THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult your stockbroker, accountant or other independent financial adviser duly authorised under the FSMA who specialises in advising on the acquisition of shares and other securities.

The Directors whose names are set out on page 46 accept responsibility, including individual and collective responsibility, for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the whole of the issued and to be issued ordinary share capital of Ashley House plc to be admitted to trading on AIM, a market operated by the London Stock Exchange plc (the "London Stock Exchange"). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority ("Official List").

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The rules of AIM are less demanding than those of the Official List. Neither the London Stock Exchange nor the United Kingdom Listing Authority have examined or approved the contents of this document. The Shares are not dealt in on any other recognised investment exchange.

It is expected that Admission will become effective and dealings in the Shares will commence on AIM on 15 January 2007.

The whole of this document should be read. An investment in the Company includes a significant degree of risk, may result in the loss of the entire investment and may not be suitable for all recipients of this document. The attention of potential investors is drawn to the risks associated with an investment in the Shares, which are set out in Part IV of this document.

ASHLEY HOUSE plc

(Incorporated in England and Wales with registered number 2563627)

Placing by
Numis Securities Limited
of up to 4,309,999 Ordinary Shares of 1p each at 150p per share
and Admission to trading on AIM

SHARE CAPITAL

Following completion of the Placing, the authorised and issued share capital of the Company will be as follows:

Authorised			*Issued and fully paid*	
£	*Number*		*£*	*Number*
510,000	51,000,000	ordinary shares of 1p each	270,975	27,097,469

Numis is authorised in the United Kingdom by the FSA and is acting in its capacity as broker and placing agent exclusively for the Company and no-one else in connection with the Placing and proposed Admission. Numis is not acting for, nor will it be responsible to any person other than the Company for providing the protection afforded to customers of Numis or for providing advice to any other person on the contents of this document or in relation to the transactions and arrangements detailed in this document.

Numis has been appointed as nominated adviser and broker to the Company in relation to the Placing and Admission. In accordance with the AIM Rules, Numis has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. Numis is not making any representation or warranty, express or implied, as to the contents of this document for which the Company and the Directors are solely responsible and no liability whatsoever is accepted by Numis for the accuracy of any information or opinions contained in this document or for the omissions of any material information, for which it is not responsible.

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, Placing Shares in any jurisdiction in which such an offer or solicitation is unlawful and this document is not for distribution in or into the Prohibited Territories. This document should not be copied or distributed by recipients and, in particular, should not be distributed by any means, including electronic transmission, to persons with addresses in any of the Prohibited Territories or to any citizens, residents or nationals thereof, or to any corporation, partnership or other entity created or organised under the laws thereof. Any such distribution could result in violation of the laws of such countries.

The Placing Shares have not been and are not expected to be registered under the US Securities Act of 1933 (as amended) (the "1933 Act"), or under the laws of any other jurisdiction. The Company has not been and will not be registered under the United States Investment Company Act of 1940 (as amended) (the "1940 Act"). Accordingly, the Placing Shares are being offered and sold only to non-US persons in reliance on Regulation S under the 1933 Act, and are not being and may not be directly or indirectly offered, sold, transferred or otherwise disposed of in the United States or to or for the benefit of any US person without the consent of the Company and in compliance with US federal and state securities laws (including, without limitation, any applicable law of any state of the United States).

The Placing is conditional, *inter alia*, on Admission taking place on or before 15 January 2007 (or such later date as the Company and Numis may agree). The New Ordinary Shares will rank in full for dividends or other distributions hereafter, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all respects with all other Shares which will be in issue on Admission except that the interim dividend of 2 pence per Existing Share which is due to be paid on 26 January 2007 (as described in the Company's interim report for the 6 months ended 31 October 2006) will not be paid to the holders of the New Ordinary Shares.

Copies of this document which is dated 15 January 2007 will be available free of charge to the public during normal business hours on any weekday (except Saturdays) from the registered office of the Company and from the offices of Numis at 138 Cheapside, London EC2V 6LH, from the date of Admission for not less than one month thereafter.

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PLACING STATISTICS

Placing Price	150 pence
Number of New Ordinary Shares being issued	3,333,333
Number of Shares being placed on behalf of Selling Shareholders	976,666
Number of Shares in issue immediately following Admission	27,097,469
Placing Shares as a percentage of the Enlarged Issued Share Capital	15.9%
New Ordinary Shares as a percentage of the Enlarged Issued Share Capital	12.3%
Sale Shares as a percentage of the Enlarged Issued Share Capital	3.6%
Estimated net proceeds of the Placing receivable by the Company	£4.0 million
Market capitalisation at the Placing Price on Admission	£40.6 million
AIM Symbol	ASH

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	12 January 2007
Admission and dealings in Shares to commence on AIM	15 January 2007
CREST accounts credited	15 January 2007
Expected date of despatch of definitive share certificates (if applicable)	25 January 2007

DIRECTORS, SECRETARY AND ADVISERS

Directors	Anthony David Burton (Non-Executive Chairman) Jonathan Holmes (Chief Executive) Stephen Gregory Minion (Executive Deputy Chairman) Bruce Layland Walker (Finance Director) Nigel Keith Croxford (Construction Director) Gail Mosley (Executive Director) Richard Edward Lubbock Warner (Commercial Director) John Humphrey Gunn (Non-Executive Director) Andrew Gibson (Non-Executive Director) All of the Company's Registered Office
Registered Office	Ashley House plc Chalfont Hall Gravel Hill Chalfont St Peter Gerrards Cross Buckinghamshire SL9 0NP
Company Secretary	David Bailey
Nominated Adviser, Broker and Placing Agent	Numis Securities Limited Cheapside House 138 Cheapside London EC2V 6LH
Reporting Accountants and Auditors	Grant Thornton UK LLP 1 Westminster Way Oxford OX2 0PZ
UK Solicitors to the Company	Hammonds 2 Park Lane Leeds LS3 1ES
Solicitors to the Nominated Adviser, Broker and Placing Agent	Jones Day 21 Tudor Street London EC4Y ODJ
Administrator and Registrar	Capita IRG plc of Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

In this document unless the context requires otherwise, defined terms have the meaning given to them below:

"Act"	the Companies Act 1985, as amended
"Admission"	the admission of the Enlarged Issued Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules
"AH" or "Ashley House" or "Company"	Ashley House plc, a company incorporated in England & Wales with company number 2563627 and whose registered office is at Chalfont Hall, Gravel Hill, Chalfont St. Peter, Gerrards Cross, Buckinghamshire SL9 0NP
"AHP"	Ashley House Properties Limited, a company incorporated in England & Wales with company number 4188281 and whose registered office is at Chalfont Hall, Gravel Hill, Chalfont St Peter, Gerrards Cross, Buckinghamshire SL9 0NP, which is to change its name to AH Medical Properties plc
"AIM"	AIM, a market operated by the London Stock Exchange plc
"AIM Rules"	the rules for companies governing admission to and trading on AIM, published by the London Stock Exchange plc
"Articles of Association"	the articles of association of the Company adopted by special resolution on 11 January 2007
"Babcock & Brown"	Babcock & Brown Limited, a company incorporated in England & Wales with company number 2645511 and whose registered office is at 7th Floor, 1 Fleet Place London EC4M 7NR, and a wholly owned subsidiary of Babcock & Brown Australia Pty Limited
"Babcock & Brown Agreement"	the agreement dated 13 December 2006 between Ashley House plc and Babcock & Brown
"Code"	the Takeover Code
"Combined Code"	the revised combined code on the principles of good governance and code of best practice published in June 2003 by the Financial Reporting Council
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulation 2001 (SI 2001/3755) as amended) for the paperless settlement of share trades and the holding of uncertificated shares administered by CRESTCO
"CRESTCo"	CRESTCo Limited
"Directors" or "Board"	the directors of Ashley House plc whose names are set out in paragraph 1.1 of Part V of this document
"Enlarged Issued Share Capital"	the issued share capital of the Company immediately following Admission as enlarged by the issue of the New Ordinary Shares
"Existing Shares"	the 23,764,136 Shares in issue at the date of this document, which for the avoidance of doubt includes the Sale Shares
"FSA"	the Financial Services Authority
"FSMA"	Financial Services and Markets Act 2000
"New Ordinary Shares"	the 3,333,333 new Shares to be issued by the Company pursuant to the Placing
"New Warrant"	the warrant to subscribe for up to 7,880,000 Shares as described in paragraph 10.7 of Part V of this document
"Numis"	Numis Securities Limited, nominated adviser and broker to the Company

"Options"	options over 1,450,000 Shares as described in paragraph 3.3 of Part V of this document
"Panel"	the Panel on Takeovers and Mergers
"Placing"	the conditional placing of (i) 3,333,333 New Ordinary Shares arranged by Numis on behalf of the Company to raise £5.0 million (before expenses) at £1.50 per New Ordinary Share; and (ii) the Sale Shares at £1.50 per Sale Share, pursuant to and on the terms set out in the Placing Agreement
"Placing Agreement"	the conditional agreement dated 12 January 2007 between Numis, the Company, the Directors and the Selling Shareholders relating to the Placing, particulars of which are summarised in paragraph 9 of Part V of this document
"Placing Shares"	the New Ordinary Shares and the Sale Shares
"PLUS"	a market operated by PLUS Markets plc, which is regulated by the Financial Services Authority, and which allows trading in the shares of unquoted companies
"Prohibited Territories"	United States, Canada, Australia, Japan and the Republic of South Africa
"Registrars"	Capita IRG Plc of Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU
"Sale Shares"	the 976,666 Existing Shares to be sold by the Selling Shareholders pursuant to the Placing
"Selling Shareholder"	certain Shareholders who have agreed to sell Shares pursuant to the Placing as further described in paragraph 9 of Part V of this document
"Shareholders"	holders of Shares
"Shares"	ordinary shares of 1 penny each in the capital of the Company
"United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"United States" or " US"	the United States of America, its territories and possessions, any state or political sub-division of the United States and the District of Columbia
"Warrants"	warrants to subscribe for up to 1,680,384 Shares as described in Part V of this document (which excludes for the avoidance of doubt the New Warrant)

