

Regulatory Announcement

[Go to market news section](#)



Company Ashley House PLC
TIDM ASH
Headline Preliminary Results
Released 07:01 25-Jun-07
Number 9128Y

Ashley House plc

2007 Preliminary Results

Ashley House plc ("Ashley House" or the "Company") the Primary Care infrastructure specialist is pleased to announce today its maiden preliminary results since being admitted to AIM for the year ended 30 April 2007.

Highlights include:

- Turnover up 11% to £25.6m due to organic growth (2006: £23.1m)
- Profit before tax and exceptional items up 84% to £4.1m (2006: £2.2m)
- Earnings per share before exceptional items 11.4p up 42% (2006:8.0p)
- Total dividend up 25% to 5p (2006: 4p)
- Successful IPO on AIM raising £5m of new money
- Net assets increased 245% to £11m year end cash balance stands at £6.1m
- Strategic alliance with Babcock & Brown completed accessing a large pipeline of NHS LIFT projects
- Successful completion of 10 projects in the year
- Current trading remains encouraging with a strong pipeline of forward business and the Babcock & Brown relationship working well with several projects under way

Commenting on the results Chairman Sir William Wells said:

"This has been a very exciting year for Ashley House which has seen the Company make significant progress, especially following the successful flotation on the AIM market in January this year.

During the period we also agreed a Strategic Alliance with Babcock & Brown providing the business with another substantial pipeline of work in the NHS LIFT market as well as a potential partner for our larger schemes incorporating Health Parks and Community Hospitals.

Events in the past year therefore give us every confidence over the future prospects of the business."

Enquiries:

Ashley House plc Tel: 01753 891189
Jonathan Holmes, Chief Executive
Bruce Walker, Finance Director

Citigate Dewe Rogerson Tel: 020 7638 9571
Sarah Gestetner / Ged Brumby

Numis Securities (Nominated Adviser and broker to Ashley House) Tel: 020 7260 1000
David Poutney / Michael Meade / Oliver Cardigan

Chairman's Statement

Results

I am delighted to have joined Ashley House in April 2007 and to be able to announce an excellent set of results for the year ended 30 April 2007. Turnover has grown by 11% to £25.6m (2006: £23.1m), whilst Operating Profit (pre-tax and excluding exceptional items) was up 84% to £4.1m (2006: £2.2m). Net profit (post tax excluding exceptional items) was £2.8m up 56% from £1.8m in 2006. Earnings per share (excluding exceptional items) reached 11.4p up from 8.0p in 2006. Net profit (post tax and exceptional items) was down 24% to £1.3m (2006: £1.8m) with earnings per share at 5.5p.

The exceptional items amounted to £1.4m and were the expensed element of the costs of joining AIM of £0.4m and a one-off non-cash notional charge of £1.1m relating to the issue of the warrant which was part of the Strategic Alliance with Babcock & Brown offset by a gain of £0.1m on disposal of the head office building. The tax charge this year was higher as there are no more tax losses available and the exceptional items have been treated as disallowable for prudence.

As a result the Board recommends a final dividend of 3p per share which brings the total dividend for the year to 5p per share, a 25% increase on the 4p paid for 2006. The dividend will be paid on 24 August 2007 to those on the share register as at 3 August 2007.

The balance sheet now shows net assets of £11m (2006:£4.5m) with cash of £6.1m and no debt.

A year of substantial progress

Together with producing an excellent set of financial results, this year ended 30 April 2007 has seen Ashley House progress materially. The Strategic Alliance with Babcock & Brown provides the business another substantial pipeline of work in the NHS LIFT market as well as a potential partner in our larger schemes incorporating Health Parks and Community Hospitals.

The admission to AIM and the oversubscribed £5m fundraising in January 2007 was another landmark for the Company and marked the beginning of a new chapter. The platform of a sound financial base now allows the business to look forward to the many opportunities emerging as the NHS seeks greater private sector involvement both in the provision of Primary Care Infrastructure and importantly through our growing Clinical Services division.

