

Delivering solutions

Ashley House plc Report and accounts 2007



Ashley House plc provides design, project management, construction, asset management and clinical services specialising in primary care infrastructure.

For further information visit
www.ashleyhouseplc.com

Contents

- 01 Highlights
- 02 Delivering on our strategy
- 04 Our portfolio and pipeline
- 05 Chairman's statement
- 08 Chief Executive Officer's statement
- 16 Report of the directors
- 21 Report of the independent auditor
- 22 Principal accounting policies
- 23 Consolidated profit and loss account
- 24 Balance sheets
- 25 Consolidated cash flow statement
- 26 Other primary statements
- 27 Notes to the financial statements
- 39 Illustrative reconciliation of net assets and profit under UK GAAP to IFRS
- 42 Board of directors
- 44 Company information



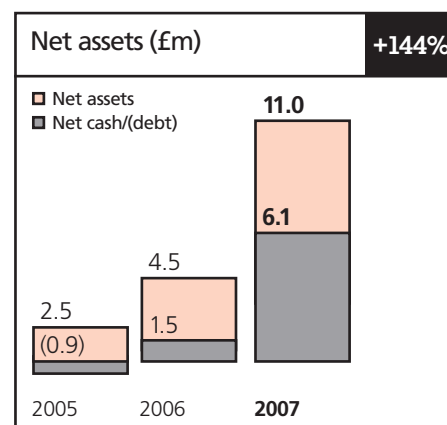
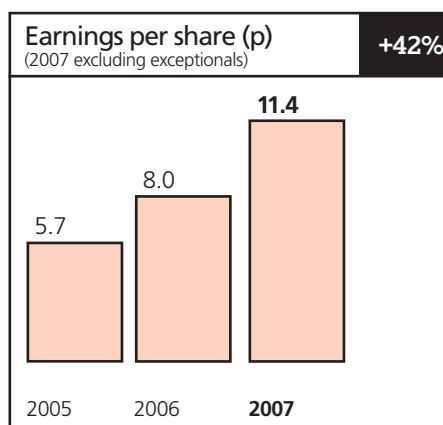
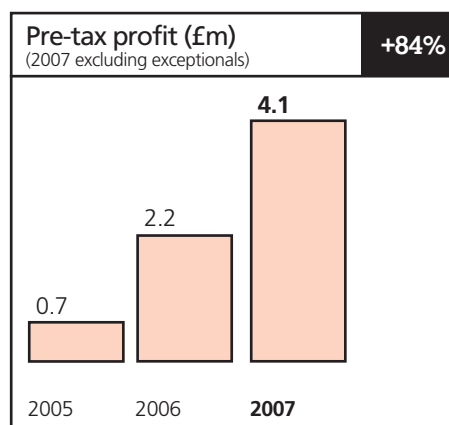
Front cover left to right:
Newcastle – waiting room area
Newcastle – front of building
Scarborough Health Park

This page:
Newcastle – health staff and patient
Newcastle – external
Richmond Lock – on site

Highlights

This has been a year of significant achievement for Ashley House.

- Successful Admission to AIM and oversubscribed £5m placing
- Strategic alliance completed with Babcock & Brown thereby accessing a large pipeline of NHS LIFT projects
- 10 new projects completed from the core pipeline
- Profit pre-tax and exceptional items up 84% to £4.1m
- Earnings per share (excluding exceptionals) up 42% to 11.4p
- Dividend increased 25% to 5p per share



Delivering on our strategy

Our aim is to provide a wide range of professionally managed, integrated facilities and services, supporting the increasing requirements of the UK primary healthcare environment now and into the future.

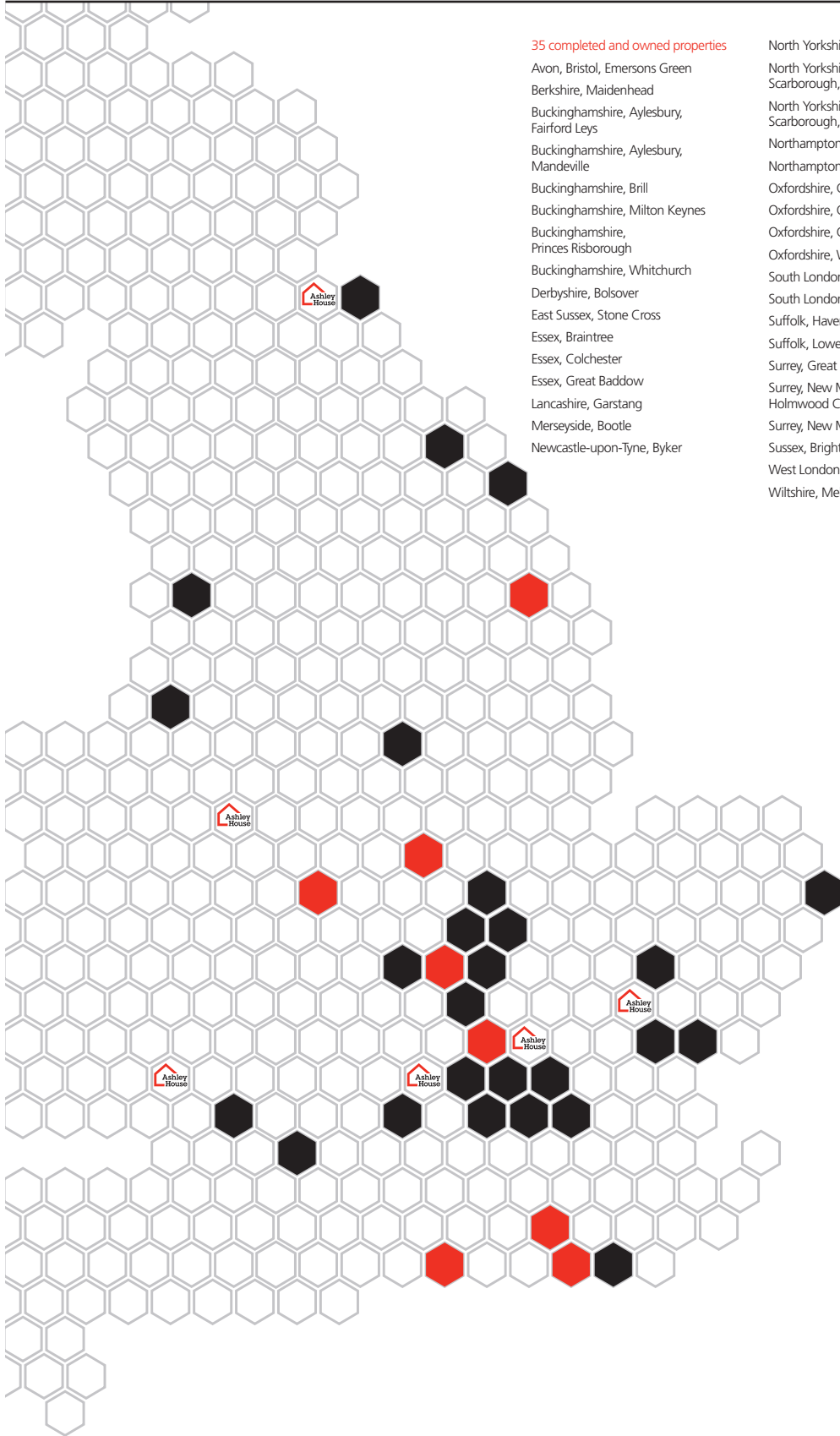
| What we said in 2006 | What we did | Highlight |
|---|---|--|
| AIM listing "The board has been exploring the best corporate structure to achieve shareholder value and as a result it intends to have the company's shares introduced to trading on AIM in the near future." | Successful IPO on AIM raised £5m of new money, net assets increased 245% to £11m with year end cash balance standing at £6.1m. | Admitted to AIM in January 2007 raising £5m of new money £5m |
| Traditional third party developer "The improved level of profitability achieved on these projects should continue through the next trading year and beyond." | Successfully completed 10 projects in the past year around the country. Our 'landmark' scheme in Byker, Newcastle has delivered the vision of an integrated multi-use primary care centre. | Schemes to date exceed 200+ |
| NHS LIFT "The board continues to examine ways of participating in NHS LIFT schemes, bringing our team's expertise and cost effective solutions to this area of the market." | Strategic alliance with Babcock & Brown has already generated progress on 12 schemes with a further 9 in the pipeline. Set to become a major part of our business. | New schemes generated 21 |
| Asset management "It is expected that the asset management income will continue to show significant growth in the future." | Portfolio under management doubled during the year. | Portfolio under management £100m |
| Health Parks "The potential to participate in the redevelopment of community hospitals and the construction and management of local primary care campus facilities." | Our first Health Park is on track and will encapsulate the concept of providing a number of health-related activities on one site. Other opportunities coming through in other areas of the country. | First Health Park with development value in excess of £25m |
| Clinical Services "There are many new opportunities for the private sector to become involved in the provision of services." | The newly developed Clinical Services team is now positioned to be a natural commercial partner for GP groups seeking opportunities to develop new healthcare service initiatives. | Combined years of healthcare experience of new Clinical Services team +100 |

Ashley House has five activities, all related to primary care infrastructure.

