

MEDICA GROUP

PROSPECTUS
MARCH 2017



This document comprises a prospectus (the "**Prospectus**") relating to Medica Group PLC (the "**Company**") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority ("**FCA**") made under section 73A of the Financial Services and Markets Act 2000 as amended ("**FSMA**"). This Prospectus has been approved by the FCA in accordance with section 87A of FSMA and made available to the public as required by Rule 3.2 of the Prospectus Rules.

Applications have been made: (i) to the UK Listing Authority for the entire issued and to be issued share capital of the Company to be admitted to the premium listing segment of the Official List and (ii) to the London Stock Exchange for the entire issued and to be issued share capital of the Company to be admitted to trading on the London Stock Exchange's main market for listed securities. Admission to trading on the London Stock Exchange's main market for listed securities constitutes admission to trading on a regulated market. No application has been, or is currently intended to be, made for the Shares to be admitted to listing or trading on any other stock exchange. It is expected that Admission will become effective, and that dealings will commence in the Shares on the London Stock Exchange, at 8.00 a.m. on 21 March 2017.

The Company and the Directors, whose names appear on page 28 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the whole of this Prospectus. In particular, your attention is drawn to the "Risk Factors" section of this Prospectus which contains a description of certain important factors, risks and uncertainties that should be considered in connection with an investment in the Shares.

MEDICA GROUP PLC

(Incorporated under the Companies Act 2006 and registered in England and Wales with number 08497963)

**Offer of 89,977,091 Shares of 0.2p each at an Offer Price of 135p per Share
and**

**Admission to the premium listing segment of the Official List and to trading
on the London Stock Exchange's main market for listed securities**

Sole Sponsor, Bookrunner and Broker

Investec Bank plc

Issued ordinary share capital immediately following Admission

<i>Number</i>	<i>Amount</i>
111,111,114	£222,222

The Selling Shareholders are offering 78,865,979 Existing Shares, in aggregate, for sale under the Offer and the Company is offering 11,111,112 New Shares for subscription under the Offer. The New Shares will rank *pari passu* in all respects with the Existing Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Existing Shares after Admission.

This Prospectus does not constitute or form part of any offer to sell or issue, or any invitation or solicitation of any offer to invest in, any securities of the Company other than the Shares. Prospective investors should only rely on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, no such information or representation may be relied upon for any purpose. In particular, the contents of the websites of members of the Group do not form part of this Prospectus and prospective investors should not rely on them. The Company will comply with its obligations to publish a supplementary prospectus pursuant to section 87G of FSMA and Rule 3.4 of the Prospectus Rules containing further updated information required by law or by any regulatory authority but, except as required by the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules or any other applicable law, assumes no further obligation to publish additional information. Without prejudice to the Company's legal or regulatory obligations to publish a supplementary prospectus, neither the delivery of this Prospectus nor Admission shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this Prospectus or that the information is correct as of any time subsequent to the date of this Prospectus.

Investec has been appointed as sole sponsor, bookrunner and broker in connection with the Offer and Admission. Investec is regulated in the United Kingdom by the FCA and PRA and authorised by the PRA and is acting exclusively for the Company and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus. Investec and each of its respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company for which they would have received customary fees. Investec and each of its respective affiliates may provide such services to the Company or members of the Group in the future.

Apart from the responsibilities and liabilities, if any, that may be imposed on Investec by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Investec accepts no responsibility whatsoever for and makes no representation or warranty, express or implied, as to the contents of, this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Offer and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Investec accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Investec has given and not withdrawn its consent to the issue of this Prospectus with the inclusion of the references to its name in the form and context to which they are included.

In connection with the Offer, Investec and any of its affiliates acting as an investor for its or their own account(s) may subscribe for or purchase Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Shares, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, subscribed, sold, purchased, placed or otherwise dealt with should be read as including any issue, offer or sale to, or subscription, purchase, placement or dealing by, Investec or any of its affiliates acting as an investor for its or their own account(s). Investec does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Notice to certain investors

This Prospectus does not constitute an offer of, or the solicitation of an offer to buy or to subscribe for, Shares to any person in any jurisdiction to whom or in which jurisdiction such offer or solicitation is unlawful and, in particular, is not for distribution in Australia, Canada, the Republic of South Africa, New Zealand, Japan or the United States. The Shares have not been and will not be registered under the US Securities Act of 1933 ("**Securities Act**") or any US state securities laws or under applicable securities laws in Australia, Canada, the Republic of South Africa, New Zealand or Japan. The Shares may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the US (as defined in Regulation S under the Securities Act ("**Regulation S**")) unless the Offer and sale of the Shares has been registered under the Securities Act except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. The Shares are being offered and sold only in "offshore transactions" outside the US, in reliance on Regulation S.

The distribution of this Prospectus and the offer and sale of Shares in jurisdictions other than the United Kingdom may be restricted by law. No action has been or will be taken by the Company, the Directors or Investec to permit a public offer of Shares or the possession or distribution of this Prospectus (or any other offering or publicity material or application form relating to the Shares) in any jurisdiction, other than in the UK. Persons into whose possession this Prospectus comes are required by the Company, the Directors and Investec to inform themselves about and to observe any such restrictions. This Prospectus does not constitute or form part of an offer to sell, or the solicitation of an offer to buy, Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any US federal or state securities commission or any US federal or state regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Shares are subject to selling and transfer restrictions in certain jurisdictions. Prospective investors should read the restrictions described under paragraph 7 of Part 8 (Details of the Offer). Each investor in the Shares will be deemed to have made the relevant representations described in that paragraph.

The date of this Prospectus is 16 March 2017.

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SUMMARY

Prospectus summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A to E (A.1 to E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding that Element. In this case, a short description of the Element is included in the summary with the mention of "not applicable" in the third column.

Section A – Introduction and warnings		
A.1	Warnings	<p>This summary should be read as an introduction to this Prospectus. Any decision to invest in the Shares should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Resale by financial intermediaries	Not applicable. No consent has been given by the Company or any person responsible for drawing up this Prospectus to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer		
B.1	Legal and commercial Name	Medica Group PLC
B.2	Domicile; legal form; legislation and country of incorporation	The Company was incorporated as a private company limited by shares in England and Wales under the 2006 Act with registered number 08497963. It is domiciled in the United Kingdom. The Company was re-registered as a public company on 1 March 2017. The Company operates under the 2006 Act and is subject to the City Code. The Company and its consolidated subsidiaries and subsidiary undertakings from time to time are together referred to as the " Group " and " Group Company " means any one of them.
B.3	Company's current operations and principal activities	<p>Medica is the UK market leader by revenue in the provision of Teleradiology services.</p> <p>Teleradiology is the electronic transmission of radiological patient images, including plain film x-rays (PF), Computerised Tomography (CT) scans and Magnetic</p>

		<p>Resonance Imaging (MRI) scans, from one location to another for the purposes of diagnostic interpretation and reporting. Through Teleradiology, images can be transmitted from the hospital setting, where the images are created, to a radiologist who can review and report on the images remotely. In the case of Medica, these are Consultant Radiologists specialising in the relevant field, who typically report on the image from their own home or from one of Medica's dedicated reporting centres.</p> <p>Medica currently offers three primary services to hospital radiology departments: NightHawk, Routine cross-sectional (Routine CS) and Routine plain film (Routine PF). NightHawk is an out of hours emergency reporting service which is focused on short turnaround times and represented approximately 48.1 per cent. of the Group's revenues in the financial year ended 31 December 2015. NightHawk typically provides reporting on CT scans. The second key service offering, Routine CS and Routine PF, is designed to assist hospital radiology departments in managing their demand/supply imbalance for less urgent daytime reporting on examinations. Routine CS covers a combination of CT and MRI scans (both forms of cross-sectional scan) while Routine PF covers plain film (i.e. X-ray images) examinations and both services typically have a 48 hour turnaround time. Routine CS accounted for approximately 33 per cent. of the Group's revenues in the financial year ended 31 December 2015 and Routine PF accounted for approximately 16 per cent. of the Group's revenues in the financial year ended 31 December 2015. Across all three of its services, Medica offers hospital radiology departments, amongst other benefits, the ability to manage their workflow more efficiently and flexibly and provides rapid access to specialist Consultant Radiologists, which may not be available to that hospital at the relevant time or at all. Medica's pool of Medica Radiologists provides clients with access to Consultant Radiologists who the Directors believe are able to operate with equivalence to radiologists operating in an NHS setting.</p> <p>The radiology market, in which the NHS is the largest participant both in terms of diagnostic imaging and reporting, has been growing for a number of years, primarily through the increased growth in cross-sectional scans (CT, MRI), as technical advances in the quality of imaging have meant that more conditions are suitable for diagnostic reporting and there has also been a clear move in the healthcare sector more generally towards earlier diagnosis and preventative care. In contrast, hospitals have struggled to add sufficient specialist radiologist capacity, particularly in certain areas within the UK. The national shortage of radiologist capacity in the market to meet rising demand, which can be exacerbated at a local level, gives rise to the need to use existing radiologist capacity within the market more efficiently and in the opinion of the Directors, Teleradiology is a key element in achieving this objective.</p>
B.4a	Significant recent trends	<p>The Group operates in the UK as a provider of Teleradiology services and where the main provider of both the diagnostic imaging and the reporting on those images is the NHS.</p>

		<p>There has been strong growth in the number of diagnostic examinations undertaken, particularly in cross-sectional scans (MRI, CT). According to the Royal College of Radiologists (RCR), MRI scans in England grew at a compound annual growth rate of 12.3 per cent. between April 2003 and March 2014 while CT scans in England grew at a compound annual growth rate of 10.1 per cent. over the same period. The RCR forecasts the growth in the volume of MRI scans to continue at a compound annual growth rate of 12.3 per cent. between April 2014 and March 2023 and the growth in the volume of CT scans to continue at a compound annual growth rate of 10.1 per cent. over the same period (Source: "Information submitted to Health Education England workforce planning and education commissioning round – 2015/16" – RCR, 2016). According to the same study, the volume of PF images taken in England grew at a compound annual growth rate of 1.4 per cent. between April 2003 and March 2014, and the RCR forecasts the growth in the volume of PF images to continue at a compound annual growth rate of 1.4 per cent. between April 2014 and March 2023.</p> <p>The growth in the number of examinations undertaken can be attributed to a number of factors, including an ageing demographic; technical advances in the quality of imaging meaning more conditions are suitable for diagnostic imaging; a recognition that early diagnosis improves patient outcomes and reduces costs; the expectation of an increased diagnostic response in areas like stroke and cancer care; growth in A&E admissions for which diagnostic imaging is appropriate; the evolution of NICE guidelines incorporating more diagnostic imaging; greater patient awareness of the availability of diagnostic imaging; and a move to 7-day working in the NHS.</p> <p>At the same time, there is a recognised shortage in the number of Consultant Radiologists in the UK to meet the rising demand. While new Consultant Radiologists are being trained, the net increase (after retirement of existing radiologists) is not sufficient to meet the RCR target of eight Consultant Radiologists per 100,000 head of population, which in 2015 sat at 4.7 (according to "Information submitted to Health Education England workforce planning and education commissioning round – 2015/16" – RCR, 2016). In addition, increased regional shortages can be an issue, as can access to specialist Consultant Radiologists.</p> <p>As a result of the increasing demand for reporting, driven by the growth in the volume of examinations, and the shortage of radiologists within the NHS to meet the demand, Medica's services provide its clients with an outsourced solution enabling them to gain reliable access to Consultant Radiologists with the necessary expertise.</p> <p>Medica principally provides services to NHS Trusts, with which Medica's contractual relationships have evolved over time. NHS Trusts are increasingly moving towards a framework agreement model rather than direct contracts with individual NHS Trusts, with more than one provider party to the framework agreement. Under the Group's various contractual arrangements, the price of providing the service is agreed on a per body part, per scan basis; however, there are no guaranteed contracted volumes.</p>
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B.5	Group structure	As at the date of this Prospectus, the Group comprises the Company and its Subsidiaries which will form part of the Group following Admission. The Company holds (directly and through certain wholly-owned, intermediate holding companies) the Group's operating companies.																											
B.6	Notifiable interests, different voting rights and controlling interests	<p>As at the date of this Prospectus, the following persons each hold, directly or indirectly, 3 per cent. or more of the issued share capital of the Company:</p> <table> <tr> <th></th><th><i>Number of Shares</i></th><th><i>Percentage of issued share capital at the date of the Prospectus</i></th></tr> <tr> <td>CBPE Nominees Limited</td><td>82,474,227</td><td>82.48</td></tr> <tr> <td>John Michael Graham</td><td>7,216,495</td><td>7.22</td></tr> <tr> <td>Martin John Wells</td><td>3,092,784</td><td>3.09</td></tr> <tr> <td>Kevin Patrick Terrins</td><td>3,092,784</td><td>3.09</td></tr> <tr> <td>Dr Stephen Griffith Davies</td><td>3,092,784</td><td>3.09</td></tr> </table> <p>Immediately following Admission, insofar as is known to the Company, the following parties will, directly or indirectly, hold 3 per cent. or more of the issued share capital of the Company:</p> <table> <tr> <th></th><th><i>Number of Shares</i></th><th><i>Percentage of issued share capital at Admission</i></th></tr> <tr> <td>CBPE Nominees Limited⁽¹⁾</td><td>12,371,135</td><td>11.13⁽¹⁾</td></tr> <tr> <td>John Michael Graham</td><td>3,608,248</td><td>3.25</td></tr> </table> <p>(1) Assumes no grant of All Employee IPO Awards under the PSP. To the extent that All Employee IPO Awards are granted prior to Admission, Existing Shares held by CBPE Nominees Limited will be transferred to the trustee of the EBT and will be used to satisfy such All Employee IPO Awards. The All Employee IPO Awards are capped such that the total awards thereunder may not exceed an amount of Shares representing £2 million in aggregate at the Offer Price, equating to 1,481,481 Shares.</p> <p>So far as the Company is aware, no person or persons, directly or indirectly, jointly or severally, own or exercise or could exercise control over the Company.</p> <p>Following Admission, no Shareholder will have any special voting rights over any Shares and all Shares will rank pari passu in all respects with all other Shares.</p>		<i>Number of Shares</i>	<i>Percentage of issued share capital at the date of the Prospectus</i>	CBPE Nominees Limited	82,474,227	82.48	John Michael Graham	7,216,495	7.22	Martin John Wells	3,092,784	3.09	Kevin Patrick Terrins	3,092,784	3.09	Dr Stephen Griffith Davies	3,092,784	3.09		<i>Number of Shares</i>	<i>Percentage of issued share capital at Admission</i>	CBPE Nominees Limited ⁽¹⁾	12,371,135	11.13 ⁽¹⁾	John Michael Graham	3,608,248	3.25
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CBPE Nominees Limited ⁽¹⁾	12,371,135	11.13 ⁽¹⁾																											
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B.7	Selected historical financial information	<p>The selected financial information below, which has been extracted without material adjustment from Section A of Part 6 (Historical Financial Information), set out summary audited consolidated financial information of the Group as of 31 December 2013 and for the period from 2 May 2013 to 31 December 2013, as of and for the financial years ended 31 December 2014 and 31 December 2015 and as of and for the nine months ended 30 September 2016.</p> <p>The Company was incorporated on 22 April 2013 and became the new holding company of the Group on 2 May 2013 following its acquisition of Medica Reporting Limited on 2 May 2013 contemporaneous with completion of the Group's acquisition by CBPE. The Company did not carry on a</p>																											

business between its incorporation on 22 April 2013 and its acquisition of Medica Reporting Limited on 2 May 2013.

The Group's consolidated financial statements for the period from 2 May 2013 to 31 December 2013, by their nature, are not prepared in respect of a full financial year and are therefore not directly comparable with the Group's consolidated financial statements for the financial years ended 31 December 2014 and 2015 or for future financial years, or with the Group's consolidated financial statements for the nine months ended 30 September 2015 and 2016.

Summary Consolidated Income Statement

	2 May to 31 December 2013	Financial year ended 31 December 2014	2015	9 months ended 30 September 2015	2016
				(unaudited)	
			£'000		
Revenue	9,528	17,907	22,238	16,210	20,980
Cost of sales	(4,399)	(8,770)	(10,962)	(7,990)	(10,425)
Gross Profit	5,129	9,137	11,276	8,220	10,555
Administrative expenses	(2,912)	(5,134)	(6,241)	(4,574)	(5,232)
Exceptional items	(682)	-	-	-	-
Operating profit	1,535	4,003	5,035	3,646	5,323
Finance income	2	44	19	5	8
Finance costs	(2,089)	(3,231)	(2,970)	(2,246)	(1,710)
(Loss)/Profit before tax	(552)	816	2,084	1,405	3,621
Income tax recovery/(expense)	5	(418)	(398)	(298)	(810)
(Loss)/Profit attributable to equity holders of the parent	(547)	398	1,686	1,107	2,811
Adjusted operating profit ⁽¹⁾	2,796	4,873	5,905	4,299	6,015
EBITDA ⁽²⁾	3,110	5,467	6,812	4,979	6,861

Notes

- (1) Adjusted operating profit is a non-IFRS measure and is calculated as operating profit before exceptional items (including certain exceptional costs relating to refinancing) and amortisation in respect of assets acquired on acquisition. A reconciliation of the Group's adjusted operating profit to operating profit is set out below:

	2 May to 31 December 2013	Financial year ended 31 December 2014	2015	9 months ended 30 September 2015	2016
				(unaudited)	
			£'000		
Operating profit	1,535	4,003	5,035	3,646	5,323
Add back:					
Exceptional items	682	-	-	-	-
Exceptional costs, relating to re-financing, included within administrative expenses	-	-	-	-	39
Amortisation in respect of assets acquired on acquisition	579	870	870	653	653
Adjusted operating profit ⁽¹⁾	2,796	4,873	5,905	4,299	6,015

(2) EBITDA is a non-IFRS measure and is calculated as operating profit before depreciation, amortisation, exceptional items, exceptional costs and amortisation in respect of assets acquired on acquisition. A reconciliation of the Group's EBITDA to Operating Profit is set out below:

	2 May to 31 December 2013	Financial year ended 31 December 2014	2015	9 months ended 30 September 2015 (unaudited)	2016
				£'000	
Operating profit	1,535	4,003	5,035	3,646	5,323
Add back:					
Exceptional items	682	-	-	-	-
Exceptional costs, relating to re-financing, included within administrative expenses	-	-	-	-	39
Amortisation in respect of assets acquired on					
acquisition	579	870	870	653	653
Depreciation	247	485	795	555	688
Other amortisation	67	109	112	125	158
EBITDA	3,110	5,467	6,812	4,979	6,861

Key Financial information in respect of the 12 months ended 31 December 2013

In order to provide a meaningful trading comparison between the 12 months ended 31 December 2013 and 31 December 2014, the Group has compiled 12 months data for the key financial information for 2013. The table below shows key information relating to results of operations in the financial period from 2 May to 31 December 2013 which has been extracted without material adjustment from the Groups' audited consolidated financial information) and the financial period from 1 January 2013 to 1 May 2013 (which is prepared in accordance with IFRS and has been extracted without material adjustment from unaudited management accounts), enabling the presentation of key information for a twelve-month period for comparison with the financial year ended 31 December 2014 and subsequent financial years.

	1 January to 1 May 2013 (unaudited)	2 May to 31 December 2013	12 months ended 31 December 2013 (unaudited)
			£'000
Revenue	4,224	9,528	13,752
Gross Profit	2,467	5,129	7,596
Operating profit	1,435	1,535	2,970
Adjusted operating profit ⁽¹⁾	1,453	2,796	4,249
EBITDA ⁽²⁾	1,582	3,110	4,692

Notes

(1) Adjusted operating profit is a non-IFRS measure and is calculated as operating profit before exceptional items (including certain exceptional costs relating to refinancing) and amortisation in respect of assets acquired on acquisition. A reconciliation of the Group's Adjusted Operating Profit to Operating Profit is set out below:

	1 January to 1 May 2013 (unaudited)	2 May to 31 December 2013	12 months ended 31 December 2013 (unaudited)
		£'000	
Operating profit	1,435	1,535	2,970
Add back:			
Exceptional items	18	682	700
Exceptional costs	-	-	-
Amortisation in respect of assets acquired on acquisition	-	579	579
Adjusted operating profit	1,453	2,796	4,249

(2) EBITDA is a non-IFRS measure and is calculated as operating profit before depreciation, amortisation, exceptional items (including certain exceptional costs relating to refinancing) and amortisation in respect of assets acquired on acquisition. A reconciliation of the Group's EBITDA to Operating Profit is set out below:

	1 January to 1 May 2013 (unaudited)	2 May to 31 December 2013	12 months ended 31 December 2013 (unaudited)
		£'000	
Operating profit	1,435	1,535	2,970
Add back:			
Exceptional items	18	682	700
Exceptional costs	-	-	-
Amortisation in respect of assets acquired on acquisition	-	579	579
Depreciation	129	247	376
Other amortisation	-	67	67
EBITDA	1,582	3,110	4,692

Summary Consolidated Balance Sheet

	At 31 December 2013	2014	2015	At 30 September 2015 (Unaudited)	2016
				£'000	
ASSETS					
Non-current					
Goodwill	15,948	15,948	15,948	15,948	15,948
Other intangible assets	11,770	10,861	10,094	10,243	9,588
Property, plant and equipment	1,043	1,457	1,929	1,839	1,982
Non-current assets	28,761	28,266	27,971	28,030	27,518
Current					
Trade and other receivables	2,838	3,700	4,333	4,360	5,775
Cash and cash equivalents	2,507	1,161	2,085	1,538	3,406
Current assets	5,345	4,861	6,418	5,898	9,181
LIABILITIES					
Current					
Trade and other payables	(1,009)	(1,788)	(2,036)	(2,014)	(2,621)
Borrowings	(788)	(1,194)	(1,522)	(2,184)	(1,399)
Derivative financial instruments	-	-	-	-	(90)
Current liabilities	(1,797)	(2,982)	(3,558)	(4,198)	(4,110)

	At 31 December 2013	At 31 December 2014	2015	At 30 September 2015 (Unaudited)	2016
			£'000		
Non-current Liabilities					
Borrowings and other financial liabilities	(29,034)	(26,642)	(25,972)	(25,359)	(25,062)
Derivative financial instruments	(58)	(32)	(22)	(32)	-
Deferred tax	(2,309)	(2,165)	(1,845)	(1,926)	(1,724)
Non-current liabilities	(31,401)	(28,839)	(27,839)	(27,317)	(26,786)
Net Assets	908	1,306	2,992	2,413	5,803
Equity					
Share capital	146	146	146	146	146
Share premium	1,309	1,309	1,309	1,309	1,309
Retained earnings	(547)	(149)	1,537	958	4,348
Total equity	908	1,306	2,992	2,413	5,803
Summary Consolidated Statement of Cash Flows					
	2 May to 31 December 2013	Financial year ended 31 December 2014	2015	Nine months ended 30 September 2015 (unaudited)	2016
			£'000		
Operating activities					
(Loss)/profit before tax	(552)	816	2,084	1,405	3,621
<i>Adjustments:</i>					
Amortisation of intangible fixed assets	646	979	982	778	811
Depreciation of property plant and equipment	247	485	795	555	688
Finance income	(2)	(77)	(19)	(5)	(8)
Finance costs	2,089	3,231	2,970	2,246	1,710
Tax (paid)/received	(100)	(140)	(812)	(410)	(624)
<i>Changes in:</i>					
(Increase)/decrease in trade & other receivables	(642)	(862)	(633)	(660)	(1,442)
(Decrease)/increase in trade and other payables	(135)	365	342	99	278
Cash generated from operations	1,551	4,797	5,709	4,008	5,034
Net cash inflow from operating activities	1,551	4,797	5,709	4,008	5,034
Investing activities					
Purchase of property plant and equipment	(516)	(899)	(1,267)	(937)	(741)
Purchase of software intangible assets	(36)	(70)	(214)	(160)	(306)
Purchase of subsidiary undertakings net of cash acquired	(27,740)	-	-	-	-
Interest received	2	44	8	5	8
Cash outflow from investing activities	(28,290)	(925)	(1,473)	(1,092)	(1,039)
Cash flows from financing activities					
Issue of share capital	1,455	-	-	-	-
Issue of loan notes and other borrowings	28,402	-	-	-	13,100
Repayment of loan notes and other borrowings	(220)	(907)	(1,322)	(673)	(14,416)
Interest paid	(391)	(4,311)	(1,990)	(1,866)	(1,358)
Net cash inflow/(outflow) from financing activities	29,246	(5,218)	(3,312)	(2,539)	(2,674)

	2 May to 31 December 2013	Financial year ended 31 December 2014	2015	Nine months ended 30 September 2015 (unaudited)	2016

B.8	Unaudited pro forma information	<p>The unaudited pro forma financial information set out below has been prepared to illustrate the impact of the Offer and the contemporaneous debt refinancing on the consolidated net assets of the Group as at 30 September 2016. The unaudited pro forma financial information has been prepared on the basis of, and should be read in conjunction with, the notes set out below and in accordance with the accounting policies adopted by the Group in preparing the Historical Financial Information set out in Section A of Part 6 of this document.</p> <p>Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Company’s actual financial position. It may not, therefore, give a true picture of the Company’s actual financial position as at 30 September 2016 nor is it indicative of the results that may, or may not, be expected to be achieved in the future.</p> <p>The unaudited pro forma financial information has been prepared for illustrative purposes only and in accordance with Annex II of the Prospectus Directive Regulation.</p> <p>Unaudited pro forma statement of net assets as at 30 September 2016</p> <table><tr><th></th><th><i>Group Note 1</i></th><th><i>Offer proceeds (Net) Note 2 £’000</i></th><th><i>Re- financing Note 3</i></th><th><i>Pro forma net assets Note 4</i></th></tr><tr><td>ASSETS</td><td></td><td></td><td></td><td></td></tr><tr><td>Non-current assets</td><td></td><td></td><td></td><td></td></tr><tr><td>Goodwill</td><td>15,948</td><td>-</td><td>-</td><td>15,948</td></tr><tr><td>Other intangible assets</td><td>9,588</td><td>-</td><td>-</td><td>9,588</td></tr><tr><td>Property, plant & equipment</td><td>1,982</td><td>-</td><td>-</td><td>1,982</td></tr><tr><td>Total non-current assets</td><td><u>27,518</u></td><td><u>-</u></td><td><u>-</u></td><td><u>27,518</u></td></tr><tr><td>Current assets</td><td></td><td></td><td></td><td></td></tr><tr><td>Trade and other receivables</td><td>5,775</td><td>-</td><td>-</td><td>5,775</td></tr><tr><td>Cash and cash equivalents</td><td>3,406</td><td>12,383</td><td>(15,287)</td><td>502</td></tr><tr><td>Total current assets</td><td><u>9,181</u></td><td><u>12,383</u></td><td><u>(15,287)</u></td><td><u>6,277</u></td></tr><tr><td>Total assets</td><td><u>36,699</u></td><td><u>12,383</u></td><td><u>(15,287)</u></td><td><u>33,795</u></td></tr><tr><td>LIABILITIES</td><td></td><td></td><td></td><td></td></tr><tr><td>Current liabilities</td><td></td><td></td><td></td><td></td></tr><tr><td>Trade and other payables</td><td>(2,621)</td><td>-</td><td>-</td><td>(2,621)</td></tr><tr><td>Borrowings</td><td>(1,399)</td><td>-</td><td>1,399</td><td>-</td></tr><tr><td>Derivative financial instruments</td><td>(90)</td><td>-</td><td>-</td><td>(90)</td></tr><tr><td>Total current liabilities</td><td><u>(4,110)</u></td><td><u>-</u></td><td><u>1,399</u></td><td><u>(2,711)</u></td></tr></table>		<i>Group Note 1</i>	<i>Offer proceeds (Net) Note 2 £’000</i>	<i>Re- financing Note 3</i>	<i>Pro forma net assets Note 4</i>	ASSETS					Non-current assets					Goodwill	15,948	-	-	15,948	Other intangible assets	9,588	-	-	9,588	Property, plant & equipment	1,982	-	-	1,982	Total non-current assets	<u>27,518</u>	<u>-</u>	<u>-</u>	<u>27,518</u>	Current assets					Trade and other receivables	5,775	-	-	5,775	Cash and cash equivalents	3,406	12,383	(15,287)	502	Total current assets	<u>9,181</u>	<u>12,383</u>	<u>(15,287)</u>	<u>6,277</u>	Total assets	<u>36,699</u>	<u>12,383</u>	<u>(15,287)</u>	<u>33,795</u>	LIABILITIES					Current liabilities					Trade and other payables	(2,621)	-	-	(2,621)	Borrowings	(1,399)	-	1,399	-	Derivative financial instruments	(90)	-	-	(90)	Total current liabilities	<u>(4,110)</u>	<u>-</u>	<u>1,399</u>	<u>(2,711)</u>
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		Group Note 1	Offer proceeds (Net) Note 2 £'000	Re- financing Note 3	Pro forma net assets Note 4
	Non-current liabilities				
	Borrowings and other financial liabilities	(25,062)	-	13,182	(11,880)
	Derivative financial instruments	-	-	-	-
	Deferred tax	(1,724)	-	-	(1,724)
	Total non-current liabilities	(26,786)	-	13,182	(13,604)
	Total liabilities	(30,896)	-	14,581	(16,315)
	Net assets	5,803	12,383	(706)	17,480
	Notes:				
	(1) The financial information in respect of the Group as at 30 September 2016 has been extracted, without material adjustment, from the Historical Financial Information as set out in Section A of Part 6 of this document.				
	(2) The unaudited pro forma statement of net assets has been prepared on the basis that the Company will raise approximately £15.0 million in gross proceeds from the Offer and that there will be approximately £2.6 million of fees incurred in respect of this transaction, resulting in net proceeds from the Offer of approximately £12.4 million.				
	(3) This adjustment reflects the drawdown of the new term loan facility of £12.0 million, payment of capitalised costs associated with this refinancing of £0.1 million, repayment of the existing bank facilities of £20.6 million and the loan notes of £6.6 million and is stated after expensing capitalised fees associated with the existing bank facilities and the loan notes of £0.7 million. This adjustment assumes that the available revolving credit facility of £1 million is not drawn down. Interest accrued since 30 September 2016 of £0.1 million on existing bank facilities and £0.3 million on the loan notes has been excluded from this adjustment.				
	(4) This column represents the sum of the preceding columns, and represents the pro forma net assets of the Group.				
	(5) Apart from the items described above, no other adjustments have been made to reflect any issues of equity, trading, expenditure, changes in working capital, changes in debt or other movements subsequent to 30 September 2016.				
	(6) The unaudited pro forma statement of net assets does not constitute statutory accounts within the meaning of Section 435 of the 2006 Act.				
B.9	Profit forecast or estimate	Not applicable. This Prospectus does not include any profit forecasts or estimates.			
B.10	Audit report qualification	Not applicable. There are no qualifications in the reporting accountants' report on the historical financial information included in this Prospectus.			
B.11	Explanation in respect of insufficient working capital	Not applicable. The Company is of the opinion that, taking into account the bank and other facilities available to the Group and the net proceeds receivable from the Offer, the working capital available to the Group is sufficient for its present requirements that is for at least the 12 months from the date of this Prospectus.			

Section C – Securities		
C.1	Securities Offered	<p>The Offer comprises an offering to certain institutional and other investors of 89,977,091 Offer Shares, in aggregate.</p> <p>The nominal value of the total issued share capital of the Company immediately following Admission will be £222,222 divided into 111,111,114 Shares of 0.2p each, fully paid.</p> <p>When admitted to trading, the Shares will have an ISIN of GB00BYV24996, SEDOL number BYV2499 and will trade under the symbol MGP.</p>
C.2	Currency	United Kingdom pounds sterling.
C.3	Issued share capital	<p>As at the date of this Prospectus, the issued share capital of the Company is £200,000.004, comprising 100,000,002 Existing Shares.</p> <p>On Admission, there will be 111,111,114 Shares of 0.2p each. All Shares in issue on Admission will be fully paid.</p>
C.4	Rights attached to the Shares	<p>The rights attaching to the Shares are uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions declared, made or paid on the Shares.</p> <p>The Shares rank equally for voting purposes. On a show of hands each Shareholder has one vote and on a poll each Shareholder has one vote per Share held. Each Share ranks equally for any dividend declared. Each Share ranks equally for any distribution made on a winding up of the Company.</p>
C.5	Restrictions on Transferability	Not applicable. The Shares are freely transferable and there are no restrictions on transfer.
C.6	Application for Admission	<p>Applications have been made to the FCA for the Shares to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.</p> <p>No application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any other exchange.</p>
C.7	Dividend policy	<p>The Board intends to adopt a progressive dividend policy for the Company from Admission which will seek to maximise shareholder value and reflect its strong earnings potential and cash flow characteristics, while allowing it to retain sufficient capital to fund ongoing operating requirements and to invest in the Group's long term growth. The Board intends to pay the dividend in an approximate one-third (interim dividend) and two-thirds (final dividend) split and expects the Company's first dividend as a listed company to be an interim dividend for the period ended 30 June 2017.</p> <p>The ability of the Company to pay dividends is dependent on a number of factors and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be.</p>

Section D – Risks		
D.1	Key information on the key risks (Company and industry)	<p>The Group currently derives substantially all of its revenue from the NHS through NHS Trusts and the reduction of such revenue could adversely impact the Group's business, results of operations and financial condition.</p> <p>The Group's revenue from NHS Trusts is not subject to any minimum purchase commitment and any reduction in demand for the Group's services could have a material adverse effect on its business, results of operations and financial condition.</p> <p>The Group's executive management team is critical to its continued performance.</p> <p>The performance of the Group depends on its ability to grow its reporting capacity and any reduction in reporting capacity or any increase in reporting costs could negatively impact the Group's business, results of operations, financial condition or prospects.</p> <p>If the Group's costs increase, its results of operations and financial condition could be materially adversely affected.</p> <p>Quality deficiencies or other issues affecting the Group's accreditations and registrations could adversely impact Medica's reputation and ability to market its services effectively and could have a negative impact on the Group's business, results of operations, financial condition and prospects.</p> <p>Significant competition could adversely affect the Group's business, financial condition and prospects.</p> <p>Future changes in healthcare regulation are difficult to predict and may constrain the Group or require it to materially alter the way in which it operates.</p> <p>The Group is subject to regulations relating to personal information. Any failure to adequately protect its customers' patients' personal data could expose the Group to liability.</p> <p>The Group's business could be disrupted if its information systems fail or if its databases are destroyed or damaged.</p>
D.3	Key information on the key risks (Shares)	<p>There is not currently a trading market for the Shares and there can be no assurance that an active trading market will develop or, if one does develop, that it will be maintained.</p> <p>The trading price of the Shares may fluctuate in response to various factors, many of which are outside the Group's control.</p> <p>There are no guarantees that the Company will pay dividends or the level of any such dividends. The Company's ability to pay dividends depends on the continued payment to it of dividends and other income from the Subsidiaries.</p>

Section E – Offer		
E.1	Net proceeds and expenses	<p>Through the sale of the Existing Shares pursuant to the Offer, it is expected that the Selling Shareholders will receive net proceeds of approximately £103.5 million (after deducting placing commission).</p> <p>Additionally, the issue of 11,111,112 New Shares by the Company is expected to raise approximately £12.4 million of net proceeds for the Company (after deducting placing commissions and other estimated Offer-related fees and expenses of approximately £2.6 million).</p>
E.2	Reasons for Offer and use of proceeds	<p>The Company will receive approximately £12.4 million of net proceeds from the Offer (after deducting placing commissions, other estimated offering-related fees and other related expenses incurred by the Group of approximately £2.6 million).</p> <p>The net proceeds to the Company from the Offer, being approximately £12.4 million, will be used to fund the repayment of the £6.9 million of outstanding loan notes held by CBPE as at the repayment date and the balance to pay down £5.4 million of the Group's £20.6 million outstanding indebtedness under the Group's existing term loan and revolving credit facilities, which the Directors believe will result in an appropriate level of gearing going forward given the size of the Group and the Company's status as a listed company. It is expected that, on Admission, the Group will have net debt of approximately £10 million.</p> <p>The Company will not receive any of the proceeds from the sale of Existing Shares by the Selling Shareholders.</p> <p>Admission will also enable the Selling Shareholders to partially realise their investment in the Company.</p>
E.3	Terms and conditions	<p>The Offer comprises 78,865,979 Existing Shares to be sold and 11,111,112 New Shares to be issued at a price of 135 pence each.</p> <p>Pursuant to the Offer, all Offer Shares will be sold at the Offer Price, which has been determined by the Company and the Selling Shareholders in consultation with Investec. A number of factors have been considered in deciding the Offer Price and the basis of allocation under the Offer, including the level and nature of demand for Shares and the objective of encouraging the development of an orderly after market in the Shares.</p> <p>It is expected that Admission will take place and unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 21 March 2017. Settlement of dealings from that date will be on a two-day rolling basis.</p> <p>The Offer Shares are being allocated, subject to certain conditions, by Investec pursuant to the terms of a placing agreement dated 16 March 2017 entered into between the Company, the Directors, the Selling Shareholders and Investec (the "Placing Agreement"). The Offer is subject to the satisfaction of conditions contained in the Placing</p>

		<p>Agreement which are customary for transactions of this type, including Admission becoming effective by no later than 8.00 a.m. on 21 March 2017 or such later time and/or date as Investec may notify to the Company (not being later than 31 March 2017) and on the Placing Agreement not having been terminated prior to Admission.</p> <p>None of the Shares may be offered for subscription, sale or purchase or be delivered, or be subscribed, sold or delivered and this Prospectus and any other offering material in relation to the Ordinary Shares may not be circulated, in any jurisdiction (including, without limitation, the US) where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.</p>
E.4	Material interests	<p>There are no interests known to the Company that are material to the Offer or Admission or which are conflicting interests.</p>
E.5	Names of persons offering to sell securities	<p>78,865,979 Existing Shares will be sold by the Selling Shareholders pursuant to the Offer.</p> <p>The Offer will provide the Selling Shareholders with a partial realisation of their investment in the Company.</p> <p>Lock-up arrangements</p> <p>Pursuant to the terms of the Placing Agreement, each of the Management Selling Shareholders has agreed that for a 12 month period following Admission, subject to certain customary exceptions, he will not offer, sell or contract to sell, or otherwise dispose of, any Shares (or any interest therein or in respect thereof) that he may hold, or enter into any transaction with the same economic effect as any of the foregoing. For the 12 month period thereafter, they have each agreed not to dispose of any Shares (or any interest therein or in respect thereof) other than through Investec (for so long as Investec is engaged as broker to the Company) with a view to maintaining an orderly market in the Company's securities.</p> <p>Pursuant to the terms of the Placing Agreement, the Principal Selling Shareholder has agreed that for a six-month period following Admission, subject to certain customary exceptions, it will not offer, sell or contract to sell, or otherwise dispose of, any Shares (or any interest therein or in respect thereof) that it may hold, or enter into any transaction with the same economic effect as any of the foregoing. For the six-month period thereafter, it has agreed not to dispose of any Shares (or any interest therein or in respect thereof) other than through Investec (for so long as Investec is engaged as broker to the Company) with a view to maintaining an orderly market in the Company's securities.</p>

E.6	Amount and percentage of dilution	11,111,112 New Shares will be issued pursuant to the Offer. The Existing Shares will represent approximately 90 per cent. of the total issued share capital of the Company immediately following Admission.
E.7	Estimated expenses charged to investors	Not applicable. Other than in respect of expenses of, or incidental to, Admission and the Offer which will be paid by the Company, there are no commissions, fees or expenses to be charged to investors by the Company or the Selling Shareholders under the Offer.

RISK FACTORS

Investing in and holding Shares involves financial risk. Investors in the Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in the Shares, the Group's business and the industries in which it participates which should be considered together with all other information contained in this Prospectus.

Prospective investors should note that the risks relating to the Group, its industries and the Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

The risks and uncertainties described below, which are not set out in any order of priority, are not an exhaustive list and do not necessarily comprise all, or explain all, of the risks associated with the Group and the industries within which it operates or an investment in the Shares (but do comprise the material risks and uncertainties in this regard that are known to the Directors) and should be used as guidance only. Additional risks and uncertainties relating to the Group and/or the Shares that are not currently known to the Directors, or which the Directors currently deem immaterial, may arise or become (individually or collectively) material in the future and may have a material adverse effect on the Group's business, results of operations or financial condition and, if any such risk or risks should occur, the price of the Shares may decline and investors could lose part or all of their investment. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group's business, financial position or prospects.

Prospective investors should consider carefully whether an investment in the Shares is suitable for them in light of the information in this Prospectus and their personal circumstances. Investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand this Prospectus (or any part of it).

Risks relating to the Group

The Group currently derives substantially all of its revenue from the NHS through NHS Trusts and the reduction of such revenue could adversely impact the Group's business, results of operations and financial condition.

The Group derives substantially all of its revenue from its NHS customers, which include more than half the 190 NHS Acute Trusts in England and Scotland (accounting for more than 100 NHS hospitals). There is a risk that NHS or UK Government policy or operating model changes or changes to NHS Trust budgets could result in individual NHS Trusts reducing the volume of services purchased from commercial organisations such as the Group for example, by reducing outsourcing expenditure in general or by moving to alternative service or commissioning models. Private Teleradiology providers may, as a result of a change in policy, face more restrictive working conditions when working with the NHS in the future and/or the conditions for Consultant Radiologists working within the NHS may become more restrictive.

The Group's revenue from NHS Trusts is not subject to any minimum purchase commitment and any reduction in demand for the Group's services could have a material adverse effect on its business, results of operations and financial condition.

Substantially all of the Group's revenue is derived from its contracts with NHS hospitals and NHS Trusts and the use of the Group's services is entirely within their discretion. Customers have no contractual obligation to maintain or renew any previous level of purchasing activity achieved by the Group and there are no minimum purchasing commitments under the Group's agreements with NHS hospitals and NHS Trusts. Customers are therefore freely able to reduce the level of and/or range of services they are procuring from the Group and any resulting reduction in NHS spending on the

Group's services could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's executive management team are critical to its continued performance.

The Group relies on the members of its executive management team, their relationships with and knowledge of organisations in the healthcare industry and their experience of operating in accordance with clinical standards and governance. The Group has implemented policies and remuneration designed to retain and incentivise management; however, there can be no assurance that the Group will be able to retain such individuals or to find suitable replacements should one or more members of management leave. The departure of one or more critical members of the Group's executive management team could have a material adverse effect on the Group's business, results of operations and prospects.

The performance of the Group depends on its ability to grow its reporting capacity and any reduction in reporting capacity or any increase in reporting costs could negatively impact the Group's business, results of operations, financial condition or prospects.

A key component of the Group's business strategy is its ability to source experienced, high-quality Consultant Radiologists (or other practitioners where applicable) to provide its Teleradiology services. Such highly skilled individuals are in high demand and have several choices open to them, for example they may choose to work more in the NHS or to work in the private hospital sector, for other healthcare organisations/institutions or for other, competing Teleradiology providers. Failure to attract and retain Consultant Radiologists of sufficient calibre, or at all, could adversely impact the Group's performance and ability to expand. In addition, increases in the cost of recruiting and retaining Medica Radiologists, which may arise as a result of the demand for their services or otherwise but which the Group may not be able to pass on to its customers, could adversely impact the Group's performance.

In addition, the Group's clinical employees and Medica Radiologists, are generally required to be accredited and qualified by a relevant professional body. Any failure of such employees or of Medica Radiologists to remain accredited or increased difficulty in attracting and retaining appropriately accredited clinical employees and sourcing appropriately accredited and qualified Consultant Radiologists could result in a material adverse effect on the Group's ability to provide services to its customers and therefore on its business, results of operations or prospects.

If the Group's operating and administrative costs increase, its results of operations and financial condition could be materially adversely affected.

The Group is subject to a risk of increased costs as a result of increased competition for qualified permanent staff, increased utilities costs, increased insurance premia, increased compliance costs and the introduction of new technologies or otherwise. If the Group is unsuccessful in passing these costs to its customers, it could have a material adverse effect on the Group's business, results of operations or prospects.

Quality deficiencies or other issues affecting the Group's accreditations, licences and registrations could adversely impact Medica's reputation and ability to market its services effectively and could have a corresponding negative impact on the Group's business, results of operations, financial condition and prospects.

The Group's performance partly depends on its ability to maintain its reputation for high quality services by meeting its rigorous clinical governance standards and operational service levels. Factors such as poor clinical performance, poor customer service, negative press coverage, customer dissatisfaction or regulatory breaches could lead to deterioration in the perception of the quality of the Group's services, all of which in turn could lead to damage to the Group's brand and reputation.

As required under the Health and Social Care Act 2008, Medica is fully registered with the Care Quality Commission and is registered as a data controller with the Information Commissioner's Office. Additionally, under the Health and Social Care Act 2012, the relevant provisions of which came into force in April 2014, independent providers of NHS-funded services that meet certain criteria and that do not qualify for certain exemptions are required to hold an NHS Provider Licence. Medica had initially determined that the applicable criteria that would require the holding an NHS

Provider Licence were not met in Medica's case and accordingly there was no requirement to hold an NHS Provider Licence. Medica has now determined it should hold such a licence and was granted an NHS Provider Licence on 8 February 2017.

Should the Care Quality Commission or Monitor (which is the entity responsible for granting NHS Provider Licences and regulating entities that hold such licences) determine that an entity that they regulate has breached regulatory requirements, such entity may be exposed to regulatory criticism and a range of discretionary sanctions. Regulatory criticism or sanctions, such as the loss of the Group's Care Quality Commission registration or NHS Provider Licence, could result in the loss of or damage to customer relationships and/or could result in the Group ceasing to be able to provide a service. In addition, action taken by a regulator in relation to one or more of the Group's services or the Group directly, regardless of the substantive merit or the eventual outcome of such action, may have a material adverse effect on the Group's brand and reputation, as may the imposition of regulatory sanctions (which could in serious cases result in the suspension or withdrawal of the Group's accreditations and licences and/or the imposition of financial penalties) and/or any litigation claims the Group may in future face arising from alleged failures by the Group or by Medica Radiologists.