Looking Forward

With a sound core business and new related business activities coming on stream, Ashley House is well positioned to continue to deliver sustained growth in earnings and dividends. This is an exciting time to become involved with Ashley House as the business grows further income streams around the core of Primary Care Infrastructure.

I would like to welcome new shareholders who joined the share register at the AIM Admission and subsequently to Ashley House. The CEO's report pays appropriate tribute to my predecessor David Burton, but it is a great credit to him that I am following him into a business which is in such good health and has the strong potential to continue its impressive growth.,

Sir William Wells
Chairman

Chief Executive Officer's Statement

Business Review

Together with taking major corporate and financial steps forward as described in the Chairman's statement, Ashley House has made strong operating progress during the past year. I shall set out below the achievements and outlook for the Company's five activities.

Traditional Primary Care Infrastructure

The design and project management of Primary Care Infrastructure construction remains our core business and has contributed the lion's share of the turnover and profits for the year. We have had a very positive year as ten projects were completed in Birmingham, Bolsover, Brighton, Colchester, Danby, Lowestoft, Newcastle-upon-Tyne, Scarborough, Shipton-under-Wychwood and Wokingham.

The scheme at Byker in Newcastle is important to highlight as it delivered the vision of an integrated multi-use Primary Care centre likely to be at the forefront of the Government's efforts to change and improve healthcare delivery. At 4,600sqm it incorporates two GP practices, a dentist and dental training unit, an Urgent Care Centre that could provide 24 hour walk-in care, a Resource Centre, Physiotherapy, Pain Management, Mental Health Services, and a privately operated Pharmacy and Optician. Part owned by our associated property investment company AH Medical Properties plc and part PCT owned, Newcastle has throughout been a successful collaboration working with the PCT focusing on local health needs and the provision of a long term sustainable solution.

The current pipeline for the year to April 2008 remains strong and we have numerous new schemes on site and due on site in the coming months.

NHS LIFT

In December 2006, we announced a Strategic Alliance with Babcock & Brown which represented an important step in Ashley House participating in the NHS LIFT programme. According to the terms of the Alliance, Ashley House's in-house design and construction project management skills can be provided to the LIFT Companies where Babcock & Brown are the private sector partners. Working together we can deliver more schemes with greater efficiency thereby achieving best value for the NHS and its partners.

We have already achieved stage one approval on four schemes, with progress being made towards approval for a further eight schemes whilst we are also in the early stages of working on an additional nine schemes. The relationship with Babcock & Brown is working well and there is clearly scope for NHS LIFT work to become a major part of Ashley House's business.

Asset Management

Ashley House has a long term contract as asset manager for the portfolio of properties owned by AH Medical Properties plc ("AHMP"). The portfolio has grown substantially to be approx. £80m of completed income producing assets, doubling in size from £41m as at April 06. This growth has come from schemes completed in the year by Ashley House along with the acquisition of a portfolio of schemes previously completed by us.

Including those properties now under construction, the portfolio will soon have a gross value of approx. £100m - and not only has the portfolio grown but importantly, the net asset value per share has also grown by some 50%. With its recent successful equity capital raising of £17m, AHMP is well placed to continue its growth, with the support of new blue-chip institutional shareholders such as Schroders Exempt Property Unit Trust who have taken a 29.6% stake. Ashley House also invested £1.85m in AHMP shares giving us a 6.8% stake following the capital raising.

The exclusive arrangement between Ashley House and AHMP means that the portfolio should grow as AHMP is the purchaser of choice for Ashley House's future Primary Care project pipeline, which should produce some £25-30m of new assets annually. The asset management fee earned by Ashley House is linked to the gross value of the assets with an out-performance fee linked to the return for the AHMP shareholders. We can thus expect substantial and growing Asset Management revenues in the years ahead.