Our strategy for the future

| 1 Traditional third party developer work | 2 NHS LIFT | 3 Asset management | 4 Health Parks | 5 Ashley House Clinical Services |
|--|--|---|--|--|
|  |  |  |  |  |
| <p>Ashley House plc developed its first primary care project in 1991 and is now a national organisation with six regional offices. We have a team of in-house professionals, including architects, designers and project managers. With over 200 primary care projects completed, we have an enviable reputation and a wealth of experience.</p> | <p>A strategic alliance has been completed with Babcock & Brown (B&B), a global investment advisory organisation with significant interests in the UK healthcare sector. B&B is one of the leading participants in the NHS LIFT programme, with interests in seven LIFT companies in London, the Midlands and the West of England. This alliance allows Ashley House plc to be involved in the delivery of more substantial healthcare-related schemes including NHS LIFT, Health Parks and community hospitals.</p> | <p>AH Medical Properties plc is our associated medical property investment company. To date the company has acquired circa £100m of assets which are managed by Ashley House. Shares in AH Medical Properties plc (formerly known as Ashley House Properties Limited) are now traded on PLUS markets.</p> | <p>With a gross development value of around £25m, our first Health Park in Scarborough has planning committee approval for a mixed scheme for health and care-related accommodation. This will lead to improved patient pathways and cost savings for the NHS.</p> | <p>Ashley House Clinical Services was created in response to the latest NHS guidelines on the continued devolvement of services. Our approach is to offer true partnering arrangements with clinicians wishing to provide a wide range of clinical services whilst Ashley House provides capital, management expertise, clinical modelling and infrastructure.</p> |

Our portfolio and pipeline



35 completed and owned properties

Avon, Bristol, Emersons Green
 Berkshire, Maidenhead
 Buckinghamshire, Aylesbury, Fairford Leys
 Buckinghamshire, Aylesbury, Mandeville
 Buckinghamshire, Brill
 Buckinghamshire, Milton Keynes
 Buckinghamshire, Princes Risborough
 Buckinghamshire, Whitchurch
 Derbyshire, Bolsover
 East Sussex, Stone Cross
 Essex, Braintree
 Essex, Colchester
 Essex, Great Baddow
 Lancashire, Garstang
 Merseyside, Bootle
 Newcastle-upon-Tyne, Byker




North Yorkshire, Danby
 North Yorkshire, Scarborough, Eastfields
 North Yorkshire, Scarborough, Trafalgar House
 Northamptonshire, Pytchley Court
 Northamptonshire, Higham Ferrers
 Oxfordshire, Chalgrove
 Oxfordshire, Chinnor
 Oxfordshire, Cropedy
 Oxfordshire, Wantage
 South London, Balham
 South London, Wandsworth
 Suffolk, Haverhill
 Suffolk, Lowestoft
 Surrey, Great Bookham
 Surrey, New Malden, Holmwood Corner
 Surrey, New Malden, The Groves
 Sussex, Brighton, Old Steine 3
 West London, Chelsea
 Wiltshire, Melksham

8 on site properties

Birmingham, Soho
 Buckinghamshire, Stoke Poges
 East Yorkshire, Beverley
 Hampshire, Havant
 Leicestershire, Syston
 Middlesex, Twickenham
 Sussex, Brighton, Carden Hill
 Sussex, Brighton, Old Steine 4

6 Ashley House offices

Burnham, Buckinghamshire
 Colchester, Essex
 London
 Monmouthshire, Wales
 Newcastle
 Stafford

-  Completed and owned
-  On site
-  Ashley House offices

40+

Over 40 properties
 Owned by AH Medical Properties plc and managed
 by Ashley House

£100m

£100m
 Portfolio value

Chairman's statement

“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.”

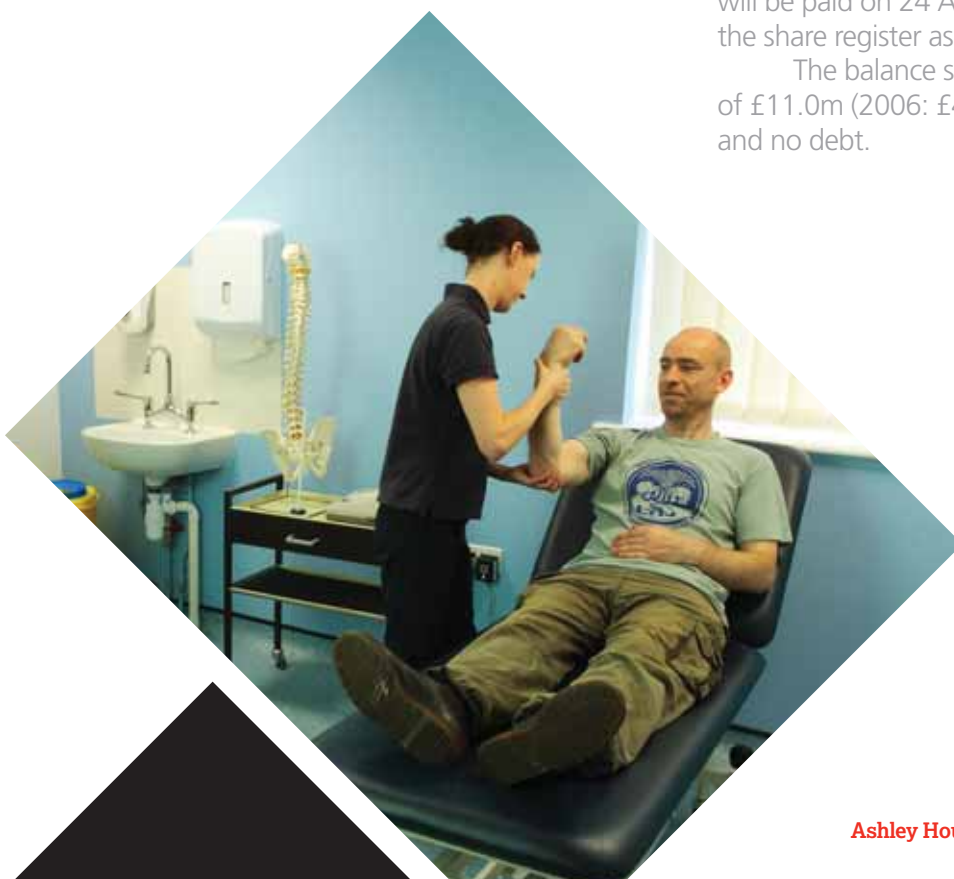
Results

I am delighted to have joined Ashley House in March 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 £25.7m (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 8p in 2006. Net profit (post tax and exceptional items) was down 26% 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 longer any 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 £11.0m (2006: £4.5m) with cash of £6.1m and no debt.



Chairman's statement continued

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.

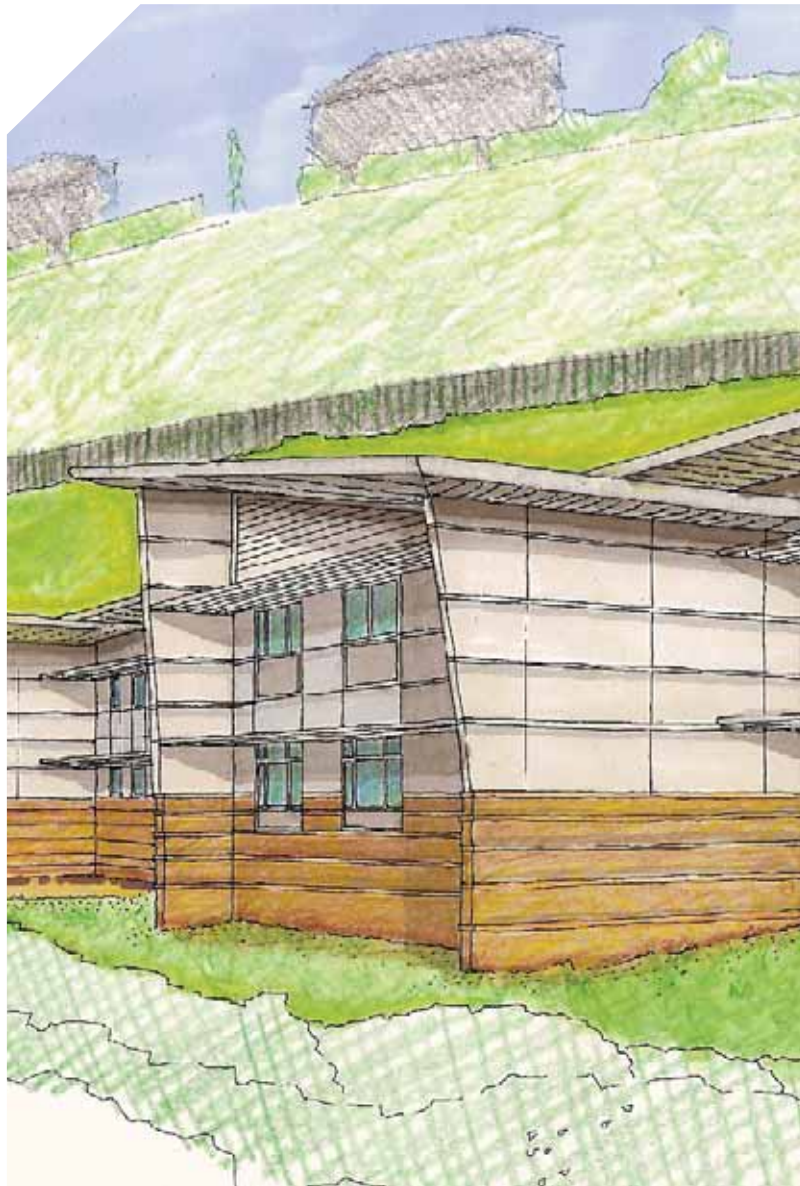
I would like to welcome new shareholders who joined the share register at the AIM Admission and subsequently to Ashley House. The CEO's report pays appropriate tribute to my predecessor, David Burton, but it is a great credit to him that I am following him into a business in such good health and with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



