

Building relationships...



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**Ashley House plc
Report and
accounts 2008**



Ashley House is one of the UK's leading primary care infrastructure companies, with unrivalled experience in delivering projects efficiently, cost effectively and on a sustainable, long term basis.

In essence we are business and property partners to the primary and community healthcare sector.

Our approach is based on building active partnerships with everyone connected with primary healthcare. These relationships are at the core of our success and our ability to continue building strong and lasting value for stakeholders.

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Ashley House
timeline

1991

Ashley House develops first GP surgery

2000

Ofex Listing

2004

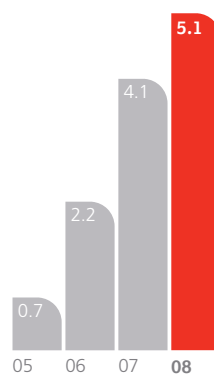
Ashley House Properties formed

Highlights

- Pre-tax profit up 24% to £5.1m (2007: £4.1m pre non-recurring items)
- EPS up 13% to 12.9p per share (2007: 11.4p pre non-recurring items)
- Final dividend up 23% to 3.7p (2007: 3p) making 6p per share for the year (2007: 5p)
- Acquisition of 7 NHS LIFT company interests from Babcock & Brown with an identified pipeline of work over the next three years of £300m in total development cost
- First revenues from Health Parks division
- First Clinical Services joint venture signed with 60 GP practices servicing 480,000 patients

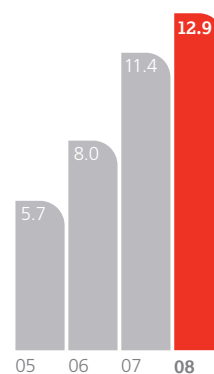
Pre-tax profit (£m)
(2007 excluding exceptionals)

+24%



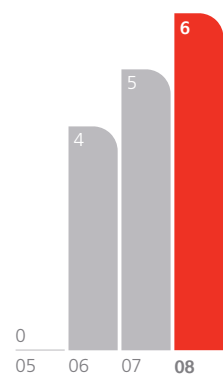
Earnings per share (p)
(2007 excluding exceptionals)

+13%



Dividend per share (p)

+20%



2006
Ashley House
Clinical Services
formed

2007
Ashley House plc
admitted to AIM

2007
AH Medical
Properties plc
admitted to
PLUS markets

2008
Ashley House plc
acquires private
sector interests
in 7 NHS
LIFTCo's

Strategy in action...

We have a clearly defined strategy for growth, which encompasses our traditional business through new developments in our market.

A summary of our activity in each of our key areas is set out below.

Design & construction



Traditional third party developer

8 schemes completed during the year. Solid pipeline of work covering next 2-3 years, incorporating schemes for AH Medical Properties plc, for owner occupier GP partners and PCTs.



NHS LIFT

From the original strategic alliance, design work on 7 new schemes during the year. In June 2008, achieved major acquisition of private sector interests in 7 NHS LIFT companies. Secures significant continued pipeline of work over next 3-4 years.



Management services



Asset management

Progress of portfolio which has been resilient to downturn in commercial property values. The refinancing in October 2007 locked in further finance for AH Medical Properties at attractive long term fixed rates. Continued expansion of the portfolio planned.



Health Parks

Successful creation of joint venture on the Scarborough scheme produced revenue for Ashley House. Platform for more schemes being put into place which should feed design & construction and asset management revenues in the future.



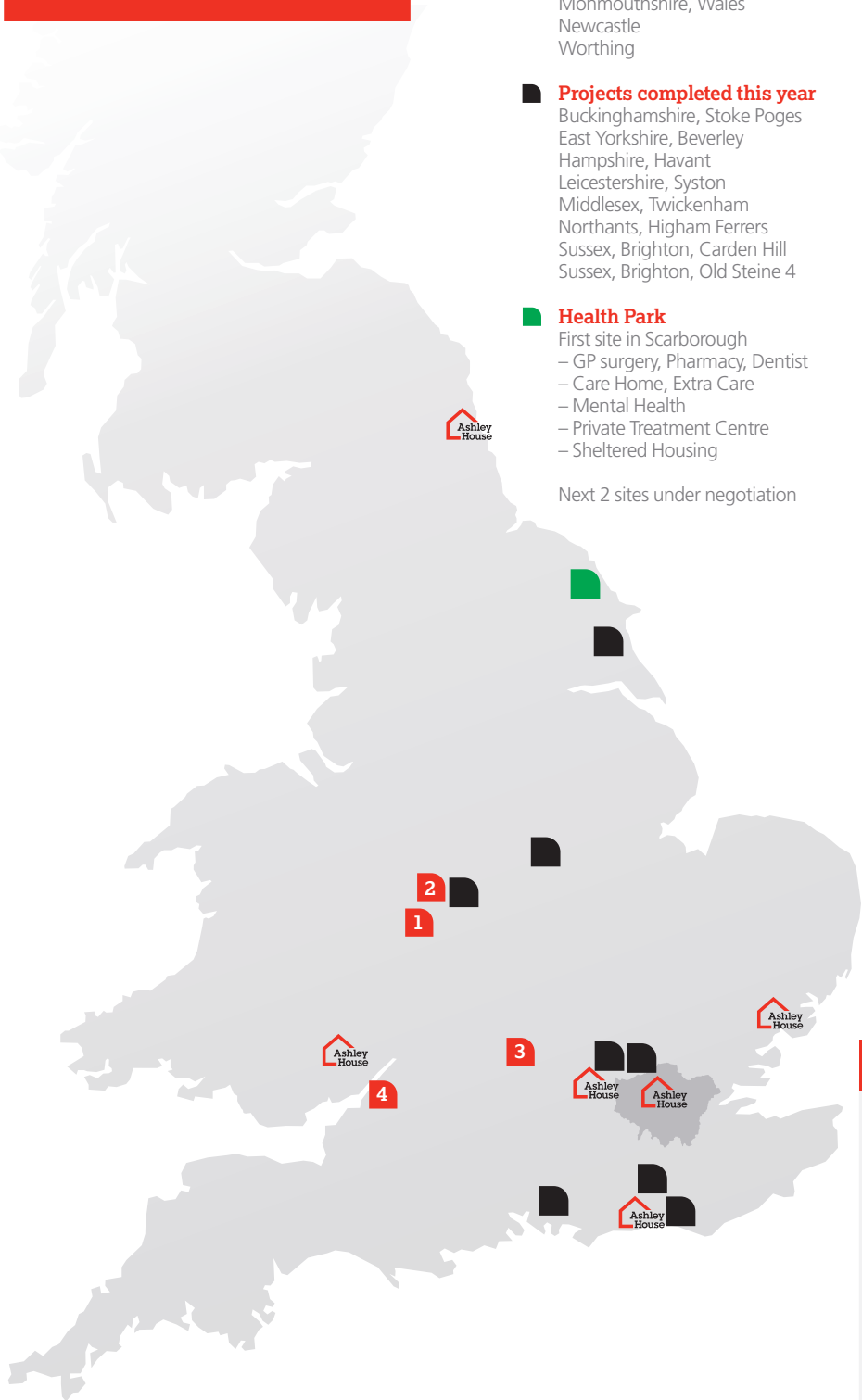
Clinical Services

New joint venture with IPC creates a strong regional presence to win contracts for services. Partnership encompasses 60 GP practices comprising around 300 GPs covering 480,000 patients in West Sussex.



Our coverage

▶▶▶
National coverage
 Completed projects
 and NHS LIFT
 companies acquired



Ashley House offices
 HQ: Burnham, Bucks
 Colchester, Essex
 London
 Monmouthshire, Wales
 Newcastle
 Worthing

Projects completed this year
 Buckinghamshire, Stoke Poges
 East Yorkshire, Beverley
 Hampshire, Havant
 Leicestershire, Syston
 Middlesex, Twickenham
 Northants, Higham Ferrers
 Sussex, Brighton, Carden Hill
 Sussex, Brighton, Old Steine 4

Health Park
 First site in Scarborough
 – GP surgery, Pharmacy, Dentist
 – Care Home, Extra Care
 – Mental Health
 – Private Treatment Centre
 – Sheltered Housing
 Next 2 sites under negotiation

NHS LIFT interests

1 Dudley Infracare LIFT Limited
 SHA area: West Midlands
 PCTs covered: Dudley PCT

2 Healthcare Improvement Partnership (Wolverhampton City & Walsall) Limited
 SHA area: West Midlands
 PCTs covered: Wolverhampton City PCT, Walsall Teaching PCT

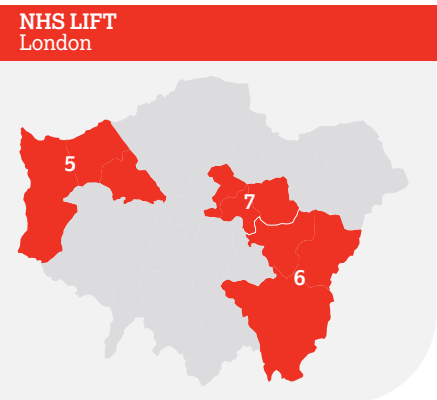
3 Oxford Infracare LIFT Limited
 SHA area: South Central
 PCTs covered: Oxfordshire PCT

4 Bristol Infracare LIFT Ltd
 SHA area: South West
 PCTs covered: Bristol PCT

5 BHH LIFT Company Limited
 SHA area: London
 PCTs covered: Brent Teaching PCT, Harrow PCT, Hillingdon PCT

6 Bexley, Bromley and Greenwich LIFT Company Limited
 SHA area: London
 PCTs covered: Bromley PCT, Bexley Care Trust, Greenwich Teaching PCT

7 East London LIFT Company Limited
 SHA area: London
 PCTs covered: City & Hackney Teaching PCT, Newham PCT, Tower Hamlets PCT



Our marketplace...



Primary Care

> There are approx. 8,300 GP surgeries and medical centres in England

Primary Care Trusts (PCTs) as NHS bodies are providers and commissioners of care and are responsible for approximately 80% of the total NHS Budget.

Primary Care is generally defined as the typical first point of contact with the health service covering GP practices, Dentists, Opticians, etc. These services are best provided in local community based locations.

Secondary or Acute Care is defined as provided in Hospitals where specialist expertise and equipment is required.

Increasingly, more "straightforward" diagnosis and procedures and services can be provided in better equipped and specified local Primary Care centres. This is usually far more cost effective for the health service and welcomed by patients who benefit from greater service provision locally.

