

**Registered No: 3470623**

**GENERAL MEDICAL CLINICS PLC**  
**INTERIM REPORT**  
**TO 30 NOVEMBER 2009**

## **GENERAL MEDICAL CLINICS PLC**

### **Officers and professional advisors**

#### **Directors**

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

#### **Secretary**

E Adams

#### **Registered Office**

2-3 Salisbury Court  
London  
EC4Y 8AA

#### **Company number**

3470623

#### **Auditors**

BDO LLP  
Emerald House  
East Street  
Epsom  
Surrey KT17 1HS

#### **Registrar**

David Venus & Co LLP  
Thames House  
Portsmouth Road  
Esher  
Surrey  
KT10 9AD

#### **Corporate Advisor**

Axiom Capital Limited  
Roman House  
296 Golders Green Road  
London NW11 9PT

#### **Solicitors**

Nabarro  
Lacon House  
84 Theobald's Road  
London  
WC1X 8RW

#### **Bankers**

Lloyds Banking Group plc  
222 Strand  
London  
WC2R 1BB

## **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 and an NHS walk-in centre at Liverpool Street Station.

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

During the half year under review our principal investment was the continued growth in the new medical centre at 55 Baker Street which opened in January 2009. Also during the half year we have introduced further technology to streamline operations.

### **Financial Summary**

During the six month period under review, turnover increased to £3,594,121, up 4.99% from the six month period to 30 November 2008 (2008: £3,423,207). Gross Profit increased 4.64% to £1,809,837 (2008: £1,729,552). Basic earnings per share amounted to 0.1p (2008: 0.7p).

Operating profit, excluding Baker Street Medical Centre result, for the six month period was £179,036 (2008: £114,818)

Profit on ordinary activities before tax for the six month period was £17,348 (2008: £154,236).

Taxation was £5,000 (2008: £43,000).

Profit after tax was £12,348 (2008: £111,236).

The information herein has not been reviewed by the Company's auditor.

The Board keeps its dividend policy under constant review and will review the available profits during the second half when considering a dividend in respect of the year ending 31 May 2010.

The Board believes that the continuation of tightening internal controls as well as appointing a dedicated sales manager to focus on Baker Street Medical Centre will lead to greater long-term benefits for shareholders. The Company continues to develop its integrated computer system in all the clinics with all centres now using one system for appointments, cash handling and client information.

The Company has been strongly cash generative during the period despite the costs of launching Baker Street, and continues to enjoy a strong balance sheet with net cash at 30 November 2009 of £1.61 million, an increase of over £204,000 over the period.

## **Review of Operations**

The Company continues to drive revenue forward by pursuing several different strategies that shall enhance patient experience as well as deliver profit.

The Company's one computerised diary system in all of the clinics is now beginning to deliver benefits for patients as well as management with 3 out of 5 of the clinics using a paperless system. Work also continues with the pathology laboratory to enable all results to be securely emailed direct to the clinics.

With the opening of the Baker Street Medical Centre we are delighted with the reports we have received from the patients on the level of care they have received. However management are focused on achieving a cash neutral position at Baker Street as soon as possible. To this end a new dedicated sales manager has been appointed to work exclusively on driving additional revenue by targeting the residential as well as the corporate market.

The current economic climate has become more challenging with lead times for signing new contracts extending while clients look at all options. We have increased the amount of time spent with existing clients to ensure we are meeting all their needs. Encouragingly, on several of our large clients we have increased the amount of work by offering other services. We also continue to work on several large tenders.

We continue our good working relationship with MASTA by extending our existing agreement for travel vaccinations with them for an additional three years in the City.

The Liverpool Street NHS Walk-in Centre continues to work closely with City and Hackney PCT in helping to deliver health targets for the local population. To this end they have been running a sexual health clinic as well as a family planning clinic. Discussions have commenced with Department of Health and NHS bodies concerning continuing and even possibly broadening the provision of services following the initial contract period.

## **Future Strategy**

The Company continues to express its desire to acquire other businesses directly related to our existing operations. The Company has considered several options in this regard during 2009. However, the priority of the Board is to acquire businesses that are value enhancing in areas of health where they consider there is greater opportunity to grow or consolidate.

The Board has also considered organic growth and identified several areas where the opening of a new clinic would benefit clients. However, they are currently focused on ensuring the Baker Street Medical Centre gets to a cash neutral position as soon as possible.

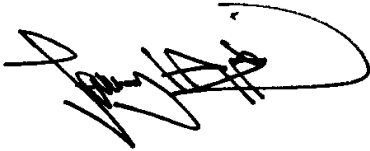
## **Outlook**

Our continued drive for more sales into Baker Street as well as enhancing our existing contracts demonstrates our desire to grow the business organically during these unstable economic times. This is increasingly important as clients become more cost conscious.

