

Global Health Partner Plc announces preliminary results for the year ended 31 December 2007

Global Health Partner plc (London AIM: GHP) (the “Company” or “GHP”), the provider of specialist clinical healthcare services, reports its preliminary results for the year ended 31 December 2007.

Revenue from its first full year of operations (previous year comprised only 4.5 months of operations) was £20.5 million and operating profit before central costs was £1.7 million. Loss before taxation for the year amounted to £(1.2) million and loss per ordinary share was 2.2p (2006- 4.6p).

The financial key performance indicators are:

	2007	2006
Revenue from operations	£20.5 million	£5.7 million
Operating loss	£(1.2) million	£(0.3) million
Operating profit before central costs	£1.7 million	£1.0 million
Operating profit before central costs as a percentage of revenues	8 %	18%
Loss before taxation	£(1.2) million	£ (0.7) million
Borrowings as a percentage of total assets	26 %	35%

The operating loss for the year of £(1.2) million is stated after central costs of £(3.0) 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 £1.0 million, mainly interest on cash deposits, is offset by finance expenses of £(0.8) million, principally arising on external acquisition financing. Together with a share of loss of associates of £(0.2) million, this resulted in an overall loss before taxation of £(1.2) million.

During the year, the Company has strengthened its balance sheet and retained significant year end cash resources of £18.0 million, which will be used to develop GHP both organically and by acquisitions.

CEO Per Båtelson said:

“GHP was founded on the public market in August 2006 with the ambition to take the delivery of healthcare services beyond the standards and expectations created by the first generation of European private healthcare providers. Our business model and a fresh start continue to give us cost and flexibility advantages versus both private sector competitors and public sector hospitals. Despite the wide range of opportunities presented to the group during the year we have continued to focus our work in carefully selected clinical areas, together with the best medical entrepreneurs, in keeping with our business approach “Quality through Specialisation”.

During 2007 we have increased the number of clinics from 5 to 10, and we are now well established in four clinical areas, principally in Sweden:

- Spine surgery and rehabilitation
- Dental implant surgery and prosthesis treatment
- Orthopaedic and sports medicine surgery
- Obesity treatment including bariatric surgery

Overall, we are pleased with the performance of the clinics with sound and stable operating margins, however the consolidated operating margin for 2007 has been impacted by the start-up of new businesses and the restructure of our Gothenburg orthopaedic businesses. We have built a

strong platform of central resources that makes us well positioned to further increase growth and operating profit margins within the respective service lines, without significant increase in central costs.

In general, our business activity is at this time concentrated within our core Swedish and Scandinavian markets to develop our chosen Service Lines. We believe the concentration of our resources in this area today best matches our skills to the market opportunities available to us. During 2008 we will use our positive experiences from successful acquisitions, roll-outs and turn-arounds, and focus our activities both through roll-outs and further add-on acquisitions within our selected service lines. We believe that organic start-ups provide a higher value creation compared to acquisitions, but acquisitions are also important to gain strategic entries to markets and economies of scale. Start-ups, however, imply a significant initial investment cost and working capital need to cover the 12-18 months start-up period. We are seeking opportunities to cooperate and co-locate with public sector hospitals to reduce costs and shorten start-up periods for some projects.

Overall we are pleased at the development of the holistic care delivery model we have chosen to operate under. We believe that patients are best served by a multi-professional and team oriented organisation that has a full range of treatment modalities for a specific diagnose area.

Service Line highlights

Spine surgery and rehabilitation

Stockholm Spine Center continued to perform satisfactorily during 2007 and increased its total revenue compared to 2006. During the year, we have successfully established Spine Center Gothenburg which has exceeded initial expectations following its start-up in May. Three new partner surgeons came onboard to start operating within the existing facilities of our Gothenburg orthopaedic clinic. Spine Center Gothenburg turned profitable at the contribution level within four months of operations.

Our associated Norwegian clinic, VOS, continued in loss during the year, but following the award of a care contract after year end together with a new share issue, in which we increased our ownership to 41.4 percent, the clinic is now well positioned to accelerate its financial performance during 2009 and 2010.