Since the NHS Plan 2000, there has been an emphasis on upgrading and reconfiguring the Primary Care Estate to deliver more services closer to the patient.

This devolvement of services to Primary Care is re-inforced by Lord Darzi's reports in 2007 and 2008.

Darzi Review

> Our NHS Our Future

"...the Government should invest new resource to bring at least 100 new GP practices, including up to 900 GPs, nurses and healthcare assistants into the 25% of PCTs with the poorest provision..."

"We should invest new resources to enable PCTs to develop 150 GP led health centres, situated in easily accessible locations and offering a range of services to all members of the local population..."



80%

of total NHS budget is controlled by Primary Care

8,300

GP surgeries and medical centres in England



2000
NHS Plan highlights need for major upgrades of Primary Care centres

2001
NHS LIFT conceived major public initiative to deliver upgrade to Primary Care estate

“In 2009/10 the NHS Budget will exceed £100bn ...”

Lord Darzi

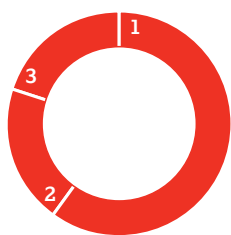
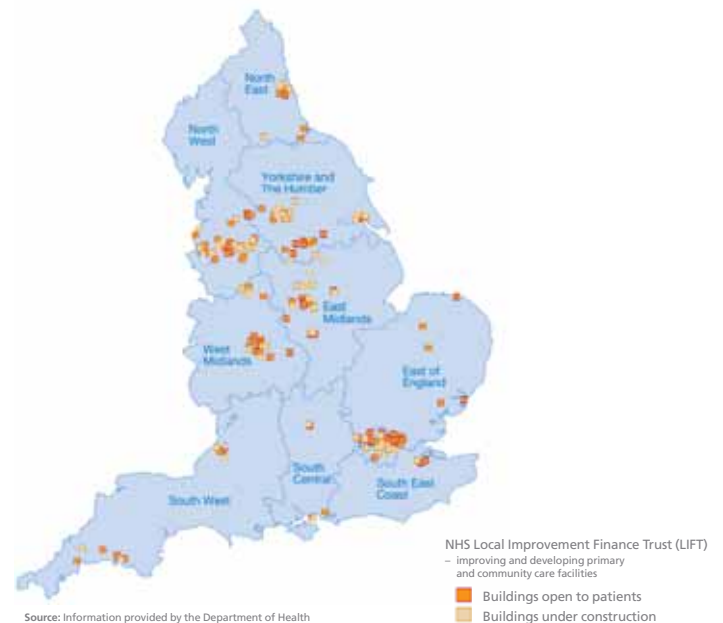
NHS Local Improvement Finance Trust (LIFT)

- > **There are 47 NHS LIFT Companies in England**
- > **Of the 152 Primary Care Trusts in England 94 have an involvement in NHS LIFT**

NHS LIFT was established by the Department of Health as a method of delivering a significant upgrade and reconfiguration of the Primary Care estate. The initiative provided that the successful private sector bidder along with members of the local health economy and a national body (Partnerships for Health now Community Health Partnerships (CHP)) would incorporate a joint venture company (LIFTCo) which would have a 20 year exclusive agreement to deliver all PCT led Primary Care premises developments in a defined geographical area. Each LIFTCo is in essence a private public partnership for delivering Primary Care Premises in the relevant locality.

Each LIFTCo was incorporated so that the private sector partners would own 60 per cent, the local PCTs together with other members of the local health and social care economy would own 20 per cent and CHP would own the remaining 20 per cent.

A snapshot of NHS LIFT schemes across England



NHS LIFT ownership

- | | |
|-------------------------------------|-----|
| 1 Private sector | 60% |
| 2 Local PCTs (& health social care) | 20% |
| 3 Community Health Partnership | 20% |

£1.3bn

NHS LIFT has so far delivered £1.3bn of Primary Care and Community Schemes in the first 6 years since its inception

48

NHS LIFT buildings under construction

149

NHS LIFT buildings open to patients

2006
NHS White Paper
Our Health, Our Care, Our Say.
Greater devolution of services to Primary Care

2007
Lord Darzi Interim report
100 new GP surgeries,
150 polyclinics

2008
Lord Darzi Final report
reinforces growing role of Primary Care

Chairman's statement

As a result of the NHS LIFT acquisition together with real progress in our new business areas, we look forward to the coming years with confidence.

Results

I am pleased to report another year of growth for the group with pre-tax profit up 24% to £5.1m (2007: £4.1m pre non-recurring items*). Earnings per share rose to 12.9p up 13% (2007: 11.4p pre non-recurring items). As a result the Board propose a final dividend of 3.7p (2007: 3p) per share bringing the total for the year to 6p per share (2007: 5p), an annual increase of 20%.

Acquisition

Shortly after our financial year end, on 19 May 2008, we announced that we had agreed to acquire from Babcock & Brown their interests in 7 NHS LIFT companies. This acquisition further establishes Ashley House at the forefront of the Primary Care Infrastructure sector. Under the agreement, the Company is now responsible for the delivery of the Primary Care estate for 7 NHS LIFT companies which include 14 Primary Care Trusts. These NHS LIFT Companies are in East London; Bexley Bromley & Greenwich; Brent Harrow & Hillingdon; Wolverhampton & Walsall; Dudley; Bristol, and Oxford. Both Babcock & Brown and Ashley House believe that we are best placed to provide the specialist services to the LIFT companies due to the extensive specialist in-house experience of the Ashley House team. Babcock & Brown remain a key partner in the NHS LIFT process and continue to provide financial advice and investment to the LIFT companies.

As a result of the transaction, Babcock & Brown have become a major shareholder in Ashley House plc holding 20% of the issued share capital of the Company and I am delighted to welcome Giles Frost and Cameron Cook of Babcock & Brown onto our board as Non-Executive Directors.

Further details of the acquisition are set out in note 25 of the accounts.

Primary and Community Care

The extension and modernisation of primary and community care is a corner stone of the Government's Health Policy and, as a result, activity to achieve this end is ongoing. Although there is a continuing debate as to whether this should be achieved through the construction of polyclinics or the enhancement/expansion of existing GP premises and

community clinics, it is common ground with all the relevant stakeholders that primary and community care must be improved and its scope enhanced in order to provide the patient with a choice of appropriate care. Your company is well placed to provide the necessary upgrade required by the estate to ensure that there is a more efficient and higher quality of service for patients.

An integral part of the Company's policy is to work in close partnership with all the relevant parties with an interest in delivering primary and community care. In NHS LIFT we work with the Primary Care Trusts, Local Authorities and Community Health Partnerships; in traditional procurement we work with GPs in delivering their new facilities; in Clinical Service management we work with groups of GPs and other relevant providers to bid for services being out-sourced. It is this pragmatic and partnering approach that allows us to grow our presence in a changing and expanding market.

New Companies Act Articles

We are conducting a review of the articles in order to ensure compliance with the new Companies Act and shall report and recommend the appropriate changes in the near future. In the interim we are proposing to alter the Article on potential conflicts of interest at this AGM to ensure that there can be no doubt as to our continuing compliance in this respect with particular reference to on going relationships with partner organisations.

Outlook

As a result of the NHS LIFT acquisition together with real progress in our new business areas, we look forward to the coming years with confidence. The integrated business and property related services we provide are in demand and we have strong partnerships with our customers and end-users. Whilst the economic background looks challenging, there is increasing activity in our markets and our strategy and focus should enable the business to continue its growth.



Sir William Wells

Chairman
1 July 2008

* In to year to 30 April 2007 Non-recurring items relate to transaction costs of £1.6m and a profit on disposal of £0.1m.



“ We reviewed all of the key players in this market but none could compete with the depth of industry knowledge, expertise and quality of Ashley House’s people. Ashley House quickly recognised the investment made by GPs and their staff in establishing IPC, and pledged to invest a comparable level of resource in developing complementary services.”

Dr Tim Kimber, a board member and shareholder of IPC

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Case study
IPC:
Partnering
for success

Innovative partnership with GP consortium, optimising primary care services in West Sussex

We have this year formed a strategic partnership with Innovations in Primary Care Ltd. (IPC), a West Sussex-based GP consortium serving 480,000 patients. The partnership is designed to facilitate delivery of a broad range of primary care services, and equip IPC with sufficient scale and expertise to secure NHS contracts.

Having reviewed the market at the end of 2007, IPC selected Ashley House as its strategic partner based on a shared vision of innovation, in-depth knowledge of the sector and its commitment to a genuine partnership approach.

Key statistics

Project status: Strategic partnership

Location: Covering the majority of West Sussex

Description: IPC is a limited company owned and run by West Sussex GPs and their staff

Service provision: Primary Care services



Left to right:
Dr. Bruce Allan, GP and Chairman, IPC Plus Ltd.
Jane Kimber, Regional Director, AHCS
Dr. Andy Thompson, GP and Chairman, IPC Ltd.
Charles Mallo, Director and CEO, AHCS Ltd.



480,000

60 GP practices comprising around 300 GPs covering 480,000 patients

Chief Executive Officer's statement

We have achieved our key performance targets of NHS LIFT contributing to the year's results, Health Parks generating revenues, and establishing the first Clinical Services joint venture.

Business review

Over the year the business has progressed well. The margin achieved has been high due to contribution from health parks, asset management and the additional design work carried out, all of which is higher margin activity. Revenue is down as a consequence of fewer projects on site during the year, as reported at the interim stage. We anticipate this trend to be reversed in the coming year with more projects coming on site, where the design process was done last year. This is likely to lead to a significant increase in revenue with lower margin but overall profits should continue to increase.

Design and contracting

Performance has been generally strong with a significant contribution from design work for the NHS LIFT companies in particular. Our traditionally procured work has been steady with fewer projects on site but we have a strong pipeline in the process of being delivered as evidenced by the healthy level of design work undertaken this year.

We were pleased to deliver completed schemes in Beverley, Havant, Higham Ferrers, Richmond, Syston, Stoke Poges, and Brighton. We have also recently commenced construction of our first 3 NHS LIFT schemes in Harrow where we are delivering three Neighbourhood Resource Centres for Harrow Council.

