18 September 2017

Medica Group PLC
Unaudited half year results for the six months ended 30 June 2017
Maiden interim results delivering double digit growth

Medica Group PLC (LSE:MGP, "Medica" or the "Company"), the UK market leader by revenue in the provision of teleradiology services, today announces its half year results for the six months ended 30 June 2017.

	Six months ended 30 June 2017	Six months ended 30 June 2016	% change
Revenue(£'000s)	15,723	13,435	17.0%
Gross profit (£'000s)	7,644	6,803	12.4%
Gross profit margin (%)	48.6%	50.6%	
Adjusted EBITDA (1) (£'000s)	4,873	4,319	12.8%
Adjusted operating profit (2) (£'000s)	4,325	3,767	14.8%
Adjusted profit before tax (3) (£'000s)	3,847	2,707	42.1%
Adjusted EPS (pence) (4)	3.14	2.23	40.8%
EBITDA cash conversion (%) (5)	61.1%	67.2%	

(1) EBITDA is a non-IFRS measure and is calculated as operating profit before depreciation, amortisation, exceptional items, and share based payments.
(2) Adjusted operating profit is a non-IFRS measure and is calculated as operating profit before exceptional items, certain exceptional costs relating to refinancing, share based payments and amortisation in respect of assets acquired on acquisition.
(3) Adjusted profit before tax is a non-IFRS measure and is calculated as profit before tax before exceptional items (including certain exceptional costs relating to refinancing), share based payments and amortisation in respect of assets acquired on acquisition.
(4) Adjusted Earnings per share is a non-IFRS measure and is calculated as Earnings per share before exceptional items (including certain exceptional costs relating to refinancing), share based payments and amortisation in respect of assets acquired on acquisition
(5) EBITDA cash conversion % is calculated as Cash Flows from Operating activities pre-exceptional items and pre tax payments divided by Adjusted EBITDA

Financial highlights

- Delivered revenue growth of 17.0%
  - NightHawk continued to see significant growth, with revenue increasing by 18.6% to £7.7m
  - Cross Sectional performed well, with revenue increasing by 23.3% to £5.8m
  - Plain Film revenue fell by 8.3% to £1.8m, reflecting strategy to focus on Nighthawk and Cross Sectional
  - Specialist services and Independent revenue increased by 47.6% to £0.4m
- Gross profit margin of 48.6% (50.6% in 2016) in line with expectations
- Adjusted operating profit increased by 14.8% to £4.3m
- Net debt significantly reduced to £8.5m (2016: £24.6m)
- EBITDA cash conversion 61% (67% in H1 2016) in line with expectations

Operational highlights

- Total number of reported body parts increasing by 6.5%
  - NightHawk and Cross Sectional reported body parts increased by 26.1% and 31%, respectively, well ahead of market
  - Plain Film reported body parts decreased by 9.0%
- Continued to recruit strongly and added a net 19 radiologists in the period, taking the total to 267 contracted radiologists (including radiographers and rheumatologists) as at 30 June 2017 (June 2016: 214)

Post Period End

- Strong recruitment since 30 June 2017, adding a further 24 radiologists, increasing the number of contracted radiologists to 291 as at 18 September 2017

John Graham, Chief Executive Officer of Medica, commented:

"I am pleased to be able to report continued strong demand for Medica's services. Our strategy to increase penetration of the Nighthawk and Cross Sectional services drove double-digit revenue growth in the first half of 2017.

Our strong track record of delivering organic growth has allowed us to continue to invest in building a scalable platform and attract consultant radiologists to meet the increased demand. Our market leading platform and reputation for high quality clinical governance positions us well to take advantage of the many growth opportunities we have identified. We remain confident in Medica's long-term prospects and are on track to meet market expectations as we enter the traditionally stronger second half to the year."

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INTERIM MANAGEMENT REPORT

Chairman's statement

I am pleased to present Medica Group PLC's first interim financial statements as a public company.

Strategy for success

Medica continued to grow strongly in the first half of 2017, and achieved double-digit growth for both revenue (17%) and adjusted operating profit (15%).