GLOSSARY OF TERMS

"District Valuer"	the Valuer employed by the District Valuation Office (an agent of HM Revenue & Customs) to set rents and value premises on behalf of Primary Care Trusts
"Health Villages"	Concept based on the development of facilities which deliver NHS Primary Care as well as a wide range of other related public and private health and community services
"NHS"	The National Health Service, established in 1948, is the national public health service for England. Funded through the use of taxes, the service aims to provide care for all that is free at the point of delivery. Services are provided by a wide range of professionals in both hospital and community settings with a vision of providing appropriate care close to home
"NHS LIFT" or "LIFT"	Local Improvement Finance Trust (introduced by the Department of Health) is a vehicle for improving and developing frontline primary and community care facilities. It is designed to allow PCTs and other public bodies to reprovide and expand the local health and social care infrastructure
"Primary Care"	the care provided when a patient first has a health problem by, for example, doctors, dentists, opticians, pharmacists, NHS Walk-in Centres and the phone line service NHS Direct
"PCT"	Primary Care Trusts are statutory bodies responsible for the delivery of health care and health improvements to their local area. Accounting for approximately 75 per cent of NHS spending, they directly provide a range of community health services; support the development and delivery of general practice; provide funding for GPs and medical prescriptions; and commission hospital and mental health services from appropriate NHS trusts and/or the private/voluntary sector
"Secondary Care"	Specialist care that is typically provided following referral from a Primary Care professional be it a GP, Nurse, Dentist, Optician or other allied health professional. This type of care is provided from either a hospital or community health setting

PART I

Information on the Company

1. Introduction

Established in 1991, the principal activity of AH is the supply of project management and consultancy services, primarily allied to the provision of medical property facilities delivering NHS led Primary Care. AH has benefited from the Government's policy of devolving an increasing range of services to the Primary Care sector whilst allocating significant resource to the renewal of the Primary Care estate. Now operating from four main regional offices in the UK, the range of AH's services has expanded to include the asset management of many of the properties the Company delivers and, more recently, the provision of medical services through partnership arrangements with Primary Care clinicians.

AH has a strong pipeline of projects at different stages of development from initial inquiry through to the later stages of construction. Projects range from the building of traditional GP surgeries, which was the mainstay of the Company's early growth, to integrated 'one stop shop' health centres. This includes an increasing number through the NHS LIFT initiative as a strategic supply chain partner to Babcock & Brown and Health Villages where the Company's first scheme has recently been submitted for planning approval. Shares have been traded on PLUS (formerly known as Ofex) since November 2000.

Since September 2004, Shares have been stapled to shares in the capital of AHP whereby a Share and a share in AHP traded as a unit on PLUS. The Directors and the directors of AHP have determined that the stapled share structure is no longer appropriate for either AH or AHP as the destinies of both companies differ already and are likely to become increasingly divergent. AHP's shares will therefore be separately traded on PLUS from January 2007.

The move to AIM and the capital raising will benefit the Company by adding to the resources required to:

- continue the expansion of the core infrastructure business;
- capitalise fully on the recent agreement in respect of NHS LIFT projects, which is expected to add significantly to the existing pipeline; and
- enable the expansion of the Company's medical services division, which is likely to involve a series of joint ventures with clinicians.

2. Market Overview

The NHS Plan of July 2000 identified the need for a large number of the c. 9,000 GP practice premises to be upgraded and/or replaced. This process was to be addressed in part by the introduction of NHS LIFT with the balance still being provided through the traditional procurement options.

Under NHS LIFT, PCTs, Local Councils, Partnerships for Health (a Department of Health organisation) and other public bodies come together with the private sector to form a LIFT company. The equity in the LIFT company ("LIFTCo") is divided on the basis of 40% to the public sector and 60% to the private sector. This LIFTCo is awarded the right to exclusively develop and operate, within a clearly defined area, public sector led construction of Primary Care and other social infrastructure for a period typically lasting 20 years.

The majority of developments still currently fall outside NHS LIFT where AH's business has traditionally been focussed on providing new Primary Care infrastructure either through its 'design and build service' or increasingly as the agent of AHP acting as a 'Third Party Developer'.

The Government's White Paper "Our Health, Our Care, Our Say" published in March 2006, reaffirmed its direction of policy in delivering significantly more health care in community settings rather than in hospitals when it is clinically safe and sustainable to do so and when it would improve access and choice for patients. This policy places further strain on the existing Primary Care estate and should provide an increasing level of opportunity for AH's core business. In addition, as more services are devolved to the local level, opportunities are arising for AH to partner with clinicians to provide those services which will in turn drive the need for larger and improved premises.

Competition from other quoted companies in this sector include Assura (formerly the Medical Property Investment Fund) which is both an investor and a developer of some of its own premises, Primary Healthcare Properties plc, a property investment company which has delivered strong steady growth and the recently listed MedicX, another property investment company.

3. Business Overview

History and background

AH has been involved in the development of over 200 Primary Health Care facilities ranging from simple rural branch surgeries to multi tenanted 'one stop shops' of up to 50,000 sq ft.

The dedicated in-house team of AH covers the many professional disciplines needed to deliver complex health infrastructure projects and includes architecture, planning, project management, finance and legal. An integrated professional team leads projects from initial inquiry through site finding, concept design, planning, detailed design and construction through to final handover.

The Company operates from a head office near Gerrards Cross in Buckinghamshire and three regional offices located in Newcastle upon Tyne, Kelvedon near Colchester and Llanellen near Abergavenny in Wales. Part of the funds being raised from the Placing may be used to expand the regional office network notably in the North West where the Company already has a number of projects. The current number of employees totals 49 and it is anticipated that this will grow steadily in line with the Company's continuing increase in activity and turnover.

Core infrastructure projects

AH's core business is the design and construction of Primary Care infrastructure projects using its in-house professional team. These assets may either be owned by unrelated third parties, typically GPs or PCTs, or, as is more often the case, by AHP. To date nearly all of the Company's revenues have been derived from such projects which have been responsible for increasing turnover by over 150% over the past two years.

NHS LIFT

Strategic alliance with Babcock & Brown

AH entered into the Babcock & Brown Agreement in 2006 relating to its healthcare infrastructure business in the sub £20 million health and social care sector.

Babcock & Brown is a global investment and advisory firm with long standing expertise in infrastructure (including project finance), real estate, operating leasing, structured finance and corporate finance. Babcock & Brown was founded in San Francisco in 1977, was listed on the Australian Stock Exchange in October 2004 and has a market capitalisation of c. £2.6 billion. Babcock & Brown's infrastructure division is a significant developer of and investor in projects procured under the UK Private Finance Initiative. In particular, Babcock & Brown is one of the leading participants in the NHS LIFT programme, with interests in LIFT companies in London, the Midlands and the West of England.

This is an important initiative for AH. This strategic relationship with Babcock & Brown has the ability to introduce AH to a significant volume of work as a result of partnering with a well respected and capitalised participant in the healthcare infrastructure market. Increasing AH's exposure to and involvement in the delivery of larger healthcare related schemes including NHS LIFT, Health Villages and Community Hospitals has long been a key part of AH's growth strategy and completing the Babcock & Brown Agreement will allow AH to gain immediate exposure and involvement, on a substantial scale, to this area of the market with the potential for significant further work.

NHS LIFT initiatives are led by local PCTs within defined geographical areas, and enable the public and the private sectors to develop new Primary Care facilities jointly through a LIFT company. The LIFT company for each area has the exclusive right for up to 20 years to develop the PCT led primary care facilities on behalf of the local health economy in an area in response to that local health economy's Strategic Service Development Plan. Delivery of the Strategic Service Development Plan is likely to include significant Primary Care infrastructure development which, following the Babcock & Brown Agreement, provides a substantial opportunity for the business. The delivery of each development is subject to affordability, value for money and best value criteria.

Babcock & Brown and AH, working in conjunction with various LiftCo's, have identified some 12 LIFT schemes with an estimated total construction value of £56 million. AH is currently advising and carrying out the design and development work in accordance with the Babcock & Brown Agreement on those 12 LIFT schemes. Both Babcock & Brown and AH anticipate that, by delivering affordable and value for money solutions to LiftCo's, the number of schemes through which AH are able to provide such services should increase, bringing a major benefit to the future turnover and profits of AH.

Additionally, as the NHS seeks to diversify its points of service delivery and devolve more services from hospitals into the community, there are many opportunities to tender for work on larger primary care schemes such as community hospitals. The Directors believe that, by partnering with Babcock & Brown, AH will be better equipped to win mandates and so develop the business accordingly. AH and Babcock & Brown are reviewing the current opportunities in this area and are also looking to develop larger facilities such as Health Villages which AH has previously been keen to develop. Babcock & Brown may provide the development capital for these larger schemes, sharing the risk and reward commensurately.

As part of the transaction, AH has granted Babcock & Brown a warrant to subscribe for 7,880,000 Shares at an exercise price of 120p per Share. Having this interest in the share capital of AH underlines Babcock & Brown's commitment to the working relationship and Babcock & Brown's belief in the prospect of significant enhancement in the value of AH as a consequence of a successful working arrangement.

Health Villages

AH has recently launched its Health Villages concept based on the development of facilities which deliver NHS Primary Care as well as a wide range of other related public and private health and community services. A planning application has recently been submitted for the first scheme which includes a nursing home for the elderly, a private hospital, key worker housing and a major Primary Care facility. These Health Villages provide co-location for related uses which mutually benefit from being in close proximity to each other.

