

AH Medical Properties plc

2007 Preliminary Results

AH Medical Properties plc (“AHMP” or the “Company”), the Primary Care medical property investment company today announces its preliminary results for the year ended 30 April 2007, the maiden announcement since admission to PLUS as a separate company.

Highlights include:

- Net asset value per share up 55% to 45p (2006: 29p)
- Net assets increased 454% to £29m (2006: £6m)
- Year end cash balance stands at £4.3m
- Turnover up 109% to £2.9m (2006: £1.4m)
- Profit after tax up 21% to £250,000 (2006: £206,000)
- Acquisition of Ashley House Investments Limited (“AHIL”) for £7m net asset value, incorporating £20m of primary care investment properties.
- Portfolio of completed investment properties increased to £80m (2006: £41m).
- Total portfolio stands at £100m including projects under construction and those with planning approval.
- Forward pipeline of identified schemes expected to increase the portfolio value by some £20 million to lift the overall portfolio to some £120 million.
- Share stapling agreement with Ashley House ended. AHMP now trading independently on PLUS
- £17m of new equity raised - largest ever fund raising on PLUS. Schroder Exempt Property Unit Trust (“SEPUT”) investing £8.0m

Commenting on the results Chairman Giles Weaver said:

“This has been a very exciting year for AH Medical Properties. Following the destapling from Ashley House, our launch on PLUS and acquisition of AHIL, we are delighted to welcome a number of significant blue chip investors including Clwyd Pension Fund and Schroder Exempt Property Unit Trust.

The rapid growth experienced by our portfolio to date and the prospects for the future of this business as well as the sector are the main reasons why I was so interested to get involved and become Chairman earlier this year. I look forward with confidence to the next phase of growth.”

Enquiries:

AH Medical Properties plc
Steve Minion, Chief Executive
Bruce Walker, Finance Director
Citigate Dewe Rogerson
Sarah Gestetner / Ged Brumby

Tel: 01753 891189

Tel: 020 7638 9571

CHAIRMAN'S STATEMENT

RESULTS

The year to 30 April 2007 has shown significant progress for AH Medical Properties plc ("AHMP"). The portfolio of investment properties has approximately doubled in the year from £41m to GBP80m. The net asset value has increased nearly fivefold from £6.4m to £29.0m and importantly the increase in net asset value per share has also been significant at 55%; from 29p per share at 30 April 2006 to 45p per share at 30 April 2007. Rental income for the year increased from £1.4m to £2.9m and a profit of £0.3m was achieved.

PORTFOLIO

The portfolio of completed income producing assets has reached approximately £80m. If further projects under construction and those with planning approval are included, the total portfolio reaches a value of approximately £100m. This growth has been achieved partly through schemes developed by our asset management company, Ashley House plc; partly through a few one off purchases; and partly from the acquisition of Ashley House Investments Limited.

This portfolio of approximately £100m of properties comprises 42 properties in England producing in excess of £5.7m p.a. in rent, 95% of which comes from NHS Primary Care Trusts (PCTs) or GPs whose rent is reimbursed by PCTs. The growth will come from new schemes procured via Ashley House, with whom we have an exclusive contract to acquire all new Primary Care buildings they control. Additionally AHMP will also continue to acquire individual premises in the market and to bid for portfolios that fit with our investment criteria. We note that, to date, other investment companies have been willing to pay higher prices than us in the bids for the larger portfolios that we have entered into. However, we shall continue to seek such acquisitions and bid a price reflective of our desire to make an acceptable investment return.

The Asset Manager (Ashley House) has a forward pipeline of identified schemes which they believe should increase the portfolio value by some £20 million to lift the overall portfolio to some £120 million.

CORPORATE

The share trading structure was simplified in January 2007 by ending the share stapling agreement with Ashley House plc, whose shares were admitted to AIM. AHMP shares are now traded separately on PLUS Markets. At the time of the acquisition of Ashley House Investments Limited, for £7m, AHMP successfully raised a further £10m of equity capital at the then net asset value of 42p per share. We are pleased to welcome all the new shareholders and see it as a very positive step to have attracted institutional investors such as Clwyd Pension Fund and Schroder Exempt Property Unit Trust as significant shareholders.

BOARD AND GOVERNANCE

Following the de-stapling of the shares from Ashley House plc, AHMP has two independent non-executive directors in myself and Peter Wilkinson who approve all transactions between AHMP and Ashley House. Peter has a great deal of experience in the valuation of medical premises.