Any impairment of the Group's brand and reputation could lead to a reduction in demand for its services and could adversely affect its ability to attract and/or retain Consultant Radiologists or expand its business, each of which could have a material adverse effect on the Group's business, results of operations and financial condition.

Significant competition could adversely affect the Group's business, financial condition and prospects.

The Group is one of a number of Teleradiology providers in the UK and competition is based on clinical and operational performance, technical solutions and price amongst other factors. Some of the Group's competitors, for example, may strive to achieve a superior reputation for clinical excellence, may invest substantial funds in advancing their technology or may reduce their price to attract the Group's customers away from it.

Increased competition could have a material adverse effect on the volume of examinations sourced by the Group, on pricing levels and on the attractiveness of the Group's service offering in relation to its competitors. In order to remain competitive, the Group could be required to take steps including investing additional funds in technology, equipment or permanent staff to maintain market share, which may adversely affect the Group's earnings or cash flow. An adverse effect on the Group's revenue or its ability to grow, or unexpected capital expenditure or investments, loss of staff or Medica Radiologists or customers and decreased market share all could result in a material adverse effect on the Group's business, results of operation, financial condition and prospects.

Future changes in healthcare regulation are difficult to predict and may constrain the Group or require it to materially alter the way in which it operates.

The healthcare industry is heavily regulated and subject to changes in laws and regulation as well as to evolutions in governmental and administrative interpretation of applicable laws and regulation. The Group's ability to operate profitably depends, in part, on its ability and that of Medica Radiologists to continue to operate effectively in whatever healthcare environment it and they experience from time to time.

The Group's business could be adversely affected by regulatory changes that impose new requirements for licensing or accreditation on suppliers of Teleradiology and other healthcare services to NHS and private customers, new restrictions on expenditure by NHS customers or new limitations on services that can be performed by the Group.

Any such changes or other future changes could limit the number of examinations that the Group is asked to report upon or could increase the Group's costs of complying with regulatory requirements, each of which could have a material adverse effect on its business, results of operations and prospects.

The Group is subject to regulations relating to personal information. Any failure to adequately protect its customers' patients' personal data could expose the Group to liability.

The Group processes its customers' patients' sensitive personal data as part of its business. There is a risk that this data could become public in the event of a security breach in respect of such data at its facilities. If such a breach were to occur, the Group could face liability under data protection laws and sanctions or fines from the UK Information Commissioner and could suffer reputational damage with the Group's customers and could suffer damage to its brand, all of which would have a material adverse effect on the Group's business, results of operations, financial performance or prospects.

The above risks similarly apply to how the Group manages and processes lawful requests for data.

The Group's business could be disrupted if its information systems fail or if its databases are destroyed or damaged.

The Group's information technology platform supports, among other things, management control of customers' administration, billing and financial information and reporting processes, the storage, transmission and examination of information relating to its customers' patients and payments to the Group's suppliers. The measures the Group has taken to mitigate potential information technology security risks may prove inadequate, and the Group's information technology continuity plans may be ineffective. Any system failure that causes an interruption in service or availability of the Group's systems could adversely affect operations or delay the collection of revenue. The Group's servers may be vulnerable to computer viruses, break-ins and similar disruptions from unauthorised tampering. The occurrence of any of these events could result in interruptions, delays, the loss or corruption of data, cessations in the availability of systems or liability under privacy and security laws, all of which could have a material adverse effect on the Group's business and results of operations and harm the Group's business reputation.

Any failure by the Group to protect its intellectual property rights could impair its value and competitive advantage.

The Group relies on its intellectual property, principally its IT network and software solutions that manage the workflow to transmit images from the NHS Trust or hospital to the reporting Medica Radiologist. If the Group fails to adequately protect its intellectual property rights, its competition may gain access to its technology and the Group's business may be adversely affected.

The Group could be subject to litigation for actions by third parties or may be found liable for damages which may not be covered by its insurance policies and which may subject the Group to significant liability that it may not be able to insure on acceptable terms in the future.

Healthcare companies can be subject to actions alleging negligence, malpractice and other legal claims that may involve large potential damages and significant defence costs, whether or not the defendant is ultimately found liable. The Group could be exposed to these claims in the operation of its services, for example claims where a disruption to its services arising from an IT system or other failure results in its services being provided only with a significant delay or in Medica Radiologists being unable to make a reliable diagnosis on the basis of the quality of the data transmitted through the Group's systems. Additionally, although the Medica Radiologists who review the examinations sourced by the Group are required to maintain their own professional indemnity insurance in relation to risks of misdiagnosis and injury or other loss to customers arising from their negligence or malpractice, such insurance may be insufficient to cover the full cost of a particular claim; were this to be the case and the Medica Radiologist was unable to fund the cost of settling the claim personally, affected patients and/or the NHS Trust, private hospital or other customer that sourced the Teleradiology services from the Group giving rise to such claim could seek to recover any losses from the Group and, if the Group's insurance were insufficient, there would be an exposure to the Group.

While the Group has been able to obtain third-party liability insurance in the past to cover potential customer, third-party and employee personal injury claims, there can be no assurance that such insurance will be available in the future, on acceptable terms or at all. A successful claim in excess

of the limits of the Group's insurance coverage could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's contracts with certain of its customers provide for a termination right that may be exercised in the event of a change of control of the Group.

The Group is party to a number of ordinary course contracts that enable the customer to terminate the relevant contract on a change-of-control of the Group. The Group has not identified any material contracts under which a customer is expected to exercise a right to terminate as a result of completion of the Offer, but there can be no assurance that these customers will not seek to terminate these contracts. If a material customer exercises their right to terminate their contract, this could have a material adverse effect on the Group's business, results of operations, financial performance and prospects.

The Group could suffer from changes in UK tax law.

The Group contracts with Medica Radiologists with no commitment to provide work to them and most Medica Radiologists have their primary place of work within the NHS and are not regarded as employees of the Group. Any changes to UK tax law could result in Medica Radiologists being deemed employees with subsequent increased financial costs of operating the Group's business. Additionally, as a provider of healthcare services, the group is VAT exempt. Changes in tax laws that changed this VAT exempt status could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group relies on a number of third party suppliers for its business.

The Group uses a number of suppliers to provide equipment or services to manage its IT network, to host its data centres and to connect Medica Radiologists and customers to its IT network. A failure of or errors committed by one or more of these suppliers could cause disruption in the short term until such time as the Group switches to one of its alternative suppliers.

The Group may be affected by macroeconomic and political conditions that are outside of the Group's control.

Demand for the Group's business can be affected by a number of factors that are beyond its control such as general macroeconomic conditions, conditions in the financial services markets, geopolitical conditions and other general political and economic developments. Recent turmoil in the financial markets, including in the capital and credit markets, may continue to put pressure on the economy in the United Kingdom and/or globally and could have a negative effect on demand for the Group's business. The Group may experience further pressure on commercial rates, lower demand for its services and a reduction in the amounts the Group expects to collect, any of which could have a corresponding material adverse effect on the Group's business, results of operations and prospects.

Risks relating to the Offer and the Shares

Substantial future sales of Shares could affect the market price of the Shares.

The Company cannot predict what effect, if any, future sales of Shares, or the availability of Shares for future sale, will have on the market price of Shares. Sales of substantial numbers of Shares in the public market following the Offer, or the perception or any announcement that such sales could occur, following the expiry of any lock-up arrangements, could adversely affect the market price of the Shares and may make it more difficult for investors to sell their Shares at a time and price which they deem appropriate. Such sales may also make it more difficult for the Company to issue equity securities in the future at a time and at a price that it deems appropriate. During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lock-up arrangements, the market price of the Shares may fall in anticipation of a sale of Shares. Following the expiry of these arrangements, there will be no contractual restriction on the sale of the Shares owned by the Shareholders who were previously subject to them. The Group cannot predict whether a substantial number of Shares in addition to those which will be available in the Offer will be sold in the open market following the expiration or waiver of these restrictions. In particular, there can be no assurance that after the restrictions expire, or prior to the time when any such restrictions may be waived, such Shareholders will not reduce their holdings of the Shares.

There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained.

There is presently no public trading market for the Shares and Admission should not be taken as a guarantee that there will be a liquid market for the Shares. The Company does not know the extent to which investor interest in the Shares will lead to the development of a trading market following Admission, how liquid that market might be or, if a trading market does develop, whether it will be sustainable. If an active and liquid trading market does not develop or is not sustained, the liquidity and trading price of the Shares could be materially adversely affected and investors may have difficulty selling their Shares. Even if an active trading market develops, the market price for the Shares may fall below the Offer Price, perhaps substantially and for a substantial period. As a result of fluctuations in the market price of the Shares, investors may not be able to sell their Shares at or above the Offer Price, or at all.

The market price of the Shares may fluctuate significantly in response to a number of factors, many of which will be out of the Group's control.

The Offer Price may not be indicative of the market price for the Shares following Admission. Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the company that issued them. The market price of the Shares may prove to be highly volatile and may fluctuate significantly in response to a number of factors, many of which are beyond the Group's control, including: variations in operating results in the Group's reporting periods; cyclical fluctuations in the performance of the Group's business; changes in financial estimates by securities analysts; changes in market valuations of similar companies; announcements by the Group of significant contracts, acquisitions, joint ventures or capital commitments; speculation, whether or not well-founded, regarding the intentions of the Group's major shareholders or significant sales of shares by any such shareholders or short selling of the Shares; speculation, whether or not well-founded, regarding possible changes in the Group's management team; loss of one or more major customers; additions or departures of key employees; any shortfall in revenue or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Shares. Any or all of these events could result in a material decline in the price of the Shares. Investors may not be able to sell their Shares at or above the Offer Price, or at all.

There is no guarantee that dividends will be paid by the Company.

Any dividend on the Shares will be limited by the Group's performance. The Company's dividend policy is described in Part 3 (Reasons for the Offer, use of proceeds, dividends and dividend policy) but should not be construed as a dividend forecast. As a holding company, the Company's ability to pay dividends in the future is affected by a number of factors, principally the Group's generation of distributable profits and the receipt of sufficient dividends from its subsidiaries. The Group's members may be precluded from paying dividends by various factors, such as their own financial condition, restrictions in existing or future financing documents to which they are party or applicable law. Under English law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. In addition, the Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised or if, for any other reason, the Directors conclude it would not be in the best interests of the Company. Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends.

Overseas Shareholders may be subject to exchange rate risk.

The Shares will be quoted and any dividends to be paid in respect of them will be in pounds sterling. An investment in Shares by an investor in a jurisdiction whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of the pound sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms.

The issue of additional Shares in the Company in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings.

Other than in connection with Admission or pursuant to employee share plans or similar incentive arrangements, the Company has no plans for an offering of Shares. However, it is possible that the Company may decide to offer additional Shares in the future. Future sales or the availability for sale of substantial amounts of the Shares in the public market could dilute the holdings of Shareholders, adversely affect the prevailing market price of the Shares and impair the Group's ability to raise capital through future offerings of equity securities.

Shareholders outside the UK may not be able to participate in future equity offerings.

The 2006 Act and the Articles provide for pre-emptive rights to be granted to Shareholders on the offer of equity securities for cash, unless such rights are disapplied by a Shareholder resolution. However, securities laws of certain jurisdictions may restrict the Group's ability to allow participation by Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise their pre-emption rights unless such an offering is registered under the Securities Act or made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Any Shareholder who is unable to participate in future equity offerings may suffer dilution.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

The Offer statistics and dates and times in this Prospectus are subject to change at the determination of the Company, following consultation with Investec. Any such change will be publicly announced by the Company through an RIS. All times are London, UK times.

Expected timetable of principal events

<i>Event</i>	<i>Time and date</i>
Admission and commencement of dealings in the Shares on the London Stock Exchange	8.00 a.m. on 21 March 2017
CREST accounts credited in respect of uncertificated Shares	21 March 2017
Share certificates in respect of certificated Shares despatched	by 4 April 2017

Offer Statistics

Offer Price (per Share)	135 pence
Number of Shares subject to the Offer	89,977,091
– to be sold by the Selling Shareholders (the Existing Shares)	78,865,979
– to be issued by the Company (the New Shares)	11,111,112
Percentage of the Existing Shares subject to the Offer ¹	78.9 per cent.
Number of Shares in issue immediately following Admission	111,111,114
Expected market capitalisation of the Company at the Offer Price	approximately £150 million
Estimated net proceeds of the Offer receivable by the Company	approximately £12.4 million
Estimated gross proceeds of the Offer receivable by the Selling Shareholders	approximately £106.5 million

- (1) Excludes Shares to be transferred by CBPE Nominees Limited to the EBT at the Offer Price in order to satisfy the grant of awards under the All Employee IPO Award under the Performance Share Plan. To the extent that IPO Awards are granted prior to Admission, Existing Shares held by CBPE will be transferred to the trustee of the EBT and will be used to satisfy such IPO Awards. The All Employee IPO Award is capped such that the total awards thereunder may not exceed an amount of Shares representing £2 million in aggregate at the Offer Price, equating to 1,481,481 Shares.

DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	<p>Gordon Roy Davis, <i>Independent Chairman</i> John Michael Graham, <i>Chief Executive Officer</i> Anthony Leonard Lee, <i>Chief Financial Officer</i> Dr Stephen Griffith Davies, <i>Medical Director and Responsible Officer</i> Stephen Lee Whittern, <i>Senior Independent Non-Executive Director</i> Dr Michael Bewick, <i>Independent Non-Executive Director</i> Anand Jagdish Jain, <i>Non-Executive Director</i></p>
Company secretary	Anthony Leonard Lee
Registered and head office	<p>Havelock Place Havelock Road Hastings East Sussex TN34 1BG</p>
Telephone no	033 33 111 222
Sole Sponsor, Bookrunner and Broker to the Company	<p>Investec Bank plc 2 Gresham Street London EC2V 7QP</p>
Reporting Accountant	<p>Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU</p>
Auditors to the Company	<p>Grant Thornton UK LLP The Explorer Building, Fleming Way Gatwick West Sussex RH10 9GT</p>
Solicitors to the Company	<p>Eversheds Sutherland (International) LLP One Wood Street London EC2V 7WS</p>
Solicitors to Investec	<p>Osborne Clarke LLP One London Wall London EC2Y 5EB</p>
Registrars	<p>Capita Asset Services The Registry 34 Beckenham Road Beckenham BR3 4TU</p>
Financial public relations advisers to the Company	<p>FTI Consulting 200 Aldersgate Aldersgate Street London EC1A 4HD</p>

PRESENTATION OF INFORMATION

General

Prospective investors should only rely on the information in this Prospectus and any supplementary prospectus produced to supplement the information contained in this Prospectus. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the Offer and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders or Investec. No representation or warranty, express or implied, is made by Investec as to the accuracy or completeness of such information and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by Investec as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4.1 of the Prospectus Rules, neither the delivery of this Prospectus nor any subscription, sale or purchase of Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or the Group since the date of this Prospectus or that the information contained in this Prospectus is correct as at any time subsequent to its date.

As required by the Prospectus Rules, the Company will update the information provided in this Prospectus by means of a supplement to it if a significant new factor that may affect the evaluation by prospective investors of the Group and/or the Offer occurs prior to Admission or if this Prospectus contains any material mistake or inaccuracy. Any supplement to this Prospectus will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to this Prospectus is published prior to Admission then, to the extent provided in section 87Q of FSMA, investors shall have the right to withdraw their subscriptions or purchases made prior to the publication of the supplement. Such withdrawal must be made within the time limits set out in the supplement (if any) (which shall not be shorter than two working days after publication of the supplement).

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its, his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any subscription or purchase, or proposed subscription or purchase, of Shares. In making an investment decision, each prospective investor must rely on its, his or her own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders, Investec or any of their respective affiliates and representatives that any recipient of this Prospectus should subscribe for or purchase any of the Shares. Prior to making any decision as to whether to subscribe for or purchase any of the Shares, prospective investors should read the entirety of this Prospectus. Prospective investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it.

Investors who subscribe for or purchase Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on Investec or any Selling Shareholder or any of their affiliates or representatives in connection with any investigation of the accuracy of any information contained in this Prospectus for their investment decision; (ii) they have relied only on the information contained in this Prospectus, and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by or on behalf of the Company, the Directors, Investec or the Selling Shareholders or their respective affiliates or representatives.

None of the Company, the Directors, Investec or any of their representatives is making any representation to any offeree, subscriber or purchaser of the Shares regarding the legality of an investment by such offeree, subscriber or purchaser.

In connection with the Offer, Investec and any of its affiliates, acting as investors for their own accounts, may acquire Shares, and in that capacity may retain, purchase, sell, offer to sell or

otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Shares being offered, subscribed, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, acquisition, dealing or placing by, Investec and any of its affiliates acting as investors for their own accounts.

Investec does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Presentation of financial information and non-financial operating data

Historical Financial Information and Pro Forma Financial Information

The historical financial information in Section A of Part 6 (*Historical financial information*) and the unaudited pro forma financial information in Section A of Part 7 (*Unaudited pro forma financial information*) has, in each case, been prepared in accordance with the requirements of the Prospectus Directive Regulation and the Listing Rules; the historical financial information has been prepared in accordance with IFRS as adopted by the EU. The bases of preparation are, respectively, further explained in Section A of Part 6 (*Historical Financial Information*) and Section A of Part 7 (*Unaudited pro forma financial information*).

The Company was incorporated on 22 April 2013 and became the new holding company of the Group on 2 May 2013 following its acquisition of Medica Reporting Limited on 2 May 2013 contemporaneous with the Group's acquisition by CBPE. The Company did not carry on a business between its incorporation on 22 April 2013 and its acquisition of Medica Reporting Limited on 2 May 2013.

The Group's consolidated financial statements for the period from 2 May 2013 to 31 December 2013, by their nature, are not prepared in respect of a full financial year and are therefore not directly comparable with the Group's consolidated financial statements for the financial years ended 31 December 2014 and 2015 or for future financial years, or with the Group's consolidated financial statements for the nine months ended 30 September 2015 and 2016.

The financial information included in this Prospectus includes some measures which are not accounting measures within the scope of IFRS and which the Group uses to assess the financial performance of its business.

The non-IFRS financial measures referenced above and described in more detail below are included in this document as a supplemental disclosure because the Directors believe that these measures provide useful historical financial information to investors, help investors evaluate the performance of the underlying business and are measures commonly used by certain investors and securities analysts for evaluating performance.

The Group's definition, presentation or calculation of each of the non-IFRS financial measures may be different from definitions, presentations and calculations used by other companies and therefore comparability may be limited. Investors should therefore exercise caution in comparing non-IFRS financial measures reported by the Group to similar measures of other companies

Adjusted operating profit

The Group calculates adjusted operating profit as operating profit before amortisation of assets acquired upon acquisition and exceptional items (including certain exceptional costs relating to refinancing).

EBITDA

The Group calculates EBITDA as operating profit before amortisation of assets acquired upon acquisition, exceptional items (including certain exceptional costs relating to refinancing), depreciation and amortisation of other assets.

The following table sets forth a reconciliation from the Group's consolidated profit attributable to equity holders to operating profit, adjusted operating profit and EBITDA:

	2 May to 31 December 2013	12 months ended 31 December 2014	30 September 2015 £'000	9 months ended 2015 (unaudited)	2016
(Loss)/Profit attributable to equity holders of the parent	(547)	398	1,686	1,107	2,811
Income tax recovery/(expense)	5	(418)	(398)	(298)	(810)
(Loss)/Profit before tax	(552)	816	2,084	1,405	3,621
Finance costs	(2,089)	(3,231)	(2,970)	(2,246)	(1,710)
Finance income	2	44	19	5	8
Exceptional items	(682)	–	–	–	–
Operating profit	1,535	4,003	5,035	3,646	5,323
<i>Add back:</i>					
Exceptional items	682	–	–	–	–
Exceptional costs, relating to re-financing, included within administrative expenses	–	–	–	–	39
Amortisation in respect of assets acquired on acquisition	579	870	870	653	653
Adjusted operating profit	2,796	4,873	5,905	4,299	6,015
<i>Add back:</i>					
Depreciation	247	485	795	555	688
Amortisation of other assets	67	109	112	125	158
EBITDA	3,110	5,467	6,812	4,979	6,861

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data sourced and statistics in this Prospectus constitute Directors' estimates, using underlying data from third parties. The Company obtained market and economic data and certain industry statistics from internal reports as well as from third party sources as described in the footnotes to such information. The Company confirms that all third party information set out in this Prospectus has been accurately reproduced and that, so far as the Company is aware and has been able to ascertain from information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified. Such third party information has not been audited or independently verified.

Information regarding forward-looking statements

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could",

"should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative of those terms, other variations on those terms or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs and current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Company and the industries in which it operates.

In particular, the statements under the following headings "Summary", "Risk Factors", Part 1 (Information on the Group) and Part 4 (Operating and Financial Review) regarding the Group's strategy and other future events or prospects are forward-looking statements. These forward looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved: actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Please refer to the section headed "Risk Factors" for further confirmation in this regard.

The forward-looking statements contained in this Prospectus are made only as of the date of this Prospectus. The Company, the Directors, the Selling Shareholders, Investec expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this Prospectus to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure Guidance and Transparency Rules. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Prospectus.

Information not contained in this Prospectus

No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Prospectus nor any subscription, sale, or purchase made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to the date of this Prospectus.

No incorporation of website information

The contents of the Company's website, any website mentioned in this Prospectus or any website directly or indirectly linked to these websites have not been verified and do not form part of this Prospectus, and investors should not rely on such information.

Rounding

Certain data contained in the Prospectus, including financial information, have been subject to rounding adjustments. As a result of this rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. In certain statistical and operating tables contained in the Prospectus, the sum of numbers in a column or a row may not conform to the total figure given for that column or row. Percentages in tables and elsewhere in this Prospectus have been rounded and accordingly may not add up to 100 per cent.

Constitution

All Shareholders are entitled to the benefit of, and are bound by, and are deemed to have notice of, the provisions of the Articles.

Interpretation

Certain terms used in this Prospectus are defined in the section entitled "Definitions" and certain technical and other items are defined and explained in the section entitled "Glossary".

All references to time in this Prospectus are to London time, unless otherwise stated.

PART 1

INFORMATION ON THE GROUP

Investors should read this Part 1 in conjunction with the more detailed information contained in this Prospectus, including the financial and other information appearing in Part 4 (Operating and Financial Review). Where stated, financial information in this Part 1 has been extracted without material adjustment from Part 6 (Historical Financial Information).

1. Overview

Medica is the UK market leader by revenue in the provision of Teleradiology services.

Teleradiology is the electronic transmission of radiological patient images, including plain film x-rays (PF), Computerised Tomography (CT) scans and Magnetic Resonance Imaging (MRI) scans, from one location to another for the purposes of diagnostic interpretation and reporting. Through Teleradiology, images can be transmitted from the hospital setting, where the images are created, to a radiologist who can review and report on the images remotely. In the case of Medica, these are Consultant Radiologists specialising in the relevant field, who typically report on the image from their own home or from one of Medica's dedicated reporting centres. Teleradiology improves patient care by enabling radiologists to provide their services remotely, thereby facilitating the rapid availability of trained specialists 24 hours a day, 365 days a year.

Medica has a bespoke IT platform that provides market-leading linkage between a hospital's Radiology Information System (RIS) and Consultant Radiologists who contract with Medica, comprising over 240 Medica Radiologists as at 31 December 2016 and representing the largest cohort of Consultant Radiologists in the UK outside the NHS. Through accessing this resource, Medica is able to provide reporting on more than 1.3 million examinations annually across its large and diversified customer base of more than half the 190 NHS Acute Trusts in England and Scotland (accounting for more than 100 NHS hospitals), and various private hospital groups and diagnostic imaging companies. Over 77 per cent. of Medica's revenue in the financial year ended 31 December 2015 was derived from customers who had been utilising Medica's services for at least three years.

Medica currently offers three primary services to hospital radiology departments: NightHawk, Routine cross-sectional (Routine CS) and Routine plain film (Routine PF).

NightHawk is an out of hours emergency reporting service which is focused on short turnaround times and represented approximately 48.1 per cent. of the Group's revenues in the financial year ended 31 December 2015. NightHawk typically provides reporting on CT scans.

Routine CS and Routine PF are both designed to assist hospital radiology departments in managing their demand / supply imbalance for less urgent daytime reporting, as well as access to expertise in particular sub-specialisms. Routine CS covers a combination of CT and MRI scans (both forms of cross-sectional scan) while Routine PF covers plain film images and both services typically have a 48 hour turnaround time. Routine CS accounted for approximately 33 per cent. of the Group's revenues in the financial year ended 31 December 2015 and Routine PF accounted for approximately 16 per cent. of the Group's revenues in the financial year ended 31 December 2015.

Across all three of its services, Medica offers hospital radiology departments, amongst other benefits, the ability to manage their workflow more efficiently and flexibly and provides rapid access to specialist Consultant Radiologists, which may not be available to that hospital at the relevant time or at all. Medica's pool of Medica Radiologists provides clients with access to Consultant Radiologists who the Directors believe are able to operate with equivalence to radiologists operating in an NHS setting.

The radiology market, in which the NHS is the largest participant both in terms of diagnostic imaging and image reporting, has been growing for a number of years, primarily through the increased growth in cross-sectional scans (CT, MRI), as technical advances in the quality of imaging have meant that more conditions are suitable for diagnostic reporting and there has also been a clear move in the healthcare sector more generally towards earlier diagnosis and preventative care. In contrast, hospitals have been unable to add sufficient specialist Consultant Radiologist capacity,

particularly in certain areas within the UK. The national shortage of Consultant Radiologist capacity to meet rising demand, which can be exacerbated at a local level, gives rise to the need to use existing capacity within the market more efficiently and Teleradiology is a key element in achieving this objective.

Medica is currently majority-owned by CBPE, which led a management buyout of Medica from Nuffield Health in 2013. The Group has grown strongly for a number of years, driven by a combination of underlying growth in the number of examinations undertaken as well as an increasing level of outsourcing by its customers. Between 2013 and 2015, Medica grew its annual revenues at a compound rate of 27 per cent. and EBITDA at a compound rate of 20 per cent. In the nine month period to 30 September 2016, revenues and EBITDA were ahead of the same period in 2015 by 29 per cent. and 37 per cent., respectively.

The benefits of scale from being the largest Teleradiology provider by revenue in the UK delivers clear benefits for hospitals (and therefore patients) and Consultant Radiologists. Medica has sought to maintain its market leadership through a combination of continual innovation and improvements to its IT interface with customers, providing a high quality clinical service, wrapped within a strong clinical governance structure and offering Consultant Radiologists the best opportunities and framework in which to provide their service. The market-leading quality of its service offering has been a key factor for the Group in maintaining its EBITDA margins.

2. Medica's services

Medica predominantly provides Teleradiology services to NHS hospitals, contracting with each hospital Trust according to its own needs. Other customers include private hospital groups and diagnostic imaging businesses. The Group's largest single customer accounted for c. 7.3 per cent. of the Group's consolidated revenue and the top 10 customers accounted for c. 37 per cent. of the Group's consolidated revenue in 2016, down from 8.6 per cent. and 44.1 per cent. respectively in 2012.

Medica has three main service offerings for its customer base, with several other offerings in earlier stages of development.

NightHawk

Medica's NightHawk service is an out of hours service to hospital emergency departments, offering 'always on' support 24 hours a day, 365 days a year and NightHawk represented approximately 48.1 per cent. of the Group's consolidated revenues for the financial year ended 31 December 2015.

Timely and accurate reporting of images is the most critical aspect of emergency Teleradiology. To achieve this, Medica has invested heavily in its technical platform and this has enabled the achievement of an average turnaround time of 22 minutes in the financial year ended 31 December 2015, which compares favourably with a typical contracted service level turnaround time of 60 minutes; the Group's average turnaround time for NightHawk reports is believed by the Directors to be considerably shorter than the industry average (including Teleradiology providers and inhouse radiology departments).

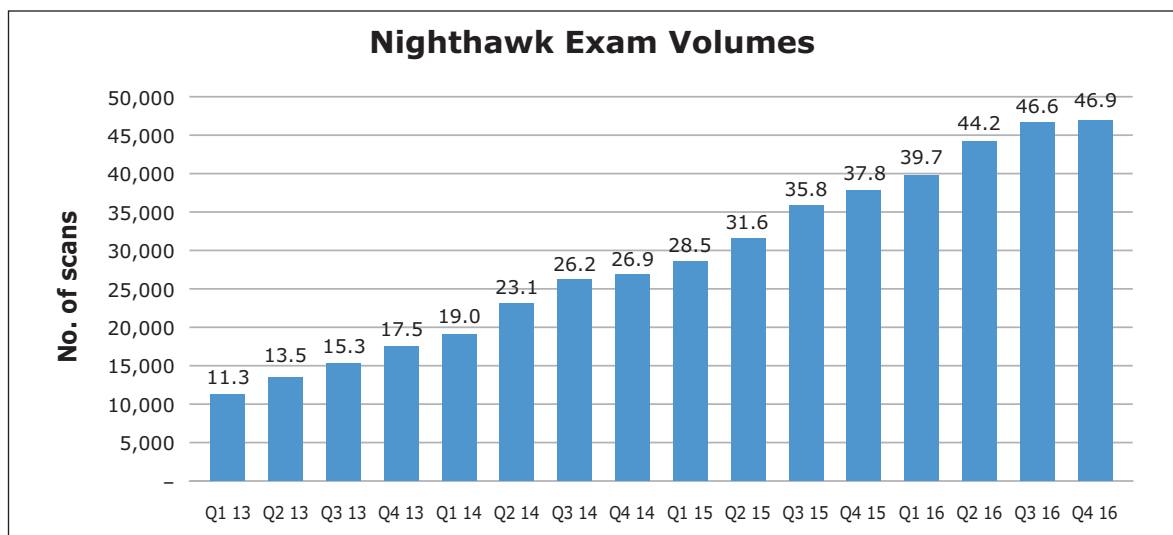
With A&E admissions increasing and a trend towards greater use of diagnostic imaging to deliver better patient outcomes, out-of-hours diagnostic imaging has been growing strongly. It is normal for A&E departments to experience spikes and lulls in activity and so staffing to an adequate level is challenging. Some departments utilise 'on-call' radiologists, whereby the radiologist on duty is required to wake up during the night, attend the hospital and report potentially on only one scan. This typically rules out the same radiologist from being able to work the next day due to NHS restrictions on working hours, potentially exacerbating at that hospital the general shortage in daytime reporting capacity within the NHS, which is discussed further below.

NightHawk enables its clients to better utilise their inhouse radiology resources by reducing or removing entirely the need for on-call radiologists to deal with emergency care needs, through instead facilitating access to highly experienced, UK-based Medica Radiologists able to turn around completed reports within minutes of a scan or PF image being received by Medica.

Through NightHawk, the hospital, if it is busy, has access to a greater Consultant Radiologist resource, helping it manage peaks in demand out of hours; if it is quiet, it has not wasted the on-call radiologist's time and the resulting cost to the hospital. For the Medica Radiologist, their time is better utilised as they can provide cover across a number of other NightHawk customers, more efficiently managing the peaks and troughs in demand across that customer base and helping to ensure a steady flow of work for the individual.

Additionally, through the panel of Consultant Radiologists to whom Medica is able to provide access, the Group has been able to facilitate the development of specialisms in emergency reporting. Most recently, Medica has launched reporting services for multiple trauma patients and is currently developing a specialist reporting service for stroke patients.

Figure 1 – NightHawk exam volumes



Source: Management information.

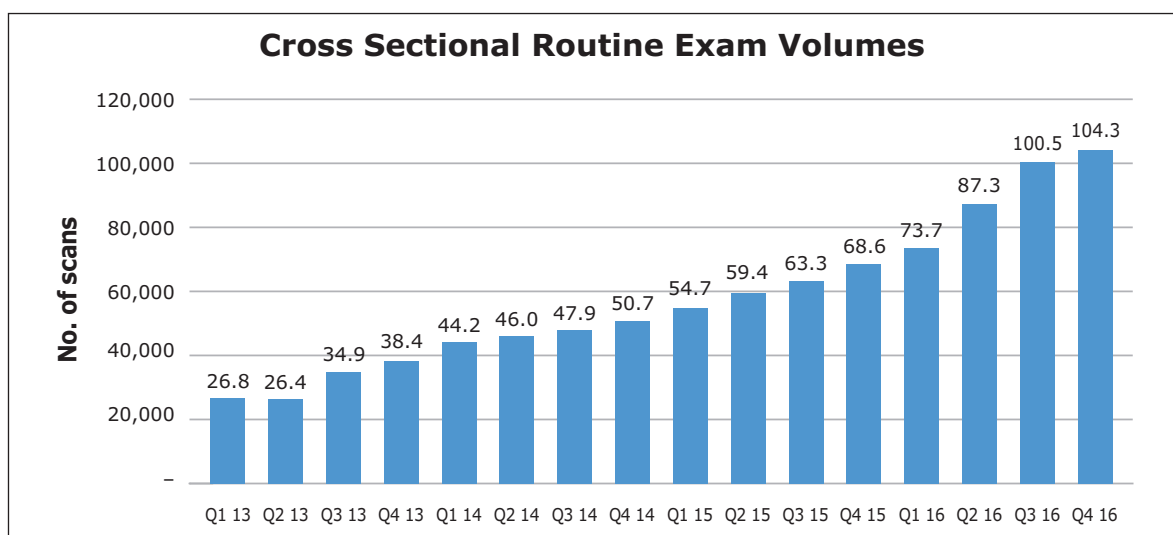
Figure 1 shows the strong growth in NightHawk volumes since 2013, on a quarterly basis, up to 31 December 2016.

Routine cross-sectional and Routine plain film

The Group's Routine service offering is split into two distinct services: Routine CS and Routine PF. They are both designed to assist hospitals in managing their ordinary course daytime capacity and turnaround times. Again, the services are provided on a 24 hours a day, 365 days a year basis. Routine CS accounted for approximately 33 per cent. of the Group's revenues in the financial year ended 31 December 2015 and Routine PF accounted for approximately 16 per cent. of the Group's revenues in the financial year ended 31 December 2015. The turnaround time under the service level agreements with the Group's customers is typically 48 hours, but Medica can offer shorter turnaround times, if required (including same-day turnaround times, if required).

With the growth in the number of examinations, particularly cross-sectional, combined with the general shortage of daytime reporting capacity within the NHS, there is an increasing need for hospitals to outsource some of their reporting needs, with benefits for Medica's clients including an enhanced ability to achieve early diagnosis and provide preventative care, to seek reinforcement of diagnosis and care decisions and to use diagnostic imaging across a broader range of conditions. In addition, hospitals increasingly need reporting from experts in particular fields within the general discipline of radiology, for example specialist neuro-radiologists or paediatric radiologists, and this increasing need for specialist reporting is making it more difficult for hospitals to resource their radiology departments to the optimum level.

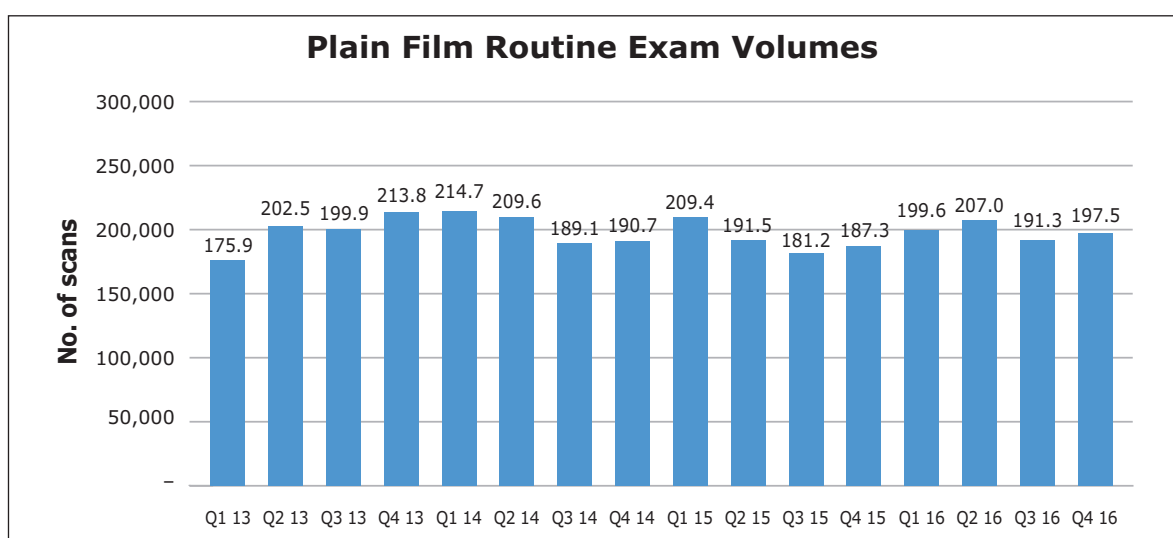
Figure 2 – Routine cross-sectional exam volumes



Source: Management information.

Figure 2 shows the strong growth in cross-sectional volumes reported by Medica on a quarterly basis up to 31 December 2016.

Figure 3 – Routine plain film exam volumes



Source: Management information.

Figure 3 shows the volume of Routine PF examinations reported by the Group on a quarterly basis up to 31 December 2016.

Cross-sectional imaging, which comprises CT and MRI scans, is growing much faster than PF and is of higher value per unit. As a consequence, Medica has prioritised growing cross-sectional volumes through its Routine CS offering over Routine PF, preferentially utilising Medica Radiologists' capacity to report on these scans, instead of PF images. During this time, the Group has had to actively manage the PF business, in terms of balancing clients' needs versus its own Medica Radiologist capacity and in some cases, declining larger volume work where it considered that the Group did not have sufficient capacity to provide such reporting.

As the Teleradiology market has developed, Medica has recently launched a new service, Radiographer Reporting, utilising highly skilled and qualified radiographers, in addition to Medica Radiologists, to conduct PF reporting. The Group has contracted with several Advanced Practitioner Radiographers who are trained and highly experienced in PF reporting, with several more in the recruitment pipeline at varying stages of deployment. Medica's deployment of Advanced Practitioner Radiographers for PF reporting is focussed on areas where radiographers are already

utilised and increasingly accepted for this purpose in the NHS and allows Medica Radiologist capacity to be made available for cross-sectional reporting.

The Directors believe that the Group is well-positioned to exploit the growth opportunity arising from Radiographer reporting, underpinned by the Group's reputation for clinical excellence. The Group launched this service in August 2016, initially recruiting two Advanced Practitioner Radiographers and with five more having joined by the end of 2016, and has received strong interest from several existing clients. In September 2016, 6 per cent. of the Group's PF volume was reported upon by Advanced Practitioner Radiographers.

Speciality services

The Group has generally focused management time and effort on the expansion of its NightHawk and cross-sectional Routine services. However, the Group has had several approaches from customers regarding certain adjacent specialist fields, such as mammography and colonography, and in some instances has already delivered reporting and made investments in these areas. Following the approach taken in the other service offerings that the Group has developed, management is putting in place the right level of clinical support, hardware, software and client support to market these new capabilities in a more structured way and then actively to grow these additional services. This highlights the scalability of Medica's platform where additional speciality services are potential areas for expansion. Another example of this approach to new business development is the Group's recently launched DXA service. A DXA scan is a specific type of x-ray that measures bone mineral density, often used in diagnosing osteoporosis, and is reported on by rheumatologists, rather than radiologists. Medica has contracted with several rheumatologists and is actively seeking to grow this service line.

Further discussion on the Group's growth opportunities is provided below.

3. History and development of the Group

Corporate

Medica was established in January 2004 by two individuals. In 2007, Nuffield Health acquired 50 per cent. of the Group, acquiring further stakes in 2011 and in 2013 before selling a majority shareholding to CBPE in a management buy-out led by John Graham in May 2013.

People

John Graham joined Medica as Chief Executive Officer in 2011. At the time of CBPE's investment in 2013, Stephen Davies, Medical Director and Responsible Officer, joined the Group. In 2015, Stephen was awarded a Distinguished Service Medal by the British Institute of Radiology in recognition of his foresight and leadership leading to an essential restructuring of the Institute. The business has grown significantly in recent years from 39 staff in May 2013 to 85 as at 30 September 2016.

Operations

As a rapidly growing business, Medica has significantly developed the operational aspects of its business over recent years. In 2012, the Group achieved ISO 9001, ISO 27001 and CQC accreditations. In 2014, the Group relocated its Sussex head office from Battle to Hastings to help facilitate its growth. In the same year, the Group established its Clinical Advisory Group, as well as bringing in-house the out of hours call-handling team to provide greater control over the NightHawk process.

Over the past two years, the Group has established its own software development department and has expanded its physical locations through the opening of five reporting centres. Medica has also achieved accreditation from the Imaging Services Accreditation Scheme ("ISAS"), which is the only nationally recognised accreditation scheme for the diagnostic imaging services sector in the UK and is licensed by both the Royal College of Radiologists and the Society of Radiographers.

4. Radiologists

Medica Radiologists

Medica contracts for the provision of reporting services with the largest pool of Consultant Radiologists outside of the NHS, comprising over 240 professionals as at 31 December 2016. All Medica Radiologists are fully qualified Consultant Radiologists, typically with a minimum of two years' experience of practice in post as a consultant. The majority of Medica Radiologists are employed as full- or part-time Consultant Radiologists within the NHS or at private hospitals and contract with the Group to gain exposure to an additional flow of work outside of their regular employment.

The number of Consultant Radiologists recruited by Medica has grown steadily over time, although the pace of growth increased in 2016 in particular, reflecting the Group's growing reputation for a strong clinical environment and the strength of the Group's recruitment function, amongst other things. The Group regularly reviews the pipeline for new recruits and this remains strong.

Figure 4 – Total Consultant Radiologists contracted with Medica

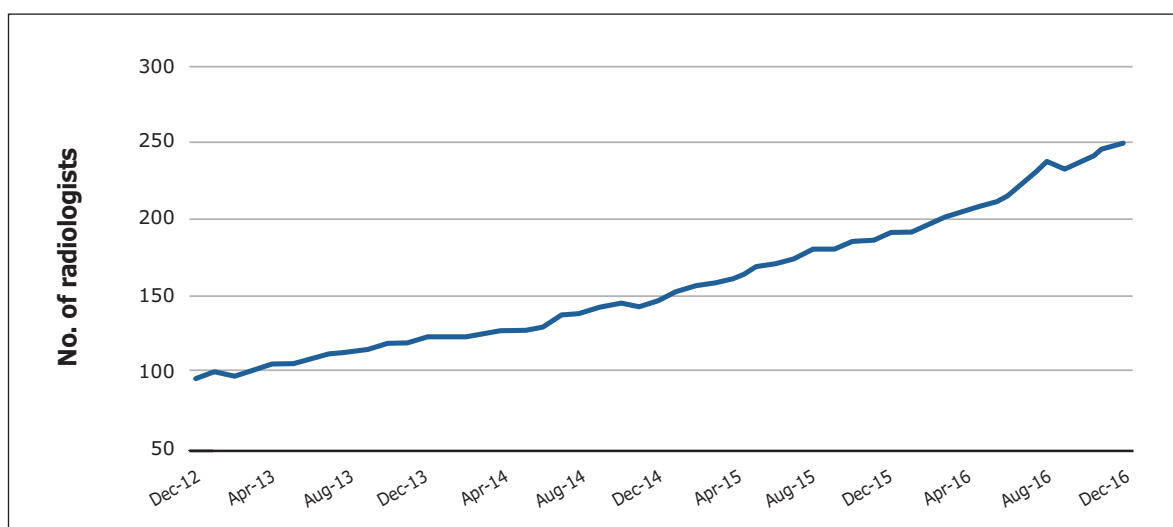


Figure 4 shows the increase in the number of Consultant Radiologists recruited since January 2013. Recruitment is undertaken through a variety of means, primarily through word of mouth by existing Medica Radiologists. In addition, Medica maintains a presence at many third-party specialist and national radiology events. The Group maintains databases of potential Medica Radiologists, tracking those who have not yet expressed an interest in joining Medica right through to those in the deployment stage.

Medica Radiologists go through a rigorous recruitment and assessment process. They must meet the Group's criteria of being fully qualified Consultant Radiologists, must be on the GMC's Specialist Register for Clinical Radiology and typically have a minimum of two years' experience in the NHS. They then undergo a thorough risk assessment and independent clinical assessment by Medica's clinical governance team. Final approval for contract to report is granted by the Group's Medical Director, Dr Stephen Davies. The lead time from selection to their first report can be within four weeks, which includes the above assessment, the installation of their workstation and network connectivity, and an induction to Medica. For an initial period following commencement of reporting, all reports prepared by a new Medica Radiologist are audited.

As part of Medica's contractual arrangements with its Consultant Radiologists, each Medica Radiologist is required to carry valid professional indemnity insurance covering his or her Teleradiology reporting and the Group has a rigorous process for ensuring that Medica Radiologists are up to date with their professional indemnity insurance. The Group will not send work to a Consultant Radiologist whose professional indemnity insurance is out of date. To the extent any indemnity claims relating to clinical error do arise, the Group will seek to pass these claims on to the relevant Medica Radiologist. Notwithstanding this, the Group also has its own insurance in place to cover potential direct claims against the Group where, for example, the relevant Medica Radiologist's insurance policy does not pay out for some reason or is insufficient.

Working with the Group offers Medica Radiologists the following benefits:

- *Flexibility*

Medica Radiologists are able to:

- choose hours and shift patterns that suit their own work schedules (shifts usually vary from 2 to 8 hour sessions);
- undertake part-time work, which is attractive to those considering or approaching retirement and those seeking a portfolio career – this is a good way of extending the working life of Consultant Radiologists who might otherwise leave the market; and
- report from home or at one of the Group's five reporting centres, located in Bolton, Cardiff, Exeter, Edinburgh and Hastings (also the Group's head office).

