Ashley House plc (the 'Company' or 'Group'), the health and community care property partner
Preliminary results

Ashley House plc, the health and community care property partner today announces its preliminary results for the year ended 30 April 2015.

Operating highlights:

- **Significant resource invested in driving Extra Care business**
  - Funding and Partnering Agreement now in place with a new strategic partner to develop out existing pipeline and drive new projects
  - First Extra Care scheme in Grimsby delivered
  - Pipeline of 19 schemes, on site (2) or appointed (17) with £149m of revenue anticipated to be recognised

- **Health market continuing to evolve**
  - Pipeline of 13 schemes, on site (2) or appointed (11) with £32m of revenue anticipated to be recognised
  - Three Health schemes to go to site this year
  - Significant (non-cash) write down of the LIFT investment of £7,555,000 (2014: £1,722,000)

Financial highlights:

- **Revenue flat and results in line with expectations**
  - Revenues in line with prior year at £8,384,000 (2014: £8,337,000)
  - Gross loss of £216,000 (2014 gross profit: £560,000)
  - EBITDA before exceptionals and impairment showing a loss of £3,374,000 (2014: £2,597,000) in line with expectations
  - Loss before tax £11,886,000 (2014: £4,707,000)

- **Continuing management of overheads and debt**
  - Administrative expenses flat at £3,357,000 (2014: £3,360,000)
  - Cash generated from operations of £529,000 (2014: £1,281,000)
  - Net debt increased to £2,027,000 at 30 April 2015 and £3,059,000 at 2 October 2015 (30 April 2014: £1,551,000)

Enquires:

Ashley House plc 01628 600 340
Antony Walters, Chief Executive
Jonathan Holmes, Commercial Director

WH Ireland Ltd 0207 220 1666
(Nominated Adviser and broker to Ashley House plc)
Adrian Hadden
Mark Leonard

Statement of directors' responsibilities

The responsibility statement below has been prepared in connection with the Company's Annual Report and Accounts for the year to 30 April 2015. Certain parts thereof are not included within this preliminary announcement.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This responsibility statement was approved by the Board of Directors on 6 October 2015 and signed on its behalf by:

Antony Walters
Chief Executive

Chairman's statement

The past twelve months have been both challenging and exciting as we have continued to invest significant resource in driving our efforts in the Extra Care business, building the platforms for growth and longer term revenue streams. Whilst I am disappointed to report another trading loss for the year to 30 April 2015 it is the Board's view that our considerable efforts to rebuild the business are poised to return the Company to profitability this year.

Funding

I am delighted that the Company has recently announced that it has chosen to sign a Funding and Partnering Agreement with Funding Affordable Homes ('FAH') and its property advisor SHA Housing Limited. FAH is a newly established investment company set up to serve investors who hold the same strong social and financial objectives as ourselves. The fit with our business is compelling. FAH has a mission to support the affordable homes sector. We have agreed to work together on the development and delivery of affordable Extra Care housing for older people. The schemes will be forward funded by FAH during construction and through to completion allowing us to develop the business without the difficulty of needing to grow external debt. This arrangement will give us a much needed boost to our current pipeline delivery.

During the last year we held discussions with many potential funding partners. We adopted a strategy of seeking lenders and funders closely aligned with our business model and social values. Many of these discussions were extremely positive and resulted in real interest in funding the projects we produce. I would like particularly to thank M&G Investment Management Limited with whom we had signed a Heads of Terms and who we would hope to work with in the future.

Results

As previously signaled, whilst significant value has been created in our Extra Care pipeline this year, the Company has been unable to recognise this within its results until such time as funding for the pipeline has been confirmed. As such the results for the year to 30 April 2015 were an EBITDA loss of £3,374,000 (2014: loss of £2,597,000). Revenue was in line with the prior year at £8,384,000 (2014: £8,337,000). However even with the additional investment in Extra Care it is positive to note only a limited increase in net debt to £2,027,000 (2014: £1,551,000).

We announced in July that the Company had received an approach to acquire its interest in the NHS LIFT Joint Ventures. This has yet to complete and is unlikely to do so in the structure first envisaged due to a number of complexities, although discussions continue using a different structure. However, following these discussions we have conducted a full impairment review of our LIFT investment and in the light of very low activity within the NHS estate arena, the Company has provided a significant (non-cash) write down in its value to £2,223,000 leading to a loss before taxation of £11,886,000 (2014: £4,707,000). We do however remain active participants in this area of business.