Dental implant surgery and prosthesis treatment

Our dental operations in Stockholm had a difficult first half year due to a fire at the smaller of the two clinics. The complete refurbishment kept the referral based clinic out of operations for three months before starting to operate from a temporary facility. The resulting decrease in revenue has lead to weaker financial performance during 2007, but both clinics are now well positioned to benefit from the reimbursement changes to be implemented in the second half of 2008 and to further reinforce the position among the market leaders in Sweden.

During 2007, we have developed our Dental business through the acquisition of a clinic in Norrköping. The acquisition was made together with our current dental surgeon partners, with whom we acquired 80% of the clinic. In January 2008, we opened our first UK based dental implants clinic in central Leeds, a new purpose built state of the art clinic specialising in the surgical placement of dental implants.

Orthopaedic and sports medicine surgery

In January 2007 we completed the acquisition of Stockholm's Specialistvård, an orthopaedic surgery clinic with two operating theatres situated in the same premises as Stockholm Spine Center at Löwenströmska Hospital. The acquisition has provided a good opportunity for GHP to

expand its operating capacity in specialist orthopaedic surgery in the Stockholm market and the clinic has performed above expectations during 2007.

Following a local corporate merger, the IFK and GMC clinics in Gothenburg now form a joint business within orthopaedic clinical services and are consolidated within GMC's operating facilities and the newly opened Annedal clinic. These will provide a lower cost, fully equipped, top quality surgical environment for the surgeons. The operating loss for 2007 includes direct and indirect restructuring costs for GMC.

Obesity treatment including bariatric surgery

In February 2007, we took a major step forward within the Obesity Service Line with the acquisition of 65 percent of Kirurgkliniken Sverige. The clinic is a leading provider of bariatric surgery in Sweden and operates at Sophiahemmet hospital in Stockholm. Following the acquisition the clinic has performed in line with our expectations and will expand in new premises at the Sophiahemmet hospital during 2008.

We are concluding the development of care manuals, IT support systems and working tools during the first half of 2008. We are also preparing to launch 3-5 new clinics during 2008. The market conditions are favourable due to an increased demand for obesity treatments in general, and gastric bypass surgeries in particular.

Global Health Partner's Business Model

Our business model has proven to work well in our selected clinical areas. The partnership structure with leading specialists and the network amongst clinicians serving similar patient groups gives outstanding opportunities to benchmark, compare and further develop our services. So far we have just started to see synergies and we will need another 12-24 months, additional clinics, and critical mass to fully exploit the potential of the Service Line model. During 2007 extensive analysis has been done to assess market opportunity and roll-out strategies for the different Service Lines. In 2008 we will strengthen the Service Line management teams and increase our efforts to start-up new clinics in selected new geographies.

Directorate Changes

On 25 January 2008, GHP announced that Urban Jansson has agreed to take on the role of Non-Executive Chairman of the Board and also that Dr Joachim Werr, a director of Investor Growth Capital Europe, a 15.6% shareholder in GHP, joined the Board.

Mr Jansson, who joined the Board in September as independent Non-Executive Director takes over the Chairman's responsibilities previously carried out by Per Båtelson, who is continuing in his role as Chief Executive.

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Summarised Consolidated Income Statements (Unaudited)

For the period 1 January 2007 to 31 December 2007 (comparative - 9 months ended 31 December 2006)

	2007 £000	2006 £000
Revenue and other operating income		
Revenue	20,458	5,718
Other operating income	952	305
	-----	-----
	21,410	6,023
	-----	-----
Operating expenses	(22,658)	(6,277)
	-----	-----
Operating loss	(1,248)	(254)
	-----	-----
Financial income	1,027	221
Financial expenses	(745)	(659)
Share of net loss of associates	(198)	(13)
	-----	-----
	84	(451)
	-----	-----
(Loss) before taxation	(1,164)	(705)
Taxation	219	(277)
(Loss) for the period	(945)	(982)
	=====	=====
Attributable to		
Shareholders' equity	(1,136)	(1,092)
Minority interests in equity	191	110
	-----	-----
	(945)	(982)
	=====	=====
(Loss) per ordinary share		
Basic and diluted (pence)	(2.2)p	(4.6)p

Summarised Consolidated Balance Sheets (Unaudited)

At 31 December 2007 (comparative - 31 December 2006)