The Company is currently working on three other similar projects and anticipates entering joint venture agreements with Babcock & Brown, particularly on projects which in some cases may require significant capital commitment prior to securing planning approval.

Asset management

AH manages the property portfolio of AHP which currently comprises 31 completed properties and 11 other projects at various stages of development with a projected completed value of c. £100 million and annual rental income of £5.7 million. These properties were almost all designed and built by AH and are medical facilities leased on typically 20 or 25 year terms where the NHS provides over 90% of the rental income either directly or indirectly via GPs.

Under a new asset management agreement, AH will earn fees based on 1% of the value of the first £50 million of gross completed assets, plus 0.6% of the value of gross completed assets in excess of £50 million and an incentive fee of 20% of the return in excess of a Total Return of 10% to shareholders of AHP, where Total Return is defined as the increase in AHP's share price plus dividends paid per annum.

AH will also derive regular investment income from its investment in AHP since it has agreed to subscribe £1.85 million as part of a new share issue by AHP. Assuming full subscription of AHP's new share issue, AH will own approximately 7.4% of the enlarged share capital of AHP.

Clinical services

The 2006 White Paper emphasised the increase in the role of the NHS as a commissioner of services with a greater opportunity for the private sector as a healthcare services provider.

AH has started to respond to this opportunity by leveraging its existing strong relationships with GPs and PCTs. The business model it is developing relies upon a partnership approach where the Company provides management, infrastructure services and capital to leave clinicians to concentrate their expertise and knowledge on delivering an extended range of local healthcare services. This activity is at an early stage of development and is expected to represent a small proportion of revenues.

The Company is actively involved in discussions with many parties and to date has:

- formed a joint venture company with a group of GPs to bid for other Primary Care practices;
- joined with a group of consultants, GPs with special interests, and other health professionals to offer a musculo skeletal service covering 160,000 patients;

- agreed terms with a group of GPs to provide a wide range of services on a PCT wide basis; and
- agreed terms for a joint venture company with a large out of hours provider covering c 1m patients.

The Company is also keen to participate in the delivery of pharmaceutical services within the premises it develops and has recently concluded negotiations for a first joint venture agreement with a large independent pharmacy chain.

To the extent that the clinical services initiatives are successful, there is likely to be a requirement for new infrastructure developments from which to provide these services. This should therefore lead to further activity in the core AH business of the design of Primary Care infrastructure.

Income streams

AH's business going forward now has a balance of revenue streams from:

- design and delivery of health infrastructure for:
  - owner occupiers such as PCTs and GPs;
  - AHP where the properties are mostly leased to PCTs and GPs;
  - NHS LIFT companies; and
  - Health Villages;
- asset management fee income and investment income from AHP;
- clinical services revenue.

Future growth will come from:

- the strong and continuing demand for renewal and replacement of the c9,000 strong GP surgery estate;
- the design and construction of larger schemes such as Community Hospitals and Health Villages, typically in conjunction with Babcock & Brown;
- growing asset management and investment income from an expanding AHP portfolio – AHP has the exclusive first right of refusal to acquire the Primary Care 'Third Party Developer' infrastructure facilities designed, built and controlled by AH; and
- increasing clinical services revenues.

4. Review of Operations

AH offers a complete 'one stop' professional design and construction service from site finding through viability assessment, design, planning, and finally construction using a fixed price 'Design and Build' contract. Post completion, the occupiers continue to benefit from the AH customer care programme whilst the investment properties held by AHP are fully serviced through a long term asset management contract.

Projects are secured from numerous sources with many coming via client recommendations and Primary Care organisations with whom the Company has previously worked. Following initial contact, a member of the commercial team agrees with the client the basic parameters of the project and produces a brief viability assessment. This assessment may drive a reappraisal of the aims of the project to ensure that these objectives are achievable, desirable and affordable. Following the agreement of this initial stage the full AH team engages in the often long process of delivering a successfully completed project. As dedicated experts in the development of Primary Care infrastructure, the team prides itself on its commitment to helping lead the continual review of standards to ensure that they remain appropriate for the ever changing demands of healthcare.

Having secured a suitable site, the design team commences the complex process of agreeing a finite and detailed brief from the intended occupants whilst the planning team contacts the local planning authority and opens negotiations on such matters as use, access, siting and general design. An important part of this process increasingly centres around the long term sustainability of various elements such as energy consumption, transport policy, changes in lifestyle and population migration and their impact on healthcare.

The securing of a planning approval triggers the detailed design process which is a key element in ensuring that buildings comply with all current legislation, and are fit for purpose and affordable. In this regard AH benefits from having a complete in-house development team covering all of the major professions. The experienced and fully qualified team of construction managers are focussed on ensuring that the sub-contractors employed to construct the premises maintain the highest industry standards whilst staying within the agreed fixed price for the works.

Following completion and occupation of the premises the Company's customer care department keeps contact with the users to ensure that any problems are resolved as soon as is practically possible. This is a 'hands on' approach often resulting in direct action being taken by the Company where sub-contractors may be slow in resolving minor snagging issues. Typically, any costs incurred in taking such action are charged to the original contractor and offset against retentions held by the Company ensuring that there is no cost to the client or the Company.

For those properties held as an investment by AHP the Company's asset management service takes over once the property reaches practical completion. This ensures that the end user continues to deal with the same organisation from inception to delivery and through to on-going long term management.

The Company's development management team remains in overall control throughout the life of a project. They are responsible for ensuring commercial viability and for setting and agreeing the financial parameters with the client. As part of this process they will, where the investment is to be owned by AHP, lead, in conjunction with the AH legal department, negotiations for the site acquisition and the onward lease to tenants of the completed premises. Additionally they secure the principle of funding from the appropriate health body and negotiate with and agree rental levels with the District Valuers acting for the NHS.

5. Key Strengths

AH has been established for 16 years and has gained a wealth of experience in the delivery of Primary Care infrastructure. The Directors believe that, during this time, AH has won an enviable reputation within the GP community whilst developing a sound working relationship with many PCTs, District Valuers and other key professionals within the industry.

The experienced and integrated in-house team of professionals is instrumental in providing both the quality and the finite control for all of the Company's developments. The Directors believe that this team sets the Company apart from its major competitors and is crucial to its success.

The Company's long term association with the GP community provides the background, trust and contact from which the Company is launching its expansion into clinical services.

The agreement with Babcock & Brown gives AH access to a potential pipeline of projects under the NHS LIFT initiative which could be as significant as the Company's own current pipeline. Whilst each scheme under NHS LIFT has to be designed to meet value for money criteria and the relevant PCT must approve the funding for the long term rental of the premises, a large number of schemes have already been identified as part of the Strategic Services Development Plan drawn up by each PCT.

Government policy calls for the increasing devolvement of services to the Primary Care sector, thereby providing a growing opportunity for the Company across all of its services.

6. Use of Proceeds and Strategy

The Company intends to continue to grow the original core business providing Primary Care infrastructure through work with AHP, the Babcock & Brown NHS LIFT companies, other NHS LIFT companies and owner occupiers (such as GPs and PCTs). This growth will require extra resources to reinforce the existing team and fund the expansion of the regional office network initially in the North West of England.

The continued devolvement of services into Primary Care, the involvement of the private sector as a service provider and the consequential need for appropriate facilities, is central to the Government's health policy. In this respect the Company's initiatives on clinical services are an important part of its future growth potential, not only through the regular earnings stream these will generate but also in terms of the premises requirements that these activities generate. The growth of clinical services, through partnership with qualified clinicians, will require investment not only in our own management team but also in the ventures and activities themselves.

7. Company's Performance over the Last 3 Years

The Company has shown strong growth in turnover and profitability over the last three years with turnover increasing from £9.2 million in the year to 30 April 2004 through £12.6 million in the year to 30 April 2005 (up 37%) to £23.1 million in the year to 30 April 2006 (up 83%). Profitability has grown from a pre-tax loss in the year to 30 April 2004 of £466,000 through a pre-tax profit of £561,000 in the year to 30 April 2005 to a pre-tax profit of £2.24 million in the year to 30 April 2006. Over the past 3 years the business has been cash generative and as a consequence has no debt and strong positive cash flow.

Profitability has increased notably as operational gearing has benefited the business. With a relatively large number of in house professionals involved in the process of design and delivery of Primary Care facilities, there is, consequentially, a higher overhead than a traditional model which outsources most activities. Once activity reaches a certain level, there is significant margin benefit over the outsourced model and the Company is now operating beyond that level. The key to the future performance of the Company lies in its robust pipeline of schemes both in its traditional design and development of GP premises and through its arrangements with Babcock & Brown. Future growth is also anticipated through the successful expansion of the Company's Health Village activities and through the clinical services initiatives.

8. Current Trading and Prospects

The AH core business delivering Primary Care infrastructure continues to grow well with interim results for the six months to 31 October 2006, showing turnover of £12.8 million (2005: £8.7 million) and pre-tax profit of £1.6 million (2005: £400,000), representing a significant advance over the comparative six months. The schemes on site already and the healthy pipeline give the Directors confidence in the full financial year.

The securing of the first Health Village site under a conditional contract is an important step in AH's strategy to become involved in larger schemes. This scheme will comprise not only the traditional Primary Care facilities of AH but also other healthcare related social infrastructure including a private hospital, a nursing home for the elderly and local housing. Such schemes are long term in nature and are often best financed and delivered with a partner such as Babcock & Brown.

Income from asset management has grown materially over the past year and the Directors expect this income stream will continue to grow over the coming year. The AHP portfolio of Primary Care properties with AHP's proposed acquisition of Ashley House Investments Limited will reach c. £100 million in total gross value, upon completion of those schemes under construction and due on site before April 2007.

The new clinical services team has been busy working with our many contacts with GPs and jointly seeking opportunities to provide services to PCTs where they are commissioning services from the private sector. The first initiatives include a joint venture with a group of GPs to bid for other Primary Care practices and a venture to offer services to 160,000 patients in conjunction with a group of consultants and GPs with special interests.

