functions such as travel vaccinations) that patients would expect in all our other clinics, including independent dentistry.

The current economic climate has meant we have spent increased time with our clients to ensure that the service provision meets their current requirements; encouragingly we have secured a new three year contract from one large client, as well as renewing a three year agreement with another of our larger existing clients.

The Liverpool Street NHS Walk-in Centre experienced an increase in the number of patients seen in the six month period, as well as starting additional services with the Ivy Clinic – a sexual health centre.

Future Strategy

Since the admission to the PLUS market, the Company has expressed its desire to acquire other businesses directly related to our existing operations. The Company has considered several options in this regard during 2008 however the Board is focused only on acquiring businesses that are value enhancing. This criteria has meant that the Company has rejected several leads following due diligence research. Through acquisitions, the Directors will also consider broadening the scope of activity into other areas of individual health and possibly in different areas of London depending on identifiable demand.

Outlook

I am pleased with the continuing growth in spite of the tough operating conditions within the City, where companies have become more cost conscious, reflecting the changing sentiment towards the economy.

We regard GenMed as being a well-established company and with high retention of annual contracts producing recurring revenues and a strong balance sheet, well defended against the economy. The opening of a new clinic in the West End at 55 Baker Street demonstrates our desire to grow the business organically whilst we still continue to look for suitable value enhancing acquisition targets. As London's growing population faces increasing health challenges and pressure is put on healthcare delivery, we feel our business model will continue to succeed.



Jerry Appleyard

Chief Executive

10 February 2009

GENERAL MEDICAL CLINICS PLC

Consolidated profit and loss account
for the six months ended 30 November 2008

	Unaudited Six months ended 30 Nov 08 £	Unaudited Six months ended 30 Nov 07 £	Audited Year ended 31 May 08 £
Turnover	3,423,207	3,300,729	6,540,921
Cost of sales	<u>(1,693,655)</u>	<u>(1,667,657)</u>	<u>(3,274,910)</u>
Gross profit	1,729,552	1,633,072	3,266,011
Administrative expenses	<u>(1,627,369)</u>	<u>(1,554,507)</u>	<u>(3,063,214)</u>
Operating profit	102,183	78,565	202,797
Interest receivable	52,207	43,961	97,141
Interest payable and similar charges	<u>(154)</u>	<u>(35)</u>	<u>(81)</u>
Profit on ordinary activities before taxation	154,236	122,491	299,857
Tax on profit on ordinary activities	<u>(43,000)</u>	<u>(44,000)</u>	<u>(80,624)</u>
Profit on ordinary activities after taxation and retained for the financial year	<u>111,236</u>	<u>78,491</u>	<u>219,233</u>
Earnings per share			
Basic	0.7p	0.5p	1.3p
Diluted	0.6p	0.4p	1.2p

All results for the Group are derived from continuing operations in both the current and preceding periods.

All recognised gains and losses in the current and prior year are included above.

GENERAL MEDICAL CLINICS PLC

Consolidated Balance Sheet as at 30 November 2008

	Unaudited as at 30 Nov 2008 £	Unaudited as at 30 Nov 2007 £	Audited as at 31 May 2008 £
Fixed assets			
Intangible fixed assets	503,812	603,978	553,292
Tangible fixed assets	625,917	359,822	309,683
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	1,129,729	963,800	862,975
Current assets			
Stocks	59,892	71,247	59,892
Debtors and prepayments	936,213	1,118,667	1,031,643
Blocked cash deposits	246,325	245,143	247,918
Monies held in escrow	-	-	250,000
Cash at bank and in hand	1,835,247	1,677,905	1,742,901
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	3,077,677	3,112,962	3,332,354
Creditors: amounts falling due within one year	(1,181,202)	(1,056,957)	(1,080,196)
	<hr/>	<hr/>	<hr/>
Net current assets	1,896,475	2,056,005	2,252,158
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	3,026,204	3,019,805	3,115,133
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Capital and reserves			
Called up share capital	830,310	830,310	830,310
Profit and loss account	305,491	117,094	257,836
Special reserve	2,043,102	2,043,102	2,043,102
Employee share trust	(247,846)	(47,984)	(97,962)
Share based payment reserve	95,147	77,283	81,847
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Shareholders' funds	3,026,204	3,019,805	3,115,133
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GENERAL MEDICAL CLINICS PLC

