Global Health Partner

REPORT AND ACCOUNTS 2007

Content

GHP's selected clinical areas – Service Lines – offer good growth opportunities

- Established clinics performed to expectations
- Successful opening of Spine Center Gothenburg
- Service Lines further developed through the acquisitions of Stockholm's Specialistvård, Vita Bariatric Centre, Leif Swärd Ortopedi and Specialisttandvården in Norrköping
- Strong balance sheet reinforced – February 2007 – £12 million share placing
- Multiple awards of care contracts during 2007 and early 2008
- Opening of our first UK based dental clinic during early 2008

Having the key clinicians as shareholders aligns their interests and creates a shared objective with GHP

2006

April – June

- Global Health Partner PLC (GHP) incorporated
- GHP executive and non-executive directors appointed
- Swedish and UK Executive Management team recruited

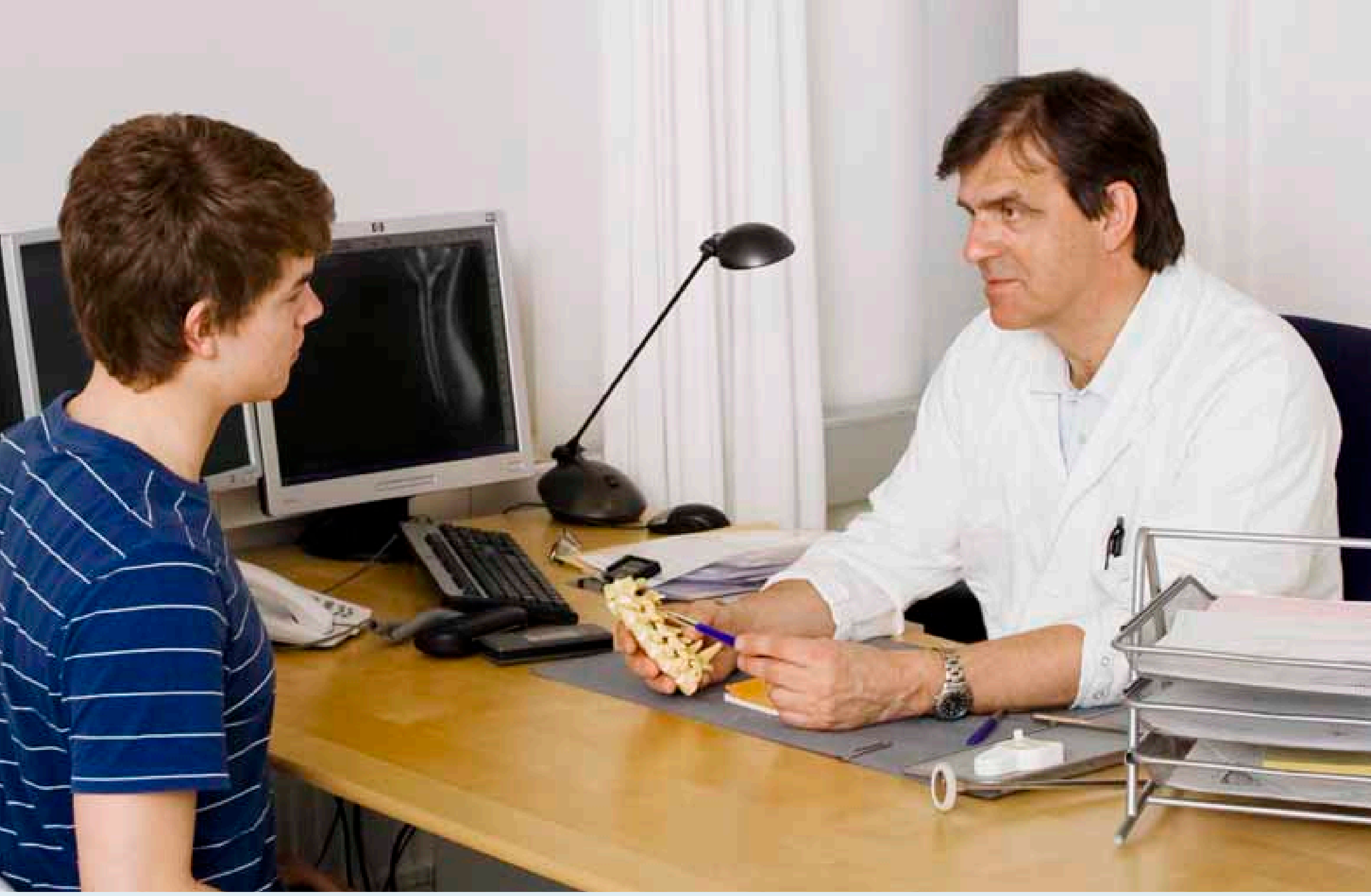
July – December

- Placement of shares raises £13.2 million
- GHP shares admitted to trading on AIM in London
- Acquisition of 90.1% of Stockholm Spine Center
- Acquisition of 51% of Nordic Dental Implants Clinic
- Acquisition of 100% of Gothenburg Medical Center
- Agreement established to develop a treatment protocol for Obesity with Sahlgrenska University Hospital

2007

January – March

- Acquisition of 88% of Stockholm's Specialistvård, a Stockholm based orthopaedic clinic located at Löwenströmska hospital
- Placement of shares raises £12 million
- Acquisition of 65% of Vita Bariatric Centre Stockholm, an obesity clinic located at Sophiahemmet, Stockholm



April – June

- Acquisition of Leif Swärd Ortopedi, IFK-kliniken, a sports medicine clinic located in Gothenburg, Sweden
- Start-up of Spine Center Gothenburg, operating from our existing Gothenburg orthopaedic clinic
- Establishment of joint venture agreements to develop Elutera, a new venture in the Swedish elderly care market

July – September

- GHP holds its first partner conference together with all GHP partners

October – December

- Acquisition of 1.1% in Priory, the leading independent provider of acute and secure mental health, neuro-rehabilitation and specialist education services
- Acquisition of the assets of Specialistkliniken för Implantat och Käkkirurgi i Norrköping, a supplier of highly specialised dental rehabilitation
- Acquisition of Sabbatskliniken, which holds a care contract under which Stockholm's Specialistvård operates
- Final preparation for the January 2008 opening of the Dental clinic in Leeds, UK

We are established in four clinical areas and our strategy is directed towards a significant growth opportunity in selected geographical markets

Global Health Partner (GHP) was founded 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-based private healthcare providers.

We are now established in four clinical areas, principally in Scandinavia:
- Spine
- Dental
- Orthopaedic
- Obesity

Alongside the successful £12 million capital raising, the major achievements during 2007 in our selected clinical areas have been:
- Acquisition of Stockholm's Specialistvård, an important sports medicine clinic in Stockholm.
- Acquisition of Vita Bariatric Centre Stockholm, a leading obesity treatment clinic in Stockholm.
- Acquisition of the IFK-kliniken, a reference clinic in sports medicine and orthopaedics in Gothenburg.
- Spine Center Gothenburg – our first organic start-up.
- Acquisition of dental implant clinic in Norrköping.
- Opening of a sports medicine day centre in Gothenburg.
- In January 2008, opening of a UK dental implant clinic in Leeds.

GHP's Strategy and Business Model
Our strategy is directed towards an area of significant opportunity in the European healthcare sector, namely specialised healthcare services (Service Lines). Both in Sweden and in a number of other countries, the private healthcare sector is expected to expand during the next few years, with the public sector also increasing its purchase of resources from the private sector to meet provision guarantees.

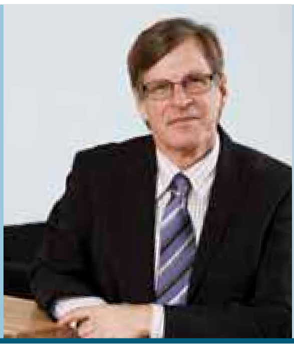
The selected clinical areas of spine surgery, dental implant surgery and specialist dentistry, orthopaedic surgery, and obesity treatments, among others, offer real growth opportunities and good margins which can all benefit from a standardised service model.

We have partnered with leading experts, mainly surgeons, in our chosen fields, offering them equity participation and support in the development of the clinics which they operate.

Having the key clinicians as shareholders aligns their interests and creates a shared objective with GHP within a tighter, integrated and lower-cost operational model. The model therefore promotes the efficiency of the relevant clinic and the development of the specialised clinical services. It also provides the clinicians with an individually controlled exit opportunity when value creation has occurred and succession is secured.

GHP, through its qualified staff, provides expertise and services in areas such as business development, management, finance, property, marketing and contracting. Our business model ensures financial and operational quality together with strong governance. To grow the business we also provide the necessary overall resources for expansion both organically and through acquisitions.

Quality through Specialisation
We have all seen the great quality differences that patients experience in present hospital systems; not only do we see too large a variation in medical outcomes, but worse, differences in the content of services offered. There are clear tendencies towards rationing of relevant treatments due to lack of resources, lack of competence or unclear political prioritisation. Patients are not informed consumers and have great difficulties in judging the quality and content of the treatments that they are provided with. Hospitals typically deliver



The main reason for a Service Line based business model is its focus on a single therapeutic area, or a well defined group of patients, where skill and scale economies come into force.

a wide range of specialities in a local geographical area. There are few quality controls or benchmarking activities that would otherwise secure the development of transparent patient information, quality enhancement and collective learning.

GHP has focused on the delivery of holistic services within well defined treatment areas to overcome these deficiencies. A highly specialised, multi-centre approach will generate new opportunities to enhance quality and efficiency, through securing collection of comparative output measurements and transfer of learning beyond individual clinic boundaries. This will also, over time, allow us to build quality brands that patients and payors should recognise and prefer over traditional hospital providers.

The main reason for a Service Line based business model is its focus on one therapeutic area, or a well defined group of patients, where skill and scale economies come into force. The complexity of health care delivery through the different phases of a medical condition, combined with the speed of innovation in which new treatment protocols, medical equipment and methods are developed, demands focus and concentration of the organisational skills.

Other benefits of the Service Line model include:

- More cost effective delivery model due to high volumes, experienced doctors and focused learning and knowledge sharing.
- Better work environment – more satisfied staff due to pride of service and medical quality and the "family" feeling of a smaller organisation.
- The possibility to attract larger volume of patients, through higher efficiency and better quality, will in of itself deliver brand-value, better training conditions and opportunities to grow.
- The exchange of best practice and benchmarking of outcome data between top clinics giving the opportunity for continuous improvement.

All in all, it has become clear that the market needs something in between the primary care level and the oversized general hospital that can take care of the growing number of patients that fall between the gaps. We have already, after 18 months, seen evidence of the benefits that the Service Line approach delivers to patients, to payors and to staff working in our clinics to motivate an aggressive launch of our business model, confident in its on-going and future success.

Market Conditions

We continue to regard the market conditions in our core target Swedish and Scandinavian markets to be fair, particularly given recent developments in Sweden which have brought a new, more free-market Government approach since 2006. Clearly this has created favourable business opportunities which GHP is well positioned to take advantage of. The drive to enforce the patient rights to get treatment on time, more choice and new outsourcing opportunities can only be helpful changes for our integrated business model. We comment on the key market factors within each Service Line later in this report but would highlight the extent of price pressure in the area of general orthopaedics, which has impacted our business in 2007. Developments in the UK during the year confirmed our belief expressed in last year's report that the UK has become a much tougher market, at least in the short-term, for new private initiatives in the specialist acute area. Self pay and insured markets are not growing as they used to, mainly due to shorter waiting times in the public system and a general belief that the NHS must be modernised and upgraded. As part of this the cut-back by the Department of Health on the scope of the second wave of Independent Sector Treatment Centres (ISTCs) saw the curtailment of our major UK project activities and the more limited focus of GHP's UK involvement to the start-up of dental implant clinics and potential roll-out of bariatric services. We have acted to reduce our UK project team accordingly.

Organisation and Business Performance

Our employees are crucial to the success of GHP and I would like to thank them for their enthusiasm, commitment and hard work. It is their skill and focus on quality that drives the business forward and enables us to meet our challenges.

On 25 January 2008, GHP announced that Urban Jansson 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 2007 as Non-Executive Director takes over the Chairman's responsibilities previously carried out by me, allowing me to focus my time in the role of Chief Executive. At this stage in GHP's development, the acquired businesses are very important to the current operational and financial performance. However, we are also very pleased with our start-up progress and believe that, alongside the organic growth of our existing clinics, this will be key in driving GHP's growth.

We continue to develop our skills in rolling-out clinics and expect that results from organic start-ups will significantly contribute to our revenues in 2008, irrespective of our level of achieved clinic acquisitions during the year.

In general, our business activity to date has been concentrated within the Swedish market to develop our chosen Service Lines. We will focus our activities on the wider Scandinavian market both through roll-outs and further add-on acquisitions within our selected Service Lines during 2008, before expanding more widely across Europe. Within the Service Lines we will focus our development activity in the areas of higher margin opportunity shown above where we believe the growth opportunity is also strongest. We have therefore strengthened our resources to develop the start-up opportunity in the Bariatric service line in particular.

Overall we are pleased at the development of the integrated business model achieved to date, and remain focused on delivering significant growth in 2008 and beyond.

Per Båtelson, Chief Executive

The Spine Service Line will continue to grow the number of clinics and to pursue new geographic markets

Spine

Introduction and Strategy
Spinal surgery is traditionally delivered in multi speciality centres, and it is our view that more effective treatment and clinical outcomes can best be achieved in specialised, high quality, patient-focused centres, where the full range of medical and surgical treatments can be provided under medical supervision.

This approach offers a major opportunity throughout Europe, and is supported by models of care based upon defined, benchmarked and measured clinical pathways, affording the potential for continuous assessment and evaluation of clinical performance.

In Sweden GHP estimates that approximately 7,000 to 8,000 spine surgical procedures are performed each year with an estimated total of 20,000 procedures in all the Nordic countries. Growth rates vary from 5% to10% for these relatively mature markets.

GHP operates three spine clinics, Stockholm Spine Center (SSC), acquired in August 2006, Spine Center Gothenburg (SCG), established by GHP in May 2007, and our associated clinic Vestnorsk Ortopedisk Sykehus (VOS) based in Norway.

The Spine Service Line will continue to grow the number of clinics in new geographic markets and to develop existing clinics up to an optimal size. We will also maintain high research and development efforts and stay at the forefront of new methodologies and changing market environments. During 2007, we have organised the work around finding new leading spine surgeons with entrepreneurial qualities to partner with. These efforts will accelerate further during 2008.

Business Review
In 2007 SSC was the largest private clinic in the Nordic market in terms of numbers of surgical procedures. SSC operates a holistic and relatively unique service in that it offers patient surgical procedure, rehabilitation, psychiatric support and physiotherapy under the same medical supervision. SSC has approximately 13 full-time physicians, with three fully equipped operating theatres, and provides elective, primarily degenerative, spine surgery and rehabilitation treatment. Its four principal diagnosis areas are spinal stenosis, disc hernia / slipped disc, spinal fusion and degenerative neck conditions. The rehabilitation division treated over 500 patients, and the treatment has received positive results in an independent survey.

SSC continues to perform satisfactorily, successfully prolonging its key contracts with Stockholm County Council after year-end. The contract with the Stockholm County Council accounts for approximately half of SSC's revenues and patients from other county councils and a growing privately paying patient group for the other half.

Björn Branth, partner and surgeon at Stockholm Spine Center:

"After having developed Stockholm Spine Center and participated together with GHP in two more clinics, I have experienced the advantage of working together with highly qualified staff. Beside my surgery work I also work part time with GHP to identify and communicate with professional spine surgeons and professionals in new interesting markets. The most challenging part for me now is to create new spine clinics."

Spine Center Gothenburg started in May 2007 and the number of surgical procedures performed during its first 6 months of operation exceeded our expectations. In March 2008 it was awarded a new 5 year care contract from the Västra Götaland Region, which services approximately 1.5 million inhabitants. SCG is expected to continue to expand during 2008.