Current trading

Our pipeline of schemes continues to grow in both quality and quantity, dominated by Extra Care schemes. Good progress has been made during the year with four schemes on site at the year end. In light of last week's funding announcement both of our flagship schemes at Harwich and Walton are progressing to plan and are expected to reach financial close this year, contributing approximately £21m of revenue over the next 24 months as they are built out.

Our Health business continues to be slow although there are signs of activity albeit on a much reduced level. We are currently contracted on a number of schemes, and projects for a GP surgery in Danbury and a Pathology Laboratory in Basildon are underway contributing £1.4m of revenue during the year to 30 April 2015. Both the scheme at Danbury and the next three Health schemes (subject to contract) are forward funded. We are proactively looking to do more in this area.

We are pleased to advise that during the year we were appointed as property partner for two organisations with tremendously valuable services. One of these is HSN Care with whom we are developing a pipeline of housing designed specifically for profoundly disabled adults. We are now in advanced stages with three schemes (one on site) with more to come. The other is a national charity called Hft which provides services for people with learning disabilities throughout England. Engagement with these clients significantly raises our profile in this area.

Board composition

Despite the significant activity carried out during the past year, we have succeeded in keeping our administrative overheads at the same level. This has been a real team effort during the year as we have put in place the appropriate resources to take advantage of the opportunities presented by the Extra Care market and I must pay tribute to, and thank all the staff for their effort, energy and enthusiasm during the year. I have been pleased with the impact of changes we have made to the Board. We currently have two Executive Directors with Jonathan Holmes moving from Chief Executive to Commercial Director last October and Tony Walters to Chief Executive from Finance Director. This move has freed Jonathan to concentrate on building the pipeline, and has seen both individuals develop personally and drive the business forward. This has resulted, we believe in real focus of our team's skills in key areas.

Chairman's statement (continued)

During the year we were delighted that John Moy accepted an invitation to join the Board as a Non-executive Director. John is a significant investor in Ashley House plc and is very supportive of the team's efforts greatly adding to the Board's deliberations during a time of change and uncertainty. Richard Darch stepped down from the Board during the year due to his increasing executive commitments with Capita Health Partners.

Extra Care

Since I joined the Board, confidence in our Extra Care business model has grown internally and more importantly with key stakeholders including commissioners. When we embarked on this journey it was an unproven concept with significant obstacles to overcome. We necessarily adopted a considered approach whilst deploying significant investment in driving our Extra Care business as an alternative to our traditional revenue streams.

The recent completion and occupation of our first scheme in Grimsby which provides purpose-built, accessible accommodation to more than 60 contented elderly residents, is testament to the Company's partnership based approach and now provides a showcase for what the Company can achieve in Extra Care. I was delighted to attend the formal opening last month and it was a privilege to hear some of the new residents' stories.

A key element in securing the funding package for these schemes has been to develop a pipeline of critical mass which continues to increase in size as Ashley House establishes itself as a leading development partner in this arena. This can be demonstrated by the recent win, through competitive tendering with North Yorkshire County Council, of a place on their Extra Care Housing Framework to design, fund, build, deliver and asset manage Extra Care accommodation in various locations in York and North Yorkshire. The framework will be used by other bodies seeking to commission services such as ours. This appointment is not guaranteed to bring us work but is an excellent external indicator of our growing stature.

It remains our belief that the market for Extra Care Housing is growing, driven by the housing and health issues associated with an aging population. This together with our unique offering of end to end service, and our historical record of delivering public infrastructure projects combined with our declared and proven social purpose are the key to winning competitive tenders.

In the immediate future, it is likely that our revenue streams will be variable, but more predictable as the emphasis swings towards the construction phase of pipeline delivery. As the scheme volumes increase this will have a smoothing effect on this volatility. Construction project delivery is a core competence of the business along with the management of cash resources. During the year we have necessarily adopted a prudent and cautious approach to the development of appointed schemes and winning bids. We will continue this approach, and in the light of announcements on scheme funding above, the Board concludes that at the time of signing of these financial statements, it is appropriate to do so on a going concern basis.

Outlook

The Board does not underestimate the challenges that lie ahead, however the general direction of travel is positive and very encouraging as we gear ourselves to deliver the pipeline schemes to financial close and ultimate delivery against the backdrop of our funding announcements. I must emphasise that we remain in the early stages but there is a renewed air of confidence that we can deliver sustained growth for the business.