The strategic alliance with Babcock & Brown should start to contribute to revenue and profits in the financial year to April 2008 and beyond.

The Directors consider that the business is growing and will have an improved balance of earnings streams. The core design and construction business is growing strongly and the asset management business is increasing in scale in line with the significant growth of the portfolio of Primary Care properties owned by AHP. The Directors believe that the important new strategic alliance with Babcock & Brown should contribute materially to AH's activity and profits in coming years as will the clinical services initiatives which, if successful, will provide further repeat revenues and lead to more infrastructure needs.

9. Directors and other Key Personnel

On Admission, the Board will consist of 6 Executive Directors and 3 Non-Executive Directors. Brief biographies of the Directors are set out below. Paragraph 5.6.4 of Part V contains details of current and past directorships and certain other information relating to the Directors.

(a) Non-Executive Directors

David Burton CBE – Non-Executive Chairman

Aged 69 – prior to joining AH in January 2004, he has enjoyed an extensive city career, initially as chief dealer with the Bank of America and subsequently as a director and head of sterling treasury at S G Warburg. He was chairman of The London International Financial Futures and Options Exchange (LIFFE) and co-ordinated the merger between LIFFE and the London Traded Options Market (LTOM). In 1992 he was awarded the CBE for services to the city of London. He was appointed chairman and subsequently chief executive of Marshalls Finance, a leading international money and foreign exchange broker, where he engineered a successful merger with the Prebon Group. He is presently chairman of Ludgate Investments Limited and Ludgate 181 (Jersey) Limited, a pre-IPO fund specialising in the smaller company sector.

John Gunn – Non-Executive Director

Aged 64 – prior to joining AH in January 2004, a director of a number of quoted and unquoted companies including AH, Corac Group plc, HydroDec Group plc and Ludgate 181 (Jersey) Limited. He is also founder and director of Scheidegg Limited. He was formerly chief executive officer of Exco International plc, Chairman of Telerate Inc and of British & Commonwealth Holdings plc.

Andrew Gibson MBE – Non-Executive Director

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

(b) Executive Directors

Stephen Minion – Executive Deputy Chairman

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

Jonathan Holmes – Chief Executive

Aged 38 – prior to joining AH 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 AH he is responsible to all stakeholders, shareholders, employees, clients and trading partners, for ensuring the continued commercial success of the business.

Bruce Walker – Finance Director

Aged 41 – has a background in property and corporate finance with Johnson Fry and then Brown Shipley, followed by 3 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 AHP and the growth of its portfolio. He is also a non-executive director of Old Vic Productions plc, an unlisted theatre production company.

Nigel Croxford – Construction Director

Aged 49 – he is a Fellow of the Chartered Institute of Building, a Fellow of the Chartered Institute of Arbitrators and holds a Masters Degree in Construction Law & Arbitration. He has a detailed working knowledge of the Design & Construction industry having learnt his trade with George Wimpey & Co (laterly Wimpey Construction UK) subsequently going on to hold senior management posts on prestigious projects such as Hong Kong International Airport and the Petronas Twin

Towers Development in Kuala Lumpur. He joined AH in 1998 and has direct responsibility for all construction.

Richard Warner – Commercial Director

Aged 54 – before joining AH in 2001 he had spent almost 30 years in the property industry involved in the development of both residential and commercial property. As an experienced property professional he has gradually expanded his role within the Company, starting as Regional Manager in the Eastern Regional office and going on to his current position responsible for all of the Company's commercial managers.

Gail Mosley – Director

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

(c) Employees

As at 30 April 2006, the date of AH's latest audited accounts, AH has 49 employees, across the following areas:

Function	*Number of Employees*
Directors	9
Management	7
Administration and Finance	9
Design	9
Commercial	8
Contracts	5
Clinical Services	2
Total	49

10. Details of the Placing

The New Ordinary Shares to be issued by the Company pursuant to the Placing will represent approximately 12.3 per cent. of the Enlarged Issued Share Capital and will raise approximately £5.0 million gross (approximately £4.0 million net of expenses) for the Company.

The Sale Shares sold pursuant to the Placing will represent approximately 3.6 per cent. of the Enlarged Issued Share Capital.

Numis has agreed, pursuant to the Placing Agreement and conditional, amongst other things, on Admission becoming effective and the Placing Agreement becoming unconditional in all other respects by no later than 15 January 2007 or such later date (being no later than 22 January 2007) as the Company and Numis may agree, to use its reasonable endeavours to place the Placing Shares. The Placing is not underwritten.

The New Ordinary Shares will be issued as fully paid and placed free of expenses and will, on issue, rank *pari passu* in all respects with the Existing Shares including the right to receive all dividends and other distributions declared, paid or made (after the date of allotment of the New Ordinary Shares) on the ordinary share capital of the Company except that the interim dividend of 2 pence per Existing Share which is due to be paid on 26 January 2007 (as described in the Company's interim report for the 6 months ended 31 October 2006) will not be paid to the holders of the New Ordinary Shares.

Subject to the disposal of Sale Shares, those members of the Board who own Shares have agreed, subject to certain limited exceptions, that they will not dispose of any interest in Shares for the period of time set out below following Admission. The Directors disposing of Sale Shares pursuant to the Placing have undertaken not to sell their remaining Shares within twelve months following Admission and the Directors who are not disposing of any of their shares pursuant to the Placing have undertaken not to sell their holding within six months following Admission (the "Restricted Periods"). Additionally, each Director will be subject to an orderly marketing arrangement between themselves and Numis for a further six months from the expiration of the applicable Restricted Period.

Further details of the Placing Agreement are set out in paragraph 9 of Part V of this document.

Notwithstanding the election by placees as to the form of delivery of the Placing Shares, no temporary documents of title will be issued. All documents or remittances sent by or to a placee, or as it may direct, will be sent through the post at the placee's risk.

It is expected that definitive share certificates will be despatched by first class post by 25 January 2007. In respect of uncertificated shares, it is expected that Shareholders' CREST stock accounts will be credited on 15 January 2007.

11. Admission, Settlement and CREST

Application has been made to the London Stock Exchange for the Enlarged Issued Share Capital to be admitted to trading on AIM and the Directors have decided to withdraw the Shares from trading on PLUS. It is expected that Admission will become effective and that dealings in the Enlarged Issued Share Capital will commence on 15 January 2007.

CREST is a paperless settlement procedure, which enables securities to be evidenced other than by certificate and transferred other than by written instrument.

The Directors have applied for all of the Enlarged Issued Share Capital to be held in CREST with effect from Admission and CRESTCo has agreed to such admission. Accordingly, settlement of transactions in the Enlarged Issued Share Capital following Admission may take place within the CREST system if the individual Shareholders so wish.

It is expected that the Existing Shares and the New Ordinary Shares will be admitted to CREST on 15 January 2007.

CREST is a voluntary system and the Shareholders who wish to receive and retain share certificates will be able to do so.

12. Shareholder Interests, Lock-ins and Orderly Market Arrangements

Upon Admission, the Directors will hold, in aggregate 9,406,006 Shares representing approximately 34.7 per cent of the Enlarged Issued Share Capital.

Each of the Directors has undertaken with the Company and Numis (subject to limited exceptions, including in connection with a general or partial takeover offer) not to dispose of Shares held by each of them for the period of time set out below. Those Directors disposing of Sale Shares pursuant to the Placing have undertaken not to sell their remaining holding of Shares within twelve months following Admission and the Directors who are not disposing of any of their Shares pursuant to the Placing have undertaken not to sell their holding within six months following Admission (the "Restricted Periods").

Furthermore, each of the Directors has undertaken with the Company and Numis not to dispose of Shares for a further six months following the expiration of the applicable Restricted Period otherwise than through Numis (whilst it is broker to the Company) and in such orderly manner as Numis or any subsequent broker may reasonably require with a view to maintaining an orderly market in the share capital of the Company.

Further details of the Directors' interests in the Shares and their lock-in arrangements, which are contained within the Placing Agreement, are set in paragraphs 5.1 and 10.5 in Part V of this document.

The Babcock & Brown Agreement

An agreement was entered into between AH and Babcock & Brown on 13 December 2006 whereby Babcock & Brown has agreed to provide certain management consulting services to AH in relation to the provision by AH of design and build services and construction management services to various public procurement projects including certain LIFT Schemes in relation to which Babcock & Brown has an existing interest (as more particularly described in paragraph 3 of Part I of this document).

Under the terms of the Babcock & Brown Agreement, AH and Babcock & Brown have each entered into restrictive covenants in relation to each other's clients in the event that the Babcock & Brown Agreement is terminated and have also given limited commercial warranties relating to their establishment and entry into the agreement.

The Babcock & Brown Agreement is terminable by either party on 10 business days' notice.

Under the terms of the New Warrant, AH has granted to Babcock & Brown a warrant to subscribe for 7,880,000 Shares at a subscription price of 120p per Share.

The New Warrant is exercisable for a period of three years from the date of grant and will cease to be exercisable (a) six months after AH terminates the Babcock & Brown Agreement; or (b) immediately upon Babcock & Brown terminating the Babcock & Brown Agreement.

13. Corporate Governance

The Directors support high standards of corporate governance and confirm that they intend to comply, so far as is practicable taking into account the Company's size and nature, with the provisions of the Quoted Companies Alliance.

The Board meets regularly throughout the year. To enable the Board to perform its duties, all Directors will have full access to all relevant information. If necessary, the non-executive Directors may take independent professional advice at the Company's expense.

The Board has delegated specific responsibilities to the committees described below.