Waiting times in Sweden on less complicated procedures (disc hernias and spinal stenosis) are not as long as for more complicated procedures. However, in the more complicated surgical treatment areas (fusions and disc prosthesis), where both Stockholm and Gothenburg Spine Centers are focussed, waiting times still exceed a year, which underpins the clinics' revenue potential in this highly specialised area.

Following a new share issue by VOS post year-end, in which GHP increased its ownership to 41.4%, we will integrate the Norwegian clinic into our Service Line model. VOS performed 250 procedures during 2007, but needs greater utilisation of the facilities to become profitable which is anticipated in the coming two years.

With approximately 1,600 spine procedures and 550 rehabilitation cases, our Spine Service Line is the largest provider within the area of Spine treatments in the Nordic market. The medical quality in all clinics achieves very high standards, which can be seen when comparing medical outcome data in the Swedish Spine Quality Register.

During 2007, along with our clinicians, we actively performed research and development in new disc prosthesis, spinal stenosis surgery and fusions, and cervical decompression. The high academic standard and ambition of our clinics is underlined through the appointment of Professor Claes Olerud in cooperation with Karolinska Institutet. The education and training of new surgeons in this highly specialised field is also performed at SSC in increased numbers.

GHP's business model aligns and engages the interests of leading clinicians

Dental

Introduction and Strategy

Dentistry is becoming a more complex and specialised field in health care, due to the development of new treatment methods such as implantology and bone and tissue reconstruction. In general, the market for dental implants looks set for expansion as there will be a move away from conventional bridges, driven by increased patient demand for more sophisticated solutions. The possibility that reimbursement systems in various European countries may change to cover this procedure may also give rise to international opportunities moving forward.

GHP operates highly specialised dental centres, with a wide range of specialist dentist care that can ensure a holistic approach to each patient providing the best possible care. The Dental Service Line is, for the time, being primarily focused on the Scandinavian and UK markets. Our strategy is to establish a chain of specialist clinics within Scandinavia which will exploit network benefits such as training, research and knowledge transfer under a common branding approach.

Scandinavia represents a mature market with a population with generally good dental health. However significant growth is still anticipated due to the increasing age of the population and trends towards health and beauty. The market for specialised dental care in Scandinavia is fragmented with large county clinics or single specialists running their own businesses.

The UK market is also fragmented with most dental care provided by many small general practices. GHP will establish in the UK referral based specialist clinics with a market focus on the surgical placement of dental implants and prosthodontics offering the highest quality combined with competitive prices.

GHP has convincing evidence that a trained specialist will provide better care and quality than a general practitioner who occasionally performs dental implants and/or specialised prosthodontics.

Business Review

The Service Line currently operates four specialist dental clinics. GHP acquired, in early September 2006, its 51 percent interest in NDIC, a dental implants business carried out in the Skånegatan clinic and the Specialisttandvården clinic at the Sophiahemmet hospital in Stockholm, Sweden. These clinics cover high quality oral and maximilofacial surgery, prosthodontic dentistry, and periodontology, focusing on placement and maintenance of dental implants. Surgeons at the clinics possess the skills to remove teeth and insert implants and abutments in one surgical intervention. The clinics have scientifically documented and published their methods which are able to deliver new implants in a shorter time period than most clinics.

Following a fire at the smaller of the two clinics, it has undergone a complete refurbishment that kept it out of operation for five months in 2007. A limited amount of patients were treated in temporary locations during the refurbishment period. The time to get the referral based business back to full utilisation rate was taking more time than expected and, together with the impact of changes to the reimbursement model delaying business into 2008, this has meant that 2007 has been a year with lower revenues and operating profits than was expected.

The clinic in Norrköping, based in the Vrinnevi Hospital, was acquired in October 2007 and is a full range specialist dental clinic strategically located at the county hospital. The clinic is of high strategic and operational importance to GHP and is expected to expand its operations during 2008.

In January 2008, GHP opened its first dental clinic in the UK, a new purpose built state of the art clinic located in central Leeds specialising in the surgical placement of dental implants. GHP plans to roll out several more UK based clinics, which will provide high quality services for dental implants as well as competitive prices in a market where significant growth is anticipated.

Roland Nilsson,
Partner at Nordic Dental Implant Clinic, Sophiahemmet

"To be part of GHP is a great opportunity for us to maintain first-class care and develop ourselves both nationally and internationally to ensure that we are seen as the primary choice within dental implants."

We take a holistic approach to the individual's obesity problems

Obesity – Vita Bariatric Clinics

Introduction and Strategy

Obesity has, in many parts of the world, reached epidemic proportions. According to the World Health Organisation (WHO), its prevalence has tripled over the last two decades and by 2010 the European WHO region will have an estimated 150 million obese adults and 15 million obese children and adolescents. Obese patients suffer from a spectrum of co-morbidities, including cancer, cardiovascular diseases, sleep apnea and diabetes. WHO estimates that obesity is already responsible for 2% to 8% of health costs and contributes to 10% to 13% of all deaths in the European region.

Bariatrics is the branch of medicine that specialises in the treatment and prevention of obesity. In this area, which traditionally has suffered from a lack of good evidence-based treatment methods, well-documented evidence has now evolved for the beneficial effects of bariatric surgery. These procedures have proven not only to achieve long term weight loss, but also very good effects on most co-morbidities. Bariatric surgery has shown to drastically improve quality of life and, most importantly, achieve an approximate 29% reduction in mortality over 15 years.

Increased awareness of these effects among both patients and payors has led to increased demand in many countries. Market growth at 30% per annum is therefore not uncommon. However, restrained by capacity and experience limitations within the traditional hospital systems. For example, it is anticipated that the underlying need for Bariatric surgery in the Swedish market could amount to approximately 10,000 operations per annum during the coming years based on a population of 9 million and 10% obese population. The Gold Standard procedure, laparoscopic gastric bypass, is considered as the most advanced laparoscopic procedure performed today and high volume centres are needed to secure the quality of the service.

The Obesity Service Line, Vita Bariatric Clinics, is setting up highly specialised high volume bariatric clinics offering all relevant obesity treatment modalities, with a focus on bariatric surgery. Our clinics also offer body contouring surgery after massive weight loss.

Vita Bariatric Clinics take a holistic approach to the individual's obesity problems and provide all relevant treatment modalities under one roof. With a structured approach to obesity treatment in high volume centres, our staff will be able to offer obese individuals, public procurers and insurance companies a first class service. We call it quality through specialisation. For public systems, our value proposition is strengthened by our ability to collaborate with local university hospitals on training and research.

Göran Lundegårdh, Partner and CEO of Vitaklinikerna Sophiahemmet, Stockholm

"I think it is very exciting to build a network of highly specialised obesity clinics and I am convinced that GHP with its experienced management team has every possibilitiy to succeed."

Business Review

During 2007, we acquired the largest private bariatric clinic in Sweden located at Sophiahemmet in Stockholm. We believe the local competition will increase over the coming years, which emphasises the need for the clinic to secure its position in the market place. The medium term plan is to significantly expand its capacity at Sophiahemmet.

This new clinic has been important in finalising our Obesity Management System, a treatment manual and IT-support system developed in collaboration with Sahlgrenska University Hospital, and is key in securing our place in the local as well as global market.

GHP has identified a number of markets with an unsatisfied demand, an ability to pay and with deficiencies or under capacity in existing provision, and are prepared to enter these markets during 2008 and 2009. Preparation for this has been one of our focus areas during 2007. When entering new markets, building a platform of clinics in our home markets, Scandinavia and the UK, will be a priority.

In most countries bariatric surgery is a relatively new concept with no existing dedicated clinics, no market leaders and no brands. With a world class service, we believe that there is currently a window of opportunity to develop a world leading market position.

Professor Lars Sjöström, medical advisor to Vita Bariatric Clinics

"Given the modern life style forced upon us, obesity is one of the larger health threats for mankind. Bariatric surgery is the only treatment for severe obesity with proven 10 year effects on weight reduction, diabetes and mortality. In addition, health related quality of life is markedly improved. All efforts to increase the capacity of the severely undersized obesity surgery are extremely important and GHP's work in the field is very valuable."

It has been imperative to establish significant surgical operating capability and well-equipped facilities in what GHP believes to be the two main Swedish regional markets

Orthopaedic

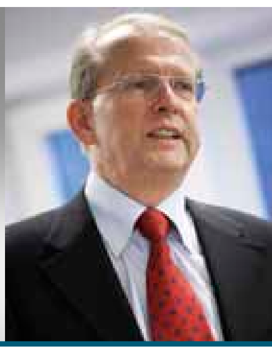
Introduction and Strategy
Orthopaedic surgery is traditionally delivered throughout Europe in multi specialty centres or general hospitals, which offer a wide range of specialties. It is GHP's view that more effective treatment can be provided in specialised, high quality, holistic centres, where the complete range of orthopaedic procedures can be provided alongside superior diagnostics and comprehensive post operative therapies. This service provision is also underpinned by models of care based upon defined, benchmarked and measured clinical pathways, giving opportunities for continuous clinical assessment and development.

Traumatology sports medicine is a sub-speciality area within our Orthopaedic Service Line and is mainly concentrated on treatment of joints, soft tissue problems and injuries related to sport. Arthroscopy is used both for treatment of injuries and for diagnostic purposes. Traumatology sports medicine attracts not only patients with sport related injuries, but also other patients with disabling disorders from the musculoskeletal system. There is a growing private market for traumatology sport medicine services in Scandinavia. The demand is mainly driven by the growing numbers of privately insured and self pay patients.

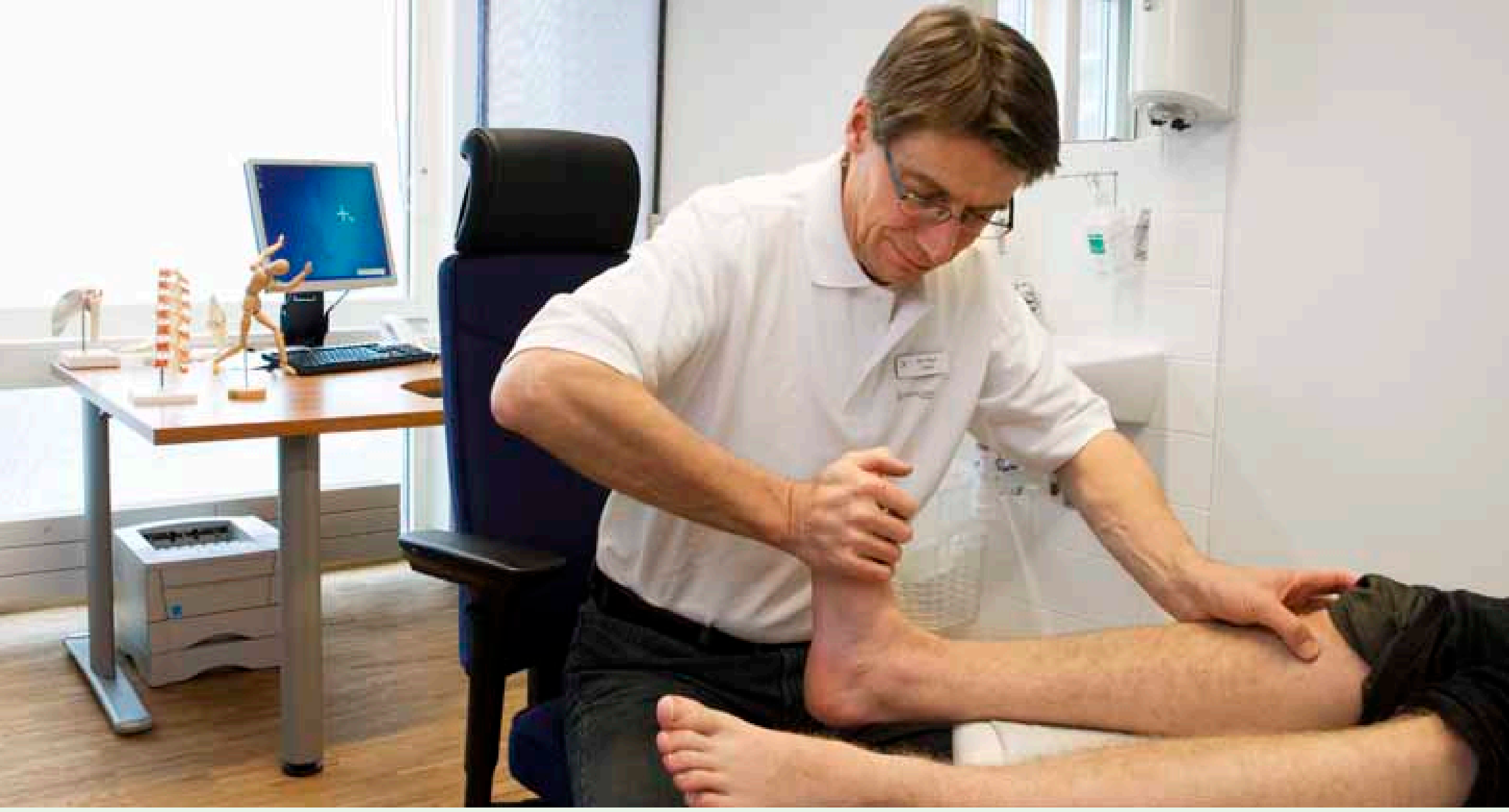
Total volumes today in Sweden approximate 19,000 hip replacements and 11,600 knee replacements per annum. The trend is an increase of 5% per annum for hip replacements and 10% for knees. Private sector providers have a 5% market share and there is strong competition in the marketplace for the most common procedures. There is continuous price pressure in the market from the public sector and the established private providers. As a result the non-specialist areas of orthopaedic surgery are relatively low margin in the absence of high volumes and an efficient process.

Business Review
Gothenburg Medical Center (GMC) was acquired in September 2006 and operated a sports medicine clinic with 3 operating theatres. These facilities were acquired with the expectation that a major overhaul programme would be undertaken at the outset to improve the clinic's operating procedures. During 2007 GHP has changed its business to primarily focus on major operations and also to develop spine surgery within this facility.

Stockholm's Specialistvård (SSV) was acquired in January 2007. SSV is an orthopaedic surgery clinic with two operating theatres and is situated in the same premises as Stockholm Spine Center at Löwenströmska Hospital. The acquisition provides an outstanding opportunity for GHP to expand its operating capacity in specialist orthopaedic surgery in the Stockholm market. SSV has a new and innovative co-operation with Karolinska University Hospital in Stockholm, both as subcontractor and for research and education.
The IFK clinic (IFK-kliniken), located in Gothenburg,



Leif Swärd, Partner and surgeon of OrthoCenter IFK-kliniken, at the opening ceremony of the new clinic in Gothenburg.



was acquired in April 2007. IFK-kliniken is the leading orthopaedic surgery and traumatology sports medicine clinic in western Sweden, and it possesses a strong reputation for clinical excellence. It operates both on contracts from the public and the private sector. The IFK and GMC clinics have now merged to form a joint clinic, OrthoCenter IFK-kliniken. The merged clinic operates in two facilities, the existing GMC clinic for in patient prosthesis surgery and the new Annedal clinic for outpatient visits and day surgery. The reorganisation and merger have affected the operating profit margins during 2007. Moving forward the business will focus on the specialised areas within orthopaedic surgery, such as sports medicine.

It has been imperative to establish significant surgical operating capability and well-equipped facilities in what GHP believes to be the two main Swedish markets, Stockholm and Gothenburg, during our first eighteen months.

In January 2008 both clinics won the tender process for prosthetic surgery in Värmland in competition with incumbent private hospitals.

GHP is currently in discussions with public hospitals in Sweden with regard to their existing orthopaedic services, and we anticipate good opportunities to grow in the orthopaedic business in this area.

Lars Regnér, Partner at OrthoCenter IFK-klinken, says:
"Global Health Partner provides me with the opportunity to develop my skills. The enthusiasm and pioneering spirit in the company is very inspiring."