Finally, I am acutely aware that our share price and the value of the Company has languished in recent times. I along with my fellow Board members together with the Ashley House team wish to record our thanks to you, the shareholders. Many of you are long term investors who have given us much needed support in uncertain times. Your forbearance, loyalty and tolerance are very much appreciated.

Christopher Lyons
Chairman
6 October 2015

Strategic Report

Principal activity
The principal activity of the Group is the supply of design, construction management, consultancy and asset management services, primarily working with providers of health and social care on infrastructure developments from project inception to completion of construction and beyond.

Business review
The consolidated statement of comprehensive income for the year is set out on page 8. A review of developments affecting the Group during the year and of its prospects for the future appears in the Chairman's statement on pages 3 and 4 and in this Strategic Report. The Group is required by the Companies Act 2006 to set out a fair review of the business of the Group during the financial year ended 30 April 2015 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's statement and in this Strategic Report.

Whilst the results for the year to 30 April and recent periods have been hugely disappointing, the numbers do not reflect the considerable investment both in time and effort and in financially building up the pipeline particularly in Extra Care. No income is recognised on schemes until financial close and all expenditure (other than land) is expensed immediately.

The two key objectives for this year have been to continue to grow the Extra Care pipeline and to establish an appropriate funding model to deliver it. Strong progress has been made on both. The announcement of our Funding and Partnering Agreement with Funding Affordable Homes ('FAH') a newly established investment company for the affordable homes sector, and its property advisor SHA Housing Limited, is therefore key, not just to cashflow and the ability to accelerate the pipeline by investing in further schemes, but to establishing a relationship with a like-minded partner. As a result of this the Board expects a return to profit in the next accounting period.

Subject to final due diligence and contract on each individual scheme, FAH will forward fund our schemes at Harwich and Walton and the pipeline of similar larger Extra Care schemes beyond. This partnership will provide us with the financial ability to develop out the existing pipeline and drive new projects.

Schemes
The continuing growth of our Extra Care pipeline with the ability now to deliver it, should provide the basis for real growth in the Company. At the end of June we were delighted that our first Extra Care scheme in Grimsby reached practical completion. This is a development of 60 flats providing much needed purpose-built accommodation for some of the most vulnerable older people in the country. Tenancies have been oversubscribed from day one. A case study showcasing this development will be shown in the annual report.

Our Health schemes continue albeit at a much lower rate than prior to 2011 due to the lack of investment in Government funding for their rentals. The Company is currently on site on a GP surgery for 12,000 patients in Danbury, and a third pathology laboratory for Integrated Pathology Partnerships in Basildon. During the year an extension and refurbishment to GP premises in Hillingdon was completed. The outlook for Health is considered to be improving with some small signs of recovery in the market, but not as quickly as we or indeed many GPs and other health professionals would like. Nonetheless, we remain committed to the sector and will work to support our many clients.

Pipeline
The growth in the Company's pipeline continues to be dominated by Extra Care, which has increased significantly to £148.5m from £106.8m this time last year. The Health pipeline stands at £31.9m across 13 schemes. The table below shows the current pipeline along with the same information reported with the interim and annual accounts for the last two years. This demonstrates the significant rise in Extra Care along with a fairly flat progression for Health following the NHS reorganisation.

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Strategic Report (continued)

	October 2015		January 2015		September 2014		December 2013		June 2013	
	No. of Schemes	Scheme value to come	No. of Schemes	Scheme value to come	No. of Schemes	Scheme value to come	No. of Schemes	Scheme value to come	No. of Schemes	Scheme value to come
EXTRA CARE										
On-site	2	£12.4m	2	£13.9m	1	£4.7m	1	£5.3m	1	£5.5m
Appointed	17	£136.1m	16	£119.7m	15	£102.1m	11	£57.4m	7	£37.3m
Total EC	**19**	**£148.5m**	**18**	**£133.6m**	**16**	**£106.8m**	**12**	**£62.7m**	**8**	**£42.8m**
HEALTH										
On-site	2	£5.1m	2	£6.0m	1	£0.5m	3	£1.7m	3	£4.5m
Appointed	11	£26.8m	11	£35.6m	16	£48.4m	16	£38.9m	15	£38.0m
Total Health	**13**	**£31.9m**	**13**	**£41.6m**	**17**	**£48.9m**	**19**	**£40.6m**	**18**	**£42.5m**
TOTAL	**32**	**£180.4m**	**31**	**£175.2m**	**33**	**£155.7m**	**31**	**£103.3m**	**26**	**£85.3m**