The teleradiology market continued to develop and demand from clients grew strongly as NHS Trusts continued to face capacity pressure and seek efficient solutions of high clinical quality.

Medica's strategy continues to be to provide the highest quality clinical services and to promote improvements in clinical quality across the NHS. Medica's goal is to work in partnership with NHS Trusts and independent providers to reduce waiting times and improve patient outcomes. Through this approach, Medica can continue to lead the growth of teleradiology in the UK.

Medica has continued to perform well in the first half of the year. In May, the NHS suffered from cyber-attacks, which did not affect Medica's own systems and IT infrastructure, and the Company was quick to work closely with affected clients to minimise patient impact and to ensure that Medica could respond to referrals as soon as these clients were back on line.

Providing a supportive environment to Medica's radiologists is a key factor in the continued success of the Group. Medica has developed an industry leading Clinical Governance platform that is an important factor in recruiting and retaining radiologists. Medica has a healthy pipeline of radiologists, increasing its cohort by 19 during the period, taking the total to 267 contracted radiologists (including radiographers and rheumatologists) as at 30 June 2017. Medica employed its first full time radiologist at the end of June. Recruitment is expected to accelerate in the second half of the year.

Initial public offering

A key milestone for Medica during the period was the Company's oversubscribed successful listing on the Main Market of the London Stock Exchange on 21 March 2017. Medica completed a successful initial public offering, raising gross proceeds of £121 million at 135 pence per ordinary share, of which £15m was for the Company. Proceeds were used primarily to repay debt and associated listing costs. These funds, alongside the Company's continued cash generation, have enabled net debt to reduce to £8.5m at the end of June.

Dividends

Medica proposes to pay its first interim dividend of 0.55p pence per ordinary share on 27 October 2017 to shareholders on the register at 29 September 2017.

Outlook

Momentum continues to build across the business as a result of an increasing client portfolio, alongside broadening the service offering to new and existing customers. Medica remains committed to investing in developing new services and recruiting new radiologists to meet the growing demand for our services. Medica's strong brand, growing customer base and track record position us well to achieve our growth targets and perform in line with market expectation.

Roy Davis
Chairman

Financial and Business Review

Introduction

Medica is the UK market leader in the provision of teleradiology services. The Group currently has one business segment of teleradiology offering three primary services to hospital radiology departments: NightHawk, Routine Cross Sectional (Routine CS) and Routine Plain Film (Routine PF).

NightHawk is an out of hours emergency reporting service which is focused on delivering accurate reports within fast turnaround times and represented Medica's largest revenue contributor. NightHawk typically provides reporting on CT scans. The second and third key service offerings, Routine CS and Routine PF, are designed to assist hospital radiology departments in managing their demand/supply imbalance for less urgent daytime reporting on examinations. Routine CS covers a combination of CT and MRI scans (both forms of cross sectional scan) while Routine PF covers plain film examinations and both services typically have a 48 hour turnaround time.

Overview of performance in 2017

Medica, once again, showed strong double-digit growth in H1 2017. The Group recorded revenue of £15.7m for the first six months of the year, an increase of 17.0% on the equivalent period of 2016. This growth was largely driven by volume growth in NightHawk and Cross Sectional services.

As anticipated gross profit margin edged down from 50.6% to 48.6%, reflecting the on-going renewal of the Group's contracts at marginally lower prices as a result of the development of the teleradiology market and the opening up of outsourcing. Despite this, the reduction in average price has been more than compensated by increases in volume.

The successful listing in March led to customary additional costs, which added an additional 4% to total overheads in the period. Overheads remained controlled in the period, increasing only 9.3% on 2016 on a comparative basis as the business continues to demonstrate its ability to leverage growth.

The result is the adjusted operating profit for the period of £4.3m was 14.8% higher than 2016, which represents continuing good progress for the business.

Service Lines

NightHawk

NightHawk continued to be Medica's largest service line, with H1 2017 revenue of £7.7m representing 49% of the total (H1 2016: 48%).

Revenue growth in H1 2017 from the prior period was 18.6%, with the volume of reported body parts increasing by 26.1%. The gross profit margin fell from 52.0% to 50.3%.