We continue to steadily increase our resources to deliver the pipeline which is very strong over the coming 2-3 years. The pipeline has been considerably enhanced by the acquisition of NHS LIFT interests, which have an identified pipeline of work with £300m of total development cost over the next 3 years. As the main private sector partner now in 7 NHS LIFT companies, we are working ever closer with the 14 PCTs involved with these NHS LIFT companies to help deliver the enhanced Primary Care estate that is needed to bring about the necessary reform and change in Primary Care delivery.

Management services

We were pleased to derive our first revenues from our Health Park business following the successful creation of our first joint venture with AH Medical Properties to develop the Scarborough scheme. We are in advanced negotiations with occupiers for the primary care centre, treatment centre, various smaller health facilities and a care home on the site. Further projects are under negotiation on the South Coast and in the South Midlands.

As expected, Asset Management revenues grew well with the progress of AH Medical Properties plc. The portfolio has performed well with rent reviews achieving positive uplifts, and c. 95% of the income paid directly or indirectly by the NHS. Although capital values may shift, this portfolio is performing well at the asset level and there is scope for it to continue its growth.

In April we announced the signing of our first Clinical Services joint venture – a very significant endorsement of our partnering approach. This is with the Innovations in Primary Care group (IPC) in Worthing who comprise 60 GP practices caring for c. 480,000 patients and we are bidding with them to deliver a wide range of primary and community services in the area.



“We are very proud to have been closely involved with this project, which reflects the future strategic clinical direction of primary care for the 21st century.”

Naz Khan from the surgery in Warmdene Road and Jonathan Halford from Carden Avenue



Case study

Brighton: Designing for long-term environmental solutions



A 21st Century Medical Centre: County Oak Medical Centre, Carden Hill, Brighton, Sussex

Our close working relationships with local school and community groups have created a state of the art, eco friendly, healthcare centre.

Youngsters from Carden Primary School, Brighton, didn't have to go far to visit a 'green' building during the school's Eco Week. Several groups of pupils, representing all school years 1-6, were invited by Ashley House on guided tour of the new eco-friendly surgery.

The new two-storey surgery for 15,000 patients of two local practices has been designed and built to be energy efficient and meet targets for carbon footprints of new buildings. Eco-friendly features include solar panels to help provide heating and hot water, sensor activated lights to save electricity automatically switch on and off, and light tubes to bring natural daylight and ventilation into the centre of the building.



Key statistics

Building size: 1538 sq. metres

Project status: Completed

Location: Patcham, Brighton

Description: 6 GP practices
8 district nurses, 4 health visitors

Service provision: Pharmacy, minor surgery, phlebotomy, midwife, physiotherapy, counselling, education rooms

15,000
patients served



Case study

**New Malden:
Building
relationships
for the future**

“The new surgery has provided appropriate space & layout for efficient patient care. Ashley House offers a sympathetic design ear and say what they will do and do it. Ashley House do not disappear when the project is finished and have a wealth of experience of dealing with the PCT. They look for opportunities for the practice as well as themselves.”

Jeremy Harris, Lead GP and Ruth Wey, Practice Manager,
The Groves Surgery, New Malden, Surrey



Long term relationship with lead GP and investment in new medical centre leads to development of higher quality local Primary Care

As lead GP at The Groves Surgery, New Malden, Surrey, Jeremy Harris is one of a new breed of entrepreneurial GPs that Ashley House has had the pleasure of dealing with during its 17 years in the Primary Care market.

Key points

- > A true community project whereby Ashley House delivered not only a new multiservice Primary Care facility but also new school facilities
- > Both Primary Care and School buildings were designed and built by Ashley House
- > The Primary Care centre is owned by AH Medical Properties and managed by Ashley House
- > AH Clinical Services are working with the GPs in joint ventures for the on site pharmacy and in bidding for providing clinical services for the local PCT

The brief

Premises occupied by a training practice with provision of space for private consultancy and a pharmacy.

The solution

An innovative and carefully negotiated agreement was made with the local school and County Council. From which both the purpose built surgery, inclusive of provision of private space and a pharmacy, and also a new sports, music and drama hall for the school were built. The practice now consists of 12 GPs, 7 of which are partners. As well as being a partner training practice it offers a full range of medical, maternity and contraceptive services including minor surgery, travel clinic, baby clinic and health promotion clinics.

Key statistics

Building size: 980 sq. metres

Project status: Completed project

Location: New Malden, Surrey

Description: 7 GP partner training practice

Service provision: medical, maternity and contraceptive services. Minor surgery, travel clinic, baby clinic and health promotion clinics. District nurses, health visitors, psychologists, dieticians and midwives.

+25%

Since the new surgery opened the patient list has grown by over 25%



Chief Executive Officer's statement

continued

Key performance targets

We have achieved our key performance targets of NHS LIFT contributing to the year's results, Health Parks generating revenues, and establishing the first Clinical Services joint venture. Investors in People status was achieved during the year and we successfully moved to our new Head Office giving us the space we need for our continued expansion. We are currently working towards ISO 9001 accreditation.

Management, staff and social responsibility

As the business grows and the demands on key management expand, there has been a recognition of a need to reshape our board's executive team. Nigel Croxford, Richard Warner and Gail Mosley have all now stepped off the main board and I would like to record my thanks to them all for their major contribution in building the business. They will all remain key members of the management team with Richard and Nigel in particular playing enhanced roles on our Executive Management Group. This change will allow them more time to focus on the delivery of our NHS LIFT pipeline.

The team has grown through the year and we now have 64 people across 7 offices including new colleagues from the Infracare group who we welcome as part of the NHS LIFT acquisition from Babcock & Brown. Our team are vital to the continuing growth of the business and we thank everyone for their continuing hard work.

As a business we are proud of our role in improving people's access to healthcare. In designing the facilities we also take account of environmental issues to minimise impact ranging from location (proximity to patients and access to public transport), to materials and technologies used reducing environmental cost of construction and on-going use.

Current trading and outlook

We have enjoyed a good start to the new financial year and are very focused on the delivery of the substantial pipeline of work. Growth will be fuelled from more schemes in the design and construction business as well as the new business areas becoming more significant contributors.

We continue to grow as a key player in a primary and community care market that has strong fundamentals, with a very experienced team delivering the business and property services our partners increasingly require.



J Holmes

Chief Executive Officer

1 July 2008



**A substantial
pipeline of
work**



Board of directors

Sir William Wells ⁽¹⁾⁽²⁾⁽³⁾

Non-executive Chairman

Aged 67 – 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 61 – 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 ⁽²⁾⁽³⁾

Chief Executive

Aged 40 – 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 ⁽³⁾

Finance Director

Aged 42 – 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.

Andrew Gibson MBE ⁽¹⁾⁽²⁾

Non-executive Director

Aged 58 – 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 44 – 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.

John Coghlan ⁽³⁾

Non-executive Director

Aged 49 – John is Chairman of Inchcape Shipping Services and a Non-Executive Director of DX Group, both private equity-owned businesses. He is a Director of Yell plc, where he is the Chairman of the Audit Committee. John is former Deputy Chief Executive and Group Finance Director of Exel plc, where he spent eleven years up to the time of its takeover by Deutsche Post in 2006. Prior to joining the Board of Exel/Ocean Group plc in 1995, he spent seven years with Tomkins plc in various financial roles, having joined them after eight years with Arthur Andersen, where he qualified as a Chartered Accountant.

Cameron Cook

Non-executive Director

Aged 36 – Cameron Cook is a principal financier with Babcock & Brown where he has been employed since 2001 working primarily in the PPP/PFI sector with a particular focus on NHS LIFT. He has worked on the development activity and financial closures for 23 separate LIFT primary and social care centres up to the end of March 2008, and is actively involved in all Babcock & Brown LIFT areas. Prior to joining Babcock & Brown he trained as a Chartered Accountant with Ernst & Young, where he qualified as an ACA in 1998 and worked within the project finance team of the corporate finance practice. He is a Director in the Bexley Bromley & Greenwich LIFT group of companies, of Infracare (Midlands) Limited, of Infracare (South West) Limited and also of Integrated Health Partners Limited.

Giles Frost

Non-executive Director

Aged 45 – Giles Frost is joint head of the European public infrastructure business unit at Babcock & Brown. He has been employed at Babcock & Brown since 2000 and has been involved in the development, investment in and management of projects in the public infrastructure sector throughout this time. Prior to joining Babcock & Brown he was a solicitor and partner in the law firm Wilde Sapte (now Denton Wilde Sapte). Giles is also a director of Babcock & Brown Public Partnerships Limited, a London Stock Exchange listed investment company which invests principally in infrastructure projects developed within the public sector around the world.

(1) Appointments committee

(2) Remuneration Committee

(3) Audit Committee

Report of the directors

The directors present their report together with the audited financial statements for the year ended 30 April 2008.

Principal activity

The principal activity of the group 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 income statement for the year is set out on page 16. 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 group is required by Companies Act 1985 to set out in this report a fair review of the business of the group during the financial year ended 30 April 2008 and the position of the group at the end of the year along with principal risks and uncertainties facing the group. This information is included within the Chairman and Chief Executive Officer's Statements on pages 6 to 11. Details of any significant developments since April 2008 are detailed in Note 25.

The directors paid an interim dividend of 2.3 pence per share on 14 January 2008 amounting to £633,000 (2.0 pence per share on 26 January 2007, £475,000). The directors propose a final dividend of 3.7 pence per share amounting to £1,607,000 (3.0 pence per share on 24 August 2007, £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	
S G Minion		
J Holmes		
B L Walker		
N K Croxford		(Resigned 19 May 2008)
G Mosley		(Resigned 19 May 2008)
R E L Warner		(Resigned 19 May 2008)
J Arnold-Forster	Non-executive Director	(Appointed 9 July 2007)
J Coghlan	Non-executive Director	(Appointed 19 September 2007)
A C Cook	Non-executive Director	(Appointed 12 June 2008)
G J Frost	Non-executive Director	(Appointed 12 June 2008)
A Gibson	Non-executive Director	
J H Gunn	Non-executive Director	(Resigned 9 July 2007)

The newly appointed directors, J Arnold-Forster, J Coghlan, A C Cook and G J Frost offer themselves for election and J Holmes retires by rotation and being eligible offers himself for re-election.

Directors' and officers' liability insurance

The company has, as permitted by S310(3) of the Companies Act 1985, maintained insurance cover on behalf of the Directors and Company 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 payables at the year-end amount to 32 days (2007: 31) of average supplies for the year.

Employee involvement

The group keeps its employees informed of matters affecting them as employees through regular briefings. The company has been accredited Investors In People status.