As a guide, revenues from on-site schemes will continue to flow for up to 18 months. The current schemes on site have a weighted average life of approximately 12 months. Where the Company is appointed the time frame to move to on-site is likely to be between 6 and 36 months. Revenues are only recognised from on-site schemes and on appointed schemes to the extent that the Company would recover its fees in the circumstances of the scheme not progressing. 'Scheme value to come' represents the likely investment value of the scheme less any revenue already recognised.

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. 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 is net of any allowance for doubtful trade receivables, as estimated by the directors. Amounts recoverable on contracts are presented net of provisions deemed necessary by the directors. The Group's largest customer in the year is set out in Note 1 to the financial statements. The Group employs a strict credit vetting policy based on track record payment history and externally available credit data.

Interest rate risk

The Group finances its operations principally through retained earnings, project-specific borrowings and general bank borrowings, as set out in Note 15 to the financial statements. The interest rates applicable to these borrowings, where variable in nature, expose the Group to interest rate risk. The Group seeks to minimise such risk by entering into fixed interest rate arrangements where it is financially viable to do so. The Group does not undertake interest rate hedging on its general borrowings and only considers undertaking interest rate hedging for project-specific term loans. 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 by investing cash assets safely and profitably. The nature of the Group's business is such that it is exposed to risks associated with cash flow timings, particularly the receipt of design and development fees. The liquidity of the Group is monitored by senior management and reported to the Chief Executive and Commercial Director daily.

Revenue recognition

The Group's revenue recognition policy set out in the principal accounting policies is central to the way the Group values the work it has carried out in each financial year. Amounts recoverable on contracts relate to projects that are ongoing as at the period end. Management's expectation is that these amounts will be invoiced net of any provision within the next financial year, at which point the Group expects to collect the balances in full.

Strategic Report (continued)

Cash management
The forward funding of the first Grimsby Extra Care scheme brought a significant cash receipt which along with careful management of expenditure has seen our increase in net debt limited to £476,000. Overheads were flat with administrative expenses totaling £3,357,000 (2014: £3,360,000). The Group generated £529,000 (2014: £1,281,000) cash from operations and increased net debt to £2,027,000 (2014: £1,551,000) as shown in the table below. Since the year end the loan on the land at Scarborough has further reduced and the overdraft facility with Lloyds Bank has been extended to the end of December 2015. A further facility of up to £1,500,000 granted with a private organisation has been agreed with the expectation that the first drawdown of circa £500,000 will be made shortly. We are grateful to our lenders particularly Rockpool Investments, whose flexibility has allowed us to generate the pipeline of schemes which will now be delivered. Their support, along with our focus on cash management, has enabled us to do this without having to call on shareholders for further equity.

	30/04/2014	30/04/2015	Unaudited 02/10/2015
	£000	£000	£000
Cash in bank	98	856	(262)
Scarborough	(1,049)	(883)	(797)
Loan	(600)	(2,000)	(2,000)
Net debt	(1,551)	(2,027)	(3,059)

Investments in joint ventures
On 24 July it was announced that we had received a proposal to acquire our interest in our NHS LIFT Joint Ventures. Due to the legal complexity of the asset, a deal has yet to be completed and is unlikely to be in the form initially proposed, although talks continue around an alternative structure. The review of the LIFT investment was undertaken with these discussions in mind and as previously advised the Company has provided a significant (non-cash) write down in its value. At the year end the exclusivity periods had an average of 9.5 years remaining. There has been relatively little new work coming from LIFT in the year and the directors considered that the value had therefore been impaired by a further £7,555,000 (2014: £1,722,000). This non-cash impairment has reduced the carrying value of the LIFT investment at the year end to £2,223,000 (2014: £9,778,000).

Social impact
Ashley House is proud of the social value its work creates. The improvements to people's health and lives that directly result from the Company's activities was demonstrated by the opening of the Extra Care scheme in Albion Street, Grimsby. Applications for the accommodation were oversubscribed. We are working with the Clinical Commissioning Group in North East Lincolnshire to track and measure the wider health and economic benefits from the scheme. However, the changes one of our schemes can enable can be ably identified in individuals' stories such as the man in his 60s who has moved in after spending eleven years in a state run nursing home. More detail will be provided in the annual report.