- *Career development*

The Group is able to:

- offer work that matches Medica Radiologists' specialisms/interests. Due to the volume of examinations that Medica processes, and the fact that Medica Radiologists can cover the reporting requirements for multiple hospitals, the Group is able to match the Medica Radiologists with whom it contracts with a more consistent flow of reporting tasks within their chosen specialist field or interest that they would likely not have the opportunity to report on otherwise if covering a shift at one hospital; and
- provide for portfolio careers. Radiologists can have a career that mixes NHS work, private work, and time with the Group.

- *Support*

The Group provides:

- a strong clinical governance environment;
- first class technology and technical support 24 hours a day, seven days a week. Any technical and IT issues can be quickly resolved; and
- a means to maintain General Medical Council Registration through the revalidation process introduced in 2012. All radiologists are required to be GMC registered. Since Medica is a Designated Body, it is able to provide the Appraisal and Revalidation process for radiologists no longer connected with the NHS, enabling Medica Radiologists to work independently of the NHS. This also applies to Medica Radiologists who have retired from the NHS, thereby extending their career.

- *Earnings potential*

- the Group pays towards the top end of the market, as part of its overall recruitment package, in order to attract and retain the best individuals; and
- the Group receives a large volume of reporting work, which ensures that Medica Radiologists' time can be used more productively and efficiently whilst maintaining consistently stringent clinical standards.

Building on the success of its recruitment process, the Group has a strong track record of retaining its Medica Radiologists, losing only a relatively small proportion each year, typically due to either retirement, leaving the UK or by the Group's choice as the radiologist has not met Medica's high quality standards. In September 2016, the Company undertook an extensive review of the pool of Medica radiologists, culminating in the release of 9 radiologists who did not meet the required activity levels set by Medica. For the nine months to 30 September 2016, the average Medica Radiologist churn (defined as the percentage of radiologists who have left the Group during the period as a proportion of the total number of Medica Radiologists at the start of the period and those who joined during the period) was only 3.6 per cent (excluding the 9 radiologists who were released following the one-off review process in September 2016).

Advanced Practitioner Radiographers

In building its pool of Advanced Practitioner Radiographers who contract with the Group, Medica uses fundamentally similar recruitment strategies. Medica has recruited 7 Advanced Practitioner Radiographers since commencing this service. Medica's Advanced Practitioner Radiographers are all registered with the Health and Care Professionals Council, have gained at least one postgraduate qualification in the interpretation of PF examinations and must have a minimum of 5 years of experience reporting PF examinations in the NHS in order to be able to practise with Medica. As with Medica Radiologists, each Advanced Practitioner Radiographer who contracts with the Group is required to carry valid professional indemnity insurance covering his or her PF reporting and the Group has a rigorous process for ensuring that those providing Radiographer Reporting services are up to date with their professional indemnity insurance. The Group will not send work to a radiographer whose professional indemnity insurance is out of date and to the extent any indemnity claims relating to clinical error do arise, the Group will pass these claims on, as it would to a Medica Radiologist. The insurance carried by the Group as a second line of defence to potential claims against Medica Radiologists equally covers potential claims against Advanced Practitioner Radiographers.

5. IT platform and operations

One of Medica's key strengths is its bespoke IT platform and technical solution that provides robust, secure, quick and scalable integration with the customer's radiology reporting systems. The Directors believe that the platform provides equivalence of reporting to NHS in-house reporting by providing full access to the same radiology history and previous images that an inhouse radiologist would have access to, a clinical and functional advantage that the Directors believe the Group's competitors currently do not offer.

Figure 5 – Overview of the Medica Teleradiology reporting process

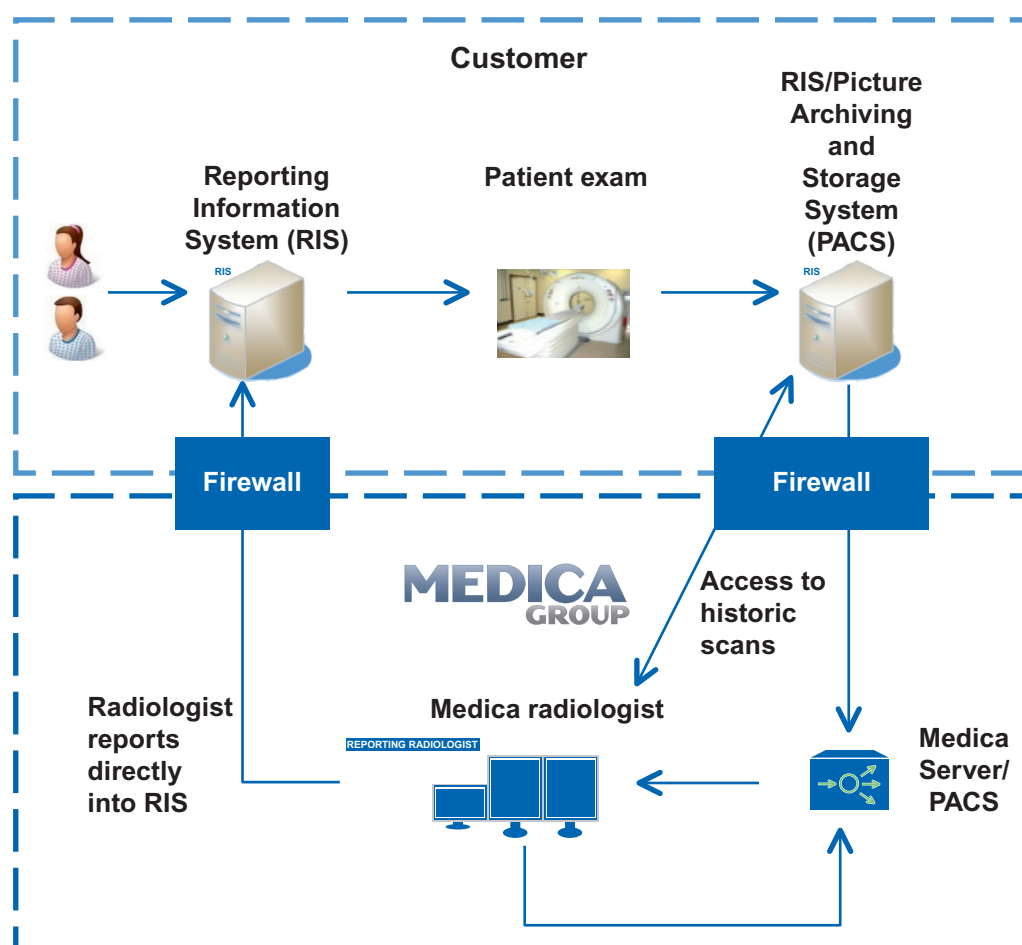


Figure 5 provides an overview of the reporting process for a diagnostic image, and the connectivity with the customer. As a brief summary of the key steps:

- Step 1 – having been referred for an examination, the patient's details are registered in the hospital's Radiology Information System (RIS), which, amongst other things, contains all of the patient's radiology history to the extent the patient has attended that Trust previously.
- Step 2 – an MRI or CT scan is undertaken or a PF image is taken and the resulting diagnostic image(s) is stored within the hospital's Picture Archiving and Communication System (PACS).
- Step 3 – if Medica is reporting on the diagnostic image(s), the image(s) for reporting, together with any relevant previous image(s), are sent to or retrieved by the Group and stored on its own PACS.
- Step 4 – the Medica Radiologist sourced by the Group will then access both the current and previous images, typically either from their home or from one of the Group's reporting centres. Importantly for an accurate report, the Medica Radiologist has access directly into the hospital RIS, ensuring their report is based on the full context of the patient's previous history.
- Step 5 – the Medica Radiologist enters and immediately authorises their final report directly into the hospital's RIS, where it is immediately available to the referring clinician.

Medica, through investment in its IT platform, has increased its capacity to manage significantly greater volume than the Group is currently processing and also increased its resilience through a dual data centre, which is managed by a third party. This investment, alongside the platform design, gives the Group and its customers a number of benefits including:

- Integrated IT platform enables the Medica Radiologist direct access to a patient's previous images and radiology history, giving the Medica Radiologist the same information as an in-house equivalent – the Directors believe that the Group is the only Teleradiology provider in the UK that is able to offer this level of equivalence as standard.
- Medica Radiologists enter and authorise reports directly in the customer's RIS, with no need to transfer data between systems, unlike other Teleradiology providers.
- The Group's IT network is scalable and can handle significantly greater volumes than it currently does.

A dual data centre and multiple contingency systems provides a robust and resilient network with full disaster recovery and redundancy

The Group employs its own in-house technical team, available 24 hours a day, seven days a week. This has the dual benefit of enabling the Group to respond quickly to any technical issues raised by Medica Radiologists, as well as providing the expertise for the Group to deliver new functionality. The technical team can also be quickly deployed to resolve customer-side issues.

The Group has developed a number of services to provide its customers with an enhanced service. One particular custom-built feature is OnTrack, which enables the Group's customer to choose a variety of criteria, based upon which images (as well as relevant prior images) will be transmitted automatically to the Group. For example, the customer could choose to automatically send all images that had not been reported by hospital-based radiologists within a set time period, such as six weeks, so that backlogs of unreported scans do not build up. This has proved to be very popular with the Group's customers and is a good example of the Group's focus on improving the service offering to customers through innovation.

InSight, another service developed by the Group, is a web interface and customer portal which enhances the flow of information between the customer and Medica. It allows customers to track the status of patients' images submitted to NightHawk for reporting and raise any clinical queries (known as discrepancies) quickly and easily. InSight supports the review of discrepancies by the original reporter, the clinical governance team and the client, providing clients with peace of mind

that any issues are being dealt with promptly. Other benefits of InSight include the ability for the Medica Radiologist to report an unexpected or urgent finding immediately, improving the speed of patient care and ultimately leading to better patient outcomes.

When the Group signs up with a new customer, it needs to integrate with the customer’s radiology systems. It does this by physically installing its own server at the customer’s site, forming a secure private network, and providing bandwidth to allow multiple Medica Radiologists access to the customer’s RIS at the same time. The server runs the Group’s own PACS software, facilitating the efficient handling and workflow of images and allowing the Medica Radiologist to have a virtual presence on site, which does not require RIS data to leave the customer’s system.

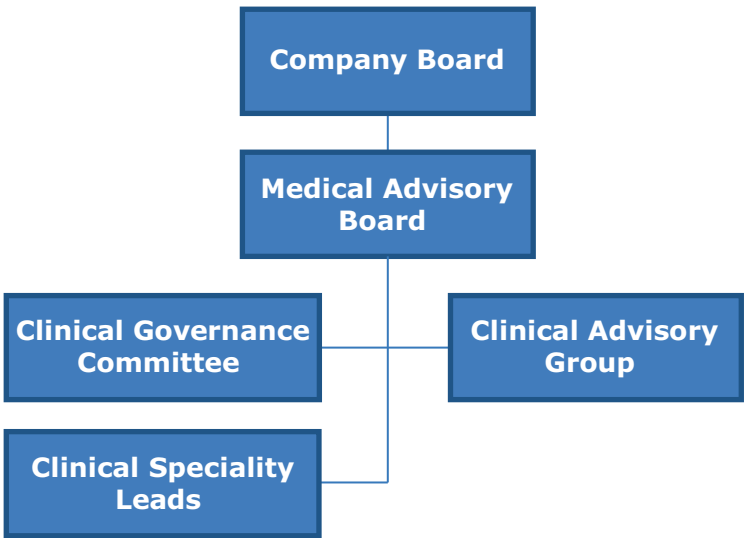
Whenever the Group recruits a new Consultant Radiologist, they are set up at home with a dedicated, high-specification dual-screen workstation and high-speed network connection to enable them to quickly and securely access Medica’s network.

The Group adheres to a number of information security policies including ISO 27001 and IGSoC. Importantly, as all Medica Radiologists are UK-based, the Group is able with few additional complications to remain fully compliant with data protection laws preventing patient’s sensitive data from being processed outside the EU without the patient’s consent.

6. Clinical governance

The Group’s clinical governance structure is shown below.

Figure 6 – Clinical governance structure



As the provider of a highly skilled clinical service, Medica places clinical governance and quality control at the heart of its service offering. The Group has established a Medical Advisory Board (MAB) and a separate Clinical Advisory Group (CAG). The clinical governance processes and outputs are overseen by the Clinical Governance Committee (CGC).

The CAG consists of five members, including two past Presidents of the British Institute of Radiology. These members comprise the Group’s Medical Director, Dr Stephen Davies; the Associate Medical Director, the clinical audit lead; a NightHawk lead; and a PET CT/Mammography lead. The CAG’s role is to review radiologist performance and in doing so, strive for continuous improvement in the standard of reporting of Medica Radiologists. An example of this is the regular sharing of case studies amongst the entire radiologist reporting group, detailing complex cases and acting as learning tools for Medica Radiologists. There are also a number of clinical speciality leads within the Group, who specialise in a particular field of radiology, and who help the Group maintain best-in-class service.

As part of its clinical governance, the Group has put in place a number of controls to ensure the quality of its service, including:

- all new Medica Radiologists go through an initial review period where all of their reports are audited, i.e. 100 per cent. of reports are double-read;
- there is an ongoing programme of auditing of all Medica Radiologists:
 - 10 per cent. of cross-sectional scans are audited; and
 - 2 per cent. of PF images are audited;
- a team of seven permanent staff provide expertise in supporting the Group's clinical services and maintaining service quality and clinical standards;
- the Clinical Governance Committee meets fortnightly;
- the Medical Advisory Board meets quarterly; and
- the Clinical Advisory Group meets quarterly.

It is a testament to the clinical quality controls within the Group and its internal auditing processes that a number of the Group's customers have requested, and the Group has undertaken, audits of the customers' own radiologists.

Medica is accredited by ISAS, which is a patient-focussed assessment and accreditation programme that is designed to help diagnostic imaging services ensure that their patients consistently receive high quality services, delivered by competent staff working in safe environments. The United Kingdom Accreditation Service has been licensed by the Royal College of Radiologists and the Royal College of Radiographers to manage and deliver ISAS.

Medica also has full ISO 9001 accreditation in relation to quality management and full ISO 27001 accreditation relating to its information security management system.

Medica is fully registered with the Care Quality Commission and is registered as a data controller with the Information Commissioner's Office. Additionally, Medica holds an NHS Provider Licence, which was granted on 8 February 2017. The Directors believe that Medica is the first provider of teleradiology services to have been granted such a licence.

7. UK radiology market

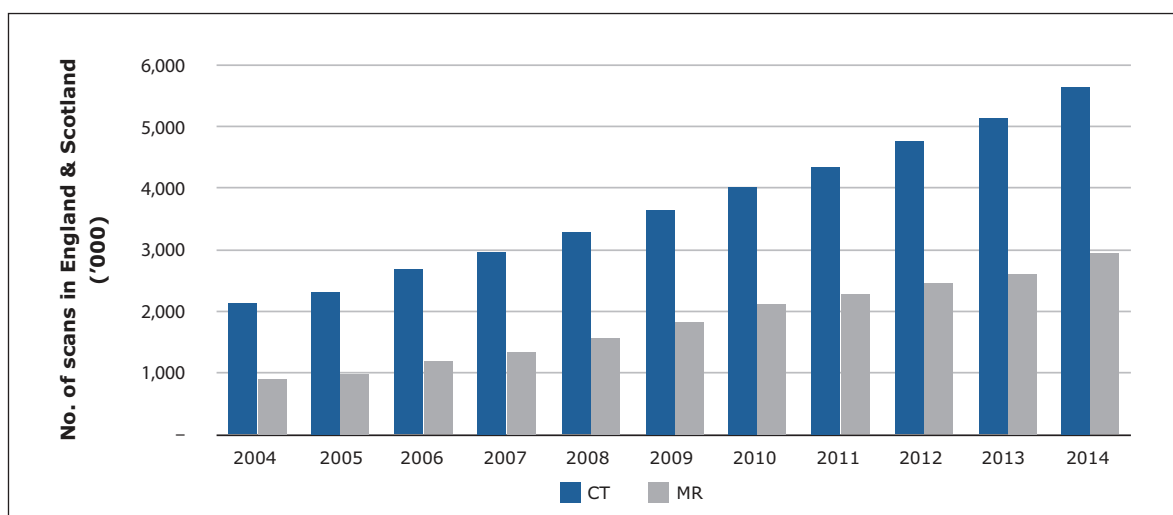
The UK radiology market can be broken down into two main categories: the entities that undertake diagnostic imaging itself and those entities that undertake reporting on the diagnostic images arising (whether or not they have undertaken the imaging). In both cases, the most significant market player is the NHS.

Within diagnostic imaging, the main non-NHS participants are independent diagnostic imaging companies such as Alliance Medical and InHealth and private hospital groups such as Spire Healthcare, Ramsay, Nuffield and BMI.

In terms of reporting on diagnostic images outside of the NHS, the private hospital groups do most of their own reporting and there are also Teleradiology providers, such as the Group.

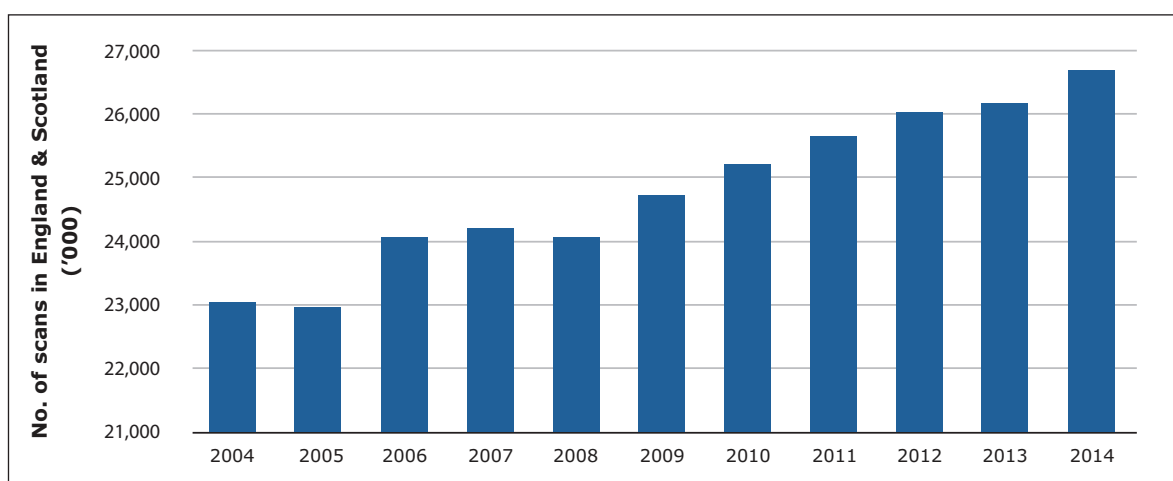
The overall market by number of examinations is growing, with cross-sectional CT and MRI scans growing significantly faster than PF examinations.

Figure 7 – Cross-sectional scans



Source: Royal College of Radiologists "Information submitted to Health Education England workforce planning and education commissioning round – 2015/16" – RCR, 2016.

Figure 8 – Plain film scans



Source: Royal College of Radiologists "Information submitted to Health Education England workforce planning and education commissioning round – 2015/16" – RCR, 2016.

Figure 7 shows the growth in cross-section scans, split between CT and MRI, while Figure 8 shows the growth in PF examinations. The volume of PF examinations is much greater than cross-sectional scans; however between April 2003 and March 2014, CT image examinations grew at a compound annual growth rate of 10.1 per cent. and MRI at a compound annual growth rate of 12.3 per cent., while PF examinations grew at a compound annual growth rate of 1.4 per cent. The Royal College of Radiologists has forecast for England that CT scans will continue to grow at a compound annual growth rate of 10.1 per cent. between April 2014 and March 2023 and that MRI scans will continue to grow at a compound annual growth rate of 12.3 per cent. over the same period; PF examinations are projected to grow at a compound annual growth rate of 1.4 per cent. between April 2014 and March 2023 (in each case, according to "Information submitted to Health Education England workforce planning and education commissioning round – 2015/16" – RCR, 2016).

There are a number of drivers which have caused the growth in examinations to date and which are expected to continue this trend:

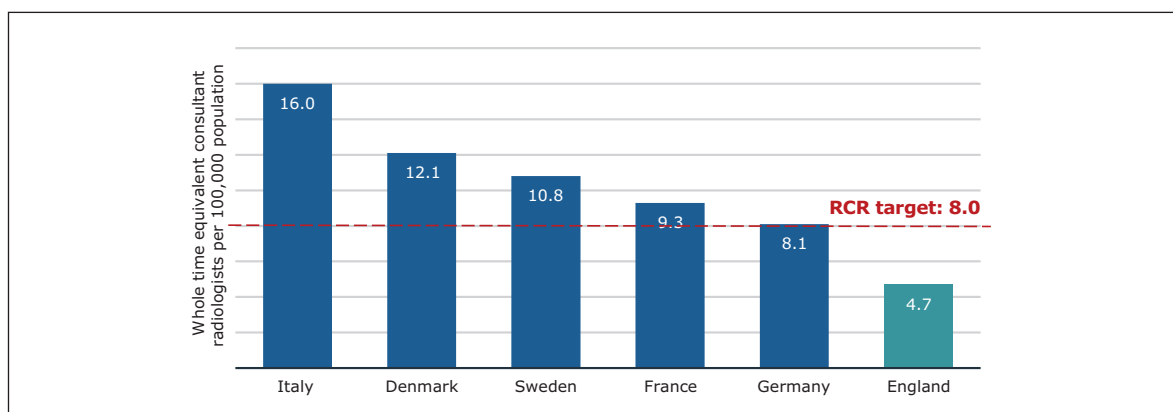
- ageing demographic: as the life expectancy of the general population in the UK continues to extend, there is an increased incidence of conditions requiring diagnostic imaging;
- technical advances in the quality of imaging have resulted in more conditions being suitable for diagnostic imaging;

- early diagnosis improves patient outcomes and helps with preventative healthcare, saving resources later down the healthcare chain;
- expectations of an increased diagnostic response in stroke and cancer care are becoming more demanding;
- growth in the number of A&E admissions for which diagnostic imaging is appropriate;
- NICE guidelines have lowered the risk threshold for a GP to refer patients for scans where cancer is a possible diagnosis;
- greater patient awareness of the availability of diagnostic imaging; and
- the proposed move to a seven day working week for the NHS is expected to drive further growth in diagnostic imaging.

In addition to the increase in the volume of scans, technological advances are increasing the amount of a radiologist's time required to interpret the resulting diagnostic images (particularly for cross-sectional scans), which further exacerbates pressure on inhouse radiology departments in terms of the requirement for radiologist resource.

Another feature of the radiology market is the radiologist "gap", i.e. the chronic shortage of radiologists in the UK.

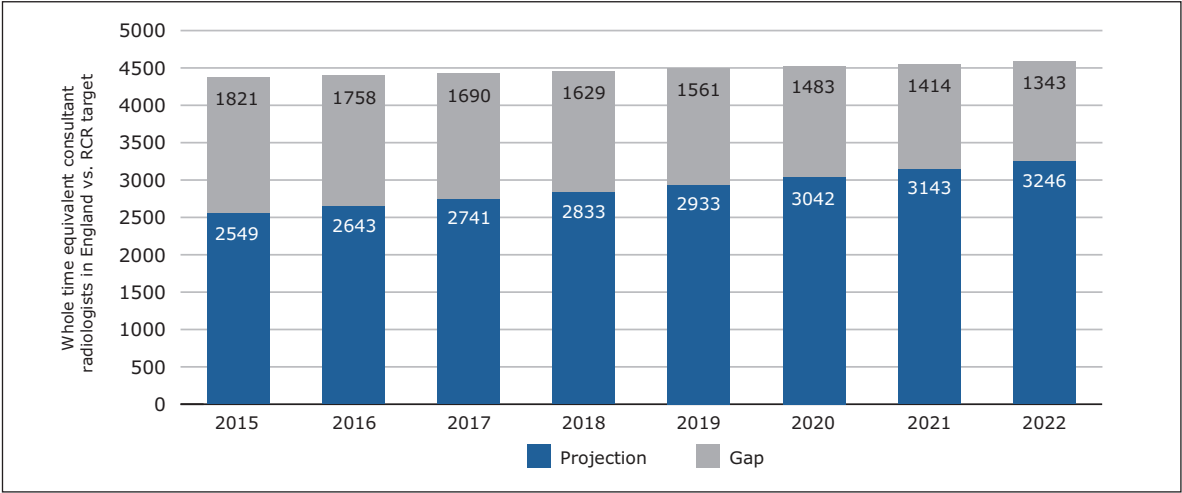
Figure 9 – Consultant Radiologists per head comparison between England and other European countries



Source: Royal College of Radiologists "Information submitted to Health Education England workforce planning and education commissioning round – 2015/16" – RCR, 2016.

Figure 9 compares the number of full time equivalent Consultant Radiologists per 100,000 of the population in England compared to a number of other Western European countries. The Royal College of Radiologists believes England requires eight Consultant Radiologists per 100,000 of the population to meet demand, compared to the current level of just under five ("Information submitted to Health Education England workforce planning and education commissioning round – 2015/16" – RCR, 2016).

Figure 10 – Gap between RCR target number of Consultant Radiologists and projected actual number of Consultant Radiologists



Source: Royal College of Radiologists “Information submitted to Health Education England workforce planning and education commissioning round – 2015/16” – RCR, 2016.

As figure 10 demonstrates, the RCR’s target, taking into account the actual number of Consultant Radiologists expected to qualify and remain in work, still leaves a significant gap between demand and supply for the foreseeable future. While new Consultant Radiologists are being trained, there are a number of Consultant Radiologists retiring, with 23 per cent. of the current Consultant Radiologist workforce expected to retire by 2022.

In the RCR’s most recent census, a number of issues were highlighted:

- 9 per cent. of radiologist positions were unfilled in the NHS;
- there are geographic imbalances that exacerbate shortages in particular regions; and
- 99 per cent. of NHS radiology departments were unable to meet their reporting requirements.

In addition to these issues, increasing specialisation in radiology reporting puts increased pressure on resource at a local level where there is a shortage of the relevant specialists.

A combination of increased demand for reporting driven by the growth in the number of scans prescribed and undertaken and a shortfall in the supply of radiologists to meet that demand, means that Teleradiology solutions such as those offered by the Group, that provide a much more efficient means of reporting, are increasingly in demand.

8. Competition

As noted above, the NHS is the largest provider of diagnostic image reporting services in the UK. However, the Group views the NHS as a partner rather than a competitor. The Directors recognise that the NHS will continue to provide diagnostic imaging and reporting services; however for a number of reasons, including the growth in the number of scans and the shortage of radiologists, the Directors believe that the NHS will need to continue to outsource if it is to maintain a cost effective service and to deliver the requisite level of patient care.

The Directors consider that currently there are only three other material Teleradiology providers in the UK, who are direct competitors to Medica. The Directors believe that the Group is significantly larger and offers a higher quality service compared to its competitors in terms of speed of turnaround, access to a broader range of specialists and access to a patient’s history when reporting.

The Group’s key competitors in the UK are:

- 4 Ways – backed by private equity, 4 Ways has been operating for a similar period of time to the Group and like the Group it has a UK-only business model.

- Radiology Reporting Online – Radiology Reporting Online is a joint venture between Everlight Radiology, an Australian Teleradiology business, and University College London Hospitals NHS Foundation Trust which was established in 2011.
- Telemedicine Clinic (“**TMC**”) – TMC is a Europe-based Teleradiology provider, owned by private equity. It was established in Europe in 2003 and commenced operations in the UK in 2004.

9. Key strengths

The Directors believe that Medica’s key strengths are:

- **Largest scale Teleradiology provider.** The Group contracts with the largest pool of Consultant Radiologists outside of the NHS, enabling the Group to provide increased capacity for its customers and a breadth of specialisms that an individual customer may not be able to employ.
- **Strong clinical governance.** The Group has established a highly experienced clinical governance function. The quality of its own internal clinical oversight has led to some customers approaching the Group to audit their own internal radiology departments.
- **Experienced team.** The senior management team has been with the business for an average of more than five years and includes a previous president of the British Institute of Radiology.
- **Robust technical platform.** The Group has invested in its bespoke IT platform to provide a robust and secure connection with its customers that can deliver a simple and quick service with enhanced functionality, ultimately improving patient outcomes, and providing a bespoke linkage between the Group’s customers and Medica Radiologists.
- **Scalable platform.** The Group’s IT and services platform gives it the scope to continue the growth in its existing service lines but also the ability to service different customer groups and to add new service lines,
- **Strong financial performance.** The Group has grown its revenues by a CAGR of 27 per cent. between 2013 and 2015 and EBITDA CAGR of 20 per cent. over the same period. For the nine months ended 30 September 2016, revenues increased by 29 per cent. and EBITDA increased by 37 per cent. compared to the same period in 2015.
- **Cash generation.** The Group is highly cash generative, with operating cash conversion (defined as cash generated from operations before capital expenditure and tax) of more than 90 per cent. of EBITDA for the twelve months ended 31 December 2014 and 2015.
- **High levels of repeat revenues.** Over 77 per cent. of revenue in the financial year ended 31 December 2015 was derived from customers who had been with the Group for more than three years, with strong revenue growth even from customers who have been with the Group for over five years.

10. Strategy

The Directors have to date focused on building a platform that can deliver a high quality Teleradiology service to the Group’s core customer base of NHS hospitals, centred on its NightHawk and Routine offerings.

The Group’s core strategy is to continue to grow its business by adding additional Medica Radiologist capacity, maintaining the highest clinical standards and continuing to win new work for its existing service lines. Having invested in the Group’s IT and services platform, both in terms of the technical and clinical aspects and the ongoing recruitment of Medica Radiologists, the Directors believe that the business can continue to grow strongly within its existing service lines, including the Radiographer Reporting service, as well as some of the speciality services that have recently been launched, such as mammography and DXA.

In addition, the Directors believe that there are a number of growth opportunities that the Group can pursue, many of which are a logical extension of its existing platform and feature in the Director's current business plan. The Directors consider these opportunities as follows:

- **Expansion into new reporting lines.** There are a number of diagnostic reporting services such as PET CT and cardiology which the Group currently does not undertake but which the platform is enabled to do and which could be provided to existing and new customers. Once these services have been piloted with a small group of customers and patients, in order to be in a strong position to commence operational roll-out, the Group will first look to invest in recruiting the right clinical lead to provide internal expertise, in line with its strategy of providing a high quality, clinician-led service.
- **Non-NHS.** Currently substantially all of the Group's revenues are derived from NHS Trusts. However, there are opportunities to grow further revenue with the private hospital groups and independent diagnostic imaging companies, utilising capacity within the Group as its Medica Radiologist base continues to grow.
- **Clinical audit.** As described above, the Group has a strong clinical governance structure, including an internal audit function focussed on maintaining the high clinical standard and service standards of Medica Radiologists. Having been approached by customers to audit their own in-house radiology departments, there is a clear opportunity to market this service to existing and new clients.
- **Radiographer reporting.** Medica has already launched its Radiographer Reporting service which utilises highly skilled and qualified radiographers to conduct PF reporting. Although a relatively recently launched service, the Directors believe that the Group is well-positioned to benefit from the growth opportunity arising from Radiographer Reporting, underpinned by the Group's reputation for clinical excellence. The Group launched this service in August 2016 and has received strong interest from a number of existing clients.

Beyond the opportunities listed above, there are other areas of growth that the Directors believe Medica would be well-placed to take advantage of, but are considered longer-term opportunities and would likely require additional expertise to augment that already in place and, in some circumstances, may be better achieved through acquisition. These opportunities would include reporting on the output from clinical trials, telepathology and international expansion of the Group's existing Teleradiology service.

11. Employees

As at 30 September 2016, the Group employed 85 direct staff (83.5 staff at full-time equivalent). The Group's permanent staff are led by the five-member executive team of John Graham, Dr Stephen Davies, Kevin Terrins, Martin Wells and Tony Lee.

Within the clinical team, there were 7 employees as at 30 September 2016, in addition to the Clinical Advisory Group and specialist leads (which comprise independent consultants). The business development team as at 30 September 2016 was comprised of 10 employees. The team is split between 4 staff focussing on recruitment of Consultant Radiologists and other reporting specialists and 6 sales staff and account managers who focus on customer relationships.

The service delivery team comprised 25 employees as at 30 September 2016 and is made up of a mix of a client-facing service delivery team and technical support across the business. The service delivery team are responsible for the allocation of scans, Medica Radiologist scheduling and providing out-of-hours support to clients and Medica Radiologists. The technical support team manage the customer and Medica Radiologist IT network, provide internal IT support and deliver new IT development projects. There were also 17 employees focussing entirely on providing support for the NightHawk service as at 30 September 2016.

Additionally, as at 30 September 2016, the Group had an IT team comprising 8 employees and separate teams focussing on deployment and training, accreditations and projects and software development, accounting for 8 employees in aggregate.

The final category is finance staff and back-office support, which comprised 5 employees as at 30 September 2016.

PART 2

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. Directors

The following table lists the names, age, positions and dates of appointment for each Director:

<i>Name</i>	<i>Age</i>	<i>Position</i>	<i>Date appointed as a Director</i>	<i>Date joined the Group</i>
Gordon Roy Davis	61	Independent Chairman	1 March 2017	1 March 2017
John Michael Graham	52	Chief Executive Officer	1 May 2013	11 July 2011
Anthony Leonard Lee	41	Chief Financial Officer	14 May 2013	19 August 2009
Dr Stephen Griffith Davies	60	Medical Director and Responsible Officer	14 May 2013	1 June 2013
Stephen Lee Whittern	42	Senior Independent Non-Executive Director	1 March 2017	1 March 2017
Dr Michael Bewick	60	Independent Non-Executive Director	1 March 2017	1 March 2017
Anand Jain	40	Non-Executive Director	2 May 2013	2 May 2013

The business address of all the Directors is Havelock Place, Havelock Road, Hastings, East Sussex TN34 1BG.

The management expertise and experience of each of the Directors is set out below:

Gordon Roy Davis (*Independent Chairman*)

Roy Davis is the Company's chairman. Roy served as the chief executive officer of Optos plc, a leading ophthalmology medical device business, from 2008 until June 2016 when he stepped down following that company's acquisition by Nikon. Before joining Optos, he served from 2007 as chief executive officer of Gyrus Group plc, a leading medical device company, prior to its acquisition by the Olympus Corporation of Japan in 2008, having previously served as Chief Operating Officer of Gyrus from 2003. Prior to this, Mr Davis was CEO of NTERA, a nanotechnology company, and spent almost ten years with Arthur D Little, the global management consulting company, where he was Vice President and Global Head of its operations management business. Roy has also held senior positions with Tricom, Reuters and Molex. Mr Davis holds a mechanical engineering degree from the University of Southampton and an MBA from the London Business School.

John Michael Graham (*Chief Executive Officer*)

John Graham joined Medica as Chief Executive in July 2011. John brings a wealth of experience from his previous healthcare role as Managing Director of Allied Respiratory, a subsidiary of Allied Healthcare group where he turned a loss making business into a successful company before leading the sale of Allied Respiratory to Air Liquide. He subsequently remained with Air Liquide, managing the stand alone Allied Respiratory business and then leading the integration of their UK acquisitions.

Prior to his time with Allied Respiratory, John held various chief executive and senior operational positions on boards of both public and private companies in sectors including consumer products, manufacturing and distribution.

Anthony (Tony) Leonard Lee (*Chief Financial Officer*)

Tony Lee joined Medica in 2009 and became Finance Director and Company Secretary in 2013. Prior to joining the Group, Mr Lee was an accounts manager at Sellens French Chartered Accountants where he worked for nine years. Tony is an FCCA and has a Politics degree from Lancaster University.

Dr Stephen Griffith Davies MA, FRCP, FRCR (*Medical Director and Responsible Officer*)

Stephen joined Medica in May 2013 as Medical Director. He has responsibility for Clinical Governance and oversight of the Clinical Strategy and is the Group's Responsible Officer under the GMC Designated Body Scheme.

Stephen was an NHS Consultant Radiologist at Cwm Taf University Health Board from 1991 until 2016. Stephen undertook pre-clinical studies at Cambridge and his clinical studies at The Royal London Hospital. He is a past President of both the British Institute of Radiology and the UK Radiology Congress. In October 2015, Stephen was awarded the Distinguished Service Medal by The British Institute of Radiology. Stephen has had Educational Leadership positions as Associate Dean in the University of Wales and with the Royal College of Radiologists.

Stephen (Steve) Lee Whittern (*Senior Independent Non-Executive Director*)

Steve currently serves as Finance Director of Dignity plc, the FTSE 250 provider of funeral-related services. He joined Dignity in 1999 from KPMG and was appointed Finance Director at the beginning of 2009, having spent the previous two years as Financial Controller, being responsible for the Group's finance function. During his time with Dignity, Steve has led various leveraged refinancings and returns of capital as well as managing the debt and equity funding for a £58 million acquisition in 2013. Steve is an FCA and holds a mathematics degree from Warwick University.

Professor Michael (Mike) Bewick (*Independent Non-Executive Director*)

Having started his career in hospital medicine (specialising in oncology), Mike became a General Practitioner in 1989 and was a partner in a local GP practice in Cumbria for 20 years until 2009. Alongside his general practice, Mike developed an interest in education and assessment and became a senior examiner and Chair of Assessment at the Royal College of General Practitioners. In 2008, he was recruited to be the Medical Director for the Cumbria Primary Care Trust, subsequently serving as Regional Managing Director for NHS England and in 2013 Mike became the national Deputy Medical Director for NHS England, reporting to Sir Bruce Keogh. Mike took early retirement from the NHS in 2015. Mike undertook his pre-clinical and clinical studies at St Mary's Hospital Medical School, London.

Anand Jain (*Non-Executive Director*)

Anand is a partner in CBPE Capital and a member of its investment committee. Since joining CBPE Capital in 2007, Anand has been involved in numerous investments, but has a particular focus on businesses in the healthcare and pharmaceutical sector.

Prior to joining CBPE Capital, Anand qualified as a chartered accountant with Arthur Andersen in 2000, thereafter spending seven years in the Corporate Finance department of Arthur Andersen and then Deloitte. Anand has a degree in Mathematics from the University of Nottingham.

2. Senior management

The Company's current senior management, in addition to the Executive Directors listed above, is as follows:

<i>Name</i>	<i>Age</i>	<i>Position</i>
Martin John Wells	46	Chief Operating Officer
Kevin Patrick Terrins	40	Business Development Director

The management expertise and experience of each of the Senior Management team is set out below:

Martin John Wells (*Chief Operating Officer*)

Martin joined Medica in April 2008. Martin is focused on managing the day to day delivery of the Group's services and encouraging ongoing improvement through optimisation of process, systems and staff. Martin has over 25 years' experience in the IT sector both in infrastructure design and software development as well as in building and maintaining strong effective multi-disciplined teams.

Kevin Patrick Terrins (*Business Development Director*)

Kevin joined Medica in 2006. He has operated in a number of roles for the company and was appointed as Director of Business Development in May 2013. Kevin is focused on ensuring the services offered by Medica meet its customers' needs and that the Group continues to develop services to meet its customers' future needs. Kevin is a qualified Radiographer with extensive Radiology Healthcare IT consulting experience and more than ten years of experience in the Teleradiology market.

3. Corporate governance

The Board is committed to high standards of corporate governance and to maintaining a sound framework for the control and management of the Group.

On Admission, the Company intends to comply with the UK Corporate Governance Code to the extent applicable to and appropriate for companies of the Company's size and nature and will report to Shareholders on such compliance in accordance with the Listing Rules. It is the Company's current intention that each of the Directors will stand for re-election on a rotating basis, with one third of Directors retiring and standing for re-election every three years. All of the Directors will retire and stand for re-election at the first annual general meeting held after Admission.

3.1 The Board

The Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of the Group's business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Group.

3.2 Compliance with corporate governance requirements

Board and committee independence

The UK Corporate Governance Code recommends that at least half the board of directors of a UK listed company, excluding the chairman, should comprise non-executive directors determined by the Board to be independent in character and judgment and free from relationships or circumstances which may affect, or could appear to affect, this judgment. In the case of smaller companies (being companies outside the FTSE 350), the UK Corporate Governance Code recommends that the listed company should have at least two independent non-executive directors. The Company regards Roy Davis, Steve Whittern and Mike Bewick, each of whom has been recruited in connection with the Company's initial public offering and has had no prior association with the Group, as "independent non-executive directors" within the meaning of the UK Corporate Governance Code and free from any business or other relationship that could materially interfere with the exercise of their independent judgment.

Chairman

The UK Corporate Governance Code recommends that a chairman should meet the independence criteria set out in the UK Corporate Governance Code on appointment. The Board has concluded that Roy Davis is an independent chairman for UK Corporate Governance Code purposes and that his appointment as an independent chairman is in the best interests of Shareholders.

Senior independent director

The UK Corporate Governance Code also recommends that the board of directors of a company with a premium listing on the Official List should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The senior independent director has an important role on the Board in leading on corporate governance issues and being available to Shareholders if they have concerns which contact through the normal channels of the Chairman, Chief Executive Officer or other Executive

Directors has failed to resolve or for which such contact is inappropriate. Steve Whittern has been appointed as the Company's senior independent director.

3.3 **Board committees**

As envisaged by the UK Corporate Governance Code, the Board has established the following committees: an Audit Committee, a Remuneration Committee and a Nomination Committee, each of which is described in further detail below.

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal controls, including reviewing and monitoring the integrity of the Group's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by the Group's external auditors, advising on the appointment of such external auditors, overseeing the Group's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Group's internal control and review function. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules.

The UK Corporate Governance Code, as it applies to the Company, recommends that an audit committee should comprise at least two members who are independent non-executive directors (other than the chairman) and that at least one member should have recent and relevant financial experience. The Audit Committee will be chaired by Steve Whittern, and its other members will be Roy Davis and Mike Bewick. The Directors consider that Steve Whittern has recent and relevant financial experience. The Audit Committee will meet up to four times per year in the ordinary course at times driven by the Company's reporting cycle and otherwise as circumstances require.

Remuneration Committee

The Remuneration Committee will assist the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration (including setting the over-arching principles, parameters and governance framework of the Group's remuneration policy) and determining the individual remuneration and benefits packages of each of the Executive Directors and the Company Secretary. The Remuneration Committee will also ensure compliance with the UK Corporate Governance Code in relation to remuneration wherever possible.

The UK Corporate Governance Code, as it will apply to the Company on Admission, provides that a remuneration committee should comprise at least two members who are independent non-executive directors. The Remuneration Committee will be chaired by Mike Bewick, and its other members will be Roy Davis and Steve Whittern. The Remuneration Committee will meet up to three times per year in the ordinary course and otherwise as circumstances require.

Nomination Committee

The function of the Nomination Committee is to provide a formal, rigorous and transparent procedure for the appointment of new directors to the Board. In carrying out its duties, the Nomination Committee is primarily responsible for identifying and nominating candidates to fill Board vacancies; evaluating the structure and composition of the Board with regard to the balance of skills, board diversity, knowledge and experience and making recommendations accordingly; reviewing the time requirements of non-executive directors; giving full consideration to succession planning; and reviewing the leadership of the Group.

The UK Corporate Governance Code, as it will apply to the Company on Admission, provides that a nomination committee should comprise a majority of members who are independent non-executive directors. The Nomination Committee will be chaired by Roy Davis, and its other members will be Steve Whittern, Mike Bewick and John Graham. The Nomination Committee will meet not less than once a year in the ordinary course and otherwise as circumstances require.

4. Share dealing code

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares. The code adopted will apply to the Directors and other persons discharging managerial responsibilities within the Group. The Directors will take all reasonable steps to secure compliance.

5. Conflicts of interest

Certain of the Directors are directors of one or more of the Company's subsidiary companies. These directorships and shareholdings potentially give rise to a conflict of interest between the relevant Director's duties to the Company and their duties to, or interests in, the relevant subsidiary company. For example, if the Group has offered to provide capital to one of its subsidiary companies on which one of its Directors sits on the board, that Director owes certain duties to the subsidiary company in his capacity as a director when that company considers such offer, such as the duty to avoid conflicts of interest, to exercise independent judgement and to promote the success of the company for the benefit of its members as a whole. It may be that in seeking to exercise such duties, this conflicts with the same duties that Director owes to the Company. In such circumstances, the Director will ensure that he declares all such conflicts in accordance with the 2006 Act and may be required to abstain from taking part in the discussions and/or voting on any decisions to be taken in respect thereof. In the same way, if a Director is a shareholder in a subsidiary company to which the Group is considering providing capital, it may be that his personal interests are potentially in conflict with the duties that Director owes to the Company in considering the merits of the provision of such capital. Again, such Director will fully declare all such conflicts of interest in accordance with the 2006 Act and may be required to abstain from taking part in the discussions and/or voting on any decisions to be taken in respect thereof.

Mr Anand Jain is a partner in CBPE Capital and a member of its investment committee. Through CBPE Nominees Limited, funds managed by CBPE Capital will, immediately following Admission, control approximately 11.1 per cent. of the voting rights in the Company.

Save as set out in the paragraph above, there are no potential conflicts of interest between any duties owed by the Directors or Senior Management to the Company and their private interests or other duties.

6. Forward looking remuneration

6.1 General approach to remuneration

The Company's approach to remuneration reflects its culture and supports the delivery of its business strategy. The aim of the remuneration strategy is to attract, retain and motivate the best talent to help ensure continued growth and success as the Company enters its next stage of its development, operating in a listed company environment.

Remuneration levels for the Executive Directors and senior managers have been set at a level that are considered by the Remuneration Committee to be appropriate for the size and nature of the business. Performance-related pay will form a significant part of the remuneration package of the Executive Directors and senior managers and will be based on performance targets, as relevant. The Remuneration Committee have taken specialist, independent advice, in order to ensure that the policies and remuneration structure are appropriate for the listed company environment and reflects current best practice.