Report of the directors

continued

Substantial shareholdings

As at 27 June 2008, the company had confirmed notification, 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
Babcock & Brown	8,680,000	20.0%
Aviva plc	4,832,589	11.1%
S G Minion	3,774,825	8.7%
Blackrock Investment Management	2,557,930	5.9%
Guinness Peat Group	2,190,338	5.0%
G Mosley	2,125,518	4.9%
Walker Crips Stockbrokers	1,802,600	4.2%
Brewin Dolphin	1,446,505	3.3%
Close Investments	1,283,800	3.0%

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, trade receivables and amounts recoverable on contracts. The amount of trade receivables presented in the balance sheet are net of any allowance for doubtful trade receivables, estimated by the directors. Amounts recoverable on contracts are presented net of provisions deemed necessary 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 minimal borrowings. The group has net borrowings of £1,330,000 relating to the debt held within the joint venture company AH Scarborough Health Park Limited (Scarborough) as at 30 April 2008. This loan is variable at 1.75% over Lloyds TSB Base Rate and exposes the group to any increase in the base rate. However the group's strong cash inflows means that the borrowing could be repaid within a short timescale. 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.

The use of instant access deposits ensures sufficient working capital is available at all times.

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, an audit committee and an appointments committee, in each case comprising a majority of non-executive directors and chaired by a non-executive director.

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

Board effectiveness

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.

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
1 July 2008

Consolidated income statement

for the year ended 30 April 2008

	Note	2008 £000	2007 £000
Revenue	1	19,793	25,644
Cost of sales		(10,533)	(18,307)
Gross profit		9,260	7,337
Administrative expenses	2	(4,338)	(3,228)
Depreciation and impairment		(176)	(112)
Profit on sale of asset		–	137
Non recurring transaction costs		–	(1,551)
Operating expenses		(4,514)	(4,754)
Operating profit	2	4,746	2,583
Investment income	4	326	142
Finance costs	5	–	(15)
Profit before taxation		5,072	2,710
Income tax on profit	6	(1,510)	(1,325)
Profit for the financial year		3,562	1,385
Basic earnings per share	7	12.93p	5.76p
Diluted earnings per share	7	11.56p	5.00p

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.

Consolidated balance sheet

as at 30 April 2008

	Note	2008 £000	2007 £000
Non-current assets			
Goodwill	8	270	270
Property, plant and equipment	9	291	200
Available for sale investments	10	1,321	1,850
		1,882	2,320
Current assets			
Work in Progress	11	1,259	–
Trade and other receivables	12	9,670	7,392
Deferred tax asset	17	827	890
Cash and cash equivalents	13	6,869	6,073
		18,625	14,355
Total assets		20,507	16,675
Current liabilities			
Trade and other payables	14	(4,478)	(3,875)
Bank borrowing	26	(1,330)	–
Current income tax	15	(1,253)	(837)
		(7,061)	(4,712)
Net current assets		11,564	9,643
Net assets		13,446	11,963
Equity			
Share capital	18	275	275
Share premium		8,040	8,040
Share-based payments reserve		2,221	2,311
Retained earnings		2,910	1,337
Total equity		13,446	11,963

The financial statements were approved by the board of directors and authorised for issue on the 1 July 2008.

They were signed on its behalf by:

J Holmes
Chief Executive Officer

Consolidated statement of changes in equity

	Share capital £000	Share premium £000	Share based payment reserve £000	Retained earnings £000	Total £000
At 1 May 2007	275	8,040	2,311	1,337	11,963
Profit on ordinary activities after tax	–	–	–	3,562	3,562
Fair value movement on available for sale investment	–	–	–	(529)	(529)
Total recognised income and expense	275	8,040	2,311	4,370	14,996
Movement on deferred tax	–	–	(90)	–	(90)
Dividends paid	–	–	–	(1,460)	(1,460)
At 30 April 2008	275	8,040	2,221	2,910	13,446
At 1 May 2006	224	2,771	165	436	3,596
Profit on ordinary activities after tax	–	–	–	1,385	1,385
Issue of share capital	51	5,269	–	–	5,320
Movement on deferred tax	–	–	890	–	890
Share-based payment reserve	–	–	1,256	–	1,256
Dividends paid	–	–	–	(1,374)	(1,374)
Valuation gain taken to equity	–	–	–	890	890
At 30 April 2007	275	8,040	2,311	1,337	11,963

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

Consolidated cash flow statement

for the year ended 30 April 2008

	2008 £000	2007 £000
Operating activities		
Profit on ordinary activities before taxation	5,072	2,710
Adjustments for:		
Gain on sale of investment	–	(52)
Share base payment adjustment	–	1,256
Depreciation and impairment	176	181
Loss/(profit) on disposal of property, plant and equipment	23	(137)
Interest expense	–	15
Interest income	(326)	(142)
Operating cash flows before movements in working capital	4,945	3,831
(Increase)/decrease in work in progress	(2,518)	15
(Increase) in trade and other receivables	(2,349)	(639)
Increase/(decrease) in trade and other payables	603	(818)
Cash generated by operations	681	2,389
Interest paid	–	(14)
Income taxes paid	(1,121)	(937)
Net cash (used)/from operating activities	(440)	1,438
Investing activities		
Proceeds on sale of property, plant and equipment	–	1,337
Purchase of property, plant and equipment	(290)	(87)
Purchase of available for sale investments	(–)	(1,850)
Investment income	22	–
Interest received	304	137
Net cash from/(used) in investing activities	36	(463)
Financing activities		
Increase in bank loan	2,660	–
Issue of share capital	–	4,970
Dividends paid	(1,460)	(1,374)
Net cash from financing activities	1,200	3,596
Net increase in cash and cash equivalents	796	4,571
Cash and cash equivalents at beginning of the year	6,073	1,502
Cash and cash equivalents at the end of the year	6,869	6,073

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

Principal accounting policies

Basis of accounting

Ashley House plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on the Company Information page. The nature of the group's operations and its principle activities are set out in the Chief Executive Officer's Statement on pages 8 to 11.

The group's financial statements consolidate those of the company and its subsidiaries (together referred to as the group).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements and in reporting an opening IFRS balance sheet as at 1 May 2006 for the purposes of the transition to IFRS as adopted by the European Union.

The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRSs are provided in note 27 to the financial statements.

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments, which are carried at fair value.

The board regularly review the group's resources to ensure they are sufficient to continue trading for the foreseeable future. It is therefore considered appropriate to use the going concern basis to compile these financial statements.

These financial statements are presented in pounds sterling because that is the functional currency of the parent company and the presentational currency of the group.

Accounting estimates and judgements

The preparation of financial statements in conforming with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and contingent liabilities. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates. Revisions to these estimates are made in the period in which they are recognised.

Estimates and assumptions mainly relate to the useful life of non-current assets, the discounted cashflow used in impairment testing, the percentage of the total contract value recognised of the design stage and the establishing of provisions for litigation, taxes, trade receivables provisions, share-based payments and estimated costs to complete on long term contracts.

The critical accounting policies that we disclose, will not necessarily result in material changes to our financial statements in any given period, but rather contain a potential for material change. The main accounting and valuation policies used by the group are outlined in the following notes. The group considers the following accounting policies should be considered significant accounting policies.

To complete provisions for taxation, estimates have been applied. These estimates involve assessing the probability that deferred tax assets resulting from deductible temporary differences and the tax losses can be utilised to offset taxable income.

Impairment of goodwill is based on management expectation for the related asset to continue to be revenue generating in the future. Management assess the impairment value of goodwill using discounted cash flows.

Expenses relating to share-based payments are based on an estimated expected turnover rate of employees as well as future share price volatility, dividend yield and risk free rate of return. Since the trading results have been steady for the past few years and there is a positive financial outlook the charge to the profit and loss is uniformly expensed until the options vest.

When evaluating the financial position of each ongoing project at year-end the costs to complete the project are estimated when deciding if the project is expected to be loss making in the future.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 30 April each year.

Intra-group transactions, balances, income and expenses are eliminated fully on consolidation.

Control is achieved where Ashley House plc has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Business combinations are dealt with by the purchase method. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at the fair values at the date of acquisition.

On initial recognition any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit or loss in the period of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

Investment in joint ventures

Investments in joint ventures and associated undertakings are carried in the consolidated balance sheet at the group's share of their net assets at the date of acquisition and of their post-acquisition retained profits or losses together with any goodwill arising on the acquisition, net of any impairments. The investor's share of the results is included within the consolidated income statement.

The income statement also shows the group's share of the joint venture's turnover and the balance sheet shows the gross assets and liabilities in amplification of the net investment in joint ventures.

When the group's share of losses in an associate or joint venture equals or exceeds its interest in the undertaking, the group continues to recognise those losses until an irrevocable event occurs that marks the investor's irreversible withdrawal from its investee as an associate or joint venture.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts and after eliminated sales within the group. Revenue from long term contracts is detailed below.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date.

This is normally assessed by Ashley House plc's management by taking into consideration all the information at the balance sheet date. Ashley House plc's construction contracts usually define milestone payments for the project work to be carried out. The maximum amount of revenue to be recognised for each milestone is determined by estimating relative contract fair values of each project phase. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred and where it is probable that they will be recoverable.

Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Principal accounting policies

continued

Design fees

Design fees are amounts receivable for design and architectural works carried out in the design stage of long term contracts. Revenue is only recognised where there is reasonable certainty that the fees are recoverable.

Asset Management

Asset management fees relate to the provision of services to manage the property assets of AH Medical Properties plc and the income is recognised evenly throughout the period based upon the value of the managed assets.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable asset and liabilities of a subsidiary at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP carrying value, subject to being tested for impairment at that date and at least annually thereafter.

On disposal of a subsidiary, the attributable net book value of goodwill is included in the determination of the profit or loss on disposal.

Property, plant and equipment

Property, plant and equipment is stated at the lower of cost or net present value, net of depreciation and any recognised impairment loss. Depreciation is calculated to write down the cost or valuation less estimated residual value of all property, plant and equipment, other than freehold land, on the straight-line 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

The residual value and the useful life of each asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Leased assets

Leases where the third party lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Associated costs, such as maintenance and insurance are expensed as incurred.

Lease incentives received are recognised in the income statement on a straight-line basis as an integral part of the total lease expense.

Impairment

At each balance sheet date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

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

Work in progress

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 inventories to the extent that they cannot be matched with contract work recognised in revenue.

Long-term contract balances included in inventories 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.