The majority of the growth has continued to come from increased emergency service requirements from existing clients as Medica's builds its partnerships with NHS Trusts and continues to improve its service.

Routine Cross Sectional

Routine Cross Sectional (CT and MR) contributed H1 2017 revenue of £5.8m, representing 37% of the total (H1 2016: 35%).

Revenue growth in H1 2017 from the prior period was 23.3%, with the volume of reported body parts increasing by 31.0%. The gross profit margin fell from 54.1% to 51.9%.

The majority of the growth has come from increased collaboration with existing clients as NHS Trusts consider Medica a key part of their capacity structure.

Routine Plain Film

During the period, Plain Film volumes were actively managed, allowing the Group to focus on the faster growing Routine Cross Sectional service. In line with expectations, all service lines grew in H1 2017 apart from Routine Plain Film. Revenue of £1.8m represents 11.5% of the total (2016: 14.7%).

Revenue fell from last year by 8.3% with the volume of reported body parts falling by 9.0%. The gross profit margin fell from 54.3% to 49.3%.

Medica's strategy, outlined in the Group's FY2016 results, to launch its Radiographer Reporting service, utilising highly skilled and qualified radiographers to conduct PF reporting, is already showing success, representing 9.5% of total plain film volume and capacity is expected to continue to build.

Other Service Lines
A strategic objective for the business is to increase revenue from specialist service lines and independent healthcare providers. This has started well in 2017 with revenue from these sources increasing by 47% to £0.4m. A number of new service lines are in development stages.

Exceptional costs
The total costs of listing on the London Stock Exchange were £2.5m, of which £0.8m were recognised in 2016 and £1.7m in 2017. Of these costs £0.2m was deducted from the share premium account and £2.3m over the two years has been treated as exceptional items on the income statement. These costs have been added back in to calculate adjusted operating profit and adjusted earnings per share.

In addition, part of the proceeds were used to repay bank debt, and previously capitalised fees of £0.6m have been treated as exceptional financing costs and have also been added back in to calculate adjusted profit before tax and adjusted earnings per share.

A further consequence of being a public company has been the introduction of share based payment schemes as long-term incentives for Directors. The costs of these, in administration expenses, were £0.04m for the period.

Earnings per share
Adjusted earnings per share increased by 41% to 3.14p, reflecting the growth in the business and the altered capital structure post listing.

Cash flow and net debt
The cash inflow from operating activities was lower than the equivalent period in 2016 at £0.9m (2016: £2.6m) due to IPO related costs. Excluding exceptional items, the EBITDA cash conversion ratio of 61% is comparable with last year's 67% for the equivalent period. This number is historically lower in the first half of the year than the second half due to working capital movement.

After raising £15m in primary funds on listing, Medica repaid bank debt and loan notes totalling £15.7m.

Net debt as at 30 June 2017 was £8.5m, compared to £24.6m as at 30 June 2016 and £22.0m as at 31 December 2016.

Fixed asset investment
The most significant purchase in the period to 30 June 2017 was the renewal of Medica's PACS (Picture Archiving and Communications System) for five years, which had a cost of £0.7m. Other expenditure was largely expansionary costs of radiologist equipment and client infrastructure.

Expenditure on fixed assets and software is higher than normal in the first half of the year as a result of the PACS renewal and will be much lower in the second half of the year.

Recruitment
Medica increased its number of contracted radiologists by 19 net in the period to 267 as at 30 June 2017. The comparative figure for the first six months of 2016 is 24. As at 18 September the number was 291 and the second half of the year is expected to be stronger than the first. The Board expect the total to be more than 300 by the end of the year.

Recruitment and retention of radiologists is key to business growth and is core to Medica's strategy. In broader terms, increasing capacity is more than numbers of radiologists and the strategy includes obtaining greater commitment from existing radiologists. A good example is the appointment of Medica's first full time radiologist in June.

People
Medica's employees remain core to the quality of the service offering to clients and we will continue to recruit high calibre individuals as we grow.