Sir William Wells
Chairman
22 June 2007



Case study



“This is the latest development in a carefully planned approach to investment in local healthcare for the residents of Brighton and Hove. I am pleased that we have been able to work with the city council and the developers Ashley House to come up with this innovative solution to finding the right site for this part of the city.”

Darren Grayson
Brighton and Hove City Primary Care Trust Chief Executive



New surgery premises at Carden Hill,
Carden Avenue, Brighton, East Sussex

Brighton: Delivering solutions in environmental design



The brief

Relocation of two local surgeries within one building while maintaining their own identity as separate practices. To provide additional space for the provision of extended PCT services, such as podiatry, health education and community pharmacy.

The solution

Working with the local school, community, GP practices and the PCT Ashley House carried out an extensive site search and came up with an innovative design on unused land within the grounds of Carden Primary School. This will result in a modern facility, built in a residential area, that will serve the community for many years to come. It will be built to allow changes in configuration, as service solutions to patient needs change.

Points of interest

Energy efficient design
→ passive ventilation
→ light tubes
→ renewable energy sources
→ air source heat pumps
helped to meet new targets for carbon footprints of new buildings.

Due to the topography of the site, the building comprises upper ground and lower ground floors thus allowing level access to both floors.

Key statistics

| | |
|-------------------|--|
| Size | 1,538m ² |
| Description | 2 GP practices PCT services |
| Service provision | Pharmacy Podiatry Health education |

Chief Executive Officer's statement

“The current pipeline for the year to 30 April 2008 remains strong and we have numerous new schemes on site and due on site in the coming months.”

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 10 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 (see facing page) 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 4,600m² 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 (AHMP), 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 30 April 2008 remains strong and we have numerous new schemes on site and due on site in the coming months.



Case study



“The new Molineux Street Health Centre provides a real boost to patient care in the area. Ashley House and the project team have worked tremendously hard to deliver this innovative building and we are delighted with the results that this partnership has brought to date.”

Chris Reed
Chief Executive, Newcastle PCT

Molineux Street, Byker,
Newcastle-upon-Tyne

Newcastle: Innovative solution delivers inner-city ‘one-stop-shop’



The brief

Ashley House was asked to rehouse two forward-thinking local GP practices who wanted to be at the heart of the regeneration of the Shields Road area in Byker, Newcastle-upon-Tyne.

The PCT was also keen to co-locate a number of services in this city centre site to create a significant primary care facility.

The solution

Ashley House worked with the local council to identify a suitable site. The PCT responded very positively to the opportunity and brought in the concept of including an urgent care centre to allow patients to be treated locally without attending A&E for all but the most serious of problems.

A project team was then formed with all the occupants to develop the design for an integrated facility. The premises have been built to allow for flexibility in the building as healthcare delivery for patient needs change. The result is a hugely innovative facility, built in a regeneration area, that will serve the community for many years to come.

Points of interest

The building is part owned by the PCT and part owned by AHMP and throughout has been a highly successful collaboration between Ashley House and the PCT.

Key statistics

| | |
|-------------------|--|
| Size | 4,600m ² |
| Description | 2 GP practices Consortium of local pharmacists PCT services |
| Service provision | Optician Pharmacy Urgent care facility Dental surgery and training Community mental health Physiotherapy Pain management |

Case study



“NHS LIFT is a vehicle for improving and developing frontline primary and community care facilities. It is allowing PCTs to invest in new premises in new locations, not merely reproduce existing types of service. It is providing patients with modern integrated health services in high quality, fit for purpose primary care premises.”

Department of Health website

Kenmore Road Neighbourhood Resource Centre,
Harrow, West London

NHS LIFT



NHS LIFT

In December 2006 Ashley House was delighted to announce the signing of a strategic alliance with Babcock & Brown. As part of this agreement Ashley House entered into agreements to design and build a number of LIFT schemes arising from Babcock & Brown's involvement as private sector partner in 7 of the 42 LIFT Co's in England. This gives Ashley House a significant involvement in the LIFT market, fulfilling a long-term aim. Kenmore Road, pictured above, is an example of one of the LIFT projects being delivered by this relationship.

The project

In partnership with Brent, Harrow and Hillingdon LIFT Co, Ashley House are designing and building three Neighbourhood Resource Centres for Harrow Council on sites at Christchurch Avenue, Kenmore Road (shown) and Vaughan Road. Though all three buildings have the same brief each centre will have an individual design to reflect the different character of the areas.

The proposed Neighbourhood Resource Centres will provide high quality accommodation from which support and services are delivered to people with learning disabilities. They are intended to act as a focal point for broader community involvement and participation in the neighbourhood, offering valuable day support allowing people to participate in the community.

The developments will be undertaken by Ashley House plc in its role as design and build supply chain partner to the Brent, Harrow and Hillingdon LIFT Co.

Key statistics

| | |
|-------------------|---|
| Size | Three buildings each of c.800m ² |
| Description | Neighbourhood Resource Centres |
| Service provision | Social care led support and services for learning disabilities delivered from a single community base |

Chief Executive Officer's statement continued

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 (see facing page).

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 approximately £80m of completed income producing assets, doubling in size from £41m as at 30 April 2006. 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 approximately £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.



Chief Executive Officer's statement continued

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 (see facing page).

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 gained 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 knowhow 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.



Case study



“A £25m development that will generate employment and provide the town with much needed ‘state of the art’ health and care facilities.”

Scalby Road,
Scarborough

Scalby Road: Go-ahead for Health Park

The brief

With a detailed knowledge of the local health economy, gleaned from a number of schemes already undertaken in the area, Ashley House was keen to address wider health needs in Scarborough.

Ashley House had a site requirement for two GP practices and was aware of the need for hospital space to augment the local NHS hospital. Demand for residential care accommodation for the elderly is also strong in the area.

The Health Park scheme will integrate and support various types of health-related services on a campus styled development bringing in an investment of £25m to the region, creating employment and providing a flagship development including a much needed local private hospital.

The solution

Ashley House has recently gained planning committee approval for general medical space to accommodate: GP practices, a hospital, a care home and sheltered housing. This is the site of the current Scarborough Rugby Football Club, which is moving to an edge of town new stadium.

Points of interest

Ashley House worked closely with the local council and rugby club to realise this important new facility for the community of Scarborough.



Key statistics

| | |
|-------------------|---------------------------------|
| Size | Site of 3.7 acres |
| GP surgery | 2,000m ² |
| Private hospital | 25 beds 2 operating theatres |
| Care home | 93 rooms |
| Sheltered housing | 14 flats for the elderly |

Case study



“After a lot of hard work by all those involved, the completion of the new healthcare centre will now provide a fantastic opportunity for doctors, patients and staff to work together to develop an integrated approach to local health issues in stylish and modern surroundings.”

Rosemary Adams
Bolsover, Derbyshire Practice Manager

Bolsover
Derbyshire

Bolsover: Innovative solutions

The opening ceremony was performed by the Duke of Devonshire and was attended by local GPs, local councillors, the Patient Participation Group, PCT staff and practice staff.



The brief

To provide modern accommodation for a growing four partner training practice. The new premises needed to provide 'fit for purpose' accommodation for both GPs and other clinical staff. As well as a dispensary, the new building has enlarged administration and patient waiting areas, which will allow for the patient list from a retiring GP's local practice to be accommodated. Central to the successful completion of the project were the close working relationships established with NE Derbyshire PCT (as was) and Derbyshire County Council.

The solution

This new surgery offers patients a large spacious facility within a comfortable and relaxed environment. In addition to consulting rooms and a treatment room for minor surgery, the premises also include a large health education room for classes and meetings, plus ample parking for both staff and patients.

The building also brings together the community clinical team and practice staff under one roof. With the addition of 'state of the art' equipment, staff can now offer patients a truly modern and all encompassing service, close to home.