Financial instruments

Financial assets and liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Financial instruments are recorded initially at fair value net of transaction costs. Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the income statement in the financial period to which it relates.

Trade receivables

Trade receivables do not carry any interest and are stated at amortised cost using the effective interest method, less provision for impairment. Impairment of trade receivables are recorded when there are indicators that suggest that the debts are not fully recoverable, or the fair value is impaired at the balance sheet date.

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments are classified as available-for-sale, and are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Trade payables

Trade payables are not interest bearing and are stated at their amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Principal accounting policies

continued

Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value less attributable costs. In subsequent years, the carrying amount is stated at amortised cost obtained using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Income taxes

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is the income tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred income tax is provided in full and is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognised on all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or any discount on acquisition) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred income tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred income tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Segmental reporting

A segment is a distinguishable component of the group that is engaged in generating income and expenses (business segment) which is subject to risks and rewards that are different from those of other segments. The design and construction business segment is considered to be the primary reporting segment. The secondary reporting segment is considered to be management services.

Equity and dividend payments

Share capital is determined using the nominal value of shares that have been issued. Additional paid-in capital includes any premiums received on the initial issuing of share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Equity settled share-based employee remuneration is also credited to additional paid-in capital until related stock options are exercised. The share-based payment reserve is the reserve for the cumulative IFRS 2 adjustments and related deferred tax. The share premium reserve is the surplus of the amount paid over the nominal value of new shares issued.

Share-based payments

The group issues share options to its employees. The group has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 May 2006.

The group issues equity-settled share-based payments to employees. Equity-settled share-based payments are measured at fair value at the date of grant.

Options and warrants are valued using the binomial tree method.

The fair value determined at the grant date of the equity-settled, share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest, updated at each balance sheet date.

Short-term employee benefit costs

The undiscounted amount of short-term benefits attributable to services that have been rendered in the period are recognised as an expense, unless specifically required or permitted within the scope of IFRS reporting to be included in the cost of an asset.

Any difference between the amount of cost recognised and cash payments made is treated as a liability or prepayment as appropriate.

Non-recurring costs

Non-recurring costs are disclosed separately in the income statement within the period in which they are incurred.

Standards and interpretations not yet applied

The following new standards and interpretations, which are yet to become mandatory, have not yet been applied to the group's financial statements:

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)
- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (revised 2008) (effective 1 July 2009)
- Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009)
- IFRS 3 Business Combinations (revised 2008) (effective 1 July 2009)
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations arising on Liquidation (effective 1 July 2009)
- Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)
- IFRS 8 Operating segments (effective 1 January 2009)

The introduction of these standards and interpretations is not expected to have a material effect on the financial statements.

Notes to the financial statements

for the year ended 30 April 2008

1 Revenue and business segments

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

Business segments

These divisions are the basis on which the group reports its primary segment information.

Principal activities are as follows:

- design & construction
- management services

Segment information about these businesses is presented below.

2008	Design & construction £000	Management services £000	Consolidated £000
Revenue			
Total revenue	18,287	1,506	19,793

There are no inter-segment sales, so all revenue is from external customers.

Result			
Segment result	6,485	1,004	7,489
Unallocated corporate expenses			(2,743)
Profit from operations			4,746
Investment income			326
Profit before income tax			5,072
Income tax			(1,510)
Profit after income tax			3,562

Other information	Design & construction £000	Management services £000	Consolidated £000
Balance sheet			
Assets			
Segment assets	9,210	30	9,240
Unallocated corporate assets			11,267
Consolidated total assets			20,507
Liabilities			
Segment liabilities	(3,311)	(34)	(3,345)
Unallocated corporate liabilities			(3,716)
Consolidated total liabilities			(7,061)

1 Revenue and business segments (continued)

2007	Design & construction £000	Management services £000	Consolidated £000
Revenue			
Total revenue	25,165	479	25,644
There are no inter-segment sales, so all revenue is from external customers.			
Result			
Segment result	6,011	334	6,345
Unallocated corporate expenses			3,762
Profit from operations			2,583
Investment income			142
Finance costs			(15)
Profit before income tax			2,710
Income tax			(1,325)
Profit after income tax			1,385
Other information			
	Design & construction £000	Management services £000	Consolidated £000
Balance sheet			
Assets			
Segment assets	7,198	1	7,199
Unallocated corporate assets			8,586
Consolidated total assets			15,785
Liabilities			
Segment liabilities	(2,852)	(32)	(2,884)
Unallocated corporate liabilities			(1,828)
Consolidated total liabilities			(4,712)

Ashley House plc has a significant customer, AH Medical Properties plc group. During the year Ashley House plc made total sales of £10,826,000 (2007: £18,446,000) with £1,768,000 due at the year end (2007: £3,185,000).

Supplies are made to AH Medical Properties plc group relating 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 AH Medical Properties plc, who are not connected to Ashley House plc. Supplies are also made relating to the management of the property portfolio.

Notes to the financial statements

continued

2 Profit before taxation

	2008 £000	2007 £000
Profit before taxation is arrived at after charging:		
Rental of premises – operating leases	104	121
Rental of motor vehicles – operating leases	18	18
Staff costs (see note 3)	2,964	2,315
Auditor's remuneration (see below)	140	130

Auditor's remuneration:

– fees payable to company's auditor for the audit of the company's annual accounts	30	26
– the audit of the company's subsidiaries pursuant to legislation	8	5
– taxation services	15	10
– corporate financial advise	87	89
	140	130

In 2007, part of the auditor's remuneration in respect of corporate finance transactions was offset against the share premium account.

3 Directors and employees

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

	2008 £000	2007 £000
Wages and salaries	2,709	2,088
Social security costs	255	227
	2,964	2,315

The average number of employees of the group during the year ended 30 April 2008 was 60 (2007: 49).

Directors' emoluments amounted to £943,000 (2007: £866,000). Further details of emoluments paid to directors, including details of the highest paid director, are contained in the Report of the directors. No pension contributions were made in respect of any of the directors during the year ended 30 April 2008 (2007: £Nil).

4 Investment income

	2008 £000	2007 £000
Dividends receivable from group investments	22	–
Interest receivable	304	142
	326	142

5 Finance costs

	2008 £000	2007 £000
Convertible loans	–	(15)
	–	(15)

The convertible loans were redeemed during 2007.

6 Income tax on profit on ordinary activities

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2007: 30%). The differences are explained as follows:

	2008 £000	2007 £000
Profit on ordinary activities before tax	5,072	2,710
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%)	1,420	813
Expenses not deductible for tax purposes	143	591
Depreciation for the period in excess of capital allowances	5	14
Chargeable gains	–	53
Revenue that is exempt from taxation	(7)	(41)
Relief for share options exercised	–	(63)
Adjustments to tax charge in respect of prior periods	(24)	(27)
Deferred taxation	(27)	(15)
Current tax charge for year	1,510	1,325
Comprising:		
	2008 £000	2007 £000
Current income tax	1,537	1,340
Deferred tax	(27)	(15)
	1,510	1,325

In 2007, a charge of £1.08m in respect of the Babcock & Brown warrant was treated as disallowable for tax purposes.

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.

	2008			2007		
	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	3,562	27,544,379	12.93	1,385	24,124,075	5.76
Dilutive effect of securities						
Options		981,732	(0.44)		1,114,318	(0.22)
Warrants		2,291,974	(0.93)		2,713,100	(0.54)
Diluted earnings per share	3,562	30,818,085	11.56	1,385	27,951,493	5.00

The average share price during the year was 148.5p, which meant that the dilutive securities shown in the table above were those which have exercise prices of 30p, 40p, 85p, 98p, 108p and 120p per share.

The directors propose the payment of a dividend of £1,607,000 (3.7 pence per share) in the financial year 2009 in relation to the current year.

As the distribution of dividends by Ashley House plc requires approval at the Shareholders' meeting, no liability in this respect is recognised in 2008 consolidated group accounts. No income tax consequences are expected to arise as a result of this transaction at the level of Ashley House plc.

The calculation of normalised earnings per share of 11.4p on operating profit for the year to 30 April 2007, 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.

Notes to the financial statements

continued

7 Earnings per ordinary share (continued)

	Profit £000	2007 Weighted average number of shares	Per share amount pence
Basic earnings per share			
Profit before tax	2,710		
Add Non recurring transaction costs	1,551		
Deduct Profit on sale of asset	(137)		
	4,124		
Assumed taxation	(1,373)		
Profit attributable to ordinary shareholders	2,751	24,124,075	11.40
Dilutive effect of securities			
Options		1,114,318	(0.45)
Warrants		2,713,100	(1.11)
Diluted earnings per share	2,751	27,951,493	9.84

8 Goodwill

	£000
Cost	
As at 1 May 2007 and 30 April 2008	270
Impairment	
As at 1 May 2007 and 30 April 2008	–
Net book value as at 30 April 2008	270
Net book value as at 30 April 2007	270

Ashley House plc management's key assumptions in assessing the impairment of goodwill as at 30 April 2008 is that stable profit margins will continue on contracts completed by the Wales office.

The key assessment of the goodwill value relates to the value of the design work undertaken by the Welsh Office as compared to their overheads. During the year, the Welsh Office was responsible for design fees billed and accrued for in excess of £2 million.

9 Property, plant and equipment

The carrying amounts of property, plant and equipment for the periods presented in the group's consolidated financial statements as at 30 April 2008 are reconciled as follows:

	Office equipment, furniture and fixtures £000	Motor vehicles £000	Mobile surgeries £000	Total £000
Cost				
As at 1 May 2007	238	30	305	573
Additions	279	11	–	290
Disposals	(135)	(10)	–	(145)
As at 30 April 2008	377	31	305	718
Accumulated depreciation and impairment				
As at 1 May 2007	160	15	198	373
Charge for the year	80	10	86	176
Disposals	(113)	(9)	–	(122)
As at 30 April 2008	127	16	284	427
Net book amount at 30 April 2008	255	15	21	291

9 Property, plant and equipment (continued)

	Freehold property £000	Office equipment, furniture and fixtures £000	Motor vehicles £000	Mobile surgeries £000	Total £000
Cost					
As at 1 May 2006	1,200	211	21	254	1,686
Additions	–	27	9	51	87
Disposals	(1,200)	–	–	–	(1,200)
As at 30 April 2007	–	238	30	305	573
Accumulated depreciation and impairment					
As at 1 May 2006	–	127	9	123	259
Charge for the year	7	33	6	75	121
Disposals	(7)	–	–	–	(7)
As at 30 April 2007	–	160	15	198	373
Net book amount at 30 April 2007	–	78	15	107	200

10 Available for sale investments

All assets are stated at fair value:

	Listed Investments £000
As at 1 May 2007	1,850
Impairment loss	(529)
As at 30 April 2008	1,321

At 30 April 2008 the investment in AH Medical Properties plc had a market value of £1,322,000 (2007: £1,540,000).