Ingemar Gladh, Partner and CEO of SSV, continues:
"I chose GHP to keep the advantages of a relatively small and flexible organisation but to be part of a bigger organisation with economic and organisational muscle. The service lines in GHP also give us the possibility to exchange experiences with other partners to keep our high standards. All this together with the possibility to work with people with a well-known name and respect in the health care business."

GHP Investments

Our principal focus remains in the development of specialist services in the area of acute care. However, where we see the potential to deliver further returns to our investors in sectors where the management team have specific experience and expertise, without over-committing management resources, we are prepared to act on a structured basis to avoid dilution of both management resources and GHP capital.

During 2007, our entry into the Swedish Elderly Care market, via Elutera, on the basis of a carefully structured venture capital approach and a limited minority investment in Europe's leading psychiatric care brand Priory Healthcare Group are two instances where our management expertise can enable us to achieve a market entry and to explore synergies and further business opportunities in these related healthcare areas.

GHP will focus on value based competitive strength under the banner "Quality Through Specialisation"

Spine

GHP operates three Spine clinics;

- Stockholm Spine Center
- Spine Center Gothenburg
- Vestnorsk Ortopedisk Sykehus, Bergen

- GHP believes that more effective treatment and clinical outcomes can best be achieved in specialised, high quality, patient-focused centres.

- GHP already possesses a leading position in Sweden with a market share of over 20% in spine surgery.

- GHP has well-established relations with university hospitals for research and development and training purposes.

- GHP will continue to increase the number of clinics and enter new geographic markets, and continue to partner with leading spine surgeons with entrepreneurial qualities.

Dental

GHP operates four Dental clinics;

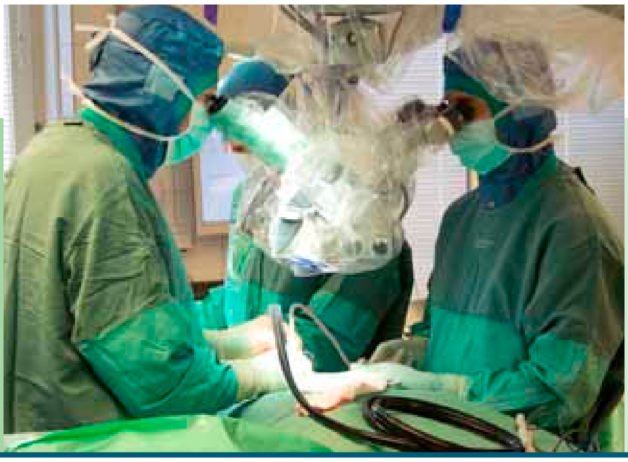
- Specialisttandvården, Sophiahemmet, Stockholm
- Specialisttandvården Skånegatan, Stockholm
- Specialistkliniken För Implantat och Käkkirurgi, Vrinnevi Hospital, Norrköping
- Concord Clinic, Leeds, UK

- GHP operates highly specialised dental centres with a wide range of specialist dental care.

- GHP has convincing evidence that a trained specialist will provide better care and quality than a general practitioner.

- GHP will continue to build on the successful business model implemented to date in both Sweden and the UK.

- GHP will invest in new outcome measurement systems to deliver quality in the dental sector.



Obesity – Vita Bariatric Clinics

GHP operates one Obesity clinic;

- Vitaklinikerna Sophiahemmet, Stockholm

- GHP is setting up highly specialised high volume centres, with a focus on bariatric surgery, in particular the laparoscopic gastric bypass procedure.

- GHP takes a holistic approach to the individual obesity treatments and provides all relevant treatment modalities under one roof.

- GHP has developed the Obesity Management System to be used by our future clinics to secure quality, productivity and patient satisfaction.

- GHP has done extensive market research to prepare an international launch of the Vita Bariatric Clinics during 2008 and 2009.

Orthopaedic

GHP operates two Orthopaedic clinics;

- Orthocenter Göteborg (IFK-kliniken)
- Stockholm's Specialistvård

- GHP focuses on specialist, high quality, comprehensive centres where our specialists have control over the entire process.

- GHP will meet the growing demand for treatment of sports related injuries and problems in specialised clinics with leading experts in the field.

- GHP will offer high volume centres for prostetic surgery.

Key Events during the Year

- On 12 January 2007, GHP 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, GHP issued 314,439 ordinary shares at 71.24 pence each to certain senior managers in the Gothenburg Medical Center business.
- On 15 February 2007, GHP acquired 65 percent of Vita Bariatric Centre Stockholm Holding AB, with its wholly-owned subsidiary Vita Bariatric Centre Stockholm AB, a private obesity clinic located in Stockholm, Sweden. The acquisition was financed by the issue of 328,829 ordinary shares at 130 pence each.
- On 20 February 2007, GHP 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, GHP acquired the entire issued share capital of Leif Swärd 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 issue 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, GHP established Spine Center Gothenburg, a sister clinic to Stockholm Spine Center.
- On 20 June 2007, GHP announced the provision of up to 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, GHP acquired 1.1 percent interest in Priory Investments Holdings Limited for a cash consideration of approximately £1.5 million. Priory is the leading independent provider of acute and secure mental health, neuro-rehabilitation and specialist education services.
- On 31 October 2007, GHP acquired the assets of Specialistkliniken för Implantat och Käkkirurgi ("SFIK"). Nordic Dental Holding AB (NDH), a 51 percent owned subsidiary of GHP, has 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 SFIK 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, in connection with the acquisition of 100 percent of the share capital of Sabbatskliniken AB, GHP issued 89,000 ordinary shares to the company's owner at 117.5 pence per share. The company contains a care contract under which Stockholm's Specialistvård AB the specialist orthopaedic clinic acquired by GHP in January 2007, currently operates.
- In January 2008, GHP 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.

The Group's financial statements consolidate those of the Company and all of its subsidiaries and equity account for the Group's interest in its associates.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, including interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), and the provisions of the UK Companies Act 1985 applicable to companies reporting under IFRS.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements 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.

The Company has elected to prepare its parent company financial statements in accordance with UK GAAP which are presented separately from the Group financial statements.

Performance Review

GHP's first full year of operations in 2007 has, in many ways, had the character of a start-up period with only 4 to 5 months of operations in the previous 2006 year and with a number of significant acquisitions made throughout the year. In respect of the Group as a whole, the financial key performance indicators are (for the year):

	2007	2006
Revenue from operations	**£20.5 m**	£5.7 m
Operating loss	**£(1.2) m**	£(0.3) m
Operating profit before central costs	**£1.8 m**	£1.0 m
Operating profit before central costs as a percentage of revenues	**9%**	18%
Loss before taxation	**£(1.2) m**	£(0.7) m
Borrowings as % 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. GHP estimates that approximately two-thirds of the central costs are incurred to develop new business within the chosen Service Lines as well as to analyse and pursue other healthcare opportunities for future possible investments.

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 associated companies of £(0.2) million this resulted in an overall loss before taxation of £(1.2) million. Loss per share was 2.2 pence (2006: 4.6 pence).

At 31 December 2007, the Group had consolidated total assets of £55.6 million (2006; £40.3 million), net current assets of £18.3 million (2006: £11.0 million) and net assets of £36.5 million (2006: £22.8 million), including £28.0 million of goodwill (2006: £22.6 million) derived from the Group's acquisitions of its specialised healthcare service operations. During the year, the Group has strengthened its balance sheet and retained at year end significant cash resources of £18.0 million. External acquisition finance borrowings, were £14.3 million (2006: £13.9 million), including £2.3 million (2006: £2.1 million) of convertible debt. On a consolidated level, GHP has 26% borrowings in relation to its total assets. The borrowings are mainly stand alone acquisition debt established against the cash flows of the acquired businesses. The debt financing of the individual acquisitions ranges between approximately 10% and 45% of the total assets of the acquired businesses, depending on our assessment of risk and expected cash flow generation.

Within the clinics and service lines our financial key performance indicators are based on (i) a measurement of procedures undertaken; (ii) revenues generated from such procedures; and (iii) contribution as a percentage of revenues. Analysis and benchmark of clinical and service lines results are made at least monthly to enhance performance and results.

Service Line – Spine

Total segment revenues for the year were £9.8 million with operating profits of £1.2 million. Stockholm Spine Center increased its revenues during 2007 by some 2 percent on an annualised basis and continues to deliver strong operating profit margins. During its first 6 months of operations Spine Center Gothenburg performed close to 250 surgeries and contributed a 12% operating profit margin during this period including start-up costs.

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, the clinic is now positioned to improve its financial performance during 2009 and 2010.

Service Line – Dental

Total segment revenues for the year were £2.5 million with operating profits of £0.5 million. Nordic Dental Implants Clinics (NDIC), with its two Stockholm based clinics suffered during 2007 from the fire in the smaller of the two clinics. The complete refurbishment kept the clinic partly out of business for 5 months resulting in weaker referral streams and lower income. However, NDIC managed to hold its strong operating profit margins.

The consolidated Service Line margin has been reduced by the start-up costs for the establishment of the clinic in Leeds as well as the acquisition of the assets of the Norrköping clinic. Both clinics are, however, expected to contribute with positive operating profit margins during 2008.

Service Line – Orthopaedic

Total segment revenues for the year were £6.9 million with an operating loss of £(0.1) million. Our orthopaedic clinics have performed in line with expectations regarding its revenues but with operating profit margins suffering from price pressure and internal reorganisations. Our combined Gotheburg clinics, GMC and IFK-kliniken, now Orthocenter IFK-kliniken, has with the support of GHP, demonstrated a turnaround in the second half of the year and is now well placed for 2008.

Service Line – Obesity

Total segment revenues for the year were £1.2 million with operating profits of £0.2 million. GHP's clinic performed in line with expectations with good operating profit margins. The consolidated service line performance on an operating profit level has been impacted by the extensive development work that is taking place, for example for the development of care manuals, and IT support systems.

The Directors present their report and the financial statements to the members of Global Health Partner PLC for the year ended 31 December 2007 (comparative period – from 1 April 2006 to 31 December 2006).

Principal activities

Global Health Partner PLC (principally an investment holding company) was incorporated in the United Kingdom (England and Wales) in June 2006 and formed for the purpose of developing and promoting specialised healthcare services. In August 2006, the company merged with Bombshell Limited. Further details are set out in notes 1 and 2 to the consolidated financial statements.

Review of business and future developments

The group has established a specialised, integrated healthcare services business model in the following clinical areas:
- spine;
- dental;
- orthopaedic; and
- obesity.

Further details are set out in the Chief Executive's Review, the Service Line and Business Performance Review and the Financial Review, to which reference should be made.

Results and dividends

The consolidated net loss for the period amounted to £945,000 (2006 – £982,000) which has been transferred from reserves. No interim dividends were paid and the Directors do not propose a final dividend (2006 – nil).

The Directors anticipate that, for the foreseeable future, the company will not pay dividends but will preserve any surplus cash for business development purposes. This policy will be reviewed at least on an annual basis.

Movements in share capital

During the year, the company increased its issued share capital from £20,851,112 to £27,217,246 through the issuance of 12,732,268 ordinary shares of 50 pence each as follows:

(i) on 7 February 2007, 314,439 ordinary shares at 71.24 pence each were issued to certain senior managers in the Gothenburg Medical Center business;
(ii) on 15 February 2007, 328,829 ordinary shares at 130 pence each were issued in connection with the acquisition of Vita Bariatric Centre Stockholm Holding AB;
(iii) on 20 February 2007, a placing of 12,000,000 ordinary shares was completed at an issue price of £1 each, raising approximately £12 million after expenses. The net proceeds of the placing will be utilised as additional working capital to fund the growth of the group both organically and by acquisition; and
(iv) on 29 November 2007, 89,000 ordinary shares at 117.5 pence each were issued in connection with the acquisition of Sabbatskliniken AB.

Further details are set out in notes 24 and 27 to the consolidated financial statements.

At the extraordinary general meeting of the company held on 8 August 2007, the proposed capital reorganisation of the company as detailed in the circular to shareholders dated 29 June 2007 proposing the consolidation of every 200 ordinary shares of 50 pence each into 1 ordinary share of £100 and subsequent subdivision into 200 ordinary shares of 50 pence each was approved by ordinary resolution. The capital reorganisation enabled the company to reduce its shareholder base from approximately 1,700 shareholders to approximately 220 shareholders, easing the administrative burden on the company and reducing the associated costs considerably whilst at the same time enabling smaller shareholders to sell their shares without dealing expenses. For shareholders receiving cash payments in respect of their holdings or part-holdings the price per share was 127.5 pence equal to the closing middle market price of 8 August 2007 on AIM (as derived from the Official List of the UK Listing Authority). The cash payment to shareholders was funded by the aggregation and placing for cash by the company's broker of the fractions of ordinary shares that resulted from the share consolidation.

Substantial shareholdings

On 7 April 2008, the latest practicable date prior to issuing this report, the following shareholdings (excluding Directors) in excess of 3 percent have been notified to the company.

Ordinary shares of 50 pence each	Number	%
Hosar International Limited*	9,733,400	17.88
Metroland BVBA	9,253,400	17.00
Investor Growth Capital Europe **	8,500,000	15.62
EFG Bank	4,723,204	8.67
Irish Life International	2,667,400	4.90

* a company controlled by Lord Ashcroft, KCMG

** a company in which Dr Joachim Werr is a director

Directors and their interests

The Directors of the company, who served during the period, are as follows:

Executive Directors
Per Gunnar Båtelson (Chief Executive)
Johan Fredrick Schering Ian Wachtmeister (Deputy Chief Executive and Chief Operating Officer)
James Fitzgerald Thornton (Corporate Finance Director)

Non-Executive Directors
Fritz Martin Urban Jansson (Chairman – appointed as a director on 20 September 2007)
Dr Frank Joachim Werr (appointed as a director on 25 January 2008)
Andrew Stephen Wilson
David Bruce Hammond (resigned as a director on 7 August 2007)

The interests of the Directors in the ordinary shares of the company are as follows:

Ordinary shares of 50 pence each	At 1January 2007*	Capital re-organisation	Acquired through purchase	**At 31 December 2007****
Per Båtelson	3,381,668	(68)	–	**3,381,600**
Johan Wachtmeister	3,351,667	(10)	–	**3,351,657**
James Thornton	150,000	–	75,000	**225,000**
Urban Jansson*	100,000	–	–	**100,000**
Joachim Werr**	–	–	–	**–**
Andrew Wilson	32,110	(110)	–	**32,000**

* as at date of appointment after 1 January 2007

** as at date of appointment after 31 December 2007

Mr Båtelson and Mr Wachtmeister each has an option to purchase 991,667 ordinary shares from certain other (non-director) shareholders of the company at any time during the period to August 2009 at an exercise price of 70 pence per share.

Mr Jansson has an option to purchase 100,000 ordinary shares from certain other (non director) shareholders of the company at any time during the period to 31 August 2010 at an exercise price of 180 pence per share.

On 7 April 2008, the latest practicable date prior to using this report, there have been no changes to the interests of the Directors.

Corporate governance
As a company whose ordinary shares are admitted to trading on AIM (ticker symbol GHP), a market operated by the London Stock Exchange plc, the company is subject to the continuing requirements of the AIM rules, but is not subject to and does not comply with the UK Combined Code on Corporate Governance issued in June 2006.

Employee involvement
The Directors recognise the importance of employee involvement established by good communications and working relationships. The decentralised nature of the group's activities necessitates that the practical application of this policy is the responsibility of local management in a manner appropriate to their circumstances, but is regularly reviewed by group management.

Employment policies
It is group policy to afford equal opportunities to all employees and job applicants. No employee or job applicant is less favourably treated than another on the grounds of their sex, sexual orientation, age, marital status, religion, race, nationality, ethnic or national origin, colour or disability, and all appointments and promotions are determined solely by merit.

It is also group policy to encourage and assist in the employment, training, re-training and career development of disabled persons, where possible, having regard to their suitability for a particular vacancy and the nature of the group's activities. In the event that employees become disabled during employment the group will, where possible, continue their employment and arrange appropriate training.