The Directors have established an audit committee and a remuneration committee. The primary responsibility of the audit committee is of monitoring the financial affairs of the Company and ensuring that the financial performance of the Company and any subsidiary of the Company is properly measured and reported on and for reviewing reports from the Company's auditors relating to the accounting and internal controls in all cases having due regard to the interests of Shareholders. The audit committee which comprises John Gunn, David Burton, Jonathan Holmes and Bruce Walker meets twice a year and has unrestricted access to the Company's auditors. The Chairman of the audit committee is David Burton.

The primary responsibility of the remuneration committee is to review the performance of the Directors and determine the terms and conditions of service of senior management and any director appointed to the Board, including the remuneration of and any grant of options to such person under the share option arrangements to be adopted in the future by the Company. The remuneration committee which comprises David Burton, John Gunn and Jonathan Holmes meets at least once a year and otherwise as appropriate. The Chairman of the remuneration committee is David Burton.

The Directors will comply with Rule 21 of the AIM Rules relating to directors' dealings and will take all reasonable steps to ensure compliance by those of the Company's employees to whom the AIM Rules apply. The Company operates a share dealing code for directors and employees in accordance with the AIM Rules.

14. Further Information

The attention of prospective investors is drawn to the information contained in Parts II to V of this document which provide additional information on the Company. In particular, prospective investors are advised to consider carefully Part IV of this document, entitled "Risk Factors".

PART II

Historical Financial Information on the Company

Accountant's report on historical financial information

The Directors
Ashley House plc
Chalfont Hall
Gravel Hill
Chalfont St Peter
Gerrards Cross
Buckinghamshire
SL9 0NP

12 January 2007

Dear Sirs

Ashley House plc ("AH")

We report on the financial information set out in paragraphs 1 to 9.24 below relating to AH and its subsidiaries, together "the Group", for the three years ended 30 April 2006. This financial information has been prepared for inclusion in the AIM Admission Document dated 12 January 2007 of AH on the basis of the accounting policies set out in paragraph 4 below.

Responsibilities

This report is required by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that regulation and for no other purpose.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any responsibility to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules consenting to its inclusion in the AIM Admission Document.

As described in paragraph 3 below the Directors of AH are responsible for preparing the financial information on the basis of preparation set out in paragraph 2 of the financial information and in accordance with United Kingdom generally accepted accounting practice.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the AIM Admission Document, and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 12 January 2007, a true and fair view of the state of affairs of AH as at the dates stated and of its profits, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in paragraph 2 below, the accounting policies set out in paragraph 4 below and United Kingdom generally accepted accounting practice.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Grant Thornton UK LLP

FINANCIAL INFORMATION ON THE GROUP

Historical financial information for the three years ended 30 April 2006

1. INTRODUCTION

The financial information on AH set out in this Part II has been prepared solely for the purpose of this AIM Admission Document and does not constitute audited statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts of the Group for each of the three years ended 30 April 2006, upon which the auditors' reports were unqualified and did not contain any statements under section 237 of the Companies Act 1985, have been delivered to the Registrar of Companies.

2. BASIS OF PREPARATION

The financial information set out below for the three years ended 30 April 2006 is based on the audited consolidated financial statements of the Group.

This information has been prepared under the historical cost convention modified to include the revaluation of land and buildings and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards.

In accordance with the AIM Rules, the historical financial information has been presented and prepared in a form consistent with that which will be adopted in the Company's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements.

As a result, the financial information has been prepared on a basis that takes into account Financial Reporting Standards (FRSs) which were issued during the period under review to the extent that they are relevant to the financial information provided. Of these, the main FRSs applied are FRS 20 Share-based Payment, FRS 21 Events After the Balance Sheet Date, FRS 22 Earnings per Share, and the presentation requirements of FRS 25 Financial Instruments: Disclosure and Presentation.

3. RESPONSIBILTY

The directors of AH are responsible for the financial information and the contents of the AIM Admission Document in which it is included.

4. ACCOUNTING POLICIES

Basis of consolidation

The group financial statements consolidate the financial statements of the Company and of all its subsidiary undertakings. Profits or losses on intra-group transactions are eliminated in full. The acquisition method of accounting has been applied. All of the subsidiaries assets and liabilities that existed at the date of acquisition were recorded at their fair values reflecting their condition at that date.

Turnover

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

Turnover consists primarily of design fees and contracting income from long term contracts.

Turnover in respect of design fees is recognised once the design has been agreed with the customer and planning permission has been obtained and where there is reasonable certainty that the contract will proceed.

In the case of contracting income on long term contracts, turnover reflects the contract activity during the year and represents the fair value of the work performed which is based on a number of assessments including the proportion to total contract value which costs incurred to date bear to total expected contract costs.

In certain cases, deeds of variation are entered into upon completion of a contract to uplift the contract price to a more market based value. In these cases, turnover is recognised once the variations are agreed with the customer.

Tangible fixed assets and depreciation

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

Freehold land and buildings are stated at valuation, subject to depreciation in the case of freehold buildings. Revaluation gains on freehold land and buildings are taken directly to the revaluation reserve. Revaluation losses are taken directly to the revaluation reserve to the extent that they represent the reversal of previously recognised revaluation gains. Revaluation losses which represent the recognition of impairment or a reduction in value below cost are taken to the profit and loss account. On the disposal of freehold land and buildings, any unrealised revaluation gain is transferred from the revaluation reserve to the profit and loss account reserve.

The periods generally applicable for depreciation are:

Freehold buildings	50 years
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.

Stocks

Stocks are stated at the lower of purchase cost and net realisable value. Puchase cost is calculated on a weighted average basis.

Work in progress and long term contracts

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level 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 basic 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. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are recognised on an accruals basis, and are credited or charged to the profit and loss account in the financial period to which they relate.

Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Compound instruments

Compound instruments, such as convertible loans, comprise both a liability and an equity component. At date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar debt instrument. The liability component is accounted for as a financial liability. The residual is the difference between the net proceeds of issue and the liability component (at time of issue). The residual is the equity component, which is accounted for as an equity instrument.

The interest expense on the liability component is calculated applying the effective interest rate for the liability component of the instrument. The difference between this amount any any repayments is added to the carrying amount of the liability in the balance sheet.

The convertible loan included within creditors has been included in the financial statements as a liability as the directors consider that the fair value of the liability component is not materially different from the carrying value of the instrument.

Share-based payments

In accordance with FRS 20, the fair value of equity-settled share-based payments is determined at the date of grant and is expensed on a straight-line basis over the vesting period, if applicable, based on the company's estimate of the number of options or warrants that will eventually vest. If options or warrants vest immediately upon grant, their fair value is expensed at that date. Fair values are measured by the use of a binomial lattice pricing model. The expenses charged to the profit and loss account result in a corresponding credit to reserves.

The principal assumptions used to calculate the value of options and warrants are set out in Note 9.14 to the financial information.

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.

During 2006, the Directors reviewed the remaining useful economic life attributed to the goodwill within the balance sheet. As a result of this review, the remaining useful economic life has been amended from fifteen years to five years. This has resulted in additional amortisation charges of £43,200 within the 2006 financial year.

5. CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Note	Year ended 30 April 2006 £000	2005 £000	2004 £000
TURNOVER	9.1	23,126	12,597	9,210
Cost of sales		(17,995)	(9,364)	(7,363)
GROSS PROFIT		5,131	3,233	1,847
Administrative expenses		(2,857)	(2,556)	(2,210)
OPERATING PROFIT/(LOSS)		2,274	677	(363)
Net interest	9.3	(30)	(116)	(103)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	9.1	2,244	561	(466)
Tax on profit on ordinary activities	9.4	(454)	—	—
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	9.16	1,790	561	(466)
BASIC EARNINGS PER SHARE	9.5	8.17p	4.50p	(4.07)p
Diluted earnings per share	9.5	7.43p	4.43p	—

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

6. STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Year ended 30 April 2006 £000	2005 £000	2004 £000
Profit/(loss) for the financial year	1,790	561	(466)
Unrealised deficit on revaluation of land and buildings	(143)	—	—
Total recognised gains and losses relating to the year	1,647	561	(466)

7. CONSOLIDATED BALANCE SHEET

		As at 30 April		
		2006	*2005*	*2004*
	Note	*£000*	*£000*	*£000*
Fixed assets				
Intangible assets	9.6	270	335	356
Tangible assets	9.7	1,427	1,654	1,517
Investments	9.8	—	—	14
		1,697	1,989	1,887
Current assets				
Stocks	9.9	15	55	—
Debtors	9.10	6,753	5,278	2,629
Cash at bank and in hand		1,502	43	570
		8,270	5,376	3,199
Creditors: amounts falling due within one year	9.11	(5,405)	(3,953)	(2,460)
Net current assets		2,865	1,423	739
Total assets less current liabilities		4,562	3,412	2,626
Creditors: amounts falling due after more than one year	9.12	(50)	(922)	(1,840)
Provision for liabilities	9.13	(15)	(5)	(5)
Net assets		4,497	2,485	781
Capital and reserves				
Called up share capital	9.14	224	218	124
Share premium account	9.15	2,771	2,422	1,529
Revaluation reserve	9.15	187	334	337
Share based payment reserve	9.15	165	155	—
Profit and loss account	9.15	1,150	(644)	(1,209)
Shareholders' funds	9.16	4,497	2,485	781

8. CONSOLIDATED CASH FLOW STATEMENTS

	Note	*Year ended 30 April* 2006 £000	2005 £000	2004 £000
Net cash inflow/(outflow) from operating activities	9.17	1,757	(182)	(625)
Returns on investments and servicing of finance				
Interest paid		(58)	(121)	(105)
Interest received		28	5	3
Net cash outflow from returns on investments and servicing of finance		(30)	(116)	(102)
Taxation		—	—	—
Capital expenditure and financial investment				
Investment in own shares		—	—	(1)
Sale of tangible fixed assets		34	—	1
Purchase of tangible fixed assets		(42)	(234)	(26)
Net cash outflow from capital expenditure and financial investment		(8)	(234)	(26)
Financing				
Receipt from short term borrowings		—	—	4
Repayment of short term borrowings		(43)	(65)	(87)
Repayment of long term borrowings		(572)	(44)	(38)
Receipts from long term borrowings		—	50	1,018
Issue of share capital		355	63	339
Net cash (outflow)/inflow from financing		(260)	4	1,236
Increase/(decrease) in cash	9.18	1,459	(528)	483

9. NOTES TO THE FINANCIAL INFORMATION

9.1 Turnover And Profit/(Loss) On Ordinary Activities Before Taxation

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

	2006 *£000*	*2005* *£000*	*2004* *£000*
Profit/(loss) on ordinary activities before taxation is arrived at after charging:			
Depreciation of tangible fixed assets	92	97	60
Rental of premises – operating leases	44	46	41
Rental of motor vehicles – operating leases	16	15	18
Amortisation of goodwill	65	22	22
Auditor's remuneration:			
– statutory audit services	36	36	27
– non audit services, corporation tax compliance	6	5	4

9.2 Directors And Employees

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

	2006 *£000*	*2005* *£000*	*2004* *£000*
Salaries	1,787	1,459	1,253
Social security costs	188	160	127
	1,975	1,619	1,380

The average number of employees of the group during the year was 49 (2005: 45, 2004: 37).

