

## **Global Health Partner PLC announces interim results for the six months ended 30 June 2007**

Global Health Partner PLC (London AIM: GHP) (the “Company” or “GHP”), the provider of specialist healthcare services, reports its unaudited interim results for the six month period ended 30 June 2007.

Revenue from operations was £10.2 million and operating loss was £0.4 million. Net loss before taxation for the period amounted to £0.4 million (2006- £0.2 million) and loss per share was 1.0 pence (2006- 2.7 pence).

The financial key performance indicators are (for the period):

- Revenue from operations - £10.2 million
- Operating results before central costs, £1.1 million, as a percentage of revenues – 11 %
- Loss before taxation - £(0.4) million
- Borrowings as a percentage of total assets – 26 %

The operating loss for the period of £(0.4) million is stated after central costs of £(1.5) million which relate to those costs incurred in maintaining the group central management team. This team oversees the current business and is also responsible for business development activity to lead growth. Finance income of £ 0.4 million, mainly interest on cash deposits, is offset by interest expense of £ 0.4 million, principally arising on external acquisition financing. In addition, foreign currency translation also impacted, due to the decline in the Swedish kronor during the period on balances brought forward in respect of planned acquisitions, resulting in a foreign exchange loss of £(0.05) million. This resulted in an overall loss before taxation of £(0.4) million.

At the end of the period as outlined above, the Company has strengthened its balance sheet and retained significant cash resources, £22.0 million. The consolidated net cash flow used in operating activities was £ (0.4) million for the period.

Consolidated net assets were £35.2 million (2006- £22.8 million), including £24.5 million (2006- £22.6million) of goodwill. Total cash balances increased to £22.0 million (2006- £12.6 million), principally as a result of the February 2007 £12 million share placing. External acquisition finance borrowings, debt due to minority shareholders and finance leases, principally established against the cash flows within the operations, were £13.6 million (2006-£13.9 million), including £2.2 million (2006- £2.1million) of convertible debt.

### **Chairman and CEO, Per Båtelson said:**

*“We are pleased with the key development steps we have taken in this our first full six month period to expand our core service line activities in Sweden both by acquisition and roll out.*

*The acquisition of Obesity Stockholm establishes a leading presence within an underserved and fast growing treatment specialty, while the acquisitions of Leif Swärd Ortopedi (IFK-kliniken) and Stockholms Specialistvård (SSV) bring further leading specialist orthopaedic clinicians into partnership with GHP. We have also significantly expanded our market presence in Gothenburg and Stockholm. We are using our Gothenburg Medical Center (GMC) facilities both for the joint IFK-kliniken and GMC clinic but also to co-locate Spine Center Göteborg, our first roll out “*

### **Performance review**

A number of acquisitions and financings have taken place during the period and are included in these results:

*a) Acquisition of Stockholms Specialistvård AB (“SSV”)*

On 12 January 2007, the Company announced the acquisition of 88 percent of SSV, an orthopaedic surgery clinic located in Stockholm, Sweden. The acquisition was consolidated from the date of announcement and was financed by cash of approximately £1.0 million.

*b) Acquisition of Obesity Stockholm AB group (“OS”)*

On 15 February 2007, the Company announced the acquisition of 65 percent of OS with its wholly-owned subsidiary Kirurgkliniken Sverige AB, a private obesity clinic located in Stockholm, Sweden. The acquisition was consolidated from the date of announcement and was financed by the issuance of 328,829 ordinary shares at 130 pence each.

*c) Acquisition of Leif Swärd Ortopedi AB (“IFK-kliniken”)*

On 18 April 2007, the Company announced the acquisition of the entire issued share capital of IFK-kliniken a private orthopaedic clinic located in Gothenburg, Sweden. The acquisition was consolidated from the date of announcement and was financed by cash of approximately £1.1 million and the issuance of shares in the Group’s subsidiary GMC at a value of approximately £1.0 million and representing a 28% percent minority holding in GMC.

*d) Investment in Elderly Care*

On 20 June 2007, the Company announced the provision of approximately £0.9 million committed resources to be made available as venture capital to develop Elutera, a new venture within the Swedish elderly care market in which GHP owns approximately 43 percent of the operating company and approximately 47 percent of the investment company, whilst acting in partnership with an elderly care entrepreneur and a property company.

*e) Issue of ordinary shares*

On 7 February 2007, the Company announced that it had issued 314,439 ordinary shares at 71.24 pence to certain senior managers in the GMC business.