6.2 Executive Directors' remuneration

The approach to Executive Directors' remuneration aims to align their interests with the long-term interests of Shareholders. Furthermore it aims to support a high performance culture with appropriate reward for superior performance, without creating incentives that will encourage excessive risk-taking or unsustainable Company performance.

The Company intends to implement this policy, via a remuneration framework which combines annual salary, benefits, pension, an annual bonus plan (including a portion which may be deferred into Shares under the DBP) and share-based awards under the PSP.

Further details of each Executive Director's remuneration are set out below and in paragraph 8 of Part 11 (Additional Information). The Company will submit its remuneration policy (as it

relates to the Executive Directors) to a binding vote of Shareholders at the first annual general meeting of the Company following Admission. Accordingly, the Company will outline the detail of its future policy relating to the Executive Directors' remuneration, including participation in the annual bonus plan, DBP and PSP, in its annual report and accounts for the financial year ending 31 December 2017.

The following represents the spirit and intent of the Company's intended approach to Executive Director remuneration as at the date of this Prospectus, and as agreed by the Remuneration Committee.

Annual salary

The Executive Directors' salary is positioned to reflect each individual's professional experience and level of responsibility in their role and will be effective from the date of Admission. The Remuneration Committee considers that base salaries remain significantly below market levels, and this will be factored into discussion on the levels of variable remuneration as well as being factored into future salary increases.

Salaries will typically be reviewed on an annual basis. The Committee will consider increasing salaries over time subject to strong personal and company performance and considering levels of salaries in the market.

Annual bonus plan and Deferred Bonus Plan (DBP)

The annual bonus plan is designed to reward performance against selected financial performance measures, linked to group strategy. For Executive Directors, the annual bonus opportunity for the financial year ending on 31 December 2017 will be based on achievement of EBIT targets.

It is intended that the maximum annual bonus opportunity for Executive Directors for the financial year ending 31 December 2017 will be 100 per cent. of annual salary, but this will not exceed 150 per cent. other than in exceptional circumstances.

For Executive Directors, it is expected that not more than 75 per cent. of any annual bonus will be payable in cash and the balance will be made in the form of a DBP award over Shares, which will then vest after a period not expected to be less than two years, subject to continued employment. Cash bonuses will be subject to clawback provisions as will DBP awards, as set out in the rules of the annual bonus plan and DBP. The level of deferral and period for deferral may change in relation to future financial years.

Further details of the DBP are set out in paragraph 6.5 of Part 11 (Additional Information).

Performance Share Plan (PSP)

It is intended that awards will be made under the PSP at or shortly following Admission. In addition, Executive Directors will be entitled to participate in the All Employee IPO Awards, although it is not expected that they will participate.

Awards will normally be granted annually. The PSP is designed to reward delivery of the Company's strategy and growth in shareholder value over a multi-year period and is intended to align Executive Directors' interests with those of Shareholders.

It is intended that the awards granted to Executive Directors under the PSP will vest after a three-year period, subject to continued employment and the achievement of performance measures. For initial awards made on the date of Admission, the awards will vest as to 50 per cent. depending on growth in earnings per share and 50 per cent. depending on growth in absolute total shareholder return over the performance period. Alternative performance targets may be imposed in relation to future awards.

Awards granted to Executive Directors under the PSP on the date of Admission will be granted in respect of 150 per cent. of base salary. The Remuneration Committee regards this as necessary to incentivise Executive Directors while base salaries remain below market levels.

These initial awards will also be subject to a further 2 year holding period after the end of the performance period.

PSP awards will be subject to the clawback provisions, as set out in the rules of the PSP. The initial PSP Awards to be granted to Executive Directors are described in paragraph 7(c) of Part 11 (Additional Information).

Further details of the PSP are set out in paragraph 6.2 of Part 11 (Additional Information) and further details of the All Employee IPO Awards are set out in paragraph 6.3 of Part 11 (Additional Information).

Share ownership guidelines

Executive Directors will be subject to a shareholding guideline of 100 per cent. of salary. This policy is intended to align the interests of Executive Directors and those of Shareholders. Executive Directors will have five years during which to build up the required ordinary shareholding after commencing employment.

The share ownership guidelines will be kept under review by the Remuneration Committee.

PART 3

REASONS FOR THE OFFER, USE OF PROCEEDS, DIVIDENDS AND DIVIDEND POLICY

1. Reasons for the Offer

The Directors believe that Admission will position the Group for its next stage of development, including further raising the profile and status of the Group and its products and services with the Group's customers and suppliers, assisting in retaining and incentivising employees and providing it with a structure for future growth.

Admission will also enable the Selling Shareholders to realise, in part, their investment in the Company.

2. Use of proceeds

The Company will receive approximately £12.4 million of net proceeds from the Offer (after deducting placing commissions, other estimated offering-related fees and other related expenses incurred by the Group of approximately £2.6 million).

The net proceeds to the Company from the Offer, being approximately £12.4 million, will be used to fund the repayment of the £6.9 million of outstanding loan notes held by CBPE as at the repayment date and the balance to pay down £5.4 million of the Group's £20.6 million outstanding indebtedness as at 31 December 2016 under the Group's existing term loan and revolving credit facilities, which the Directors believe will result in an appropriate level of gearing going forward given the size of the Group and the Company's status as a listed company. It is expected that, on Admission, the Group will have net debt of approximately £10 million.

The Company will not receive any of the proceeds from the sale of Existing Shares by the Selling Shareholders.

3. Dividends and dividend policy

The Board intends to adopt a progressive dividend policy for the Company from Admission which will seek to maximise shareholder value and reflect its strong earnings potential and cash flow characteristics, while allowing it to retain sufficient capital to fund ongoing operating requirements and to invest in the Group's long term growth. The Board intends to pay the dividend in an approximate one-third (interim dividend) and two-thirds (final dividend) split and expects the Company's first dividend as a listed company to be an interim dividend for the period ended 30 June 2017.

The ability of the Company to pay dividends is dependent on a number of factors and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be. In this regard, please see the "Risk Factors" section of this Prospectus.

PART 4

OPERATING AND FINANCIAL REVIEW

The following is a discussion of the Group's results of operations and financial condition. Prospective investors should read the following discussion, together with the whole of this Prospectus, including the section titled "Risk Factors" and Part 6 (Historical Financial Information) and should not just rely on the key or summarised information contained in this Part 4.

Unless otherwise stated, the financial information in this Part 4 has been extracted without material adjustment from Section A of Part 6 (Historical Financial Information).

This Part 4 contains "forward-looking statements". Those statements are subject to risks, uncertainties and other factors that could cause the Group's future results of operations or cash flows to differ materially from the results of operations or cash flows expressed or implied in such forward-looking statements. Prospective investors should consider the section on Presentation of information.

The following operating and financial review should be read in conjunction with the historical financial information set out in Section A of Part 6 (Historical Financial Information) of this document and the other financial information relating to the Company included elsewhere in this document. This review contains forward-looking statements based on the current expectations and assumptions about the Group's future business. Such statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual investment performance, results of operations, financial condition and dividend policy of the Group, as well as the development of its financing strategies, may differ materially from the impression created by the forward-looking statements contained herein as a result of certain factors including, but not limited to, those discussed in the "Risk Factors" section of this document.

The selected financial information discussed in this Part 4 (Operating and Financial Review) has been extracted without material adjustment from the audited consolidated financial statements of the Group as at, and for the eight months ended, 31 December 2013, as at and for the financial years ended 31 December 2014 and 31 December 2015 and as at and for the nine months ended 30 September 2016 set out within Section A of Part 6 (Historical Financial Information), which have been prepared in accordance with IFRS.

The Company was incorporated on 22 April 2013 and became the new holding company of the Group on 2 May 2013 following its acquisition of Medica Reporting Limited on 2 May 2013 contemporaneous with the Group's acquisition by CBPE. The Company did not carry on a business between its incorporation on 22 April 2013 and its acquisition of Medica Reporting Limited on 2 May 2013.

The Group's consolidated financial statements for the period from 2 May 2013 to 31 December 2013, by their nature, are not prepared in respect of a full financial year and are therefore not directly comparable with the Group's consolidated financial statements for the financial years ended 31 December 2014 and 2015 or for future financial years, or with the Group's consolidated financial statements for the nine months ended 30 September 2015 and 2016.

1. Overview

Medica is the UK market leader by revenue in the provision of Teleradiology services. Medica currently offers three primary services to hospital radiology departments: NightHawk, Routine cross-sectional (Routine CS) and Routine plain film (Routine PF).

NightHawk is an out of hours emergency reporting service which is focused on short turnaround times and represented approximately 48.1 per cent. of the Group's revenues in the financial year ended 31 December 2015. NightHawk typically provides reporting on CT scans.

The second and third key service offerings, Routine CS and Routine PF, are designed to assist hospital radiology departments in managing their demand/supply imbalance for less urgent daytime reporting on examinations. Routine CS covers a combination of CT and MRI scans (both forms of

cross-sectional scan) while Routine PF covers plain film examinations and both services typically have a 48 hour turnaround time. Routine CS accounted for approximately 33 per cent. of the Group's revenues in the financial year ended 31 December 2015 and Routine PF accounted for approximately 16 per cent. of the Group's revenues in the financial year ended 31 December 2015.

Medica was established in January 2004 by two individuals, initially offering routine reporting, but subsequently launching its NightHawk service in 2005. Nuffield Health acquired 50 per cent. of the Group in 2008, followed by a further increase in its stake to 90 per cent. in 2011. At this point, the founders stepped away from the business and John Graham was appointed as CEO. In 2013, Nuffield acquired the remaining 10 per cent. of the Group. In May 2013, CBPE backed the existing management in a management-buy-out of the Group and brought Dr Stephen Davies into the business as Medical Director to augment the management team.

Following the buy-out backed by CBPE, the Group has further developed all aspects of the business and in particular has invested heavily in improving the technical capabilities and clinical governance.

As well as offering Consultant Radiologists the ability to report from home, Medica has also opened reporting centres throughout 2015 and 2016 in Bolton, Cardiff, Edinburgh and Exeter and it has a small reporting centre facility at its headquarters in Hastings (which is used primarily for training purposes).

2. Characteristics of the model and significant factors affecting the Group's results and outlook

Medica provides Teleradiology services to NHS Trusts and other customers which contract with Medica either by way of a direct contractual arrangement with the individual NHS Trust or other customer (which is the case for customers generating the majority of the Group's revenue for the financial year ended 31 December 2015) or via a framework agreement which will typically cover multiple NHS Trusts. The contracts and framework agreements are typically for three years and such agreements mainly govern the price of a specific service and agreed minimum performance levels, for example the turnaround time of scans being reported by the Group. The majority of the framework agreements the Group has entered into contain some form of volume-based price discount. The Directors believe that contracting with customers under a framework agreement is beneficial to both Medica and customers, as (i) it avoids the need for a lengthy tender process and (ii) the quality of the Group's service offering is superior to its competitors and therefore NHS Trusts will be likely to choose the Group over the other Teleradiology providers that participate in the framework arrangement. The Group's relationships with its private sector customers, being the private hospitals and independent diagnostic imaging companies, are typically governed by a direct, bilateral contract.

The direct contracts or framework agreements do not state any guaranteed minimum volumes. However, once a customer starts to outsource some of its radiology reporting, in the Group's experience it is rare that it withdraws from doing so, recognising the benefit of having both in-house and Teleradiology reporting available. Customers may use the Group for one or more services, and over time as Medica has demonstrated its service offering, customers often expand the number of Medica's services they utilise, with the proportion of Medica's customers requesting more than one service having increased from 65 per cent. in the year ended 31 December 2010 to 75 per cent. in the year ended 31 December 2015. Typically, a new customer engages with the Group initially either to procure reporting under the NightHawk service or Routine CS or Routine PF service at low volumes, and then, if satisfied with its experience and the quality of the reporting, increases the services purchased from there.

In a small number of cases, Medica has entered into a direct contract under which a customer has primarily used Medica's services in order to address a one-off issue such as reducing a back-log of examinations. While some of these customers do not currently use the Group's services on an ongoing basis, the infrastructure remains in place and the Group would be able to reactivate the services it has previously provided to these customers quickly and without incurring significant costs.

The Group typically charges its customers on a 'per scan type, per body part' basis. What this means in practice is that if the Group is sent a single request for reporting from a customer that includes scans of multiple body parts e.g. head, neck and chest, then it will charge separately for the

reporting on each body part (in this example three body parts), rather than charging for one single report. This allows the Group to charge on a more consistent basis across types of scan depending on how much reporting work is required. More complex scans, which take a longer time to report on, will as a consequence be priced at a higher rate to the customer. Therefore, a cross-sectional scan will be priced at a higher rate than a PF examination. The charge rates for NightHawk reporting are higher as they are typically cross-sectional scans from emergency out-of-hours cases, requiring a short turnaround time.

The Group's operating model provides good visibility over gross margin. Consistent with the charge rate methodology applied to its customers, the Group pays Medica Radiologists on a per scan type, per body part basis. Cost of sales primarily consists of fees paid to Medica Radiologists for reporting. Gross margin across each service line is similar as higher priced scans have commensurably higher radiologist costs.

All of the Group's growth to date has been organic. Revenue growth is a function of (i) the growth in the volumes of scans; (ii) the type of scan undertaken; and (iii) the price charged per scan. The Group bills its customers on a monthly basis in arrears. Medica has successfully grown organically year-on-year through the continued successful acquisition of new clients (of which the pipeline remains strong), as well as by increasing the revenue generated from existing customers, which has been the main driver of revenue growth during the period covered by the historical financial information included in Section A of Part 6 (Historical Financial Information) of this Prospectus. The Group has been particularly successful in growing the revenue generated from customers new to Teleradiology based on its high quality service offering. In relation to customers signed-up in 2011 or earlier, the Group has, on average, seen its annual revenue from such customers grow by approximately 20 per cent. year-on-year between the financial years ended 31 December 2013 and 31 December 2015. More generally, the Group has seen the average spend per customer per annum approximately double between 2013 and 2016. As at 31 December 2016, Medica was servicing more than half of the 190 NHS Acute Trusts in England and Scotland (covering more than 100 NHS hospitals).

The average price per scan, across both NightHawk and Routine CS, and to a lesser extent Routine PF, has fallen between 2013 and 2015. The Directors believe that this mainly reflects the Group's early mover advantage in the Teleradiology market and that as the business has grown in scale, the average price per scan has naturally declined, in turn leading to greater volumes. As evidenced by the Group's gross margin having been broadly stable during the financial year ended 31 December 2015 and the first nine months of 2016, the Groups' legacy prices have largely been addressed.

The Group's ability to continue to grow its revenue is directly related to its ability to handle increasing volumes of reporting, which in turn is partly driven by volumes requested by customers and partly by the number of Medica Radiologists the Group contracts with. The Group contracted with over 240 Medica Radiologists as at 31 December 2016. Recruitment is undertaken through a variety of means. Word of mouth recommendations from existing Medica Radiologists who contract with the Group is a significant recruitment tool. In addition, the Group maintains a presence at many specialist and national radiology events and maintains a database of potential Medica Radiologists for recruitment.

The Group's ability to attract Consultant Radiologists is key to its ongoing success, and there are a number of reasons why Consultant Radiologists want to join Medica, ranging from the flexibility of working hours and the location where they can work from; the opportunity to report on greater volumes of scans in their areas of specialism; and being part of an organisation that has a strong clinical support structure. Since January 2013, the Group has been able to grow its number of Medica Radiologists from 101 professionals in January 2013 to over 240 professionals as at 31 December 2016. The Directors believe that the attractions of the Group will allow it to contract with further Medica Radiologists to support the growth in the business.

The Directors also place great emphasis on ensuring Medica Radiologist satisfaction and believe that this has helped Medica's business reduce churn in the Medica Radiologist base significantly. The churn rate for Medica Radiologists (defined as the percentage of Medica Radiologists who have left the Group during the period out of the total number of Medica Radiologists at the start of the period and those who joined in the period) was 8.9 per cent. in the eight months ended 31 December 2013, 11.0 per cent. in the financial year ended 31 December 2014, 5.0 per cent. in the financial year ended 31 December 2015 and ran at approximately 3.6 per cent. for the nine months ended

30 September 2016 (excluding 9 radiologists who were released following a one-off review process based on individual activity levels). It is quite rare for Medica Radiologists to terminate their relationship with the Group because they no longer wish to work for Medica and move to a competitor; more common reasons for a relationship ending include leaving for personal circumstances, retirement or clinical performance that falls below the Group's high standards.

The Group's IT network, which has received significant investment, also allows the business to manage significantly more volume. The Group embeds itself within the systems of its customers, allowing for an automated process of accessing images from clients' PACS, reporting on examinations with the full RIS history, and entering the results directly back into the clients RIS system.

As discussed above, the cost of Medica Radiologists' primary reporting is recorded in the cost of sales and therefore is reflected in the Group's gross profit. In addition, the costs of performing the internal auditing of a proportion of Medica Radiologists' reports is included in the Group's cost of sales. Below gross profit, the cost base relates principally to the cost of employees, split between clinical governance, IT and system support, service delivery, account management as well as central overhead functions. Other costs relate to IT, insurance, travel, marketing, recruitment, premises and professional costs.

The growth in Medica's profits has historically been driven by the growth in the volume of reporting. Below gross margin, the scalability of the platform means that the Group can benefit from economies of scale.

3. Key Performance Indicators (KPIs)

The Group uses a number of both financial and non-financial KPIs to measure the performance of the Group, of each service line and of various central support functions.

Service Line Performance KPIs

Volumes, revenue and gross profit margin are reviewed on a monthly basis to assess the performance of each service line. These KPIs are monitored against budgets and targets.

Operational KPIs

The Group uses a wide range of operational KPIs to manage and monitor performance of the business. The number of Medica Radiologists deployed, the churn rate and pipeline of potential new joiners are monitored. On service delivery, turnaround times, particularly in NightHawk, are very important. Clinically, the number of reports audited and discrepancy rates are closely tracked.

4. Current outlook and prospects

For the nine months ended 30 September 2016, Medica generated revenues of £21.0 million, EBITDA of £6.9 million and adjusted operating profit of £6.0 million. For the final quarter of 2016, the Group traded in line with the Directors' expectations. Total examination volumes for full year 2016 were 1,354,578, breaking down into 177,373 scans for NightHawk, 365,794 scans for Routine CS and 795,489 images for Routine PF, being 32.6 per cent., 48.7 per cent., and 3.4 per cent. respectively higher than the previous year. The balance of 15,922 examinations represents other reporting services (for example, to the independent sector).

The new financial year has begun well with Medica securing a number of new client contracts that are expected to commence in the coming weeks and months and a healthy pipeline of prospects. The pipeline for recruiting Radiologists in the new financial year also continues to be strong.

5. Results of operations

Consolidated income statement

	2 May to 31 December 2013	12 months ended 31 December 2014	2015	ended 9 months 30 September 2015 (unaudited)	2016
			£'000		
Revenue	9,528	17,907	22,238	16,210	20,980
Cost of sales	(4,399)	(8,770)	(10,962)	(7,990)	(10,425)
Gross Profit	5,129	9,137	11,276	8,220	10,555
Administration expenses	(2,912)	(5,134)	(6,241)	(4,574)	(5,232)
Exceptional items	(682)	–	–	–	–
Operating profit	1,535	4,003	5,035	3,646	5,323
Finance income	2	44	19	5	8
Finance costs	(2,089)	(3,231)	(2,970)	(2,246)	(1,710)
(Loss)/Profit before tax	(552)	816	2,084	1,405	3,621
Income tax recovery/ (expense)	5	(418)	(398)	(298)	(810)
(Loss)/Profit attributable to equity holders of the parent	(547)	398	1,686	1,107	2,811
<i>Non-IFRS Measures</i>					
Adjusted operating profit	2,796	4,873	5,905	4,299	6,015
EBITDA	3,110	5,467	6,812	4,979	6,861

Revenue and gross profit by service line

	2 May to 31 December 2013	12 months ended 31 December 2014	2015	9 months ended 30 September 2015 (unaudited)	2016
			£'000		
Revenue					
NightHawk	3,940	8,030	10,692	7,717	10,035
Routine	5,566	9,443	10,972	8,027	10,531
<i>Cross-sectional</i>	2,936	5,619	7,320	5,265	7,616
<i>Plain Film</i>	2,630	3,824	3,652	2,762	2,915
Other Services	22	434	574	466	414
Total revenue	9,528	17,907	22,238	16,210	20,980
Gross Profit					
NightHawk	2,233	4,228	5,546	4,013	5,220
Routine	3,151	5,118	5,995	4,386	5,632
<i>Cross-sectional</i>	1,722	3,061	4,025	2,895	4,093
<i>Plain Film</i>	1,429	2,057	1,970	1,491	1,539
Other Services	(255)	(208)	(265)	(179)	(297)
Total gross profit	5,129	9,137	11,276	8,220	10,555
Gross profit margin					
NightHawk	56.7%	52.7%	51.9%	52.0%	52.0%
Routine	56.6%	54.2%	54.6%	54.6%	53.5%
<i>Cross-sectional</i>	58.7%	54.5%	55.0%	55.0%	53.7%
<i>Plain Film</i>	54.3%	53.8%	54.0%	54.0%	52.8%
Other Services	(1,159%)	(47.9%)	(46.2%)	(38.3%)	(71.5%)
Total gross profit margin	53.8%	51.0%	50.7%	50.7%	50.3%

Financial information in respect of the 12 months ended 31 December 2013

In order to provide a meaningful trading comparison between the 12 months ended 31 December 2013 and 31 December 2014, the Group has compiled 12 months' data for the key financial information for 2013. The table below shows key information relating to results of operations in the financial period from 2 May to 31 December 2013 which has been extracted without material adjustment from the Groups' audited consolidated financial information) and the financial period from 1 January 2013 to 1 May 2013 (which is prepared in accordance with IFRS and has been extracted without material adjustment from unaudited management accounts), enabling the presentation of key information for a twelve-month period for comparison with the financial year ended 31 December 2014 and subsequent financial years.

	1 January to 1 May 2013 (unaudited)	2 May to 31 December 2013 (unaudited)	12 months ended 31 December 2013 (unaudited)
		£'000	
Revenue	4,224	9,528	13,752
Gross Profit	2,467	5,129	7,596
Operating profit	1,435	1,535	2,970
<i>Non-IFRS Measures</i>			
Adjusted operating profit	1,453	2,796	4,249
EBITDA	1,582	3,110	4,692

5.1 Revenue and gross profit

Revenue and gross profit by service line has been extracted without material adjustment from unaudited management information.

Medica has experienced strong levels of organic growth, with no acquisitions during the period covered by the historical financial information. In the financial year ended 31 December 2015, total revenue grew by 24.2 per cent. compared to the financial year ended 31 December 2014, while in the financial year ended 31 December 2014, revenue grew by 30.2 per cent compared to the twelve months ended 31 December 2013. In the nine months ended 30 September 2016, revenues grew by 29.4 per cent. compared to the same period for the previous year. The key driver of revenue growth has been the increases in volumes of scans over this period (from both existing and new customers) with NightHawk being the greater contributor, followed by Routine CS.

The overall Group gross profit margin in the eight months ended 31 December 2013 was 53.8 per cent., falling to 51.0 per cent. in the financial year ended 31 December 2014, 50.7 per cent. in the financial year ended 31 December 2015 and remaining stable at 50.3 per cent. in the nine months ended 30 September 2016. The fall in gross profit margin over the period covered by the historical financial information reflects a downward adjustment in the Group's pricing following the rebasing in 2014 and early 2015 of legacy pricing that had reflected the first-mover advantage of the Group, as discussed earlier in this section.

NightHawk

NightHawk represented 48.1 per cent. of the Group's total revenue for the financial year ended 31 December 2015, with the Group's customers having increased the amount of out of hours work they outsourced alongside increasing scan volumes in the market. In the financial year ended 31 December 2015, NightHawk revenues grew by 33.2 per cent. compared to the financial year ended 31 December 2014, while in the financial year ended 31 December 2014, NightHawk revenues grew by 40.3 per cent. compared to the twelve months ended 31 December 2013. In the nine months ended 30 September 2016, NightHawk revenues grew by 30.0 per cent. compared to the same period in 2015.

The growth in NightHawk revenues has been driven by a combination of new customer wins and increasing volumes from existing customers. Total NightHawk volumes grew from 57,687 scans for the twelve months ended 31 December 2013 to 133,723 scans for the financial year

ended 31 December 2015. In the nine months ended 30 September 2016, NightHawk volumes were 36.1 per cent. higher compared to the same period for the previous year.

The decline in gross profit margin from 56.7 per cent. in the eight months ended 31 December 2013, falling to 52.7 per cent. in the financial year ended 31 December 2014 was largely driven by the downward adjustment in the Group's pricing following the rebasing of legacy pricing in 2014 and early 2015. Gross profit margin for the financial year ended 31 December 2015 was 51.9 per cent. and in the nine months to 30 September 2016, the gross profit margin remained flat at 52.0 per cent. The Directors consider the Group's NightHawk margin to have been stable for the last 18 months. Consultant Radiologist fees have remained stable throughout the period.

Routine CS

Routine CS represented 33 per cent. of the Group's total revenue for the financial year ended 31 December 2015. In the financial year ended 31 December 2015, revenues grew by 30.3 per cent. compared to the financial year ended 31 December 2014, while in the financial year ended 31 December 2014, revenues grew by 33.5 per cent. compared to the 12 months ended 31 December 2013. In the nine months ended 30 September 2016, revenues grew by 44.7 per cent. compared to the same period in 2015.

The growth in Routine cross-sectional revenue has been driven by a combination of new customer wins and increasing revenue from existing customers, with volumes growing from 125,602 scans for the twelve months ended 31 December 2013 to 246,005 scans for the financial year ended 31 December 2015. In the nine months ended 30 September 2016, Routine cross-sectional volumes were 47.4 per cent. higher compared to the same period in 2015.

The decline in gross profit margin from 58.7 per cent. in the eight months ended 31 December 2013 to 54.5 per cent. in the financial year ended 31 December 2014 was largely driven by the downward adjustment in the Group's pricing following the rebasing of legacy pricing in 2014 and early 2015. Gross profit margin rose slightly to 55.0 per cent. in the financial year ended 31 December 2015 but declined slightly to 53.7 per cent. for the nine months ended 30 September 2016. The Directors consider these small fluctuations to be an effect of client and case mix.

Routine PF

Routine PF represented 16 per cent. of the Group's revenue for the financial year ended 31 December 2015. In the financial year ended 31 December 2015, revenues decreased by 4.5 per cent. compared to the financial year ended 31 December 2014, while in the financial year ended 31 December 2014, revenues grew by 1.0 per cent. compared to the 12 months ended 31 December 2013. In the nine months ended 30 September 2016, revenues grew by 5.5 per cent. compared to the same period in 2015.

The decrease in revenue and volumes in the financial year 2015 was largely driven by a strategic decision to utilise Routine reporting capacity on higher growth, more demanding cross-sectional scans over plain film work, which is generally less complex and less urgent. Routine PF revenue and volumes in the first nine months of 2016 broadly recovered to be slightly ahead of the same period in 2015 as the Group was able to take on more PF work due to the increase in Medica Radiologist capacity.

The gross profit margin in the eight months ended 31 December 2013 was 54.3 per cent., falling to 53.8 per cent. in the financial year ended 31 December 2014 was largely driven by the downward adjustment in the Group's pricing following the rebasing of legacy pricing in 2014 and early 2015. Gross profit margin rose slightly to 54.0 per cent. in the financial year ended 31 December 2015 but declined slightly to 52.8 per cent. for the nine months to 30 September 2016. Gross margins in the nine months ended 30 September 2016 were impacted by an increase in the rates paid to Medica Radiologists for reporting on PF images, which became effective in July 2016. At the same time, the Group has observed an increase in the price it is able to charge for reporting on PF images as the Directors believe that other market participants have, like Medica, been focussing on more attractive cross-sectional work

over PF. Medica has also recently launched its Radiographer Reporting service, which the Directors believe will position the Group well to address increased demand for outsourced PF image reporting.

Other services

Revenue from Other services is currently relatively small within Medica and represent speciality services like mammography, which to date have only been undertaken on request by customer demand. This category also includes reporting for other customers such as private hospitals and diagnostic imaging companies in the independent sector. The Directors expect revenues from Other services will grow over time as new services are launched and penetration of the independent sector increases. Other Services comprises the newly launched services by the Group as well as the internal cost of clinical auditing of services provided by Medica Radiologists, which are incurred across the Group and cannot be split by modality. Therefore, this segment appears to be loss-making due to this categorisation. As newly launched services grow in scale, it is envisaged they will be separated for reporting purposes.

5.2 *Administrative expenses, EBITDA and adjusted operating profit*

Administrative expenses comprise staff costs and overheads, which includes IT costs, travel, marketing, premises and insurance. Staff costs are the most significant administrative expense followed by IT. The growth in administrative expenses from £5.1 million for the financial year ended 31 December 2014 to £6.2 million for the financial year ended 31 December 2015, and from £4.6 million (unaudited) for the nine months ended 30 September 2015 to £5.2 million for the nine months ended 30 September 2016, reflects the growth in the Group's permanent staff and additional operating expenses in consultation with the enlarged scale of the Group.

EBITDA has grown from £4.7 million for the 12 months ended 31 December 2013 to £5.5 million for the year ended 31 December 2014 and to £6.8 million for the year ended 31 December 2015. For the nine months ended 30 September 2015, EBITDA was £5.0 million (unaudited) rising to £6.9 million for the nine months ended 30 September 2016. Adjusted operating profit was £4.2 million for the 12 months ended 31 December 2013, £4.9 million for the year ended 31 December 2014 and £5.9 million for the year ended 31 December 2015. For the nine months ended 30 September 2015, adjusted operating profit was £4.3 million (unaudited), rising to £6.0 million for the nine months ended 30 September 2016.

Adjusted operating profit is stated after adding back amortisation in respect of assets acquired on acquisition arising from the acquisition of Medica Reporting Limited by the Company at the time of CBPE's investment in the Group in 2013. In the financial year ended 31 December 2015, adjusted operating profit grew by 21.2 per cent., while for the financial year ended 31 December 2014, adjusted operating profit grew by 14.7 per cent. compared to the 12 months ended 31 December 2013. For the nine months ended 30 September 2016, adjusted operating profit grew by 39.9 per cent. compared to the same period in 2015.

Adjusted operating profit margins have followed a similar trend to gross profit margins in that there was a fall in the adjusted operating profit margin achieved in the financial year ended 31 December 2014, being 27.2 per cent., from that achieved in the 12 months ended 31 December 2013 (30.9 per cent.) due to a corresponding fall in gross margin. In the financial year ended 31 December 2014 and the financial year ended 31 December 2015, the adjusted operating profit margin achieved was broadly stable, at 27.2 per cent. and 26.6 per cent. respectively and for the nine months to 30 September 2016 the Group's adjusted operating profit margin has risen to 28.7 per cent. Medica does not need to increase its cost base in line with the growth of business, only requiring relatively small incremental increases in the cost base to support the business as it grows, making the platform highly scalable.

5.3 *Finance costs*

Finance costs principally comprise of interest payable on the Group's bank loans and interest payable on loan notes issued to and held by CBPE.

The majority of the interest cost relates to the loan notes issued to and held by CBPE, which were put in place as part of the financing of the acquisition of Medica Reporting Limited from Nuffield Health during 2013. The interest cost on these loan notes fell between the eight months ended 31 December 2013 and the financial year ended 31 December 2014, and the financial year ended 31 December 2014 and the financial year ended 31 December 2015 because during 2014 and during 2015 the Group repaid £3.8 million and £1.5 million respectively of the loan notes. The interest cost of the bank loans also fell during the period due to part repayment during the financial year ended 31 December 2015.

In January 2016, the Group extended its bank loan facilities raising net proceeds of £13.1 million. At the same time, £13.5 million of loan note interest and capital was repaid. The finance costs for the nine months to 30 September 2016 is reflective of this transaction with the loan note interest charge reduced and the bank loan interest charge increased compared to the same period in the previous year, with the overall result being a net reduction in finance costs.

5.4 **Profit before tax**

As a result of the factors discussed above, there was a loss before tax of £0.6 million for the eight months ended 31 December 2013, a profit before tax of £0.8 million for the financial year ended 31 December 2014; and a profit before tax of £2.1 million for the financial year ended 31 December 2015. For the nine months ended 30 September 2016, profit before tax was £3.6 million compared to £1.4 million (unaudited) for the same period in 2015.

5.5 **Taxation**

The Group's earnings are all derived from the UK. The tax charge reflects the UK's corporation tax rates for that year, adjusted for items such as the loan note interest where part of the interest was not tax deductible.

6. **Liquidity and Capital Resources**

6.1 **Consolidated balance sheet**

	At 31 December			At 30 September	
	2013	2014	2015	2015	2016
				(unaudited)	
	£'000				
ASSETS					
Non-current					
Goodwill	15,948	15,948	15,948	15,948	15,948
Other intangible assets	11,770	10,861	10,094	10,243	9,588
Property, plant and equipment	1,043	1,457	1,929	1,839	1,982
Non-current assets	<u>28,761</u>	<u>28,266</u>	<u>27,971</u>	<u>28,030</u>	<u>27,518</u>
Current					
Trade and other receivables	2,838	3,700	4,333	4,360	5,775
Cash and cash equivalents	<u>2,507</u>	<u>1,161</u>	<u>2,085</u>	<u>1,538</u>	<u>3,406</u>
Current assets	<u>5,345</u>	<u>4,861</u>	<u>6,418</u>	<u>5,898</u>	<u>9,181</u>

	At 31 December			At 30 September	
	2013	2014	2015	2015	2016
				(unaudited)	
	£'000				
LIABILITIES					
Current					
Trade and other payables	(1,009)	(1,788)	(2,036)	(2,014)	(2,621)
Borrowings	(788)	(1,194)	(1,522)	(2,184)	(1,399)
Derivative financial instruments	–	–	–	–	(90)
Current liabilities	<u>(1,797)</u>	<u>(2,982)</u>	<u>(3,558)</u>	<u>(4,198)</u>	<u>(4,110)</u>
Non-current Liabilities					
Borrowings and other financial liabilities	(29,034)	(26,642)	(25,972)	(25,359)	(25,062)
Derivative financial instruments	(58)	(32)	(22)	(32)	–
Non-current liabilities	<u>(29,092)</u>	<u>(26,674)</u>	<u>(25,994)</u>	<u>(25,391)</u>	<u>(25,062)</u>
Provisions					
Deferred tax	(2,309)	(2,165)	(1,845)	(1,926)	(1,724)
Net Assets	<u>908</u>	<u>1,306</u>	<u>2,992</u>	<u>2,413</u>	<u>5,803</u>
Equity					
Share capital	146	146	146	146	146
Share premium	1,309	1,309	1,309	1,309	1,309
Retained earnings	(547)	(149)	1,537	958	4,348
Total equity	<u>908</u>	<u>1,306</u>	<u>2,992</u>	<u>2,413</u>	<u>5,803</u>

Non-current assets

Property, plant and equipment primarily relate to computer equipment, the majority of which is the servers installed with customers and the radiologists' workstations. The growth in property, plant and equipment reflects the net increase, i.e. after depreciation, of additional capital expenditure for new customers and new radiologists and software for new projects.

The Group's intangible assets is the goodwill and other intangible assets from the acquisition by Medica of Medica Reporting Limited in May 2013. In addition, there is a small proportion, which in the financial year ended 31 December 2015 was £0.4 million, in relation to purchased software and certain capitalised development software and licences.

Current assets and net working capital

The Group's working capital is based on the timing difference between receipt of payment from its customers and the payment by the Group to Medica Radiologists of their reporting charges. The Group invoices its customers on the eighth day following the month end, with typical payment terms of 30 days. Medica Radiologists are paid on the tenth day following month end and other suppliers are paid in line with their credit terms.

Current assets mainly comprise trade receivables, with a small element of prepayments, and cash. Trade receivables have grown with the business and primarily relate to the revenues to be collected from customers.

Current liabilities mainly comprise trade payables (mainly the payments due to radiologists), the portion of current debt repayable in the next 12 month period, and corporation tax.

Borrowings relates to the loan notes to CBPE and third party bank loans. Total borrowings has reduced from £29.8 million as at 31 December 2013 to £26.5 million as at 30 September 2016. As described under the section headed Finance Costs above, the mix between loan notes and third party bank loans has changed, with the majority of the loan notes having been repaid, largely funded by the bank loans.

6.2 Consolidated cash flow statement

	2 May to 31 December 2013	12 months ended 31 December 2014	2015	9 months ended 30 September 2015 (unaudited)	2016
	£'000				
Operating activities					
(Loss)/profit before tax	(552)	816	2,084	1,405	3,621
<i>Adjustments:</i>					
Amortisation of intangible fixed assets	646	979	982	778	811
Depreciation of property plant and equipment	247	485	795	555	688
Finance income	(2)	(77)	(19)	(5)	(8)
Finance costs	2,089	3,231	2,970	2,246	1,710
Tax (paid)/received	(100)	(140)	(812)	(410)	(624)
<i>Changes in:</i>					
(Increase)/decrease in trade & other receivables	(642)	(862)	(633)	(660)	(1,442)
(Decrease)/increase in trade and other payables	(135)	365	342	99	278
Cash generated from operations	1,551	4,797	5,709	4,008	5,034
Net cash inflow from operating activities	1,551	4,797	5,709	4,008	5,034
Investing activities					
Purchase of property plant and equipment	(516)	(899)	(1,267)	(937)	(741)
Purchase of software intangible assets	(36)	(70)	(214)	(160)	(306)
Purchase of subsidiary undertakings net of cash acquired	(27,740)	–	–	–	–
Interest received	2	44	8	5	8
Cash outflow from investing activities	(28,290)	(925)	(1,473)	(1,092)	(1,039)
Cash flows from financing activities					
Issue of share capital	1,455	–	–	–	–
Issue of loan notes and other borrowings	28,402	–	–	–	13,100
Repayment of loan notes and other borrowings	(220)	(907)	(1,322)	(673)	(14,416)
Interest paid	(391)	(4,311)	(1,990)	(1,866)	(1,358)
Net cash inflow/(outflow) from financing activities	29,246	(5,218)	(3,312)	(2,539)	(2,674)
Net change in cash and cash equivalents	2,507	(1,346)	924	377	1,321
Movement in net cash					
Cash	–	2,507	1,161	1,161	2,085
Bank overdraft	–	–	–	–	–
Cash and cash equivalents, beginning of period	–	2,507	1,161	1,161	2,085
(Decrease)/increase in cash and cash equivalents	2,507	(1,346)	924	377	1,321
Cash and cash equivalents, end of period	2,507	1,161	2,085	1,538	3,406

The Group's consolidated cash balance as at 31 December 2015 was £2.1 million (2014: £1.2 million, 2013: £2.5 million). As at 30 September 2016 the cash balance was £3.4 million and as at 31 December 2016, the Group had consolidated cash balances of £4.7 million.

The Group generates strong levels of cash. Net cash inflow from operating activities, as a percentage of EBITDA, was 73.8 per cent. in the nine months ended 30 September 2016, 83.8 per cent. in the financial year ended 31 December 2015, 87.7 per cent. in the financial year ended 31 December 2014 and 49.9 per cent. in the eight months ended 31 December 2013.

Capital expenditure has risen each year, from £0.6 million in the eight months ended 31 December 2013 to £1.0 million in the financial year ended 31 December 2014 and £1.5 million in the financial year ended 31 December 2015. Capital expenditure for the nine months to 30 September 2016 was £1.0 million, compared to £1.1 million (unaudited) for the same period in 2015. The Group's capital expenditure primarily relates to expansionary capex. New radiologists joining the Group and new customers both require network equipment installed at their home and work place respectively. Other expansionary capex directly relates to launching of new service lines. In 2015 and 2016, the Group made significant one-off investments in the IT platform, including the improvements to provide redundancy and back-up systems which the Directors believe will sustain the business for at least the next three years. The Group requires only a relatively low level of maintenance capex to service its activities.

Cash flows from operating activities

The Group's primary source of operating cash flows is collections from its clients for the Teleradiology services it provides, and its primary uses of cash from operating activities include remuneration paid to employees, settlement of the amounts charged by the Consultant Radiologists for the reporting they provide, and Group overheads. During the eight months ended 31 December 2013, the financial years ended 31 December 2014 and 2015 and the nine months ended 30 September 2016, net cash provided by operating activities was £1.6 million, £4.8 million, £5.7 million and £5.1 million, respectively.

Cash flows from investing activities

The Group's primary uses of cash flows from investing activities consist of capital expenditure related to equipment and software associated with setting up new Medica Radiologists with home workstations and installation of servers at customer sites and the continued enhancement of its information technology infrastructure.

During the eight months ended 31 December 2013, the financial years ended 31 December 2014 and 2015 and the nine months ended 30 September 2016, net cash provided by (used in) investing activities was £28.3 million, £0.9 million, £1.5 million and £1.0 million, respectively. In May 2013, the Company acquired Medica Reporting Limited, with a net outlay of £27.7 million. In 2014, Medica paid £0.4 million relating to the office move to Hastings and employee related IT. In 2015, £0.7 million was spent on moving to a new data centre provider, additional office IT and software. In the nine months to 30 September 2016, Medica spent £1.0 million on IT equipment and software.

Cash flows from financing activities

The cash flows from financing activities relate to the draw down and repayments on its third party bank loans, the issue and repayment of loan notes to CBPE and associated interest costs. Other than in 2013, which reflects the acquisition of Medica Reporting Limited by the Company in May 2013, the repayment of loan notes and other borrowings is the net movement in the combined balances (as described in Finance Costs above).

During the eight months ended 31 December 2013, the financial years ended 31 December 2014 and 2015 and the nine month periods ended 30 September 2015 and 2016, net cash provided by/(used in) financing activities was £29.2 million, £(5.2 million), £(3.3 million), £(2.5 million) and £(2.7 million), respectively.

6.3 **Indebtedness**

The Group has been self-funding throughout the period. The Group's indebtedness during the period has been as a result of the financing of the acquisition of Medica from Nuffield Health in 2013 and the refinancing and repayment of loan notes in January 2016.

Following Admission, the Group's principal sources of liquidity will primarily comprise cash generated by operations and cash and cash equivalents and the new term loan and revolving credit facility summarised below.

The Group had no indirect or contingent indebtedness as at 30 September 2016.

Term Loan and Revolving Credit Facility

The subsidiaries of Medica entered into a facilities agreement with Lloyds Bank plc on 2 May 2013, which was amended and restated on 28 January 2016, under which a term loan facility and a revolving credit facility were made available. As security for the facilities, the subsidiaries of the Company entered into two debentures in favour of Lloyds Bank PLC dated 2 May 2013 and 28 January 2016 respectively. The debentures contain fixed and floating charges over all of the assets of those companies.

On 7 March 2017, the Company and its subsidiaries entered into a new facilities agreement (the "New Facilities") for the purpose of refinancing that part of the facilities that will not be prepaid out of the proceeds of the Offer.

Under the New Facilities, up to £13 million in aggregate is available to the Group under a £12 million term loan facility and a £1 million revolving credit facility. Both facilities will mature on 6 March 2022, being the fifth anniversary of entry into the New Facilities. Interest is payable under the New Facilities at the rate of LIBOR + 1.75 per cent.

There are customary mandatory prepayment events under the New Facilities, including in the event of a change of control of the Company and its subsidiaries.

The terms of the New Facilities include certain financial covenants, including a leverage covenant under which the Group must maintain its net debt:EBITDA ratio at or below 2.5:1 and an interest cover covenant under which the ratio of EBITDA to consolidated net interest expense must be at least 4.0:1, in each case measured on a rolling 12 month basis and assessed semi-annually on 30 June and 31 December in each year. The New Facilities are also subject to certain information covenants (including in relation to the provision of financial statements) and other customary covenants, including a negative pledge and limitation on incurring additional indebtedness and on material acquisitions and disposals.

The New Facilities are subject to customary conditions precedent for facilities of this nature.

Loan Notes

On 2 May 2013, Medica Reporting Services Limited issued loan notes in the amounts of £14,973,413.16 to CBPE Nominees Limited as nominee of CBPE Capital Fund VIII ALP and £3,386,586.84 to CBPE Nominees Limited as nominee of CBPE Capital Fund VIII BLP.

Medica Reporting Services Limited has repaid to CBPE Nominees Limited in respect of the Loan Notes:

- £3.8 million on 12 December 2014;
- £1.5 million on 28 September 2015; and
- £13.5 million on 29 January 2016.

The loan notes bear interest at the rate of 12 per cent. per annum.

Currently, loan notes with an aggregate principal amount (including interest thereon) of approximately £6.9 million remain outstanding and these will be repaid out of the net proceeds to the Company arising from the Offer.

7. Critical accounting policies and judgments

The discussion and analysis of the Group's financial condition and results of operations in this Operating and Financial Review is based on the Group's consolidated financial statements, which have been prepared in accordance with IFRS. The preparation of these financial statements in accordance with IFRS requires the Group to utilise accounting policies and make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during a financial year or period. The Group's significant accounting policies are set out in notes 2 and 3 and the Group's significant accounting judgements, estimates and assumptions are set out in note 4 to the Group's audited consolidated financial statements included in the Historical Financial Information in Part 6 of this Prospectus.

If actual results or events differ materially from those contemplated by the Group's management in making these estimates, the Group's reported financial condition, results of operations and/or cash flows for future financial years and periods could be materially affected.

PART 5

CAPITALISATION AND INDEBTEDNESS

The statement of capitalisation and indebtedness has been prepared using policies which are consistent with those used in preparing the Group's consolidated financial information for the nine months ended 30 September 2016, as set out in the Historical Financial Information in Section A of Part 6 of this Prospectus. The capitalisation and indebtedness statement below should be read together with the rest of this Prospectus, including the Group's consolidated financial information.