Creditor payment policy
Given the nature of the group's operations, there is no standard code for the group in respect of payments to suppliers. Operations are responsible for agreeing terms and conditions for their business transactions when orders for goods and services are placed, ensuring that suppliers are aware of the terms of payment and including the relevant terms in contracts where appropriate. These arrangements are adhered to provided that suppliers meet their contractual commitments.

The group's average creditor payment period at 31 December 2007 was approximately 30 days. The company has no trade creditors.

Charitable and political contributions
The group made no charitable contributions or political donations during the year (2006 – nil).

Disclosure of information to auditors
Each of the Directors confirm that, to the best of their knowledge and belief, (a) there is no relevant audit information of which the company's auditors are unaware; and (b) they have taken all steps that might reasonably be expected to have taken in order to make themselves aware of relevant audit information and to establish that the company's auditors are aware of that information.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements
The Directors are responsible for preparing the Annual Report and the consolidated and the parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The consolidated and parent company financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the consolidated financial statements comply with IFRSs as adopted by the European Union, and with regard to the parent company financial statements that applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the consolidated and parent company financial statements on the going concern basis unless it is inappropriate to presume that the group or the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for the maintenance and integrity of the company's website: www.globalhealthpartner.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the group financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation and the parent company financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

James Fitzgerald Thornton
Secretary
7 Cowley Street
London SW1P 3NB

11 April 2008

We have audited the consolidated financial statements of Global Health Partner PLC for the year ended 31 December 2007 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in shareholders' equity, the consolidated cash flow statement and the related notes. These consolidated financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Global Health Partner PLC for the year ended 31 December 2007.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of directors' responsibilities in respect of the Annual Report and the financial statements.

Our responsibility is to audit the consolidated financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the consolidated financial statements give a true and fair view and whether the consolidated financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the consolidated financial statements.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited consolidated financial statements. The other information comprises only the Directors' Report, the Chief Executive's Review, the Service Line and Business Performance Review and the Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the consolidated financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements.

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2007 and of its loss and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the consolidated financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

11 April 2008

Consolidated Income Statements for the year ended 31 December 2007

	Notes	2007 £000	2006* £000
Revenue and other operating income			
Revenue	4	**20,458**	5,718
Other operating income	5	**952**	305
		21,410	6,023
Operating expenses			
Materials and consumables		**(5,588)**	(1,735)
Other operating expenses	6	**(5,861)**	(1,817)
Employee benefit expenses	7	**(10,291)**	(2,471)
Depreciation and amortisation		**(918)**	(254)
		(22,658)	(6,277)
Operating loss	4	**(1,248)**	(254)
Financial income	9	**1,012**	221
Financial expenses	9	**(745)**	(236)
Financial income (expenses) – net		**267**	(15)
Foreign exchange gain (loss)		**15**	(423)
Share of net loss of associates	14	**(198)**	(13)
		84	(451)
(Loss) before taxation		**(1,164)**	(705)
Taxation	10	**219**	(277)
Net (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	11		
Basic and diluted (pence)		**(2.2)p**	(4.6)p

See accompanying notes which form an integral part of these consolidated financial statements.

* The 2006 data is for the period 1 April 2006 to 31 December 2006 (notes 1 and 2).

	Notes	2007 £000	2006 £000
Assets			
Non-current assets			
Goodwill	12	**27,953**	22,627
Intangible assets	12	**7**	407
Property, plant and equipment	13	**2,483**	1,040
Investment in associates	14	**231**	27
Available-for-sale financial assets	15	**1,500**	–
Other non-current assets	16	**444**	295
Total non-current assets		**32,618**	24,396
Current assets			
Trade and other receivables	17	**5,049**	3,034
Financial assets	18	**–**	238
Cash and cash equivalents	19	**17,973**	12,614
Total current assets		**23,022**	15,886
Total assets		**55,640**	40,282
Liabilities			
Current liabilities			
Short-term borrowings	20	**1,321**	1,877
Trade and other payables	21	**3,423**	3,031
Total current liabilities		**4,744**	4,908
Non-current liabilities			
Long-term borrowings	20	**12,984**	12,028
Deferred taxation	22	**303**	515
Other non-current liabilities	23	**1,146**	–
Total non-current liabilities		**14,433**	12,543
Total liabilities		**19,177**	17,451
Net assets		**36,463**	22,831
Shareholders' equity			
Called up share capital	24	**27,217**	20,851
Reserves		**7,831**	1,672
Total shareholders' equity		**35,048**	22,523
Minority interests in equity		**1,415**	308
Total equity		**36,463**	22,831

See accompanying notes which form an integral part of these consolidated financial statements.

The consolidated financial statements set out on pages 24 to 58 were approved by the Board of Directors on 11 April 2008 and were signed on its behalf by:

Per Båtelson – Chief Executive

Consolidated Statements of Changes in Shareholders' Equity for the year ended 31 December 2007

	Called up share capital £'000	Share premium account £'000	Con-vertible bond £'000	Retained earnings (deficit) £'000	Currency trans-lation reserve £'000	Total share-holders' equity £'000	Minority interests in equity £'000	Total equity £'000
At 1 April 2006	3,217	–	–	289	–	3,506	–	3,506
Net (loss) for the period	–	–	–	(1,092)	–	(1,092)	110	(982)
Currency translation differences	–	–	–	–	96	96	–	96
Total recognised income and expense	–	–	–	(1,092)	96	(996)	110	(886)
Issue of ordinary shares (note 24)	17,634	2,485	–	–	–	20,119	–	20,119
Expenses of share issues	–	(419)	–	–	–	(419)	–	(419)
Convertible bond (note 20) - equity component	–	–	313	–	–	313	–	313
Minority interests arising on business combinations	–	–	–	–	–	–	198	198
At 31 December 2006	20,851	2,066	313	(803)	96	22,523	308	22,831
Net (loss) for the period	–	–	–	(1,136)	–	(1,136)	191	(945)
Currency translation differences	–	–	–	–	963	963	34	997
Total recognised income and expense	–	–	–	(1,136)	963	(173)	225	52
Issue of ordinary shares (note 24)	6,366	6,390	–	–	–	12,756	–	12,756
Expenses of share issues	–	(58)	–	–	–	(58)	–	(58)
Minority interests arising on business combinations	–	–	–	–	–	–	882	882
At 31 December 2007	**27,217**	**8,398**	**313**	**(1,939)**	**1,059**	**35,048**	**1,415**	**36,463**

See accompanying notes which form an integral part of these consolidated financial statements.

	Notes	2007 £000	2006* £000
Cash flows from operating activities			
(Loss) before taxation		**(1,164)**	(705)
Financial (income) expenses – net		**(267)**	15
Foreign exchange (gain) loss		**(15)**	423
Share of net loss of associates		**198**	13
		(1,248)	(254)
Adjustments for:			
Depreciation and amortisation		**918**	254
Loss on disposal of property, plant and equipment		**28**	–
Interest received		**1,009**	233
Interest paid		**(493)**	(140)
Tax paid		**(861)**	(343)
Cash flow (used in) operations before changes in working capital		**(647)**	(250)
Changes in working capital:			
Current assets		**206**	(1,749)
Current liabilities		**(867)**	945
		(661)	(804)
Net cash flow (used in) operating activities		**(1,308)**	(1,054)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,559)**	(92)
Disposal of property, plant and equipment		**42**	–
Acquisition of subsidiaries, net of cash acquired	27	**(1,095)**	(3,259)
Acquisition of associates		**(380)**	–
Investment in available-for-sale financial assets		**(1,500)**	–
Disposal of financial assets		**262**	–
Other – net		**(141)**	(137)
Net cash flow (used in) investing activities		**(4,371)**	(3,488)
Cash flows from financing activities			
Drawdown of borrowings		**285**	1,158
Repayment of borrowings		**(1,532)**	(744)
Issue of ordinary shares (net of expenses)		**12,165**	13,180
Net cash flow generated from financing activities		**10,918**	13,594
Net increase in cash and cash equivalents		**5,239**	9,052
Effect of exchange rate changes		**120**	48
Cash and cash equivalents at the beginning of the period		**12,614**	3,514
Cash and cash equivalents at the end of the period	19	**17,973**	12,614

See accompanying notes which form an integral part of these consolidated financial statements.

* The 2006 data is for the period 1 April 2006 to 31 December 2006 (notes 1 and 2).

1. General information

Global Health Partner PLC (the "Company") was incorporated in the United Kingdom (England and Wales) in June 2006. The Company and all of its subsidiaries are together referred to herein as the "Group". The Company is domiciled in the United Kingdom and its registered office is: 7 Cowley Street, London SW1P 3NB.

Period ended 31 December 2006

- In August 2006, the Company merged with Bombshell Limited ("Bombshell"). Bombshell was incorporated in Belize in September 2004, and its shares were traded on AIM, a market operated by the London Stock Exchange PLC ("AIM"). Bombshell's sole asset was a dollar denominated cash deposit.
- In August 2006, the Company raised funding of approximately £13.2 million after expenses in a placing of 23,568,769 ordinary shares.
- In August 2006, the Company acquired the entire issued share capital of Global Health Partner Swe AB, a strategic investment and management company based in Sweden and whose principal asset was an established management team of experienced professionals operating in the specialised healthcare sector. The acquisition was financed by the issuance of 5,000,000 ordinary shares at 50 pence each.
- In August 2006, the Group acquired 90.1 percent of Stockholm Spine Center AB, a specialist spinal surgery clinic located in Stockholm, Sweden. The acquisition was financed by the issuance of 3,375,000 ordinary shares at 60 pence each, 2,375,000 convertible bonds of £1 each, cash of approximately £2.8 million and the assumption of external acquisition financing. Deferred consideration may become payable in 2009 in cash or ordinary shares on the fulfilment, at that time, of certain conditions.
- Following the aforementioned transactions, in August 2006, the Company's ordinary shares were admitted to trading on AIM (ticker symbol – GHP).
- In September 2006, the Group acquired 51 percent of Nordic Dental Implants Clinic AB, a specialist dental implant clinic located in Stockholm, Sweden. The acquisition was financed by the issuance of 3,200,000 ordinary shares at 60 pence each and the assumption of external acquisition financing. Deferred consideration may become payable in 2009 in cash or ordinary shares on the fulfilment, at that time, of certain conditions.
- In September 2006, the Group acquired the entire issued share capital of Gothenburg Medical Center AB, a specialist orthopaedic sports medicine clinic located in Gothenburg, Sweden. The acquisition was financed by cash of approximately £1.6 million and the assumption of external acquisition financing.

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 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 Vita Bariatric Centre Stockholm Holding AB, with its wholly-owned subsidiary Vita Bariatric Centre Stockholm 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 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 proceed 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 Swärd 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.
- On 20 June 2007, the Group announced the provision of up to 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 acquired a 1.1 percent interest in Priory Investments Holdings Limited (PIHL) for a cash consideration of approximately £1.5 million. PIHL is the leading independent provider of acute and secure mental health, neuro-rehabilitation and specialist education services.

1. General information (continued)

Year ended 31 December 2007 (continued)

- 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, in connection with the acquisition of 100 percent of the share capital of Sabbatskliniken AB, the Company issued 89,000 ordinary shares at 117.5 pence per share. The company contains a care contract under which Stockholm's Specialistvård AB, the specialist orthopaedic clinic acquired by the Group in January 2007, currently operates.

In summary, the Group has now established a specialised, integrated healthcare services business model in the following clinical areas:
- spine;
- dental;
- orthopaedic; and
- obesity.

2. Principal accounting policies

Basis of preparation
The Group's financial statements consolidate those of the Company and all of its subsidiaries and equity account for the Group's interest in its associates.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, including interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), and the provisions of the UK Companies Act 1985 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets.

The Group's financial statements have been prepared as at 31 December 2007 and for the year then ended. The comparative data is as at 31 December 2006 and for the period 1 April 2006 to 31 December 2006. The comparative income statement and cash flows comprise those of (i) Bombshell for the period 1 April 2006 to 14 August 2006, at which time the merger with the Company was effected, and then (ii) the combined group for the period from 15 August 2006 to 31 December 2006. The Company did not trade in the period from its date of incorporation on 27 June 2006 to 14 August 2006. Certain figures as at 31 December 2006 and for the period then ended have been reclassified to conform to the current presentation.

The consolidated financial statements are presented in UK pounds Sterling, rounded to the nearest thousand.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of asset and liabilities at the date of the consolidated financial statements 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are set out below under 'critical accounting estimates and judgements'.

The Company has elected to prepare its parent company financial statements in accordance with UK GAAP which are presented separately from these Group consolidated financial statements.

During the year, IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', became effective, introducing new disclosures relating to financial instruments, which the Group has applied.

2. Principal accounting policies (continued)

Basis of preparation (continued)

During the year the following accounting standards, amendments and interpretations became effective, but were either not relevant to the Group's consolidated financial statements or there was no impact:
IFRIC 4, 'Insurance contracts'.
IFRIC 7, 'Applying the restatement approach under IAS29, Financial reporting in hyper-inflationary economies'.
IFRIC 8, 'Scope of IFRS 2'.
IFRIC 9, 'Re-assessment of embedded derivatives'.
IFRIC 10, 'Interim financial reporting and impairment'.

Consolidation
The merger between the Company and Bombshell in August 2006 was accounted for under the pooling of interests method of accounting, as a required exemption under IFRS, due to the existence of a common controlling shareholder at that date, Lord Ashcroft, KCMG, in both the Company and Bombshell. This method of accounting assumes that the combining companies have been merged since their respective inceptions and requires that the historical consolidated financial statements of Bombshell are pooled with those of the Company for all periods presented.

(i) Subsidiaries
Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing whether the Group controls another entity.

Subsidiaries are included in the consolidated financial statements as at the date when control is transferred to the Group, which normally corresponds to the date of acquisition. Subsidiaries divested during the period are included in the consolidated financial statements until the date when control ceases.

The purchase method of accounting is used to account for the Group's acquisition of subsidiaries. Acquisition cost for a business combination comprises the fair value of the assets utilised as consideration, equity instruments issued and liabilities incurred or assumed on the exchange date, plus costs directly attributable to the acquisition. Identifiable acquired assets and assumed liabilities, together with any commitments, are valued initially at their fair value on the date of acquisition. The difference between acquisition cost and the fair value of the Group's share of identifiable acquired net assets is reported as goodwill. If the acquisition cost is lower than the fair value of the acquired subsidiary's net assets, the difference is recorded directly in the consolidated income statement.

Intercompany transactions, balance sheet items and unrealised gains or losses on transactions between Group companies are eliminated on consolidation.

(ii) Associates
Associated companies are companies in which the Group has a significant but not controlling influence, which generally corresponds to a shareholding of between 20 percent and 50 percent of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes goodwill arising on acquisition (net of any accumulated impairment losses).

The Group's share of the post-acquisition results of an associated company is recognised in the consolidated income statement. Post acquisition profits and losses are recorded as changes in the reported value of the holding. When the Group's share in the losses of an associated company amounts to, or exceeds, its interest in the associated company, including any unsecured receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. Principal accounting policies (continued)

Foreign currency translation

(i) Functional and presentational currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in UK pounds Sterling, which is the Company's presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement within financial income or expenses. Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in income, and other changes in the carrying amount are recognised in equity.

(iii) Group companies
The results, cash flows and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- assets and liabilities for each entity are translated at the closing rate at the date of the balance sheet;
- income and expenses for each entity are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of shareholders' equity.

Intangible assets

(i) Goodwill
Goodwill consists of the amount by which the acquisition cost exceeds the fair value of the Group's share of identifiable net assets of the acquired company at the time of acquisition. Goodwill on acquisition of subsidiaries is reported as an intangible asset. Goodwill on acquisition of associated companies is included in "investment in associates". Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on disposal of an entity include the carrying value of the goodwill relating to the disposed entity.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The Group tests goodwill for impairment on at least an annual basis, and otherwise when changes in events or situations indicate that the carrying value may not be recoverable. If such a test indicates that the carrying amount is too high, a recoverable amount is established for the asset, which is the higher of net realisable value and value in use. Value in use is established by discounting anticipated future cash flows attributable to each cash-generating unit. An impairment loss is calculated based on the difference between the carrying amount and the estimated recoverable amount and recorded in the consolidated income statement.