We would like to thank our employees for their hard work, enthusiasm and dedication through a successful period of growth and change. This includes our former Chief Operating Officer, Martin Wells, who left the

Company in August 2017 to pursue other interests. We are pleased to welcome Sarah Burns as Medica's Chief Operating Officer. We would also like to thank our shareholders for their ongoing support.

Forward looking statements
Certain statements in this interim report are forward looking. Although the Board believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

Principal risks and uncertainties
The principal risks and uncertainties that could have a material impact on the Group's performance together with the mitigation strategies adopted have been reviewed and have not changed significantly from those set out on pages 20 to 21 of the Strategic Report included in the Groups 2016 Annual Report and Financial Statements.

These risks and uncertainties arise from:

- Retaining and growing reporting capacity
- Quality deficiencies or other issues affecting the Group's accreditations
- Failure to retain key management
- Future changes in healthcare regulation
- Reduction in demand for the Group's services from NHS Trusts
- Failure to adequately protect its customers' patients' personal data
- Significant competition and pricing pressure
- Failure of information systems

John Graham, Chief Executive
18 September 2017

Tony Lee, Chief Financial Officer
18 September 2017

Condensed Consolidated Income Statement and Condensed Consolidated statement of comprehensive income

For the six months ended 30 June 2017

	Note	Unaudited 6 Months ended - 30 June 2017 £000	Unaudited 6 Months ended - 30 June 2016 £000	Audited 12 months ended - 31 December 2016 £000
Revenue	**3**	15,723	13,435	28,522
Cost of sales		(8,079)	(6,632)	(14,313)
Gross profit		7,644	6,803	14,209
Administration expenses		(3,791)	(3,471)	(6,993)
Operating profit		3,853	3,332	7,216
Other expenses – exceptional items	4	(1,503)	-	(757)
Operating profit after exceptional items		2,350	3,332	6,459
Finance income		5	5	10
Finance costs		(483)	(1,065)	(2,181)
Exceptional items finance costs	4	(582)	-	-
Net finance costs		(1,060)	(1,060)	(2,171)
Profit before tax		1,290	2,272	4,288
Analysed as				
Adjusted EBITDA		4,873	4,319	9,229
Share based payments		(37)	-	-
Exceptional items	4	(1,503)	-	(757)
Exceptional finance costs		(582)	-	-
Finance costs		(483)	(1,065)	(2,181)
Finance income		5	5	10
Depreciation		(387)	(471)	(883)
Amortisation		(596)	(516)	(1,130)
Profit before tax		1,290	2,272	4,288
Income tax charge		(510)	(474)	(971)
Profit attributable to equity holders of the parent		780	1,798	3,317
Statement of Comprehensive Income				
Profit for the period/ year		780	1,798	3,317
Other comprehensive income		-	-	-
Total comprehensive profit for the period/ year attributable to owners of the parent		780	1,798	3,317
Profit per share (basic and diluted)				
Basic profit per ordinary share (pence)	5	0.73	1.80	3.32
Diluted profit per ordinary share (pence)	5	0.73	1.80	3.32

Condensed Consolidated Balance Sheet

As at 30 June 2017

	Unaudited 30 June 2017 £000	Unaudited 30 June 2016 £000	Audited 31 December 2016 £000
Non-current assets			
Goodwill	15,948	15,948	15,948
Other intangible assets	9,664	9,829	9,402
Property, plant and equipment	2,064	1,954	1,835
	27,676	27,731	27,185
Current assets			
Trade and other receivables	7,440	5,814	6,073
Cash and cash equivalents	3,390	2,332	4,713
	10,830	8,146	10,786
Current liabilities			
Trade and other payables	(3,188)	(2,368)	(3,283)
Borrowings	-	(1,286)	(1,362)
Derivative financial instruments	(29)	(67)	(52)
	(3,217)	(3,721)	(4,697)
Non-current Liabilities			
Borrowings and other financial liabilities	(11,876)	(25,635)	(25,369)
Deferred tax	(1,490)	(1,731)	(1,596)
	(13,366)	(27,366)	(26,965)
Net Assets	21,923	4,790	6,309
Equity			
Share capital	222	146	146
Share premium	14,721	1,309	1,309
Retained profit	6,980	3,335	4,854
Total equity	21,923	4,790	6,309