Key statistics

| | |
|-------------------|---|
| Size | 1,702m ² |
| Description | Four partner training practice PCT services |
| Service provision | Dispensary Minor surgery Health education Podiatry Community matrons Ante-natal care Remedial therapy |

Chief Executive Officer's statement continued

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 fundraising 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. (*Approval received 28 June 2007*).

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 four 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 & 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, as outgoing Chairman, leaves us 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 Officer
22 June 2007



Report of the directors

The directors present their report together with the audited financial statements for the year ended 30 April 2007.

Principal activity

The group's principal activity is the supply of project management and consultancy services, primarily allied to the provision of medical facilities delivering NHS-led primary care.

Business review

The consolidated profit and loss account for the year is set out on page 23.

A review of developments affecting the group during the year and of its prospects for the future appears in the Chairman's statement and the Chief Executive Officer's statement.

The directors paid an interim dividend of 2p per share on 26 January 2007 amounting to £475,000. The directors propose a final dividend of 3p amounting to £826,000.

Directors

The present membership of the board is set out below. Except as noted, the directors served throughout the year.

Sir W Wells (Non-executive Chairman) (appointed 25 April 2007)

A D Burton (Non-executive Chairman) (retired 25 April 2007)

N K Croxford

A Gibson (Non-executive Director)

J H Gunn (Non-executive Director)

J Holmes

S G Minion

G Mosley

B L Walker

R E L Warner

The newly appointed director, Sir W Wells, offers himself for election and N K Croxford, S G Minion, G Mosley and B L Walker retire by rotation and being eligible offer themselves for re-election.

Directors' and officers' liability insurance

The company has, as permitted by Section 310(3) of the Companies Act 1985, maintained insurance cover on behalf of the directors and secretary indemnifying them against certain liabilities which may be incurred by them in relation to the company.

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment, and to abide by the terms of payment. Trade creditors at the year-end amount to 31 (2006: 59) days of average supplies for the year.

Employee involvement

The group keeps its employees informed of matters affecting them as employees through regular briefings. In addition to previous option awards to key employees, all members of staff at the date of admission to the AIM market, who are not directors, were granted options over shares in the company. The company is in the process of being accredited with Investors In People status. (*Approval received 28 June 2007*).

Substantial shareholdings

As at 30 April 2007, the company had been notified, in accordance with Sections 198 to 209 of the Companies Act 1985, of the following interests in the ordinary share capital of the company:

| | Number | Percentage |
|------------------------------|-----------|------------|
| S G Minion | 3,744,825 | 13.6% |
| Guinness Peat Group | 3,182,838 | 11.6% |
| G Mosley | 2,635,518 | 9.6% |
| J Holmes | 1,099,604 | 4.0% |
| Ludgate 181 (Jersey) Limited | 999,998 | 3.6% |

Financial risk management objectives and policies

The group is exposed to a variety of financial risks which result from both its operating and investing activities. The board is responsible for co-ordinating the group's risk management and focuses on actively securing the group's short- to medium-term cash flows. Long-term financial investments are managed to generate lasting returns.

The group does not actively engage in the trading of financial assets and has no financial derivatives. 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 trade debtors. The amounts presented in the balance sheet are net of any allowance for doubtful debtors, estimated by the directors. The group's largest customers are AH Medical Properties plc and its subsidiary, Medical Properties Limited.

The group has adopted a strict credit vetting policy based on track record payment history and externally available credit data.

Interest rate risk

The group finances its operations through retained profits and has no borrowings. The group operates a policy of seeking to optimise deposit interest earned, paying due regard to credit risk and ensuring the business has sufficient available cash to operate effectively.

Liquidity risk

The group seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Corporate governance

The board supports the principles of good governance. The group is committed to high standards of corporate governance and has adopted procedures to institute good governance insofar as they are practical and appropriate for a business of this size at this stage in its development. The board has a remuneration committee and an appointments committee in each case comprising a majority of non-executive directors and an audit committee chaired by the Non-executive Chairman.

Going concern

After making enquiries and reviewing forecasts, the directors have, at the time of approving the financial statements, concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Application of principles of good governance

Directors

The group supports the concept of an effective board, leading and controlling the group. The board is responsible for approving group policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. Management supplies the board with appropriate and timely information and the directors are free to seek any further information that they consider necessary. All directors have access to advice from the Company Secretary and independent professionals at the group's expense.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for the preparation of the directors' report and other information in the annual report.

Insofar as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The board has overall responsibility for ensuring that the group maintains systems of internal control to provide it with reasonable assurance regarding the reliability of financial information used within the business and for publication and that assets are safeguarded.

Remuneration policy

The group's policy on executive directors' remuneration is to:

- attract and retain high quality executives by paying competitive remuneration packages relevant to each director's role, experience and the external market. The packages include contributions to private medical insurance; and
- give incentive to directors to maximise shareholder value through annual bonus schemes.

Service agreements

No director has a service agreement with a notice period that exceeds six months.

Report of the directors continued

Directors' remuneration and pension entitlements

| | Salaries, fees and benefits 2007 Total £ | Salaries, fees and benefits 2006 Total £ |
|---------------------------------------|---|---|
| Executive | | |
| N K Croxford | 99,215 | 67,427 |
| J Holmes | 173,609 | 100,340 |
| S G Minion | 174,488 | 104,121 |
| G Mosley | 71,522 | 53,118 |
| B L Walker | 138,054 | 67,584 |
| R E L Warner | 101,696 | 91,210 |
| | 758,584 | 483,800 |
| Non-executive | | |
| A D Burton (retired 25 April 2007) | 26,250 | 25,375 |
| A Gibson | 60,367 | 17,083 |
| J H Gunn | 21,000 | 10,500 |
| Sir W Wells (appointed 25 April 2007) | – | – |
| | 107,617 | 52,958 |
| | 866,201 | 536,758 |

The group did not make contributions to any director's pension fund during the year.

Directors' interests

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary share capital of Ashley House plc at 30 April 2006 according to the register of directors' interests:

| | Number of shares of 1p held at 30 April 2007 | % of issued share capital | Acquired/ (disposed of) during year | Interest at 1 May 2006, or date of appointment if later, in shares of 1p each |
|--------------|---|------------------------------------|---|---|
| A D Burton | 344,166 | 1.3% | 166,666 | 177,500 |
| NK Croxford | 801,530 | 2.9% | (36,035) | 837,565 |
| A Gibson | 25,000 | 0.1% | – | 25,000 |
| J H Gunn | 567,106 | 2.1% | 135,833 | 431,273 |
| J Holmes | 1,099,604 | 4.0% | (168,310) | 1,267,914 |
| S G Minion | 3,744,825 | 13.6% | (340,811) | 4,085,636 |
| G Mosley | 2,635,518 | 9.6% | 230,856 | 2,404,662 |
| B L Walker | 250,000 | 0.9% | – | 250,000 |
| R E L Warner | 166,666 | 0.6% | 166,666 | – |

The interest of J H Gunn is held by W B (Nominees) Limited.

Connected persons' interest in share capital

M Holmes (parent of J Holmes) holds 709,328 shares. Ludgate 181 (Jersey) Limited owns 999,998 shares in the company. A D Burton and J H Gunn are both directors of, and have an interest in, Ludgate 181 (Jersey) Limited.

Interests in share options

The interests of the directors and persons connected to the directors in options over shares in Ashley House plc are set out below:

| | Number of options at 30 April 2007 | Exercise price £ | Number granted | Number of options at 1 May 2006 or date of appointment |
|--------------|---|------------------------|-------------------|--|
| N K Croxford | 200,000 | 0.30 | – | 200,000 |
| | 200,000 | 1.50 | 200,000 | – |
| J Gunn | 100,000 | 1.50 | 100,000 | – |
| J Holmes | 330,000 | 0.30 | – | 330,000 |
| | 300,000 | 1.50 | 300,000 | – |
| S G Minion | 330,000 | 0.30 | – | 330,000 |
| | 300,000 | 1.50 | 300,000 | – |
| G Mosley | 150,000 | 0.30 | – | 150,000 |
| | 120,000 | 1.50 | 120,000 | – |
| A Gibson | 100,000 | 0.85 | – | 100,000 |
| | 100,000 | 1.50 | 100,000 | – |
| B Walker | 300,000 | 1.50 | 300,000 | – |
| R E L Warner | 20,000 | 0.30 | – | 20,000 |
| | 100,000 | 1.08 | – | 100,000 |
| | 200,000 | 1.50 | 200,000 | – |
| W Wells | 100,000 | 1.59 | 100,000 | – |

The 30p options were granted on 15 August 2004 and are exercisable within 10 years from the date of grant. The 85p options were granted on 11 January 2006 and the 108p options were granted on 6 February 2006. These options vest in three years and expire within 10 years from the date of grant. The 150p options were granted on 16 January 2007 and the 159p options were granted on 25 April 07. These options vest in two years and expire within 10 years from the date of grant.