When calculating value in use, a number of key assumptions and assessments must be made to estimate future cash flows. Key assumptions and assessments consist primarily of future revenues, expenses, market growth, investments and discount rates. The Group establishes the discount rate whereby consideration is given to time values and specific risks. Future revenues, expenses and investments are based on approved budgets and business plans.

(ii) Healthcare supply agreements
Acquired supply agreements are fair valued and capitalised based on their discounted cash flow and are amortised on a straight-line basis over their contractual life, which is normally 3 to 5 years. The Group tests for impairment when changes in events or situations indicate that the carrying value cannot be recovered.

2. Principal accounting policies (continued)

Intangible assets (continued)

(iii) Software licenses
Acquired software licenses are capitalised on the basis of the costs arising when the software in question was acquired and put into use. These costs are amortised on a straight-line basis over their estimated useful life, which is normally 3 to 5 years. Costs for the development or maintenance of software are expensed as they occur. The Group tests for impairment when changes in events or situations indicate that the carrying value cannot be recovered.

Property, plant and equipment
Property, plant and equipment (PPE) mainly comprise healthcare equipment, office equipment, computer equipment and leasehold improvements. PPE are stated at historical cost, less accumulated depreciation. Acquisition cost includes expenses directly attributable to the acquisition of the asset. Depreciation is based on the original acquisition cost and is allocated on a straight-line basis to allocate the cost to the estimated residual value over the estimated useful life of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, if appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Such subsequent costs are depreciated over the lives of the assets in question. All other forms of repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of each asset, which is assessed on an annual basis as follows:

Healthcare equipment – 5 to 14 years
Office equipment – 5 to 10 years
Computer equipment – 3 to 5 years
Leasehold improvements – over the life of the lease

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

The Group tests for impairment when changes in events or situations indicate that the carrying value cannot be recovered. If an asset's carrying amount exceeds its estimated recoverable amount, the carrying value of an asset is immediately written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recorded in the consolidated income statement.

Trade receivables
Trade receivables are recognised initially at fair value, and subsequently at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to recover any or all amounts due, according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated income statement as other operating expenses.

Financial assets
The Group classifies its financial assets in the following categories: (i) at fair value through profit or loss (ii) loans and receivables and (iii) available-for-sale. This classification depends on the purpose for which the financial assets were acquired.

The Group determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

2. Principal accounting policies (continued)

Financial assets (continued)

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. Loans and receivables are classified as trade and other receivables in the consolidated balance sheet.

(iii) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Regular purchases and sales of investments are recognised on the trade-date i.e. the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through the consolidated income statement. Financial assets carried at fair value through the consolidated income statement are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Investments are derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest rate method.

The fair value of quoted investments is based on the current bid price.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Cash and cash equivalents
Cash and cash equivalents consist of cash in hand, bank balances and other short-term deposits with original maturities of three months or less. As a result of the short-term maturity of these financial instruments their carrying value is approximately equal to their fair value.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Borrowings
Borrowings are recorded initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest rate method.

Unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date, borrowings are classified as current liabilities. The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option, which is recognised as a separate component of shareholders' equity.

Measurement of fair values
The fair values of assets and liabilities are principally measured and calculated by reference to discounted expected future cash flows associated with the relevant group of assets and/or liabilities.

2. Principal accounting policies (continued)

Share capital
Ordinary shares are classified as equity. Transactions costs directly attributable to the issue of new shares are reported, net of tax, in shareholders' equity.

Taxation
Taxation consist of current tax and deferred tax. Unless attributed to an underlying transaction that has been recorded in equity, current and deferred taxes are recorded in the consolidated income statement.

Deferred tax is provided in full, using the liability method, on all temporary differences arising between the tax base of assets and liabilities and their carrying amount in the consolidated financial statements. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is determined using the tax rate (and tax laws) that have been enacted or substantively enacted at the balance sheet date or those which are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Revenue recognition
The Group recognises its revenue in the same period as the services are performed. Revenue represents the invoiced value of services provided to customers net of sales-related taxes. The nature of the Group's integrated healthcare services business is such that revenue is recognised when a written agreement, terms and conditions are in place and the services have been fully rendered. At that time, pricing is then fixed and determinable. The Group's procedures require review of a customer's ability to pay prior to a service provision, at the time of such provision, and at the time of billing, such that collectibility is reasonably assured.

Research and development
Expenditure on research and development is charged to the consolidated income statement during the period in which it is incurred.

Pension obligations
The Group operates a pension plan for employees classified as a defined contribution plan. A defined contribution plan is a plan under which the Group pays fixed fees to a separate legal entity. The Group has no further obligations once the contributions have been paid. Contributions are recognised as employee benefit expenses as they occur.

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments on operating leases are charged to the consolidated income statement on a straight-line basis over the lease period. Leases in which a significant portion of the risks and rewards of ownership are transferred to the lessee are capitalised and classified as finance leases. Depreciation on the acquisition costs are charged to the consolidated income statement on a straight-line basis over the period of the lease terms. Interest costs deriving from the financing of finance leases are also charged to the consolidated income statement.

Interest income
Interest income is recognised in the consolidated income statement on a time-proportion basis using the effective interest rate method.

Segment reporting
A business segment is a group of operations and assets engaged in providing services or products that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing services and products within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Directors have determined that the Group is currently engaged in four business segments each providing specialised, integrated healthcare services which constitute the primary reporting format (note 4):
- spine;
- dental;
- orthopaedic; and
- obesity.

2. Principal accounting policies (continued)

Segment reporting (continued)

Geographically, these business segments principally operate in one economic environment, namely Sweden, which constitute the secondary reporting format (note 4).

Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are considered by the Group to be as follows:

(a) Estimated recoverable amount of goodwill (note 12) – reviews in respect of goodwill are performed at least annually in accordance with the Group's accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, the outcome of which requires the use of, amongst other things, estimates of market conditions, expectations of future revenues, margins, profits, cash flows and discount rates. The Group has performed a sensitivity analysis and determined that changes in each of the key assumptions and assessments could separately, with all other variables held constant, lead to an impairment, since the recoverable amounts, based on value-in-use calculations, would then be lower than the carrying amounts. However no such changes in the key assumptions and assessments can be reasonably foreseen at this time.

(b) Taxation (current and deferred – notes 10 and 22) requires judgement in determining the amounts to be recognised in the differing jurisdictions in which the Group operates. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax amounts in the period in which such determination is made.

Accounting standards
Accounting standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group are set out below. With the exception of changes in disclosures, the Group anticipates that the adoption of these standards and interpretations in future periods will have no material impact on the Group's consolidated financial statements. The Group will adopt these standards and interpretations on their effective dates.

IFRS 8	Operating segments, issued in November 2006, effective for periods beginning on or after 1 January 2009.
IFRIC 13	Customer loyalty programmes, issued in June 2007, effective for annual periods beginning on or after 1 July 2008.
IFRIC 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction, issued in July 2007, effective for annual periods beginning on or after 1 January 2008.
IAS 23	Borrowing costs, revised version issued in March 2007, effective for annual periods beginning on or after 1 January 2009.
IAS 1	Presentation of financial statements, revised version issued in September 2007, effective for annual periods beginning on or after 1 January 2009.
IFRS 3 (revised)	Business combinations, revised version in 2008, effective for future business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.
IAS 27 (revised)	Consolidated and separate financial statements, revised version in 2008, effective for annual periods beginning on or after 1 July 2009.

3. Financial risk and capital management

The overall objective of the financial risk management of the Group is to minimise risks that may have an adverse impact on the Group's results, cash flows or financial position.

The Group has not entered into any derivative financial instruments.

The Group's policies with respect to treasury management are as follows:

Working capital finance for day-to-day requirements is provided through operating cash generation supported by short-term finance facilities where necessary. The Group monitors its financing through regular reviews of trading performance and regular assessments of cash requirements. Acquisitions and transactions of a capital nature, where relevant, are financed from available cash resources or specific acquisition borrowings.

Risk exposures, which are considered by the Directors to be limited, and the related risk management are described below:

a) Currency risks
A significant proportion of the Group's current operations are carried out in Sweden and in Swedish Kronor. The carrying value of the Group's net investment in subsidiaries and the revenues, costs and cash flows of those subsidiaries are subject to the risk of gains and losses on translation from the Swedish Kronor to pounds Sterling. The Group also holds an investment in, and provides loans to, an associated company, incorporated in Norway. Accordingly, there is also a limited currency risk exposure related to the Norwegian currency. The Group does not seek to mitigate or directly hedge the effect of this currency exposure. Currency exposure arising from the net assets in the Group's foreign operations is indirectly managed primarily through borrowings denominated in the relevant foreign currencies. At 31 December 2007, the Swedish Kronor / pounds Sterling exchange rate was 12.7747 (2006 – 13.4273). If this rate had weakened or strengthened by 5 percent, with all other variables held constant, the Group's net assets at 31 December 2007 would change by approximately £1.1 million (2006 – approximately £0.9 million). The average exchange rate during the year ended 31 December 2007 was 13.5026 (2006 – 13.5786). If this rate had weakened or strengthened by 5 percent, with all other variables held constant, the Group's net loss for the year ended 31 December 2007 would have changed by less than £0.1 million (2006 – less than £0.1 million).

b) Interest rate risks
Interest rate risks in the Group are mainly related to bank balances and exposure of its borrowings to floating interest rates. Risks associated with changes in interest rates are managed by maintaining central cash balances offsetting borrowings at the operations and investing these solely in overnight cash and short-term deposit accounts predominantly in pounds Sterling. At 31 December 2007, if floating rate interest rates on bank balances and borrowings had been 200 basis points higher or lower, with all other variables held constant, then net financial income would change by approximately £0.1 million (2006 – less than £0.1 million).

c) Credit risks
The Group's credit risks are principally related to cash and cash equivalents and trade receivables. The Group places its cash and cash equivalents with high quality, credit rated financial institutions and, by policy, limits the amount of credit exposure to any one financial institution. The risk of bad debt losses is managed through control of the sales ledger. Credit limits, ongoing credit evaluation and account monitoring procedures are utilised to minimise the risk of loss. The credit risk is also considered to be reduced by the fact that the Group's major customers are generally public organisations.

d) Liquidity risks
The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of bank loan facilities, bank overdrafts and finance leases.

e) Market risks
The Group's business is in clinics and other operating entities, and also currently in liquid funds. As such, market risks are considered by the Directors to be limited although are sensitive to the general economic environment.

4. 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;
- dental;
- orthopaedic; and
- obesity.

Year ended 31 December 2007

	Spine £000	Dental £000	Orthopaedic £000	Obesity £000	**Total £000**
Revenue	9,830	2,524	6,903	1,201	**20,458**
Operating segment contribution	1,194	455	(109)	187	**1,727**
Corporate expenses					**(2,975)**
Operating loss					**(1,248)**
Finance and other costs (net)					**282**
Share of net loss of associates					**(198)**
Loss before taxation					**(1,164)**
Taxation					**219**
Net loss					**(945)**

Period ended 31 December 2006

	Spine £000	Dental £000	Orthopaedic £000	Obesity £000	Total £000
Revenue	3,736	1,166	816	–	5,718
Operating segment contribution	762	330	(72)	–	1,020
Corporate expenses					(1,274)
Operating loss					(254)
Finance and other costs (net)					(438)
Share of net loss of associates					(13)
Loss before taxation					(705)
Taxation					(277)
Net loss					(982)

There is no inter-segment trading.

As at 31 December 2007, the assets and liabilities, together with the capital expenditures, depreciation and amortisation for the year then ended are as follows:

	Spine £000	Dental £000	Orthopaedic £000	Obesity £000	Unallocated £000	**Total £000**
Assets	16,256	9,836	7,517	1,987	19,813	**55,409**
Associates	1	–	117	–	113	**231**
Total assets	16,257	9,836	7,634	1,987	19,926	**55,640**
Total liabilities	5,385	6,120	2,124	1,227	4,321	**19,177**
Capital expenditures	299	741	448	1	70	**1,559**
Depreciation	176	24	266	10	26	**502**
Amortisation	411	–	–	5	–	**416**

4. Segment information (continued)

Segment assets and liabilities are reconciled to the Group's assets and liabilities as follows:

	Assets £000	Liabilities £000
Segment assets / liabilities	**35,714**	**14,856**
Unallocated:		
Associates	**113**	**–**
Cash and cash equivalents	**15,206**	**–**
Other assets	**4,607**	**–**
Borrowings	**–**	**2,295**
Other liabilities	**–**	**2,026**
Total	**55,640**	**19,177**

As at 31 December 2006, the assets and liabilities, together with the capital expenditures, depreciation and amortisation for the period then ended are as follows:

	Spine £000	Dental £000	Orthopaedic £000	Obesity £000	Unallocated £000	Total £000
Assets	14,112	8,618	3,867	–	13,658	40,255
Associates	27	–	–	–	–	27
Total assets	14,139	8,618	3,867	–	13,658	40,282
Total liabilities	6,335	6,426	1,628	–	3,062	17,451
Capital expenditures	32	7	32	–	21	92
Depreciation	62	11	23	–	4	100
Amortisation	154	–	–	–	–	154

Segment assets and liabilities are reconciled to the Group's assets and liabilities as follows:

	Assets £000	Liabilities £000
Segment assets / liabilities	26,597	14,389
Unallocated:		
Cash and cash equivalents	10,243	–
Other assets	3,442	–
Borrowings	–	2,125
Other liabilities	–	937
Total	40,282	17,451

The Group's four business segments currently principally operate in one geographic area (determined as being the secondary reporting format), namely Sweden. The Group has certain corporate and other functions in the UK. Revenue is generated within Sweden. Total assets and capital expenditures are allocated below on the basis of where the assets are located.

4. Segment information (continued)

	2007 £000	2006 £000
Total assets:		
Sweden	**38,616**	29,969
United Kingdom	**16,793**	10,286
	55,409	40,255
Associates	**231**	27
	55,640	40,282
Capital expenditures:		
Sweden	**1,355**	79
United Kingdom	**204**	13
	1,559	92

5. Other operating income

	2007 £000	2006 £000
Research compensation	**169**	150
Insurance recoveries income	**425**	–
Rental and service income	**–**	17
Other income	**358**	138
	952	305

6. Other operating expenses

Other operating expenses include:

	2007 £000	2006 £000
Auditors' remuneration:		
- statutory audits – group and parent company (a)	**94**	75
- statutory audits – subsidiaries (b)	**47**	24
Non-audit services (c)	**–**	23
Operating lease rentals	**1,116**	284

(a) payable to the Company's auditors – PricewaterhouseCoopers LLP
(b) payable to the network of separate and independent members firms of PwC
(c) payable to PwC for other services including assurance and advisory work

In addition to the above, during the period ended 31 December 2006, the Company's auditors were paid £123,000 in respect of work in respect of acquisitions and issues of the Company's shares. These costs have been recorded (i) as a direct cost relating to the acquisition of subsidiaries – £111,000, and (ii) in the share premium account (expenses of share issues) – £12,000.

7. Employee benefit expenses

	2007 £000	2006 £000
Wages and salaries	**7,213**	1,748
Social security costs	**2,095**	620
Pension costs (defined contribution plans)	**983**	103
	10,291	2,471

The average monthly number of employees during the period was as follows.

	2007 Number	2006 Number
Spine	**75**	75
Dental	**19**	18
Orthopaedic	**72**	40
Obesity	**6**	–
Corporate	**18**	9
	190	142

8. Directors' remuneration

	2007 £000	2006 £000
Executive:		
Emoluments (including benefits)	**466**	258
Contributions to money purchase pension plans	**118**	41
	584	299
Non-Executive:		
Fees	**42**	23
	626	322

The emoluments (including benefits) of the highest-paid director were £181,000 (2006 – £105,000), plus contributions to money purchase pension plans of £55,000 (2006 – £20,000). The number of directors for whom contributions were made under money purchase pension arrangements was three (2006 – three).