Condensed Consolidated Statement of Changes in Equity

As at 30 June 2017

	Share Capital £000	Share premium £000	Retained earnings £000	**Total Equity £000**
At 1 January 2016	146	1,309	1,537	2,991
Profit and total comprehensive income for the period		-	1,798	1,799
At 30 June 2016	146	1,309	3,335	4,790
Profit and total comprehensive income for the period		-	1,519	1,519
At 1 January 2017	146	1,309	4,854	6,309
Cancellation of share premium	-	(1,309)	1,309	-
Shares issued during the year	76	14,924	-	15,000
Share issue costs	-	(203)	-	(203)
Equity settled share based payments	-	-	37	37
Transactions with owners	76	13,412	1,346	14,834
Profit and total comprehensive income for the period		-	780	780
At 30 June 2017	222	14,721	6,980	21,923

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2017

	Unaudited 6 Months ended 30 June 2017 £000	Unaudited 6 Months ended 30 June 2016 £000	Audited 12 Months ended 31 December 2016 £000
Operating activities			
Profit before tax	1,290	2,272	4,288
Adjustments for :			
Depreciation	387	471	883
Amortisation	596	516	1,130
Share based payments	37	-	-
Finance income	(5)	(5)	(10)
Finance costs	1,065	1,065	2,211
Changes in:			
(Increase) in trade and other receivables	(1,367)	(1,481)	(1,740)
(Decrease) / increase in trade and other payables	(529)	67	949
Tax (paid)	(604)	(321)	(924)
Cash inflow from operating activities	870	2,584	6,787
Investing activities			
Purchase of property plant and equipment	(616)	(496)	(789)
Purchase of software intangibles	(437)	(251)	(438)
Interest received	5	5	10
Cash outflow from investing activities	(1,048)	(742)	(1,217)
Cash flows from financing activities			
Proceeds from share issue	15,000	-	-
Share issue costs	(203)	-	-
Loan finance raised	-	13,600	13,600
Repayment of borrowings	(15,722)	(14,802)	(15,626)
Interest paid	(220)	(393)	(916)
Net cash outflow from financing	(1,145)	(1,595)	(2,942)
Net change in cash and cash equivalents	(1,323)	247	2,628
Movement in net cash			
Cash and cash equivalents, beginning of period	4,713	2,085	2,085
(Decrease)/Increase in cash and cash equivalents	(1,323)	247	2,628
Cash and cash equivalents, end of period	3,390	2,332	4,713

Condensed notes to the accounts

1. General Information

Medica Group PLC ("the Company") is incorporated in England and Wales. The half-year results and condensed consolidated financial statements for the six months ended 30 June 2017 (the interim financial statements) comprise the results of the company and its subsidiaries (together referred to as the Group).

The Directors of Medica Group PLC have assessed the current financial position of the Group, along with future cash flow requirements to determine if the Group has the financial resources to continue as a going concern for a period of at least twelve months from the approval of the interim financial statements. As a result of this review the Directors of Medica Group PLC have concluded that it is appropriate that Medica Group PLC be considered a going concern. For this reason, they have adopted the going concern basis in preparing the financial statements. The financial statements do not include any adjustments that would result in the going concern basis of preparation being inappropriate.

A copy of the statutory accounts for the year ended 31 December 2016 has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The interim financial statements for the six months ended 30 June 2017 have been reviewed by Grant Thornton UK LLP but have not been audited.

2. Accounting policies

Basis of preparation

The interim financial statements of Medica Group plc are prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union and the disclosure requirements of the Listing Rules. The interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with the Annual Report and Financial Statements for the year ended 31 December 2016.

Significant accounting policies

The accounting policies applied by the Group in this condensed set of consolidated financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 December 2016. In additional the accounting policies used are consistent with those that the directors intend to use in the Annual Report and Financial Statements for the year ending 31 December 2017. Taxes on income in the interim period are accrued using the tax rate that would be applicable to the expected total annual earnings.