The following tables set out the capitalisation of the Group as at 30 September 2016 and the indebtedness of the Group as at 31 December 2016. The following tables do not reflect the impact of the Offer and the contemporaneous debt refinancing on the Group's capitalisation and indebtedness. Please refer to Section A of Part 7 (Pro Forma Financial Information) of this Prospectus for an analysis of the impact of the Offer and the contemporaneous debt refinancing on the consolidated net assets of the Group.

Capitalisation⁽¹⁾⁽³⁾

	<i>As at 30 September 2016 £'000</i>
Called up share capital ⁽²⁾	146
Share premium account ⁽²⁾	1,309
Other reserves	–
Total capitalisation	1,455

- (1) The Group's capitalisation includes ordinary shares and share premium but does not include retained earnings.
- (2) On 28 February 2017, the Company resolved to cancel the entire amount standing to the credit of its share premium account. Subsequently, on 15 March 2017, the Company (i) subdivided its ordinary share capital such that each ordinary share of £0.10 each was divided into 50 ordinary shares of 0.2p each and (ii) issued 27,250,002 new ordinary shares of 0.2p each to its shareholders pro rata to their existing holdings by way of a bonus issue of shares credited as fully paid in cash and capitalised out of the reduction reserve arising from the earlier cancellation of share premium account. Following such cancellation of share premium account and bonus issue, the Company's called up share capital consisted of 100,000,002 ordinary shares of 0.2p each, the amount standing to the credit of the Company's share premium account was £0 and the amount standing to the credit of the Company's reduction reserve was £1,255,000.
- (3) Save as disclosed above, there have been no material changes to the Group's capitalisation since 30 September 2016.

Capitalisation of the Company

The Company was incorporated on 22 April 2013 with a share capital of two ordinary shares of £1.00 each. Further details regarding the share capital of the Company are set out in Section 3 of Part 11 of this Prospectus.

Indebtedness⁽¹⁾⁽²⁾⁽⁴⁾

	<i>(Unaudited)</i> <i>As at</i> <i>31 December</i> <i>2016</i> <i>£'000</i>
Total current debt	
Guaranteed	–
Secured ⁽³⁾	(1,456)
Unguaranteed/unsecured	–
	<u>(1,456)</u>
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed	–
Secured ⁽³⁾	(25,275)
Unguaranteed/unsecured	–
	<u>(25,275)</u>
Total gross indebtedness	<u>(26,731)</u>

- (1) This statement of indebtedness has been extracted without material adjustment from the Group's unaudited management accounts as at 31 December 2016.
- (2) This statement of indebtedness has been prepared under IFRS as adopted by the European Union using policies which are consistent with those used in preparing the Group's financial information set out in Section A of Part 6 (Historical Financial Information) of this Prospectus.
- (3) Secured debt comprises current and non-current borrowings and has been stated above on an IFRS basis, net of unamortised issuance costs of £632,000, and includes accrued interest of £1,230,000 as at 31 December 2016.
- (4) Other than the changes described in Section 6.3 of Part 4 of this Prospectus in connection with the refinancing and the Offer (as reflected in note 3 to the unaudited pro forma financial information set out in Section A of Part 7 of this Prospectus and in section B.8 of the Summary), there have been no material changes to the Group's indebtedness since 31 December 2016.

Net financial indebtedness⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾

	<i>(Unaudited)</i> <i>As at</i> <i>31 December</i> <i>2016</i> <i>£'000</i>
Cash and cash equivalents	4,713
Trading securities	–
Liquidity	<u>4,713</u>
Current bank debt	(1,342)
Current portion of non-current bank debt	(114)
Other current financial debt	–
Current financial debt	<u>(1,456)</u>
Net current financial liquidity	3,257
Non-current bank debt	(18,589)
Other non-current financial debt ⁽⁶⁾	(6,686)
Non-current financial debt	<u>(25,275)</u>
Net financial indebtedness	<u>(22,018)</u>

- (1) This statement of net financial indebtedness has been extracted without material adjustment from the Group's unaudited management accounts as at 31 December 2016.
- (2) This statement of net financial indebtedness has been prepared under IFRS as adopted by the European Union using policies which are consistent with those used in preparing the Group's financial information set out in Section A of Part 6 (Historical Financial Information) of this Prospectus.

- (3) The Group had no indirect or contingent liabilities as at 31 December 2016.
- (4) Bank debt comprises current and non-current borrowings and has been stated above on an IFRS basis, net of unamortised issuance costs of £551,000, and includes accrued interest of £94,000 at 31 December 2016. Unamortised issuance costs of £240,000 are included within current financial debt.
- (5) The Group manages interest rate risk on bank loans by using interest rate swaps. The interest rate swaps are not included in the indebtedness statement. The fair value of these derivative financial liabilities as at 31 December 2016 is £52,000.
- (6) Other financial debt relates to loan notes issued to CBPE Nominees Limited and has been stated above on an IFRS basis, net of unamortised issuance costs of £81,000, and includes accrued interest of £1,136,000 as at 31 December 2016.

PART 6

HISTORICAL FINANCIAL INFORMATION

A: HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

				(unaudited)	
		8 Months to 31 December	12 Months to 31 December	12 Months to 31 December	9 Months to 30 September
	Note	2013 £'000	2014 £'000	2015 £'000	2015 £'000
					2016 £'000
Revenue	5	9,528	17,907	22,238	16,210
Cost of sales		(4,399)	(8,770)	(10,962)	(7,990)
Gross profit		5,129	9,137	11,276	8,220
Administrative expenses		(2,912)	(5,134)	(6,241)	(4,574)
Exceptional items	6	(682)	-	-	-
Operating profit	6	1,535	4,003	5,035	3,646
Finance income	7	2	44	19	5
Finance costs	8	(2,089)	(3,231)	(2,970)	(2,246)
(Loss)/Profit before tax		(552)	816	2,084	1,405
Analysed as					
Profit before tax adjusted for non-cash charges		341	2,280	3,861	2,738
Depreciation		(247)	(485)	(795)	(555)
Amortisation		(646)	(979)	(982)	(778)
(Loss)/Profit before tax		(552)	816	2,084	1,405
Income tax recovery/(expense)	9	5	(418)	(398)	(298)
(Loss)/Profit and total comprehensive (loss)/income attributable to the equity holders of the parent		(547)	398	1,686	1,107
(Loss)/Profit per share (basic and diluted)					
Basic and diluted (loss)/profit per ordinary share	10	(£0.39)	£0.27	£1.16	£0.76
					£1.93

All transactions arise from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(unaudited)				
		At 31	At 31	At 31	At 30	At 30
	Note	December	December	December	September	September
		2013	2014	2015	2015	2016
		£'000	£'000	£'000	£'000	£'000
ASSETS						
Non-current						
Goodwill	12	15,948	15,948	15,948	15,948	15,948
Other intangible assets	13	11,770	10,861	10,094	10,243	9,588
Property, plant and equipment	14	1,043	1,457	1,929	1,839	1,982
Non-current assets		<u>28,761</u>	<u>28,266</u>	<u>27,971</u>	<u>28,030</u>	<u>27,518</u>
Current						
Trade and other receivables	17	2,838	3,700	4,333	4,360	5,775
Cash and cash equivalents		<u>2,507</u>	<u>1,161</u>	<u>2,085</u>	<u>1,538</u>	<u>3,406</u>
Current assets		<u>5,345</u>	<u>4,861</u>	<u>6,418</u>	<u>5,898</u>	<u>9,181</u>
LIABILITIES						
Current						
Trade and other payables	18	(1,009)	(1,788)	(2,036)	(2,014)	(2,621)
Borrowings	19	(788)	(1,194)	(1,522)	(2,184)	(1,399)
Derivative financial instruments	23	–	–	–	–	(90)
Current liabilities		<u>(1,797)</u>	<u>(2,982)</u>	<u>(3,558)</u>	<u>(4,198)</u>	<u>(4,110)</u>
Non-current Liabilities						
Borrowings and other financial liabilities	20	(29,034)	(26,642)	(25,972)	(25,359)	(25,062)
Derivative financial instruments	23	(58)	(32)	(22)	(32)	–
Deferred tax	16	(2,309)	(2,165)	(1,845)	(1,926)	(1,724)
Non-current liabilities		<u>(31,401)</u>	<u>(28,839)</u>	<u>(27,839)</u>	<u>(27,317)</u>	<u>(26,786)</u>
Net Assets		<u>908</u>	<u>1,306</u>	<u>2,992</u>	<u>2,413</u>	<u>5,803</u>
EQUITY						
Share capital	21	146	146	146	146	146
Share premium	21	1,309	1,309	1,309	1,309	1,309
Retained earnings	21	(547)	(149)	1,537	958	4,348
Total equity		<u>908</u>	<u>1,306</u>	<u>2,992</u>	<u>2,413</u>	<u>5,803</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

	(unaudited)				
	8 Months to 31 December 2013 £'000	12 Months to 31 December 2014 £'000	12 Months to 31 December 2015 £'000	9 Months to 30 September 2015 £'000	9 Months to 30 September 2016 £'000
Operating activities					
(Loss)/profit before tax	(552)	816	2,084	1,405	3,621
Adjustments:					
Amortisation of intangible fixed assets	646	979	982	778	811
Depreciation of property plant and equipment	247	485	795	555	688
Finance income	(2)	(77)	(19)	(5)	(8)
Finance costs	2,089	3,231	2,970	2,246	1,710
Changes in:					
(Increase)/decrease in trade & other receivables	(642)	(862)	(633)	(660)	(1,442)
(Decrease)/increase in trade and other payables	(135)	365	342	99	278
Tax (paid)/received	(100)	(140)	(812)	(410)	(624)
Cash generated from operations	<u>1,551</u>	<u>4,797</u>	<u>5,709</u>	<u>4,008</u>	<u>5,034</u>
Net cash inflow from operating activities	<u>1,551</u>	<u>4,797</u>	<u>5,709</u>	<u>4,008</u>	<u>5,034</u>
Investing activities					
Purchase of property plant and equipment	(516)	(899)	(1,267)	(937)	(741)
Purchase of software intangible assets	(36)	(70)	(214)	(160)	(306)
Acquisition of subsidiary, net of cash acquired	(27,740)	-	-	-	-
Interest received	2	44	8	5	8
Cash outflow from investing activities	<u>(28,290)</u>	<u>(925)</u>	<u>(1,473)</u>	<u>(1,092)</u>	<u>(1,039)</u>
Cash flows from financing activities					
Issue of share capital	1,455	-	-	-	-
Issue of loan notes and other borrowings	28,402	-	-	-	13,100
Repayment of loan notes and other borrowings	(220)	(907)	(1,322)	(673)	(14,416)
Interest paid	<u>(391)</u>	<u>(4,311)</u>	<u>(1,990)</u>	<u>(1,866)</u>	<u>(1,358)</u>
Net cash inflow/(outflow) from financing activities	<u>29,246</u>	<u>(5,218)</u>	<u>(3,312)</u>	<u>(2,539)</u>	<u>(2,674)</u>
Net change in cash and cash equivalents	<u>2,507</u>	<u>(1,346)</u>	<u>924</u>	<u>377</u>	<u>1,321</u>

				(unaudited)	
	8 Months	12 Months	12 Months	9 Months	9 Months
	to 31	to 31	to 31	to 30	to 30
	December	December	December	September	September
	2013	2014	2015	2015	2016
	£'000	£'000	£'000	£'000	£'000
Movement in net cash					
Cash	–	2,507	1,161	1,161	2,085
Bank overdraft	–	–	–	–	–
Cash and cash equivalents, beginning of period		2,507	1,161	1,161	2,085
Increase/(Decrease) in cash and cash equivalents	2,507	(1,346)	924	377	1,321
Cash and cash equivalents, end of period	2,507	1,161	2,085	1,538	3,406
Cash	2,507	1,161	2,085	1,538	3,406
Cash and cash equivalents, end of period	2,507	1,161	2,085	1,538	3,406

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Retained earnings £'000</i>	<i>Total Equity £'000</i>
Shares issued during the period	146	1,309	–	1,455
Transactions with owners	146	1,309	–	1,455
Loss and total comprehensive income for the period	–	–	(547)	(547)
At 31 December 2013	146	1,309	(547)	908
Profit and total comprehensive income for the period	–	–	398	398
At 31 December 2014	146	1,309	(149)	1,306
Profit and total comprehensive income for the period	–	–	1,686	1,686
At 31 December 2015	146	1,309	1,537	2,992
Profit and total comprehensive income for the period	–	–	2,811	2,811
At 30 September 2016	146	1,309	4,348	5,803
Reconciliation for the 9 Month to 30 September 2015 (unaudited)				
At 1 January 2015	146	1,309	(149)	1,306
Profit/(Loss) and total comprehensive income for the period	–	–	1,107	1,107
At 30 September 2015	146	1,309	958	2,413

1. General information

Medica Group PLC is a public company limited by shares incorporated and domiciled in the United Kingdom. The Group's principal activity is the provision of Teleradiology reporting and is the leading independent provider in the UK. The address of Medica Group PLC's registered office is Havelock Place, Havelock Road, Hastings, East Sussex, TN34 1BG.

2. Accounting policies

The principal accounting policies applied in the presentation of this Historical Financial Information are set out below.

2.1 Basis of preparation

The Historical Financial Information of Medica Group PLC and its subsidiary undertakings (together "the Group") for the 8 months ended 31 December 2013, 12 months ended 31 December 2014 and 31 December 2015 and the 9 months ended 30 September 2015 and 30 September 2016, has been prepared by the Directors of Medica Group PLC. The financial information for the 9 months ended 30 September 2015 has been included for comparative purposes only and is unaudited.

The Historical Financial Information does not constitute statutory accounts within the meaning of section 435 of Companies Act 2006. The Directors of Medica Group PLC are solely responsible for preparation of this Historical Financial Information.

The Historical Financial Information of the Group has been prepared from the date of incorporation of 22 April 2013 in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRS. The Historical Financial Information has been prepared primarily under the historical cost convention. Areas where other bases are applied are identified in the accounting policies below.

The preparation of Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information Statements are disclosed later in these accounting policies.

The Historical Financial Information is presented in sterling (£), rounded to the nearest £'000.

2.2 Going Concern

The Directors of Medica Group PLC have assessed the current financial position of the Group, along with future cash flow requirements to determine if the Group has the financial resources to continue as a going concern for the foreseeable future. The Directors of Medica Group PLC have concluded that it is appropriate that Medica Group PLC be considered a going concern. For this reason, they have adopted the going concern basis in preparing the Historical Financial Information. The Historical Financial Information does not include any adjustments that would result in the going concern basis of preparation being inappropriate.

2.3 Adoption of new and revised standards

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Company in preparing these Historical Financial Information Statements as they are not as yet effective. The Company intends to adopt these Standards and Interpretations when they become effective.

- IFRS 9 'Financial Instruments', effective 1 January 2018 (not yet adopted by the EU)
- IFRS 15 'Revenue from contracts with customers', effective date 1 January 2018 (not yet adopted by the EU)
- IFRS 16 'Leases', effective date 1 January 2019 (not yet adopted by the EU)

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

Beyond this, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing this Historical Financial Information.

2.4 *First-time adoption of IFRS*

The Historical Financial Information is prepared in accordance with IFRS using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies in note 3. The date of transition to IFRS is 22 April 2013 (the date of incorporation of the Group).

The Group has applied IFRS 1 First-time Adoption of International Financial Reporting Standards (as revised in 2014) in preparing this first IFRS Historical Financial Information. The effects of the transition to IFRS on equity, total comprehensive income and reported cash flows are presented in note 26.

3. *Summary of accounting policies*

3.1 *Overall considerations and first time adoption of IFRS*

These accounting policies have been used throughout all periods presented in the financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to IFRS.

The Company's presentation and functional currency is £ (Sterling).

3.2 *Basis of consolidation*

The Group Historical Financial Information consolidate those of the parent company and all of its subsidiary undertakings drawn up to 30 September 2016. All subsidiaries have the same reporting date and use accounting policies consistent with those of the parent company. Medica Group PLC ("the Group") controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Unrealised gains and losses on transactions between Group companies are eliminated. Where recognised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Business combinations are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Refer to note 3.9 for a description of impairment testing procedures.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3.3 **Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts earned from the provision of Teleradiology reporting, net of discounts and sales related taxes.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably and when the criteria for each of the Group's different activities have been met.

In the case of radiology image submissions, the service is deemed to have been provided, and subsequent turnover recognised, when the company submits its radiology report to the customer.

3.4 **Interest income/Interest expense**

Interest income and expenses are reported on an accrual basis using the effective interest method.

3.5 **Leasing**

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

Finance leases

Finance lease assets are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, then depreciated over the shorter of the lease term and their estimated useful lives. Leasing payments consist of capital and finance charge elements and the finance element is charged to the profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

3.6 **Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful lives less estimated residual values, using the straight line method. The rates generally applicable are:

Office and IT equipment	–	25% per annum
Leasehold improvements	–	Over the life of the lease term

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The asset's residual value and useful lives are reviewed, and adjusted if required, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

3.7 ***Impairment of property, plant and equipment***

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.8 ***Intangible assets***

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Intangible assets acquired as part of a business combination, are shown at fair value at the date of the acquisition less accumulated amortisation. Amortisation is charged on a straight line basis through the profit or loss. The rates applicable, which represent the directors' best estimate of the useful economic life, are:

- Customer relationships – 15 years
- Software and Technology – 10 years
- Brands – 10 years

Internal development costs

Expenditure on the research phase of projects to develop new projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible

- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the software
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs.

3.9 ***Impairment of intangible assets***

At each balance sheet date, the Group performs an annual impairment review of goodwill and any intangible assets with an indefinite useful economic life. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment. Impairment losses in respect of goodwill cannot be subsequently reversed.

3.10 ***Taxation***

Tax expense recognised in profit or loss comprise the sum of the tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be recognised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the group is able to control the reversal of the

temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to recognise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset recognised based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

3.11 **Financial Instruments**

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, substantial modification of the terms of an existing financial liability shall be accounted for as an extinguishment of the original liability and the recognition of a financial liability. A substantial modification of terms occurs when the discounted present value of the cash flows under the new terms is at least 10% different from the discounted present value of the remaining cash flows of the original facility. Please note, that the refinancing of the bank loans in note 20 do not meet the definition of a substantial modification.

The only types of financial assets held by the Group are loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives. The only derivatives held by the Group are interest rate swaps which have been included at fair value. Financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. Please see note 23 for the fair value hierarchy.

3.12 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits or losses.

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date. The directors did not recommend payment of any dividends during the periods.

3.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, together with other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.14 Exceptional items

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

3.15 Post-employment benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of Historical Financial Information under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. 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. Actual results may differ from these estimates. The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

4.1 Key sources of estimation uncertainty

Impairment of goodwill

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows attributable to the acquired cash-generating unit and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary (see note 12).

Intangible assets and impairments

The Group recognises the intangible assets acquired as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's and the directors' judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an

appropriate discount rate. Furthermore management must estimate the expected useful economic lives of intangible assets and charge amortisation on these assets accordingly.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 23).

4.2 **Matters of judgement**

Deferred taxation

Deferred tax assets and liabilities have been recognised which are contingent and dependent upon future trading performance.

5. **Segment reporting**

Management generally identifies only one operating segment in the business, being Teleradiology reporting. This single operating segment is monitored and strategic decisions are made by the chief operating decision maker on the basis of this segment alone.

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

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

6. **Operating profit and (loss)/profit before taxation**

The operating loss and the loss before taxation are stated after:

	<i>(unaudited)</i>				
	<i>8 Months to 31 December 2013 £'000</i>	<i>12 Months to 31 December 2014 £'000</i>	<i>12 Months to 31 December 2015 £'000</i>	<i>9 Months to 30 September 2015 £'000</i>	<i>9 Months to 30 September 2016 £'000</i>
Auditor's remuneration:					
– Fees payable to the company's auditor for the audit of the company's annual accounts	25	20	20	15	29
– Non audit services	2	2	9	6	242
– Tax services	7	7	–	–	8
Operating lease rentals – land and buildings	–	13	52	39	39
Depreciation:					
property, plant and equipment	247	485	795	555	688
Amortisation					
– in respect of assets acquired on acquisition	579	870	870	653	653
– other assets	67	109	112	125	158
Exceptional items	682	–	–	–	–

Exceptional items relate to costs incurred on the acquisition of Medica Reporting Limited of which have been reanalysed from the asset and recognised in the income statement under IFRS. See 26.4 (c) for further information.

7. Finance income

	(unaudited)				
	8 Months to 31 December 2013 £'000	12 Months to 31 December 2014 £'000	12 Months to 31 December 2015 £'000	9 Months to 30 September 2015 £'000	9 Months to 30 September 2016 £'000
Interest on cash and cash equivalents	2	18	9	5	8
Fair value movement on derivative financial instruments	–	26	10	–	–
	<u>2</u>	<u>44</u>	<u>19</u>	<u>5</u>	<u>8</u>

8. Finance costs

	(unaudited)				
	8 Months to 31 December 2013 £'000	12 Months to 31 December 2014 £'000	12 Months to 31 December 2015 £'000	9 Months to 30 September 2015 £'000	9 Months to 30 September 2016 £'000
Bank interest	519	755	682	525	960
Interest on secured loan notes	1,512	2,476	2,288	1,721	682
Fair value movement on derivative financial instruments	58	–	–	–	68
	<u>2,089</u>	<u>3,231</u>	<u>2,970</u>	<u>2,246</u>	<u>1,710</u>

9. Income tax

Major components of tax (income)/expense

	(unaudited)				
	8 Months to 31 December 2013 £'000	12 Months to 31 December 2014 £'000	12 Months to 31 December 2015 £'000	9 Months to 30 September 2015 £'000	9 Months to 30 September 2016 £'000
Current tax:					
UK current tax expense	89	562	718	538	951
Adjustments in respect of prior periods					
UK corporation tax at 2013: 23.25%, 2014: 21.5%, 2015: 20.25%, 2015: 20.25%, 2016: 20%	–	–	–	–	–
Total current tax	<u>89</u>	<u>562</u>	<u>718</u>	<u>538</u>	<u>951</u>
Deferred Tax:					
Originations and reversal of timing differences	(94)	(144)	(320)	(240)	(141)
Effect of changes in tax rate	–	–	–	–	–
Total deferred tax	<u>(94)</u>	<u>(144)</u>	<u>(320)</u>	<u>(240)</u>	<u>(141)</u>
Tax (income)/expense on ordinary activities	<u>(5)</u>	<u>418</u>	<u>398</u>	<u>298</u>	<u>810</u>

Reconciliation of tax (income)/expense:

UK corporation tax assessed on the (loss)/profit on ordinary activities for the year is lower than (2013, 2014 and 2015: higher than) the standard rate of corporation tax in the UK of 20% (2013: 23.25% 2014: 21.5%, 2015: 20.25% and 2016: 20%). Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions. The charge for the year can be reconciled to the profit per the income statement as follows:

	<i>(unaudited)</i>				
	<i>8 Months to 31 December 2013 £'000</i>	<i>12 Months to 31 December 2014 £'000</i>	<i>12 Months to 31 December 2015 £'000</i>	<i>9 Months to 30 September 2015 £'000</i>	<i>9 Months to 30 September 2016 £'000</i>
(Loss)/profit on ordinary activities (including exceptional items) before taxation	(552)	816	2,084	1,405	3,621
(Loss) profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 2013: 23.25%, 2014: 21.5%, 2015: 20.25%, 2015: 20.25%, 2016: 20%	(128)	175	422	285	724
Effect of:					
Expenses not deductible for tax purposes	335	419	287	253	251
Capital allowances and depreciation	(14)	(34)	1	–	(24)
Other short term timing differences	(1)	2	8	–	–
Other tax adjustments on consolidation	(103)	–	–	–	–
Effect of changes in tax rate	–	–	–	–	–
Total tax (income)/expense for period	89	562	718	538	951

10. Earnings per share

Both the basic and diluted earnings per share have been calculated using the (loss)/profit after tax attributable to shareholders of Medica Group PLC as the numerator, i.e. no adjustments to losses were necessary in 2013, 2014, 2015 or 2016. The calculation of the basic (loss)/ profit per share is based on the (loss)/profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

There are no dilutive instruments and hence diluted earnings per share is identical to standard earnings per share.

	<i>(unaudited)</i>				
	<i>8 Months to 31 December 2013 £'000</i>	<i>12 Months to 31 December 2014 £'000</i>	<i>12 Months to 31 December 2015 £'000</i>	<i>9 Months to 30 September 2015 £'000</i>	<i>9 Months to 30 September 2016 £'000</i>
(Loss)/profit for the year attributable to ordinary shareholders (£)	(547)	398	1,686	1,107	2,811
Weighted average number of ordinary shares	1,397,490	1,455,000	1,455,000	1,455,000	1,455,000
Total weighted average number of shares	1,397,490	1,455,000	1,455,000	1,455,000	1,455,000
Basic and diluted (loss)/profit per ordinary share	(£0.39)	£0.27	£1.16	£0.76	£1.93

11. Employee Remuneration

The average number of persons (including directors) employed by the Group during the periods were:

	(unaudited)				
	8 Months to 31 December 2013 Number	12 Months to 31 December 2014 Number	12 Months to 31 December 2015 Number	9 Months to 30 September 2015 Number	9 Months to 30 September 2016 Number
Average number of employees	40	52	70	70	70
	40	52	70	70	70
The aggregate cost of these employees was:					
Wages and salaries	1,224	2,024	2,479	1,859	2,035
Social security costs	132	204	240	180	202
Pension contributions	39	70	71	53	82
	1,395	2,298	2,790	2,092	2,319

12. Goodwill

	Goodwill £'000
Cost	
Brought forward	-
Additions on business combinations	15,948
At 31 December 2013	15,948
Additions	-
At 31 December 2014	15,948
Additions	-
At 31 December 2015	15,948
Additions	-
At 30 September 2016	15,948
Net Book Value	
At 30 September 2016	15,948
At 31 December 2015	15,948
At 31 December 2014	15,948
At 31 December 2013	15,948

Goodwill is not amortised, but tested annually for impairment with the recoverable amount being determined from value in use calculations.

Goodwill has been assessed annually for impairment at the Group level as revenues are generated from a single cash generating unit. This represents the lowest level at which the goodwill is monitored for internal management purposes. To date, no impairment has been recognised with respect to goodwill. The recoverable amount of its cash generating unit has been determined based on value in use. Value in use has been determined based on future cash flows after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.

The estimated future cash flow covering a period of 15 years were developed using internal forecasts, and a pre-tax discount rate of 15.6%. The discount rate reflects appropriate adjustments relating to market risk and specific risk factors of the company. As such the discount rate applied is aligned with the estimated company WACC of 15.6%. A period of 15 years has been used based on the assumptions that a substantial part of the whole business model and forecasts are based around NHS customers, who form an intrinsic part of the business. Customer relationships as a separate intangible asset have been assessed as having a useful economic life of 15 years.

The Directors have justified the projections period of more than five years on the basis that they have assessed the reasonableness of the assumptions on which its current cash flow projections are based and are confident that these projections are reliable and based on past experience. As such, the directors are confident that they can forecast cash flows accurately over a period longer than five years.

The key assumptions are based on new customers and forecasts, which are determined through a combination of management's views, market estimates and forecasts and other sector information. The key estimates and assumptions used in calculating the estimated future cash flows are as follows:

A 2.5% annual growth rate has been applied to future revenue beyond the forecasts to reflect the long-term average growth rates for the Teleradiology sector.

In management's view there is no reasonably possible change in key assumptions that would cause carrying amount of goodwill to exceed the recoverable amount.

13. Other Intangible Assets

	<i>Customer relationships £'000</i>	<i>Software and Technology £'000</i>	<i>Brand £'000</i>	<i>Total £'000</i>
Cost				
Brought forward	–	–	–	–
Acquired with subsidiary	6,461	3,602	2,317	12,380
Additions	–	36	–	36
At 31 December 2013	6,461	3,638	2,317	12,416
Additions	–	70	–	70
At 31 December 2014	6,461	3,708	2,317	12,486
Additions	–	214	–	214
At 31 December 2015	6,461	3,922	2,317	12,700
Additions	–	306	–	306
At 30 September 2016	6,461	4,228	2,317	13,006
Amortisation				
Charge for the period	288	281	77	646
At 31 December 2013	288	281	77	646
Charge for the period	431	432	116	979
At 31 December 2014	719	713	193	1,625
Charge for the period	431	435	116	982
At 31 December 2015	1,150	1,148	309	2,607
Charge for the period	323	401	87	811
At 30 September 2016	1,473	1,549	396	3,418
Net Book Value				
At 30 September 2016	4,988	2,679	1,921	9,588
At 31 December 2015	5,311	2,775	2,008	10,094
At 31 December 2014	5,742	2,995	2,124	10,861
At 31 December 2013	6,173	3,357	2,240	11,770

Reconciliation for the 9 months to 30 September 2015 – Unaudited

	<i>Customer relationships £'000</i>	<i>Software and Technology £'000</i>	<i>Brand £'000</i>	<i>Total £'000</i>
Cost				
At 1 January 2015	6,461	3,708	2,317	12,486
Additions	–	160	–	160
At 30 September 2015	6,461	3,868	2,317	12,646
Amortisation				
At 1 January 2015	719	713	193	1,625
Charge for the year	323	368	87	778
At 30 September 2015	1,042	1,081	280	2,403
Net Book Value				
At 1 January 2015	5,742	2,995	2,124	10,861
At 30 September 2015	5,419	2,787	2,037	10,243

Amortisation has been included in administrative expenses in the consolidated statement of comprehensive income.

At the period end 30 September 2016 £139k of costs have been capitalised as internally generated other intangibles. These have not been shown separately as they are not deemed to be material to the accounts.

14. Property, plant and equipment

	<i>Leasehold improvements £'000</i>	<i>Computer Equipment £'000</i>	<i>Total £'000</i>
Cost			
Brought forward	–	–	
Acquisition of subsidiary	–	774	774
Additions	–	516	516
At 31 December 2013	–	1,290	1,290
Additions	80	819	899
At 31 December 2014	80	2,109	2,189
Additions	17	1,250	1,267
At 31 December 2015	97	3,359	3,456
Additions	–	741	741
At 30 September 2016	97	4,100	4,197
Depreciation			
Charge for the period	–	247	247
At 31 December 2013	–	247	247
Charge for the period	5	480	485
At 31 December 2014	5	727	732
Charge for the period	21	774	795
At 31 December 2015	26	1,501	1,527
Charge for the period	18	670	688
At 30 September 2016	44	2,171	2,215
Net Book Value			
At 30 September 2016	53	1,929	1,982
At 31 December 2015	71	1,858	1,929
At 31 December 2014	75	1,382	1,457
At 31 December 2013	–	1,043	1,043

Reconciliation for the 9 months to 30 September 2015 – Unaudited

	<i>Leasehold improvements £'000</i>	<i>Computer Equipment £'000</i>	<i>Total £'000</i>
Cost at 1 January 2015	80	2,109	2,189
Additions	–	937	937
At 30 September 2015	80	3,046	3,126
Amortisation			
At 1 January 2015	5	727	732
Charge for the year	16	539	555
30 September 2015	21	1,266	1,287
Net Book Value			
At 1 January 2015	75	1,382	1,457
At 30 September 2015	59	1,780	1,839

All depreciation charges are included within administrative expenses in the consolidated statement of comprehensive income.

As referred to in note 20, all assets have been pledged as security for the Group's borrowings and are subject to a fixed and floating charge.

15. Acquisitions

Medica Reporting Limited

On 2 May 2013 the company purchased 100% of the issued share capital of Medica Reporting Limited, a UK based business, (thereby obtaining control) for cash consideration of £31,116k. Acquisition related costs of £411k are not included as part of the consideration and are shown as exceptional costs in the consolidated statement of comprehensive income. The acquisition was made to enhance the Group's position in the Teleradiology reporting sector in the UK. The investment as has been accounted for as subsidiary as detailed in note 22 and goodwill of £15,948k was recognised on acquisition representing expected synergies and other benefits from the combination.

The details of the acquisition are as follows:

Consolidated Assets and Liabilities acquired

	Book Value £'000	Fair Value £'000
ASSETS		
Tangible fixed assets	1,140	774
Deferred tax liabilities	–	(2,037)
Trade debtors	2,043	2,043
Prepayments	85	85
Other debtors	68	68
Cash and cash equivalents	3,376	3,376
Trade and other payables	(1,155)	(1,155)
Identifiable net assets acquired	5,557	3,154
Customer relationships		6,461
Software Technology		3,236
Brands		2,317
Goodwill		15,948
Total intangibles		27,962
Cash consideration		31,527
Acquisition costs		(411)
Net Assets acquired		31,116

Goodwill relating to the acquisition amounted to £15,948k. Goodwill represents the fair value of the expected synergies and other benefits from combining the net assets of Medica Reporting Limited with those of Medica Group PLC. Transaction and acquisition expenses charged to the income statement were £411k.

The Group's results for the year reflect post acquisition revenue from Medica Reporting Limited of £9,528k and a loss before tax of £796k. For the 12 months to 31 December 2013 Medica Reporting Limited generated revenues of £13,752k and profit before tax of £3,589k. Had Medica Reporting Limited been acquired on 22 April 2013 it would have contributed revenue of £360k and a profit before tax of £99k.

16. Deferred taxation assets and liabilities

Deferred tax included in the statement of financial position is as follows:

	8 Months to 31 December 2013 £'000	12 Months to 31 December 2014 £'000	12 Months to 31 December 2015 £'000	(unaudited) 9 Months to 30 September 2015 £'000	9 Months to 30 September 2016 £'000
Deferred tax assets					
Difference in depreciation and capital allowances	23	52	52	53	62
Short term timing differences	-	(3)	(2)	-	-
Deferred tax liabilities					
Intangible assets	2,286	2,116	1,795	1,873	1,662
	<u>2,309</u>	<u>2,165</u>	<u>1,845</u>	<u>1,926</u>	<u>1,724</u>

Reconciliation of movement in deferred tax

	Other temporary differences £'000	Depreciation in excess of capital allowances £'000	Total £'000
Acquired with subsidiary (Addition)		2,037	2,037
Recognised in the income statement	-	272	272
As at 31 December 2013	-	2,309	2,309
Recognised in the income statement	-	(144)	(144)
As at 31 December 2014	-	2,165	2,165
Recognised in the income statement	-	(320)	(320)
As at 31 December 2015	-	1,845	1,845
Recognised in the income statement	-	(121)	(121)
As at 31 December 2015	-	1,724	1,724
Reconciliation for the 9 months to 30 September 2015 – (unaudited)			
As at 1 January 2015	-	2,165	2,165
Recognised in the income statement	-	(239)	(239)
As at 30 September 2015	-	1,926	1,926

17. Trade and other receivables

	(unaudited)				
	8 Months to 31 December 2013 £'000	12 Months to 31 December 2014 £'000	12 Months to 31 December 2015 £'000	9 Months to 30 September 2015 £'000	9 Months to 30 September 2016 £'000
Trade receivables	2,642	3,477	4,018	4,047	5,334
Other receivables	68	–	–	–	–
Prepayments and accrued income	128	223	315	313	441
	<u>2,838</u>	<u>3,700</u>	<u>4,333</u>	<u>4,360</u>	<u>5,775</u>

All trade receivable amounts are short term. All of the Group's trade and other receivables have been reviewed for indicators of impairment and where necessary, a provision for impairment provided. The carrying value is considered a fair approximation of their fair value. The Group's management considers that all the above financial assets that are not impaired or past due are of good credit quality.

In addition, some of the unimpaired trade receivables of the Group are past due as at the reporting date. The age of financial assets past due, but not impaired, is as follows:

	(unaudited)				
	8 Months to 31 December 2013 £'000	12 Months to 31 December 2014 £'000	12 Months to 31 December 2015 £'000	9 Months to 30 September 2015 £'000	9 Months to 30 September 2016 £'000
More than three months but not more than six months	320	408	440	581	721
More than six months but not more than one year	64	289	77	121	124
More than one year	80	86	24	68	58
	<u>464</u>	<u>783</u>	<u>541</u>	<u>770</u>	<u>903</u>

18. Trade and other payables

	(unaudited)				
	8 Months to 31 December 2013 £'000	12 Months to 31 December 2014 £'000	12 Months to 31 December 2015 £'000	9 Months to 30 September 2015 £'000	9 Months to 30 September 2016 £'000
Trade payables	672	957	1,281	1,075	1,568
Corporation tax	–	414	320	541	627
Other taxation and social security	48	62	71	74	75
Accruals & deferred income	289	355	364	324	351
	<u>1,009</u>	<u>1,788</u>	<u>2,036</u>	<u>2,014</u>	<u>2,621</u>

All amounts are short term and the directors consider that the carrying value of trade and other payables are considered to be a reasonable approximation of fair value.

The average credit period taken for trade purchases were as follows, December 2013 – 42 days, December 2014 – 40 days, December 2015 – 43 days, September 2015 – 49 days and September 2016 – 55 days.

19. Borrowings

	(unaudited)				
	8 Months to 31 December 2013 £'000	12 Months to 31 December 2014 £'000	12 Months to 31 December 2015 £'000	9 Months to 30 September 2015 £'000	9 Months to 30 September 2016 £'000
Borrowings within one year					
Bank loans	788	1,194	1,522	2,184	1,399
	<u>788</u>	<u>1,194</u>	<u>1,522</u>	<u>2,184</u>	<u>1,399</u>

20. Borrowings due in more than one year

	(unaudited)				
	8 Months to 31 December 2013 £'000	12 Months to 31 December 2014 £'000	12 Months to 31 December 2015 £'000	9 Months to 30 September 2015 £'000	9 Months to 30 September 2016 £'000
Borrowings due in more than one year					
Bank loans	9,426	8,246	6,728	6,694	18,589
Secured loan notes and accrued interest thereon, net of debt issuance costs	19,608	18,396	19,244	18,665	6,473
	<u>29,034</u>	<u>26,642</u>	<u>25,972</u>	<u>25,359</u>	<u>25,062</u>

Maturity of the Group's non-derivative financial liabilities (including interest payments where applicable)

	Secured loan notes and accrued interest thereon	
	Bank loan 8 Months to 31 December 2013 £'000	8 Months to 31 December 2013 £'000
Maturity of debt:		
In one year or less	788	–
In more than two years but not more than five years	<u>9,945</u>	<u>21,120</u>

	Secured loan notes and accrued interest thereon	
	Bank loan 12 Months to 31 December 2014 £'000	12 Months to 31 December 2014 £'000
Maturity of debt:		
In one year or less	1,194	–
In more than two years but not more than five years	<u>9,001</u>	<u>20,872</u>

	<i>Bank loan 12 Months to 31 December 2015 £'000</i>	<i>Secured loan notes and accrued interest thereon 12 Months to 31 December 2015 £'000</i>
Maturity of debt:		
In one year or less	1,522	-
In more than two years but not more than five years	7,410	21,532

	<i>(Unaudited) Bank loan 9 Months to 30 September 2015 £'000</i>	<i>(Unaudited) Secured loan notes and accrued interest thereon 9 Months to 30 September 2015 £'000</i>
Maturity of debt:		
In one year or less	2,184	-
In more than two years but not more than five years	7,074	20,384

	<i>9 Months to 30 September 2016 £'000</i>	<i>9 Months to 30 September 2016 £'000</i>
Maturity of debt:		
In one year or less	1,399	-
In more than two years but not more than five years	19,272	7,217

The above amounts reflect the contractual undiscounted cashflows, which may differ to the carrying values of the liabilities at the reporting date

On 29 January 2016, the Group extended the terms of its two existing loan facilities by six months. This extension did not result in a significant modification of the existing two loans. In addition the Group raised £13.1m (net of associated fees) under two new loan terms under the same revised facility agreement. On the same day the Group repaid loan note interest and capital of £13.5m. The bank loans continue to be secured by way of a fixed and floating charge over all of the assets of the Group. Post refinancing the amount guaranteed amounted to £22,152,000 (previously 2015, 2014 the amount so guaranteed was limited to £12,000,000).

Interest accrues quarterly on the principal amount of the loan notes outstanding and unpaid interest is rolled up and compounded at the end of each quarter. The principal amount outstanding, together with any interest accrued but unpaid, is repayable in full on maturity on 30 November 2018.

21. Equity

21.1 Share Capital

	(unaudited)				
	8 Months to 31 December 2013 £'000	12 Months to 31 December 2014 £'000	12 Months to 31 December 2015 £'000	9 Months to 30 September 2015 £'000	9 Months to 30 September 2016 £'000
Authorised, called up and fully paid					
1,455,000 Ordinary shares of £0.10 each	146	146	146	146	146
	<u>146</u>	<u>146</u>	<u>146</u>	<u>146</u>	<u>146</u>

Rights attributable to issued shares

Any profits which the Company determines to distribute in any financial year shall be paid on the A Ordinary Shares and the Ordinary Shares *pari passu* as if they were all shares of the same class.

On a return of capital on liquidation, capital reduction or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be applied in distributing the balance of such assets amongst the holders of the A Ordinary shares and Ordinary shares *pari passu* as if they were all shares of the same class in proportion to the amounts paid up or credited as paid up on the A ordinary shares and Ordinary shares held by them respectively.

Voting rights

The holders of A Ordinary shares and Ordinary shares are entitled to receive notice of and attend and vote at any general meeting of the Company.

21.2 Share Premium

Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium.

21.3 Retained earnings

Retained earnings includes current and prior period retained profit and losses.

22. Subsidiary undertakings included in the Historical Financial Information

The Historical Financial Information statements include:

	Class of share held	Country of incorporation	Proportion held	Nature of business
Medica Reporting Services Limited	Ordinary	England & Wales	100%	Holding company
Medica Reporting Finance Limited	Ordinary	England & Wales	100%	Holding company
Medica Reporting Limited	Ordinary	England & Wales	100%	Teleradiology reporting

23. Financial Instruments

Categories of financial instruments

	(Unaudited)				
	8 Months to 31 December 2013 £'000	12 Months to 31 December 2014 £'000	12 Months to 31 December 2015 £'000	9 Months to 30 September 2015 £'000	9 Months to 30 September 2016 £'000
Financial assets at amortised cost					
Loans and receivables	2,710	3,477	4,018	4,047	5,334
Cash and bank balances	2,507	1,161	2,085	1,538	3,406
	<u>5,217</u>	<u>4,638</u>	<u>6,103</u>	<u>5,585</u>	<u>8,740</u>
Financial liabilities at amortised cost					
Trade and other payables	(720)	(1,433)	(1,672)	(1,690)	(2,270)
Borrowings within one year	(788)	(1,194)	(1,522)	(2,184)	(1,399)
Borrowings due in more than one year	(29,034)	(26,642)	(25,972)	(25,359)	(25,062)
	<u>(30,542)</u>	<u>(29,269)</u>	<u>(29,166)</u>	<u>(29,233)</u>	<u>28,731</u>
Financial liabilities at fair value through profit and loss					
Derivatives	<u>58</u>	<u>32</u>	<u>22</u>	<u>32</u>	<u>90</u>

A description of the Group's financial instrument risks, including risk management objectives and policies, is given in note 24.

The methods used to measure financial assets and liabilities reported at fair value are described below.

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of interest rate swaps are categorized within Level 2 of the fair value hierarchy. The Group's interest rate swaps are not traded in active markets. These have been fair valued using observable interest rates corresponding to the maturity of the contract. Outstanding derivatives at the reporting date are included under the appropriate format heading depending on the nature of the derivative.

24. Financial Instruments risk

24.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in note 23. The Group's financial instruments (other than derivatives) comprise cash and liquid resources and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The principal financial risks faced by the Group are liquidity, credit and interest rate risks. The group is not exposed to transactional foreign currency risks as all of its activities are based in the UK.

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the group is exposed are described below.

Credit risk

The Group's principal financial assets are cash and cash equivalents and trade and other receivables. The Group has no significant concentration of credit risk. The maximum exposure to credit risk is that shown within the balance sheet. All amounts are short term and management consider the amounts to be of good credit quality. For a summary of financial assets past due, but not impaired please see note 17.

Liquidity/funding risk

The Group's funding strategy is to ensure a mix of funding sources offering flexibility and cost effectiveness to match the requirements of the Group. Operating subsidiaries are financed by retained profits. The Group manages liquidity risk by maintaining adequate reserves and agreed committed banking facilities. For a summary of non-derivative financial liabilities that have contractual maturities (including interest payment where applicable) please see note 20.

Interest rate risk

The Group holds the majority of its cash and cash equivalents in corporate current accounts. These accounts offer a competitive interest rate with the advantage of quick access to the funds. All loans and borrowings bear a fixed rate of interest.

To mitigate the Group's exposure to interest rate risk, an interest-rate swap contract has been entered into. The agreement secured a fixed rate of interest of 1.08% and the agreement is set to terminate on 31 March 2017.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure that optimises the cost of capital.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes loans, other borrowings and the loan notes disclosed in notes 19 and 20. Cash and cash equivalents as disclosed in the statement of financial position and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

The gearing ratios at the end of the reporting periods were as follows:

	<i>(Unaudited)</i>				
	<i>8 Months to 31 December 2013 £'000</i>	<i>12 Months to 31 December 2014 £'000</i>	<i>12 Months to 31 December 2015 £'000</i>	<i>9 Months to 30 September 2015 £'000</i>	<i>9 Months to 30 September 2016 £'000</i>
Total equity	908	1,306	2,992	2,413	5,803
Cash & Bank balances	2,507	1,161	2,085	1,538	3,406
Capital	3,415	2,467	5,077	3,951	9,209
Total equity	908	1,306	2,992	2,413	5,803
Debt due within one year	788	1,194	1,522	2,184	1,399
Debt falling due after more than one year	29,034	26,642	25,972	25,359	25,062
Overall financing	30,730	29,142	30,486	29,956	32,264
Capital-to-overall financing ratio	0.11	0.08	0.17	0.13	0.29

Debt is defined as long and short-term borrowings (excluding derivatives). Equity includes all capital and reserves of the Group that are managed as capital.

