

Publication of Annual Report

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Medica Group Plc (LSE:MGP, "**Medica**" or the "**Company**"), the UK market leader in the provision of teleradiology services, today published its Annual Report and Financial Statements for the year ended 31 December 2016 which can be downloaded from the Company's website at www.medicagroup.co.uk.

A copy of the Annual Report and Financial Statements will today be submitted to the National Storage Mechanism and will be available for inspection at www.morningstar.co.uk/uk/NSM.

Information required under **Disclosure and Transparency Rule 6.3.5:**

This announcement should be read in conjunction with the Company's preliminary results announcement issued on 11 April 2017. Together, these announcements constitute the material required by Disclosure and Transparency Rule 6.3.5 to be communicated to the media in full unedited text through a Regulatory Information Service. A description of the principal risks and uncertainties and the Directors' Responsibility Statement, extracted in full unedited text from the 2016 Annual Report and Financial Statements, are set out below. This information should be read in conjunction with, and not as a substitute for, reading the full 2016 Annual Report and Financial Statements. Page numbers and notes in the following appendices refer to page numbers and notes in the Company's 2016 Annual Report and Financial Statements.

Principal risks and uncertainties

There are potential risks and uncertainties which could impact the Group's performance and these are considered by the Board on a regular basis. The Board robustly considers the risks of all significant business decisions, changes in the external environment and in the Group's operations. The key risks affecting the business are as follows:

Retaining and growing reporting capacity

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. If the Group's costs increase, its results of operations and financial condition could be materially adversely affected. The Group has and continues to invest in its recruitment activities with a dedicated recruitment team and a presence at radiology events across the UK. The reputation of Medica's clinical governance and word of mouth is a key part of recruitment strategy. Retention policy is based on providing a comprehensive support structure to Medica Radiologists from all parts of the business.

Reputational risk

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. The Group has and continues to invest significant resources in its clinical governance structure and processes and maintains all relevant accreditations.

Failure to retain key management

The Group's executive management team is critical to its continued performance. As noted in the remuneration report, the Group has policies in place to retain and motivate key management.

Industry risk

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 Group monitors changes in regulation on an ongoing basis.

Operating risk

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'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. The Group focuses on providing a high quality, value for money service and maintains close communication with clients through its account management team.

Data protection risk

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 minimises the amount of data it holds, maintains the ISO 27001 accreditation and carries out regular tests on its data security systems.

Competition risk

Significant competition could adversely affect the Group's business, financial condition and prospects. The Group focuses on providing a high quality, value for money service and maintains close communication with clients through its account management team.

Technology risk

The Group's business could be disrupted if its information systems fail or if its databases are destroyed or damaged. The Group has invested significantly in its IT platform and has an in-house team that maintains and improves performance of the IT systems.

Directors' Responsibility Statement

The Directors confirm, to the best of their knowledge:

- The Group financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- The Parent Company financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- The annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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The company news service from the London Stock Exchange

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