Further details of transactions with directors are set out in note 28.

9. Financial income and expenses

	2007 £000	2006 £000
Financial income		
Interest income on short-term bank deposits	**1,009**	221
Other financial income	**3**	–
	1,012	221
Financial expenses		
Interest expense on bank borrowings	**(493)**	(146)
Interest on minority shareholder debt	**(64)**	(22)
Interest on convertible bond (note 20)	**(170)**	(63)
Interest on finance leases	**(7)**	(2)
Other financial expenses	**(11)**	(3)
	(745)	(236)
Financial income (expenses) – net	**267**	(15)

10. Taxation

	2007 £000	2006 £000
Non-UK current tax	**160**	201
Non-UK deferred tax (note 22)	**(379)**	76
	(219)	277

There is no UK current or deferred tax.

The tax on the Group's results differs from the theoretical amount that would arise using the weighted average tax rate applicable to the results of the consolidated entities as follows:

	2007 £000	2006 £000
(Loss) before taxation	**(1,164)**	(705)
Tax calculated at effective tax rates	**(326)**	(216)
Income not subject to tax	**(21)**	(14)
Expenses not deductible for tax purposes	**–**	10
Other adjustments	**95**	38
Tax losses for which no deferred tax asset was recognised	**33**	459
	(219)	277

Domestic corporate tax in Sweden is calculated at 28 percent of the assessable profit.

11. (Loss) per ordinary share

Basic

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.

	2007	2006
(Loss) for the period (£000)	**(1,136)**	(1,092)
Weighted average number of ordinary shares in issue	**52,637,288**	23,887,601
(Loss) per ordinary share (pence)	**(2.2)**	(4.6)

Diluted

The impact of the issuance of ordinary shares in future periods, which at 31 December 2007 and 2006 solely arises from the convertible bond (note 20), is anti-dilutive in nature. The adjustment to earnings in the period, for the effective interest on the convertible bonds, was £170,000 (2006 – £63,000) and the increase in the weighted average number of ordinary shares was 3,463,771 (2006 – 1,738,183).

12. Goodwill and intangible assets

	2007 £000	2006 £000
Goodwill	**27,953**	22,627
Healthcare supply agreements	**7**	407
Software licenses	**–**	–
Intangible assets	**7**	407
	27,960	23,034

	Goodwill £000	Healthcare supply agreements £000	Software licenses £000	**Total £000**
Cost				
At 1 April 2006	–	–	–	**–**
Acquisition of subsidiaries	22,627	560	1	**23,188**
At 31 December 2006	22,627	560	1	**23,188**
Exchange differences	1,115	30	–	**1,145**
Acquisition of subsidiaries (note 27)	4,211	13	–	**4,224**
At 31 December 2007	27,953	603	1	**28,557**
Amortisation				
At 1 April 2006	–	–	–	**–**
Charge for the period	–	(153)	(1)	**(154)**
At 31 December 2006	–	(153)	(1)	**(154)**
Exchange differences	–	(27)	–	**(27)**
Charge for the period	–	(416)	–	**(416)**
At 31 December 2007	–	(596)	(1)	**(597)**
Net book values				
At 31 December 2007	27,953	7	–	**27,960**
At 31 December 2006	22,627	407	–	**23,034**

12. Goodwill and intangible assets (continued)

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing, identified according to business segments. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. At 31 December 2007, the net book value of goodwill allocated to each CGU was as follows:

	2007 £000	2006 £000
Spine	12,571	11,360
Dental	8,348	8,925
Orthopaedic	4,750	2,342
Obesity	2,284	–
	27,953	22,627

The Group tests goodwill for impairment at least on an annual basis, and otherwise when changes in events or situations indicate that the carrying value may not be recoverable. If such a test indicates that the carrying amount is too high, a recoverable amount is established for the asset, which is the higher of net realisable value and value-in-use. Value-in-use is established by discounting anticipated future cash flows attributable to each CGU that are expected to benefit from the business combination in which the goodwill arose. Pre-tax cash flow projections are based on financial budgets approved by management covering a one-year period. Cash flows beyond the first year are extrapolated using weighted average estimated growth rates (in the range of 3 percent to 10 percent per annum, which do not exceed the long-term average growth rates for the businesses in which the CGU operates) and operating margins (in the range of 7.2 percent to 27.8 percent for the businesses in which the CGU operates). For the year ended 31 December 2007, the pre-tax discount rate utilised was 8.26 percent (2006 – 7.5 percent). The weighted average estimated growth rates used are consistent with the forecasts included in industry reports. Budgeted operating margins are based on past performance and the expectation of market developments. The discount rate used reflects specific identifiable risks. Based on the assessments conducted, no goodwill impairment was recorded.

The healthcare supply agreements are with Stockholm County Council.

13. Property, plant and equipment

	Healthcare equipment £000	Office equipment £000	Computer equipment £000	Leasehold improvements £000	**Total £000**
Net book values					
At 1 April 2006	–	–	–	–	**–**
Acquisition of subsidiaries	891	111	46	–	**1,048**
Additions at cost	48	14	30	–	**92**
Depreciation	(74)	(11)	(15)	–	**(100)**
At 31 December 2006	865	114	61	–	**1,040**
Acquisition of subsidiaries (note 27)	304	60	9	–	**373**
Additions at cost	569	450	159	381	**1,559**
Disposals	(42)	(23)	(5)	–	**(70)**
Reclassifications	–	(9)	–	9	**–**
Depreciation	(335)	(111)	(50)	(6)	**(502)**
Exchange differences	50	23	8	2	**83**
At 31 December 2007	1,411	504	182	386	2,483
At 31 December 2007					
Cost	1,740	624	249	397	**3,010**
Accumulated depreciation	(329)	(120)	(67)	(11)	**(527)**
Net book values	**1,411**	**504**	**182**	**386**	2,483
At 31 December 2006					
Cost	939	125	76	–	**1,140**
Accumulated depreciation	(74)	(11)	(15)	–	**(100)**
Net book values	865	114	61	–	**1,040**

The net book value of assets held under finance lease arrangements are as follows:

	2007 £000	2006 £000
Healthcare equipment	**43**	56
Office equipment	**29**	40
	72	96

14. Investment in associates

	2007 £000	2006 £000
At beginning of period	27	–
Acquisition	–	53
Additions – investments	380	–
Share of net loss (after tax)	(198)	(13)
Exchange differences	22	–
Other movements	–	(13)
At end of period	231	27

Prior to its acquisition by the Group in August 2006, Stockholm Spine Center AB acquired, for cash consideration, a 26 percent equity shareholding in a Norwegian start-up company – Vestnorsk Ortopedisk Sykehus AS (VOS), a company seeking to enter the spine surgery and rehabilitation specialised healthcare sector. Subsequent share issues by VOS resulted in the Group holding a 22.1 percent equity interest in VOS as at 31 December 2006. During the year ended 31 December 2007, an additional capital injection of £80,000 was made increasing the Group's ownership in VOS to 24.6 percent at 31 December 2007. Subsequent to the year end, in January 2008, the Group further increased its holding in VOS to 41.4 percent through a capital injection of approximately £90,000.

The financial information of VOS as at 31 December 2007 and for the year then ended was as follows:

	2007 £000	2006 £000
Total assets	1,561	1,629
Total liabilities	(1,405)	(1,358)
Revenue	1,612	612
Net loss	(513)	(138)

On 20 June 2007, the Group announced the provision of up to approximately £0.9 million committed resources to be made available as venture capital to develop Elutera AB and Elutera Fastighet AB, 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. During the year ended 31 December 2007, the Group invested £186,000 in these ventures. These ventures are expected to commence operations during 2008.

During the year ended 31 December 2007, the Group also invested £114,000 in two associate start-up entities based in Sweden – OrthoCenter Motala AB and OrthoCenter Ängelholm AB, both companies operating in the orthopaedic sector, which are expected to commence operations in 2008.

15. Available-for-sale financial assets

	2007 £000	2006 £000
Unlisted securities	1,500	–

On 31 October 2007, the Company acquired a 1.1 percent interest in Priory Investments Holdings Limited (PIHL). PIHL is the leading independent provider of acute and secure mental health, neuro-rehabilitation and specialist education services. Lord Ashcroft, KCMG, a 18 percent shareholder in the Company, holds a 32.5 percent interest in PIHL. In addition Messrs Per Båtelson and Andrew Wilson, Directors of the Company, are also directors of PIHL. The fair values of available-for-sale financial assets approximate their book values. The unlisted securities are denominated in pounds Sterling.

16. Other non-current assets

	2007 £000	2006 £000
Amounts due from associates	**310**	170
Other assets	**134**	125
	444	295

The carrying amounts of other non-current assets are stated in Swedish Kronor and do not contain impaired assets. The loan provided to the associate is unsecured, subordinated, and bears interest at Nibor (Norwegian Interbank Offered Rate) plus 4 percent and is repayable by 2010. The effective interest rate for the year was 9.53 percent (2006 – 7.55 percent). The fair values of other non-current assets approximate their book values.

17. Trade and other receivables

	2007 £000	2006 £000
Trade receivables	**3,266**	1,815
Less provision for doubtful receivables	**–**	(1)
Trade receivables – net	**3,266**	1,814
Consumables	**278**	114
Current tax assets	**708**	27
Prepayments and accrued income	**395**	803
Other receivables	**402**	276
	5,049	3,034

The fair values of trade and other receivables approximate their book values.

Trade receivables that are less than one month past due are not considered to be impaired. As at 31 December 2007, trade receivables of £719,000 (2006 – £115,000) were past due but not impaired. These relate to a number of customers for whom there is no history of default. The ageing analysis of trade receivables was as follows:

	2007 £000	2006 £000
1–30 days	**2,547**	1,699
30–45 days	**507**	46
45–60 days	**73**	39
>60 days	**139**	30
	3,266	1,814

17. Trade and other receivables (continued)

Movement on the provision for impairment of trade receivables was as follows:

	2007 £000	2006 £000
At beginning of period	1	–
Movement – net	(1)	1
At end of period	–	1

The creation and release of provision for impaired assets has been included in other operating expenses in the consolidated income statement.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2007 £000	2006 £000
Sterling	114	258
Swedish Kronor	4,935	2,776
	5,049	3,034

18. Financial assets

	2007 £000	2006 £000
Listed equity securities	–	238

The listed equity securities are denominated in Swedish Kronor and stated at fair value. There was no impairment charge during either period.

19. Cash and cash equivalents

	2007 £000	2006 £000
Cash at bank – Sterling	–	77
Cash at bank – Swedish Kronor	3,371	2,597
Short-term deposits – denominated in Sterling	14,093	6,514
Short-term deposits – denominated in Swedish Kronor	509	3,426
	17,973	12,614

The effective interest rate on short-term bank deposits for the year approximated 5.7 percent (2006 – 4.7 percent) for Sterling and 3.9 percent (2006 – 2.6 percent) for Swedish Kronor. At 31 December 2007, short-term deposits in Sterling and Swedish Kronor principally had an overnight maturity (2006 – 30 days).

20. Borrowings

	2007 £000	2006 £000
Current		
Bank borrowings (secured)	**1,287**	1,162
Debt due to minority shareholders (unsecured)	**–**	681
Finance leases (secured)	**34**	34
	1,321	1,877
Non-current		
Bank borrowings (secured)	**8,327**	8,025
Convertible bond (secured)	**2,295**	2,125
Debt due to minority shareholders (unsecured)	**2,338**	1,824
Finance leases (secured)	**24**	54
	12,984	12,028
Total borrowings	**14,305**	13,905

The carrying amounts of the Group's bank borrowings, debt due to minority shareholders and finance leases (in aggregate £12,010,000 at 31 December 2007; 2006 – £11,780,000) are all denominated in Swedish Kronor. The convertible bond of £2,295,000 (2006 – £2,125,000) is denominated in Sterling.

Bank borrowings are secured by floating charges on the underlying assets of the subsidiary companies in whose name the borrowings are made. The principal financial covenant applicable to each borrowing is that the relevant bank debt should not exceed a given multiple of EBITDA in any given period.

The maturity profile of non-current borrowings was as follows:

	2007 £000	2006 £000
Between 1 and 2 years	**1,026**	1,285
Between 2 and 5 years	**7,272**	8,512
Over 5 years	**4,686**	2,231
	12,984	12,028

Obligations under finance leases are payable as follows:

	2007 £000	2006 £000
Lease payments:		
Principal	**58**	88
Interest	**(13)**	(15)
The principal amounts payable are as follows:		
Within 1 year	**34**	34
Between 1 and 2 years	**24**	34
Between 2 and 5 years	**–**	20
	58	88

20. Borrowings (continued)

The effective interest rates at the balance sheet date were as follows:

	2007	2006
Bank borrowings	**5.3% to 5.9%**	4.1% to 4.65%
Convertible bond	**8%**	8%
Shareholder debt	**3.5%**	3.5%
Finance leases	**3.1% to 12%**	3.1% to 12%

The carrying amounts and fair values of non-current borrowings were as follows:

	Carrying amounts 2007 £000	**Fair values 2007 £000**	Carrying amounts 2006 £000	Fair values 2006 £000
Bank borrowings	**8,327**	**8,882**	8,025	8,319
Convertible bond	**2,295**	**2,295**	2,125	2,125
Debt due to minority shareholders	**2,338**	**2,338**	1,824	1,824
Finance leases	**24**	**25**	54	56

The carrying amounts of short-term borrowings approximate their fair values.

Convertible bond

In August 2006, as part of the consideration paid in respect of the acquisition of Stockholm Spine Center AB, the Company issued 2,375,000 three-year, non-transferable, convertible bonds of £1 each, which carry compound interest accrued at the nominal rate of 3 percent per annum. The bonds are convertible into the Company's ordinary shares after three years (or on an offer being made for the Company) at the option of the holders at a conversion price of 75 pence per ordinary share.

The fair value of the liability component and the equity conversion component were determined at the date of issuance of the bond. The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included as a separate component in shareholders' equity.

The value of the convertible bond is calculated as follows:

	£000
Face value of bond at issuance	2,375
Equity component of bond	(313)
Liability component on initial recognition	2,062
Interest expense in the period (note 9)	63
Liability component at 31 December 2006	2,125
Interest expense in the period (note 9)	170
Liability component at 31 December 2007	**2,295**

At 31 December 2007, the Group also had in place short-term, secured (floating charges) bank overdraft facilities (denominated in Swedish Kronor) of approximately £830,000 (2006 – approximately £745,000). £285,000 (2006 – nil) was drawn under these facilities.

21. Trade and other payables

	2007 £000	2006 £000
Trade payables	**1,351**	915
Current tax liabilities	**188**	160
Accruals and deferred income	**1,348**	805
Other payables	**536**	1,151
	3,423	3,031

At 31 December 2006, included in other payables were (i) £153,000 payable to the vendors of Leif Swärd Ortopedi AB, the entity acquired by the Group after the balance sheet date; (ii) £135,000 payable to the vendors of Stockholm Spine Nya Holding AB (a subsidiary of the Group acquired in the period); and (iii) £179,000 for a deposit received in advance of the share placing. The fair values of trade and other payables approximate their book values. All these amounts are unsecured and non-interest bearing.

The carrying amounts of trade and other payables are denominated in the following currencies:

	2007 £000	2006 £000
Sterling	**142**	703
Swedish Kronor	**3,281**	2,328
	3,423	3,031

22. Deferred taxation

	Reserves £000	Accelerated tax depreciation £000	Other £000	Total £000
At 1 April 2006	–	–	–	–
Acquisition of subsidiaries	208	36	195	439
Charge for the period (note 10)	109	8	(41)	76
At 31 December 2006	317	44	154	515
Acquisition of subsidiaries (note 27)	153	–	4	157
Credit for the period (note 10)	(226)	4	(157)	(379)
Exchange differences	15	(2)	(3)	10
At 31 December 2007	**259**	**46**	**(2)**	**303**

Reserves are temporary timing differences, whereby an element of profits can be deferred from the payment of current tax in certain jurisdictions.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. At 31 December 2007, the Group did not recognise deferred tax assets of approximately £492,000 (2006 – approximately £459,000). No deferred tax is recognised on the unremitted earnings of overseas subsidaries, as the earnings are continually reinvested by the Group and no tax is expected to be payable on them in the foreseeable future.