My predecessor as Chairman, David Burton, helped establish this Company, oversaw its early growth stage and leaves the group as a significant player in the Primary Care Property market and our thanks go to him for his contribution.

FUTURE GROWTH

The group has grown very strongly and has the benefit of the exclusive right to acquire the Ashley House plc pipeline of projects, which is expected to produce £20m - £30m of new projects every year. Funding for the immediate pipeline is in place. However with an eye to the future, the board is examining possible further equity fundraising as well as a debt refinancing which should reduce the ongoing cost as well as provide further capital for expansion. Any equity funding is unlikely to be dilutive as it will be done with reference to net asset value. The board intends to adopt a positive dividend policy in the new financial year.

The rapid growth to date and the prospects for the future of this business as well as the sector are the main reasons why I was so interested to get involved and become Chairman. I look forward to contributing to the next phase of growth.

Giles Weaver

Chairman

27 June 2007

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

	Acquisitions		Continuing Operations	
	2007 £000	2007 £000	Total 2007 £000	2006 £000
Turnover	2,689	239	2,928	1,386
Administrative expenses	(585)	(69)	(654)	(289)
Other operating income	-	-	-	111
Operating profit	2,104	170	2,274	1,208
Net interest			(2,024)	(959)
Profit on ordinary activities before taxation			250	249
Tax on profit on ordinary activities			-	(43)
Profit retained and transferred to reserves			250	206
Basic earnings per share			0.84p	0.94p
Diluted earnings per share			0.77p	0.86p

All of the activities of the group are classed as continuing.

CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2007

	2007 £000	2006 £000
Fixed assets		
Tangible assets	84,105	41,484
Investments	-	-
	84,105	41,484
Current assets		
Debtors	1,826	1,916
Cash at bank and in hand	4,323	402
	6,149	2,318
Creditors: amounts falling due within one year	(6,269)	(4,903)

Net current liabilities	(120)	(2,585)
Total assets less current liabilities	83,985	38,899
Creditors: amounts falling due after more than one year	(54,972)	(32,511)
Net assets	<u>29,013</u>	<u>6,388</u>
Capital and reserves		
Called up share capital	6	2
Share premium account	18,579	2,165
Revaluation reserve	10,042	4,085
Profit and loss account	386	136
Shareholders' funds	<u>29,013</u>	<u>6,388</u>
Net asset value per share	45.0p	28.6p
CONSOLIDATED CASH FLOW	2007	2006
	£000	£000
Net cash inflow from operating activities	3,310	1,711
Returns on investments and servicing of finance		
Interest paid	(2,503)	(1,142)
Interest received	52	17
Net cash outflow from returns on investments and servicing of finance	<u>(2,451)</u>	<u>(1,125)</u>
Taxation	(166)	-
Capital expenditure and financial investment		
Sale of tangible fixed assets	-	178
Purchase of tangible fixed assets	(16,623)	(17,449)
Net cash (outflow)/inflow from capital expenditure and financial investment	<u>(16,623)</u>	<u>(17,271)</u>
Purchase of subsidiary	(4,190)	194
Net cash from purchase of subsidiary	148	-
Net cash outflow from acquisitions and disposals	<u>(4,042)</u>	<u>194</u>
Financing		
Receipts from borrowing	10,532	23,143
Repayment of borrowing	-	(6,572)
Issue of shares	13,816	-
Expenses paid in connection with share issues	(455)	(49)
Net cash inflow from financing	<u>23,893</u>	<u>16,522</u>
Increase in cash	<u>3,921</u>	<u>31</u>

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 policies have remained unchanged from the previous year.

2 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 period.

	Profit £000	Weighted average number of shares	2007 Per share amount pence	Profit £000	Weighted average number of shares	2006 Per share amount pence
Basic earnings per share						
Profit attributable to ordinary shareholders	250	29,904,190	0.84	206	21,900,922	0.94
Dilutive effect of securities						
Options	-	1,471,313	(0.04)	-	738,410	(0.03)
Warrants	-	987,525	(0.03)	-	670,116	(0.02)
Convertible loans	-	-	-	-	767,852	(0.03)
Diluted earnings per share	<u>250</u>	<u>32,363,028</u>	<u>0.77</u>	<u>206</u>	<u>24,077,300</u>	<u>0.86</u>