Adoption of new and revised standards

At the date of authorisation of these interim financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB and adopted by the EU but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

- IFRS 9 'Financial Instruments', effective 1 January 2018
- IFRS 15 'Revenue from contracts with customers', effective date 1 January 2018
- IFRS 16 'Leases', effective date 1 January 2019.

These standards are yet to be subject to a detailed review. IFRS 9 will impact both the measurement and disclosure of financial instruments and IFRS 15 may have a limited impact on revenue recognition and related disclosures. IFRS 16 will impact the measurement and disclosure of lease liabilities, and the liabilities shown on the Group's balance sheet.

Beyond this, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed. A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements.

3. Segment reporting

Management prepare and monitor financial information for the Group's three primary service lines (Routine Cross-Sectional, Routine Plain Film and NightHawk) on a regular basis. This financial information is reviewed and used by the chief operational decisions maker (considered to be the Chief Executive Officer) in managing the operating activities of the Group. IFRS 8 sets out certain thresholds in determining whether reportable operating segments exist, and all of the three primary service lines exceed these thresholds. However, IFRS 8 permits the aggregation of operating segments where these services lines are similar in nature, service delivery processes, types or classes of customers, and regulatory factors. Management consider it is most appropriate to aggregate the three service lines into one teleradiology operating segment due to the similarities in respect of these factors.

Medica Group PLC has identified only one geographic area, the UK. As a result of this and there being only one operating segment as described above, no analysis has been provided.

No customer accounted for more than 10% of the Group's revenues.

The Group identified four revenue streams, NightHawk, Routine Cross-Sectional, Routine Plain Film and other. The analysis of revenue by each stream is detailed below.

	Unaudited 6 Months ended 30 June 2017	Unaudited 6 Months ended 30 June 2016	Audited 12 Months ended 31 December 2016
NightHawk	7,683	6,477	13,536
Routine Cross-Sectional	5,830	4,730	10,508
Routine Plain Film	1,813	1,977	3,876
Other	397	251	602
	15,723	13,435	28,522

4. Exceptional items

	Unaudited 6 Months ended 30 June 2017	Unaudited 6 Months ended 30 June 2016	Audited 12 Months ended 31 December 2016
Costs incurred in respect of Initial public offering	1,503	-	757
Capitalised debt fees written off	582	-	-
	2,085	-	757

Exceptional items are items that are unusual because of their size and incidence and which the Directors consider should be separately disclosed to enable a full understanding of the Group's results.

The above costs were incurred in respect of the company's refinancing and listing on the stock exchange in March 2017. Although some of the costs are allowable for corporation tax purposes a large proportion of the costs are deemed capital in nature and therefore are not allowable for tax purposes. The costs of these exceptional items have been financed through the funds raised through the offering and therefore are not expected to have any negative impact upon the cash flow of the group.

5. Earnings per share

Both the basic and diluted profit per share have been calculated using the profit after tax attributable to shareholders of Medica Group PLC as the numerator. The calculation of the basic profit per share is based on the profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

	Unaudited 6 Months ended 30 June 2017 £000	Unaudited 6 Months ended 30 June 2016 £000	Audited 12 Months ended 31 December 2016 £000
Profit for the year attributable to ordinary shareholders	780	1,798	3,317
Exceptional items	1,503	-	757
Exceptional finance costs	582	-	-
Amortisation of acquired intangibles	435	435	870
Refinance costs	-	-	39
Share based payments	37	-	-
Adjusted profit for the period attributable to ordinary shareholders	3,337	2,233	4,983
Weighted average number of ordinary shares	106,200,125	100,000,002	100,000,002
Dilutive effect of share options	372,222	-	-
Weighted average number of ordinary shares including dilutive	106,572,347	100,000,002	100,000,002
Basic profit per ordinary share (pence)	0.73	1.80	3.32
Diluted profit per ordinary share (pence)	0.73	1.80	3.32
Adjusted basic profit per ordinary share (pence)	3.14	2.23	4.98
Adjusted diluted basic profit per ordinary share (pence)	3.13	2.23	4.98

On 15th March 2017 the subdivision of the 1,455,000 ordinary shares of £0.10 each was approved so that each ordinary share of £0.10 each was sub-divided into 50 ordinary shares of 0.2p and by way of a bonus issue the Company allotted 27,250,002 ordinary shares of 0.2p each at nominal value to its existing shareholders pro rata to their existing shareholdings. The weighted average number of ordinary shares after these transactions amounted to 100,000,002 and in accordance with IAS33 the earnings per share calculations have been retrospectively adjusted for the period ended 30 June 2016 and year ended 31 December 2016.