The Company continues to be an active member of the Social Stock Exchange ('SSX'). The SSX connects social impact businesses such as Ashley House with investors looking to generate social or environmental change as well as financial return from their investment. The Company strongly believes that social impact and financial prosperity can and should go hand in hand. Membership of the SSX also demonstrates our social credibility through third party accreditation which is key when entering into partnerships with local government clients. The Company was delighted to be nominated as Social Impact Company of the year for the second year running at the Small Cap Awards which seek to recognise outstanding achievement in the quoted UK Small-Cap market. The Company will shortly publish its third annual social impact report, which is independently verified. This will be accessible on the Company's website in due course. We met our new funding partner, FAH through the Social Stock Exchange and believe there can be no greater example of how its mission of matching capital and businesses, both committed to delivering financial and social returns, has been achieved.

Summary
Whilst the reported performance of the business in the last few years has been very disappointing, strong value is being created in Extra Care and the financing of these schemes will enable the pipeline to start to flow. The Board continues to be of the strong belief that delivering Extra Care is the correct strategy for the business supplemented by our traditional work in the Health market. As the delivery of our pipeline accelerates, this value will start to be realised in the results of the Company.

Antony Walters
Chief Executive
Date: 6 October 2015

Jonathan Holmes
Commercial Director

Consolidated statement of comprehensive income

for the year ended 30 April 2015

	Note	2015 £000	2014 £000
Revenue		**8,384**	8,337
Cost of sales		**(8,600)**	(7,777)
Gross (loss)/profit		**(216)**	560
Administrative expenses		**(3,357)**	(3,360)
Share of results of joint ventures		**199**	188
Depreciation and impairment		**(7,645)**	(1,793)
Exceptional items – restructuring		**—**	(230)
Operating expenses		**(10,803)**	(5,195)
Operating loss		**(11,019)**	(4,635)
Interest receivable		**1**	8
Interest payable		**(868)**	(80)
Loss before taxation		**(11,886)**	(4,707)
Loss before taxation		**(11,886)**	(4,707)
Depreciation and impairment		**7,645**	1,793
Exceptional items – restructuring		—	230
Depreciation, amortisation and taxation included in share of results of joint ventures		—	15
Interest receivable		**(1)**	(8)
Interest payable		**868**	80
EBITDA before exceptionals and impairment		**(3,374)**	(2,597)
Tax (charge)/credit		**(16)**	529
Loss after tax for the year attributable to equity holders of the parent		**(11,902)**	(4,178)
Basic and diluted loss per share	2	**(20.41)p**	(7.16)p
Basic loss per share on adjusted EBITDA*	2	**(5.81)p**	(3.55)p

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

* Adjusted EBITDA = EBITDA before exceptionals and impairment plus income tax (charge)/credit.

Consolidated balance sheet

at 30 April 2015

	Note	2015 £000	2014 £000
Non-current assets			
Property, plant and equipment		**122**	90
Investments in joint ventures	3	**2,300**	9,990
Deferred tax asset		**1,400**	1,400
Other receivables		**807**	—
		4,629	11,480
Current assets			
Work in progress		**4,296**	2,781
Trade and other receivables		**3,055**	6,828
Cash and cash equivalents		**856**	98
		8,207	9,707
Total assets		**12,836**	21,187
Current liabilities			
Trade and other payables		**(6,255)**	(4,095)
Bank borrowings and overdrafts	4	**(883)**	(167)
Provisions		**(31)**	—
		(7,169)	(4,262)
Net current assets		**1,038**	5,445
Non-current liabilities			
Bank borrowings and overdrafts	4	**(2,000)**	(1,482)
Long term provisions		**(117)**	—
Total liabilities		**(9,286)**	(5,744)
Net assets		**3,550**	15,443
Equity			
Share capital		**583**	583
Share-based payment reserve		**22**	13
Special reserve		**3,491**	12,110
Retained earnings		**(546)**	2,737
Total equity		**3,550**	15,443