3 TANGIBLE ASSETS

	Investment properties £000	Assets under construction £000	Total £000
Cost/valuation and net book amount			
At 30 April 2006	32,232	9,252	41,484
Additions	20,484	16,180	36,664
Transfers	19,832	(19,832)	-
Surplus on revaluation	5,957	-	5,957
At 30 April 2007	<u>78,505</u>	<u>5,600</u>	<u>84,105</u>

4 ACQUISITIONS

At 30 April 2007 the Company held the whole of the issued share capital of the following subsidiary undertakings:

	Nature of business	Class of share capital held
Medical Properties Limited	Property investment	Ordinary shares of £1 each
Ashley House Investments Limited	Property investment	Ordinary shares of £1 each

On 16 February 2007, the group acquired 100% of the share capital of Ashley House Investments Limited for total consideration of £7,000,000, plus related costs of £247,000.

The cost comprised:

GBP000

Consideration:	
Cash	3,943
Issue of shares in A H Medical Properties plc	3,057
Total consideration	<u>7,000</u>
Other costs	247
Total cost	<u>7,247</u>

The book values and fair values of the assets and liabilities of Ashley House Investments Limited at that date were:

	Book value £000	Fair value adjustments £000	Fair value £000
Tangible fixed assets	18,547	1,018	19,565
Debtors	418	-	418
Cash	148	-	148
Liabilities due within one year	(635)	-	(635)
Liabilities due after one year	<u>(11,589)</u>	<u>(660)</u>	<u>(12,249)</u>
	<u>6,889</u>	<u>358</u>	<u>7,247</u>

The fair value adjustments relate to the revaluation of properties acquired and the assessed fair values of financial liabilities where interest rates exceeded market rates at the date of acquisition.

For the period from 1 May 2006 to 15 February 2007 Ashley House Investments Limited made a profit of £148,000. For the year to April 2006, the company made a profit of £208,000.

A summary of turnover and profit for the period to 15 February 2007 is shown below:

	£000
Turnover	<u>991</u>
Operating profit	<u>148</u>
Profit after tax	<u>148</u>
Realised gains	<u>148</u>

Ashley House Investments Limited made the following contributions to, and utilisation of, group cash flows:

	2007 £000
Net cash inflow from operating activities	457
Return on investment and servicing of finance	(165)
Capital expenditure and financial investment	(152)
Financing	<u>(250)</u>
Decrease in cash	<u>(110)</u>

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £000	2006 £000
Loans	736	416
Trade creditors	4,541	3,593
Amounts owed to related parties	-	-

Corporation tax	71	237
Accrued expenses	921	657
	<u>6,269</u>	<u>4,903</u>

Of trade creditors, £GBP3,549,000 (2005: £1,985,000) is related to construction contracts on buildings included in fixed assets under construction, all of which have committed funding in place.

6 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007	2006
	£000	£000
Loans	<u>54,972</u>	<u>32,511</u>

The loans are secured by first mortgages over the freehold properties owned by the group and bear annual interest at between 5.35% and 7.25%.

On certain loans, which relate to assets under construction, there are undrawn committed facilities which will be drawn down in future periods to fund assets under construction. Such undrawn facilities are held in blocked deposit accounts by the lender which are charged as security for the relevant loans. The group receives interest at variable rates on such deposits.

Borrowings are repayable as follows:

	2007	2006
	£000	£000
After one and within two years	822	482
After two and within five years	2,700	1,564
After five years	51,450	30,465
	<u>54,972</u>	<u>32,511</u>

7 SHARE CAPITAL

	2007	2006
	£000	£000
Authorised		
50,000 redeemable shares of £1 each (Created 11 January 2007)	<u>50</u>	<u>-</u>
82,000,000 Ordinary shares of 0.01p each (2006: 35,000,000 Ordinary shares of 0.01p)	<u>8</u>	<u>4</u>
Allotted, called up and fully paid		
64,406,544 Ordinary shares of 0.01p each (2006: 22,369,408 Ordinary shares of 0.01p)	<u>6</u>	<u>2</u>

Between 4 May 2006 and 14 March 2007, 45,000 options and 651,976 warrants were exercised resulting in the issue of 696,976 shares for a total cash consideration of £nil.

On 31 October 2006, the Company issued 1,166,667 shares in satisfaction of a convertible loan of £350,000, under the stapled share structure.

On 16 February 2007, the Company issued 13,788,572 shares at 42p per share. Share premium of £5,790,000 has been recognised in relation to this issue.