25. Operating leases

The Group leases an office building under an operating lease. The present value of future minimum rentals payable under non-cancellable operating leases are as follows:

	<i>(Unaudited)</i>				
	<i>8 Months to 31 December 2013 £'000</i>	<i>12 Months to 31 December 2014 £'000</i>	<i>12 Months to 31 December 2015 £'000</i>	<i>9 Months to 30 September 2015 £'000</i>	<i>9 Months to 30 September 2016 £'000</i>
Less than one year	–	13	52	52	52
Between 2 and 5 years	–	247	195	208	156
Over 5 years	–	–	–	–	–
	<u>–</u>	<u>260</u>	<u>247</u>	<u>260</u>	<u>208</u>

26. First-time adoption reconciliations

This is the Group's first financial information prepared in accordance with IFRSs.

The accounting policies have been applied in preparing the financial information for the 8 month period to 31 December 2013, years ended 31 December 2014, 2015 and the interim 9 month periods to 30 September 2015 and 30 September 2016.

The opening IFRS statement of financial position is the period from incorporation (22 April 2013) to 31 December 2013 (the Group's date of transition). As the date of incorporation coincides with the date of transition, no reconciliation of equity has been presented at that date.

From incorporation (22 April 2013) to 31 December 2014 the Group has reported under old UK GAAP. However, for periods beginning 1 January 2015, old UK GAAP was replaced by FRS 102.

On transition from UK GAAP to FRS 102, the Group has recognised a derivative financial liability on the statement of financial position in relation to the interest swaps which was not required under old UK GAAP. Under IFRS, derivative financial instruments are recognised in the statement of financial position (as explained in Note 26.4d). As such, the reconciliations for the year ended 31 December 2015 and the periods ended 30 September 2015 and 2016 do not include an IFRS adjustment to recognise the swap as this was already done on transition to FRS 102 and is included in the statement of financial position already.

An explanation of how the transition from UK GAAP/FRS102 to IFRS has affected the Group's consolidated statement of financial position, consolidated total comprehensive income and consolidated statement of cash flows is set out below.

26.1 **Reconciliation of equity**

Equity at the date of transition for the 8 month period ended 31 December 2013, year ended 31 December 2014, 9 month period ended 30 September 2015 (Unaudited), year ended 31 December 2015 and 9 month period ended 30 September 2016 can be reconciled to the amounts reported under previous GAAP as follows:

		31 December 2013		31 December 2013		31 December 2014		31 December 2014	
	Note	UK GAAP £'000	Effect of transition £'000	IFRS £'000	Note	UK GAAP £'000	Effect of transition £'000	IFRS £'000	
ASSETS									
Non-current									
Goodwill	(a)	25,100	(9,152)	15,948	(a)	23,796	(7,848)	15,948	
Other intangible assets	(a)	-	11,770	11,770	(a)	-	10,861	10,861	
Property, plant & equipment	(e)	1,379	(336)	1,043	(e)	1,754	(297)	1,457	
Non-current assets		26,479	2,282	28,761		25,550	2,716	28,266	
Current									
Trade and other receivables		2,838	-	2,838		3,700	-	3,700	
Cash and cash equivalents		2,507	-	2,507		1,161	-	1,161	
Current assets		5,345	-	5,345		4,861	-	4,861	
Liabilities									
Trade and other payables		(1,009)	-	(1,009)		(1,374)	-	(1,374)	
Current tax liabilities		-	-	-		(414)	-	(414)	
Borrowings		(788)	-	(788)		(1,194)	-	(1,194)	
Current liabilities		(1,797)	-	(1,797)		(2,982)	-	(2,982)	
Net current assets		3,548	-	3,548		1,879	-	1,879	
Non-current Liabilities									
Borrowings		(29,034)	-	(29,034)		(26,642)	-	(26,642)	
Derivative financial instruments	(d)	-	(58)	(58)	(d)	-	(32)	(32)	
Deferred tax	(b)	(23)	(2,286)	(2,309)	(b)	(52)	(2,113)	(2,165)	
Non-current liabilities		(29,057)	(2,344)	(31,401)		(26,694)	(2,145)	(28,839)	
Net assets/(liabilities)		970	(62)	908		735	571	1,306	
EQUITY									
Share capital		146	-	146		146	-	146	
Share premium		1,309	-	1,309		1,309	-	1,309	
Retained earnings		(485)	(62)	(547)		(720)	571	(149)	
Total		970	(62)	908		735	571	1,306	

	(Unaudited)			(Unaudited)					
	30 September 2015			30 September 2015			31 December 2015		
		Effect of					Effect of		
	FRS 102	transition		IFRS		FRS 102	transition		IFRS
Note	£'000	£'000		£'000	Note	£'000	£'000		£'000
ASSETS									
Non-current									
Goodwill (a)	22,485	(6,537)		15,948	(a)	22,492	(6,544)		15,948
Other intangible assets (a)	332	9,911		10,243	(a)	400	9,694		10,094
Property, plant & equipment	2,171	(332)		1,839		1,929	-		1,929
Non-current assets	24,988	3,042		28,030		24,821	3,150		27,971
Current									
Trade and other receivables	4,360	-		4,360		4,333	-		4,333
Cash and cash equivalents	1,538	-		1,538		2,085	-		2,085
Current assets	5,898	-		5,898		6,418	-		6,418
Liabilities									
Trade and other payables	(1,473)	-		(1,473)		(1,716)	-		(1,716)
Current tax liabilities	(541)	-		(541)		(320)	-		(320)
Borrowings	(2,184)	-		(2,184)		(1,522)	-		(1,522)
Current liabilities	(4,198)	-		(4,198)		(3,558)	-		(3,558)
Net current assets	1,700	-		1,700		2,860	-		2,860
Non-current Liabilities									
Borrowings	(25,359)	-		(25,359)		(25,972)	-		(25,972)
Derivative financial instruments (d)	(32)	-		(32)	(d)	(22)	-		(22)
Deferred tax (b)	(53)	(1,873)		(1,926)	(b)	(52)	(1,793)		(1,845)
Non-current liabilities	(25,444)	(1,873)		(27,317)		(26,046)	(1,793)		(27,839)
Net assets	1,244	1,169		2,413		1,635	1,357		2,992
EQUITY									
Share capital	146	-		146		146	-		146
Share premium	1,309	-		1,309		1,309	-		1,309
Retained earnings	(211)	1,169		958		180	1,357		1,537
Total	1,244	1,169		2,413		1,635	1,357		2,992

		30 September 2016 FRS 102 £'000	Effect of transition £'000	30 September 2016 IFRS £'000
	Note			
ASSETS				
Non-current				
Goodwill	(a)	21,514	(5,566)	15,948
Other intangible assets	(a)	547	9,041	9,588
Property, plant & equipment		1,982	-	1,982
Non-current assets		24,043	3,475	27,518
Current				
Trade and other receivables		5,775	-	5,775
Cash and cash equivalents		3,406	-	3,406
Current assets		9,181	-	9,181
Liabilities				
Trade and other payables		(1,994)	-	(1,994)
Current tax liabilities		(627)	-	(627)
Borrowings		(1,399)	-	(1,399)
Derivative financial instruments	(d)	(90)	-	(90)
Current liabilities		(4,110)	-	(4,110)
Net current assets		5,071	-	5,071
Non-current Liabilities				
Borrowings		(25,062)	-	(25,062)
Deferred tax	(b)	(62)	(1,662)	(1,724)
Non-current liabilities		(25,124)	(1,662)	(26,786)
Net liabilities		3,990	1,813	5,803
EQUITY				
Share capital		146	-	146
Share premium		1,309	-	1,309
Retained earnings		2,535	1,813	4,348
Total		3,990	1,813	5,803

26.2 Reconciliation of total comprehensive income

Total comprehensive income for the 8 month period ended 31 December 2013, year ended 31 December 2014, 9 month period ended 30 September 2015 (Unaudited), year ended 31 December 2015 and 9 month period ended 30 September 2016 can be reconciled as follows:

		8 months to 31 December 2013 UK GAAP £'000	Effect of transition £'000	8 months to 31 December 2013 IFRS £'000		12 months to 31 December 2014 UK GAAP £'000	Effect of transition £'000	12 months to 31 December 2014 FRS £'000
	Note				Note			
Revenue		9,528	-	9,528		17,907	-	17,907
Cost of sales		(4,399)	-	(4,399)		(8,770)	-	(8,770)
Gross profit		5,129	-	5,129		9,137	-	9,137
Administration costs	(a)	(3,474)	562	(2,912)	(a)	(5,567)	433	(5,134)
Exceptional items	(c)	-	(682)	(682)	(c)	-	-	-
Operating Profit/(Loss)		1,655	(120)	1,535		3,570	433	4,003
Finance income		2	-	2		18	26	44
Finance cost	(d)	(2,031)	(58)	(2,089)	(d)	(3,231)	-	(3,231)
Profit/(loss) before tax		(374)	(178)	(552)		357	459	816
Income tax expense		(111)	116	5		(592)	174	(418)
Profit/ (loss) for the year		(485)	(62)	(547)		(235)	633	398
Earnings per share								
Basic and diluted (loss)/profit per ordinary share		(£0.35)	-	(£0.39)		(£0.16)		£0.27

	(Unaudited) 9 months to 30 September 2015			(Unaudited) 9 months to 30 September 2015			12 months to 31 December 2015		
	Note	FRS 102 £'000	Effect of transition £'000	IFRS £'000	Note	FRS 102 £'000	Effect of transition £'000	IFRS £'000	
Revenue		16,210	–	16,210		22,238	–	22,238	
Cost of sales		(7,990)	–	(7,990)		(10,962)	–	(10,962)	
Gross profit		8,220	–	8,220		11,276	–	11,276	
Administration costs	(a)	(4,900)	326	(4,574)	(a)	(6,675)	434	(6,241)	
Operating Profit/(Loss)		3,320	326	3,646		4,601	434	5,035	
Finance income		5	–	5		19	–	19	
Finance costs	(d)	(2,246)	–	(2,246)	(d)	(2,970)	–	(2,970)	
Profit/(Loss) before tax		1,079	326	1,405		1,650	434	2,084	
Income tax expense		(538)	240	(298)		(718)	320	(398)	
Profit/(Loss) for the year		541	566	1,107		932	754	1,686	
Earnings per share									
Basic and diluted profit per ordinary share		£0.37		£0.76		£0.64		£1.16	

	9 months to 30 September 2016			9 months to 30 September 2016		
	Note	FRS 102 £'000	Effect of transition £'000	IFRS £'000		
Revenue		20,980	–	20,980		
Cost of sales		(10,425)	–	(10,425)		
Gross profit		10,555	–	10,555		
Administration costs	(a)	(5,558)	326	(5,232)		
Operating profit/(Loss)		4,997	326	5,323		
Finance income		8	–	8		
Finance costs	(d)	(1,710)	–	(1,710)		
Profit/(loss) before tax		3,295	326	3,621		
Income tax expense		(941)	131	(810)		
Profit/ (loss) for the year		2,354	457	2,811		
Earnings per share						
Basic and diluted loss per ordinary share (pence)		£1.62		£1.93		

26.3 Presentation differences

Certain presentation differences between UK GAAP and IFRS have no impact on reported profit or total equity.

Some assets and liabilities have been reclassified into another line item under IFRS at the date of transition. Some line items are described differently (renamed) under IFRS compared to UK GAAP, although the assets and liabilities included in these line items are unaffected. These line items are as follows:

- Property, plant and equipment ("tangible assets")
- Trade and other receivables ("debtors")
- Trade and other payables ("creditors")

26.4 Notes to the reconciliation

- (a) IAS 38 require that certain intangible assets are shown separately on the statement of financial position. Intangible assets have been identified and consist of customer relationships, supplier relationships, software technology and brand names. They have

been disclosed as Intangible Assets and the carrying value of Goodwill has been reduced by the same amount and the related deferred tax recognised (see (b)).

Under IFRS Goodwill is treated as an intangible asset with an indefinite useful life. All previously recognised amortisation under UK GAAP has therefore been written back and amortisation recognised on the other identified intangible assets acquired on acquisition.

- (b) Under FRS 19 deferred tax was recognised only on timing differences; in contrast IAS 12 "Income Taxes" requires the recognition of deferred tax on all temporary differences. The recognition of intangible assets on the acquisition resulted in differences. The effect of the adjustments is to create a deferred tax liability of £2,403k at the date of the combinations. Additionally, IAS 12 requires deferred tax assets to be shown as non-current liabilities, under UK GAAP these were disclosed as current liabilities.
- (c) Under IFRS 3 the acquirer is required to account for acquisition-related costs in business combinations as expenses in the periods in which the costs are incurred and the services are received. Those costs include; finder's fees, advisory, legal, accounting, valuation and other professional or consulting fees, general administrative costs, including the costs of maintaining an internal acquisitions department. Under UK GAAP, £411k of acquisition-related costs were capitalised as part of the asset acquired. Following the reclassification of these costs to the income statement on conversion to IFRS, acquisition-related costs expensed in the period amounted to a total of £682k.
- (d) Under IAS 39 financial derivatives are measured at their fair value with any movement in the value at the end of each year being recognised in the income statement. The group utilises interest rate swaps and has therefore recognised these at their fair value. Previously derivatives such as the swaps were not recognised in the statement of financial position.
- (e) Under IFRS, software assets do not meet the definition of tangible fixed assets and are treated as intangible fixed assets. The Group has reclassified its software licenses and other software assets from tangible fixed assets to intangible fixed assets accordingly.

27. Statement of cash flows

Under previous GAAP taxes paid were classified as operating cash flows. Under IFRS tax payments are allocated to investing and financing activities where they can be identified with transactions within those categories. There are no other material adjustments to the cash flow statement. The components of cash and cash equivalents under previous GAAP are similar to those presented under IFRS.

28. Controlling party

The company's ultimate parent undertaking is CBPE Nominees Ltd, a private company limited by shares, accounts of which can be obtained from CBPE Capital Limited, 2 George Yard, London, EC3V 9DH.

29. Related party transactions

The Group's related parties include key management personnel. In addition, on 2 May 2013 Medica Group PLC issued £18,360k in loan notes to CBPE Nominees Ltd, the Group's ultimate parent undertaking. In accordance with the terms of the loan note dated 2 May 2013, interest accrues quarterly on the principal amount of the loan notes outstanding and unpaid interest is rolled up and compounded at the end of each quarter. The principal amount outstanding, together with any interest accrued but unpaid, is repayable in full on Maturity on 30 November 2018.

At 30 September 2016 the amount owing, including unpaid interest was £6,473k (31 December 2015: £19,244k, 30 September 2015: £18,664k, 31 December 2014: £18,396k and 31 December 2013: £19,608k) and interest charges of £683k (31 December 2015: £2,288k, 30 September 2015: £1,721k, 31 December 2014: £2,476k and 31 December 2013: £1,512k) had been recognised in the consolidated statement of comprehensive income.

29.1 **Transactions with key management personnel**

Key management of the Group are the members of its board of directors. Key management personnel remuneration includes the following expenses:

	<i>8 Months to 31 December 2013 £'000</i>	<i>12 Months to 31 December 2014 £'000</i>	<i>12 Months to 31 December 2015 £'000</i>	<i>9 Months to 30 September 2015 £'000 (unaudited)</i>	<i>9 Months to 30 September 2016 £'000</i>
Wages and salaries	413	659	656	491	428
Social security costs	57	84	85	63	53
Company pension contributions to defined contribution pension schemes	19	28	28	21	21

During the year retirement benefits were accruing to 4 directors (2013: 4, 2014: 4, 2015: 4) in respect of defined contribution pension schemes.

30. **Post balance sheet events**

No adjusting or significant events have occurred between the 30 September 2016 reporting date and the date of authorisation.

B: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION



The Directors
Medica Group PLC
Havelock Place
Hastings
East Sussex
TN34 1BG

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU
T +44 (0)20 7383 5100
F +44 (0)20 7184 4301
www.grant-thornton.co.uk

16 March 2017

Dear Sirs

Medica Group PLC (the Company) and its subsidiary undertakings (together, the Group) – Accountant's Report on Historical Financial Information

We report on the Group historical financial information set out in Section A of this Part 6 for the period from 2 May 2013 to 31 December 2013, each of the two years ended 31 December 2015 and the nine months ended 30 September 2016 (the **Historical Financial Information**). The Historical Financial Information has been prepared for inclusion in the Company's prospectus dated 16 March 2017 (the **Prospectus**) on the basis of the accounting policies set out in notes 2 and 3 to the Historical Financial Information.

This report is required by item 20.1 of Annex I of Appendix 3 of the Financial Conduct Authority Prospectus Rules (the **Prospectus Rules**) and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the financial information for the nine months ended 30 September 2015, which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The directors of the Company are responsible for preparing the Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union. It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I of Appendix 3 of the Prospectus Rules, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016 and of its results, cash flows and changes in equity for the period from 2 May 2013 to 31 December 2013, each of the two years ended 31 December 2015, and the nine months ended 30 September 2016 in accordance with International Financial Reporting Standards adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of Appendix 3 of the Prospectus Rules.

Yours faithfully

GRANT THORNTON UK LLP

PART 7

UNAUDITED PRO FORMA FINANCIAL INFORMATION

A: UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma statement of net assets for the Group and the related notes thereto set out in this Section A of Part 7 (the Pro Forma Financial Information) have been prepared on the basis set out in the notes below to illustrate, the impact of the Offer and the contemporaneous debt refinancing on the net assets of the Group had the Offer and the contemporaneous debt refinancing taken place as at 30 September 2016. The Pro Forma Financial Information has been prepared in accordance with Annex II to the Prospectus Directive Regulation and in a manner consistent with the accounting policies adopted by the Group in preparing the Historical Financial Information set out in Section A of Part 6.

The Pro Forma Financial Information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation. It does not purport to represent what the Group's financial position actually would have been if the Offer and the contemporaneous debt re-financing had completed on 30 September 2016, actually would have been nor does it purport to represent the financial position of the Group at any future date. It may not, therefore, give a true picture of the Group's financial position.

The Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of 2006 Act. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Section A of Part 7. Grant Thornton UK LLP's report to the directors on the Pro Forma Financial Information is set out in Section B of this Part 7.

Unaudited pro forma statement of net assets as at 30 September 2016

	<i>Group Note 1 £'000</i>	<i>Offer proceeds (Net) Note 2 £'000</i>	<i>Refinancing Note 3 £'000</i>	<i>Pro forma net assets Note 4 £'000</i>
Assets				
Non-current assets				
Goodwill	15,948	–	–	15,948
Other intangible assets	9,588	–	–	9,588
Property, plant & equipment	1,982	–	–	1,982
Total non-current assets	<u>27,518</u>	<u>–</u>	<u>–</u>	<u>27,518</u>
Current assets				
Trade and other receivables	5,775	–	–	5,775
Cash and cash equivalents	3,406	12,383	(15,287)	502
Total current assets	<u>9,181</u>	<u>12,383</u>	<u>(15,287)</u>	<u>6,277</u>
Total assets	<u>36,699</u>	<u>12,383</u>	<u>(15,287)</u>	<u>33,795</u>

	<i>Group</i> <i>Note 1</i> <i>£'000</i>	<i>Offer</i> <i>proceeds</i> <i>(Net)</i> <i>Note 2</i> <i>£'000</i>	<i>Refinancing</i> <i>Note 3</i> <i>£'000</i>	<i>Pro forma</i> <i>net assets</i> <i>Note 4</i> <i>£'000</i>
Liabilities				
Current liabilities				
Trade and other payables	(2,621)	–	–	(2,621)
Borrowings	(1,399)	–	1,399	–
Derivative financial instruments	(90)	–	–	(90)
Total current liabilities	<u>(4,110)</u>	<u>–</u>	<u>1,399</u>	<u>(2,711)</u>
Non-current liabilities				
Borrowings and other financial liabilities	(25,062)	–	13,182	(11,880)
Derivative financial instruments	–	–	–	–
Deferred tax	(1,724)	–	–	(1,724)
Total non-current liabilities	<u>(26,786)</u>	<u>–</u>	<u>13,182</u>	<u>(13,604)</u>
Total liabilities	<u>(30,896)</u>	<u>–</u>	<u>14,581</u>	<u>(16,315)</u>
Net assets	<u>5,803</u>	<u>12,383</u>	<u>(706)</u>	<u>17,480</u>

Notes to the unaudited pro forma statement of net assets:

- (1) The financial information in respect of the Group as at 30 September 2016 has been extracted, without material adjustment, from the Historical Financial Information as set out in Section A of Part 6 of this document.
- (2) The unaudited pro forma statement of net assets has been prepared on the basis that the Company will raise approximately £15.0 million in gross proceeds from the Offer and that there will be approximately £2.6 million of fees incurred in respect of this transaction, resulting in net proceeds from the Offer of approximately £12.4 million.
- (3) This adjustment reflects the drawdown of the new term loan facility of £12.0 million, payment of capitalised costs associated with this refinancing of £0.1 million, repayment of the existing bank facilities of £20.6 million and the loan notes of £6.6 million and is stated after expensing capitalised fees associated with the existing bank facilities and the loan notes of £0.7 million. This adjustment assumes that the available revolving credit facility of £1 million is not drawn down. Interest accrued since 30 September 2016 of £0.1 million on existing bank facilities and £0.3 million on the loan notes has been excluded from this adjustment.
- (4) This column represents the sum of the preceding columns, and represents the pro forma net assets of the Group.
- (5) Apart from the items described above, no other adjustments have been made to reflect any issues of equity, trading, expenditure, changes in working capital, changes in debt or other movements subsequent to 30 September 2016.
- (6) The unaudited pro forma statement of net assets does not constitute statutory accounts within the meaning of Section 435 of the 2006 Act.

B: ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION



The Directors
Medica Group PLC
Havelock Place
Hastings
East Sussex
TN34 1BG

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

T +44 (0)20 7383 5100
F +44 (0)20 7184 4301
www.grant-thornton.co.uk

16 March 2017

Dear Sirs

Medica Group PLC (the Company) and its subsidiary undertakings (together, the Group) – Report On Pro Forma Financial Information

We report on the pro forma statement of net assets (the **Pro Forma Financial Information**) set out in Section A of Part 7 of the Company's prospectus dated 16 March 2017 (the **Prospectus**), which has been prepared on the basis described in notes 1 to 6 to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the Offer and the contemporaneous debt refinancing might have affected the financial information presented on the basis of the accounting policies adopted by Medica Group PLC in preparing the Historical Financial Information presented in Section A of Part 6.

This report is required by item 7 of Annex II to Appendix 3 of the Financial Conduct Authority's Prospectus Rules (the **Prospectus Rules**) and is given for the purpose of complying with that item 7 of Annex II to Appendix 3 of the Prospectus Rules and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the **Directors**) to prepare the Pro Forma Financial Information in accordance with items 1-6 of Annex II to Appendix 3 of the Prospectus Rules.

It is our responsibility to form an opinion, as required by item 7 of Annex II to Appendix 3 of the Prospectus Rules, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to Appendix 3 of the Prospectus Rules, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis Of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source

documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to Appendix 3 of the Prospectus Rules.

Yours faithfully

GRANT THORNTON UK LLP

PART 8

DETAILS OF THE OFFER

1. Summary of the Offer

This Part 8 should be read in conjunction with the sections of this Prospectus headed "Expected timetable of principal events" and "Offer statistics".

The Offer Price per Share is 135 pence and the Offer comprises an offer of, in aggregate, 89,977,091 Shares. Of these, 78,865,979 are Existing Shares being offered by the Selling Shareholders and 11,111,112 are New Shares being offered by the Company, in each case, to certain institutional and other investors in the United Kingdom and elsewhere outside the United States in accordance with Regulation S or other exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. No expenses will be charged by the Company or the Selling Shareholders to any investor who purchases shares pursuant to the Offer.

The sale of the 78,865,979 Existing Shares will raise net proceeds for the Selling Shareholders of approximately £103.5 million (after the deduction of placing commissions).

11,111,112 New Shares will be issued pursuant to the Offer. The Existing Shares will represent approximately 90 per cent. of the total issued share capital of the Company immediately following Admission. The issue of the 11,111,112 New Shares under the Offer will raise net proceeds for the Company of approximately £12.4 million (after the deduction of placing commissions and amounts in respect of estimated fees and expenses for which the Company is liable for approximately £2.6 million).

All Shares sold or issued pursuant to the Offer will be sold or issued, payable in full, at the Offer Price at Admission. The Offer Price has been determined by Investec in consultation with the Company.

The Offer is fully underwritten by Investec. The Offer is subject to satisfaction of the conditions set out in the Placing Agreement, including Admission occurring and becoming effective by no later than 8.00 a.m. on 21 March 2017 or such later time and/or date as the Company and Investec may agree, being not later than 8.00 a.m. on 31 March 2017, and to the Placing Agreement not having been terminated in accordance with its terms. If the Placing Agreement is terminated or fails to become unconditional at or prior to Admission, Admission will not occur and the Offer will lapse.

If admitted to trading, the Shares will be registered with ISIN GB00BYV24996 and SEDOL number BYV2499, and will trade under the symbol "MGP". Admission is expected to take place and dealings in the Shares are expected to commence on the London Stock Exchange main market for listed securities on 21 March 2017.

The Existing Shares being offered for sale by Selling Shareholders and the New Shares being offered for subscription by the Company will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions after that date declared, made or paid on the ordinary share capital of the Company. The Shares will be freely transferable in accordance with the Articles and will be credited as fully paid and free from all liens, equities, charges, encumbrances and other interests.

The Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Shares offered pursuant to this Prospectus may not be offered or sold, directly or indirectly, in, into or within the United States or to or for the account or benefit of any persons within the United States except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Certain restrictions that apply to the distribution of this Prospectus and the Shares being issued and sold under the Offer in jurisdictions outside the United Kingdom are described in paragraph 7 below headed "Selling and transfer restrictions".

The following table sets out the number of Shares the Selling Shareholders are selling in the Offer and the interests of the Selling Shareholders following Admission:

	<i>Number of Shares to be Sold under the Offer</i>	<i>%</i>	<i>Shares owned following Admission</i>	<i>%</i>
<i>Selling Shareholder</i>				
CBPE Nominees Limited	70,103,092	63.09	12,371,135 ⁽¹⁾	11.13
John Michael Graham	3,608,247	3.25	3,608,248	3.25
Anthony Leonard Lee	515,464	0.46	515,464	0.46
Dr Stephen Griffith Davies	1,546,392	1.39	1,546,392	1.39
Martin John Wells	1,546,392	1.39	1,546,392	1.39
Kevin Patrick Terrins	1,546,392	1.39	1,546,392	1.39
Total	78,865,979	70.98	21,134,023	19.02

(1) Assumes no grant of All Employee IPO Awards under the PSP.

To the extent that All Employee IPO Awards are granted prior to Admission, Existing Shares held by CBPE Nominees Limited will be transferred to the trustee of the EBT and will be used to satisfy such All Employee IPO Awards. The All Employee IPO Awards are capped such that the total awards thereunder may not exceed an amount of Shares representing £2 million in aggregate at the Offer Price, equating to 1,481,481 Shares. Further details regarding the All Employee IPO Awards are set out in paragraph 6.3 of Part 11 (Additional Information).

2. Bookbuilding and allocation under the Offer

The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes. The purchase of the Offer Shares to be offered under the Offer has been underwritten by Investec.

Investec solicited indications of interest from prospective institutional and other investors to subscribe for and/or purchase Offer Shares in the Offer. On this basis, prospective investors have been asked to specify the number of Offer Shares that they are prepared to subscribe for and/or purchase at different prices. Multiple applications under the Offer are permitted.

Allocations under the Offer will be finally determined by the Company and Investec in accordance with an allocation policy to be determined by the Company and Investec.

Upon accepting any allocation, prospective investors will be contractually committed to acquire the number of Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from such commitment. A number of factors have been considered in determining the Offer Price and the basis of allocation, including the prevailing market conditions, the level and nature of demand for the Offer Shares, the prices bid to acquire the Offer Shares, the intentions of the Selling Shareholders and the objective of establishing an orderly and liquid after-market in the Shares. The Offer Price and the number of Offer Shares have been established at a level determined in accordance with these arrangements, taking into account indications of interest received from prospective investors.

3. Dealings and Admission

The Offer is subject to the satisfaction of certain conditions contained in the Placing Agreement, which are typical for an agreement of this nature. Certain conditions are related to events which are outside the control of the Company, the Directors, the Selling Shareholders and Investec. Further details of the Placing Agreement are described in paragraph 5 below and in paragraph 10 of Part 11 (Additional Information).

Application has been made to the FCA for the Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

It is expected that Admission will take place and dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. on 21 March 2017. Settlement of dealings from that date will be on a two-day rolling basis.

Each investor in the Offer will be required to undertake to pay the Offer Price for the Offer Shares issued or sold to such investor in such manner as shall be directed by Investec. It is expected that Shares allocated to investors in the Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the sole risk of the persons concerned.

4. CREST

With effect from Admission, the Articles will permit the holding of Shares in the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. Settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so. Investors applying for Shares in the Offer may elect to receive Shares in uncertificated form, if that investor is a system member (as defined in the CREST Regulations) with regard to CREST.

5. Placing arrangements

The Company, the Directors, the Selling Shareholders and Investec have entered into the Placing Agreement pursuant to which Investec has agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers and purchasers for the Offer Shares or, failing which, itself to subscribe for and purchase the Offer Shares.

The Placing Agreement contains provisions entitling Investec to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Shares will be returned without interest. This right of termination cannot be exercised after Admission.

Further details of the terms of the Placing Agreement are set out in paragraph 10 of Part 11 (Additional Information).

6. Lock-up arrangements

Pursuant to the Placing Agreement, the Company has given certain undertakings to Investec including an undertaking that it will not, subject to certain exceptions, without the prior written consent of Investec, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing during the first six months after Admission.

Pursuant to the Placing Agreement, each of the Management Selling Shareholders has agreed that for a 12 month period following Admission, subject to certain customary exceptions, he or she will not offer, sell or contract to sell, or otherwise dispose of, any Shares (or any interest therein or in respect thereof) that he or she may hold, or enter into any transaction with the same economic effect as any of the foregoing. For the 12 month period thereafter, they have each agreed not to dispose of any Shares (or any interest therein or in respect thereof) other than through Investec (for so long as Investec is engaged as broker to the Company) with a view to maintaining an orderly market in the Company's securities.

Pursuant to the Placing Agreement, the Principal Selling Shareholder has agreed that for a six-month period following Admission, subject to certain customary exceptions, it will not offer, sell or contract to sell, or otherwise dispose of, any Shares (or any interest therein or in respect thereof) that it may hold, or enter into any transaction with the same economic effect as any of the foregoing. For the

six-month period thereafter, it has agreed not to dispose of any Shares (or any interest therein or in respect thereof) other than through Investec (for so long as Investec is engaged as broker to the Company) with a view to maintaining an orderly market in the Company's securities.

7. Selling and transfer restrictions

The distribution of this Prospectus and the Offer in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been, or will be, taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction.

This Prospectus does not constitute an offer to subscribe for or purchase any of the Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

7.1 *European Economic Area*

Other than in the United Kingdom, no Shares have been offered or sold, or will be offered or sold, in any Relevant Member State, except that the Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (i) to any legal entity which is a "qualified investor" (as defined in the Prospectus Directive);
- (ii) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual turnover of more than €50 million as shown in its last annual or consolidated accounts;
- (iii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of Investec for and such offer; or
- (iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication by the Company or Investec of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with Investec and the Company that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression "an offer to the public of any Shares" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with

a view to their offer or resale to persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of Investec has been obtained to each such proposed offer or resale.

The Company, Investec and their respective affiliates, and others will rely upon the truth and accuracy of the representation, warranty and agreement referred to above. Notwithstanding the above, a person who is not a qualified investor and who has notified Investec of such fact in writing may, with the consent of Investec and the Company, be permitted to purchase Shares in the Offer.

7.2 United States

The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be, directly or indirectly, offered or sold within the United States or to or for the account or benefit of any person within the United States, except under an exemption from or in a transaction not subject to the registration requirements of the Securities Act. The Shares are being offered and sold outside the United States in "offshore" transactions exempt from, the registration requirements of the Securities Act in reliance on Regulation S or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each purchaser of, or subscriber for, Shares outside the United States in accordance with Regulation S will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

- (i) it is authorised to consummate the purchase or subscription of the Shares in compliance with all applicable laws and regulations;
- (ii) it acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- (iii) it and the person, if any, for whose account or benefit the purchaser or subscriber is acquiring the Shares is purchasing or subscribing for the Shares in an offshore transaction, as such term is defined in Rule 902 of the Securities Act meeting the requirements of Regulation S; and
- (iv) the Company, Investec and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements set out above and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase or subscription of Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements set out above on behalf of each such account.

7.3 Australia

This Prospectus does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia, as amended (the "Corporations Act"), and will not be lodged with the Australian Securities and Investments Commission. The Shares will not be offered to persons who receive offers in Australia other than with the prior approval of Investec and on a basis that such offers of Shares for issue or sale do not need disclosure to investors under Part 6D.2 of the Corporations Act. Any offer of Shares received in Australia is void to the extent that it needs disclosure to investors under the Corporations Act. In particular, offers for the issue or sale of Shares will only be made in Australia in reliance on various exemptions from such disclosure to investors provided by Section 708 of the Corporations Act. Any person to whom Shares are issued or sold pursuant to an exemption

provided by Section 708 of the Corporations Act must not (within 12 months after the issue or sale) offer those Shares in Australia unless that offer is itself made in reliance on an exemption from disclosure provided by that section.

7.4 ***Japan***

The Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law, as amended (the "FIEL"). This Prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan. No such offer of securities for sale will be made except with the prior approval of Investec and unless made pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with the FIEL and other relevant laws and otherwise in compliance with such law and any other applicable laws, regulations or ministerial guidelines of Japan.

7.5 ***Other jurisdictions***

The Shares have not been and will not be registered under the applicable securities laws of the Republic of South Africa or New Zealand. Subject to certain exceptions, the Shares may not be offered or sold in the Republic of South Africa or New Zealand or to or for the account or benefit of any resident of the Republic of South Africa or New Zealand.

PART 9

TERMS AND CONDITIONS OF THE OFFER

1. Introduction

These terms and conditions ("**Terms and Conditions**") apply to persons making an offer to acquire Offer Shares under the Offer.

Each person to whom these Terms and Conditions apply, as described above, who confirms its agreement to Investec and the Company to acquire Offer Shares (which may include Investec or its nominee(s)) (each an "**Investor**") hereby agrees with Investec and the Company to be bound by these Terms and Conditions as being the terms and conditions upon which the Offer Shares will be issued and sold under the Offer. An Investor shall, without limitation, become so bound if Investec confirms to the Investor (i) the Offer Price and (ii) its allocation of Offer Shares.

The Company and/or Investec may require any Investor to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) considers necessary and/or may require any such Investor to execute a separate investor letter (an "**Investor Letter**").

2. Agreement to acquire Offer Shares

Conditional upon: (i) Admission occurring and becoming effective by no later than 8.00 a.m. on 21 March 2017 (or such other date and/or time as Investec may notify to the Company but, in any event, no later than 8.00 a.m. on 31 March 2017); (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms; and (iii) Investec confirming to the Investors their allocation of Offer Shares, each Investor agrees to become a member of the Company and agrees to acquire at the Offer Price those Offer Shares allocated to it by Investec. Each Investor acknowledges that its agreement to acquire the number of Offer Shares allocated to it is not by way of acceptance of a public offer made or to be made by the Company, Investec or the Selling Shareholders but is by way of a collateral contract and, accordingly, that section 87Q of the FSMA does not entitle it to withdraw its acceptance in the event that the Company publishes a supplementary prospectus in connection with Admission. To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Investor may have.

3. Payment for Offer Shares

Each Investor undertakes to pay the Offer Price for the Offer Shares acquired by such Investor in the manner and by the time directed by Investec.

Each Investor is deemed to agree that, if it fails to pay the Offer Price for the Offer Shares acquired by such Investor, Investec may sell any or all of the Offer Shares allocated to that Investor and which have not been paid for on such Investor's behalf and retain from the proceeds, for Investec's account and benefit (as agent for the Company and the Selling Shareholders (as the case may be)), an amount equal to the aggregate amount owed by the Investor plus any interest due. Any excess proceeds will be paid to the relevant Investor at its risk. The relevant Investor will, however, remain liable and shall indemnify Investec, and the Company and the Selling Shareholders on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or SDRT or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such Offer Shares on such Investor's behalf. By agreeing to acquire Offer Shares, each Investor confers on Investec all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which Investec lawfully takes in pursuance of such sale.

4. Representations and warranties

By agreeing to acquire Offer Shares under the Offer, each Investor which enters into a commitment to acquire Offer Shares will (for itself and any person(s) procured by it to acquire Offer Shares and

any nominee(s) for any such person(s)) be deemed to agree, represent and warrant to each of the Company, the Selling Shareholders, the Registrar and Investec that:

- (i) it has read this document in its entirety and it is relying solely on this document (and any supplementary prospectus published by the Company subsequent to the date of this document) and not on any other information given, or representation or statement made at any time, by any person concerning the Group or the Offer. It acknowledges that its participation in the Offer shall be made solely on the terms and conditions set out in these Terms and Conditions, the Placing Agreement and the Articles. It agrees that these Terms and Conditions and the contract note issued by Investec to such Investor represent the whole and only agreement between the Investor, Investec, the Selling Shareholders and the Company in relation to the Investor's participation in the Offer and supersedes any previous agreement between any such parties in relation to such participation. It agrees that none of the Company, the Selling Shareholders, Investec or the Registrar, nor any of their respective directors, officers, partners, agents, consultants, advisers, affiliates, representatives or employees (each an "**affiliate**"), will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation. This paragraph 4.1 shall not exclude any liability for fraudulent misrepresentation;
- (ii) it has the funds available to pay the Offer Price in respect of the Offer Shares for which it has given a commitment under the Offer;
- (iii) the contents of this document (and any supplementary prospectus published by the Company subsequent to the date of this document) are exclusively the responsibility of the Company and its Directors and apart from the responsibilities and liabilities, if any, which may be imposed on the Company, the Selling Shareholders or Investec by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Investec, the Company, the Selling Shareholders nor any person acting on their behalf nor any of their respective affiliates accept any responsibility whatsoever for and makes no representation or warranty, express or implied, as to the contents of this document (or any supplementary prospectus published by the Company subsequent to the date of this document) or for any other statement made or purported to be made by it, or on its behalf, in connection with the Group, the Offer Shares or the Offer and nothing in this document (and any supplementary prospectus published by the Company subsequent to the date of this document) will be relied upon as a promise or representation in this respect, whether or not to the past or future. Investec, the Company and the Selling Shareholders accordingly disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this document (or any supplementary prospectus published by the Company subsequent to the date of this document) or any such statement;
- (iv) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to acquire Offer Shares under the Offer, it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its offer commitment in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Selling Shareholders, Investec, the Registrar or any of their respective affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer;
- (v) it does not have a registered address in and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Offer Shares and it is not acting on a non-discretionary basis for any such person;
- (vi) it agrees that, having had the opportunity to read this document, it shall be deemed to have had notice of all information and representations contained in this document, that it is acquiring Offer Shares solely on the basis of this document (and any supplementary prospectus published by the Company subsequent to the date of this document) and no other

information and that in accepting a participation in the Offer it has had access to all information it believes necessary or appropriate in connection with its decision to acquire Offer Shares;

- (vii) it acknowledges that no person is authorised in connection with the Offer to give any information or make any representation other than as contained in this document (and any supplementary prospectus published by the Company subsequent to the date of this document) and, if given or made, any information or representation must not be relied upon as having been authorised by Investec, the Company or the Selling Shareholders;
- (viii) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (*depository receipts and clearance services*) of the Finance Act 1986 and no instrument under which it acquires Offer Shares (whether as principal, agent or nominee) would be subject to stamp duty or SDRT at the increased rates referred to in those sections and that it, or the person specified by it for registration as a holder of Offer Shares, are not participating in the Offer as nominee or agent for any person or persons to whom the allocation, transfer or delivery of Offer Shares would give rise to such a liability;
- (ix) it, or the person specified by it for registration as a holder of the Offer Shares, will be liable for any stamp duty or SDRT liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (*depository receipts and clearance services*), registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto), if any, payable on acquisition of any of the Offer Shares and acknowledge and agree that, save for the Selling Shareholders who have agreed to pay any stamp duty or SDRT under section 87 of the Finance Act 1986, none of Investec, the Selling Shareholders nor the Company nor any of their respective affiliates nor any person acting on behalf of them will be responsible for any other liability to stamp duty or SDRT resulting from a failure to observe this requirement;
- (x) it accepts that none of the Offer Shares have been or will be registered under the laws of any Restricted Jurisdiction. Accordingly, the Offer Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- (xi) if it is receiving the details of the Offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Offer Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (xii) it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Offer Shares that are allocated to it for the purposes of its business;
- (xiii) if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Offer constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to acquire Offer Shares pursuant to the Offer unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Offer Shares could lawfully be distributed to and acquired by and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- (xiv) it acknowledges that neither the Investec nor any of its affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Offer or providing any advice in relation to the Offer and that participation in the Offer is on the basis that it is not and will not be a client of Investec or any of its affiliates, that Investec is acting for the Company and no-one else and that none of Investec nor any of its affiliates have any duties or responsibilities to it for providing protections afforded to its or their respective clients or for providing advice in relation to the Offer nor in respect of any representations, warranties, undertaking or indemnities contained in these Terms and Conditions or in any Investor Letter, where relevant;

- (xv) it acknowledges that it is not located within the United States, it is acquiring Offer Shares in an "offshore transaction" as defined in Regulation S promulgated under the US Securities Act ("**Regulation S**") and where it is acquiring Offer Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to acquire the Offer Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document or in any Investor Letter, where relevant; and (iii) to receive on behalf of each such account any documentation relating to the Offer in the form provided by the Company and/or Investec. It agrees that the provisions of this paragraph shall survive any resale of the Offer Shares by or on behalf of any such account;
- (xvi) it is acting as principal only in respect of the Offer, or, if it is acting for any other person (i) it is and will remain liable to the Company and/or Investec and/or the Selling Shareholders for the performance of all its obligations as an Investor in respect of the Offer (regardless of the fact that it is acting for another person) (ii) it is both an "authorised person" for the purposes of the FSMA and a "**qualified investor**" within the meaning of article 2(1)(e) of the EU Prospectus Directive (which means Directive 2003/71/EC and includes any relevant implementing directive measure in any member state) (the "**Prospectus Directive**") (a "**Qualified Investor**") acting as agent for such person and (iii) such person is either (1) a Qualified Investor or (2) its "client" (as defined in section 86(2) of the FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Offer or any other offers of transferable securities on his behalf without reference to him;
- (xvii) it confirms that any of its clients, whether or not identified to Investec or any of its affiliates, will remain its sole responsibility and will not become clients of Investec or any of its affiliates for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- (xviii) where it or any person acting on its behalf is dealing with Investec, any money held in an account with Investec on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Investec to segregate such money as that money will be held by Investec under a banking relationship and not as trustee;
- (xix) it has not and will not offer or sell any Offer Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 102B of the FSMA;
- (xx) it is an "eligible counterparty" or a "professional investor" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook and it is subscribing for or purchasing the Offer Shares for investment only and not for resale or distribution;
- (xxi) it irrevocably appoints any Director and any director of Investec to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its acquisition of all or any of the Offer Shares for which it has given a commitment under the Offer, in the event of its own failure to do so;
- (xxii) it accepts that if the Offer does not proceed or the conditions to Investec's obligations in respect of such Offer under the Placing Agreement are not satisfied or the Placing Agreement is terminated prior to Admission for any reason whatsoever or such Offer Shares are not admitted to listing on the premium listing segment of the Official List and/or to trading on the London Stock Exchange's main market for listed securities for any reason whatsoever, then neither Investec nor the Company nor the Selling Shareholders nor any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (xxiii) it has not taken any action or omitted to take any action which will or may result in Investec, the Company, the Selling Shareholders or any of their respective affiliates being in breach of

the legal or regulatory requirements of any territory in connection with the Offer or its acquisition of Offer Shares pursuant to the Offer;

- (xxiv) in connection with its participation in the Offer, it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing including under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations 2007 and that its offer commitment is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the "**Money Laundering Directive**"); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- (xxv) due to anti-money laundering and the countering of terrorist financing requirements, Investec, and/or the Company and/or the Selling Shareholders may require proof of identity of the Investor and related parties and verification of the source of the payment before the placing commitment can be processed and that, in the event of delay or failure by the Investor to produce any information required for verification purposes Investec, and/or the Company and/or the Selling Shareholders may refuse to accept the placing commitment and the subscription and/or purchase moneys relating thereto. It holds harmless and will indemnify Investec, and/or the Company and/or the Selling Shareholders against any liability, loss or cost ensuing due to the failure to process the placing commitment, if such information as has been required has not been provided by it or has not been provided on a timely basis;
- (xxvi) it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, the MAR and the Proceeds of Crime Act 2002 and confirms that it has complied and will continue to comply with those obligations;
- (xxvii) it and each person or body (including, without limitation, any local authority or the managers of any pension fund) on whose behalf it accepts Offer Shares pursuant to the Offer or to whom it allocates such Offer Shares have the capacity and authority to enter into and to perform their obligations as an Investor of the Offer Shares and will honour those obligations;
- (xxviii) as far as it is aware it is not acting in concert (within the meaning given in the City Code) with any other person in relation to the Company and it is not a related party of the Company for the purposes of the Listing Rules;
- (xxix) Investec is entitled to exercise any of its rights under the Placing Agreement or any other right in its absolute discretion, including the right to terminate the Placing Agreement, without any liability whatsoever to it (or any agent acting on their behalf) and Investec shall not have any obligation to consult or notify Investors in relation to any right or discretion given to it or which it is entitled to exercise;
- (xxx) Investec expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Offer will be returned to Investors without interest;
- (xxxi) the representations, undertakings and warranties given by an Investor as contained in this document or in any Investor Letter, where relevant, are irrevocable. It acknowledges that Investec, the Selling Shareholders and the Company and their respective affiliates will rely upon the truth and accuracy of such representations, undertakings and warranties and it agrees that if any of the representations, undertakings or warranties made or deemed to

have been made by its application for Offer Shares are no longer accurate, it shall promptly notify Investec and the Company;

- (xxxii) it confirms that it is not and at Admission will not be, an affiliate of the Company or a person acting on behalf of such affiliate and it is not acquiring Offer Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;
- (xxxiii) nothing has been done or will be done by it in relation to the Offer that has resulted or could result in any person being required to publish a prospectus in relation to the Company or to any Ordinary Shares in accordance with the FSMA or the Prospectus Rules or in accordance with any other laws applicable in any part of the European Union or the European Economic Area;
- (xxxiv) it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its Ordinary Shares in accordance with Rule 5 of the Disclosure and Transparency Rules as they apply to the Company;
- (xxxv) it accepts that the allocation of Offer Shares shall be determined by Investec following consultation with the Company and that Investec may scale down any placing commitments on such basis as it may determine; and
- (xxxvi) time shall be of the essence as regards its obligations to settle payment for the Offer Shares and to comply with its other obligations under the Offer.