Consolidated Cash Flow Statement
for the six months ended 30 November 2008

	Unaudited Six months ended 30 Nov 2008	Unaudited Six months ended 30 Nov 2007	Audited Year ended 31 May 2008
	£	£	£
Net cash inflow from operating activities	628,356	234,478	379,650
Returns on investments and servicing of finance			
Interest received	52,207	43,961	97,141
Interest paid	(154)	(35)	(81)
Net Cash inflow from returns on investments	52,053	43,926	97,060
Taxation paid	-	-	(22,952)
Dividend paid	(63,581)	-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(374,791)	(16,130)	(28,526)
Purchase of shares for ESOT	(149,884)	-	(97,962)
Receipts from sale of tangible fixed assets	193	-	-
	(524,482)	(16,130)	(126,488)
Cash inflow before financing	92,346	262,274	327,270
Financing			
Bank loan and finance lease repayments	-	(430)	(430)
	-	(430)	(430)
Increase in cash and cash equivalents	92,346	261,844	326,840

Notes to the Consolidated Cash Flow Statement for the six months ended 30 November 2008

1. Reconciliation of operating profit to operating cash flow

	Unaudited Six months ended 30 Nov 2008 £	Unaudited Six months ended 30 Nov 2007 £	Audited Year ended 31 May 2008 £
Operating profit before interest	102,183	78,565	202,797
Amortisation of intangible fixed assets	49,480	50,688	101,370
Depreciation of tangible fixed assets	58,557	62,725	124,734
(Profit) /loss on sale of fixed assets	(193)	-	527
Decrease/(Increase) in blocked deposits	1,593	(131)	(2,906)
(Increase) in stock	-	(17,866)	(6,511)
Decrease in debtors	95,430	132,971	293,280
Increase/(decrease) in creditors	58,006	(101,524)	(117,255)
Decrease/(Increase) in monies held in escrow	250,000	-	(250,000)
Net cashflow from operating activities	615,056	205,428	346,036
Share based payment charges	13,300	29,050	33,614
	<u>628,356</u>	<u>234,478</u>	<u>379,650</u>
Reconciliation of net cashflow to movement in net funds			
Increase in cash	92,346	261,844	326,840
Cash outflow from changes in debt	-	430	430
Movement in net funds resulting from cash flows	92,346	262,274	327,270
Opening net funds	1,742,901	1,415,631	1,415,631
Closing net funds	<u>1,835,247</u>	<u>1,677,905</u>	<u>1,742,901</u>

GENERAL MEDICAL CLINICS PLC

Notes to the Consolidated Financial Statements for the six months ended 30 November 2008

1. Presentation of Interim Results

This interim report was approved by the Directors on 5 February 2009. The results for the six month period to 30 November 2008 and the balance sheet as at that date have not been reviewed by the auditors and do not constitute statutory accounts in accordance with section 240 of the Companies Act 1985.

The interim accounts have been prepared using accounting policies and practices consistent with those adopted in the Group Annual Report & Financial Statements for the year ended 31 May 2008, pages 22 to 24.

2. Dividends

The company paid a final dividend of 0.4p per ordinary share in respect of the year ended 31 May 2008 totalling £63,581. The Board keeps its dividend policy under constant review and will review the available profits during the second half with a view to recommending a dividend in respect of the year ending 31 May 2009.

3. Earnings per share

	Unaudited Six months ended 30 Nov 2008 £	Unaudited Six months ended 30 Nov 2007 £	Audited Year ended 31 May 2008 £
Profit for the financial period	111,236	78,491	219,233
Weighted average number of shares			
For basic earnings per share	16,265,674	16,606,190	16,470,763
For diluted earnings per share	18,160,674	18,178,979	17,739,466
Earning per share	Pence	Pence	Pence
Basic earnings per share	0.7p	0.5p	1.3p
Diluted earnings per share	0.6p	0.4p	1.2p

4. Equity reserves

	Profit and Loss Account	Special Reserve	Employee share trust	Share based payment reserve
	£	£	£	£
At 1 June 2008	257,836	2,043,102	(97,962)	81,847
Retained profit for the period	47,655	-	-	-
Share based payments charge	-	-	-	13,300
Purchase of shares by ESOT	-	-	(149,884)	-
At 30 November 2008	305,491	2,043,102	(247,846)	95,147

The ESOT reserve arises in connection with the General Medical Clinics PLC Employee Share Option Trust, a trust established to facilitate the operation of the Group's incentive scheme for employees. The amount of the reserve represents the deduction in arriving at shareholders' funds for the consideration paid for the company's shares purchased by the trust which had not vested unconditionally in employees at the balance sheet date.