	2007 £000	2006 £000
Assets		
Non-current assets		
Goodwill	27,953	22,627
Other non-current assets	4,665	1,769
	-----	-----
Total non-current assets	32,618	24,396
	-----	-----
Current assets		
Trade and other receivables	5,049	3,272

Cash and cash equivalents	17,973	12,614
	-----	-----
Total current assets	23,022	15,886
	-----	-----
Total assets	55,640	40,282
	-----	-----
Liabilities		
Current liabilities		
Short term borrowings	1,321	1,877
Other current liabilities	3,423	3,031
	-----	-----
Total current liabilities	4,744	4,908
	-----	-----
Non-current liabilities		
Long term borrowings	12,984	12,028
Other non-current liabilities	1,449	515
	-----	-----
Total non-current liabilities	14,433	12,543
	-----	-----
Total liabilities	19,177	17,451
	-----	-----
Net assets	36,463	22,831
	=====	=====
Total shareholders' equity	35,048	22,523
Minority interests in equity	1,415	308
	-----	-----
Total equity	36,463	22,831
	=====	=====

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

Opening balance at 1 January 2007	22,523
Issue of share capital (net of expenses)	12,698
Net loss	(1,136)
Foreign exchange	963
Closing balance at 31 December 2007	35,048
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Summarised Consolidated Cash Flow Statements (Unaudited)

For the period 1 January 2007 to 31 December 2007 (comparative – 9 months ended 31 December 2006)

	2007 £000	2006 £000
Operating activities		
Operating loss	(1,248)	(254)
Depreciation and amortisation	918	254
Other operating activities - net	(317)	(250)
Changes in working capital - net	(661)	(804)
	-----	-----
Net cash flow (used in) operating activities	(1,308)	(1,054)
	-----	-----
Investing activities		
Acquisition of subsidiaries	(1,095)	(3,259)
Other investing activities	(3,276)	(229)
	-----	-----
Net cash flow (used in) investing activities	(4,371)	(3,488)
	-----	-----
Financing activities		
Movement in borrowings - net	(1,247)	414
Issue of ordinary share capital (net of expenses)	12,165	13,180
	-----	-----
Net cash flow from financing activities	10,918	13,594
	-----	-----
Effects of exchange rate changes	120	48
	-----	-----
Net increase in cash and cash equivalents	5,359	9,100
Cash and cash equivalents at the beginning of the period	12,614	3,514
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Cash and cash equivalents at the end of the period	17,973	12,614
	=====	=====

Notes to the Summarised Consolidated Financial Information for the year ended 31 December 2007 (unaudited)

1. General information

The consolidated financial information has been prepared for the 12 months period 1 January 2007 to 31 December 2007. The comparative period is for the nine month period 1 April 2006 to 31 December 2006, however GHP's operations effectively commenced in August 2006 following the Company's admission to AIM.

The unaudited consolidated financial information does not constitute full financial statements within the meaning of Section 240 of the UK Companies Act 2005. The group's full consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, will be completed and sent to the shareholders in due course.

The Sterling / Swedish Kronor exchange rate at 31 December 2007 was 12.7747 (2006 - 13.4273).

Year ended 31 December 2007

- On 12 January 2007, the Group acquired 88 percent of Stockholm's Specialistvård AB, an orthopaedic surgery clinic located in Stockholm, Sweden. The acquisition was financed by cash of approximately £1.0 million.
- On 7 February 2007, the Company announced that it had issued 314,439 ordinary shares at 71.24 pence each to certain senior managers in the Gothenburg Medical Center business.
- On 15 February 2007, the Group acquired 65 percent of Obesity Stockholm AB, with its wholly-owned subsidiary Kirurgkliniken Sverige AB, a private obesity clinic located in Stockholm, Sweden. The acquisition was financed by the issuance of 328,829 ordinary shares at 130 pence each.
- On 20 February 2007, the Company announced that it had placed, with certain 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 will be utilised as additional working capital to fund growth of the Group both organically and by acquisition.
- On 23 April 2007, the Group acquired the entire issued share capital of Leif Sward Ortopedi AB (IFK- kliniken), a private sports medicine clinic located in Gothenburg, Sweden. The acquisition was financed by cash of approximately £1.1 million and the issuance of shares in the Group's subsidiary Gothenburg Medical Center AB (GMC) at a value of approximately £1.0 million and representing a 28 percent minority holding in GMC.
- In May 2007 the Group established Spine Center Gothenburg, a sister clinic to Stockholm Spine Center. Three new partner surgeons came onboard to start operating within the existing facilities of our Gothenburg orthopaedic clinic.
- On 20 June 2007, the Group 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 the Group owns approximately 40 percent of the operating company and approximately 46 percent of the investment company, whilst acting in partnership with an elderly care entrepreneur and a property company.
- On 31 October 2007, the Company announced the acquisition of a 1.1 percent interest in Priory Investments Holdings Limited (PIHL). Priory is the leading UK independent provider