Directors' emoluments amounted to £537,000 (2005: £354,000, 2004: £397,000). No pension contributions were made in respect of any of the directors.

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

	2006	2005	2004
	£000	£000	£000
Emoluments for services as director	104	78	116

No pension contributions were made in respect of the highest paid director.

9.3 Net Interest

	2006	2005	2004
	£000	£000	£000
Bank mortgage	38	42	39
Convertible loans	20	79	67
Interest receivable	(28)	(5)	(3)
	30	116	103

9.4 Tax On Profit/(Loss) On Ordinary Activities

	2006	2005	2004
	£000	£000	£000
UK corporation tax at 30%	444	—	—
Deferred taxation	10	—	—
Tax on profit/(loss) on ordinary activities	454	—	—

The tax assessed for each year differs from the standard rate of corporation tax in the UK of 30% (2005: 30%, 2004: 30%). The differences are explained as follows:

	2006	2005	2004
	£000	£000	£000
Profit/(loss) on ordinary activities before tax	2,244	561	(466)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	673	168	(140)
Expenses not deductible for tax purposes	37	59	25
Difference between depreciation and capital allowances	12	(5)	4
Utilisation of tax losses	(167)	(222)	—
Unutilised losses	—	—	111
Relief for share options exercised	(111)	—	—
Current tax charge for year	444	—	—

Unrealised tax losses of approximately £nil (2005: £587,000, 2004: £1,361,000) are available to offset against future taxable trading profits subject to agreement with HM Revenue and Customs.

9.5 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.

	2006			*2005*			*2004*		
	Profit £000	*Weighted average number of shares*	*Per share amount pence*	*Profit £000*	*Weighted average number of shares*	*Per share amount pence*	*Profit £000*	*Weighted average number of shares*	*Per share amount pence*
Basic earnings per share									
Profit attributable to ordinary shareholders	1,790	21,900,922	8.17	561	12,474,717	4.50	(466)	11,430,298	(4.07)
Dilutive effect of securities									
Options		738,410	(0.25)		91,818	(0.03)			
Warrants		670,116	(0.23)		73,636	(0.03)			
Convertible loans		767,852	(0.26)		31,818	(0.01)			
Diluted earnings per share	1,790	24,077,300	7.43	561	12,671,989	4.43			

In accordance with FRS 14, the Group has not disclosed a diluted loss per share figure for the year ended 30 April 2004 as the calculation results in a decrease in the net loss per share

9.6 Intangible Assets – Goodwill

	£000
Cost	
As at 1 May 2004, 1 May 2005 and 30 April 2006	425
Amortisation	
At 1 May 2003	46
Charged in the year	22
As at 1 May 2004	68
Charged in the year	22
As at 1 May 2005	90
Charged in the year	65
As at 30 April 2006	155
Net book value as at 30 April 2006	270
Net book value as at 30 April 2005	335
Net book value as at 30 April 2004	356

On 30 June 2000 the group acquired the trade and assets of Neil Niblett and Associates for a cash consideration of £430,000, through a newly formed, wholly owned subsidiary of the company called Neil Niblett and Associates Limited.

During 2006, the Directors reviewed the remaining useful economic life of the goodwill. As a result of this review, the remaining useful economic life has been amended to five years (2005: fifteen years). Therefore, additional amortisation of £43,000 has been charged in the year ended 30 April 2006.

9.7 Tangible assets

	Freehold property £000	Office equipment, furniture and fixtures £000	Motor vehicles £000	Mobile surgeries £000	Total £000
Cost/valuation					
At 1 May 2003	1,422	157	17	96	1,692
Additions	—	16	10	—	26
Disposals	—	(1)	(16)	—	(17)
At 1 May 2004	1,422	172	11	96	1701
Additions	—	65	10	158	233
At 1 May 2005	1,422	237	21	254	1,934
Additions	—	42	—	—	42
Disposals	—	(68)	—	—	(68)
Deficit on revaluation	(222)	—	—	—	(222)
At 30 April 2006	1,200	211	21	254	1,686
Depreciation					
At 1 May 2003	37	83	9	6	135
Provided in the year	14	21	3	22	60
Disposals	—	(1)	(11)	—	(12)
At 1 May 2004	51	104	0	28	183
Provided in the year	14	28	5	50	97
At 1 May 2005	65	132	5	78	280
Provided in the year	14	30	4	44	92
Eliminated on revaluation	(79)	—	—	—	(79)
Disposals	—	(34)	—	—	(34)
At 30 April 2006	—	128	9	122	259
Net book amount at 30 April 2006	1,200	83	12	132	1,427
Net book amount at 30 April 2005	1,357	106	16	175	1,654
Net book amount at 30 April 2004	1,371	68	11	67	1,517

The freehold property was subject to an interim valuation as at 30 April 2006 by the directors in consultation with independent chartered surveyors Duncan Bailey Kennedy, Chartered Surveyors. The value attributed to the land is £705,000 which is not subject to a depreciation charge. The last full valuation of the freehold property by independent qualified external valuers took place in the year ended 30 April 2002.

If freehold property had not been revalued, it would have been included on the historical cost basis at the following amounts:

	£000
Cost	1,073
Accumulated depreciation	(60)
Net book amount at 30 April 2006	1,013
Net book amount at 30 April 2005	1,024
Net book amount at 30 April 2004	1,034

9.8 Fixed Asset Investments

	£000
At 30 April 2006	—
At 30 April 2005	—
At 30 April 2004	14

At 30 April 2006 the Company held the issued share capital of the following subsidiary undertakings:

	Nature of work	*Class of share capital held*	*Proportion held*
Neil Niblett and Associates Limited	Architects	Ordinary shares of £1 each	100%
Ashley House Pharmacies Limited	Pharmacy	Ordinary shares of £1 each	100%

9.9 Stocks

	2006 *£000*	*2005* *£000*	*2004* *£000*
Goods for resale	15	55	—

9.10 Debtors

	2006 *£000*	*2005* *£000*	*2004* *£000*
Trade debtors	1,484	1,180	1,408
Amounts owed by related parties (note 9.23)	3,791	2,213	—
Amounts recoverable on contracts	1,326	1,622	1,095
Other debtors	14	113	54
Prepayments and accrued income	138	150	72
	6,753	5,278	2,629

9.11 Creditors: Amounts Falling Due Within One Year

	2006 *£000*	*2005* *£000*	*2004* *£000*
Convertible loans	300	—	—
Bank loan and overdraft	—	43	44
Other loans	—	—	65
Trade creditors	2,861	1,376	1,088
Social security and other taxes	317	400	138
Corporation tax	442	—	—
Other creditors	17	15	20
Accrued expenses	1,468	2,119	1,105
	5,405	3,953	2,460

9.12 Creditors: Amounts Falling Due after more than One Year

	2006	*2005*	*2004*
	£000	*£000*	*£000*
Bank loan	—	572	615
Convertible loans	50	350	1,225
	50	922	1,840

The convertible loans are from other related parties and are unsecured.

Borrowings are repayable as follows:

	2006	*2005*	*2004*
	£000	*£000*	*£000*
Within one year			
Bank loan and overdraft	—	43	44
Other loans	—	—	65
Convertible loans	300	—	—
After one and within two years			
Bank loan	—	46	46
Convertible loans	50	—	—
After two and within five years			
Bank loan	—	160	154
Convertible loans	—	350	1225
After five years			
Bank loan	—	366	415
	350	965	1,949

Financial instruments

The group finances its business in two ways; by way of trade and other creditors arising directly from its operations; and by way of borrowings from the bank and related parties. The main risk arising from these sources of finance is interest rate risk.

The interest rate exposure of the financial liabilities of the group as at 30 April 2004, 2005 and 2006 was:

30 April 2004	*Fixed rate £000*	*Floating rate £000*	*Total £000*
Convertible loans (note 9.23)	1,225	—	1,225
Bank loan	—	659	659
	1,225	659	1,884

30 April 2005	*Fixed rate £000*	*Floating rate £000*	*Total £000*
Convertible loans (note 9.23)	350	—	350
Bank loan	—	615	615
	350	615	965

30 April 2006	*Fixed rate £000*	*Floating rate £000*	*Total £000*
Convertible loans (note 9.23)	350	—	350

The fixed rate loans are at 6.5% and are convertible at any time at the election of the lender to ordinary shares in the company at an exercise price of 30p per share, which represented a significant premium to the share price at the time of grant.

At 30 April 2006, the group had an unutilised overdraft facility of £900,000 with Lloyds TSB Bank plc.

This floating rate facility carries interest at 1.5% (2005: 2.5%) over the Lloyds TSB Bank plc base rate.