Consolidated statement of changes in equity

for the year ended 30 April 2015

	Share capital £000	Special reserve £000	Share-based payment reserve £000	Retained earnings £000	Total £000
At 1 May 2014	583	12,110	13	2,737	15,443
Loss for the year	—	(8,619)	—	(3,283)	(11,902)
Share-based payment charge	—	—	9	—	9
At 30 April 2015	**583**	**3,491**	**22**	**(546)**	**3,550**

	Share capital £000	Share premium £000	Special reserve £000	Share-based payment reserve £000	Retained earnings £000	Total £000
At 1 May 2013	583	34,996	—	—	(15,971)	19,608
Cancellation of share premium						
Transfer of share premium to special reserve	—	(34,996)	34,996	—	—	—
Transfer of accumulated losses at 30 April 2013 to special reserve	—	—	(18,986)	—	18,986	—
(Loss)/profit for the period to date of capital restructure	—	—	(1,400)	—	60	(1,340)
Loss for the period post date of capital restructure	—	—	(2,500)	—	(338)	(2,838)
Share-based payment charge	—	—	—	13	—	13
At 30 April 2014	583	—	12,110	13	2,737	15,443

Consolidated statement of cash flows

for the year ended 30 April 2015

	2015	2014
	£000	£000
Operating activities		
Loss for the year before taxation	**(11,886)**	(4,707)
Adjustments for:		
Share-based payment charge	**9**	13
Depreciation and impairment	**7,645**	1,793
Share of results of joint ventures	**(199)**	(188)
Dividends received from joint ventures	**334**	205
Interest received	**(1)**	(8)
Interest paid	**868**	80
Operating cash flows before movements in working capital	**(3,230)**	(2,812)
Increase in work in progress	**(1,515)**	(225)
Decrease in trade and other receivables	**2,966**	6,037
Increase/(decrease) in trade and other payables	**2,160**	(1,719)
Increase in provisions	**148**	—
Cash generated from operations	**529**	1,281
Income tax paid	**(16)**	(6)
Interest received	**1**	8
Interest paid	**(868)**	(80)
Net cash (used by)/generated from operating activities	**(354)**	1,203
Investing activities		
Purchase of property, plant and equipment	**(122)**	(11)
Net cash used by investing activities	**(122)**	(11)
Financing activities		
Proceeds from borrowings	**1,400**	600
Repayment of borrowings	**(166)**	(1,699)
Net cash generated from/(used by) financing activities	**1,234**	(1,099)
Net increase in cash and cash equivalents	**758**	93
Cash and cash equivalents at the beginning of the year	**98**	5
Cash and cash equivalents at the end of the year	**856**	98

Notes to the financial statements

1 Basis of preparation

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The preliminary announcement has been prepared in accordance with applicable standards as stated in financial statements for the year ended 30 April 2015, being based on the Group's financial statements which are prepared in accordance with International Financial Reporting Standards as adopted for use in the EU.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 5 to 7, which also describes the financial position of the Company, its cash flows, liquidity position and borrowings. The Strategic report also gives details of the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

The Group finances itself from cash resources, project-specific debt finance and borrowings from Lloyds Banking Group and other debt providers. As set out in Note 15 to the financial statements, the Group holds an overdraft and a loan with Lloyds Banking Group, and a loan with Novus Lending Limited.

Ashley House plc's Lloyds overdraft facility remains at £500,000 in line with the Group's borrowing requirements. This overdraft, which is repayable on demand, is in place until 31 December 2015.

AH Scarborough Health Park Limited holds a bank loan with Lloyds Banking Group totalling £883,000. The loan is secured by a first charge over the freehold land and buildings held by that company and a debenture over the Group's assets, and is being repaid over the period to February 2019.

On 6 February 2014 the Group agreed a £2,000,000 development finance facility with Novus Lending Limited, a company administered by Rockpool Investments LLP, with an initial drawdown of £600,000 taking place on the same day. Further drawdowns of £1,062,500 and £337,500 were made on 23 May 2014 and 8 July 2014 respectively, and as such the facility is fully drawn. The facility repayable in two tranches with £740,000 being due for repayment on 6 August 2016 and £1,260,000 on 23 November 2016 and is secured by a charge over certain of the Group's assets, and a second charge over the land owned by AH Scarborough Health Park Limited.