Health Parks

Our first Health Park in Scarborough is on track to achieve planning permission soon. The vendors, Scarborough Rugby Club have gained planning consent for their new ground, which satisfies a key condition of our contract to acquire the site. Our scheme will incorporate a Primary Care centre, a private hospital, a nursing and care home, and some retirement housing. Whilst smaller than some sites being considered, this Health Park does encapsulate the concept of co-locating a number of health related activities on one site.

We are reviewing a number of other opportunities and are in advanced negotiations on a second, larger site in the South East. We shall make the appropriate announcements as soon as we have secured a new site and gaining planning consent for the Scarborough site. It is our intention to bring in partners to co-own these sites which will be capital intensive and are long term in nature. Ashley House will provide the design and construction project management services to these projects as well as taking an equity interest.

Clinical Services

Ashley House has a hard won reputation for working with GPs and PCTs to provide infrastructure solutions. Accordingly, as the remit for GPs to provide an increasingly wider range of devolved services gathers pace, Ashley House Clinical Services is positioning itself as the natural commercial partner for groups of GPs wishing to participate in the new opportunities.

On this basis the GPs provide the clinical know how and credibility whilst Ashley House provides the management systems, finance, administration and infrastructure services. We have numerous initiatives under way and we have recruited an excellent team with considerable experience of running healthcare services in both the public and private sectors.

Key Performance

Unsurprisingly after such a strong year, the financial key performance targets have been met with growth in normalised earnings per share (after excluding the one-off transaction costs) and the strengthened balance sheet. The key corporate targets have also been exceeded as a significant position in the NHS LIFT market has been secured whilst the de-stapled Ashley House shares were admitted to AIM and the accompanying fund-raising was oversubscribed. The staff resource has been expanded to match the increased workload and retention of key staff has been good. We are very pleased that Investors In People accreditation has been recommended for approval.

Current Trading

The new financial year has begun well with a number of schemes moving on site, most notably in Brighton where having worked closely with the planners and the PCT, our latest scheme incorporates many carbon footprint reducing features, without making the costs of delivering the scheme uneconomic.

The Strategic Alliance with Babcock & Brown is working well as described above and we have achieved stage one approval on 4 schemes with many others now being worked on by our design team. These schemes will start to make a financial impact in the second half of the new financial year and we look forward to expanding our work with Babcock and Brown and their partners.

Board and future

We would like to thank all our people for their hard work and efforts in the success we have achieved, particularly over the past 12 months. We would also like to pay tribute to David Burton who leaves us as Chairman in a far stronger position than when he stepped in some years ago and we thank him for his contribution. We are

delighted that we have been able to attract such a high calibre new Chairman in Sir William Wells whose combination of property and NHS experience are ideally suited for the next phase of Ashley House's growth.

J Holmes Chief Executive

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2007

	2007	2007	2007	2006	
	Before	Exceptional	Total	Restated*)	
	exceptional	£000	£000	£000	
	£000	£000	£000	£000	
Turnover	25,644		25,644	23,126	
Cost of sales	<u>(18,307)</u>		<u>(18,307)</u>	(17,995)	
Gross profit	7,337		7,337	5,131	
Recurring administrative expenses	(3,392)		(3,392)	(2,887)	
Non recurring transaction costs	-	(1,551)	(1,551)	-	
Operating expenses	<u>(3,392)</u>	<u>(1,551)</u>	<u>(4,943)</u>	(2,887)	
Operating profit	3,945	(1,551)	2,394	2,244	
Profit on sale of fixed asset		137	137	-	
Net interest	4	<u>127</u>	<u>-</u>	<u>127</u>	(30)
Profit on ordinary activities before taxation	4,072	(1,414)	2,658	2,214	
Tax on profit on ordinary activities	5	(1,321)	-	(1,321)	(454)
Profit for the financial year	<u>17</u>	<u>2,751</u>	<u>(1,414)</u>	<u>1,337</u>	1,760
Basic earnings per share	7		5.54p	8.04p	
Diluted earnings per share	7		4.78p	7.31p	