	Nature of work	Class of share capital held	Proportion held
AH Medical Properties plc (Incorporated in England)	Investment Property	Ordinary shares of 0.01p each	6.8%

11 Jointly controlled entities

AH Scarborough Health Park Limited is the only jointly controlled entity within the Group. Its financial statements have been incorporated into Ashley House plc's group's consolidated financial statements using proportionate consolidation. The aggregate amounts relating to this joint venture that have been included in the group's financial statements are as follows:

	2008 £000	2007 £000
Work in progress (Land)	1,259	–
Loans and other creditors	(1,330)	–
	(71)	–
Share capital	–	–
Retained loss	(71)	–
Shareholders equity	(71)	–

Notes to the financial statements

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12 Trade and other receivables

	2008 £000	2007 £000
Trade receivables	3,812	6,095
Amounts recoverable on contracts	4,839	132
Retentions held on contracts	579	920
Other receivables	84	38
Prepayments and accrued income	356	207
	9,670	7,392

Trade and other receivables at the balance sheet date comprise amounts receivable from project management and consultancy services.

The directors consider that the carrying amount of trade and other receivables approximates their fair value due to their short-term nature.

The following table provides analysis of trade and other receivables that were past due at 30 April 2008 but not impaired. The group believe that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

Trade receivables 30 Apr 2008	2008 £000	2007 £000
Past due up to 30 days	45	871
Past due 31 – 90 days	23	379
Past due over 90 days	1,054	779
Loans and receivables past due	1,124	2,026

13 Cash and cash equivalents

	2008 £000	2007 £000
Bank balances	6,869	6,073

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash held by the group and short-term bank deposits with an original maturity of three months or less.

The carrying amount of these assets approximates their fair value.

The cash balances held by the group at the bank are either held within current accounts and earn interest of 0.25% (2007: 0.25%) under base from Lloyds TSB plc or on one to three month deposit with Lloyds TSB plc and HBOS plc.

14 Trade and other payables

	2008 £000	2007 £000
Trade payables	832	1,541
Social security and other taxes	477	511
Other payables	44	54
Accrued expenses	3,125	1,769
	4,478	3,875

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 32 days (2007: 31 days).

The directors consider that the carrying amount of trade payables approximates to their fair value due to their short-term non-interest bearing nature.

15 Current tax liabilities

Income tax liabilities comprise both corporation and trade tax liabilities, calculated or estimated by the group companies.

	2008 £000	2007 £000
Current tax liabilities	1,253	837

16 Financial risk management

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 group's financial instruments comprise cash resources, and various items such as trade receivables and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The main risks arising from the group's financial instruments are credit risk, liquidity risk and interest fluctuation risks.

The Board reviews and determines policies for managing each of these risks and they are summarised below. These policies have been consistently applied throughout the period.

All of the group's assets and liabilities are held at amortised cost, with the exception of available for sale investments, which are held at fair value. The directors are of the opinion that there is no material difference between the book value and the fair value of any of the group's assets or liabilities.

Credit risk

Credit risk is the risk that the counterparty will fail to discharge their obligation.

The group's principal financial assets are bank balances and cash and trade and other receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The group's credit risk is primarily attributable to its trade receivables of £3,812,000 (2007: £6,095,000). The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the group's management based on prior experience and their assessment of the current economic environment.

The credit risk associated with cash is limited as the financial institutions involved have high credit-ratings assigned by international credit rating agencies.

The group's short-term cash and cash equivalents are deposited with a high credit rated commercial bank (typically with credit ratings of A+ or higher), currently deposits are held with Lloyds TSB and HBOS plc.

The group's main customer is Medical Properties Limited, a subsidiary of AH Medical Properties plc. During the year, the group supplied design, contracting and asset management services to the AHMP group totalling £10,826,000 (2007: £18,446,000) which represented 52% of the group's turnover (2007: 72%).

New customers are subject to an initial credit assessment using external credit reference agencies and trade references are confirmed. These credit limits are reviewed on an on-going basis and subject to senior management oversight. The payment position of past due trade receivables is monitored daily and actively managed.

No collateral is held by the group in relation to its financial assets.

Liquidity risk

Amounts recoverable on contracts relate to projects that are largely ongoing as at 30 April 2008. A substantial proportion of the amounts have not yet been invoiced, however they are expected to be invoiced within the next financial year, at which point the group expect to collect all the balances in full.

The use of instant access deposits ensures sufficient working capital is available at all times.

The group guarantees a sufficient liquidity at all times by efficient cash management, and by ensuring that only credit-worthy customers are engaged with.

There was no undrawn committed facility.

The cash outflows required to settle these financial liabilities are the same amounts as presented in the group balance sheet.

Interest rate risk

The only borrowing the group is liable for is the loan to AH Scarborough Health Park Limited from Lloyds TSB for £2.66m, against a valuation of £3.75m performed by King Sturge, which has been guaranteed by Ashley House plc. The loan has a +/- 1% sensitivity of £13,300. The directors are of the opinion that the interest is unlikely to fluctuate by more than 1% in the coming financial year.

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17 Deferred tax asset

Deferred tax assets	Share-based payments £000	Provisions £000	Total £000
As at 1 May 2007	890	–	890
Charged to income	–	27	27
Charged to equity	(90)	–	(90)
As at 30 April 2008	800	27	827

Net deferred tax asset

As at 30 April 2008	827
As at 30 April 2007	890

Deferred tax assets and liabilities have been calculated using the expected future tax rate of 28%. Any changes in the future would affect these amounts proportionately.

18 Share capital

	2008 £000	2007 £000
Authorised 51,000,000 (2007: 51,000,000) Ordinary shares of 1p each	510	510
Allotted, called up and fully paid 27,544,379 (2007: 27,544,379) Ordinary shares of 1p each	275	275

The ordinary shares are entitled to receipt of dividends. Ordinary shares have full voting rights.

Options	Price	2008	Issued	Exercised	2007
Issued 2004 expire 2014	30p	1,060,000	–	–	1,060,000
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
Issued 2007 exercisable from 2009, expire 2017	159p	100,000	100,000	–	–
Issued 2007 exercisable from 2009, expire 2017	175p	50,000	50,000	–	–
Issued 2007 exercisable from 2009, expire 2017	152p	50,000	50,000	–	–
Total options		3,517,500	200,000	–	3,317,500

During the year no options were exercised.

Warrants	Price	2008	Issued	Exercised	2007
Issued 2004, expire 2009	30p	810,000	–	–	810,000
Issued 2004, expire 2009	40p	180,000	–	–	180,000
Issued 2007, expire 2010	120p	7,880,000	–	–	7,880,000
Total warrants		8,870,000	–	–	8,870,000

18 Share capital (continued)

Between 1 May 2007 and 30 April 2008 the company issued no new shares.

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 2008 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
2007	100,000	159	2017	159	159	17.68	5.25	3.5	5
2007	50,000	175	2017	175	175	17.68	5.25	3.5	4
2007	50,000	152	2017	152	152	17.68	5.25	3.5	4

* These are warrants, all others are options.

In connection with the acquisition of NHS LIFT interests from Babcock & Brown, the warrant over 7,880,000 shares was exercised on 11 June 2008.

The market price of the group's shares at 30 April 2008 was 148.5p (2007: 166.0p) and the range during the year was between 129.0p and 174.0p (2007: 101.4p and 189.0p). The weighted average exercise price of the options and warrants is 137.0p.

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 3.5% is based on the dividends paid during the period.

Options and warrants are valued using the binomial tree method.

19 Capital commitments

The group did not have any capital commitments at 30 April 2008 or 30 April 2007.

Notes to the financial statements

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20 Commitments under operating leases

The group's future minimum operating lease payments are as follows:

	2008 £000	2007 £000
Less than one year	196	20
Between one and five years	686	38
Five years or more	144	36
	1,026	94

Lease payments recognised as an expense during the year amount to £196,000 (2007: £94,000). No sub-lease income is expected as all assets held under lease agreements are used exclusively by the group.

Operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or any restrictions. The leases may be renewed when due.

21 Contingent liabilities

Under the terms of a loan by Lloyds TSB to AH Scarborough Health Park Limited for £2.6m, Ashley House plc has provided a corporate guarantee for the whole of the loan amount secured on the land, valued by King Sturge at £3.8m.

22 Related party transactions

During the year the group received invoices from Directors or their companies totalling £6,000 (2007: £20,000) from Scheidegg Limited, a company in which J H Gunn has an interest and £168,000 (2007: £71,000) from Layland Walker Limited, a company controlled by B Walker in respect of consultancy services and rent contribution for the London office. At 30 April 2008 the balance due to Layland Walker Limited was £nil (2007: £10,000). In addition, the company made payments of £82,000 (2007: £67,000) to Gibson Freake Edge, a partnership of which A Gibson is a partner in respect of consultancy services. At 30 April 2008 the balance due to Gibson Freake Edge was £11,000 (2007: £6,000).

Remuneration of key management personnel

Information about the remuneration of individual directors is provided in the report of the directors.

23 Capital management

The business model operated by Ashley House plc means that it is not very capital intensive. Construction projects are not typically owned and there is little difference between payment and income on contracting. There is therefore a relatively modest requirement for working capital in the design and construction function.

Investment has been made and is on-going in new areas of activity such as management services and also to support activities such as asset management for example with the capital investment in 6.8% of AH Medical Properties plc.

Equity capital is regarded as a scarce and valued resource. Investment in new ventures and in the business is made with an eye to returns over a reasonable and relevant period taking account of the nature of the investment.

Debt is employed in the financing of the business from time to time but typically where there is asset backing to support it.

24 Dividends

The directors approved on 3 December 2007 the payment of an interim dividend of 2.3 pence per share on 26 January 2008. Subsequent to the year end but prior to the approval of the financial statements, the directors have recommended the payment of a dividend of 3.7 pence per share, totalling £1,607,000.