of acute and secure mental health, neuro-rehabilitation and specialist education services.

- On 31 October 2007, the Group acquired the assets of Specialistkliniken för implantat och käkkirurgi (SFIK). Nordic Dental Holding AB (NDH), a 51 percent owned subsidiary of GHP, acquired an 80 percent interest in SFIK together with the dental implants clinicians at Specialistkliniken at Sophiahemmet who are the 49 percent minority owners of NDH. The oral and maxillofacial surgeon will own 20 percent of SFIK. The total consideration paid for 100 percent of the assets was approximately £0.2 million in cash. SFIK is a major private supplier of highly specialised dental rehabilitation in the Östra Götaland county in Sweden.
- On 29 November 2007, the Company announced that in connection with the acquisition of 100 percent of the share capital of Sabbatskliniken AB, GHP issued 89,000 new ordinary 50p shares of GHP to the company's owner at a value of 117.5 pence per share. The company contains a care contract under which Stockholms Specialistvård AB (SSV), the specialist orthopaedic clinic acquired by the Group in January 2007, currently operates.
- In January 2008, the Group opened its first UK based dental implants clinic in central Leeds, a new purpose built state of the art clinic specialising in the surgical placement of dental implants.

2. Segment information

At 31 December 2007, the directors have determined that the Group is currently engaged in four primary reporting business segments each providing specialised, integrated healthcare services:

- spine surgery and rehabilitation;
- dental implant surgery and prosthesis surgery;
- orthopaedic and sports medicine surgery; and
- obesity treatment, including bariatric surgery

The segment information is provided before any allocation of costs for group central overhead functions but after certain development costs.

Year ended 31 December 2007

	Spine surgery & rehabilitation	Dental implant surgery & prosthesis surgery	Orthopaedic & sports medicine surgery	Obesity treatment, including bariatric surgery	Corporate costs	Total
	£000	£000	£000	£000	£000	£000
Revenue	9,830	2,524	6,903	1,201	-	20,458
Operating profit (loss)	1,194	455	(109)	187	(2,975)	(1,248)

3. (Loss) per ordinary share

Basic (loss) per ordinary share has been calculated on the (loss) after tax attributable to equity shareholders of £(1.136)m divided by the weighted average number of ordinary shares in issue during the year of 52,637,288.

4. Financial income and expenses

	2007	2006
Financial income:	£000	£000
Bank interest receivable	1,009	221
Foreign exchange gain	15	=
Other financial income	<u>3</u>	=
	<u>1,027</u>	<u>221</u>
Financial expense:		
Bank interest payable	(493)	(146)
Interest on minority shareholder debt	(64)	(22)
Interest on convertible bond	(170)	(63)
Interest on financial leases	(7)	(2)
Foreign exchange (loss)	=	(423)
Other financial expenses	<u>(11)</u>	<u>(3)</u>
	<u>(745)</u>	<u>(659)</u>

5. Taxation

Taxation principally arises on the group's operations in Sweden. Deferred tax assets have been recognised in respect of certain corporate and other costs arising in Sweden.

6. Share capital

As 31 December 2007, there were 54,434,492 allotted, called up and fully paid ordinary shares of 50p each in issue (31 December 2006 – 41,702,224). During the year a total of 12,732,268 ordinary shares were issued in respect of the placing of shares and acquisitions. In total 12,314,439 shares were issued for cash and 417,829 shares were issued as consideration for acquisitions.

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