We continue to look for suitable value enhancing acquisition targets in areas of the health market where we feel there is a fragmented supplier base.

GenMed continues to be a well-established company with a high retention of annual contracts producing recurring revenues and a strong balance sheet. As the health market changes over the coming six months in terms of delivery and pressure, we feel our business model will continue to succeed.

It was announced on 10 February that the company is in discussions with Westover Medical Limited which may lead to an offer for the company at 34p cash per share. A further announcement will be made as soon as possible.

A handwritten signature in black ink, appearing to read 'Jerry Appleyard', with a large, sweeping flourish at the end.

**Jerry Appleyard**

Chief Executive

26 February 2010

## GENERAL MEDICAL CLINICS PLC

### Consolidated profit and loss account for the six months ended 30 November 2009

	Unaudited Six months ended 30 Nov 09 £	Unaudited Six months ended 30 Nov 08 £	Audited Year ended 31 May 09 £
Turnover	3,594,121	3,423,207	6,611,202
Cost of sales	<u>(1,784,284)</u>	<u>(1,693,655)</u>	<u>(3,352,636)</u>
<b>Gross profit</b>	1,809,837	1,729,552	3,258,566
Administrative expenses	<u>(1,795,878)</u>	<u>(1,627,369)</u>	<u>(3,204,555)</u>
<b>Operating profit before trading result of Baker Street clinic</b>	179,036	114,818	211,303
Initial Baker Street clinic trading costs	165,077	12,635	157,292
<b>Operating profit</b>	<u>13,959</u>	<u>102,183</u>	<u>54,011</u>
Interest receivable	3,657	52,207	67,084
Interest payable and similar charges	<u>(268)</u>	<u>(154)</u>	<u>(208)</u>
<b>Profit on ordinary activities before taxation</b>	17,348	154,236	120,887
Tax on profit on ordinary activities	<u>(5,000)</u>	<u>(43,000)</u>	<u>(70,578)</u>
<b>Profit on ordinary activities after taxation and retained for the financial period</b>	<u><b>12,348</b></u>	<u><b>111,236</b></u>	<u><b>50,309</b></u>
<b>Earnings per share</b>			
Basic	0.1p	0.7p	0.3p
Diluted	0.1p	0.6p	0.3p

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 2009

	Unaudited as at 30 Nov 2009	Unaudited as at 30 Nov 2008	Audited as at 31 May 2009
	£	£	£
<b>Fixed assets</b>			
Intangible fixed assets	403,981	503,812	454,316
Tangible fixed assets	744,592	625,917	787,780
	<hr/>	<hr/>	<hr/>
	1,148,573	1,129,729	1,242,096
<b>Current assets</b>			
Stocks	58,365	59,892	51,994
Debtors and prepayments	1,114,475	936,213	1,122,405
Blocked cash deposits	311,355	246,325	311,355
Cash at bank and in hand	1,611,712	1,835,247	1,407,703
	<hr/>	<hr/>	<hr/>
	3,095,907	3,077,677	2,893,457
<b>Creditors: amounts falling due within one year</b>	(1,329,884)	(1,181,202)	(1,156,887)
	<hr/>	<hr/>	<hr/>
<b>Net current assets</b>	1,766,023	1,896,475	1,736,570
	<hr/>	<hr/>	<hr/>
	2,914,596	3,026,204	2,978,666
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	830,310	830,310	830,310
Profit and loss account	2,216,983	305,491	2,287,666
Special reserve	-	2,043,102	-
Employee share trust	(248,073)	(247,846)	(248,073)
Share based payment reserve	115,376	95,147	108,763
	<hr/>	<hr/>	<hr/>
<b>Shareholders' funds</b>	2,914,596	3,026,204	2,978,666
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**GENERAL MEDICAL CLINICS PLC**

**Consolidated Cash Flow Statement  
for the six months ended 30 November 2009**

	<b>Unaudited Six months ended 30 Nov 2009</b>	<b>Unaudited Six months ended 30 Nov 2008</b>	<b>Audited Year ended 31 May 2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net cash inflow from operating activities</b>	318,098	628,356	551,655
<b>Returns on investments and servicing of finance</b>			
Interest received	3,657	52,207	67,084
Interest paid	(268)	(154)	(208)
<b>Net Cash inflow from returns on investments</b>	3,389	52,053	66,876
<b>Taxation paid</b>	-	-	(112,826)
<b>Dividend paid</b>	(83,031)	(63,581)	(63,581)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	(34,447)	(374,791)	(627,211)
Purchase of shares for ESOT	-	(149,884)	(150,111)
Receipts from sale of tangible fixed assets	-	193	-
	(34,447)	(524,482)	(777,322)
<b>Cash inflow / (outflow) before financing</b>	204,009	92,346	(335,198)
<b>Financing</b>			
Bank loan and finance lease repayments	-	-	-
	-	-	-
<b>Increase / (decrease) in cash and cash equivalents</b>	204,009	92,346	(335,198)