6. Reconciliation of Non-IFRS Financial KPIs

The Group uses a number of key performance indicators to monitor the performance of its business. This note reconciles these key performance indicators to individual lines in the financial statements.

Reconciliation of Adjusted Operating Profit	6 Months ended 30 June 2017 £	6 Months ended 30 June 2016 £	12 Months ended 31 December 2016 £
Operating profit	3,853	3,332	7,216
Adjustments for :			
Amortisation of acquired intangibles	435	435	870
Equity settled share based payments	37	-	-
Refinance costs	-	-	39
Adjusted Operating profit	4,325	3,767	8,125
Adjusted Operating profit margin	27.5%	28.0%	28.5%
Reconciliation of Adjusted Profit Before Tax			
Profit for the year	780	1,798	3,317
Adjustments for :			
Amortisation of acquired intangibles	435	435	870
Exceptional items	1,503	-	757
Exceptional finance costs	582	-	-
Share based payments	37	-	-
Refinance costs	-	-	39
Adjusted profit after tax	3,337	2,233	4,983
Income tax charge	510	474	971
Adjusted Profit before Tax	3,847	2,707	5,954
Reconciliation of Adjusted EBITDA cash conversion percentage			
Cash inflow from operating activities	870	2,584	6,787
Adjustments for :			
Tax paid	604	321	924
Exceptional items	1,503	-	757
	2,977	2,905	8,468
Adjusted EBITDA	4,873	4,319	9,229
Conversion rate	61%	67%	92%
Reconciliation of Net debt			
Cash and equivalents	3,390	2,332	4,713
Borrowings due within one year	-	(1,286)	(1,362)
Borrowings due after one year	(11,876)	(25,635)	(25,369)
Net Debt	(8,486)	(24,589)	(22,018)

7. Related party Transactions

On 21 March 2017 payment was made to CBPE Nominees Limited, the Group's ultimate controlling party immediately before admission to the London Stock exchange, in the sum of £6,945,897 to repay the loan notes in full. Interest charges of £178,000 have been recognised in the consolidated statement of comprehensive income.

Included in administrative costs are £21,000 (2016: £21,000) in respect of fees payable to CBPE Nominees Limited for the services of the Investor Director to the Group.

Statement of Directors' Responsibilities
The Directors confirm to the best of their knowledge that

(a) The interim condensed consolidated financial information has been prepared in accordance with IAS 34 as adopted by the European Union; and

(b) The Interim Report includes a fair view of the information as required by:

- DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first half of 2017 and their impact on the interim condensed consolidated financial information; and a description of the principal risks and uncertainties for the remaining second half of the year; and

- DTR4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first half of 2017 and any material changes in the related party transactions described in the last Annual Report.

The Directors of Medica Group PLC and their functions are listed below:

Roy Davis – Chairman
John Graham – Chief Executive
Stephen Davies – Medical Director
Tony Lee – Chief Financial Officer
Steve Whittern – Senior Non-Executive Director
Anand Jain – Non-Executive Director
Michael Bewick - Non-Executive Director

By order of the Board

Tony Lee
Chief Financial Officer
18 September 2017

Independent review report to the members of Medica Group plc

Introduction

We have reviewed the condensed set of financial statements in the half-yearly financial report of Medica Group plc for the six months ended 30 June 2017 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement and the related notes. We have read the other information contained in the half yearly financial report which comprises only the Chairman’s Statement and the Financial and Business Review and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company’s members, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an independent review 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 company and the company’s members as a body, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

GRANT THORNTON UK LLP
STATUTORY AUDITOR, CHARTERED ACCOUNTANTS

Crawley
18 September 2017