5. Indemnity

Each Investor irrevocably agrees, on its own behalf and on behalf of any person on whose behalf it is acting, to indemnify and hold the Company, the Selling Shareholders and Investec and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach by it any person on whose behalf it is acting of the representations, warranties, undertakings, agreements and acknowledgements in these Terms and Conditions.

6. Supply and disclosure of information

If Investec, the Selling Shareholders, the Registrar or the Company or any of their agents request any information in connection with an Investor's agreement to acquire Offer Shares under the Offer or to comply with any relevant legislation, such Investor must promptly disclose it to them.

7. Miscellaneous

- (i) The rights and remedies of the Company, the Selling Shareholders, Investec and the Registrar under these Terms and Conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- (ii) On the acceptance of its placing commitment, if an Investor is a discretionary fund manager, that Investor may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Offer will be sent at the Investor's risk. They may be returned by post to such Investor at the address notified by such Investor.
- (iii) Each Investor agrees to be bound by the Articles (as amended from time to time) once the Offer Shares, which the Investor has agreed to acquire pursuant to the Offer, have been acquired by the Investor. The contract to acquire Offer Shares under the Offer and the appointments and authorities mentioned in this document will be governed by and construed in accordance with, the laws of England. For the exclusive benefit of the Company, the Selling Shareholders, Investec and the Registrar, each Investor irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against an Investor in any other jurisdiction.

- (iv) In the case of a joint agreement to acquire Offer Shares under the Offer, references to an "Investor" in these terms and conditions are to each of the Investors who are a party to that joint agreement and their liability is joint and several.
- (v) Investec, the Selling Shareholders and the Company expressly reserve the right to modify the Offer (including, without limitation, its timetable and settlement) at any time before allocations are determined including the right of Investec to notify to the Company the extension for the dates and times for satisfaction of any or all of the conditions in the Placing Agreement (provided that such conditions are not extended beyond 8.00 a.m. on 31 March 2017).
- (vi) The Offer is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated in accordance with its terms. For further details of the terms of the Placing Agreement please refer to paragraph 10 of Part 11 of this document.
- (vii) Investec may, and its affiliates acting as an investor for its or their own account(s) may, acquire Offer Shares and, in that capacity may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Offer Shares, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in these Terms and Conditions to the Offer Shares being offered, subscribed, sold, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, Investec and/or any of their respective affiliates acting as an investor for its or their own account(s). Neither Investec nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.
- (viii) The Selling Shareholders have agreed to pay any stamp duty chargeable on a transfer on sale of Offer Shares and/or stamp duty reserve tax chargeable on an agreement to transfer Offer Shares arising in the United Kingdom (currently at a rate of 0.5 per cent.) on the initial sale of Offer Shares under the Offer. Each Investor which acquires Offer Shares will be deemed to undertake that it agrees that it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by such Investor or any other person on the acquisition by such Investor of any Offer Shares or the agreement by such Investor to acquire any Offer Shares.

PART 10

TAXATION

The following is a summary of certain United Kingdom tax considerations relating to an investment in the Shares. It assumes that the Company is and remains resident for applicable tax purposes solely in the United Kingdom.

The comments set out below are based on current United Kingdom law and published HMRC practice (which is not generally binding on HMRC), as at the date of this Prospectus, and which may be subject to change, possibly with retrospective effect. They are intended as a general guide and, unless expressed otherwise, apply only to Shareholders resident and, in the case of an individual, domiciled for tax purposes in (and only in) the United Kingdom (except insofar as express reference is made to the treatment of non-United Kingdom residents), who hold the Shares as an investment (and the Shares are not held through an Individual Savings Account, Self-Invested Personal Pension or any other investment vehicle) and who are the absolute beneficial owners of them. The discussion does not address all possible tax consequences relating to an investment in the Shares. Certain categories of Shareholders, including personal representatives, trustees, those carrying on certain financial activities, those subject to specific tax regimes or benefitting from certain reliefs or exemptions, those connected with the Company and those for whom the Shares are employment-related securities, may be subject to special rules and this summary does not apply to such Shareholders.

Prospective Shareholders who are in any doubt about their tax position regarding the tax consequences of acquiring, holding and disposing of Shares, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

1. Taxation of dividends

The Company will not be required to withhold amounts on account of UK tax at source when paying a dividend.

A UK resident individual Shareholder who receives a dividend from the Company will have a dividend allowance of £5,000 per tax year available to him. The dividend allowance is not a deduction in arriving at total income or taxable income. Instead, the first £5,000 of dividend income will attract a zero rate of income tax.

Any dividends the Shareholder receives in excess of the allowance will be taxed at the following rates:

- 7.5% (dividend ordinary rate) on dividends within the Shareholder's basic rate band;
- 32.5% (dividend upper rate) on dividends within the Shareholder's higher rate band; and
- 38.1% (dividend additional rate) on dividends above the Shareholder's higher rate limit.

Dividend income will generally be treated as the "top slice" of the Shareholder's income for the sake of determining into which rate band it falls.

Corporate shareholders that are within the charge to UK corporation tax will be subject to UK corporation tax on dividends paid by the Company, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within one of the exempt classes and certain other conditions are met. Each Shareholder's position will depend on its own individual circumstances and while it would normally be expected that the dividends paid by the Company would fall within an exempt class, it should be noted that the exemptions are not comprehensive and are subject to anti-avoidance rules. Shareholders within the charge to UK corporation tax should therefore consult their own professional advisers.

Non-UK resident corporate Shareholders will not be liable to income or corporation tax in the UK on dividends paid on the Shares unless the Shareholder carries on a trade in the UK and the dividends are either a receipt of that trade or the shares are held by or for a UK permanent establishment

through which the trade is carried on. In the latter case the dividends may still fall into one of the exempt classes and not be subject to the UK corporation tax.

Non-UK resident individual Shareholders, other than on the dividends representing the receipts of a trade, profession or vocation carried on in the UK, are only taxed on dividends arising from a UK source. This is however limited to the sum of tax deducted from, or treated as deducted from, 'disregarded income' (as defined by statute) and the tax liability leaving out the disregarded income and with no personal allowances or double taxation relief taken into account. Such Shareholders should have no further UK income tax to pay upon their receipt of a dividend from the Company. Shareholders may also be subject to foreign taxation on dividend income under applicable local law.

Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on dividends received from the Company in the country of their tax residence.

2. Taxation of capital gains

A disposal or deemed disposal of Shares by a Shareholder who is resident in the UK for tax purposes in the tax year (or part thereof) in question may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains. This will depend upon the Shareholder's circumstances and is subject to any available exemption or relief (such as the annual exempt amount for individuals and indexation for corporate shareholders). Indexation allowance may reduce the amount of chargeable gains subject to corporation tax, but may not create or increase any allowable loss. Shareholders who are not resident in the UK will not generally be subject to UK taxation of chargeable gains on the disposal or deemed disposal of Shares unless they are carrying on a trade, profession or vocation in the UK whether through a branch or agency or, in the case of a corporate shareholder, a permanent establishment) in connection with which the Shares are used, held and/or acquired.

An individual Shareholder who acquires Shares while UK resident, needs to cease to be resident for tax purposes in the UK for a period of more than five complete tax years otherwise the temporary non-residence rules apply. If those rules apply and the Shareholder disposes of all or part of his Shares during the period in which he is non-UK resident then he may be liable to capital gains tax on his return to the UK, where that Shareholder was UK resident for at least four of the seven tax years immediately preceding the year of departure from the UK (subject to any available exemptions or reliefs). For individuals, a tax year is the period from 6 April in a calendar year to 5 April in the following calendar year.

An individual Shareholder who is subject to UK income tax at the higher or additional rate will be liable to UK capital gains tax on the amount of any chargeable gain realised by a disposal of Shares at the rate of 20 per cent. Individual Shareholders who are subject to income tax at the basic rate only should only be liable to capital gains tax on the chargeable gain up to the unused amount of the Shareholder's basic rate band at a rate of 10 per cent. and at a rate of 20 per cent. on the gains above the basic rate band. In the event that a disposal of the Shares results in the realisation of a loss by the Shareholder for capital gains tax purposes, such a loss may be set-off by the Shareholder against other chargeable gains in the same or future years of assessment.

The capital gains tax annual exemption (£11,100 for the tax year 2016/17) may be available to individual Shareholders (to the extent it has not already been utilised) to offset against chargeable gains realised on a disposal of their Shares.

UK resident corporate Shareholders will generally be subject to UK corporation tax (rather than capital gains tax) on any chargeable gain realised on a disposal of Shares. From 1 April 2015, the corporation tax rate for company profits is 20 per cent. Any chargeable loss realised by such a Shareholder may be set-off by the Shareholder against chargeable gains in the same or future accounting periods. A corporate Shareholder with a significant holding of Shares may be exempt from corporation tax on any gain arising on disposal of Shares, provided it can satisfy the conditions of the exemption applicable to disposal of substantial shareholdings.

3. UK inheritance tax

Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by an individual Shareholder during their lifetime, or on their death, may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the Shareholder making the gift is neither resident nor domiciled in the UK, nor deemed to be domiciled there under certain rules relating to the number of years of UK residence or previous domicile. Generally, UK inheritance tax is not chargeable on gifts to individuals if the donor survives for at least seven complete years after the date of the gift. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts in respect of which the donor reserves or retains some benefit. Special rules also apply to gifts made to close companies and where assets are transferred to and/or held by most types of trustee. The inheritance tax rules are complex and holders of Shares should consult an appropriate professional adviser in any case where the rules may be relevant, particularly (but not limited to) cases where Shareholders intend to make a gift of any kind or to hold any Shares through a trust arrangement. They should also seek professional advice in a situation where there is potential for a charge to both UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

4. Stamp duty and stamp duty reserve tax ("SDRT")

The statements in this section are intended as a general guide to the current United Kingdom stamp duty and SDRT position. Shareholders should note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

In relation to the New Shares being issued by the Company, no stamp duty or SDRT will arise on the issue of such New Shares in registered form by the Company.

Instruments transferring Shares will generally be subject to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given for the transfer (rounded up to the nearest £5.00 where applicable). The transferee normally pays the stamp duty. An exemption from stamp duty is available on an instrument transferring the Shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

An unconditional agreement to transfer Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer, but such liability will be cancelled, or a right to repayment (normally with interest) will arise in respect of the SDRT liability, if the agreement is completed by a duly stamped instrument or an exempt transfer within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional). The purchaser is liable for any SDRT arising.

The statements above are intended as a general guide to the current position. Certain categories of person, including market makers, brokers, dealers and persons connected with depositary arrangements and clearance services are not liable to stamp duty or SDRT and/or may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

CREST

Deposits of Shares into CREST will not generally be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration in money or money's worth. Paperless transfers of Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system.

Depository receipt systems and clearance services

Where Shares are transferred (in the case of stamp duty) or issued or transferred (in the case of SDRT) (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depository receipts, stamp duty or SDRT (as applicable) will generally be payable at the higher rate of 1.5 per cent. on the amount or value of the consideration given or, in certain circumstances, the value of the Shares. However, following litigation, HMRC have confirmed that they will no longer seek to apply to 1.5 per cent. SDRT charge on an issue of shares or securities to a clearance service or depository receipt system on the basis that the charge is not compatible with EU law. HMRC's view is that the 1.5 per cent. SDRT or stamp duty charge will continue to apply to a transfer of shares or securities to a clearance service or depository receipt system where the transfer is not an integral part of an issue of share capital.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depository receipt system, or in respect of a transfer within such a service, which does arise, will strictly be accountable for by the clearance service or depository receipt system operator or their nominee as the case may be, but will, in practice, be payable by the participants in the clearance service or depository receipt system.

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer of Shares into such an account and on subsequent agreements to transfer such Shares.

Any person who is in any doubt as to his or her taxation position or who is liable to taxation in any jurisdiction other than the UK should consult his or her professional advisers.

PART 11

ADDITIONAL INFORMATION

1. Responsibility Statement

The Company and the Directors accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

2. History and development

- (a) The Company was incorporated and registered in England and Wales on 22 April 2013 under the name of Ingleby (1912) Limited with registered number 08497963 as a private company with limited liability under the Companies Act 2006.
- (b) The Company changed its name on 15 May 2013 to Medica Reporting Group Limited.
- (c) The Company was re-registered as a public company on 1 March 2017 and changed its name to Medica Group PLC on 1 March 2017.
- (d) The Company's registered office and head office is at Havelock Place, Havelock Road, Hastings, East Sussex TN34 1BG. It is domiciled in the United Kingdom.
- (e) The principal laws and legislation under which the Company operates and the Shares have been created are the 2006 Act and regulations made under that Act. The Company operates in conformity with its constitutional documents.
- (f) The Ordinary Shares are duly authorised according to the requirements of the Articles and any consents needed to proceed with Admission have been obtained.
- (g) The Company is the ultimate holding company of the Group, and has the following significant subsidiaries and undertakings, being those considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, financial position and/or profits and losses of the Group and all of which are incorporated in the UK.

<i>Name</i>	<i>Principal Activity</i>	<i>Issued share capital (fully paid)</i>
Medica Reporting Services Limited	Finance subsidiary	£2
Medica Reporting Finances Limited	Finance subsidiary	£2
Medica Reporting Limited	Operating subsidiary	£100

The Company owns directly or indirectly 100 per cent of the issued shares of the above companies and can exercise 100 per cent of the voting rights.

- (h) The registered office of each of the above companies is at Havelock Place, Havelock Road, Hastings, East Sussex TN34 1BG.

3. Share capital

- (a) As at 30 September 2016, being the most recent balance sheet date for which financial information is contained in Part 6 (Historical Financial Information), the issued and fully paid share capital of the Company was:

	<i>Issued</i>	
	<i>£</i>	<i>Number</i>
A Ordinary Shares	£120,000	1,200,000
Ordinary Shares	£25,500	255,000

- (b) The Company does not have any limit on its authorised share capital as the concept of authorised share capital does not exist under the 2006 Act.
- (c) Save as disclosed in paragraph 6 of this Part 11 (Additional Information):
- (i) the Company does not hold any treasury shares and no Shares are held by, or on behalf of, any member of the Group;
 - (ii) no Shares have been issued otherwise than as fully paid;
 - (iii) no share or loan capital of the Company has, since 1 October 2012 to the date of this Prospectus, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and
 - (v) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- (d) The following alterations in the share capital of the Company have taken place in the three years preceding the date of this Prospectus:
- (i) on 22 April 2013, the Company was incorporated with a share capital of two ordinary shares of £1.00 each;
 - (ii) on 1 May 2013, the Company passed a special resolution to sub-divide the 2 Ordinary shares of £1.00 each into 20 ordinary shares of £0.10 each and increase the share capital of the Company from £2.00 to £150,000 by the creation of 299,980 ordinary Shares of £0.10 each and 1,200,000 A ordinary shares of £0.10 each;
 - (iii) on 2 May 2013, the Company passed a special resolution authorising the Directors to allot shares up to a maximum aggregate nominal amount of £150,000;
 - (iv) on 2 May 2013, the share capital of the Company was increased from £2.00 to £1,439,980.00 by the creation of a further 239,980 ordinary shares of £0.10 each and 1,200,000 A Ordinary shares of £0.10 each;
 - (v) on 2 May 2013, 1,200,000 A ordinary shares of £0.10 each were allotted at £1.00 per share to CBPE and 239,980 ordinary shares of £0.10 each were allotted at £1.00 per share;
 - (vi) on 5 September 2013, the Company allotted 15,000 ordinary shares of £0.10 each at £1.00 per share.
 - (vii) on 28 February 2017 the entire amount standing to the credit of the Company's share premium account, being approximately £1,309,000, was cancelled and £1,309,000 was credited to a newly created reduction reserve on the Company's balance sheet;
 - (viii) on 15 March 2017:
 - (a) all of the A ordinary Shares of £0.10 each were redesignated as ordinary Shares forming one single class of 1,455,000 ordinary shares of £0.10 each raking pari passu;
 - (b) the subdivision of the 1,455,000 ordinary shares of £0.10 each was approved so that each ordinary share of £0.10 each was sub-divided into 50 ordinary shares of 0.2p;
 - (c) by way of a bonus issue capitalised out of the Company's reduction reserve, the Company allotted 27,250,002 ordinary shares of 0.2p each at nominal value to its existing shareholders pro rata to their existing shareholdings.

- (e) Pursuant to an ordinary resolution passed on 15 March 2017, the Directors were generally and unconditionally authorised in accordance with section 551 of the 2006 Act to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert securities into such shares up to an aggregate nominal amount of £22,222.224 to be issued in connection with the Offer.
- (f) Pursuant to a special resolution passed on 15 March 2017, the Directors were generally and unconditionally authorised in accordance with section 551(1) of the 2006 Act to allot Ordinary Shares up to an aggregate nominal amount of £22,222.224 in connection with the Offer as if section 561 of the 2006 Act did not apply to such allotment, such authority expiring on the earlier of (i) Admission and (ii) 31 July 2017.
- (g) Pursuant to an ordinary resolution passed on 15 March 2017, in addition to the authorities granted under paragraph 3(e) above, the Directors were, conditional upon Admission occurring, generally and unconditionally authorised in accordance with section 551 of the 2006 Act to allot Ordinary Shares or grant rights to subscribe for, or convert any security into, Ordinary Shares:
 - (i) up to an aggregate nominal amount of £73,333.334 (such amount to be reduced by the nominal amount of any equity securities (as defined in the 2006 Act) allotted under paragraph 3(g)(ii) below in excess of such sum), being approximately one-third of the aggregate nominal amount of the issued share capital of the Company immediately following Admission; and
 - (ii) up to an aggregate nominal amount of £148,888.892 equal to approximately two thirds of the aggregate nominal amount of the share capital of the Company immediately following Admission (such amount to be reduced by any shares allotted or rights granted under paragraph 3(g)(i) above) in connection with a rights issue in favour of the holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective number of Ordinary Shares held by them on the record date for such allotment and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter,

such authorities to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 31 July 2017) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares in the Company under any such offer or agreement as if the authority had not ended;

- (h) Pursuant to a special resolution passed on 15 March 2017, in addition to the authorities granted under paragraph 3(f) above, the Directors were, conditional upon Admission occurring, empowered pursuant to sections 570(1) and 573 of the 2006 Act to allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authorities referred to in paragraph 3(g)(i) above and to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of the 2006 Act did not apply to any such allotment or sale, such power being limited to:
 - (a) the allotment of Ordinary Shares with an aggregate nominal value of up to £11,111.11, being approximately five per cent of the issued ordinary share capital immediately following Admission; and
 - (b) the allotment of equity securities in connection with an offer of equity securities (but in case of a sale of treasury shares by way of a rights issue only) in favour of holders of shares in the capital of the Company in proportion (as nearly as may be) to their existing holdings of shares and to holders of other equity securities as required by the rights attached to those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors deem necessary or

expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange,

such authorities to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 31 July 2017) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares in the Company under any such offer or agreement as if the authority had not ended.

- (i) Save for the allotments referred to in paragraph 3(d) above, since incorporation no capital of the Company has been allotted for cash or for a consideration other than cash.
- (j) The Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.
- (k) The Shares are in registered form and capable of being held in uncertificated form. None of the Shares are being marketed or made available in whole or in part to the public in conjunction with the applications for Admission other than pursuant to the Offer. The Shares to be issued pursuant to the Offer are being issued at a price of 135p per share, representing a premium of 134.8p over the nominal value of 0.2p each. The expected issue date is 21 March 2017.
- (l) Immediately following Admission, it is expected that in excess of 25 per cent. of the Company's issued ordinary share capital will be held in public hands (within the meaning of paragraph 6.1.19 of the Listing Rules).
- (m) The currency of the issue is pounds sterling.

4. Articles of Association

The Articles, which have been adopted conditional upon Admission by virtue of a special resolution of the Company passed on 15 March 2017, contain certain provisions, the material provisions of which are set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

The Articles contain no specific restrictions on the company's objects and therefore, by virtue of section 31(1) of the 2006 Act the Company's objects are unrestricted.

(a) Voting rights

Subject to paragraph 4(g) below, and to any special terms as to voting upon which any shares may for the time being, be held, on a show of hands every member who (being an individual) is present in person or by proxy (being a corporation) is present by a duly appointed representative shall have one vote and on a poll every member present in person or a representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

(c) Variation of rights

If at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares (excluding any shares of that class held as treasury shares) of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

(d) ***Alteration of capital***

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value and cancel any shares not taken, or agreed to be taken, by any person.

The Company may, subject to the 2006 Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the 2006 Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by a special resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

(e) ***Transfer of shares***

A member may transfer all or any of his shares: (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors; and (2) in the case of uncertificated shares, through CREST in requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share held in certificated form which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. In the case of uncertificated shares, the Directors may only refuse to register a transfer in accordance with the Uncertificated Securities Regulations. The Directors may also refuse to register a transfer of shares (whether fully paid or not) if the transfer is in favour of more than four persons jointly. Subject to that and to paragraph 4(g) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

(f) ***Dividends***

The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.

Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph 4(g) below, all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

All dividends unclaimed for a period of 12 years after the payment date for such dividend shall if the Directors so resolve be forfeited and shall revert to the Company.

The Directors may, if authorised by an Ordinary Resolution of the Company, offer the holders of shares the right to elect to receive additional shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend. The Directors may at their discretion make the right to participate in any such elections subject to restrictions necessary or expedient to deal with legal, regulatory or other difficulties in respect of overseas shareholders.

(g) ***Suspension of rights***

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 793 of the 2006 Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified

in such notice) the information thereby, required, then (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class (calculated exclusive of any treasury shares of that class), the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arm's length sale.

(h) ***Return of capital***

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets pro rata to the amount paid up on their ordinary shares. A liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the 2006 Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator with the sanction of a special resolution may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

(i) ***Pre-emption rights***

There are no rights of pre-emption under the articles of association of the Company in respect of transfers of issued Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the 2006 Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

(j) ***Shareholder meetings***

Annual general meetings should be held within the time periods specified by the 2006 Act. Other general meetings may be called whenever the Directors think fit or when one has been requisitioned in accordance with the 2006 Act. Two members present in person or by proxy (or being a corporation, present by a duly appointed representative) at the meeting and entitled to vote shall be a quorum for all purposes.

Annual general meetings or a meeting at which it is proposed to pass a resolution requiring special notice are called on at least 21 days' notice in writing, exclusive of the day of which the notice is served or deemed to be served and of the day on which the meeting is to be held. Other general meetings are, subject to the requirements of the 2006 Act, to be called on 14 days' notice in writing exclusive of the day on which the notice is served or deemed to be served and the day on which the meeting is to be held. Notice is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent.

The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting. In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote or a person nominated pursuant to the Articles is entitled to appoint one or more proxies to attend and, on a poll vote instead of him/her, and that a proxy need not be a member.

(k) **Directors**

Save as provided in the Articles or by the terms of any authorisation given by the Directors, a Director shall not vote as a Director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal whatsoever in which he (or a person connected with him) has any interest which (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company) and which conflicts or may conflict with the interests of the Company and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting.

The Directors may authorise a Director to be involved in a situation in which the Director has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Company and may impose such terms or conditions on the grant of such authorisation as they think fit and in doing so will act in such a way, in good faith, as they consider will be most likely to promote the success of the Company.

A Director shall (in the absence of some other interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

- (i) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or
- (ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or
- (iii) the granting of any indemnity or provision of funding pursuant to the Company's articles of association unless the terms of such arrangement confer upon such Director a benefit not generally available to any other Director; or
- (iv) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter; or
- (v) any other company in which he or any person connected with him has a direct or indirect interest (whether as an officer or shareholder or otherwise) provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings of or beneficially interested in one per cent, or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of the relevant Article to be a material interest in all circumstances); or
- (vi) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
- (vii) the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

Fees may be paid out of the funds of the Company to Directors who are not managing or executive directors at such rates as the Directors may from time to time determine provided that such fees do not in the aggregate exceed the sum of £500,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.

Any Director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, may be paid such additional remuneration as the Directors or any committee authorised by the Directors may determine.

The Directors (including alternate Directors) are entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings.

A Director may hold any other office or employment with the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No director or intending director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company either with regard to his tenure of any other such office or place of profit, nor shall any such contract, arrangement, transaction or proposal or any contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any director or any person connected with him is in any way interested (whether directly or indirectly) be liable to be avoided, nor shall any director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised from any such contract, arrangement, transaction or proposal by reason of such director holding that office or of the fiduciary relationship thereby established if the director has disclosed his interest in accordance with the 2006 Act.

Save as provided by the Articles or by the terms of authorisation given by the Directors, a director shall not vote as a director or be counted in the quorum in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement in which he has any interest which conflicts or may conflict with the interests of the Company. If he does vote, his vote shall not be counted.

The remuneration and other terms and conditions of appointment of a director appointed as managing director or to any other executive office or employment under the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the Directors or by any committee appointed by the Directors, and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company (or of any other company in which the Company is interested) or other participation in any such profits or otherwise or by any or all or partly by one and partly by another or others of those modes.

Any statutory provision which, subject to the provisions of the Articles, would have the effect of rendering any person ineligible for appointment as a director or liable to vacate office as a director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment of any director over a specified age shall not apply to the Company.

(I) ***Borrowing Powers***

Subject to the Articles and the 2006 Act, the Board may exercise all the Company's powers to borrow money, give security over all or any of the Company's business and activities, property, assets (present and future) and uncalled capital, and issue debentures and other securities, whether outright or as collateral security for any debt, guarantee, liability or obligation of the Company or of any third party.

5. Notification of major holdings of Shares

Whilst disclosure of shareholdings is not a requirement of the Articles, Chapter 5 of the Disclosure Guidance and Transparency Rules makes provision regarding notification of certain shareholdings and holdings of financial instruments.

Where a person holds voting rights in the Company as shareholder or through direct or indirect holdings of financial instruments, then the person has an obligation to make a notification to the FCA

and the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below three per cent. or any whole percentage figure above three per cent.

The requirement to notify also applies where a person is an indirect Shareholder and can acquire, dispose of or exercise voting rights in certain cases.

6. Employee Share Plans

6.1 The Medica Group PLC Sharesave Scheme ("SAYE Scheme")

The SAYE Scheme is designed to meet the requirements of Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA"), so as to permit the grant of tax advantaged options to participants.

The SAYE Scheme will be adopted by the Company with effect from Admission.

6.1.1 Eligibility

Participation in the SAYE Scheme will be offered to all employees, (including full-time executive directors) of the Company and its participating subsidiaries who satisfy certain criteria. The criteria are that:

- the employee must have been employed for a continuous period to be determined by the Board or a duly appointed committee thereof (not exceeding five years ending on the date of grant of the relevant option); and
- the employee's earnings from employment are general earnings (or would be if there were any) for a tax year in which the employee is resident in the United Kingdom.

In addition, certain other employees of the Company or any subsidiary of the Company nominated by the Board may be permitted to participate in the SAYE Scheme.

6.1.2 Issue of Invitations

Invitations to apply for an option may be issued to eligible employees during the period of 42 days commencing on: (a) the date of Admission; (b) the date on which the SAYE Scheme was adopted by the Board; (c) the dealing day immediately following the date of the preliminary announcement of the Company's annual results or the announcement of its half-yearly results in any year (provided that if the Shares are admitted to the Official List at the time in question and have been so admitted for not less than one dealing day, no invitations shall be issued during the first dealing day of the period referred to in this paragraph (c)); (d) any day on which a change to the legislation affecting Schedule 3 of ITEPA is proposed or takes effect; or (e) any day on which a new savings contract prospectus is announced or takes effect.

If the issue of an invitation during any of the above periods would be prohibited by virtue of the Share Dealing Code, then such invitation may be issued during the period of forty-two days commencing immediately after the dealing day following the time that such prohibition shall cease to have effect.

Each eligible employee who receives an invitation may, within 21 days from the date of the invitation (or such shorter period not being less than 14 days as the Board may determine), apply for an option.

6.1.3 "Save-As-You-Earn" Contract and Grant of Options

An eligible employee who wishes to be granted an option must enter into a save-as-you-earn contract ("SAYE contract") with an approved savings body selected by the Board. Under the SAYE contract, the eligible employee will save a regular sum each month for three or five years (such period to be selected at the discretion of the Board on or prior to issuing the invitations or where the Board allows, by the eligible employee) of not less than £5 nor more than £500 per month (or such greater amount as may from time to time be permitted by law). Employees who complete an SAYE

contract will be entitled to a bonus from the savings body provided that such a bonus is payable in respect of the SAYE contract concerned.

An option to acquire Shares will be granted to each eligible employee who enters into an SAYE contract. The number of Shares subject to such an option will be the number of Shares which have an aggregate option price as near to, but not exceeding, the projected proceeds of the SAYE contract concerned (including the bonus, if available, subject to any scaling back as described below).

No consideration is payable for the grant of an option.

6.1.4 *Scaling Back*

If there are insufficient Shares available to satisfy in full all applications received for an option from eligible employees, the Board may scale down the applications by taking one or more prescribed steps set out in the rules of the SAYE Scheme to reduce the amount of savings made under each SAYE contract or otherwise reduce the proceeds derived from each SAYE contract so as to ensure that the options are granted over such number of Shares as does not exceed the number of Shares available to satisfy those options.

6.1.5 *Exercise Price*

Subject to the constraints set out below, the option price per Share subject to an option will be selected by the Board.

The option price must not be less than eighty per cent (or such other percentage as may from time to time be permitted by Schedule 3 of ITEPA) of the market value of a Share on the day on which the invitations to apply for options are issued provided that, in the case of an option to subscribe for Shares, the option price per Share subject to an option selected by the Board shall not be less than the greater of: (i) the nominal value of a Share; and (ii) an amount equal to eighty per cent (or such other percentage as may from time to time be permitted by Schedule 3 of ITEPA) of the market value of a Share on the day on which the invitations to apply for options are issued. While the Shares are traded on the Official List (and have been so for not less than one dealing day) the market value of a Share will be the closing middle market price of a Share as derived from the Official List for the dealing day immediately preceding the date of the invitation.

The option price (as well as the number of Shares under option and their description) may be adjusted by the Board in the event of any capitalisation issue or rights issue (other than an issue of Shares pursuant to the exercise of an option given to the shareholders of the Company to receive Shares in lieu of a dividend) or open offer or any other variation in the share capital of the Company, including (without limitation) any consolidation, subdivision or reduction of capital. Any such adjustments may not be made if they would result in the requirements of Schedule 3 of ITEPA not being met in relation to the option and any adjustments made must secure that the total market value of the Shares which may be acquired by the exercise of the option and the total price at which those Shares may be acquired are immediately after such adjustments substantially the same as what they were immediately before the adjustments.

6.1.6 *SAYE Scheme Limits*

On any date, no option may be granted under the SAYE Scheme if as a result the aggregate nominal value of Shares issued or issuable pursuant to options or other rights granted during the previous ten years under the SAYE Scheme or any other employee's share scheme adopted by the Company would exceed ten per cent of the nominal value of the ordinary share capital of the Company in issue at that date.

For the purposes of the limits set out above:

- any Shares which were subject to an option or other right (whether granted under the SAYE Scheme or any other employees' share scheme adopted by the

Company) which has lapsed or been surrendered will not count towards the limits set out above;

- any Shares which are subject to an award or option granted prior to or on the date of Admission will not count towards the limits set out above;
- any Shares which are subject to options granted under the SAYE Scheme in respect of invitations issued under the SAYE Scheme within five Dealing Days after the date of Admission will not count towards the limits set out above;
- where an option (or other right granted under any other employees' share scheme operated by the Company) takes the form of a right to acquire Shares from an employee benefit trust established by the Company or from any other person, such Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by the Company to the trust or such other person for the purposes of the SAYE Scheme or any other employees' share scheme operated by the Company; and
- Shares held in treasury which are used to satisfy awards or other rights (whether under the SAYE Scheme or any other employees' share scheme adopted by the Company) shall be taken into account unless and until treasury shares are no longer required by the Investment Association to be so included for the purposes of such limits.

6.1.7 Exercise and Lapse of Options

Options are not transferable and (except in the circumstances described below) an option may normally only be exercised within a period of six months following the maturity of the relevant SAYE contract by a person who remains a director or employee.

Where an option holder dies before the maturity of his SAYE contract, his personal representatives may exercise his option within a period of twelve months from the date of his death. Where an option holder dies within a period of six months following the maturity of his SAYE contract without having exercised his option, his personal representatives may exercise his option within a period of twelve months following the date of maturity of the SAYE contract.

An option holder may exercise his option early within a period of six months following the date that he is no longer an employee of the Company or any "associated company" of the Company (as defined in Schedule 3 of ITEPA) where the cessation occurs as a result of:

- injury, disability, redundancy (within the meaning of the Employment Rights Act 1996), retirement or a transfer of the option holder's employment within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE Transfer");
- his employing company ceasing to be under the control of the Company; or
- his office or employment being transferred to a company which is not under the control of the Company where such transfer does not amount to a TUPE Transfer.

Options will lapse upon cessation of employment of the option holder in any other circumstances not referred to above.

An option holder may also exercise his option early within a limited period following a takeover of the company, a scheme of arrangement under Part 26 of the 2006 Act being sanctioned by the court, a non-UK company reorganisation or the voluntary winding up of the Company.

Where there is a change of control of the Company in certain circumstances option holders may release their rights under options in consideration of the grant to them of

equivalent rights over Shares in the acquiring company which gains control of the Company.

Where an option is exercised early the number of Shares acquired on exercise will in any event be limited by reference to the savings accrued under the relevant SAYE contract up to the date of exercise.

6.1.8 *Other Option Terms and issue of Shares*

The SAYE Scheme provides the facility for the exercise of options to be satisfied by either the issue of Shares, the transfer of Shares held by an existing shareholder who has agreed to satisfy the exercise of the option or by the transfer of Shares held in treasury.

Options are not capable of transfer or assignment.

Until options are exercised, option holders have no voting or other rights in relation to the Shares subject to those options.

Shares allotted pursuant to the exercise of an option will rank *pari passu* in all respects with the Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of allotment. Shares transferred on the exercise of an option shall be transferred without the benefit of any rights attaching to the Shares by reference to a record date preceding the date of that exercise. For so long as the Shares are listed on the Official List, the Company will use its best endeavours to procure that the Shares issued following exercise of any options are admitted to the Official List as soon as practicable after allotment.

Benefits obtained under the SAYE Scheme are not pensionable.

6.1.9 *Amendments*

The SAYE Scheme is administered by the Board. The Board may amend the provisions of the SAYE Scheme. However, no amendment to a key feature of the SAYE Scheme may be made which would result in the requirements of Schedule 3 of ITEPA not being met in relation to the SAYE Scheme.

Furthermore, the rules of the SAYE Scheme which relate to:

- the persons to whom options may be granted;
- the limits on the number of Shares which may be issued under the SAYE Scheme;
- the maximum entitlement of any option holder;
- the basis for determining an option holder's entitlement to Shares or options; and
- the basis for determining the adjustment of any option granted under the SAYE Scheme in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital of the Company,

cannot be amended to the advantage of any option holder or potential option holder without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the SAYE Scheme, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any option holder, the Company or any subsidiary undertaking of the Company from time to time.

In addition no amendment may be made to subsisting options which will have an adverse effect on such options except with the written consent of the option holders who hold options over at least 75% of the total number of Shares subject to all such affected subsisting options under the SAYE Scheme or unless the amendment is a minor amendment to benefit the administration of the SAYE Scheme, to take account of any

change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any option holder, the Company or any subsidiary undertaking of the Company from time to time.

6.1.10 *Overseas employees*

The Board may adopt supplemental rules to the SAYE Scheme to facilitate the granting of options to individuals not resident in the UK provided that such supplemental rules will, so far as the Board in its discretion considers reasonably practicable, follow the rules of the SAYE Scheme.

6.1.11 *Termination*

The SAYE Scheme may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption by the Company so that no further options can be granted under the SAYE Scheme after such termination. Termination shall not affect the outstanding rights of existing option holders.

6.2 ***The Medica Group PLC Performance Share Plan 2017 ("PSP")***

Awards granted under the PSP ("**PSP Awards**") will take the form of an option to acquire Shares for nil consideration although, for the purposes of All Employee IPO Awards, holders of All Employee IPO Awards will have to pay an amount equal to the Offer Price in order to exercise their All Employee IPO Award.

PSP Awards may be granted by the Company or the trustee of the EBT. PSP Awards are expected to be satisfied by the trustee of the EBT by purchasing Shares in the market or by subscribing for new Shares.

Details of awards to be granted to Executive Directors on the date of Admission are set out in paragraph 6.2 of Part 2 of this document.

6.2.1 *Eligibility*

Executive directors and employees of any Group company may be granted PSP Awards.

6.2.2 *Grant*

The Remuneration Committee will have absolute discretion to select employees to whom PSP Awards may be granted and, subject to the limits set out below, in determining the number of Shares which are to be subject to a PSP Award.

PSP Awards may be granted during the period of 42 days commencing on: (a) adoption of the PSP; (b) the date of Admission; (c) the dealing day immediately following the date of the preliminary announcement of the Company's annual results or the announcement of its half-yearly results in any year, provided that if the Shares are admitted to the Official List at the time in question, no PSP Awards may be granted during the first three dealing days following the date of any such announcement; or (d) any other time determined by the Remuneration Committee where, in its discretion, circumstances are considered to be so exceptional as to justify the grant of PSP Awards.

If the grant of a PSP Award on any of the above days would be prohibited by virtue of a Share Dealing Code, then such PSP Award may be granted during the period of 40 days commencing immediately after the second dealing day following the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of a PSP Award.

6.2.3 *Plan Limits*

On any date, no PSP Award may be granted if, as a result, the aggregate nominal value of Shares issued or issuable due to awards granted during the previous ten years under the PSP or any other employees' share scheme adopted by the Company would exceed

ten per cent. of the nominal value of the share capital of the Company in issue on that date.

On any date, no PSP Award may be granted if, as a result, the aggregate nominal value of Shares issued or issuable due to awards granted during the previous ten years under the PSP or any other discretionary employees' share scheme adopted by the Company would exceed five per cent. of the nominal value of the share capital of the Company in issue on that date.

For the purposes of the limits set out above:

- any Shares which were subject to an option or other right (whether granted under the PSP or any other employees' share scheme adopted by the Company) which has lapsed or been surrendered will not count towards the limits set out above;
- any Shares which are subject to a PSP Award granted on or prior to the date of Admission will not count towards the limits set out above;
- any Shares which are subject to options granted under the SAYE Scheme in respect of invitations issued under the SAYE Scheme within five Dealing Days after the date of Admission will not count towards the limits set out above;
- Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by the Company to the PSP Award holder or any employee benefit trust established by the Company for the purposes of the PSP or any other employees' share scheme operated by the Company; and
- Shares held in treasury which are used to satisfy awards or other rights (whether under the PSP or any other employees' share scheme adopted by the Company) shall be taken into account.

6.2.4 *Individual Limit*

Each individual's participation is limited so that, in any one financial year of the Company, the aggregate market value of Shares subject to all PSP Awards (calculated as at the date of grant of each PSP Award) granted to the individual in that financial year, (other than All Employee IPO Awards), will not exceed 100 per cent. of the individual's basic salary at the date of grant. A PSP Award may be granted in excess of this limit, but only in circumstances which the Remuneration Committee in its absolute discretion considers to be sufficiently exceptional to justify the grant of a PSP Award in excess of such limit and any such PSP Award will not, in any circumstances, exceed 200 per cent. of the individual's basic salary at the date of grant.

6.2.5 *Performance Condition*

The exercise of a PSP Award (other than an All Employee IPO Award) may be made conditional upon the achievement of a performance condition set at the time of grant ("**Performance Condition**") and measured over a performance period determined by the Remuneration Committee at the time of grant, but which will not, in the case of Executive Directors, normally be less than three years ("**Performance Period**").

PSP Awards will be capable of exercise following a date ("**Vesting Date**") specified at the time of grant which occurs after the expiry of the relevant Performance Period. It is intended that, other than in the case of All Employee IPO Awards, the Vesting Date for a PSP Award granted to an Executive Director will not normally occur before the third anniversary of the date of grant. The Remuneration Committee may also determine that a PSP Award (other than an All Employee IPO Award) will be subject to a holding period, after the Vesting Date ("**Holding Period**").

If events occur which cause the Remuneration Committee reasonably to consider that a Performance Condition should be waived or that a different or amended condition would be a fairer measure of performance, the Remuneration Committee may waive the

Performance Condition or amend the original Performance Condition in such manner as it deems fit, provided that any such amended condition is not materially more challenging to meet or achieve than the original Performance Condition.

In circumstances where a PSP Award holder is permitted to exercise a PSP Award before the end of the relevant Performance Period (as a result of cessation of employment in certain circumstances or the occurrence of certain corporate events such as a change of control of the Company), the Remuneration Committee may, in its discretion, determine that the extent to which the relevant Performance Condition applying to his PSP Award has been met may be measured by reference to the proportion of the Performance Period that has elapsed at the time of relevant event. The Remuneration Committee may make such modifications to the relevant Performance Condition as it thinks fit when applying its discretion in these circumstances, provided that the modified Performance Condition is not materially more difficult to meet or achieve than the original Performance Condition, taking into account the abbreviated period.

6.2.6 *Dividends*

Until a PSP Award has been exercised and the Shares which are subject to the PSP Award have been issued or transferred to the PSP Award holder, the PSP Award holder shall have no entitlement to any dividends or other distributions payable by reference to a record date preceding the date of such issue or transfer.

The Remuneration Committee can, however, determine that dividend equivalents will be awarded. If dividend equivalents are awarded, whenever a dividend or other distribution is paid by the Company in respect of its Shares and the Vesting Date (or, if relevant, the end of the Holding Period) of the PSP Award has not passed, the number of Shares which are subject to the PSP Award shall be increased to reflect the value of the dividend.

The number of Shares to be added to the PSP Award ("**Dividend Equivalent Shares**") shall be equal to the number of Shares that could have been purchased, at the share price prevailing on the date the dividend is paid, from an amount equal to the dividend paid on each Share multiplied by the number of Shares under the PSP Award.

To the extent that a PSP Award does not vest and become exercisable in relation to any Shares, the PSP Award shall also cease to be exercisable in respect of a proportionate number of Dividend Equivalent Shares.

Dividend Equivalent Shares that have been issued and any Dividend Equivalent Shares that have been notionally added to a PSP Award shall be taken into account for the purposes of applying the PSP limits set out above. Any potential right to receive additional Dividend Equivalent Shares in the future shall not, however, be taken into account.

The Remuneration Committee may in its absolute discretion determine that a PSP Award holder shall, instead of receiving Dividend Equivalent Shares on exercise of the PSP Award, receive a cash payment equivalent in value to the Dividend Equivalent Shares.

6.2.7 *Exercise and Lapse of PSP Awards*

Normally, a PSP Award may only be exercised in the period commencing on the Vesting Date and ending on the tenth anniversary of the date of grant, to the extent that the Performance Condition (if any) has been satisfied and provided that the participant is still an employee within the Group and has not given or been given notice of cessation of employment. The Remuneration Committee may determine, in its discretion, to apply a shorter exercise period at the date of grant of the PSP Award. If a Holding Period has been imposed, a PSP Award may not be exercised until the end of the Holding Period.

PSP Awards may not be exercised during any period when exercise would be in breach of a Share Dealing Code.

A PSP Award cannot be exercised more than ten years after its date of grant and will lapse on the tenth anniversary of its date of grant, unless the PSP Award holder is prohibited from exercising the PSP Award on the last day of that period as a result of a Share Dealing Code, in which case the PSP Award will not lapse until 21 days after the PSP Award holder is no longer prohibited from exercising the PSP Award.

Exercise of PSP Awards is possible earlier than the Vesting Date or the end of a Holding Period (if applicable) in the event of a takeover, a scheme of arrangement under Part 26 of the 2006 Act being sanctioned by the court or the voluntary winding-up of the Company. Following a corporate event, PSP Awards may be exercised for a six month period following such event or immediately prior to such event.

In the event of cessation of employment by reason of a PSP Award holder's death, the Remuneration Committee may in its absolute discretion, permit his personal representatives to exercise his PSP Awards within the twelve month period immediately following his death (subject to pro-rating as described below).