## GENERAL MEDICAL CLINICS PLC

### Notes to the Consolidated Cash Flow Statement for the six months ended 30 November 2009

#### 1. Reconciliation of operating profit to operating cash flow

	Unaudited six months ended 30 Nov 2009 £	Unaudited six months ended 30 Nov 2008 £	Audited Year ended 31 May 2009 £
Operating profit before interest	13,959	102,183	54,011
Amortisation of intangible fixed assets	50,335	49,480	98,976
Depreciation of tangible fixed assets	77,639	58,557	149,114
(Profit) /loss on sale of fixed assets	-	(193)	(193)
Decrease/(Increase) in blocked deposits	-	1,593	(63,437)
(Increase) in stock	(6,371)	-	7,898
Decrease in debtors	7,930	95,430	(105,511)
Increase/(decrease) in creditors	167,993	58,006	133,881
Decrease/(increase) in monies held in escrow	-	250,000	250,000
Net cashflow from operating activities	311,485	615,056	524,739
Share based payment charges	6,613	13,300	26,916
	<u>318,098</u>	<u>628,356</u>	<u>551,655</u>
<b>Reconciliation of net cashflow to movement in net funds</b>			
Increase / (decrease) in cash	204,009	92,346	(335,198)
Cash outflow from changes in debt	-	-	-
Movement in net funds resulting from cash flows	204,009	92,346	(335,198)
Opening net funds	1,407,703	1,742,901	1,742,901
Closing net funds	<u>1,611,712</u>	<u>1,835,247</u>	<u>1,407,703</u>

## GENERAL MEDICAL CLINICS PLC

### Notes to the Consolidated Financial Statements for the six months ended 30 November 2009

#### 1. Presentation of Interim Results

This interim report was approved by the Directors on 26 February 2009. The results for the six month period to 30 November 2009 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 435 of the Companies Act 2006.

The financial information for the period ended 30 November 2009 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for 2009 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statement for 2009 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The interim accounts have been prepared using accounting policies and practices consistent with those adopted in the Group Annual Report and Financial Statements for the year ended 31 May 2009, pages 22 to 24.

#### 2. Dividends

The company paid a final dividend of 0.5p per ordinary share in respect of the year ended 31 May 2009 totalling £83,031. The Board keeps its dividend policy under constant review and will review the available profits during the second half when considering a dividend in respect of the year ending 31 May 2010.

#### 3. Earnings per share

	<b>Unaudited Six months ended 30 Nov 2009 £</b>	<b>Unaudited Six months ended 30 Nov 2008 £</b>	<b>Audited Year ended 31 May 2009 £</b>
Profit for the financial period	12,348	111,236	50,309
<b>Weighted average number of shares</b>			
For basic earnings per share	15,815,190	16,265,674	16,008,341
For diluted earnings per share	15,875,441	18,160,674	16,068,592
<b>Earnings per share</b>			
	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>
Basic earnings per share	0.1p	0.7p	0.3p
Diluted earnings per share	0.1p	0.6p	0.3p

## GENERAL MEDICAL CLINICS PLC

### Notes to the Consolidated Financial Statements for the six months ended 30 November 2009

#### 4. Equity reserves

	Profit and Loss Account	Employee share trust	Share based payment reserve
	£	£	£
At 1 June 2009	2,287,666	(248,073)	108,763
Retained profit for the period	12,348	-	-
Dividends Paid	(83,031)	-	-
Share based payments charge	-	-	6,613
At 30 November 2009	<u>2,216,983</u>	<u>(248,073)</u>	<u>115,376</u>

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 2009 £	Unaudited Six months ended 30 Nov 2008 £	Audited Year ended 31 May 2009 £
Profit for the period	12,348	111,236	50,309
Dividend paid	(83,031)	(63,581)	(63,581)
Purchase of shares by ESOT	-	(149,884)	(150,111)
Share based payments	6,613	13,300	26,916
Net additions to shareholders' funds	(64,070)	(88,929)	(136,467)
Opening shareholders' funds	<u>2,978,666</u>	<u>3,115,133</u>	<u>3,115,133</u>
Closing shareholders' funds	<u>2,914,596</u>	<u>3,026,204</u>	<u>2,978,666</u>

## **GENERAL MEDICAL CLINICS PLC**

### **Notes to the Consolidated Financial Statements for the six months ended 30 November 2009**

#### **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 2009 was to reduce the operating profit for the period by £6,613 (2008: £13,300). 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 2009, the Trust therefore held 791,000 shares with a market value of £225,435 (2008: £225,435).

#### **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](http://www.plusmarketsgroup.com)).