INTERIM ACCOUNTS

PRIMARY HEALTH PROPERTIES PLC

FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
31 DECEMBER 1998

Registered in England and Wales
Registered Number 3033634

PRIMARY HEALTH PROPERTIES PLC

Fincial Statements for the six months ended 31 December 1998

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PRIMARY HEALTH PROPERTIES PLC
PROFIT & LOSS ACCOUNT

Six months to 31 December 1998

	Note	**Six months to 31 December 1998 £'000**	Year to 30 June 1998 £'000
Dividend from subsidiary		**930**	1,154
Administrative expenses	*2*	**(341)**	(519)
Operating profit		**589**	635
Interest received		**162**	320
Interest paid		**(346)**	(98)
Profit for the period		**405**	857
Corporation tax	*3*	**-**	-
Profit after taxation		**405**	857
Interim dividend		**(416)**	(400)
Final dividend		**-**	(496)
Loss retained for the period		**(11)**	(39)

PRIMARY HEALTH PROPERTIES PLC

COMPANY BALANCE SHEET AS AT 31 DECEMBER 1998

	Note	**At 31 December 1998 £'000**	At 30 June 1998 £'000
Fixed assets			
Investment in subsidiaries	*4*	**29,227**	20,681
Investments development loans		**1,015**	897
		30,242	21,578
Current Assets			
Debtors	*5*	**1,696**	868
Cash on deposit		**822**	-
Cash at bank and in hand		**51**	82
		2,569	950
Crditors: amounts falling due within one year			
Creditors	*6*	**(1,223)**	(929)
Net current assets		**1,346**	21
Creditors: amounts falling due in more than one year	*7*	**(16,000)**	(6,000)
		15,588	15,599
Share Capital & Reserves			
Called up share capital	*8*	**8,000**	8,000
Share premium account	*9*	**7,570**	7,570
Revenue reserves		**18**	29
		15,588	15,599

These accounts were approved by the Board of Directors on 25 March 1999

Signed on behalf of the Directors

J O Hambro Capital Management

J O Hambro Capital Management Limited
Secretary

PRIMARY HEALTH PROPERTIES PLC

Notes to the accounts

1 Accounting policies

The accounts have been prepared under the historical cost convention, and in accordance with applicable Accounting Standards in the United Kingdom.

Recognition of income

The principal accounting policies which have been applied consistently by the Company are as follows:

(a) Interest reecivable on short term deposits is accounted for on an accruals basis.

Development Loans

The group has entered into development loan agreements with third parties in respect of certain primary health properties under development. These loans are repayable at the option of the developer at any time. The group has entered into contracts to purchase the developments when they are completed in accordance with the terms of the contracts. The loans are repayable by the developers in the event that the building work is not completed in accordance with the purchase contract. Interest is charged on these advances under the terms detailed in the respective development agreements and taken to the profit and loss account in the year.

2 Administrative expenses

		Period ended 31 December 1998 £'000	Year ended 30 June 1998 £'000
Management fee		**132**	211
Directors' fees		**26**	48
Auditors remuneration	- for audit services	**7**	18
	- for other services	**1**	15
General expenses		**175**	227
		341	519

3 Taxation

	Period ended 31 December 1998 £'000	Year ended 30 June 1998 £'000
UK Corporation tax	**-**	-

PRIMARY HEALTH PROPERTIES PLC

Notes to the accounts

4 Investments

	Period ended 31 December 1998 £'000	Year ended 30 June 1998 £'000
At the beginning of the period	**20,681**	11,192
Loans to subsidiaries during the period	**8,546**	9,489
At the end of the period	**29,227**	20,681

5 Debtors

	31 December 1998 £'000	30 June 1998 £'000
VAT recoverable	**691**	573
Other Debtors	**25**	10
Prepayments	**50**	57
ACT recoverable	**-**	228
Dividend receivable from subsidiaries	**930**	-
	1,696	868

6 Creditors

	31 December 1998 £'000	30 June 1998 £'000
Trade creditors	**289**	231
Taxation	**22**	22
Proposed dividend	**912**	496
ACT payable	**-**	180
	1,223	929

7 Creditors: amounts falling due in more than one year

	31 December 1998 £'000	30 June 1998 £'000
Term Loan	**12,000**	2,000
Convertible Loan Stock	**4,000**	4,000
	16,000	6,000

8 Called up share capital

	31 December 1998 Number	31 December 1998 £'000	30 June 1998 Number	30 June 1998 £'000
Authorised:				
Ordinary share capital of 50p	**40,000,000**	**20,000**	40,000,000	20,000
Issued and fully paid at 50p each	**16,000,000**	**8,000**	16,000,000	8,000

Pusuant to an option agreement dated 14 March 1996 between the Company, NMS and JOHCM. NMS and JOHCM have been granted options to subscribe for a total of 1.6 million shares in the proprtion of 960,000 shares to NMS and 640,000 shares to JOHCM at a subscription price of £1 per share exercisable at any time after publication of the audited accounts of the Company for the financial year ended 30 June, in the year immediately preceding the propsed date of exercise provided that, on the basis of those accounts, the net asset value per share (adding back all gross dividends on each share) has increased since the date of Admission at a rate in excess of the equivalent compound growth rate of 105, and subject to the manager remaining an advisor at the date of exercise. This is not currently exercisable.

9 Share premium account

	31 December 1998 £'000	30 June 1998 £'000
Balance at beginning and end of the period	**7,570**	7,570

10 Reconciliation of shareholders funds

	31 December 1998 £'000	30 June 1998 £'000
Opening shareholders funds	**15,599**	15,638
Profit for the period	**405**	857
Dividends paid and proposed	**(416)**	(896)
	15,588	15,599