On 16 February 2007, the Company issued 7,277,777 shares at 42p per share as part of the settlement in the purchase of Ashley House Investments Limited. Share premium of £3,056,000 has been recognised in relation to this issue.

On 16 March 2007, the Company issued 19,107,104 shares at 42p per share. Share premium of £8,023,000 has been recognised in relation to this issue.

8 RESERVES

	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total £000
At 30 April 2006	2,165	4,085	136	6,386
Profit for the year	-	-	250	250
Revaluation reserve	-	5,957	-	5,957
Share Premium	16,869	-	-	16,869
Issue costs	(455)	-	-	(455)
At 30 April 2007	<u>18,579</u>	<u>10,042</u>	<u>386</u>	<u>29,007</u>

9 NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets at the balance sheet date divided by the number of shares in issue at that date.

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £000	2006 £000
Profit for the financial year	250	206
New shares issued	4	-
Revaluation of property	5,957	4,085
Increase in share premium	16,869	-
Share issue costs	(455)	(49)
Net addition to shareholders' funds	<u>22,625</u>	<u>4,242</u>
Shareholders' funds at 1 May 2006	<u>6,388</u>	<u>2,146</u>
Shareholders' funds at 30 April 2007	<u>29,013</u>	<u>6,388</u>

11 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £000	2006 £000
Operating profit	2,274	1,208
Profit on disposal of leasehold property	-	(111)
Increase in debtors	508	(1,070)
Increase in creditors	528	1,684
Net cash inflow from operating activities	<u>3,310</u>	<u>1,711</u>

12 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2007 £000	2006 £000
Increase in cash in the year	3,921	31
Cash inflow from change in net debt	<u>(10,532)</u>	<u>(16,570)</u>
Movement in net debt in the period	(6,611)	(16,539)
Net debt at 1 May 2006	(32,525)	(15,986)
Loans acquired with subsidiary	<u>(12,249)</u>	-
Net debt at 30 April 2006	<u><u>(51,385)</u></u>	<u><u>(32,525)</u></u>

13 ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2006 £000	Cashflow £000	Non- cashflow £000	At 30 April 2007 £000
Cash in hand and at bank	402	3921	-	4,323
Loans	<u>(32,927)</u>	<u>(10,532)</u>	<u>(12,249)</u>	<u>(55,708)</u>
Net debt	<u><u>(32,525)</u></u>	<u><u>(6,611)</u></u>	<u><u>(12,249)</u></u>	<u><u>(51,385)</u></u>

14 RELATED PARTY TRANSACTIONS

Ashley House plc and A H Medical Properties plc, including its subsidiaries Medical Properties Limited and Ashley House Investments Limited, were related as a consequence of the share stapling agreement entered into in September 2004. As a result of the agreement the two companies had identical shareholders' registers. The companies' shares were de-stapled on 11 January 2007. During the year Ashley House plc made sales at an arms length basis to A H Medical Properties plc of £7,190,000 (2006: £9,915,000). At 30 April 2007 the balance due to Ashley House plc was £2,955,000 (2006: £2,717,000).

During the period Ashley House plc made sales on an arms length basis to Medical Properties Limited of £11,247,000 (2006: £4,441,000). At 30 April 2007 the balance due to Ashley House plc was £1,451,000 (2006: £468,000)

All supplies made to A H Medical Properties plc 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.

15 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 group's 2007 statutory financial statements upon which the auditors opinion is unqualified and does not include any statement under Section 237 of the Companies Act 1985.

These financial statements have not yet been delivered to the Registrar of Companies

ILLUSTRATIVE RECONCILIATION OF NET ASSETS AND PROFIT UNDER UK GAAP TO IFRS – NOT AUDITED

A H Medical Properties plc has reported under UK GAAP for its financial statements for the years ended 30 April 2007 and 30 April 2006. The analyses below show illustrative reconciliations of how

the net assets at 30 April 2006 and of how the profits and net assets at 30 April 2007 would have been reported at these dates had they been reported under IFRS. The Board is currently considering when it would be most appropriate to adopt IFRS but is providing this information for guidance and it does not form part of the audited accounts. The illustrative reconciliations are set out below and are followed by notes which explain the reconciling items and set out key assumptions.