Report of the directors continued

Interests in warrants

The interests of the directors and persons connected to the directors in warrants over shares in Ashley House plc at 30 April 2007 were:

| | Warrants held at 30 April 2007 | Exercise price £ | Warrants exercised | Warrants held at 1 May 2006 |
|-----------------------------|--------------------------------|------------------|--------------------|-----------------------------|
| A D Burton – director | 330,000 | 0.30 | – | 330,000 |
| N K Croxford – director | – | 0.95 | 23,340 | 23,340 |
| J H Gunn – director | 330,000 | 0.30 | – | 330,000 |
| J Holmes – director | – | 0.95 | 81,690 | 81,690 |
| S G Minion – director | – | 0.95 | 64,190 | 64,190 |
| G Mosley – director | – | 0.95 | 64,190 | 64,190 |
| B L Walker – director | 150,000 | 0.30 | – | 150,000 |
| | 180,000 | 0.40 | – | 180,000 |
| Ludgate Investments Limited | – | 0.60 | 123,450 | 123,450 |

The 95p warrants were exercised at a mid price of 170p. The 60p warrants were exercised at a mid unit price of 145p.

The warrants, which were granted on 16 August 2004 at 30p, are exercisable within five years from the date of grant.

The warrants, which were granted on 22 December 2004 at 40p, are exercisable within five years from the date of grant.

Market value of shares

During the year the company's shares moved from being traded on the PLUS Market as a stapled unit with the shares of Ashley House Properties Limited (now renamed AH Medical Properties plc – 'AHMP') to being separately traded on their own as Ashley House plc on the AIM of the London Stock Exchange.

Whilst trading on PLUS Markets as a stapled unit with AHMP the units traded in the range from 133.5p to 206.5p. AHMP continues to trade on PLUS having been admitted to PLUS separately on 15 January at a price of 42p per share. Ashley House plc on its own was admitted to trading on AIM on 15 January 2007 at a price of 150p per share. Between admission and 30 April 2007 the shares traded in the range 166p to 189p. At 30 April 2007 the share price was 166p per share.

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with Section 385 of the Companies Act 1985.

On behalf of the board

J Holmes

Chief Executive Officer
22 June 2007

Report of the independent auditor to the members of Ashley House plc

We have audited the group and parent company financial statements (the 'financial statements') of Ashley House plc for the year ended 30 April 2007 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses the note of historical cost profits and losses and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the report of the directors is consistent with the financial statements. The information given in the directors' report includes that specific information presented in the Chairman's statement and Chief Executive Officer's statement that is cross-referred from the business review section of the directors' report. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's statement, Chief Executive Officer's statement and the report of the directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 April 2007 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the report of the directors is consistent with the financial statements for the year ended 30 April 2007.

Grant Thornton UK LLP

Registered Auditors
Chartered Accountants
Oxford
22 June 2007

Principal accounting policies

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.

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.

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings. Profits or losses on intra-group transactions are eliminated in full. All of the subsidiary's assets and liabilities that existed at the date of acquisition were recorded at their fair values reflecting their condition at that date.

Turnover

Turnover is the total of amounts for goods supplied and services provided during the year, excluding value-added tax.

In the case of long-term contracts, turnover reflects the contract activity during the year and represents the proportion of total contract value which costs incurred to date bear to total expected contract costs.

Turnover on long-term contracts is only recognised where there is reasonable certainty that the contract will proceed and planning permission has been obtained.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets, other than freehold land, on the reducing balance basis over their expected useful economic lives. The periods generally applicable are:

| | |
|--|---------|
| Office equipment, furniture and fixtures | 4 years |
| Motor vehicles | 4 years |
| Mobile surgeries | 4 years |

Investments

Investments are included at cost less provision for amounts written off.

Work in progress and long-term contracts

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Costs associated with long-term contracts are included in stock to the extent that they cannot be matched with contract work accounted for as turnover. Long-term contract balances included in stocks are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account. No element of profit is included in the carrying value of work in progress. Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Financial instruments

Income and expenditure arising on financial instruments is recognised on the accruals basis, and is credited or charged to the profit and loss account in the financial period to which it relates.

Intangible assets – goodwill

Goodwill, representing the excess of the fair value of consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised on a straight-line basis over its estimated useful economic life.

Consolidated profit and loss account

for the year ended 30 April 2007

| | Note | 2007 Before exceptional £000 | 2007 Exceptional £000 | 2007 Total £000 | 2006 (Restated)* £000 |
|--|------|---------------------------------------|-----------------------------|-----------------------|-----------------------------|
| Turnover | 1 | 25,644 | – | 25,644 | 23,126 |
| Cost of sales | | (18,307) | – | (18,307) | (17,995) |
| Gross profit | | 7,337 | – | 7,337 | 5,131 |
| Recurring administrative expenses | 1 | (3,392) | – | (3,392) | (2,887) |
| Non-recurring transaction costs | 2 | – | (1,551) | (1,551) | – |
| Operating expenses | | (3,392) | (1,551) | (4,943) | (2,887) |
| Operating profit | | 3,945 | (1,551) | 2,394 | 2,244 |
| Profit on sale of fixed asset | | – | 137 | 137 | – |
| Net interest | 4 | 127 | – | 127 | (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 | 17 | 2,751 | (1,414) | 1,337 | 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.

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance sheets

at 30 April 2007

| | Note | Group | | Company | |
|---|------|---------------|-----------------------------|---------------|-----------------------------|
| | | 2007 £000 | 2006 £000 (restated)* | 2007 £000 | 2006 £000 (restated)* |
| Fixed assets | | | | | |
| Intangible assets | 8 | 203 | 270 | 203 | 270 |
| Tangible assets | 9 | 200 | 1,427 | 194 | 1,418 |
| Investments | 10 | 1,850 | – | 1,851 | 1 |
| | | 2,253 | 1,697 | 2,248 | 1,689 |
| Current assets | | | | | |
| Stocks | 11 | – | 15 | – | – |
| Debtors | 12 | 7,392 | 6,753 | 7,510 | 6,785 |
| Cash at bank and in hand | | 6,073 | 1,502 | 6,049 | 1,469 |
| | | 13,465 | 8,270 | 13,559 | 8,254 |
| Creditors: amounts falling due within one year | 13 | (4,682) | (5,405) | (4,649) | (5,381) |
| Net current assets | | 8,783 | 2,865 | 8,910 | 2,873 |
| Total assets less current liabilities | | | | | |
| | | 11,036 | 4,562 | 11,158 | 4,562 |
| Creditors: amounts falling due after more than one year | 14 | – | (50) | – | (50) |
| Provision for liabilities | 15 | – | (15) | – | (14) |
| Net assets | | 11,036 | 4,497 | 11,158 | 4,498 |
| Capital and reserves | | | | | |
| Called-up share capital | 16 | 275 | 224 | 275 | 224 |
| Share premium account | 17 | 8,040 | 2,771 | 8,040 | 2,771 |
| Revaluation reserve | 17 | – | 187 | – | 187 |
| Share-based payments reserve | 17 | 1,421 | 165 | 1,421 | 165 |
| Profit and loss account | 17 | 1,300 | 1,150 | 1,422 | 1,151 |
| Shareholders' funds | | 11,036 | 4,497 | 11,158 | 4,498 |

*Restated due to adoption of FRS 20.

The financial statements were approved by the board of directors on 22 June 2007.

J Holmes

Chief Executive Officer

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated cash flow statement

for the year ended 30 April 2007

| | Note | 2007 £000 | 2006 £000 |
|---|------|--------------|--------------|
| Net cash inflow from operating activities | 19 | 2,389 | 1,757 |
| Returns on investments and servicing of finance | | | |
| Interest paid | | (14) | (58) |
| Interest received | | 137 | 28 |
| Net cash inflow/(outflow) from returns on investments and servicing of finance | | 123 | (30) |
| 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 | | (1,850) | – |
| Net cash outflow from capital expenditure and financial investment | | (600) | (8) |
| 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 | 20 | 4,571 | 1,459 |

The accompanying accounting policies and notes form an integral part of these financial statements.

Other primary statements

for the year ended 30 April 2007

Statement of total recognised gains and losses

| | 2007 £000 | 2006 £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 £000 | 2006 £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 |

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements

for the year ended 30 April 2007

1 Turnover and profit on ordinary activities before taxation

The group operates entirely in project management and consultancy in the United Kingdom.

Profit on ordinary activities before taxation is arrived at after charging:

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| Recurring administrative costs | | |
| Depreciation of tangible fixed assets | 112 | 92 |
| Rental of premises – operating leases | 121 | 44 |
| Rental of motor vehicles – operating leases | 18 | 16 |
| Amortisation of goodwill | 67 | 65 |
| Auditor's remuneration: | | |
| – statutory audit services | 31 | 31 |
| – taxation | 10 | 7 |
| – corporate finance transactions | 66 | – |
| – other | 23 | 7 |

Part of the auditor's remuneration in respect of corporate finance transactions was taken to the share premium account.

2 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.