If a PSP Award holder ceases to be employed within the Group prior to the Vesting Date in respect of a PSP Award by reason of:

- injury, ill-health or disability (evidenced to the satisfaction of the Remuneration Committee);
- redundancy; or
- the sale or transfer out of the Group of the company or undertaking employing him,

("Good Leaver"), normally his PSP Awards may be retained and exercised during the six months following the Vesting Date. The Remuneration Committee may, however, in its absolute discretion permit a Good Leaver to exercise his PSP Awards during the six month period following the date the Good Leaver ceases to be an employee (subject to pro-rating as described below).

If a Good Leaver ceases to be employed within the Group during a Holding Period, he will be able to exercise his PSP Awards during the six month period (or twelve month period, in the case of death) following the date he ceases to be an employee. A PSP Award exercised during such period will not be subject to pro-rating.

Where a PSP Award holder ceases to be employed within the Group for any other reason or gives or is given notice in respect of his employment, his PSP Awards will immediately lapse in full, unless the Remuneration Committee determines within three months of cessation of employment to treat him as a Good Leaver.

The maximum number of Shares over which a PSP Award held by a Good Leaver who ceases employment prior to the Vesting Date of such PSP Award or a PSP Award held by a PSP Award holder in the case of a corporate event (as described above) prior to the Vesting Date of such PSP Award is capable of exercise will be pro-rated down. This pro-rating will be made on a time apportioned basis by reference to the time that has elapsed from the grant of such PSP Award up to the cessation of employment or the date of the relevant corporate event as a proportion of the total period from the date of grant to the Vesting Date. The Remuneration Committee may, however, exercise discretion not to pro-rate a PSP Award or to pro-rate on a different basis.

In any circumstance which allows for the early exercise of a PSP Award prior to the Vesting Date, the PSP Award may not be exercised unless (subject to any modification of the Performance Condition in accordance with the rules of the PSP) the Performance Condition, if any, to which it is subject has been satisfied unless the Remuneration Committee determines, in its discretion, not to apply the Performance Condition.

6.2.8 *Clawback*

The Remuneration Committee will have discretion to operate clawback in respect of a PSP Award if at any time prior to the later of the second anniversary of the Vesting Date of such PSP Award and the publication of the second audited accounts of the Company following the Vesting Date of such PSP Award, the Remuneration Committee becomes aware that:

- the PSP Award holder has committed gross misconduct; or
- there has been a material misstatement and/or significant downward revision in the financial results of any Group company for any period; or
- there has been a miscalculation, misapplication or general error in relation to the extent to which a PSP Award has vested; or
- any other circumstances exist that in the sole opinion of the Remuneration Committee have (or would have if made public) a sufficiently significant impact on the reputation of any member of the Group or the business in which the PSP Award holder is employed to justify clawback applying.

If the Remuneration Committee operates clawback it will have discretion to: (a) reduce the number of Shares which are subject to subsisting PSP Awards held by the PSP Award holder; and/or (b) reduce the number of Shares or cash amount which may be subject to any other subsisting awards held by such PSP Award holder or may otherwise be payable to such PSP Award holder (whether pursuant to the PSP or any other arrangement); and/or (c) require a repayment or other reimbursement from the PSP Award holder.

6.2.9 *Other PSP Award terms*

PSP Awards will be satisfied by the issue of new Shares, transfer of Shares out of treasury or the transfer of Shares from an employee benefit trust established by the Company. The trustee of an employee benefit trust established by the Company may satisfy PSP Awards using new Shares for which it will subscribe or Shares to be purchased in the market.

PSP Awards are not capable of transfer or assignment.

Until PSP Awards are exercised, PSP Award holders have no voting or other rights in relation to the Shares subject to those PSP Awards.

Shares allotted pursuant to the exercise of a PSP Award will rank *pari passu* in all respects with the Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of allotment. Shares transferred on the exercise of a PSP Award shall be transferred without the benefit of any rights attaching to the Shares by reference to a record date preceding the date of that exercise. For so long as any Shares are listed on the Official List, the Company will use its best endeavours to procure that the Shares issued following exercise of any PSP Awards are admitted to the Official List as soon as practicable after allotment.

Benefits obtained under the PSP are not pensionable.

6.2.10 *Adjustment of PSP Awards*

The number of Shares which are subject to a PSP Award and their nominal value may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Shares on the exercise of an option given to the shareholders of the Company to receive Shares in place of a dividend) or rights offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital.

6.2.11 *Administration & Amendment*

The PSP is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the PSP, save that the rules of the PSP which relate to:

- the persons to whom PSP Awards may be granted;
- the limits on the number of Shares which may be issued under the PSP;
- the maximum entitlement of any PSP Award holder;
- the basis for determining a PSP Award holder's entitlement to Shares or an employee's entitlement to PSP Awards; and
- the basis for determining the adjustment of any PSP Award granted under the PSP in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital of the Company,

cannot be amended to the advantage of any PSP Award holder or potential PSP Award holder without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the PSP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any PSP Award holders, the Company or any subsidiary undertaking of the Company from time to time.

In addition no amendment may be made to subsisting PSP Awards which will have an adverse effect on such PSP Awards except with the written consent of the PSP Award holders who hold PSP Awards over at least 75% of the total number of Shares subject to all such affected subsisting PSP Awards under the PSP or unless the amendment is a minor amendment to benefit the administration of the PSP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any PSP Award holder, the Company or any subsidiary undertaking of the Company from time to time.

6.2.12 *Overseas Employees*

The Board may adopt supplemental rules to the PSP to facilitate the granting of awards to individuals not resident in the UK provided that such supplemental rules will, so far as the Board in its discretion considers reasonable practicable, follow the rules of the PSP.

6.2.13 *Termination*

The PSP may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption so that no further PSP Awards can be granted after such termination. Termination will not affect the outstanding rights of existing PSP Award holders.

6.3 ***All Employee IPO Awards***

The Company will permit all employees of the Group the opportunity to acquire Shares at the Offer Price. The Company will invite employees to commit to investing funds to purchase Shares. The Company will grant an award under the PSP to each participating employee to acquire such number of Shares as is equal to the amount that such employee wishes to invest in Shares, divided by the Offer Price. The All Employee IPO Awards will be granted prior to Admission, will vest and will be exercised immediately prior to and conditional upon Admission.

Shares can be acquired pursuant to the All Employee IPO Awards up to a maximum value of £2 million. The Shares to be transferred to employees following the exercise of All Employee IPO Awards will be sourced from the EBT which will acquire the requisite number of Shares for such purpose from CBPE immediately prior to Admission.

6.4 **The Medica Group PLC Annual Bonus Plan ("ABP")**

Annual bonuses are intended to reward performance against financial and non-financial measures. Further details of the intended annual bonus opportunity and performance measures for Executive Directors are set out in paragraph 6.2 of Part 2 of this document.

It is intended that a proportion of the annual bonus awards will be deferred into awards over Shares granted under the DBP, the terms of which are summarised below.

6.5 **The Medica Group PLC Deferred Bonus Plan 2017 ("DBP")**

Awards granted under the DBP ("**DBP Awards**") will facilitate the deferral of a proportion of participating employees' annual bonuses into Shares. DBP Awards granted under the DBP will take the form of an option to acquire Shares for nil consideration. DBP Awards are expected to be satisfied by the EBT, using Shares for which it will subscribe or Shares to be purchased in the market.

6.5.1 *Eligibility*

Executive directors and employees of any Group company may be granted DBP Awards.

6.5.2 *Grant*

The Remuneration Committee will have absolute discretion to select employees to whom DBP Awards may be granted. The number of Shares which will be subject to a DBP Award will be calculated by reference to the gross value of the deferred element of the annual bonus to which the DBP Award relates and the market value of a Share at such time. For this purpose, the market value of a Share shall be determined by reference to the three day average closing price of a Share immediately prior to the date of grant.

DBP Awards may be granted during the period of 42 days commencing on: (a) the date of Admission; (b) the dealing day immediately following the date of the preliminary announcement of the Company's annual results or the announcement of its half-yearly results in any year, provided that if the Shares are admitted to the Official List at the time in question, no DBP Awards may be granted during the first three dealing days following the date of any such announcement; or (c) any other time determined by the Remuneration Committee where, in its discretion, circumstances are considered to be so exceptional as to justify the grant of DBP Awards.

If the grant of a DBP Award on any of the above days would be prohibited by virtue of a Share Dealing Code, then such DBP Award may be granted during the period of 40 days commencing immediately after the second dealing day following the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of a DBP Award.

6.5.3 *Plan Limits*

On any date, no DBP Award may be granted if, as a result, the aggregate nominal value of Shares issued or issuable due to awards granted during the previous ten years under the DBP or any other employees' share scheme adopted by the Company would exceed ten per cent. of the nominal value of the share capital of the Company in issue on that date.

On any date, no DBP Award may be granted if, as a result, the aggregate nominal value of Shares issued or issuable due to awards granted during the previous ten years under the DBP or any other discretionary employees' share scheme adopted by the Company would exceed five per cent. of the nominal value of the share capital of the Company in issue on that date.

For the purposes of the limits set out above:

- any Shares which were subject to an option or other right (whether granted under the DBP or any other employees' share scheme adopted by the Company) which has lapsed or been surrendered will not count towards the limits set out above;
- any Shares which are subject to awards or options granted on or prior to the date of Admission will not count towards the limits set out above;
- any Shares which are subject to options granted under the SAYE Scheme in respect of invitations issued under the SAYE Scheme within five Dealing Days after the date of Admission will not count towards the limits set out above;
- Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by the Company to the DBP Award holder or any employee benefit trust established by the Company for the purposes of the DBP or any other employees' share scheme operated by the Company; and
- Shares held in treasury which are used to satisfy awards or other rights (whether under the DBP or any other employees' share scheme adopted by the Company) shall be taken into account.

6.5.4 *Dividends*

Until a DBP Award has been exercised and the Shares which are subject to the DBP Award have been issued or transferred to the DBP Award holder, the DBP Award holder shall have no entitlement to any dividends or other distributions payable by reference to a record date preceding the date of such issue or transfer.

The Remuneration Committee can, however, determine that dividend equivalents will be awarded. If dividend equivalents are awarded, whenever a dividend or other distribution is paid by the Company in respect of its Shares and the Vesting Date of the DBP Award has not passed, the number of Shares which are subject to the DBP Award shall be increased to reflect the value of the dividend.

The number of Shares to be added to the DBP Award ("**Dividend Equivalent Shares**") shall be equal to the number of Shares that could have been purchased, at the share price prevailing on the date the dividend is paid, from an amount equal to the dividend paid on each Share multiplied by the number of Shares under the DBP Award.

To the extent that a DBP Award does not vest and become exercisable in relation to any Shares, the DBP Award shall also cease to be exercisable in respect of a proportionate number of Dividend Equivalent Shares.

Dividend Equivalent Shares that have been issued and any Dividend Equivalent Shares that have been notionally added to a DBP Award shall be taken into account for the purposes of applying the DBP limits set out above. Any potential right to receive additional Dividend Equivalent Shares in the future shall not, however, be taken into account.

The Remuneration Committee may in its absolute discretion determine that a DBP Award holder shall, instead of receiving Dividend Equivalent Shares on exercise of the DBP Award, receive a cash payment equivalent in value to the Dividend Equivalent Shares, less any deductions required by law.

6.5.5 *Exercise and Lapse of DBP Awards*

DBP Awards will be capable of exercise following a date ("**Vesting Date**") specified at the time of grant.

Normally, a DBP Award may only be exercised in the period commencing on the Vesting Date and ending on the tenth anniversary of the date of grant provided that the participant is still an employee within the Group and has not given or been given notice

of cessation of employment. The Remuneration Committee may determine, in its discretion, to apply a shorter exercise period at the date of grant of the DBP Award.

DBP Awards may not be exercised during any period when exercise would be in breach of a Share Dealing Code.

A DBP Award cannot be exercised more than ten years after its date of grant and will lapse on the tenth anniversary of its date of grant, unless the DBP Award holder is prohibited from exercising the DBP Award on the last day of that period as a result of a Share Dealing Code, in which case the DBP Award will not lapse until 21 days after the DBP Award holder is no longer prohibited from exercising the DBP Award.

Exercise of DBP Awards is possible earlier than the Vesting Date in the event of a takeover, a scheme of arrangement under Part 26 of the 2006 Act being sanctioned by the court or the voluntary winding-up of the Company. Following a corporate event, DBP Awards may be exercised for a six month period following such event or immediately prior to such event.

In the event of cessation of employment by reason of a DBP Award holder's death, the Remuneration Committee may in its absolute discretion, permit his personal representatives to exercise his DBP Awards within the twelve month period immediately following his death (subject to pro-rating as described below).

If a DBP Award holder ceases to be employed within the Group prior to the Vesting Date in respect of a DBP Award by reason of:

- injury, ill-health or disability (evidenced to the satisfaction of the Remuneration Committee);
- redundancy; or
- the sale or transfer out of the Group of the company or undertaking employing him,

("Good Leaver"), normally his DBP Awards may be retained and exercised during the six months following the Vesting Date. The Remuneration Committee may, however, in its absolute discretion permit a Good Leaver to exercise his DBP Awards during the six month period following the date the Good Leaver ceases to be an employee (subject to pro-rating as described below).

Where a DBP Award holder ceases to be employed within the Group for any other reason or gives or is given notice in respect of his employment, his DBP Awards will immediately lapse in full, unless the Remuneration Committee determines within three months of cessation of employment to treat him as a Good Leaver.

The maximum number of Shares over which a DBP Award held by a Good Leaver who ceases employment prior to the Vesting Date of such DBP Award is capable of exercise will be pro-rated down. This pro-rating will be made on a time apportioned basis by reference to the time that has elapsed from the grant of such DBP Award up to the cessation of employment as a proportion of the total period from the date of grant to the Vesting Date. The Remuneration Committee may, however, exercise discretion not to pro-rate a DBP Award or to pro-rate on a different basis.

6.5.6 *Clawback*

The Remuneration Committee will have discretion to operate clawback in respect of a DBP Award if at any time prior to the later of the second anniversary of the Vesting Date of such DBP Award and the publication of the second audited accounts of the Company following the Vesting Date of such DBP Award, the Remuneration Committee becomes aware that:

- the DBP Award holder has committed gross misconduct; or

- there has been a material misstatement and/or significant downward revision in the financial results of any Group company for any period; or
- there has been a miscalculation, misapplication or general error in relation to the extent to which a DBP Award has vested; or
- any other circumstances exist that in the sole opinion of the Remuneration Committee have (or would have if made public) a sufficiently significant impact on the reputation of any member of the Group or the business in which the DBP Award holder is employed to justify clawback applying.

If the Remuneration Committee operates clawback it will have discretion to: (a) reduce the number of Shares which are subject to subsisting DBP Awards held by the DBP Award holder; and/or (b) reduce the number of Shares or cash amount which may be subject to any other subsisting awards held by such DBP Award holder or may otherwise be payable to such DBP Award holder (whether pursuant to the DBP or any other arrangement); and/or (c) require a repayment or other reimbursement from the DBP Award holder.

6.5.7 *Other DBP Award terms*

DBP Awards will be satisfied by the issue of new Shares, transfer of Shares out of treasury or the transfer of Shares from an employee benefit trust established by the Company. The trustee of an employee benefit trust established by the Company may satisfy DBP Awards using new Shares for which it will subscribe or Shares to be purchased in the market.

DBP Awards are not capable of transfer or assignment.

Until DBP Awards are exercised, DBP Award holders have no voting or other rights in relation to the Shares subject to those DBP Awards.

Shares allotted pursuant to the exercise of a DBP Award will rank *pari passu* in all respects with the Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of allotment. Shares transferred on the exercise of a DBP Award shall be transferred without the benefit of any rights attaching to the Shares by reference to a record date preceding the date of that exercise. For so long as any Shares are listed on the Official List, the Company will use its best endeavours to procure that the Shares issued following exercise of any DBP Awards are admitted to the Official List as soon as practicable after allotment.

Benefits obtained under the DBP are not pensionable.

6.5.8 *Adjustment of DBP Awards*

The number of Shares which are subject to a DBP Award and their nominal value may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Shares on the exercise of an option given to the shareholders of the Company to receive Shares in place of a dividend) or rights offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital.

6.5.9 *Administration & Amendment*

The DBP is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the DBP, save that the rules of the DBP which relate to:

- the persons to whom DBP Awards may be granted;
- the limits on the number of Shares which may be issued under the DBP;
- the maximum entitlement of any DBP Award holder;

- the basis for determining a DBP Award holder's entitlement to Shares or an employee's entitlement to DBP Awards; and
- the basis for determining the adjustment of any DBP Award granted under the DBP in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital of the Company,

cannot be amended to the advantage of any DBP Award holder or potential DBP Award holder without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the DBP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any DBP Award holders, the Company or any subsidiary undertaking of the Company from time to time.

In addition no amendment may be made to subsisting DBP Awards which will have an adverse effect on such DBP Awards except with the written consent of the DBP Award holders who hold DBP Awards over at least 75% of the total number of Shares subject to all such affected subsisting DBP Awards under the DBP or unless the amendment is a minor amendment to benefit the administration of the DBP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any DBP Award holder, the Company or any subsidiary undertaking of the Company from time to time.

6.5.10 *Overseas Employees*

The Board may adopt supplemental rules to the DBP to facilitate the granting of awards to individuals not resident in the UK provided that such supplemental rules will, so far as the Board in its discretion considers reasonable practicable, follow the rules of the DBP.

6.5.11 *Termination*

The DBP may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption so that no further DBP Awards can be granted after such termination. Termination will not affect the outstanding rights of existing DBP Award holders.

6.6 ***The Medica Group PLC Employee Benefit Trust***

The EBT was settled by the Company pursuant to a trust deed entered into between the Company and Intertrust Employee Benefit Trustee Limited (**Trustee**) on 7 March 2017. The Company has the power to remove the Trustee and appoint a new trustee.

The EBT is a discretionary settlement set up for the benefit of executive directors, employees and former executive directors and employees (and their immediate dependants) of the Company and its subsidiaries, excluding any individuals who are resident in Jersey for tax purposes. The Company intends to use the EBT to satisfy awards made under the Company's employee share plans.

The Trustee may either purchase existing Shares in the market or subscribe for new Shares. The Company may from time to time contribute or lend funds to the EBT on such terms as it may decide.

The maximum number of Shares in the Company which may be held by the Trustee at any time may not exceed five per cent. of the Company's issued share capital at that time.

7. **Directors', Senior Management's and other interests**

- (a) The Directors and members of the Senior Management, their functions within the Group and brief biographies are set out in Part 2 (Directors, Senior Managers and Corporate Governance).

- (b) The interests of each Director and Senior Manager all of which are beneficial, in the share capital of the Company are as follows:

	<i>Present</i>		<i>Following the Offer</i>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
<i>Directors</i>				
Gordon Roy Davis			37,037	0.03
John Michael Graham	7,216,495	7.22	3,608,248	3.25 ⁽¹⁾
Anthony Leonard Lee	1,030,928	1.03	515,464	0.46 ⁽¹⁾
Dr Stephen Griffith Davies	3,092,784	3.09	1,546,392	1.39 ⁽¹⁾
Stephen Lee Whittern			37,037	0.03
Dr Mike Bewick			14,815	0.01
Anand Jain				
<i>Senior Managers</i>				
Martin John Wells	3,092,784	3.09	1,546,392	1.39 ⁽¹⁾
Kevin Patrick Terrins	3,092,784	3.09	1,546,392	1.39 ⁽¹⁾

(1) Assumes no grant of All Employee IPO Awards under the PSP. To the extent that IPO Awards are granted prior to Admission, Existing Shares held by CBPE will be transferred to the trustee of the EBT and will be used to satisfy such IPO Awards. The All Employee IPO Award is capped such that the total awards thereunder may not exceed an amount of Shares representing £2 million in aggregate at the Offer Price, equating to 1,481,481 Shares.

- (c) Awards will be granted to the Directors and Senior Managers under the PSP on the date of Admission, as follows:

	<i>Shares</i>	<i>Exercise period</i>
<i>Directors</i>		
John Michael Graham	222,222	From the fifth anniversary of Admission to the tenth anniversary of Admission
Anthony Leonard Lee	155,555	From the fifth anniversary of Admission to the tenth anniversary of Admission
Dr Stephen Griffith Davies	222,222	From the fifth anniversary of Admission to the tenth anniversary of Admission
<i>Senior Managers</i>		
Martin John Wells	122,222	From the fifth anniversary of Admission to the tenth anniversary of Admission
Kevin Patrick Terrins	144,444	From the fifth anniversary of Admission to the tenth anniversary of Admission

- (d) Save as disclosed above, no Director or Senior Manager has any interest in the share capital or loan capital of the Company nor does any person connected with the Directors or Senior Managers (within the meaning of section 252 of the 2006 Act) have any such interests, whether beneficial or non-beneficial.
- (e) The Directors and Senior Managers have held the following directorships (other than in respect of the Company and its subsidiaries) and/or been a partner in the following partnerships within the five years prior to the date of this Prospectus:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Former directorships/Partnerships</i>
<i>Directors</i>		
Gordon Roy Davis	<i>none</i>	Optos plc Gyrus Group plc

<i>Name Directors</i>	<i>Current directorships/partnerships</i>	<i>Former directorships/Partnerships</i>
John Michael Graham	<i>none</i>	Medigas Limited Air Liquide (Homecare) Limited Ronson Limited Ronson International Limited L B A Creative Limited
Anthony Leonard Lee	<i>none</i>	<i>none</i>
Dr Stephen Griffith Davies	<i>none</i>	Radiology and Oncology Congresses ROC Events Limited Current Imaging Concepts Limited Five Coastguard Cottages Limited
Stephen Lee Whittern	Dignity plc ⁽¹⁾	<i>none</i>
Dr Mike Bewick	IQ4U Consultants Limited Verumed Consultancy Services Limited	Carveti Partnership Ltd ELC (Sedbergh) Limited ELC (Tranche 1) Limited Elift Cumbria Limited
Anand Jain	ARGC Topco Limited CBPE Capital VIII GP Limited CBPE (General Partner) Limited CBPE Holdings Limited CBPE Limited CBPE Nominees Limited JPTR Topco Limited OH Assist Group Limited 155 Sutherland Avenue Limited	Aqualisa Group Limited
<i>Senior managers</i>		
Martin John Wells	TAB NJW Limited	<i>none</i>
Kevin Patrick Terrins	Wayside Health Limited	<i>none</i>

(1) Stephen Whittern is also a director of numerous subsidiaries of Dignity plc.

- (f) Save as disclosed above, no Director or Senior Manager has at any time within the previous five years:
- (i) has any convictions in relation to fraudulent offences; or
 - (ii) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
 - (iii) has been a director of any company which, while he was a director had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
 - (iv) has been a partner of any partnership which, while he was a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset: or
 - (v) has had any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
 - (vi) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

- (g) So far as the Directors are aware, there are no arrangements the operation of which may at a later date result in a change of control of the Company.
- (h) Save as set out below, the Company is not aware of any person who is directly or indirectly interested in 3 per cent. or more of the issued share capital or voting rights of the Company:

<i>Name</i>	<i>Shares</i>	<i>%</i>
CBPE Nominees Limited	82,474,227	82.48
John Michael Graham	7,216,495	7.22
Martin John Wells	3,092,784	3.09
Kevin Patrick Terrins	3,092,784	3.09
Dr Stephen Griffith Davies	3,092,784	3.09

- (i) None of the Company's major holders of shares listed above has voting rights which are different from other holders of Shares.
- (j) There are no loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director or Senior Manager.
- (k) No Director or Senior Manager is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year or which was effected by any member of the Group during any earlier financial year and remains in any respect outstanding or unperformed.
- (l) In respect of the Directors and Senior Managers, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.
- (m) There are no arrangements between the Company and any of its major Shareholders relating to the appointment of any Directors or Senior Managers.

8. Directors service contracts, letters of appointment, remuneration and other matters

- (a) John Michael Graham has entered into a service agreement with the Company dated 15 March 2017, subject to termination upon 12 months' notice by either party. The agreement provides for an annual salary of £200,000, death in service benefits at 4x salary and pension contributions of 7 per cent of his salary.
- (b) Anthony Leonard Lee has entered into a service agreement with the Company dated 15 March 2017, subject to termination upon 12 months' notice by either party. The agreement provides for an annual salary of £140,000, death in service benefits at 4x salary and pension contributions of 6 per cent of his salary.
- (c) Dr Stephen Griffith Davies has entered into a service agreement with the Company dated 15 March 2017, subject to termination upon 12 months' notice by either party. The agreement provides for an annual salary of £200,000 and death in service benefits at 4x salary. Stephen Davies has elected not to receive pension contributions but instead to receive a cash equivalent equal to 6 per cent. of his salary.
- (d) The services of Gordon Roy Davis as an independent Non-Executive Director and Chairman are provided under the terms of an agreement between the Company and Gordon Roy Davis dated 15 March 2017 for an initial period of three years, subject to retirement and reelection at the first annual general meeting of the Company after Admission and continuing thereafter subject to termination upon at least six months' notice, at an initial fee of £100,000 per annum.
- (e) The services of Stephen Lee Whittern as an independent Non-Executive Director are provided under the terms of an agreement between the Company and Stephen Lee Whittern dated 15 March 2017 for an initial period of three years, subject to retirement and reelection at the first annual general meeting of the Company after Admission and continuing thereafter subject to termination upon at least three months' notice, at an initial fee of £60,000 per annum.

- (f) The services of Dr Mike Bewick as an independent Non-Executive Director are provided under the terms of an agreement between the Company and Dr Mike Bewick dated 15 March 2017 for an initial period of three years, subject to retirement and reelection at the first annual general meeting of the Company after Admission and continuing thereafter subject to termination upon at least three months' notice, at an initial fee of £50,000 per annum.
- (g) The services of Anand Jain as Non-Executive Director are provided under the terms of an agreement between the Company and Anand Jain dated 15 March 2017 for an initial period of three years, subject to retirement and reelection at the first annual general meeting of the Company after Admission and continuing thereafter subject to termination upon at least three months' notice, at an initial fee of £35,000 per annum (which is payable to CBPE in respect of Mr Jain's services).
- (h) There are no service agreements in existence between any of the Directors and any member of the Group which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

9. Directors' and Senior Management's remuneration in the financial years ended 31 December 2015 and 2016

- (a) In the financial year ended 31 December 2015, the aggregate remuneration and benefits (including pension fund contributions and benefits in kind) to the Directors of the Company and the Senior Management of the Group who served during that financial year, was £684,000. The aggregate remuneration and benefits (including pension fund contributions and benefits in kind) of the Directors and Senior Management in respect of the financial year ended 31 December 2016 (under the arrangements in force at the date of this document) is expected to be £601,000.
- (b) There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Prospectus.

10. Placing Agreement

A Placing Agreement dated 16 March 2017 between Investec (1), the Directors (2) the Selling Shareholders (3) and the Company (4), pursuant to which Investec has agreed to use its reasonable endeavours to arrange for placees to subscribe for and purchase 89,977,091 Offer Shares at the Offer Price, or, failing which, itself to subscribe for and purchase the Offer Shares at the Offer Price. The agreement is conditional, inter alia, upon Admission taking place not later than 8.00 a.m. on 21 March 2017 or such later date as Investec and the Company may agree but in any event not later than 31 March 2017. The Company will pay to Investec (i) a corporate finance fee of £250,000, (ii) a base commission of 2.5 per cent on the aggregate value of the New Shares at the Offer Price and (iii) a discretionary commission of up to 0.75 per cent on the aggregate value of the New Shares at the Offer Price, together with all costs and expenses and VAT thereon where appropriate. The Selling Shareholders will pay to Investec (i) a base commission of 2.5 per cent on the aggregate value of the Existing Shares at the Offer Price and (ii) a discretionary commission of up to 0.75 per cent on the aggregate value of the Existing Shares at the Offer Price, together with all costs and expenses and VAT thereon where appropriate. The agreement provides for the Company to pay all expenses of and incidental to the Offer and the application for Admission, including the fees and costs of other professional advisers, all costs relating to the Offer, including printing, advertising and distribution charges, the fees of the Registrars and the fees payable to the London Stock Exchange.

The agreement contains customary warranties given by the Company and the Directors in favour of Investec as to the accuracy of information contained in this Prospectus and an indemnity from the Company in favour of Investec.

Investec may terminate the Placing Agreement in specified circumstances prior to Admission, principally in the event of a material breach of the Placing Agreement or of any of the warranties contained in it or where any event of omission relating, to the Group is, or will be in the opinion of Investec, materially prejudicial to the successful outcome of the Offer, or where any change in national or international, financial, monetary, economic, political or market conditions is, or will be in the opinion of Investec, materially prejudicial to the successful outcome of the Offer. If the Placing Agreement is terminated or fails to become unconditional at or prior to Admission, Admission will not occur and the Offer will lapse.

Each of the Management Selling Shareholders has agreed that for a 12 month period following Admission, subject to certain customary exceptions, he or she will not offer, sell or contract to sell, or otherwise dispose of, any Shares (or any interest therein or in respect thereof) that he or she may hold, or enter into any transaction with the same economic effect as any of the foregoing. For the 12 month period thereafter, they have each agreed not to dispose of any Shares (or any interest therein or in respect thereof) other than through Investec (for so long as Investec is engaged as broker to the Company) with a view to maintaining an orderly market in the Company's securities.

The Principal Selling Shareholder has agreed that for a six-month period following Admission, subject to certain customary exceptions, it will not offer, sell or contract to sell, or otherwise dispose of, any Shares (or any interest therein or in respect thereof) that it may hold, or enter into any transaction with the same economic effect as any of the foregoing. For the six-month period thereafter, it has agreed not to dispose of any Shares (or any interest therein or in respect thereof) other than through Investec (for so long as Investec is engaged as broker to the Company) with a view to maintaining an orderly market in the Company's securities.

11. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by any member of the Group during the two years preceding the date of this Prospectus and are or may be material or contain any provision under which any member of the Group has an obligation or entitlement which is material to the Group as at the date of this Prospectus:

(a) *Term Loan and Revolving Credit Facility*

The subsidiaries of Medica entered into a facilities agreement with Lloyds Bank plc on 2 May 2013, which was amended and restated on 28 January 2016, under which a term loan facility and a revolving credit facility were made available. As security for the facilities, the subsidiaries of the Company entered into two debentures in favour of Lloyds Bank PLC dated 2 May 2013 and 28 January 2016 respectively. The debentures contain fixed and floating charges over all of the assets of those companies.

On 7 March 2017, the Company and its subsidiaries entered into a new facilities agreement (the "New Facilities") for the purpose of refinancing that part of the facilities that will not be prepaid out of the proceeds of the Offer.

Under the New Facilities, up to £13 million in aggregate is available to the Group under a £12 million term loan facility and a £1 million revolving credit facility. Both facilities will mature on 6 March 2022, being the fifth anniversary of entry into the New Facilities. Interest is payable under the New Facilities at the rate of LIBOR + 1.75 per cent.

There are customary mandatory prepayment events under the New Facilities, including in the event of a change of control of the Company and its subsidiaries.

The terms of the New Facilities include certain financial covenants, including a leverage covenant under which the Group must maintain its net debt:EBITDA ratio at or below 2.5:1 and an interest cover covenant under which the ratio of EBITDA to consolidated net interest expense must be at least 4.0:1, in each case measured on a rolling 12 month basis and assessed semi-annually on 30 June and 31 December in each year. The New Facilities are also subject to certain information covenants (including in relation to the provision of financial statements) and other customary covenants, including a negative pledge and limitation on incurring additional indebtedness and on material acquisitions and disposals.

The New Facilities are subject to customary conditions precedent for facilities of this nature.

(b) **Loan Notes**

On 2 May 2013, Medica Reporting Services Limited issued loan notes in the amounts of £14,973,413.16 to CBPE Nominees Limited as nominee of CBPE Capital Fund VIII ALP and £3,386,586.84 to CBPE Nominees Limited as nominee of CBPE Capital Fund VIII BLP under a deed poll dated 2 May 2013. The loan notes bear interest at the rate of 12 per cent. per annum.

Currently, loan notes with an aggregate principal amount (including interest thereon) of approximately £6.9 million remain outstanding and these will be repaid out of the net proceeds to the Company arising from the Offer.

(c) **Placing Agreement**

Please see paragraph 10 above for a summary of the principal terms of the Placing Agreement.

12. Related party transactions

Save as set out in note 29 to the Group's audited consolidated financial statements included in Section A of Part 6 (Historical Financial Information) of this Prospectus, there are no related party transactions that were entered into by members of the Group during the period covered by the financial information contained in Part 6 (Historical Financial Information) and during the period from 30 September 2016 to 16 March 2017, being the date of this Prospectus.

13. Investments and principal establishments

(a) The Company currently has no principal investments (in progress or planned for the future on which the Directors have made firm commitments or otherwise) other than the Subsidiaries listed at paragraph 2(g) of this Part 11.

(b) The principal establishments of the Group as at the date of this Prospectus are:

<i>Address</i>		<i>Purpose</i>
Havelock House, Havelock Place, Hastings, Sussex	Lease	Headquarters and Reporting Centre
Office no. 619, 6/7th floor 120 Bark St, Bolton	Lease	Reporting Centre
Office no. 113, Cardiff Gate Business Park, Cardiff (leasehold)	Lease	Reporting Centre
Office no. 9, Westpoint 4 Redheughs Rigs, Edinburgh	Lease	Reporting Centre

14. Working capital

In the opinion of the Company and the Directors, taking into account the bank facilities available to the Group and the net proceeds of the Offer to the Company, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

15. Significant change

There has been no significant change in the trading or financial position of the Group since 30 September 2016, being the date to which the historical financial information for the Group set out in Section A of Part 6 (Historical Financial Information) was prepared.

16. Litigation

There are no and there have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the last twelve months, which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

17. Takeover bids

The City Code is issued and administered by Takeover Panel. The Company is subject to the City Code and therefore its Shareholders are entitled to the protections afforded by the City Code.

(a) Mandatory bids

Rule 9 of the City Code provides that, except with the consent of the Takeover Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with it are interested) carry 30 per cent. or more of the voting rights of a company; or (b) any person, together with persons acting in concert with it, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with it, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which it is interested, then, in either case, that person, together with the persons acting in concert with it, is normally required to extend offers in cash, at the highest price paid by it (or any persons acting in concert with it) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

(b) Squeeze-out

Under the 2006 Act, if a "takeover offer" (as defined in section 974 of the 2006 Act) is made for the Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Shares to which the takeover offer relates (the "Takeover Offer Shares") and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it is able to acquire compulsorily the remaining 10 per cent. In order to do so, it would send a notice to Shareholders who had not, at such time, accepted the offer telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for those Shareholders in the event that they had not accepted the offer at such time. The consideration offered to the Shareholders whose Takeover Offer Shares are acquired compulsorily under the 2006 Act must, in general, be the same as the consideration that was available under the takeover offer.

(c) Sell-out

The 2006 Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Shares and at any time before the end of the period within which the offer could be accepted the offeror held, or had agreed to acquire, not less than 90 per cent. of the Shares to which the offer related, any holder of Shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those Shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his or her rights, the offeror is bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

18. General

- (a) Grant Thornton UK LLP has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion in this Prospectus of its accountant's report on the Historical Financial Information set out in Section A of Part 6 of this Prospectus and its accountant's report on the Pro Forma Financial Information set out in Section A of Part 7 of this Prospectus and references thereto in the form and context in which they appear, and has authorised the contents of those parts of this Prospectus for the purposes of item 5.5.3R(2)(f) of the Prospectus Rules.

- (b) Investec Bank plc of 2 Gresham Street, London EC2V 7QP, which is regulated by the Financial Conduct Authority, has given and has not withdrawn its written consent to the inclusion in this Prospectus of its name in the form and context in which it appears.
- (c) The expenses of and incidental to the Offer, are estimated to amount to approximately £2.6 million (excluding VAT), which will be payable by the Company. The estimated net cash proceeds of the Offer accruing to the Company are £12.4 million and will be used for the purposes described in Part 3 (Reasons for the Offer, Use of Proceeds and Dividend Policy).
- (d) There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.
- (e) There are no arrangements under which future dividends are waived or agreed to be waived.
- (f) The annual accounts of the Company have been audited in accordance with national law for the period ended 31 December 2013 and the financial years ended 31 December 2014 and 2015 by Grant Thornton UK LLP, Chartered Accountants, The Explorer Building, Fleming Way, Gatwick, West Sussex, RH10 9GT. Grant Thornton UK LLP are a member firm of the Institute of Chartered Accountants in England and Wales. The Board has taken appropriate steps to ensure that the Auditors are independent of the Company and obtained written confirmation from the Auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.
- (g) The Shares will only be listed on the premium listing segment of the Official List of the UK Listing Authority.

19. Documents available for inspection

Copies of the following documents may be inspected at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays in England and Wales) for a period of 12 months following the date of this Prospectus:

- (a) the Articles of the Company;
- (b) the historical financial information of the Company and its Group for the period ended 31 December 2013, the financial years ended 31 December 2014 and 2015 and the nine months ended 30 September 2016 together with the related accountant's report from Grant Thornton UK LLP which is set out in Part 6 (Historical Financial Information) of this Prospectus;
- (c) the report from Grant Thornton UK LLP on the Company's unaudited pro forma statement of net assets as of 30 September 2016, as set out in Part 7 of this Prospectus; and
- (d) this Prospectus.

For the purposes of PR 3.2.4 of the Prospectus Rules, copies of this Prospectus will be published in printed form and available free of charge during normal business hours on any weekday (excluding Saturdays, Sundays and English public holidays) until the close of business on the date of Admission at the registered office of the Company (Havelock Place, Havelock Road, Hastings, East Sussex TN34 1BG) and the offices of Investec (2 Gresham Street, London EC2V 7QP). In addition, the Prospectus will be published in electronic form and available on the Company's website (www.medicagroup.co.uk), subject to access restrictions.

Copies of this Prospectus are also available for inspection at the National Storage Mechanism www.morningstar.co.uk/uk/nsm

Dated: 16 March 2017

DEFINITIONS

The following definitions apply throughout this Prospectus, unless the context otherwise requires:

2006 Act	the Companies Act 2006, as amended
2010 PD Amending Directive	2010 EU directive (2010/73/EU) which amended the Prospectus Directive
All Employee IPO Award	a PSP Award with an exercise price equal to the Offer Price
ABP	the Medica Group PLC Annual Bonus Plan
Admission	admission to listing together with admission to trading
Admission Standards	the current edition of the Admission and Disclosure Standards issued by the London Stock Exchange
admission to listing	an admission of all the Shares (issued and to be issued) to the premium listing segment of the Official List becoming effective, in accordance with the Listing Rules
admission to trading	the admission of all the Shares (issued and to be issued) to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with the Admission Standards
Articles or Articles of Association	the articles of association of the Company which were adopted conditional on Admission, by special written resolution passed on 15 March 2017 (and as amended from time to time after that date)
Audit Committee	the audit committee of the Board
Board or Directors	the board of directors of the Company
CBPE	CBPE Nominees Limited
certificated or in certificated form	a share or other security not in uncertificated form (that is, not in CREST)
Chairman	the chairman of the Board
City Code or Code	the UK City Code on Takeovers and Mergers, as amended, supplemented or replaced
Company or Medica	Medica Group PLC, a company incorporated in England and Wales with company registration number 08497963
CREST	the relevant system (as defined in the CREST Regulations) for paperless settlement of sales and purchases of securities and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations)
CREST regulations	the Uncertificated Securities Regulations 2001 (SI2001/3755)
DBP	the Medica Group PLC Deferred Bonus Plan 2017
Dealing Day	any day on which the London Stock Exchange is open for dealings
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules of the FCA in relation to the disclosure of information by an issuer whose

	financial instruments are admitted to trading on a regulated market in the UK
EBT	the Medica Group PLC Employee Benefit Trust, an employee benefit trust established by the Company
EEA or European Economic Area	together, the EU, Iceland, Norway and Liechtenstein
EU	the European Union, first established by the treaty made at Maastricht on 7 February 1992
Euroclear	Euroclear UK & Ireland Limited, the operator (as defined in the CREST Regulations) of CREST
Executive Directors	the executive directors of the Company
Existing Shares	78,865,979 of the existing shares to be sold by the Selling Shareholders under the Offer
FCA	the UK Financial Conduct Authority
FSMA	the Financial Services and Markets Act 2000, as amended
Group	the Company and its Subsidiaries from time to time
Historical Financial Information	the Group's audited consolidated financial statements for the period from 2 May 2013 to 31 December 2013, each of the two years ended 31 December 2015 and the nine months ended 30 September 2016, together with the notes thereto, set out in Section A of Part 6 of this Prospectus
HMRC	HM Revenue and Customs
IFRS	International Financial Reporting Standards as adopted by the EU
Investec	Investec Bank plc
Listing Rules	the listing rules of the FCA made under section 73A(1) of FSMA
London Stock Exchange	London Stock Exchange plc
Management Selling Shareholders	each of John Michael Graham, Anthony Leonard Lee, Martin John Wells, Kevin Patrick Terrins and Dr Stephen Griffith Davies
Management Shareholders	each of John Michael Graham, Anthony Leonard Lee, Martin John Wells, Kevin Patrick Terrins and Dr Stephen Griffith Davies
Member State	member states of the EEA
New Shares	the new Shares being offered by the Company under the Offer, being 11,111,112 new Shares
Nomination Committee	the nomination committee of the Board
Non-Executive Directors	the non-executive directors of the Company (including the Chairman)
Offer	the offer of the Offer Shares to certain institutional and other investors in the United Kingdom and elsewhere as described in Part 10 (Details of the Offer)
Offer Price	135p per Share

Offer Shares	the Existing Shares and the New Shares to be purchased or subscribed for at the Offer Price pursuant to the Offer
Official List	the official list of the UK Listing Authority
Placing Agreement	the placing agreement dated 16 March 2017 entered into among the Company, the Directors and Investec in connection with the Offer, details of which are set out in paragraph 10 of Part 11 (Additional Information)
PRA or Prudential Regulatory Authority	the UK Prudential Regulatory Authority
Principal Selling Shareholder	CBPE Nominees Limited
Pro Forma Financial Information	the unaudited pro forma statement of net assets set out in Section A of Part 7 of this Prospectus
Prospectus	this document
Prospectus Directive	EU Prospectus Directive (2003/71/EC) (and any amendments to it including the 2010 PD Amending Directive, to the extent implemented by the Relevant Member State) and any relevant implementing measure in each Relevant Member State
Prospectus Directive regulation	EU Prospective Directive Regulation (2004/89/EC)
Prospectus Rules	the prospectus rules issued by the FCA in relation to offers of securities to the public and admission of securities to trading on a regulated market
PSP	the Medica Group PLC Performance Share Plan 2017
Regulation S	Rules 901 to 905 (including Preliminary Notes) of Regulation S promulgated under the Securities Act
Relevant Member State	a Member State which has implemented the Prospectus Directive
Remuneration Committee	the remuneration committee of the Board
RIS	any channel recognised as a channel for the dissemination of regulatory information by listed companies, as defined in the Listing Rules
SAYE Scheme	the Medica Group PLC Sharesave Scheme
SEC	the United States Securities and Exchange Commission
Securities Act	US Securities Act 1933, as amended
Selling Shareholders	CBPE and Management Shareholders
Shareholders	the holders of Shares from time to time
Share Dealing Code	the EU Market Abuse Regulation, any statute, order or regulation on dealing in the Company's securities or the Company's share dealing code from time to time
Shares	ordinary shares of 0.2p each in the capital of the Company, ISIN no. GB00BYV24996
Subsidiary	has the meaning given to it in section 1162 of the 2006 Act and includes group companies included in the consolidated financial statements of the Group from time to time

UK Corporate Governance Code	the Principles of Good Governance and Code of Best Practice maintained by the Financial Reporting Council
UK Listing Authority or UKLA	the FCA in its capacity as competent authority for the purposes of Part VI FSMA,
uncertificated or in uncertificated form	in relation to a share or other security, title to which is recorded in the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or US	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

GLOSSARY

The following technical terms or other abbreviations (or variations of them) are used in this Prospectus:

A&E	Accident and Emergency
Advanced Practitioner Radiographers (APRs)	diagnostic radiographers who have developed expert knowledge and skills in relation to the delivery of care in diagnostic imaging in a wide range of care settings or environments and are accredited as APRs by the Society of Radiographers
Consultant Radiologist(s)	specialist doctor(s) skilled in the interpretation of MRI and CT scans and/or PF images with FRCR qualification or equivalent
CQC	the Care Quality Commission, which is the independent regulator of all health and social care services in England
Cross-sectional	CT and MR examinations
CT	Computerised Topology, a type of scan that makes use of computer processed combinations of many x-rays
DXA	Dual Energy X-ray Absorptiometry, a special type of x-ray that measures bone mineral density
FRCR	Fellow of the Royal College of Radiologists
GMC	General Medical Council
GP	General Practitioner
IT	Information Technology
Medica Radiologist(s)	Consultant Radiologist(s) (including, where the context requires, rheumatologists and Advanced Practitioner Radiographers) with whom Medica has contracted for the provision of reporting on examinations for Medica's customers
MR/MRI	Magnetic Resonance Imaging, a scan that uses magnetic fields and radio waves to produce images
NICE	National Institute for Health and Care Excellence
NightHawk	Medica's out of hours cross sectional image reporting service
PACS	Picture and Archiving Communication System, a medical imaging technology that allows for economical storage and convenient access to images
Plain Film or PF	X-ray plain film images
Radiographer	Healthcare professional with qualification to undertake specified radiology reporting
RCR	The Royal College of Radiologists
RIS	Radiology Information System, the electronic system that manages imaging departments
Routine CS	Medica's routine cross-sectional image reporting service
Routine PF	Medica's routine plain film image reporting service
scan(s)	MRI and CT scans and PF images
Teleradiology	The interpretation of an image at a site remote from the acquisition of the image

MEDICA GROUP PLC

Incorporated in England and Wales

Registered Number: 08497963

REGISTERED OFFICE:

Havelock Place

Havelock Road

Hastings

East Sussex

TN34 1BG