The current economic conditions create uncertainty particularly over:

a) the level of new schemes required by the Company's social housing clients;
b) the level of new schemes required by the NHS;
c) the contribution earned to cover the cost base; and
d) the availability of finance within the sector.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, demonstrate that the Group expects to operate within the level of its current facilities. The nature of the Group's business is such that it is exposed to risks around the timing of cash inflows, in particular for design fees. Such payments are normally significant, occurring at the end of the design process when a scheme reaches financial close. The Group seeks to minimise its risk in this respect by agreeing progress payments during the design process where possible and by delivering design work in line with agreed timetables. Where the Group acts as principal in construction contracts, the projects' cashflows become regularised, usually with a positive net monthly cash flow. The Group has consistently demonstrated its ability to participate in projects within any constraints of available finance on a project by project basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

2 Earnings per ordinary share

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

	2015				2014			
	Adjusted EBITDA £000	**Loss £000**	**Weighted average number of shares**	**Per share amount pence**	Adjusted EBITDA £000	Loss £000	Weighted average number of shares	Per share amount pence
Basic and diluted loss per share		**(11,902)**	**58,319,755**	**(20.41)p**		(4,178)	58,319,755	(7.16)p
Loss per share based on adjusted EBITDA*	**(3,390)**		**58,319,755**	**(5.81)p**	(2,068)		58,319,755	(3.55)p

* Adjusted EBITDA = EBITDA before exceptionals and impairment plus income tax (charge)/credit.

No dividend was paid in the year ended 30 April 2015 (2014: £nil).

Notes to the financial statements (continued)

3 Joint ventures and associates

The Group has the following joint ventures and associates which are all incorporated in England and Wales:

	Proportion held
Infracare Group Limited	100% (A shares)
AHBB ELL Holdings Limited	100% (A shares)
AHBB LHIL Holdings Limited	100% (A shares)
IPC Plus Limited	50%
Wilco Plus Limited	50%
Best Practice (South of England) Limited	40%
Portsmouth Health Limited	33%
AHLP Pharmacy Limited	25%

Infracare Group Limited, AHBB ELL Holdings Limited, AHBB LHIL Holdings Limited

These companies operate in the NHS LIFT (Local Improvement Finance Trust) arena. The companies are public private partnerships which provide purpose-built premises for health and local authority services in England. The companies are jointly held and controlled with Amber Infrastructure Group (Amber). The Group owns 100% of the “A” shares in these companies, which gives control of development activities. Amber owns 100% of the “B” shares which gives control of investment activities and entitles them to protect existing income streams from underlying investments and gives them the right to future investment opportunities from the NHS LIFT pipeline of projects. These companies do not trade but hold interests in underlying NHS LIFT companies:

Infracare Group Limited	Bristol Infracare LIFT Limited
	Oxford Infracare LIFT Limited
	Dudley Infracare LIFT Limited
AHBB ELL Holdings Limited	East London LIFT Investments Limited
AHBB LHIL Holdings Limited	Lift Healthcare Investments Limited

Whilst geographically diverse, the above companies all provide identical services to their respective NHS bodies and are managed as one investment by the Group, and therefore form one Cash Generating Unit. These investments are presented below in aggregate as LIFTCos.

The Group jointly controls IPC Plus Limited and Wilco Plus Limited with groups of General Practitioners. These entities are engaged in providing clinical services in West Sussex and Wiltshire respectively.

The Group also owns a share in Best Practice (South of England) Limited which provides a healthspace facility for use by local healthcare practitioners in Hampshire. The company is owned with two General Practitioners.

The Group also owns a share in Portsmouth Health Limited which provides clinical services in Hampshire. The company is owned with a group of General Practitioners and management.

Impairment

The Group conducted an impairment review of its investments in joint ventures at 30 April 2015.

The carrying value of the LIFTCo investment was assessed against the discounted future cash flows expected to be generated by that asset. The expected future cash flows are taken from the Board’s latest projections which cover the period to 30 April 2018, extrapolated to cover the remaining life of the arrangement. The Board has assumed that cash flows remain flat from 2019 onwards. The expected future cash flows are discounted using the Group’s weighted average cost of capital of 13.9% (2014: 13.8%). The expected future cash flows consider the following factors: management’s expectations, based on historic experience and current knowledge of the marketplace; both industry specific and national expected growth rates; continued political uncertainty in the UK health sector. As a result of these considerations, the asset has been impaired by £7,555,000. The Board has assessed that, whilst it anticipates the LIFT arrangements may still have value at the end of their exclusivity periods, it is prudent to revise the useful economic life to 9.5 years, the average remaining period of exclusivity. The recoverable amount of the LIFTCo investment is held at value in use.