The cash balances held by the group at the bank are held within current accounts and earn interest of 3.5% from Lloyds TSB Bank plc.

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

9.13 Deferred Taxation

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

	£000
Excess of tax allowances over depreciation	
As at 1 May 2004	5
Movement in year	—
As at 1 May 2005	5
Movement in year	10
As at 30 April 2006	15

No deferred taxation is provided in respect of unrealised revaluation gains on land and buildings.

9.14 Share Capital

	2006 £000	*2005 £000*	*2004 £000*
Authorised			
35,000,000 (2005 and 2004: 35,000,000) ordinary shares of 1p each	350	350	350
Allotted, called up and fully paid			
22,369,408 (2005: 21,756,900, 2004: 12,423,575) ordinary shares of 1p each	224	218	124

During the year to 30 April 2004, members of the board and senior management exercised options over 1,083,575 shares at an average price of 31.3p, raising a total of £339,000.

On 28 April 2005 4,115,000 ordinary shares of 1p each were issued for a consideration of 40p (of which 39p was attributable to AHP) as part of the share staple agreement in relation to a placing to raise funds for the acquisition of Medical Properties Limited by AHP and for working capital purposes.

On 28 April 2005 2,135,000 ordinary shares of 1p each were issued for a consideration of 40p (of which 39p was attributable to AHP) as part of the share staple agreement in relation to the acquisition of Medical Properties Limited by AHP.

On 28 April 2005 3,083,333 number of ordinary 1p shares were issued for a consideration of 30p (of which 0.01p was attributable to AHP) to settle the Company's £925,000 convertible loan.

The excess of the total consideration of shares issued of £3,425,000 (of which £2,437,808 was attributable to AHP) over the nominal value of £93,333 has been credited to the share premium account.

On 25 August 2005, the company made an allotment of 20,000 ordinary shares of 1 pence each at 30 pence per share by way of an exercise of options. The difference between the total consideration of £6,000 and the total nominal value of £Nil, being £6,000, has been credited to the share premium account.

On 6 February 2006, the company made an allotment of 572,500 ordinary shares of 1 pence each at 59.7 pence per share by way of an exercise of options. The difference between the total consideration of £343,000 and the total nominal value of £6,000, being £337,000, has been credited to the share premium account.

On 13 March 2006, the company made an allotment of 20,000 ordinary shares of 1 pence each at 30 pence per share by way of an exercise of options. The difference between the total consideration of £6,000 and the total nominal value of £Nil, being £6,000, has been credited to the share premium account.

Options and warrants issued and not exercised at 30 April 2006 are set out in the table below.

Options	*Price*	*2006*	*Issued*	*Exercised*	*2005*	*2004*
Issued 2000 expire 2010	59.7p	—	—	(572,500)	572,500	572,500
Issued 2004 expire 2014	30p	1,105,000	—	(40,000)	1,145,000	—
Issued 2006 exercisable from 2008 expire 2015	85p	100,000	100,000	—	—	—
Issued 2006 exercisable from 2008 expire 2015	98p	105,000	105,000	—	—	—
Issued 2006 exercisable from 2008 expire 2015	108p	210,000	210,000	—	—	—
Total options		1,520,000	415,000	(612,500)	1,717,500	572,000
Warrants						
Issued 2004 expire 2009	30p	810,000	—	—	810,000	—
Issued 2004 expire 2009	40p	180,000	—	—	180,000	—
Issued 2005 expire 2010	60p	123,450	123,450	—	—	—
Issued 2002 expire 2007	95p	750,000	—	—	750,000	750,000
Total warrants		1,863,450	123,450	—	1,740,000	750,000

Subsequent to 30 April 2006, 59,616 warrants (issued 2002), 123,450 warrants (issued 2005) and 45,000 options (issued 2004) were exercised. In addition, 25,000 options (issued 2004) lapsed subsequent to 30 April 2006.

Fair values at the date of grant for share options and warrants which were issued after 7 November 2002 were measured by the use of a binomial lattice pricing model. The table below sets out the key assumptions used in the valuation of share options and warrants and their resulting fair values.

Options	*Exercise price*	*Share price*	*Risk free interest rate*	*Fair value*
Issued 2004 expire 2014	30p	30p	4.47%	7.9p
Issued 2005 exercisable from 2008 expire 2015	85p	85p	4.08%	21.9p
Issued 2005 exercisable from 2008 expire 2015	98p	98p	4.08%	25.2p
Issued 2005 exercisable from 2008 expire 2015	108p	108p	4.17%	28.0p
Warrants	**Price**			
Issued 2004 expire 2009	30p	30p	4.96%	6.5p
Issued 2004 expire 2009	40p	40p	4.47%	8.4p
Issued 2005 expire 2010	60p	40p	4.41%	6.5p

A volatility rate of 26.6% was used in the valuation model. This rate was based upon known historical volatilities of the company's share price. In addition the Directors assumed an expected dividend yield of 4%.

9.15 Reserves

	Share premium account £000	*Profit and loss account £000*	*Revaluation reserve £000*	*Share based payment reserve £000*	*Total £000*
At 1 May 2003	1,201	(747)	342	—	796
Loss for the year	—	(466)	—	—	(466)
Premium on issue of shares during the year	328	—	—	—	328
Difference between historical cost depreciation and charge based on revalued amounts	—	4	(4)	—	—
At 1 May 2004	1,529	(1,209)	338	—	658
Profit for the year	—	561	—	—	561
FRS 20 share based payment charge	—	—	—	155	155
Difference between historical cost depreciation and charge based on revalued amounts	—	4	(4)	—	—
Premium on issue of shares during the year	893	—	—	—	893
At 1 May 2005	2,422	(644)	334	155	2,267
Profit for the year	—	1,790	—	—	1,790
FRS 20 share based payment charge	—	—	—	10	10
Premium on issue of shares during the year	349	—	—	—	349
Revaluation reserve movement	—	—	(143)	—	(143)
Difference between historical cost depreciation and charge based on revalued amounts	—	4	(4)	—	—
At 30 April 2006	2,771	1,150	187	165	4,273

9.16 Reconciliation of Movements in Shareholders' Funds

	2006 *£000*	*2005* *£000*	*2004* *£000*
Profit/(loss) for the financial year	1,790	561	(465)
New shares issued	355	987	339
Increase in share based payments reserve	10	155	—
Reduction in revaluation reserve	(143)	—	—
Net addition to shareholders' funds	2,012	1,703	(126)
Shareholders' funds at 1 May 2005	2,485	782	908
Shareholders' funds at 30 April 2006	4,497	2,485	782

9.17 Reconciliation of Operating Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities

	2006 *£000*	*2005* *£000*	*2004* *£000*
Operating profit/(loss)	2,284	832	(363)
Depreciation and amortisation	158	119	82
Loss on disposal of fixed assets	1	—	5
Distribution of investment in own shares	—	14	—
Decrease/(increase) in stock	40	(54)	41
Increase in debtors	(1,480)	(2,649)	(421)
Increase in creditors	754	1,556	31
Net cash inflow/(outflow) from operating activities	1,757	(182)	(625)

9.18 Reconciliation of Net Cash Flow to Movement in Net Funds/(Net Debt)

	2006 *£000*	*2005* *£000*	*2004* *£000*
Increase/(decrease) in cash in the year	1,459	(528)	483
Cash inflow from change in net debt	615	59	(897)
Change in net debt resulting from cash flows	2,074	(469)	(414)
Repayment of net debt by issue of shares	—	925	—
Movement in net debt in the year	2,074	456	(414)
Net debt at 1 May 2005	(922)	(1,378)	(964)
Net funds/(net debt) at 30 April 2006	1,152	(922)	(1,378)

9.19 Analysis of Changes in Net Funds/(Net Debt)

	At 1 May 2004 *£000*	*Cash flow* *£000*	*Other* *£000*	*At 1 May 2005* *£000*	*Cash flow* *£000*	*Other* *£000*	*At 30 April 2006* *£000*
Cash in hand and at bank	570	(527)	—	43	1,459	—	1,502
Short term debt	(108)	65	—	(43)	43	(300)	(300)
Long term debt	(1,840)	(7)	925	(922)	572	300	(50)
	(1,378)	(469)	925	(922)	2,074	—	1,152

9.20 Capital Commitments

The group had no capital commitments at 30 April 2006, 30 April 2005 or 30 April 2004.

9.21 Commitments Under Operating Leases

Operating lease payments amounting to £60,000 (2005: £57,000, 2004: £57,000) are due within one year. The leases to which these amounts relate expire as follows:

	2006		*2005*		*2004*	
	Land and buildings £000	*Other £000*	*Land and buildings £000*	*Other £000*	*Land and buildings £000*	*Other £000*
Between one and five years	17	16	5	17	5	17
Five years or more	27	—	35	—	35	—
	44	16	40	17	40	17

9.22 Contingent Liabilities

The group had no contingent liabilities at 30 April 2006, 30 April 2005 or 30 April 2004.

9.23 Related Party Transactions

AH is related to Ashley House Investments Limited which is incorporated in England and Wales, by virtue of common control.

During the year to 30 April 2004 the group made sales, at arm's length, to Ashley House Investments Limited of £183,127 (2003: £2,635,205). At 30 April 2004 the balance due by the group was £8,688 (2003: £nil). In addition to the arm's length sales, Ashley House Investments Limited has provided a long-term loan to AH of £924,963 (2003: £199,963). Since the year end, an additional loan amounting to £37,000 has been received by the group, bringing the loan to £925,000. The loan is a three year secured loan attracting an interest rate of 6.5% per annum repayable on the third anniversary of the loan at the election of the company subject to the service of 14 days notice and convertible at any time, at the election of the lender, to ordinary shares in the company at an exercise price of 30p per share.