3 Directors and employees

Staff costs during the year for the group were as follows:

| | 2007 £000 | 2006 £000 (restated) |
|-----------------------|--------------|----------------------------|
| Wages and salaries | 2,088 | 1,827 |
| Social security costs | 227 | 188 |
| | 2,315 | 2,015 |

The average number of employees of the group during the year was 49 (2006: 49).

Directors' emoluments amounted to £866,000 (2006: £537,000). Further details of emoluments paid to directors are contained in the report of the directors. No pension contributions were made in respect of any of the directors.

The amount above includes remuneration in respect of the highest paid director as follows:

| | 2007 £000 | 2006 £000 |
|-------------------------------------|--------------|--------------|
| Emoluments for services as director | 174 | 104 |

Notes to the financial statements continued

4 Net interest

| | 2007 £000 | 2006 £000 |
|---------------------|--------------|--------------|
| Bank mortgage | – | (38) |
| Convertible loans | (14) | (20) |
| Interest receivable | 141 | 28 |
| | 127 | (30) |

5 Tax on profit on ordinary activities

| | 2007 £000 | 2006 £000 |
|---------------------------------------|--------------|--------------|
| UK corporation tax at 30% (2006: 30%) | 1,336 | 444 |
| Deferred taxation | (15) | 10 |
| Tax on profit on ordinary activities | 1,321 | 454 |

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 30% (2006: 30%). The differences are explained as follows:

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax | 2,658 | 2,214 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%) | 797 | 664 |
| Expenses not deductible for tax purposes | 576 | 46 |
| Depreciation for the period in excess of capital allowances | 14 | 12 |
| Chargeable gains | 53 | – |
| Income not taxable | (41) | – |
| Utilisation of tax losses | – | (167) |
| Relief for share options exercised | (63) | (111) |
| Current tax charge for year | 1,336 | 444 |

The £1.08m charge in respect of the Babcock & Brown warrant has been treated as not allowable for the purposes of these accounts.

6 Profit for the financial year

The company has taken advantage of the exemption allowed under Section 230(1) of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The company's profit for the year was £1,458,000 (2006: £1,735,000).

7 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 £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 |

Notes to the financial statements continued

8 Intangible assets – goodwill

£000

| | |
|---|------------|
| GROUP | |
| Cost | |
| As at 1 May 2006 and 30 April 2007 | 425 |
| Amortisation | |
| As at 1 May 2006 | 155 |
| Charged in the year | 67 |
| As at 30 April 2007 | 222 |
| Net book value as at 30 April 2007 | 203 |
| Net book value as at 30 April 2006 | 270 |
| COMPANY | |
| Cost | |
| At 1 May 2006 and as at 30 April 2007 | 270 |
| Amortisation | |
| Charged in the year | 67 |
| As at 30 April 2007 | 67 |
| Net book value as at 30 April 2007 | 203 |
| Net book value as at 30 April 2006 | 270 |

9 Tangible assets

| | Freehold property £000 | Office equipment, furniture and fixtures £000 | Motor vehicles £000 | Mobile surgeries £000 | Total £000 |
|---|------------------------------|---|---------------------------|-----------------------------|---------------|
| GROUP | | | | | |
| Cost/valuation | | | | | |
| At 1 May 2006 | 1,200 | 211 | 21 | 254 | 1,686 |
| Additions | – | 27 | 9 | 51 | 87 |
| Disposals | (1,200) | – | – | – | (1,200) |
| At 30 April 2007 | – | 238 | 30 | 305 | 573 |
| Depreciation | | | | | |
| At 1 May 2006 | – | 127 | 9 | 123 | 259 |
| Provided in the year | 7 | 33 | 6 | 75 | 121 |
| Disposals | (7) | – | – | – | (7) |
| At 30 April 2007 | – | 160 | 15 | 198 | 373 |
| Net book amount at 30 April 2007 | – | 78 | 15 | 107 | 200 |
| Net book amount at 30 April 2006 | 1,200 | 84 | 12 | 131 | 1,427 |
| COMPANY | | | | | |
| Cost/valuation | | | | | |
| At 30 April 2006 | 1,200 | 196 | 21 | 254 | 1,671 |
| Additions | – | 25 | 9 | 51 | 85 |
| Disposal | (1,200) | – | – | – | (1,200) |
| At 30 April 2007 | – | 221 | 30 | 305 | 556 |
| Depreciation | | | | | |
| At 30 April 2006 | – | 121 | 9 | 123 | 253 |
| Provided in the year | 7 | 29 | 6 | 74 | 116 |
| Disposal | (7) | – | – | – | (7) |
| At 30 April 2007 | – | 150 | 15 | 197 | 362 |
| Net book amount at 30 April 2007 | – | 71 | 15 | 108 | 194 |
| Net book amount at 30 April 2006 | 1,200 | 75 | 12 | 131 | 1,418 |

Notes to the financial statements continued

10 Fixed asset investments

| | Subsidiary undertakings | Listed investments | Total £000 |
|-------------------------|----------------------------|-----------------------|---------------|
| Group | | | |
| At 1 May 2006 | – | – | – |
| Additions | – | 1,850 | 1,850 |
| At 30 April 2007 | – | 1,850 | 1,850 |
| Company | | | |
| At 1 May 2006 | 1 | – | 1 |
| Additions | – | 1,850 | 1,850 |
| At 30 April 2007 | 1 | 1,850 | 1,851 |

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

| | Nature of work | Class of share capital held | Proportion held |
|--|---------------------|--------------------------------|--------------------|
| Neil Niblett and Associates Limited | Architects | Ordinary shares of £1 each | 100% |
| Ashley House Clinical Services Limited | Management Services | Ordinary shares of £1 each | 100% |
| Phocus Limited | Management Services | Ordinary shares of £1 each | 100% |

At 30 April 2007 the investment in AH Medical Properties plc had a market value of £1,540,000.

| | | | |
|---------------------------|---------------------|--------------------------------|------|
| AH Medical Properties plc | Investment Property | Ordinary shares of 0.001p each | 6.8% |
|---------------------------|---------------------|--------------------------------|------|

11 Stocks

| | Group | | Company | |
|------------------|--------------|--------------|--------------|--------------|
| | 2007 £000 | 2006 £000 | 2007 £000 | 2006 £000 |
| Goods for resale | – | 15 | – | – |

12 Debtors

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2007 £000 | 2006 £000 | 2007 £000 | 2006 £000 |
| Trade debtors | 1,678 | 1,484 | 1,659 | 1,441 |
| Amounts owed by group undertakings | – | – | 146 | 221 |
| Amounts owed by related parties (note 25) | 4,417 | 3,791 | 4,417 | 3,659 |
| Amounts recoverable on contracts | 1,052 | 1,326 | 1,052 | 1,326 |
| Other debtors | 38 | 14 | 29 | – |
| Prepayments and accrued income | 207 | 138 | 207 | 138 |
| | 7,392 | 6,753 | 7,510 | 6,785 |

13 Creditors: amounts falling due within one year

| | Group | | Company | |
|---------------------------------|--------------|--------------|--------------|--------------|
| | 2007 £000 | 2006 £000 | 2007 £000 | 2006 £000 |
| Convertible loans | – | 300 | – | 300 |
| Trade creditors | 1,541 | 2,861 | 1,506 | 2,855 |
| Social security and other taxes | 511 | 317 | 514 | 299 |
| Corporation tax | 837 | 442 | 836 | 442 |
| Other creditors | 54 | 17 | 54 | 17 |
| Accrued expenses | 1,739 | 1,468 | 1,739 | 1,468 |
| | 4,682 | 5,405 | 4,649 | 5,381 |

14 Creditors: amounts falling due after more than one year

| | Group | | Company | |
|-------------------|--------------|--------------|--------------|--------------|
| | 2007 £000 | 2006 £000 | 2007 £000 | 2006 £000 |
| Convertible loans | – | 50 | – | 50 |
| | – | 50 | – | 50 |

The convertible loans from related parties were unsecured.

Borrowings are repayable as follows:

| | Group | | Company | |
|---------------------------------|--------------|--------------|--------------|--------------|
| | 2007 £000 | 2006 £000 | 2007 £000 | 2006 £000 |
| Within one year: | | | | |
| Convertible loans | – | 300 | – | 300 |
| After one and within two years: | | | | |
| Convertible loans | – | 50 | – | 50 |
| | – | 350 | – | 350 |

Financial instruments

The cash balances held by the group at the bank are held within current accounts and earn interest of 0.25% under base from Lloyds TSB Bank plc.

There is no exchange rate risk, and the fair values of the assets and liabilities of the group are not materially different from their net book values.

The financial risk management objectives and policies of the group are detailed within the report of the directors.