25 Events after the balance sheet date

On 19 May 2008 the company announced that it had agreed to acquire the interests in seven NHS Local Improvement Finance Trusts ("LIFT") companies from Babcock & Brown. The acquisition was completed on 12 June 2008 and comprised controlling interests in companies which control the management of the private sector shareholder in seven NHS LIFT, other than one company where the private sector shareholder is jointly controlled with a joint venture partner.

The total consideration comprised:

At completion:

£14m in cash, financed in part by the exercise of the outstanding Babcock & Brown warrant over 7.88m Ashley House plc shares at 120 pence per share, which raised £9.45m; and 8m new Ashley House plc shares, which were worth £12m at 150 pence per share.

Deferred consideration:

Babcock & Brown may be entitled to up to a further £19m payable in cash dependent on the performance of the business acquired. The amount payable will be calculated with reference to the number of NHS LIFT schemes that reach financial close and the excess over a minimum amount of gross profit achieved by the NHS LIFT business acquired.

The total consideration payable assuming the full deferred consideration targets are achieved would be £45m.

The unaudited pro forma statement of net assets of the group has been prepared to show the effect of the acquisition on the latest published balance sheet of the group. The information required in order to complete IFRS 3 disclosures was not available to be included within these financial statements. This pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of the enlarged group. It has been compiled on the basis described below.

	Consolidated Ashley House plc 30 April 2008 Note A £000	Consideration (based on £45 million) Note B £000	Proportionate assets and liabilities acquired Note C £000	Elimination of investment Note D £000	Enlarged Group Pro forma Net Assets £000
Unaudited pro forma statement of net assets					
Goodwill and other intangible assets	270	–	–	42,803	43,073
Property plant and equipment	291	–	41	–	333
Non-current Investments	1,321	45,000	(0)	(45,000)	1,322
Work in progress	1,259	–	–	–	1,259
Trade and other receivables	9,670	–	1,193	–	10,861
Current investments	827	–	0	–	827
Cash and cash equivalents	6,869	(4,544)	2,039	–	4,364
Trade and other payables and taxation	(5,731)	–	61	–	(5,670)
Non current liabilities	(1,330)	(19,000)	(1,137)	–	(21,467)
Net assets	13,446	21,456	2,197	(2,197)	34,902
Share capital	275	159	35	(35)	434
Share premium	8,040	21,297	–	–	29,337
Share-based payment reserve	2,221	–	–	–	2,221
Retained earnings	2,910	–	2,162	(2,162)	2,910
Total equity	13,446	21,456	2,197	(2,197)	34,902
Total assets	20,507	40,456	3,273	(2,197)	62,039
Total liabilities	(7,061)	(19,000)	(1,076)	–	(27,137)
Net assets	13,446	21,456	2,197	(2,197)	34,902

Notes:

- The statement of net assets of the group is extracted from the audited consolidated balance sheet as at 30 April 2008.
- The consideration represents the maximum consideration payable in cash and shares in respect of the acquisition.
- The proportionate assets and liabilities acquired represent the group's estimate of its share of the assets and liabilities of the entities in which Ashley House plc is acquiring an interest based on the audited financial information of these companies at 30 September 2006, with the exception of IGL, ICL, IPL, LHIL, BBG Lift, BHH Lift, Wolverhampton & Walsall Lift, ELLIL and East London Lift which is based on the audited financial information at 31 December 2006.
- The elimination of investment represents an estimate of the consolidation accounting adjustment that will be required to replace Ashley House plc's investment in the relevant net assets with its share of the underlying assets and liabilities acquired.
- It has been assumed for the purpose of this pro forma that no fair value adjustments are required.
- The pro forma statement of net assets does not take into account any trading or other activity save as disclosed above since 30 April 2008.

Notes to the financial statements

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26 Loans payable

A facility from Lloyds TSB for £2,660,000 was granted in April 2008, for a period of 12 months at a rate of 1.75% over base. This facility is provided to AH Scarborough Health Park Limited and is based on 70% of the site value, as valued by King Sturge, at £3,800,000. The security comprises a first charge over the 3.7 acre site and a guarantee from Ashley House plc. Ashley House plc has a 50% interest in the joint venture, AH Scarborough Health Park Limited, as shown in Note 11.

27 Explanation of transition to IFRS

As this is the first year that the group will present its financial statements under IFRS, the following disclosures are required in the year of transition.

The last financial statements under UK GAAP were for the year ended 30 April 2007 and the date of transition to IFRS was 1 May 2006.

IFRS transition note

for the year ended 30 April 2008

Reconciliation of equity at 30 April 2007 (date of last UK GAAP financial statements)

	Note	UK GAAP £000	Effect of transition to IFRS £000	IFRS £000
Non-current assets				
Goodwill	1	203	67	270
Property, plant and equipment		200	–	200
Investments		1,850	–	1,850
		2,253	67	2,320
Current assets				
Trade and other receivables		7,392	–	7,392
Deferred tax asset	2	–	890	890
Cash and cash equivalents		6,073	–	6,073
		13,465	890	14,355
Total assets		15,718	957	16,675
Current liabilities				
Trade and other payables	3	(4,682)	(30)	(4,712)
		(4,682)	(30)	(4,712)
Net current assets		8,783	860	9,643
Total liabilities		(4,682)	(30)	(4,712)
Net assets		11,306	927	11,963
Equity				
Share capital		275	–	275
Share premium		8,040	–	8,040
Share-based payments reserve	2	1,421	890	2,311
Retained earnings	4	1,300	37	1,337
Total equity		11,036	927	11,963

Notes to the reconciliation of equity at 30 April 2007

1 Reversal of amortisation of goodwill

Under IFRS 3 Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Under UK GAAP the group has 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 2006 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 2007 was £67,000.

2 Deferred tax asset

Under IAS 12 a deferred tax asset is recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. For equity-settled share-based payments, a deductible temporary difference arises as a result of Schedule 23 deductions that may become available in the future.

3 Accrual of holiday pay

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 bonus payable, expected to be paid in exchange for that service as a liability, after deducting any amounts already paid. The estimated accrual under IAS19 for holidays not taken at 1 May 2006 and 30 April 2007 was £15,000 and £30,000 respectively.

4 The net adjustment to retained earnings comprises the following:

	£000
Goodwill reversal of amortisation	67
Holiday pay accrual	(30)
Total net adjustment	37

IFRS transition note

continued

Reconciliation of equity at 1 May 2006 (date of transition to IFRS)

	Note	UK GAAP £000	Effect of transition to IFRS £000	IFRS £000
Non-current assets				
Goodwill		270	–	270
Property, plant and equipment		1,427	–	1,427
Investments		–	–	–
		1,697	–	1,697
Current assets				
Trade and other receivables		6,753	–	6,753
Inventory		15	–	15
Deferred tax asset	1	–	460	460
Cash and cash equivalents		1,502	–	1,502
		8,270	460	8,730
Total assets		9,967	460	10,427
Current liabilities				
Trade and other payables	2	(5,455)	(15)	(5,470)
		(5,455)	(15)	(5,470)
Net current assets		2,815	445	3,260
Non-current liabilities				
Deferred tax liabilities	3	(15)	4	(11)
		(15)	4	(11)
Total liabilities		(5,470)	(11)	(5,481)
Net assets		4,497	449	4,946
Equity				
Share capital		224	–	224
Share premium		2,771	–	2,771
Share-based payments reserve	1	165	460	625
Revaluation reserves	4	187	(187)	–
Retained earnings	5	1,150	176	1,326
Total equity		4,497	449	4,946

Notes to the reconciliation of equity at 1 May 2006

1 Deferred tax asset

Under IAS 12 a deferred tax asset is recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. For equity-settled share-based payments, a deductible temporary difference arises as a result of Schedule 23 deductions that may become available in the future.

2 Accrual of holiday pay

Under IAS 19, when an employee has rendered services 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 bonus payable, expected to be paid in exchange for that service as a liability, after deducting any amounts already paid. The estimated accrual under IAS19 for holidays not taken at 1 May 2006 was £15,000.

3 Provision for deferred tax

4 Recognition of historic revaluations in retained earnings.

5 The net adjustment to retained earnings comprises the following:

	£000
Holiday pay accrual	(15)
Deferred taxation	4
Total net adjustment	(11)

Reconciliation of profit or loss for year ended 30 April 2007

	Note	UK GAAP £000	Effect of transition to IFRS £000	IFRS £000
Revenue		25,644	–	25,644
Cost of sales		(18,307)	–	(18,307)
Gross profit		7,337	–	7,337
Administrative expenses	1	(3,213)	(15)	(3,228)
Depreciation, amortisation and impairment	2	(179)	67	(112)
Profit on sale of asset		137	–	137
Non-recurring transaction costs		(1,551)	–	(1,551)
Operating profit		2,531	52	2,583
Interest income		142	–	142
Finance costs		(15)	–	(15)
Profit on ordinary activities before tax		2,658	52	2,710
Tax on profit on ordinary activities		(1,321)	(4)	(1,325)
Profit on ordinary activities after tax		1,337	48	1,385

Notes to the reconciliation of profit or loss for year ended 30 April 2007

1 Holiday pay accrual is accrued in accordance with IAS 19.

2 Goodwill is no longer amortised, so UK GAAP amortisation in the period has been reversed.

Remuneration committee report

Remuneration policy for the executive directors

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.

Directors' remuneration

	Salaries, fees and benefits 2008 Total £	Salaries, fees and benefits 2007 Total £
N K Croxford	110,086	99,215
J Holmes	178,428	173,609
S G Minion	178,870	174,488
G Mosley	68,171	71,522
B L Walker	167,348	138,054
R E L Warner	109,999	101,696
Executive	812,901	758,584
J Arnold-Forster (Appointed 9 July 2007)	11,250	–
A D Burton (Retired 25 April 2007)	–	26,250
J Coghlan (Appointed 19 September 2007)	13,333	–
A Gibson	66,767	60,367
J H Gunn (Retired 9 July 2007)	6,000	21,000
Sir W Wells (Appointed 25 April 2007)	32,875	–
Non-executive	130,225	107,617
	943,126	866,201

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 2008 according to the register of directors' interests:

	Number of shares of 1p held at 30 April 2008	% of issued share capital	Acquired/ (disposed of) during year	Interest at 1 May 2007, or date of appointment if later, in shares of 1p each
N K Croxford	801,530	2.9%	–	801,530
A Gibson	50,000	0.2%	25,000	25,000
J Holmes	1,099,604	4.0%	–	1,099,604
S G Minion	3,774,825	13.7%	30,000	3,744,825
G Mosley	2,635,518	9.6%	–	2,635,518
B L Walker	250,000	0.9%	–	250,000
R E L Warner	166,666	0.6%	–	166,666
Sir W Wells	60,000	0.2%	60,000	–

Connected persons' interest in share capital

M Holmes (parent of J Holmes) holds 709,328 shares.