* restated due to adoption of FRS 20

All of the activities of the group are classed as continuing

CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 2007

	2007	2006
	£000	£000
		(Restated*)
Fixed assets		
Intangible assets	203	270
Tangible assets	200	1,427
Investments	<u>1,850</u>	-
	<u>2,253</u>	<u>1,697</u>
Current assets		
Stocks	-	15
Debtors	7,392	6,753
Cash at bank and in hand	<u>6,073</u>	<u>1,502</u>
	<u>13,465</u>	<u>8,270</u>
Creditors: amounts falling due within one year	<u>(4,682)</u>	<u>(5,405)</u>
Net current assets	<u>8,783</u>	<u>2,865</u>
Total assets less current liabilities	11,036	4,562
Creditors: amounts falling due after more than one year	-	(50)
Provision for liabilities	-	(15)
Net assets	<u>11,036</u>	<u>4,497</u>
Capital and reserves		
Called up share capital	275	224
Share premium account	8,040	2,771
Revaluation reserve	-	187
Share based payments reserve	1,421	165
Profit and loss account	<u>1,300</u>	<u>1,150</u>
Shareholders' funds	<u>11,036</u>	<u>4,497</u>

* Restated due to adoption of FRS 20

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2007

	2007	2006
	£000	£000
Net cash inflow from operating activities	2,389	1,757
Returns on investments and servicing of finance		
Interest paid	(14)	(58)
Interest received	<u>137</u>	<u>28</u>
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>123</u>	<u>(30)</u>
Taxation	(937)	-
Capital expenditure and financial investment		
Sale of tangible fixed assets	1,337	34
Purchase of tangible fixed assets	(87)	(42)
Purchase of investments	<u>(1,850)</u>	-
Net cash outflow from capital expenditure and financial investment	<u>(600)</u>	<u>(8)</u>
Financing		

Repayment of short term borrowings	-	(43)
Repayment of long term borrowings	-	(572)
Issue of share capital	4,970	355
Dividends paid	(1,374)	-
Net cash inflow/(outflow) from financing	3,596	(260)
Increase in cash	4,571	1,459

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2007	2006
	£000	£000
Profit for the financial year	1,337	1,760
Unrealised deficit on revaluation of land and buildings	-	(143)
Total recognised gains relating to the year	1,337	1,617

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2007	2006
	£000	£000
Profit on ordinary activities before taxation	2,658	2,214
Difference between historical cost depreciation and charge based on revalued amounts	-	4
Realisation of gain on disposal	187	-
Historical cost profit on ordinary activities before taxation	2,845	2,218
Historical cost profit transferred to reserves	1,524	1,764

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable UK accounting standards (UK GAAP) and under the historical cost convention, with the exception of the revaluation of land and buildings.

The principal accounting policies of the group are set out below. The policies have remained unchanged from the previous year apart from the adoption of FRS 20: 'Share-based payment'. This change is described in more detail below.

2. CHANGES IN ACCOUNTING POLICIES

In preparing the financial statements for the current year, the group has adopted FRS 20 'Share-based payment' (IFRS 2)

In accordance with FRS 20, the fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period of the share options or warrants based upon the group's estimate of share options and warrants that will eventually vest. The fair value has been measured by the use of a binomial lattice pricing model.

Following the adoption of FRS 20, a prior year adjustment has been made to decrease the profit and loss reserve brought forward at 1 May 2006, and create a share option reserve, of £165,000 to reflect the option charge which would have been incurred in the previous years and the year ended 30 April 2006 had FRS 20 been adopted earlier. The profit and loss account for the year ended 30 April 2006 has been restated to reflect the share based payment charge of £40,000 for that year.