Reconciliation of equity at 30 April 2007	Notes	Previous GAAP £000	Effect of transition to IFRS £000	IFRS £000
Plant, property and equipment		84,105	-	84,105
Total non-current assets		84,105	-	84,105
Trade and other receivables		1,826	-	1,826
Cash and cash equivalents		4,323	-	4,323
Total current assets		6,149	-	6,149
Total assets		90,254	-	90,254
Ordinary shares		6	-	6
Share premium		18,579	-	18,579
Revaluation reserve	(a)	10,042	(10,042)	-
Retained profit	(c)	386	7,029	7,415
Total equity		29,013	(3,013)	26,000
Long term liabilities		54,972	-	54,599
Provision for deferred tax	(b)	-	3,013	3,013
Total non current liabilities		54,972	3,013	57,985
Current liabilities		6,269	-	6,269
Total current liabilities		6,269	-	6,269
Total liabilities		61,241	3,013	64,254
Total equity and liabilities		90,254	-	90,254

Reconciliation of profit for the year ended 30 April 2007	Notes	Previous GAAP £000	Effect of transition to IFRS £000	IFRS £000
Revenue		2,928	-	2,928
Valuation gains on investment properties	(a)	-	5,957	5,957
Other administrative expenses		(789)	-	(789)
Operating profit		2,139	5,957	8,096
Net interest		(1,889)	-	(1,889)
Taxation	(b)	-	(1,787)	(1,787)
Net profit for the year		250	4,170	4,420

Reconciliation of equity at 30 April 2006	Notes	Previous GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Plant, property and equipment		41,484	-	41,484
Total non-current assets		41,484	-	41,484
Trade and other receivables		1,916	-	1,916
Cash and cash equivalents		402	-	402
Total current assets		2,318	-	2,318
Total assets		43,802	-	43,802
Ordinary shares		2	-	2
Share premium		2,165	-	2,165
Revaluation reserve	(a)	4,085	(4,085)	-
Retained losses	(c)	136	2,859	2,995
Total equity		6,388	(1,226)	5,162
Long term liabilities		32,511	-	32,511
Provision for deferred tax	(b)	-	1,226	1,226
Total non current liabilities		32,511	1,226	33,737
Current liabilities		4,903	-	4,903
Total current liabilities		4,903	-	4,903
Total Liabilities		37,414	1,226	38,640
Total equity and liabilities		43,802	-	43,802

Explanation of reconciling items between UK GAAP and IFRS

(a) Investment property

Under IAS 40 investment property will be recognised in the accounts at fair value, with revaluation gains being taken directly to the income statement rather than the revaluation reserve. The estimated credit to the income statement for 2006 was £4,085,000 with the amount for 2007 being an estimated credit of £5,957,000, resulting in the adjustment to the previously stated amount for 2007 of £10,042,000.

(b) Deferred taxation

Under IAS 12 potential deferred tax liabilities arising on the sale of assets at their balance sheet value requires full provision in the financial statements. Under UK GAAP the requirement was to note the potential liability as a contingent liability if it was considered material. The estimated IAS 12 provision in this respect at 30 April 2006 and 2007 are £1,226,000 and £1,787,000 respectively. In addition, adjustments (a) and (c) would have deferred taxation effects under IFRS which would result in a credit to the 2006 taxation charge of £42,000 and a reduction in the deferred taxation liability of the same amount.

(c) Profit and Loss

This is the net effect of adjustments (a) and (b)

(d) Share based payment

Under IFRS 2 a charge is required for all share-based payments including share options and warrants. The charge in the income statement is based on the fair value of the options and warrants granted at the grant date. Under UK GAAP there was no charge to the profit and loss account, as the exercise prices were at least equal to the market prices at the dates of issue. The estimated IFRS 2 charge for the year ended 30 April 2007 is £Nil. There is no impact on net assets.

(e) Assumptions

The illustrative reconciliations show the expected impact of IFRS on the group's key financial information for the year ended 30 April 2007 on the assumption that the group decided to adopt IFRS in its financial statements for the year ending 30 April 2008. They are, therefore, based on elections to take advantage of certain exemptions that are available on first time adoption of IFRS on the assumption that the effective transition date is 1 May 2006. In addition, the information is necessarily based on the recognition and measurement requirements of IFRSs in issue and effective for the year ending 30 April 2007. In practice if the group were to adopt IFRS for the year ending 30 April 2008, it would need to take account of IFRSs in issue and effective for that year which may differ from those used in preparing this information.

The directors of AH Medical Properties plc accept responsibility for this announcement.