Following the financial year end, on 11 June 2008, there were 15,880,000 new shares issued as part of the acquisition of NHS LIFT enterprises from Babcock & Brown. As a result, since that date the above percentages are now different.

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 2008	Exercise price £	Number granted	Number of options at 1 May 2007 or date of appointment
J Arnold-Forster	50,000	1.75	–	50,000
J Coghlan	50,000	1.52	–	50,000
N K Croxford	200,000	0.30	–	200,000
	200,000	1.50	–	200,000
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 30 pence options were granted on 15 August 2004 and are exercisable within ten years from the date of grant. The 85 pence options were granted on 11 January 2006 and the 108 pence options were granted on 6 February 2006. These options vest in three years and expire within ten years from the date of grant. The 150 pence options were granted on 16 January 2007. These options vest in five years and expire within ten years from the date of grant. The 159 pence options were granted on 25 April 2007, the 175 pence options were granted on 5 June 2007 and the 152 pence options were granted on 19 September 2007. These options vest in two years and expire within ten years from the date of grant.

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 2008 were:

	Warrants held at 30 April 2008	Exercise price £	Warrants exercised	Warrants held at 1 May 2007
B L Walker – Director	150,000	0.30	–	150,000
	180,000	0.40	–	180,000

The warrants, which were granted on 16 August 2004 at 30 pence, are exercisable within five years from the date of grant. The warrants, which were granted on 22 December 2004 at 40 pence, are exercisable within five years from the date of grant.

Market value of shares

Between 1 May 2007 and 30 April 2008 the shares traded in the range 129 pence to 174 pence. At 30 April 2008 the share price was 157 pence per share.

Statement of directors' responsibilities

Directors' responsibilities for the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations. Under the law the directors are required to prepare group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). The financial statements are required by law to give a true and fair view of the state of affairs of 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 group will continue in operational existence for the foreseeable future.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Report of the directors and other information in the annual report. In so far as the directors are aware:

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

The directors confirm that the accounting policies adopted in the preparation of the financial statements are appropriate to the group, have been consistently applied and are supported by reasonable prudent judgements and estimates. All applicable accounting standards have been followed.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the independent auditor to the group

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

We have audited the group financial statements of Ashley House plc for the year ended 30 April 2008 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the group cash flow statement, the principal accounting policies and notes 1 to 27. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Ashley House plc for the year ended 30 April 2008.

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 auditor's 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 group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the group 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 group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the directors is consistent with the financial statements. The information given in the Report of the directors includes that specific information presented in the Chairman's Statement that is cross referred from the Business Review section of the Chief Executive Officer's Statement.

In addition we report to you if, in our opinion, 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 group financial statements. The other information comprises only of the Chairman's Statement, the Chief Executive Officer's Statement, the Report of the Directors, Remuneration Committee Report and Statement of Directors' Responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group 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 group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group'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 group 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 group financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 April 2008 and of its profit for the year then ended;
- the group 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.

Grant Thornton UK LLP

Registered Auditor
Chartered Accountants
Oxford
1 July 2008

Company balance sheet

at 30 April 2008

	Note	2008 £000	2007 £000
Fixed assets			
Intangible assets	2	135	203
Tangible assets	3	287	194
Investments	4	1,322	1,851
		1,744	2,248
Current assets			
Debtors	5	10,130	7,510
Cash at bank and in hand		6,874	6,049
		17,004	13,559
Creditors: amounts falling due within one year	6	(5,657)	(4,649)
Net current assets		11,347	8,910
Total assets less current liabilities		13,091	11,158
Net assets		13,091	11,158
Capital and reserves			
Called up share capital	7	275	275
Share premium account	8	8,040	8,040
Share-based payments reserve	8	1,421	1,421
Profit and loss account	8	3,355	1,422
Shareholders' funds		13,091	11,158

The financial statements were approved by the board of directors and authorised for issue on 1 July 2008. They were signed on its behalf by:

J Holmes

Chief Executive Officer

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

Company 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.

The principal accounting policies of the company are set out below.

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.

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 straight-line 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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the group/company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Company principal accounting policies

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.

Share-based payments

The company issues share options to its employees. The company has applied the requirements of FRS 20 Share-based Payments. FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 May 2006.

The company issues equity-settled share-based payments to employees. Equity-settled share-based payments are measured at fair value at the date of grant.

Options and warrants are valued using the binomial tree method.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest, updated at each balance sheet date.

Notes to the company financial statements

for the year ended 30 April 2008

1 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 after tax was £3,922,000 (2007: £1,458,000).

	2008 £000	2007 £000
Auditor's remuneration:		
– fees payable to company's auditor for the audit of the company's annual accounts	30	26
– the audit of the company's subsidiaries	8	5
– taxation services	15	10
– other services – corporate financial advice	87	89
	140	130

In 2007, part of the auditor's remuneration in respect of corporate finance transactions was offset against the share premium account. Details of directors remuneration and employee costs are set out in note 3 to the group financial statements.

2 Intangible assets

Goodwill

	£000
Cost	
At 1 May 2007 and as at 30 April 2008	425
Amortisation	
At 1 May 2007	222
Charged in the year	68
At 30 April 2008	290
Net book value as at 30 April 2008	135
Net book value as at 30 April 2007	203

3 Tangible assets

	Office equipment, furniture and fixtures £000	Motor vehicles £000	Mobile surgeries £000	Total £000
Cost				
At 30 April 2007	221	30	305	556
Additions	275	11	–	286
Disposal	(123)	(10)	–	(133)
At 30 April 2008	373	31	305	709
Depreciation				
At 30 April 2007	150	15	197	362
Provided in the year	79	10	87	176
Disposal	(107)	(9)	–	(116)
At 30 April 2008	122	16	284	422
Net book amount at 30 April 2008	251	15	21	287
Net book amount at 30 April 2007	71	15	108	194

Notes to the company financial statements

continued

4 Investments

	Subsidiary undertakings and joint ventures £000	Listed Investments £000	Total £000
At 1 May 2007	1	1,850	1,851
Reduction in value	–	(529)	(529)
At 30 April 2008	1	1,321	1,322

Subsidiaries	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%

Joint Ventures

AH Scarborough Health Park Limited	Property development	Ordinary shares of £1 each	50%
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At 30 April 2008 the investment in AH Medical Properties plc had a market value of £1,322,000 (2007: £1,540,000).

	Nature of work	Class of share capital held	Proportion held
AH Medical Properties plc	Investment Property	Ordinary shares of 0.01p each	6.8%

5 Debtors

	2008 £000	2007 £000
Trade debtors	3,732	6,076
Amounts owed by group undertakings	553	146
Amounts recoverable on contracts	5,415	1,052
Other debtors	–	29
Prepayments and accrued income	430	207
	10,130	7,510

6 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Trade creditors	700	1,506
Amounts owed to group undertakings	141	–
Social security and other taxes	500	514
Corporation tax	1,223	836
Other creditors	–	54
Accrued expenses	3,093	1,739
	5,657	4,649

7 Share capital

Detailed disclosure of the company's share capital, options and warrants is included in Note 18 of the consolidated financial statements of the group.

8 Reserves

	Share-based payment reserve £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 May 2007	1,421	8,040	1,422	10,883
Profit for the year	–	–	3,922	3,922
Dividends paid	–	–	(1,460)	(1,460)
Share-based payment reserve	–	–	(529)	(529)
At 30 April 2008	1,421	8,040	3,355	12,816

During the year, the company paid a final dividend of 3.0 pence per share for the year ended 30 April 2007, an interim dividend of 2.3 pence per share and is proposing a final dividend for the year to 30 April 2008 of 3.7 pence per share.

9 Capital commitments

The company did not have any capital commitments at 30 April 2008 or 30 April 2007.

10 Commitments under operating leases

Operating lease payments amounting to £196,000 (2007: £94,000) are due within one year. The leases to which these amounts relate expire as follows:

	2008 £000	2007 £000
Less than one year	196	20
Between one and five years	686	38
Five years or more	144	36
	1,026	94

11 Contingent liabilities

The company did not have any contingent liabilities at 30 April 2008 or 30 April 2007.

12 Share-based payments

Details of options and warrants over the company's shares are set out in note 18 to the group financial statements.

13 Post balance sheet events

Details of the significant post balance sheet events affecting the company are set out in note 25 to the group financial statements.

Report of the independent auditor to the company

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

We have audited the parent company financial statements of Ashley House plc for the year ended 30 April 2008 which comprise the principal accounting policies, the balance sheet and notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of Ashley House plc for the year ended 30 April 2008.

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 auditor's 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 parent company 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 parent company 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 parent company financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the report of the directors is consistent with the parent company financial statements.

In addition we 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 the other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. This other information comprises only the Chairman's Statement, Chief Executive Officer's Statement, the Report of the Directors, Remuneration Committee Report and Statement of Directors' responsibilities. We consider the implication for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company 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 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 company's affairs as at 30 April 2008 and of its 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.

Grant Thornton UK LLP

Registered Auditor
Chartered Accountants
Oxford
1 July 2008

Company information

Company registration number

2563627

Registered office

The Priory
Stomp Road
Burnham
Buckinghamshire SL1 7LW

Directors

Sir W Wells	Non-Executive Chairman
S G Minion	Executive Deputy Chairman
J Holmes	Chief Executive Officer
B L Walker	Finance Director
J Arnold-Forster	Non-Executive Director
J Coghlan	Non-Executive Director
A C Cook	Non-Executive Director
G J Frost	Non-Executive Director
A Gibson	Non-Executive Director

Secretary

S Ronaldson

Nominated Advisor and Broker

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster square
London EC4M 7LT

Bankers

Lloyds TSB Bank PLC
High Street
Slough
Berkshire SL1 1DH

Solicitors

Hammonds
2 Park Lane
Leeds LS3 1ES

Auditor

Grant Thornton UK LLP
1 Westminster Way
Oxford OX2 0PZ



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www.thecollege.uk.com

Ashley House plc

The Priory
Stomp Road
Burnham
Buckinghamshire
SL1 7LW

Telephone: +44 (0)1628 600340

Fax: +44 (0)1628 600345

www.ashleyhouseplc.com



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