23. Other non-current liabilities

	2007 £000	2006 £000
Other payables	**1,146**	–

The fair values of other non-current liabilities approximate their book values. All these amounts are unsecured and non-interest bearing, comprise deferred consideration for a business combination (note 27), payable in 2009. The carrying amounts of other non-current liabilities are denominated in Swedish Kronor.

24. Called up share capital

	Number	£000
Authorised:		
Ordinary shares of 50 pence each		
On incorporation (27 June 2006)	2	–
Created (7 July 2006)	99,999,998	50,000
At 31 December 2006 and 2007	100,000,000	50,000
Redeemable preference shares of £1 each		
On incorporation (27 June 2006)	49,999	50
At 31 December 2006 and 2007	49,999	50
Total at 31 December 2006 and 2007	100,049,999	50,050
Issued and fully paid:		
Ordinary shares of 50 pence each		
On incorporation (27 June 2006)	2	–
Redeemed at par	(2)	–
Issued on merger with Bombshell	6,433,455	3,217
Issued for cash (placing)	23,568,769	11,784
Issued for acquisition of subsidiaries	11,575,000	5,787
Issued for payment for services	125,000	63
At 31 December 2006	41,702,224	20,851
Issued for cash (placing)	12,000,000	6,000
Issued for acquisition of subsidiaries (note 27)	417,829	209
Issued to senior managers for cash	314,439	157
At 31 December 2007	**54,434,492**	**27,217**

During the year ended 31 December 2007, the Company issued 12,732,268 ordinary shares –

(i) on 7 February 2007, 314,439 ordinary shares at 71.24 pence each were issued to certain senior managers in the Gothenburg Medical Center business;

(ii) on 15 February 2007, 328,829 ordinary shares at 130 pence each were issued in connection with the acquisition of Vita Bariatric Centre Stockholm Holding AB (note 27);

(iii) on 20 February 2007, a placing of 12,000,000 ordinary shares was completed at an issue price of £1 each, raising approximately £12 million after expenses. The net proceeds of the placing will be utilised as additional working capital to fund the growth of the Group both organically and by acquisition; and

(iv) on 29 November 2007, 89,000 ordinary shares at 117.5 pence each were issued in connection with the acquisition of Sabbatskliniken AB (note 27).

The total share premium arising on the aforementioned share issues amounted to £6,390,000 less expenses of share issues of £58,000 (2006 – £2,485,000 less expenses of share issues of £419,000). These expenses in 2006 included £75,000 in respect of the issuance of 125,000 ordinary shares at 60 pence each to Cenkos Securities PLC (the Company's nominated adviser under AIM regulations) for services rendered in relation to the issue of shares in respect of the merger of the Company and Bombshell.

24. Called up share capital (continued)

At the extraordinary general meeting of the Company held on 8 August 2007, the proposed capital reorganisation of the Company as detailed in the circular to shareholders dated 29 June 2007 proposing the consolidation of every 200 ordinary shares of 50 pence each into 1 ordinary share of £100 and subsequent subdivision into 200 ordinary shares of 50 pence each was approved by ordinary resolution. The capital reorganisation enabled the Company to reduce its shareholder base from approximately 1,700 shareholders to approximately 220 shareholders, easing the administrative burden on the Company and reducing the associated costs considerably whilst at the same time enabling smaller shareholders to sell their shares without dealing expenses. For shareholders receiving cash payments in respect of their holdings or part-holdings the price per share was 127.5 pence equal to the closing middle market price of 8 August 2007 on AIM (as derived from the Official List of the UK Listing Authority). The cash payment to shareholders was funded by the aggregation and placing for cash by the Company's broker of the fractions of ordinary shares that resulted from the share consolidation.

25. Commitments

Operating leases:
The Group leases various premises and offices, medical equipment, computers and other equipment. The leases have varying terms, cancellation clauses and renewal rights. The future aggregate minimum lease payments under operating leases were as follows:

	2007 £000	2006 £000
Within one year	**1,356**	753
Between two and five years	**3,285**	1,855
Over five years	**1,396**	618
	6,037	3,226

Minority shareholdings:
(i) Stockholm Spine Nya Holding AB – each of the minority shareholders and the Company has a right to require the other to purchase or sell, as the case may be, the outstanding minority shareholdings at various times after July 2009 based on a formulae determinable at that time and is payable in either cash or ordinary shares of the Company.
(ii) Nordic Dental Holding AB – deferred consideration may become payable in September 2009 in cash or ordinary shares of the Company on the fulfilment, at that time, of certain conditions. Each of the minority shareholders and the Company has a right to require the other to purchase or sell, as the case may be, the outstanding minority shareholdings at various times after July 2009 based on a formulae determinable at that time and is payable in either cash or ordinary shares of the Company.
(iii) Gothenburg Medical Center AB – Each of the minority shareholders and the Company has a right to require the other to purchase or sell, as the case may be, the outstanding minority shareholdings at various time after December 2011 based on a formulae determinable at that time and is payable in either cash or ordinary shares.
(iv) Vita Bariatric Centre Stockholm AB – Each of the minority shareholders and the Company has a right to require the other to purchase or sell, as the case may be, the outstanding minority shareholdings at various time after January 2012 based on a formulae determinable at that time and is payable in either cash or ordinary shares.
(v) Stockholm's Specialistvård AB – Each of the minority shareholders and the Company has a right to require the other to purchase or sell, as the case may be, the outstanding minority shareholdings at various time after January 2009 based on a formulae determinable at that time and is payable in either cash or ordinary shares.
(vi) GHP Spine Centre Göteborg AB – Each of the minority shareholders and the Company has a right to require the other to purchase or sell, as the case may be, the outstanding minority shareholdings at various time after January 2012 based on a formulae determinable at that time and is payable in either cash or ordinary shares.

26. Contingencies

(a) In the normal course of business, the Group enters into arms' length contracts and arrangements with personnel for the provision of services. The tax arrangements in respect of such contracts are complex and may be open to different interpretations. The Group does not currently consider that it has any further liability under the contracts, and would vigorously defend such a position in the event that assessments, which could be material, were received.

(b) Other than as referred to above, as at 31 December 2007 the Group is not aware of any contingent liabilities or litigation that could, or may, have a material adverse effect on the Group's results, cash flows or financial position.

27. Acquisition of subsidiaries

The significant acquisitions of the Group during the year were as follows:

a) Stockholm's Specialistvård AB

On 12 January 2007, the Group acquired 88 percent of Stockholm's Specialistvård AB, an orthopaedic surgery clinic located in Stockholm Sweden. The acquisition of Stockholm's Specialistvård AB was financed by cash of £1.0 million. On 29 November 2007, 9.43 percent of the shares in Stockholm's Specialistvård AB were used to acquire an interest in Sabbatskliniken AB (note 27 d). The acquired business contributed revenues of £3,440,000 and net profit of £102,000 to the Group for the period from 12 January 2007 to 31 December 2007.

	£000
Purchase consideration:	
- Cash	975
- Direct costs relating to the acquisition	56
Total purchase consideration	1,031
Fair value of net assets acquired (see below)	(596)
Goodwill	435

The goodwill is attributable to the future earning capacity of the acquired business as well as the local management team's ability to further develop the business.

The fair value (which is equivalent to book value) of the assets and liabilities from the acquisition are as follows:

	£000
Cash and cash equivalents	337
Property, plant and equipment	258
Other current assets	705
Other current liabilities	(490)
Deferred taxation	(131)
Net assets	679
Minority interests	(83)
Net assets acquired	596
Purchase consideration settled in cash	1,031
Cash and cash equivalents of subsidiary acquired	(337)
Cash outflow on acquisition	694

27. Acquisition of subsidiaries (continued)

b) Vita Bariatric Centre Stockholm Holding AB (formerly called Obesity Stockholm AB)

On 15 February 2007, the Group acquired 65 percent of Vita Bariatric Centre Stockholm Holding AB, with its wholly-owned subsidiary Vita Bariatric Centre Stockholm 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. The acquired business contributed revenues of £1,201,000 and net profit of £98,000 to the Group for the period from 15 February 2007 to 31 December 2007.

	£000
Purchase consideration:	
- Shares issued	427
- Direct costs relating to the acquisition	26
Total purchase consideration	453
Fair value of net assets acquired (see below)	(5)
Goodwill	448

The goodwill is attributable to the future earning capacity of the acquired business as well as the local management team's ability to further develop the business.

The fair value (which is equivalent to book value) of the assets and liabilities from the acquisition is as follows:

	£000
Cash and cash equivalents	250
Property, plant and equipment	37
Goodwill	622
Intangible assets	13
Other current assets	149
Other current liabilities	(211)
Deferred taxation	(13)
Borrowings	(839)
Net assets	8
Minority interests	(3)
Net assets acquired	5
Purchase consideration settled in cash	26
Cash and cash equivalents of subsidiary acquired	(250)
Cash inflow on acquisition	(224)

27. Acquisition of subsidiaries (continued)

c) Acquisition of Leif Swärd Ortopedi AB

On 23 April 2007, the Group acquired the entire issued share capital of Leif Swärd 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. Leif Swärd Ortopedi AB was merged with GMC on 28 December 2007. The acquired business contributed revenues of £1,010,000 and net profit of £36,000 to the Group for the period from 23 April 2007 to 31 December 2007.

	£000
Purchase consideration:	
- Cash	1,049
- Direct costs relating to the acquisition	17
Total purchase consideration	1,066
Fair value of net liabilities acquired (see below)	148
Goodwill	1,214

The goodwill is attributable to the future earning capacity of the acquired business as well as the local management team's ability to further develop the business.

The fair value (which is equivalent to book value) of the assets and liabilities from the acquisition is as follows:

	£000
Cash and cash equivalents	633
Property, plant and equipment	18
Other current assets	343
Other current liabilities	(417)
Deferred taxation	(10)
Net assets	567
Minority interest	(715)
Net liabilities acquired	(148)
Purchase consideration settled in cash	1,066
Cash and cash equivalents of subsidiary acquired	(633)
Cash outflow on acquisition	433

Minority interest represents the 28 percent minority holding in GMC part of the consideration paid for IFK-kliniken.

27. Acquisition of subsidiaries (continued)

d) Others

During the year ended 31 December 2007, the Group also made a certain number of other acquisitions, comprising:
(a) the assets and an interest in Specialistkliniken för Implantat och Käkkirurgi i Norrköping AB, a dental implant clinic, for approximately £0.2 million in cash;
(b) an interest in Sabbatskliniken AB, an orthopaedic clinic, for approximately £0.1 million, comprising the issue of 89,000 ordinary shares at 117.5 pence each, together with a 9.43 percent minority holding in Stockholm's Specialistvård AB (note 27a); and
(c) in connection with the August 2006 acquisition of Stockholm Spine Center AB, estimated deferred consideration of £1.1 million has now been recorded. The tables below summarise, in aggregate, these acquisitions.

	£000
Purchase consideration:	
- Shares issued	105
- Cash paid	225
- Deferred consideration (note 23)	1,146
- Direct costs relating to the acquisitions	9
Total purchase consideration	1,485
Fair value of net assets acquired (see below)	(75)
Goodwill	1,410

The goodwill is attributable to the future earning capacity of the acquired businesses as well as the local management teams' ability to further develop the businesses.

The fair value (which is equivalent to book value) of the assets and liabilities from the acquisitions is as follows:

	£000
Cash and cash equivalents	42
Property, plant and equipment	60
Goodwill	82
Other current assets	16
Other current liabilites	(41)
Deferred taxation	(3)
Net assets	156
Minority interests	(81)
Net assets acquired	75
Purchase consideration settled in cash	234
Cash and cash equivalents of subsidiary acquired	(42)
Cash outflow on acquisition	192

28. Related party transactions and disclosures

a) Key management compensation

Remuneration for the Group's key management (including executive directors) was as follows:

	2007 £000	2006 £000
Wages and salaries	**1,539**	358
Pensions costs (defined contribution plans)	**278**	50
	1,817	408

b) Transactions with directors

- At 31 December 2007, Mr Wachtmeister holds 1.6 percent of the shares of Stockholm Spine Center AB. In addition, he is interested in 11 percent of the shares of Alm Equity AB which itself is an 23.3 percent shareholder in Elutera AB and 47 percent in Elutera Fastighet AB, a joint venture in Swedish elderly care with the Group (note 14).
- Mr Båtelson and Mr Wilson are both directors of the Priory Group (note 15). Mr Båtelson has received fees of £30,000 and Mr Wilson has received fees of £4,000 in respect of their directorships in PIHL during 2007.
- Details of directors' remuneration are set out in note 8.
- In addition to the above, in August 2006, the Group agreed to pay a consultancy fee to Messrs Båtelson and Wachtmeister of £41,000 and £31,000, respectively, in respect of their services prior to the Company's merger with Bombshell.
- At the time of the acquisition of Global Health Partner Swe AB by the Company in August 2006, the following directors were interested in the shares of GHP Swe AB: Mr Batelson –- 49.3 percent; Mr Wachtmeister – 35.2 percent; and Mr Thornton – 2.0 percent.
- Mr Wachtmeister was one of the original founders of Stockholm Spine Center AB and at the time of its acquisition by the Group in August 2006 he was interested in 16.4 percent of the shares of Stockholm Spine Center.

c) Other related party transactions

The Group has accounted for payments to companies connected with a significant shareholder of the Group – Hosar International Limited, as follows:

	2007 £000	2006 £000
Payments to Strand Associates Limited for the services of Mr Wilson as a non-executive director of the Company	10	10
Payments to Strand Associates Limited for the reimbursement of certain costs incurred in respect of the Company prior to the merger with Bombshell	–	116
Payments to BB Holdings Limited for accountancy services	10	41

Hosar International Limited, Strand Associates Limited and BB Holdings Limited are companies controlled by Lord Ashcroft, KCMG.

During the year ended 31 December 2007, the Group received payments of £26,000 from the Priory Group (note 15) in respect of consultancy services provided.

In connection with the August 2006 placing by the Company of 23,568,769 ordinary shares of 50 pence each at an issue price of 55.75 pence to 60 pence per share (total net cash proceeds of £13,180,000), Hosar International Limited entered into an agreement whereby, amongst other things, Hosar agreed to underwrite the placing.

29. Subsidiaries

Name	Ownership	Nature of business
GHP Förvaltning AB	100%	Investment holding
GHP Holding AB *	100%	Investment holding
GHP Spine Centre Göteborg AB	70%	Healthcare services
GHP UK Holdings Limited	100%	Investment holding
Global Health Partner Swe AB *	100%	Management services
Global Health Partner UK Limited *	100%	Management services
Gothenburg Medical Center AB	72%	Healthcare services
Jolie Investments Limited	100%	Investment holding
Nordic Dental Holding AB	51%	Investment holding
Nordic Dental Implants Clinic AB	51%	Healthcare services
Orthocenter Malmö AB	100%	Healthcare services
Sabbatskliniken AB	79%	Healthcare services
Specialistkliniken för Implantat och Käkkirurgi i Norrköping AB	51%	Healthcare services
Stockholm's Specialistvård AB	79%	Healthcare services
Stockholm Spine Center AB	90%	Investment holding
Stockholm Spine Nya Holding AB	90%	Healthcare services
The Concord Clinic (Leeds) Limited	100%	Healthcare services
Vita Bariatric Centres AB	98%	Investment holding
Vita Bariatric Centre Stockholm AB	65%	Healthcare services
Vita Bariatric Centre Stockholm Holding AB	65%	Investment holding

* Directly held by the Company

All subsidiaries, with the exception of GHP UK Holdings Limited, Global Health Partner UK Limited, Jolie Investments Limited and The Concord Clinic (Leeds) Limited, which are incorporated and operating in England and Wales, are incorporated and operating in Sweden. All entities are included in the consolidated financial statements.