On 20 February 2007, the Company announced that it had placed, with existing shareholders, a further 12 million ordinary shares of 50 pence each at an issue price of £1 per share, raising approximately £12 million after expenses. The net proceeds of the placing has been utilised as additional working capital to fund the growth of GHP both organically and by acquisition.

*Service Line: Spine surgery and rehabilitation*

During the first half of 2007 Stockholm Spine Center (SSC), continued its satisfactory performance since its acquisition in August 2006. It has been successful in maintaining its key contracts with Stockholm County Council which account for approximately half of its revenues and has also expanded its activities to other public health authorities. Greater numbers of private patients are being treated. SSC has also continued to develop its research activities funded primarily by third party implant companies and in March 2007 appointed its first emeritus professor of spine surgery, Claes Olerud, which will strengthen the capability in research and clinical trials.

As part of the development activities in Sweden, a key next step has been taken through the successful establishment of Spine Center Göteborg with three surgeons commencing operations from June 2007 at our GMC facilities where they are co-located.

*Service Line: Dental implant surgery and prosthesis surgery*

Dental implants has strong operating margins but has been held back in the period by the loss of momentum created by the combined effects of the March 2007 fire at the periodontology clinic at Skånegatan, (which while fully insured as to financial impact has held back practice development) and some evidence of cooling of the market at the dental surgery clinic at Sophiahemmet following the announcement by the Government of a new scheme for financial compensation as of July 2008.

Using the network of GHP partners discussions have advanced with other clinics within Sweden. GHP continue to believe that the opportunity exists to build through acquisition at reasonable prices by acquiring individual clinics in a fragmented market.

During July 2007, agreement was reached to establish GHP's first clinic in the UK, located in Leeds, our first international roll out. It is expected to open in October 2007. It is intended that this forms a potential blueprint for the roll-out of further regional clinics in the UK where GHP believe that the market will expand as the efficacy of the dental implant solution becomes more widely understood.

*Service Line: Orthopaedic and sports medicine surgery and rehabilitation*

The acquisition of SSV was completed in January 2007. SSV is an orthopaedic surgery clinic with two operating theatres and is situated in the same premises as SSC at the Lowenstromska Hospital. Following the acquisition considerable progress has been made to turnaround performance at the clinic by replacing certain contracts recently ended and adding new contracts. The acquisition has performed to date ahead of expectations and provides a good opportunity for GHP to expand its operating capacity in specialist orthopaedic surgery in the Stockholm market.

In April 2007, GHP completed the agreement to acquire IFK-kliniken, the leading orthopaedic surgery and sports medicine clinic which operated at the Carlanderska private hospital in Gothenburg. IFK-kliniken possesses a strong reputation for clinical excellence in orthopaedic and sports medical surgery operating both on contracts from the public and private sectors and is headed by an internationally renowned physician.

The IFK-kliniken and GMC clinics now form a joint clinic within orthopaedic clinical services. A new clinic is being developed for out patients and day surgery and it is situated in the centre of Gothenburg. GHP is pleased that Ulf Törnqvist has agreed to join as Chief Executive of the combined clinic from 1<sup>st</sup> November 2007. The original acquisition of GMC to found the Orthopaedic surgery and rehabilitation service line in September 2006 was effectively from administration and, while progress has been made to reconstruct operations revenue development has taken longer and operations required greater restructuring expenditure than originally expected. There remains some investment and considerable work to be done to increase activity and bring the GMC clinic up to acceptable operating margins. The combination of IFK-kliniken's reputation for surgical excellence and GMC's operating capacity is potentially very strong.

During the period GHP has also formed two new separate companies jointly with hospital surgeons at both Angelholm and Motala Public Hospitals for the purpose of bidding for the contracts to provide outsourced orthopaedic clinical services at these hospitals. The right to bid jointly with the existing clinicians has been won in the face of established competitors. If successful, the new companies will treat patients utilising existing hospital facilities and staff in a separate legal entity, "spun-out" from the hospital, and jointly owned by GHP and the clinicians.

*Service Line: Obesity treatment including bariatric surgery*

Initially, in September 2006, GHP entered a ten-year development agreement with Sahlgrenska University Hospital in Sweden to design a comprehensive model for optimal obesity treatment. In February 2007, a major step forward was taken with the acquisition of 65 percent of OS, the

owner of Kirurgkliniken Sverige, a private surgery clinic which operates at Sophiahemmet hospital in Stockholm. The operation is the third largest obesity clinic in Sweden and the largest private clinic in Sweden by number of procedures. It has performed ahead of expectations in its initial period post acquisition with patient volume constantly growing.