5. Reconciliation of movement in shareholders' funds

	Unaudited Six months ended 30 Nov 2008 £	Unaudited Six months ended 30 Nov 2007 £	Audited Year ended 31 May 2008 £
Profit for the period	111,236	78,491	219,233
Dividend paid	(63,581)	-	-
Purchase of shares by ESOT	(149,884)	(47,984)	(97,962)
Share based payments	13,300	29,050	33,614
Net additions to shareholders' funds	(88,929)	59,557	154,885
Opening shareholders' funds	3,115,133	2,960,248	2,960,248
Closing shareholders' funds	3,026,204	3,019,805	3,115,133

GENERAL MEDICAL CLINICS PLC

Notes to the Consolidated Financial Statements for the six months ended 30 November 2008 (continued)

6. Share Based Payments

Financial Reporting Standard ("FRS") 20 relating to "share-based" payments has been adopted with effect from 1 January 2006 as required by the Standard and applied retrospectively to equity-settled awards that were granted after 7 November 2002 and had not vested by January 2006.

FRS20 requires that the fair value of equity-settled share-based payments, such as share option awards, is determined at the date of the grant and is expensed on a straight line basis over the vesting period based on the Company's estimate of the options that will eventually vest. In the case of options granted, fair value is measured by a Black-Scholes pricing model.