Notes to the financial statements continued

15 Deferred taxation

Deferred taxation provided for in the financial statements is as follows:

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2007 £000 | 2006 £000 | 2007 £000 | 2006 £000 |
| Excess of tax allowances over depreciation | | | | |
| As at 1 May 2006 | 15 | 5 | 14 | 1 |
| Movement in year | (15) | 10 | (14) | 13 |
| As at 30 April 2007 | – | 15 | – | 14 |

16 Share capital

| | 2007 £000 | 2006 £000 |
|--|--------------|--------------|
| Authorised 51,000,000 (2006: 35,000,000) Ordinary shares of 1p each | 510 | 350 |
| Allotted, called-up and fully paid 27,544,379 (2006: 22,369,408) Ordinary shares of 1p each | 275 | 224 |

The authorised share capital was increased to 51,000,000 on 11 January 2007.

| | Price | 2007 | Issued | Exercised | 2006 |
|--|-------|-----------|-----------|-----------|-----------|
| Options | | | | | |
| Issued 2004 expire 2014 | 30p | 1,060,000 | – | (45,000) | 1,105,000 |
| Issued 2005 exercisable from 2008, expire 2015 | 85p | 100,000 | – | – | 100,000 |
| Issued 2005 exercisable from 2008, expire 2015 | 98p | 105,000 | – | – | 105,000 |
| Issued 2005 exercisable from 2008, expire 2015 | 108p | 210,000 | – | – | 210,000 |
| Issued 2007 exercisable from 2007, expire 2017 | 150p | 1,842,500 | 1,842,500 | – | – |
| Total options | | 3,317,500 | 1,842,500 | (45,000) | 1,520,000 |

Between 18 July and 3 October 2006, 45,000 options were exercised resulting in the issue of 45,000 shares for a total cash consideration of £14,000.

| | Price | 2007 | Issued | Lapsed | Exercised | 2006 |
|--------------------------|-------|-----------|-----------|-----------|-----------|-----------|
| Warrants | | | | | | |
| Issued 2004, expire 2009 | 30p | 810,000 | – | – | – | 810,000 |
| Issued 2004, expire 2009 | 40p | 180,000 | – | – | – | 180,000 |
| Issued 2005, expire 2010 | 60p | – | – | – | (123,450) | 123,450 |
| Issued 2002, expire 2007 | 95p | – | – | (243,474) | (506,526) | 750,000 |
| Issued 2007, expire 2010 | 120p | 7,880,000 | 7,880,000 | – | – | – |
| Total warrants | | 8,870,000 | 7,880,000 | (243,474) | (629,976) | 1,863,450 |

Between 4 May 2006 and 14 March 2007, 629,976 warrants were exercised resulting in the issue of 629,976 shares for a total cash consideration of £555,000. Share premium of £549,000 has been recognised in relation to these issues.

16 Share capital (continued)

On 31 October 2006, the company issued 1,166,667 shares in satisfaction of its convertible loan of £350,000. Share premium of £338,000 has been recognised in relation to this issue.

On 16 January 2007, the company issued 3,333,333 shares at market price of £1.50 upon admission to AIM. Share premium of £4,967,000 has been recognised in relation to this issue.

Exercise of an option is subject to continued employment and warrants are subject to time limitation. The fair value per option and warrant granted and the assumptions used in the calculation of fair value for awards made after 7 November 2002 are set out in the table below.

At 30 April 2007 options and warrants over unissued ordinary 1p shares were as follows:

| Date of grant | Number | Option, warrant price per share pence | Options, warrant periods ending | Closing share price at grant pence | Exercise price pence | Expected volatility % | Risk-free interest rate % | Dividend yield % | Fair value per share pence |
|---------------|------------|---------------------------------------|---------------------------------|------------------------------------|----------------------|-----------------------|---------------------------|------------------|----------------------------|
| 2004 | 1,060,000 | 30 | 2014 | 30 | 30 | 19.97 | 5.25 | 5 | 5 |
| 2004 | 810,000* | 30 | 2009 | 30 | 30 | 19.97 | 5.25 | 5 | 5 |
| 2004 | 180,000* | 40 | 2009 | 40 | 40 | 19.97 | 5.25 | 5 | 5 |
| 2006 | 100,000 | 85 | 2016 | 85 | 85 | 19.97 | 5.25 | 5 | 13 |
| 2006 | 105,000 | 98 | 2016 | 98 | 98 | 19.97 | 5.25 | 5 | 9 |
| 2006 | 210,000 | 108 | 2016 | 108 | 108 | 19.97 | 5.25 | 5 | 10 |
| 2007 | 55,000 | 150 | 2017 | 150 | 150 | 19.97 | 5.25 | 5 | 24 |
| 2007 | 12,500 | 150 | 2017 | 150 | 150 | 19.97 | 5.25 | 5 | 19 |
| 2007 | 1,120,000 | 150 | 2017 | 150 | 150 | 19.97 | 5.25 | 5 | 22 |
| 2007 | 120,000 | 150 | 2017 | 150 | 150 | 19.97 | 5.25 | 5 | 14 |
| 2007 | 330,000 | 150 | 2017 | 150 | 150 | 19.97 | 5.25 | 5 | 11 |
| 2007 | 142,500 | 150 | 2017 | 150 | 150 | 19.97 | 5.25 | 5 | 8 |
| 2007 | 50,000 | 150 | 2017 | 150 | 150 | 19.97 | 5.25 | 5 | 6 |
| 2007 | 7,880,000* | 120 | 2010 | 120 | 120 | 19.97 | 5.25 | 5 | 14 |

*These are warrants, all others are options.

The market price of the company's shares at 30 April 2007 was 166.0p and the range during the year was between 101.4p and 189.0p after allowing for the Net Asset Value of the stapled shares of AH Medical Properties plc. The units of the stapled structure ranged between 130.0p and 206.0p.

The vesting period of an option is assumed to be commensurate with the exercise period and this varies between being immediately exercisable and five years.

Expected volatility is a measure of the amount by which a share price is expected to fluctuate during a period. The volatility of the company's share price was calculated using the basic Hull-White model.

The risk-free rate is the yield on deposits held by the company.

The dividend yield of 5% is based on the dividends paid during the period.

Options and warrants are valued using the binomial tree method.

Notes to the financial statements continued

17 Reserves

| | Share-based payment reserve £000 | Share premium account £000 | Profit and loss account £000 | Revaluation reserve £000 | Total £000 |
|--|---|-------------------------------------|---------------------------------------|--------------------------------|---------------|
| Group | | | | | |
| At 1 May 2006 | – | 2,771 | 1,315 | 187 | 4,273 |
| Prior year adjustment FRS 20 | 165 | – | (165) | – | – |
| | 165 | 2,771 | 1,150 | 187 | 4,273 |
| 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 | 1,421 | 8,040 | 1,300 | – | 10,761 |
| Company | | | | | |
| At 1 May 2006 | – | 2,771 | 1,316 | 187 | 4,274 |
| Prior year adjustment FRS 20 | 165 | – | (165) | – | – |
| | 165 | 2,771 | 1,151 | 187 | 4,274 |
| Profit for the year | – | – | 1,458 | – | 1,459 |
| 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 | 1,421 | 8,040 | 1,422 | – | 10,883 |

18 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 | 11,036 | 4,497 |

19 Reconciliation of operating profit to net cash inflow from operating activities

| | 2007 £000 | 2006 £000 (restated) |
|---|--------------|----------------------------|
| 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 from operating activities | 2,389 | 1,757 |

20 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 | 6,073 | 1,152 |

21 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 | – |
| | 1,152 | 4,571 | 350 | 6,073 |

22 Capital commitments

Neither the group nor the company had capital commitments at 30 April 2007 or 30 April 2006.

Notes to the financial statements continued

23 Commitments under operating leases

Operating lease payments amounting to £94,000 (2006: £60,000) are due within one year. The leases to which these amounts relate expire as follows:

| | 2007 | | 2006 | |
|----------------------------|----------------------------|---------------|----------------------------|---------------|
| | Land and buildings £000 | Other £000 | Land and buildings £000 | Other £000 |
| Less than one year | 20 | – | – | – |
| Between one and five years | 21 | 17 | 17 | 16 |
| Five years or more | 36 | – | 27 | – |
| | 77 | 17 | 44 | 16 |

24 Contingent liabilities

Neither the group nor company had contingent liabilities at 30 April 2007 or 30 April 2006.

25 Related party transactions

Ashley House plc and AH 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 arm's length basis of £7,190,000 (2006: £9,915,000) to AH Medical Properties plc. At 30 April 2007 the balance due from AH Medical Properties plc was £2,955,000 (2006: £2,717,000).

During the year Ashley House plc made sales on an arm's length basis to Medical Properties Limited, a subsidiary of AH 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 AH 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 AH 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 £10,000. In addition, the company made payments of £26,000 (2006: £19,000) to Beechwood House Finance Limited, a company 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 Freak Edge was £6,000.

26 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 3p per share, totalling £826,000.