The combination of the developed model in use within this specialist obesity clinic, with its reputation for clinical excellence and well established operating position, gives us a strong position in obesity surgery in the Swedish market, a market which is likely to grow. Overall, GHP believes that many European markets are severely underserved and that demand is likely to increase and we are currently running a number of projects in Sweden, in Scandinavia and the UK.

As evidence of the potential market development, recent research carried out by Lars Sjöström, adviser to GHP, and published in the New England journal of medicine, has created great interest in the political and medical domain. The study comprises more than 4,000 patients and clearly shows the increased levels of morbidity and the clinical effectiveness of gastric bypass surgery. Appropriate inclusion criteria are presently under discussion.

#### *GHP Investments: Elderly Care*

GHP's principal focus will be on the development of specialist services in the area of acute care. However, where the potential is seen to deliver further returns to investors in sectors where the management team have specific experience and expertise, without over-committing management resources, GHP is prepared to act on a structured basis. Elutera, the recent entry into the Swedish Elderly Care market on the basis of a structured venture capital approach is an example where our management expertise can enable GHP to achieve a market entry. The venture brings together leading elderly care management expertise and property expertise into one vehicle designed to operate solely in a growing sector in Sweden.

#### **GHP's Future Plans**

GHP's strategy is directed towards an area of significant opportunity in the European specialised healthcare sector, namely Specialised Healthcare Services (Service Lines). Both in Sweden and in a number of other jurisdictions, the private healthcare sector is expected to expand during the next few years, with the public sector also increasing its purchases of resources from the private sector to meet provision guarantees. The selected clinical areas of spine surgery, dental implant surgery, orthopaedic surgery, and obesity treatments, among others, offer real growth opportunities and good margins which all benefit from a standardised service model. GHP will focus on the development of these core Service Lines initially in the Swedish and Scandinavian market over the next twelve months and aims to build through time international Service Lines in these areas by rolling out the model from the reference clinics once established in Sweden. These combine superior standards and results, together with highly qualified medical staff. GHP will develop a network of specialist, high performance clinics from this base through rollout and selected acquisitions. Already the company has developed a community of leading quality specialist clinicians in the chosen service lines. This is proving powerful in providing development opportunities in Sweden and Scandinavia.

#### **For Further Information contact GHP:**

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## Summarised Consolidated Profit and Loss Accounts (Unaudited)

For the period 1 January to 30 June 2007 (comparative - 6 months ended 30 June 2006)

	30 June 2007 £000	30 June 2006 £000
<b>Revenue and other operating income</b>		
Revenue	10,181	-
Other operating income	703	-
	<u>10,884</u>	<u>-</u>
Operating expenses	<u>(11,290)</u>	<u>(55)</u>
<b>Operating loss</b>	<u>(406)</u>	<u>(55)</u>
Share of net profit of associate	3	-
Financial income	421	72
Financial expenses	<u>(409)</u>	<u>(190)</u>
	<u>15</u>	<u>(118)</u>
<b>(Loss) before tax</b>	(391)	(173)
Taxation	<u>(42)</u>	<u>-</u>
<b>Net (loss)</b>	<u>(433)</u>	<u>(173)</u>
<b>Attributable to</b>		
Shareholders' equity	(484)	(173)
Minority interests	<u>51</u>	<u>-</u>
	<u>(433)</u>	<u>(173)</u>
<b>(Loss) per ordinary share</b>		
Basic and diluted (pence)	(1.0)p	(2.7)p

## Summarised Consolidated Balance Sheets (Unaudited)

At 30 June 2007 (comparative – 31 December 2006)

	30 June 2007 £000	31 December 2006 £000
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	24,730	23,034
Other non-current assets	<u>1,803</u>	<u>1,362</u>
<b>Total non-current assets</b>	<u>26,533</u>	<u>24,396</u>
<b>Current assets</b>		

Trade and other receivables	4,635	3,034
Financial assets	30	238
Cash and cash equivalents	22,003	12,614
<b>Total current assets</b>	<b>26,668</b>	<b>15,886</b>
<b>Total assets</b>	<b>53,201</b>	<b>40,282</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short term borrowings	1,232	1,877
Other current liabilities	3,640	3,031
<b>Total current liabilities</b>	<b>4,872</b>	<b>4,908</b>
<b>Non-current liabilities</b>		
Long term borrowings	12,379	12,028
Other non-current liabilities	757	515
<b>Total non-current liabilities</b>	<b>13,136</b>	<b>12,543</b>
<b>Total liabilities</b>	<b>18,008</b>	<b>17,451</b>
<b>Net assets</b>	<b>35,193</b>	<b>22,831</b>
<b>Total shareholders' equity</b>	<b>34,228</b>	<b>22,523</b>
<b>Minority interests</b>	<b>965</b>	<b>308</b>
<b>Total equity</b>	<b>35,193</b>	<b>22,831</b>