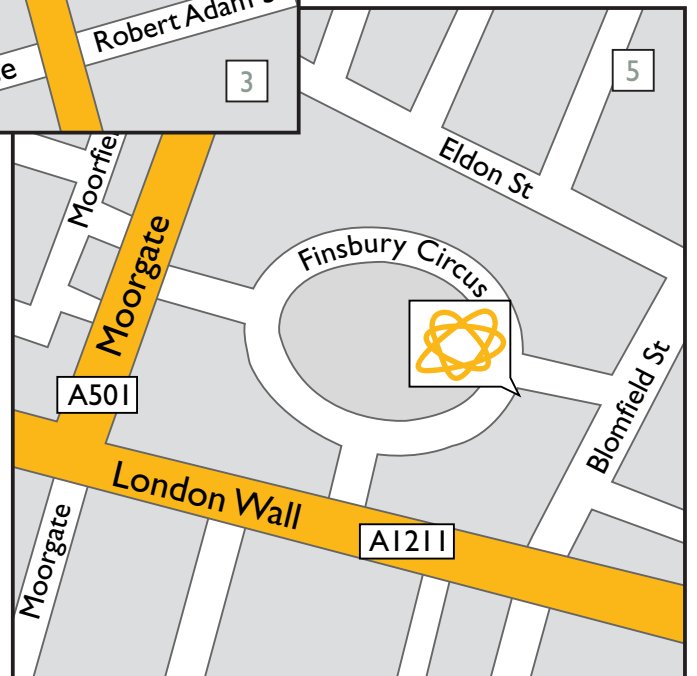
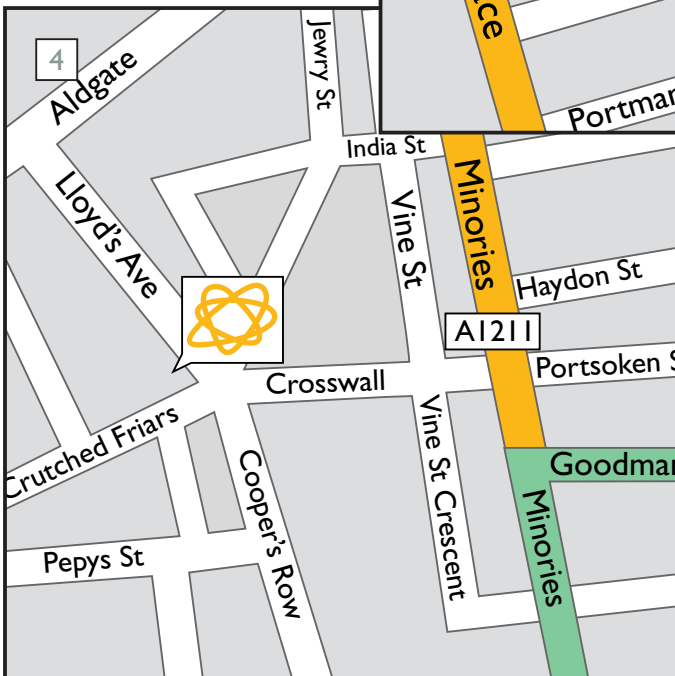
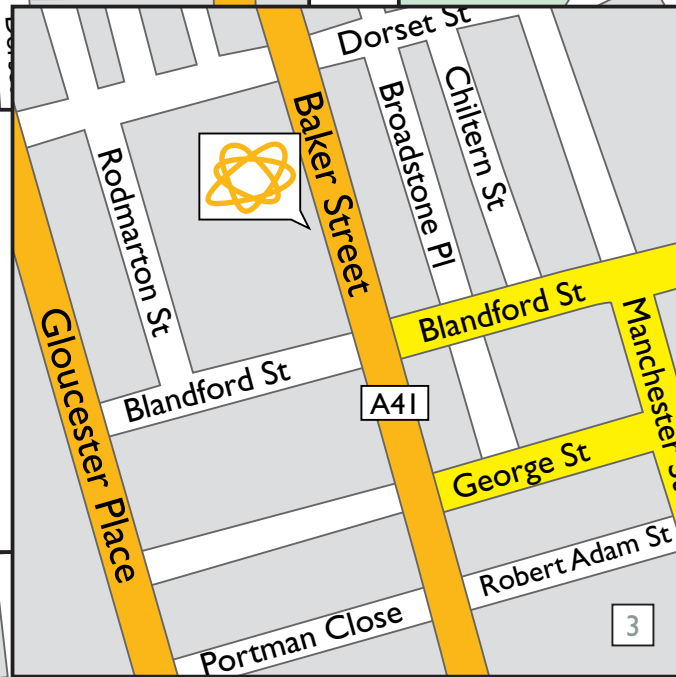
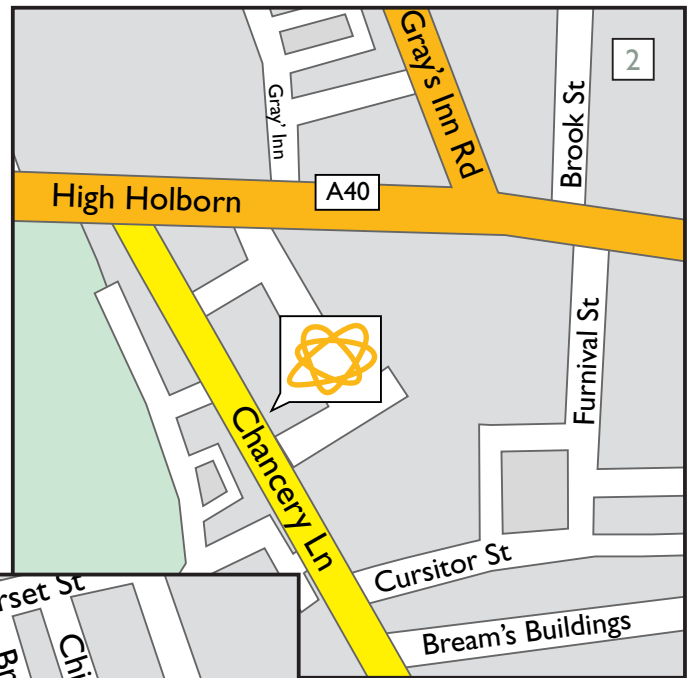
The effect of applying FRS20 in the six months ended 30 November 2008 was to reduce the operating profit for the period by £13,300 (2007- £29,050). The effect on cash balances, net assets and retained reserves was nil as the credit entry is charged to the Profit and Loss Reserve.

7. Employee Share Trust

An employee share ownership trust had been established named the General Medical Clinics PLC Employee Share Option Trust. The Group loaned the trust £97,962 in the year ended 31 May 2008 and a further £150,000 in October 2008 to purchase shares in the Company. The trust used the money advanced to purchase 261,000 shares at an average price of 37.3p per share during the year ended 31 May 2008 and in October 2008 purchased 530,000 shares, costing £149,884, an average price of 28.3p. At 30 November 2008, the Trust therefore held 791,000 shares with a market value of £225,435, 4.76% of the issued share capital.

8. Interim report

All shareholders will receive a copy of this interim statement, which is also available from General Medical Clinics PLC, 2-3 Salisbury Court, London, EC4Y 8AA. It is also available to download from the PLUS Markets Group web page (www.plusmarketsgroup.com).



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