Notes to the financial statements (continued)

3 Joint ventures and associates (continued)

Investments in joint ventures

	2015	2014
	£000	£000
LIFTCos	**2,223**	9,778
Other joint ventures	**77**	212
	2,300	9,990
Movement in joint ventures in the reporting period:		
Balance at 1 May	**9,990**	11,737
Share of total comprehensive income	**199**	188
Impairment charge	**(7,555)**	(1,722)
Reclassification from debtors	**—**	(8)
Dividends received	**(334)**	(205)
Balance at 30 April	**2,300**	9,990
Share of comprehensive income from joint ventures:		
LIFTCos	**—**	—
Other joint ventures	**199**	188
	199	188

Summarised statement of financial position

	2015	2014
	£000	£000
	LIFTCos	LIFTCos
Non-current assets	**283,365**	272,936
Cash and cash equivalents	**33,873**	35,803
Other current assets	**52,899**	42,958
Total current assets	**86,772**	78,761
Total assets	**370,137**	351,697
Current liabilities	**(19,317)**	(24,552)
Non-current liabilities	**(349,968)**	(330,947)
Total liabilities	**(369,285)**	(355,499)
Net assets/(liabilities)	**852**	(3,802)

Notes to the financial statements (continued)

3 Joint ventures and associates (continued)

Summarised statement of total comprehensive income

	2015 £000 LIFTCos	2014 £000 LIFTCos
Revenue	**10,267**	22,523
Interest income	**3,515**	1,032
Interest expense	**(8,387)**	(11,791)
Profit before tax	**1,024**	1,748
Income tax expense	**(116)**	(311)
Profit after tax	**908**	1,437
Total comprehensive income	**908**	1,437

Reconciliation of share of net assets to carrying amount

	2015 £000 LIFTCos	2014 £000 LIFTCos
Group share of net liabilities of joint venture	**852**	(3,803)
Liabilities relating to “B” shareholding	**(852)**	3,803
Cost of investment less cumulative impairment	**2,223**	9,778
Carrying amount of investment in joint venture	**2,223**	9,778

4 Bank borrowings and overdrafts

	2015 £000	2014 £000
Current		
Loan – AH Scarborough Health Park Limited	**883**	167
Total current borrowings	**883**	167
Non-current		
Loan – Ashley House plc	**2,000**	600
Loan – AH Scarborough Health Park Limited	**—**	882
Total non-current borrowings	**2,000**	1,482
Total borrowings	**2,883**	1,649

The Group has available to it a £500,000 overdraft facility provided by Lloyds Banking Group. The facility was not utilised at either 30 April 2015 or 30 April 2014. Interest on the facility is chargeable at a variable rate of 6.00% (2014: 5.00%) per annum over the bank’s base rate, which at 30 April 2015 was 0.50%. The facility is repayable on demand and is secured by a floating charge over the Group’s assets.

AH Scarborough Health Park Limited, a wholly-owned subsidiary company, has borrowings of £883,000 (2014: £1,049,000) relating to a term loan with Lloyds Banking Group. Interest on the facility is chargeable at a variable rate of 4.00% (2014: 4.00%) per annum over the bank’s base rate, which at 30 April 2015 was 0.50%.The loan is currently being repaid over the period to February 2019 but is technically due on demand and therefore has been reclassified to current liabilities. Security comprises a first charge over the 3.7 acre site, held in work in progress at a fair value of £2,476,000, and a guarantee from Ashley House plc.

Ashley House plc holds a £2,000,000 development finance loan with Novus Lending Limited, a company administered by Rockpool Investments LLP. The loan is fully drawn and the facility is in place until 6 August 2016 (£740,000) and 23 November 2016 (£1,260,000) and is secured by a charge over certain of the Group’s assets, and a second charge over the land owned by AH Scarborough Health Park Limited.

Notes to the financial statements (continued)

5 Publication of non-statutory accounts

The financial information set out above does not constitute the Group's statutory accounts for the years ended 30 April 2015 or 2014, but is derived from those accounts. Statutory accounts for 2014 have been delivered to the Registrar of Companies and those for 2015 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under Section 498(2) or (3) Companies Act 2006.

The preliminary announcement was approved by the Board of directors on 6 October 2015**.**