The group recognised total expenses of £1,256,000 relating to equity-settled share-based payment transactions in the year ended 30 April 2007. £1,085,000 of this related to the grant to Babcock & Brown of warrants over 7,880,000 shares at £1.20 per share as part of the strategic alliance entered into with them.

3. NON RECURRING TRANSACTION COSTS

The non recurring transaction costs relate to the following items

- costs associated with the issue of warrants to Babcock & Brown resulting in the FRS 20 cost of £1,085,000, and
- charges incurred associated with the raising of capital and the listing of the company on AIM of £466,000.

4. EARNINGS PER ORDINARY SHARE

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

	2007			2006		
	Profit £000	Weighted average number of shares	Per share amount pence	Profit £000	Weighted average number of shares	Per share amount pence
Basic earnings per share						
Profit attributable to ordinary shareholders	1,337	24,124,075	5.54	1,760	21,900,922	8.04
Dilutive effect of securities						
Options		1,114,318	(0.22)		738,410	(0.25)
Warrants		2,713,100	(0.54)		670,116	(0.22)
Convertible loans		-	-		767,852	(0.26)
Diluted earnings per share	1,337	27,951,493	4.78	1,760	24,077,300	7.31

The average share price during the year was 158.9p, which meant that the dilutive securities shown in the table above were those which have exercise prices of 30p, 40p, 85p, 98p, 108p and 150p per share.

The calculation of normalised earnings per share of 11.4p on operating profit, excluding non recurring transaction costs, assumes that the non recurring costs are not allowable for tax and is therefore based upon a post tax profit of Profit for the year plus the non recurring costs.

	2007			2006		
	Profit before exceptional items £000	Weighted average number of shares	Per share amount pence	Profit £000	Weighted average number of shares	Per share amount pence
Basic earnings per share						
Profit attributable to ordinary shareholders	2,751	24,124,075	11.40	1,760	21,900,922	8.04
Dilutive effect of securities						
Options		1,114,318	(0.45)		738,410	(0.25)
Warrants		2,713,100	(1.11)		670,116	(0.22)
Convertible loans		-	-		767,852	(0.26)
Diluted earnings per share	2,751	27,951,493	9.84	1,760	24,077,300	7.31

5. FIXED ASSET INVESTMENTS

Group	Listed Investments	Total £000
At 1 May 2006	-	-
Additions	<u>1,850</u>	<u>1,850</u>
At 30 April 2007	<u>1,850</u>	<u>1,850</u>

Listed investments represent the Company's 6.8% interest in AH Medical Properties plc which as at 30 April 2007 had a market value of £1,540,000

6. RESERVES

	Share based payment reserve £000	Share premium account £000	Profit and loss account £000	Revaluation reserve £000	Total £000
At 1 May 2006	-	2,771	1,315	187	4,273
Prior year adjustment FRS 20	165	-	(165)	-	-
	<u>165</u>	<u>2,771</u>	<u>1,150</u>	<u>187</u>	<u>4,273</u>
Profit for the year	-	-	1,337	-	1,337
Premium on issue of shares during the year	-	5,269	-	-	5,269
Dividends paid	-	-	(1,374)	-	(1,374)
Revaluation reserve movement	-	-	187	(187)	-
Share based payment reserve	1,256	-	-	-	1,256
At 30 April 2007	<u>1,421</u>	<u>8,040</u>	<u>1,300</u>	<u>-</u>	<u>10,761</u>

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £000	2006 £000
Profit for the financial year	1,337	1,760
New shares issued	5,320	355
Dividends paid	(1,374)	-
Reduction in revaluation reserve	-	(143)
Transfer to share based payment reserve	1,256	40
Net addition to shareholders' funds	6,539	2,012
Shareholders' funds at 1 May 2006	4,497	2,485
Shareholders' funds at 30 April 2007	<u>11,036</u>	<u>4,497</u>

8. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £000	2006 £000
Operating profit	2,394	2,244
Depreciation and amortisation	181	158
Loss on disposal of fixed assets	-	1
FRS 20 adjustment	1,256	40
Decrease in stock	15	40
Increase in debtors	(639)	(1,480)
(Decrease)/Increase in creditors	(818)	754
Net cash inflow/(outflow) from operating activities	<u>2,389</u>	<u>1,757</u>

9. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS / (NET DEBT)

	2007 £000	2006 £000
Increase in cash in the year	4,571	1,459
Cash inflow from change in net debt	-	615
Change in net debt resulting from cash flows	4,571	2,074
Repayment of net funds by issue of shares	350	-
Movement in net funds in the year	4,921	2,074
Net funds/(debt) at 1 May 2006	1,152	(922)
Net funds at 30 April 2007	<u>6,073</u>	<u>1,152</u>

10. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 May 2006 £000	Cash flow £000	Non-cash flows £000	At 30 April 2007 £000
Cash in hand and at bank	1,502	4,571	-	6,073
Short term debt	(300)	-	300	-
Long term debt	(50)	-	50	-
	<u>1,152</u>	<u>4,571</u>	<u>350</u>	<u>6,073</u>

11. RELATED PARTY TRANSACTIONS

Ashley House plc and A H Medical Properties plc (including its subsidiary Medical Properties Limited) were related as a consequence of the share stapling agreement entered into in September 2004. The stapling was severed on 11 January 2007. Under the share stapling arrangement, the two companies had identical shareholders registers and a number of common directors. During the year Ashley House plc made sales at an arms length basis of £7,190,000 (2006: £9,915,000) to A H Medical Properties plc. At 30 April 2007 the balance due from A H Medical Properties plc was £2,955,000 (2005: £2,717,000).

During the year Ashley House plc made sales on an arm's length basis to Medical Properties Limited, a subsidiary of A H Medical Properties plc, of £11,247,000 (2006: £4,441,000). At 30 April 2007 the balance due from Medical Properties Limited was £1,451,000 (2006: £563,000)

Since the termination of the share stapling agreement and subsequent share issues by both Ashley House plc and A H Medical Properties plc, and the change in their respective board members, these companies are no longer related parties.

All supplies made to AHMP and Medical Properties Limited are related to the design and construction of medical centres. In every case, the rent for the building which drives the value of the scheme, is set by the District Valuer acting for the Primary Care Trust (NHS). Transactions between Ashley House plc and A H Medical Properties plc are entered into on the basis of market equivalent pricing and are ratified by the independent Non Executive Directors of AHMP, who are not connected to Ashley House plc.

During the year the group received invoices from Directors or their companies of £20,000 (2006: £16,000) from Scheidegg Limited, a company in which J H Gunn has an interest and £71,000 (2006: £63,000) from Layland Walker Limited, a company controlled by B Walker. At 30 April 2007 the balance due to Layland Walker Limited was £10,404. In addition, the company made payments of £26,000 (2006: £19,000) to Beechwood House Finance Limited, a company in controlled by D Burton and £67,000 (2006: £17,000) to Gibson Freake Edge, a partnership of which A Gibson is a partner. At 30 April 2007 the balance due to Gibson Freake Edge was £5,596.

12. DIVIDENDS

The directors approved on 13 December 2006 the payment of an interim dividend of 2p per share on 26 January 2007. Subsequent to the year end but prior to the approval of the financial statements, the directors have recommended the payment of a dividend of 3 pence per share, totalling £826,000.

13. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

The consolidated balance sheet at 30 April 2007 and the consolidated profit and loss account, consolidated cash flow statement and associated notes for the year then ended have been extracted from the financial statements upon which the auditors opinion is unqualified and does not include any statement under Section 237 of the Companies Act 1985.

Those financial statements have not yet been delivered to the registrar of companies.

END

Close

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

©2007 London Stock Exchange plc. All rights reserved