We have audited the parent company financial statements of Global Health Partner PLC for the year ended 31 December 2007 which comprise the balance sheet and the related notes. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the consolidated financial statements of Global Health Partner PLC for the year ended 31 December 2007.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities in respect of the Annual Report and the financial statements.

Our responsibility is to audit the parent company financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the parent company financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the Directors' Report, the Chief Executive's Review, the Service Line and Business Performance Review and the Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements.

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007;
- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the parent company financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

11 April 2008

Parent Company Balance Sheets at 31 December 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Investments in subsidiary undertakings	4	**23,955**	15,435
Current assets			
Debtors	5	**793**	272
Cash at bank and in hand	6	**14,463**	10,017
		15,256	10,289
Creditors: amounts falling due within one year	7	**(523)**	(714)
Net current assets		**14,733**	9,575
Total assets less current liabilities		**38,688**	25,010
Creditors: amounts falling due after more than one year	8	**(2,295)**	(2,125)
Net assets		**36,393**	22,885
Capital and reserves			
Called up share capital	9	**27,217**	20,851
Reserves	10	**9,176**	2,034
Equity shareholders' funds	11	**36,393**	22,885

The financial statements set out on pages 59 to 64 were approved by the Board of Directors on 11 April 2008 and were signed on its behalf by:

Per Båtelson – Chief Executive

1. Principal accounting policies

Basis of preparation
Global Health Partner PLC (the "Company") was incorporated in the United Kingdom (England and Wales) in June 2006. In August 2006, the Company merged with Bombshell Limited. Further details are set out in the Company's consolidated financial statements.

The parent company financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value, in accordance with the UK Companies Act 1985 and applicable United Kingdom accounting standards (UK GAAP).

The Company has taken advantage of the exemption under Section 230 of the UK Companies Act 1985 from presenting its own profit and loss account.

Under Financial Reporting Standard No. 1 (revised) (Cash flow statements), the Company is exempt from the requirement to prepare a cash flow statement as its cash flows are included within the published consolidated statement of cash flows of Global Health Partner PLC.

The Company has taken advantage of the exemption contained within Financial Reporting Standard No. 8 (Related party disclosures) and has not therefore disclosed transactions or balances with entities which form part of the Group.

The preparation of financial statements in conformity with UK GAAP requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of asset and liabilities at the date of the financial statements 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.

Investments
Investments in subsidiaries are stated at cost less any provision for impairment.

Cash at bank and in hand
Cash at bank and in hand consist of cash in hand, bank balances and other short-term deposits with original maturities of three months or less. As a result of the short-term maturity of these financial instruments their carrying value is approximately equal to their fair value.

Measurement of fair value
The fair values of assets and liabilities are principally measured and calculated by reference to discounted expected future cash flows associated with the relevant group of assets and/or liabilities.

Share capital
Ordinary shares are classified as equity. Transactions costs directly attributable to the issue of new shares are reported, net of tax, in shareholders' equity.

Taxation
Taxation consist of current tax and deferred tax. Unless attributed to an underlying transaction that has been recorded in equity, current and deferred taxes are recorded in the income statement.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is determined using the tax rate (and tax laws) that have been enacted or substantively enacted at the balance sheet date or those which are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

2. Directors and employees

The remuneration of the parent company directors is disclosed in note 8 to the consolidated financial statements.
The Company has no other employees.

3. Profit and loss account

The profit for the year ended 31 December 2007 dealt with in the accounts of the Company was £810,000 (2006: loss of £634,000).

4. Investments in subsidiary undertakings

	Shares £000	Long-term loans £000	**Total £000**
At 1 January 2007	3,645	11,790	**15,435**
Additions	–	7,767	**7,767**
Contribution	1,921	–	**1,921**
Repayments	–	(1,168)	**(1,168)**
At 31 December 2007	**5,566**	**18,389**	**23,955**

At 31 December 2007, the equity interest in subsidiary undertakings comprise:

i. a 100% investment in Global Health Partner UK Limited, a management services company incorporated in England and Wales, for a nominal amount.
ii. a 100% investment in Global Health Partner Swe AB, a management services company incorporated in Sweden, for an amount of £5,559,000 (2006 – £3,638,000).
iii. a 100% investment in GHP Holding AB, an investment holding company incorporated in Sweden, for an amount of £7,000 (2006 – £7,000).
iv. a 100% investment in Jolie Investments Limited, an investment holding company incorporated in England and Wales, for a nominal amount.

Long-term loans for subsidiaries incorporated in England and Wales bear interest at a rate based on seven-day LIBOR (London Inter-Bank Offer Rate). Subsidiaries incorporated in Sweden bear interest either at fixed rates or seven-day STIBOR (Swedish Inter-Bank Offer Rate) plus 2 percent.

All loans are unsecured and repayable by 2026 at the earliest.

5. Debtors

	2007 £000	2006 £000
Amounts falling due within one year:		
Amounts owed by group undertakings	**775**	53
Other debtors and prepayments	**18**	219
	793	272

Amounts owed by group undertakings are unsecured, interest free and payable on demand. The fair values of debtors approximate their book values.

6. Cash at bank and in hand

	2007 £000	2006 £000
Cash at bank – denominated in Sterling	–	77
Short term deposits – denominated in Sterling	14,093	6,514
Short term deposits – denominated in Swedish Kronor	370	3,426
	14,463	10,017

The effective interest rate on short-term bank deposits for the year approximated 5.7 percent (2006 – 4.7 percent) for Sterling and 3.9 percent (2006 – 2.6 percent) for Swedish Kronor. At 31 December 2007, all deposits had an overnight maturity (2006 – 30 days).

7. Creditors: amounts falling due within one year

	2007 £000	2006 £000
Amounts owed to group undertakings	360	109
Other creditors and accruals	163	605
	523	714

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. The fair values of creditors approximate their book values.

8. Creditors: amounts falling due after more than one year

	2007 £000	2006 £000
Convertible bond (secured)	2,295	2,125

Full details of the convertible bond are set out in note 20 to the consolidated financial statements.

9. Called up share capital

Full details are set out in note 24 to the consolidated financial statements.

10. Reserves

	Share premium account £000	Convertible bond £000	Profit and loss account £000	**Total £000**
At 1 April 2006	–	–	289	289
Issue of ordinary shares	2,485	–	–	2,485
Expenses of share issues	(419)	–	–	(419)
Convertible bond – equity component	–	313	–	313
Net (loss) for the period	–	–	(634)	(634)
At 31 December 2006	2,066	313	(345)	2,034
Issue of ordinary shares	6,390	–	–	6,390
Expenses of share issues	(58)	–	–	(58)
Net profit for the period	–	–	810	810
At 31 December 2007	**8,398**	**313**	**465**	**9,176**

11. Reconciliation of equity shareholders' funds

	2007 £000	2006 £000
At beginning of period	**22,885**	3,506
Shares issued (net of expenses)	**12,698**	19,700
Convertible bond – equity component	**–**	313
Net profit (loss) for the period	**810**	(634)
At end of period	**36,393**	22,885

Directors	Fritz Martin Urban Jansson	(Chairman – Non-executive director)
	Per Gunnar Båtelson	(Chief Executive)
	James Fitzgerald Thornton	(Corporate Finance Director)
	Johan Frederick Schering Ian Wachtmeister	(Deputy Chief Executive and Chief Operating Officer)
	Frank Joachim Werr	(Non-executive director)
	Andrew Stephen Wilson	(Non-executive director)
	all of 7 Cowley Street London SW1P 3NB	
Secretary and Registered office	James Fitzgerald Thornton 7 Cowley Street London SW1P 3NB	
Company number	5859431	
Country of incorporation	England and Wales	
Ticker symbol (London – AIM)	GHP	
Website	www.globalhealthpartner.com	
Nominated adviser	Cenkos Securities PLC 6. 7. 8. Tokenhouse Yard London EC2R 7AS	
Broker	Fyshe Horton Finney Limited Charles House 148-149 Great Charles Street Birmingham B3 3HT	
Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Offices	Gothenburg, Sweden Östra Hamngatan 26-28 411 09 Göteborg Sweden Tel: +46 (0) 31 712 5300	London, UK 17 Cavendish Square London W1G 0PH United Kingdom Tel: +44 (0) 207 665 1830

Urban Jansson
Chairman

Per Båtelson
Chief Executive

Andrew Wilson
Non-executive Director

Urban Jansson joined SEB, the leading Nordic banking group, in 1966 where he held various management positions between 1972 and 1984. In 1984 he joined AB HNJ Intressenter (former subsidiary of the Incentive Group) as President and Group Chief Executive. In 1990 he was appointed Executive Vice President of the Incentive Group. In 1992 he was appointed President and Group Chief Executive of AB Ratos. He left the company in 1998 and has since then held several board directorships. He is also Chairman at AB Elspiraler, HMS, Jetpak Group and Rezidor Hotel Group, and Deputy Chairman at Director Addtech, Wilh. Becker, Clas Ohlson, Ferd A/S, Höganäs, SEB and the Stockholm Stock Exchange Listing Committee.

Per Båtelson was instrumental in establishing and was chief executive officer of Capio AB 1993 to 2005. He founded and was Chief Executive Officer of Karobio, the listed Swedish biotech company from 1986 to 1989. He has extensive industrial and commercial experience from the international pulp and paper, chemical and biotechnology industries. He is currently the Non Executive Chairman of Apoteket AB, the Swedish public healthcare pharmacy and a non-executive director of Priory Health Care Group.

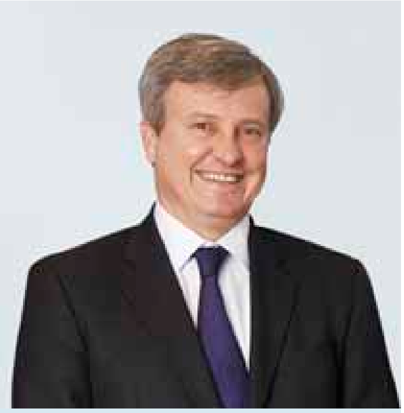
Andrew Wilson is currently Chairman of London Town PLC and a non-executive director of The Corporate Services Group PLC, Digital Marketing Group PLC, Priory Health Care Group and Watford Leisure PLC. Until 2005, he was corporate development director of Capio AB where he was responsible for its international acquisitions and until recently a Director and previously Chairman of Southern Cross PLC. Prior to that he was an investment banker with UBS Warburg specialising in mergers and acquisitions.

Urban Jansson, Chairman – GHP

"GHP's business model is advanced, valuable and has had early success. The opportunity to develop it with experienced healthcare executives who already have considerable backgrounds in building major successful international healthcare companies and are equally determined now to build a new leader in second generation healthcare services, made the invitation to join GHP in September 2007 and become its Chairman this year both exciting and very easy to accept".

Joachim Werr
Non-executive Director

Johan Wachtmeister
Deputy Chief Executive



James Thornton
Group Corporate Finance Director

Joachim Werr joined Investor Growth Capital Europe (Stockholm) in January 2007. Previously, he was a practicing physician at Karolinska University Hospital in Stockholm (2004-2006). He held a position as consultant and engagement manager at McKinsey & Co.'s Stockholm (2000–2004). At McKinsey, he was a member of the Pharma and Healthcare team focusing on strategy projects for clients in the life sciences field and for hospitals and global public health organisations. He studied medicine at Karolinska Institute (1991–1997) and became an M.D. and licensed physician in 2000. From 1997 to 2000, he was in Karolinska's Ph.D. program at the Department of Physiology and Pharmacology. Joachim holds a PhD in the area of pre-clinical inflammatory research.

Johan Wachtmeister is the former chief executive officer of Ledstiernan, the Swedish listed venture capital company. Previously, he was an executive vice president of SEB, the leading Nordic banking group. He is also one of the co-founders of Stockholm Spine Center AB. Currently he is the Chairman of Bangkok Hospital Group Sweden and a Director of Alm Equity AB. He has both an MBA and MSc degrees.

James Thornton was an Investment Banker at Morgan Stanley from 1990 to 1995. He was then Head of Finance at BAT Industries PLC, where he managed the de-merger of its Financial Services interests and their merger with Zurich Financial Services, and Deputy Group and UK Finance Director of Old Mutual PLC from the time of its demutualisation and listing. He directed the turnaround of IFX's Foreign Exchange Division prior to IFX PLC's sale in 2006. He is a Chartered Accountant and a Harvard MBA.

Board of Directors & Senior Management
From left: Joachim Werr, James Thornton, Johan Wachtmeister, Per Båtelson, Urban Jansson and Andrew Wilson.

Experienced senior management team forms, together with the executive directors, the GHP Executive Committée

Ann-Sofi Lodin
Chief Operating Officer

Tobias Linebäck
Chief Financial Officer

Howard Watkins
Managing Director of GHP UK

Ann-Sofi Lodin has long experience in the healthcare sector, both from private and public providers. She was Head of Capio Healthcare Nordic 2004 to 2006 and has held other leading positions within the Capio Lundby Hospital and as Head of Business Area Psychiatry. Before joining Capio, she was controller of Sahlgrenska University Hospital. She is a Director of Bure Equity (Listed company) and the Hospital group of Skaraborg.

Tobias Linebäck joined GHP from Ernst & Young Stockholm where he was a senior manager from 2005 to 2006 working mainly on assignments with prioritised international clients. Prior to that he worked in London with global business development and strategies at Ernst & Young Global, the Ernst & Young group management company and as a tax lawyer at Ernst & Young Sweden from 1999 to 2004. During 1998 and 1999 he was a trainee at the group executive board of Munksjö, a Swedish listed company. Tobias has a degree of Master of Commercial Law.

Howard Watkins has 15 years experience of UK healthcare, joining GHP from Capio in 2006. He held senior financial and commercial positions with Capio UK in both their private and public sector healthcare divisions including the development of their ISTC group of hospitals. Prior to this, he was a manager with Touche Ross & Co (now Deloitte) working in the UK and Australia on international clients and held senior positions in a number of retail groups. He is a Chartered Accountant with a B.Soc. Sc. in Economics and an MBA from the University of Wales.

GHP Management
From left: Howard Watkins, Johan Wachtmeister, Per Båtelsson, Ann-Sofi Lodin and Tobias Linebäck.

GHP Service Line Partners

Spine

Stockholm Spine Center
- Tycho Tullberg
- Björn Branth
- Vibeke Blecher
- Svante Berg

Spine Center Göteborg
- Åke Blixt
- Olle Hägg
- Bengt Lind

VOS (Spine Center Bergen)
- Sjur Braaten

Orthopaedics

Orthocenter Göteborg (IFK-kliniken)
- Leif Swärd
- Ulf Nordenson
- Lars Carlsson
- Lars Regnér

Stockholm's Specialistvård
- Ingemar Gladh
- Mats Heidvall

Orthocenter Motala
- Bengt Horn af Åminne
- Krister Djerf
- Jan Lindquist

Orthocenter Ängelholm
- Lars Wahlström
- Bengt Sturesson
- Hans Koopman
- Herbert Franzén

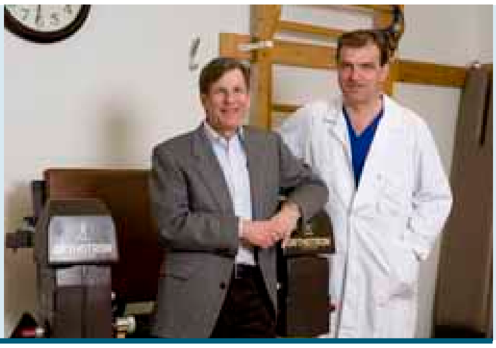
Dental

Nordic Dental Implants
- Thomas Nordin
- Roland Nilsson

Specialistkliniken i Norrköping
- Sten Andersson

Obesity

Vitaklinikerna Sophiahemmet, Stockholm
- Göran Lundegårdh



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