### Summarised Statement of Changes in Consolidated Shareholders' Equity (Unaudited)

Opening balance at 1 January 2007	22,523
Issue of share capital (net of expenses)	12,594
Net loss	(484)
Foreign exchange and other movements	(405)
<b>Closing balance at 30 June 2007</b>	<b>34,228</b>

## Summarised Statements of Cash Flows (Unaudited)

For the period 1 January to 30 June 2007 (comparative – 6 months ended 30 June 2006)

	30 June 2007 £000	30 June 2006 £000
<b>Operating activities</b>		
Operating loss	(406)	(55)
Depreciation and amortisation	404	-
Other operating activities - net	(661)	72
Changes in working capital - net	239	8
<b>Net cash flow (used in) from operating activities</b>	<u>(424)</u>	<u>25</u>
<b>Investing activities</b>		
Acquisition of subsidiaries	(1,638)	-
Other investing activities	(130)	-
<b>Net cash flow (used in) investing activities</b>	<u>(1,768)</u>	<u>-</u>
<b>Financing activities</b>		
Movement in borrowings - net	(506)	-
Issue of ordinary share capital (net of expenses)	12,166	-
<b>Net cash flow from financing activities</b>	<u>11,660</u>	<u>-</u>
Effects of exchange rate changes	<u>(79)</u>	<u>(190)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	9,389	(165)
<b>Cash and cash equivalents at the beginning of the period</b>	<u>12,614</u>	<u>3,554</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>22,003</u></u>	<u><u>3,389</u></u>

## **Notes to the Summarised Consolidated Financial Information (unaudited)**

### **Basis of Preparation**

GHP, a UK registered company, was listed on AIM on 16 August 2006, following its 14 August 2006 merger with Bombshell Limited, an AIM listed shell company whose sole asset was cash.

The financial information in this report contains the unaudited results of GHP and its subsidiary undertakings for the period from 1 January 2007 to 30 June 2007 and as comparative data the unaudited results of Bombshell Limited for the period from 1 January 2006 to 30 June 2006 in respect of summarised consolidated statements of profit & loss and cashflows, together with GHP's audited Consolidated Balance Sheet as at 31 December 2006. It has been prepared on a consistent basis using the same accounting policies as the audited financial statements for the nine months ended 31 December 2006.

### **1. Introduction**

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, including interpretations from the International Financial Reporting Interpretations Committee.

The unaudited consolidated financial information does not constitute full financial statements within the meaning of Section 240 of the UK Companies Act 1985.

Unless otherwise stated, all amounts in the consolidated financial information are denominated in thousands of UK pounds sterling.

The preparation of consolidated financial information in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of asset and liabilities at the date of the consolidated financial information and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

### **2. (Loss) per ordinary share**

Basic (loss) per ordinary share has been calculated on the (loss) attributable to equity shareholders divided by the weighted average number of ordinary shares in issue during the period.

	30 June 2007	30 June 2006
(Loss) for the period (£000)	(484)	(173)
Weighted average number of ordinary shares in issue	50,667,641	6,433,455
(Loss) per ordinary shares (pence)	(1.0)p	(2.7)p

The impact of the issuance of ordinary shares in future periods, which at 30 June 2007 solely arises from the convertible bond, is anti-dilutive in nature.

### 3. Share capital

As 30 June 2007, there were 54,345,492 allotted, called up and fully paid ordinary shares of 50p each in issue (31 December 2006 – 41,702,224). During the period, 12,000,000 shares were issued for cash, 328,829 shares were issue as consideration for acquisitions and 314,439 shares were issued to certain senior managers in the GMC business.

### 4. Short term and long term borrowings

At 30 June 2007, the Company had secured borrowings of £13.6 million, including external bank loans, finance leases and loans to minority shareholders of subsidiary undertakings. Of this amount £1.2 million is classified as short term and £12.4 million is long term, including convertible debt of £2.2 million in respect of an acquisition.

### 5. Financial income and expense

	30 June 2007	30 June 2006
Financial income:	£000	£000
Bank interest receivable	421	72
	<u>421</u>	<u>72</u>
Financial expense:		
Bank interest payable	(361)	-
Foreign exchange loss	<u>(48)</u>	<u>(190)</u>
	(409)	(190)

### 6. Taxation

Taxation principally arises on the operations in Sweden. No deferred tax assets have been recognised in respect of certain corporate and other costs arising in Sweden and the UK.

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