Illustrative reconciliation of net assets and profit under UK GAAP to IFRS – not audited

Ashley House 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.

| | Notes | Previous GAAP £000 | Effect of transition to IFRS £000 | IFRS £000 |
|--|-------|-----------------------|---|--------------|
| Reconciliation of equity at 30 April 2007 | | | | |
| Intangible assets | b | 203 | 132 | 335 |
| Property, plant and equipment | | 200 | – | 200 |
| Investments | | 1,850 | – | 1,850 |
| Total non-current assets | | 2,253 | 132 | 2,385 |
| Trade and other receivables | | 7,392 | – | 7,392 |
| Cash and cash equivalents | | 6,073 | – | 6,073 |
| Total current assets | | 13,465 | – | 13,465 |
| Total assets | | 15,718 | 132 | 15,850 |
| Trade and other payables | a | (4,682) | (30) | (4,712) |
| Provision for deferred tax | | – | – | – |
| Total assets less total liabilities | | 11,036 | 102 | 11,138 |
| Ordinary shares | | 275 | – | 275 |
| Share premium | | 8,040 | – | 8,040 |
| Other reserve – share-based payments | | 1,421 | – | 1,421 |
| Retained profits | a & b | 1,300 | 102 | 1,402 |
| Total equity | | 11,036 | 102 | 11,138 |

| | Notes | Previous GAAP £000 | Effect of transition to IFRS £000 | IFRS £000 |
|---|-------|-----------------------|---|--------------|
| Reconciliation of profit for the year ended 30 April 2007 | | | | |
| Revenue | | 25,644 | – | 25,644 |
| Costs of material | | (18,307) | – | (18,307) |
| Depreciation, amortisation and impairment of non-financial assets | b | (179) | 67 | (112) |
| Other recurring administrative expenses | a | (3,213) | (15) | (3,228) |
| Non-recurring transaction costs | | (1,414) | – | (1,414) |
| Operating profit | | 2,531 | 52 | 2,583 |
| Net interest | | 127 | – | 127 |
| Taxation | | (1,321) | – | (1,321) |
| Net profit for the year | | 1,337 | 52 | 1,389 |

Illustrative reconciliation of net assets and profit under UK GAAP to IFRS – not audited

continued

| Reconciliation of equity at 30 April 2006 | Notes | Previous GAAP (restated) £000 | Effect of transition to IFRS £000 | IFRS £000 |
|--|-------|--|--|---------------|
| Intangible assets | b | 270 | 65 | 335 |
| Property, plant and equipment | | 1,427 | – | 1,427 |
| Total non-current assets | | 1,697 | 65 | 1,762 |
| Trade and other receivables | | 6,753 | – | 6,753 |
| Inventory | | 15 | – | 15 |
| Cash and cash equivalents | | 1,502 | – | 1,502 |
| Total current assets | | 8,270 | – | 8,270 |
| Total assets | | 9,967 | 65 | 10,032 |
| Trade and other payables | a | (5,455) | (15) | (5,470) |
| Provision for deferred tax | | (15) | 4 | (11) |
| Total assets less total liabilities | | 4,497 | 54 | 4,551 |
| Ordinary shares | | 224 | – | 224 |
| Share premium | | 2,771 | – | 2,771 |
| Revaluation reserve | | 187 | (38) | 149 |
| Other reserve – share-based payments | | 125 | – | 125 |
| Retained profits | | 1,190 | 92 | 1,282 |
| Total equity | | 4,497 | 54 | 4,551 |

Explanation of reconciling items between UK GAAP and IFRS

a Holiday pay accrual

Under IAS 19 when an employee has rendered service to a company during an accounting period, the company should recognise the amount of short-term employee benefits, e.g. compensated absences, profit sharing or bonuses payable, expected to be paid in exchange for that service as a liability, after deducting any amounts already paid. The estimated accruals under IAS 19 for holidays not taken at 30 April 2006 and 2007 are £15,000 and £15,000 respectively.

b Goodwill

Under IFRS 3 goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Under UK GAAP the group had been amortising goodwill over its estimated economic life. The group has taken advantage of the transitional provisions of IFRS 3 and eliminated the accumulated amortisation at 30 April 2005 against the original gross amount of goodwill. Goodwill is now subject only to periodic testing for impairment. Amortisation of goodwill charged under UK GAAP for the year ended 30 April 2006 and 30 April 2007 was £65,000 and £67,000 respectively.

c 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 2005. In addition, the information is necessarily based on the recognition and measurement requirements of IFRS in issue and effective for the year ending 30 April 2006. In practice, if the group were to adopt IFRS for the year ending 30 April 2007, it would need to take account of IFRS in issue and effective for that year which is likely to differ from those used in preparing the information.

Board of directors

Sir William Wells – Non-executive Chairman

Aged 66 – Sir William brings a wealth of experience to the board having held numerous positions in both the public and private sectors in a career that has spanned more than 40 years. From 1964 Sir William worked as a Property Consultant becoming Partner at Chesterton and Sons in 1966, Managing Partner in 1984 and Chairman of the business following incorporation in 1991 until his retirement in 1997. His board level experience commenced in 1972 and since that time he has held positions in many well known organisations. Sir William began a parallel career in the public sector in 1968 as a Governor of the Royal Free Hospital in Grays Inn Road and has continued unbroken in the NHS to date, together with other posts in health, education and science including: Chairman of the NHS Appointments Commission (2001-2007); Chairman of the Commercial Advisory Board to the Department of Health (2003-current); Member of the King's Fund Executive and Management Committees.

Stephen Minion – Executive Deputy Chairman

Aged 60 – a chartered engineer with a long career in the design and development of commercial property. Following the award of his BSc degree he initially joined the London Borough of Harrow, leaving three years later on gaining Chartered Engineer status to join George Wimpey & Co., where he learnt his main 'stock in trade' as a property developer, leaving in 1978 to start his own company. In 1991 he founded Ashley House with colleagues who have since retired. His specialist area of responsibility centres around the overall delivery of the company's core product and the initial development of new services.

Jonathan Holmes – Chief Executive

Aged 39 – prior to joining Ashley House in 1998 he followed a career in sales and marketing with an emphasis on setting up new ventures. In the 1990s he worked in the City for Thomson Financial Services and latterly the capital markets and Eurobond regulator ISMA. At Ashley House he is responsible to all stakeholders, shareholders, employees, clients and trading partners, for ensuring the continued commercial success of the business.

Bruce Walker – Finance Director

Aged 41 – has a background in property and corporate finance with Johnson Fry and then Brown Shipley, followed by three years as corporate and finance director of FairBriar PLC, an Official List quoted company engaged in residential property development and serviced apartment ownership and management. He joined the board in June 2004 and has assisted in the establishment of AHMP and the growth of its portfolio. He is also a Non-executive Director of Old Vic Productions plc, an unlisted theatre production company.

Nigel Croxford – Construction Director

Aged 50 – he is a Fellow of the Chartered Institute of Building, a Fellow of the Chartered Institute of Arbitrators and holds a Masters Degree in Construction Law & Arbitration. He has a detailed working knowledge of the design and construction industry having learnt his trade with George Wimpey & Co. (latterly Wimpey Construction UK) subsequently going on to hold senior management posts on prestigious projects such as Hong Kong International Airport and the Petronas Twin Towers Development in Kuala Lumpur. He joined Ashley House in 1998 and has direct responsibility for all construction.

Richard Warner – Commercial Director

Aged 55 – before joining Ashley House in 2001 he had spent almost 30 years in the property industry involved in the development of both residential and commercial property. As an experienced property professional he has gradually expanded his role within the company, starting as Regional Manager in the Eastern Regional office and going on to his current position responsible for all of the company's commercial managers.

Gail Mosley – Director

Aged 60 – comes from a background of healthcare provision having been employed for many years with companies involved in the marketing and general management of nursing homes, including BUPA, prior to joining Ashley House in 1998. Her previous career brought her into close contact with GPs, health authorities and social services where she gained a valuable insight into the way they operate. She is responsible for the company's client relationships and for helping to direct and train the commercial managers.

Andrew Gibson MBE – Non-executive Director

Aged 57 – his first career was as a high-ranking army officer specialising in logistics. From there he went on to become one of the top performing chief executives within the NHS gaining the coveted three-star rating in every year it was published, initially as Chief Executive of City Hospitals Sunderland and latterly as Chief Executive of Newcastle PCT before stepping down at the end of 2005. He now holds a number of posts acting as a consultant to both the public and private sectors with approximately half of his time spent with Ashley House, which he joined in January 2006, where he is helping to lead the company's expansion into Clinical Services.

Jake Arnold-Forster – Non-executive Director

Aged 43 – Jake is the CEO of Dr Foster Intelligence ('Dr Foster'), a fast growing and highly successful 50:50 Joint Venture involving the Health and Social Care Information Centre (a special health authority of the NHS) and Dr Foster, a commercial provider of healthcare information. The JV aims to improve the quality and efficiency of health and social care through better use of information.

Company information

Company registration number

2563627

Registered office

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J Arnold-Forster, Non-executive Director
N K Croxford, Construction Director
A Gibson, Non-executive Director
J Holmes, Chief Executive Officer
S G Minion, Executive Deputy Chairman
G Mosley, Executive Director
B L Walker, Finance Director
R E L Warner, Development Director

Secretary

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