During the year to 30 April 2004 the group made sales, at arm's length, to Medical Properties Limited (a subsidiary of AHP) of £2,855,560 (2003: £3,758,853). At 30 April 2004 the balance due to the group was £348,388 (2003: £287,669).

At 30 April 2004, £14,573 (2003: £42,358) was owed by the company to G Holmes, £25,155 (2003: £52,799) to S Minion and £25,237 (2003: £39,069) to G C Mosley, (2003: 17,262) to G Mosley, all of whom are directors of the company or related parties.

During the year to 30 April 2004 various directors (and members of their families) and senior management as set out below, made loans, totalling £300,000 to the company. These loans are three year secured loans, attracting an interest rate of 6.5% per annum repayable at the election of the company subject to the service of 14 days notice and convertible at any time, at the election of the lender, to ordinary shares in the company at an exercise price of 30p per share.

AH and AHP (including its subsidiary Medical Properties Limited) are related as a consequence of the share stapling agreement entered into in September 2004. As a result the two companies have identical shareholders registers and a number of common directors. During the year AH made sales at an arms length basis of £9,915,000 (2005: £4,649,000) to AHP. At 30 April 2006 the balance due from AHP was £2,717,000 (2005: £1,909,235).

During 2006. AH made sales on an arm's length basis to Medical Properties Limited of £4,441,000 (2005: £2,221,000). During the year AH advanced a loan of £563,000 to Medical Properties Limited. At 30 April 2006 the entire balance remained outstanding.

All supplies made to AHP and Medical Properties Limited are related to the design and construction of medical centres. In every case, the rent for the building which drives the value of the scheme, is set by the District Valuer acting for the Primary Care Trust (NHS). Transactions between AH and AHP are entered into on the basis of market equivalent pricing.

During the year the company made payments of £16,000 (2005: £10,000) to Scheidegg Limited, a Company in which J H Gunn has an interest and £63,000 (2005: £56,000) to Layland Walker Limited, a company controlled by B Walker. In addition, the Company made payments of £19,000 (2005: £8,000) to Beechwood House Finance Limited, a Company controlled by D Burton and

£17,000 (2005: £nil) to Gibson Freake Edge Partnership, of which A Gibson is a partner. These payments were all in respect of remuneration payable to the Directors.

Various directors (and members of their families) and senior management, made loans in April 2004, totalling £300,000 to the Company which are still outstanding. A further loan of £50,000 by Ludgate 181 (Jersey) Limited was made in September 2004. These loans are three year unsecured loans, attracting an interest rate of 6.5% per annum repayable at the election of the Company subject to the service of 14 days notice and convertible at any time, at the election of the lender, to ordinary shares in the Company at an exercise price of 30p per share.

David Burton and John Gunn are directors of, and have an interest in, Ludgate 181 (Jersey) Limited.

9.24 Dividends

Subsequent to 30 April 2006 but prior to the approval of the financial statements, the directors have recommended the payment of a dividend of 4 pence per share, totalling £895,000.

PART III

Interim Results for the Six Months to 31 October 2006

The following is a reproduction of the Group's interim announcement in respect of the six months ended 31 October 2006

Chairman's statement

Results

I am pleased to report on figures which continue to show strong growth from the core design and delivery of Primary Care Infrastructure. Turnover grew to £12.77m (2005: £8.70m) and pre-tax profit to £1.55m (2005: £0.40m) in the six months to 31 October 2006. As a result, the Board has approved the payment of an inaugural interim dividend of 2p per share, which will be paid on 26th January 2007 to Shareholders on the register as at 29th December 2006.

Corporate

De-stapling from AHP ("AHP") *and move to AIM*

The past six months have seen the business move forward significantly, as evidenced not only by the strong figures reported but also in building other streams of business. We have announced today our intention to de-staple the shares from the current share trading arrangement with AHP. Following this de-stapling in January 2007 it is anticipated that AH shares will be traded separately on AIM with the intention to raise, upon admission, up to £5m, via Nominated Adviser and Broker Numis Securities Limited, to assist in the further growth of the business. AHP, to be renamed AH Medical Properties plc, will have its shares traded separately on PLUS Markets (formerly known as Ofex). Ashley House will continue to be the asset manager of the AH Medical Properties plc's portfolio which, following its acquisition of Ashley House Investments Limited (AHIL) also announced today, will have an anticipated gross asset value of approximately £100m upon completion of current schemes. Ashley House has committed to invest £1.85m in AH Medical Properties plc and thereby will hold a significant equity stake and a long term asset management agreement.

Strategic alliance with Babcock & Brown

Ashley House has entered into an agreement with Babcock & Brown Ltd ("B&B") to work together on healthcare infrastructure projects. B&B have significant interests in UK PFI (Private Finance Initiative) and NHS LIFT (Local Improvement Finance Trust) and intend to work together with Ashley House on the delivery of such schemes Ashley House and B&B are working on 12 LIFT schemes with an estimated design and construction value of £56m which are expected to impact in the next 2 years. Both B&B and Ashley House anticipate that by delivering affordable and value for money solutions to LIFT companies, the number of schemes through which Ashley House are able to provide such services should increase, bringing a major benefit to the future turnover and profits of Ashley House. To secure the relationship, B&B has been granted warrants over 7,880,000 AH shares at an exercise price of 120p per stand alone AH share (excluding the value of AHP which had a net asset value of 42p per share as at 31st October 2006).

A circular is being posted to shareholders shortly to approve the de-staple and the issue of shares required to satisfy the B&B warrant and the raising of new working capital upon admission to AIM. The circular and the accompanying announcement regarding both of these major initiatives contains full and further information.

Current Trading and Outlook

The business now has a broader base engaged in activities related to Primary Healthcare Infrastructure. These comprise:

- Traditional Primary Care design and development;
- NHS LIFT work in conjunction with B&B;
- Health Park development with the first scheme now making good progress in the planning phase;
- Asset Management from the c.£100m AH Medical Properties plc portfolio;

- Clinical Services activities based on partnering with local GPs to deliver services commissioned by Primary Care Trusts.

The business moves forward with a substantial pipeline of work and a number of new exciting opportunities in areas related to the core business. Against this background it is appropriate that the Company moves to have its shares traded on AIM as it embarks on a new era of growth and opportunity.

David Burton CBE
Chairman
Ashley House PLC

13 December 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Unaudited six months ended 31 October 2006	*Unaudited six months ended 31 October 2005*	*Audited year ended 30 April 2006 (restated *)*
	£000	*£000*	*£000*
Turnover	12,765	8,704	23,126
Cost of sales	(9,844)	(7,056)	(17,995)
Gross profit	2,921	1,648	5,131
Administrative expenses	(1,531)	(1,212)	(2,857)
Operating profit	1,390	436	2,274
Net interest	25	(31)	(30)
Profit on ordinary activities before taxation	1,415	405	2,244
Profit on disposal of fixed assets	137	—	—
Profit on ordinary activities before taxation	1,552	405	2,244
Tax on profit on ordinary activities	(520)	—	(454)
Profit retained and transferred to reserves	1,032	405	1,790
Basic earnings per share (pence)	4.60p	1.86p	8.22p
Diluted earning per share (pence)	4.20p	1.83p	7.47p

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

* Restated due to adoption of FRS 20

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Unaudited six months ended 31 October 2006	*Unaudited six months ended 31 October 2005*	*Audited year ended 30 April 2006 (restated *)*
	£000	*£000*	*£000*
Profit for the financial year	1,032	405	1,790
Unrealised deficit on revaluation of land and buildings	—	—	(143)
Realisation of gain on disposal of previously revalued land and buildings	187	—	—
Total recognised gains relating to the year	1,219	405	1,647

* Restated due to adoption of FRS 20

CONSOLIDATED BALANCE SHEET

	Unaudited as at 31 October 2006	*Unaudited as at 31 October 2005 (restated *)*	*Audited as at 30 April 2006 (restated *)*
	£000	*£000*	*£000*
Fixed assets			
Intangible assets	236	324	270
Tangible assets	211	1,626	1,427
	447	1,950	1,697
Current assets			
Stocks	—	71	15
Debtors	5,354	6,578	6,753
Cash at bank and in hand	2,896	186	1,502
	8,250	6,835	8,270
Creditors: amounts falling due within one year	(3,572)	(4,986)	(5,405)
Net current assets	4,678	1,849	2,865
Total assets less current liabilities	5,125	3,799	4,562
Creditors: amounts falling due after more than one year	—	(900)	(50)
Provision for liabilities and charges	(13)	(4)	(15)
Net assets	5,112	2,895	4,497
Capital and reserves			
Called up share capital	238	218	224
Share premium account	3,250	2,428	2,771
Revaluation reserve	—	334	187
Share based payment reserve	184	155	165
Profit and loss account	1,440	(240)	1,150
Shareholders' funds	5,112	2,895	4,497

* Restated due to adoption of FRS 20

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited six months ended 31 October 2006 £000	*Unaudited six months ended 31 October 2005 £000*	*Audited year ended 30 April 2006 £000*
Net cash inflow from operating activities	830	207	1,757
Returns on investments and servicing of finance	25	(26)	(30)
Capital expenditure and financial investments	1,291	(12)	(8)
Equity dividends paid	(895)	—	—
Net cash inflow before financing	1,251	169	1,719
Financing	143	(22)	(260)
Increase in cash in the period	1,394	147	1,459

	Unaudited six months ended 31 October 2006 £000	*Unaudited six months ended 31 October 2005 £000*	*Audited year ended 30 April 2006 (restated *) £000*
Operating profit	1,390	436	2,274
Depreciation and amortisation	94	56	158
Profit on disposal of fixed assets	(137)	—	1
FRS 20 share option charge	19	—	10
Decrease/(increase) in stock	15	(17)	40
Decrease/(increase) in debtors	1,399	(1,300)	(1,480)
(Decrease)/increase in creditors	(1,950)	1,032	754
Net cash inflow from operating activities	830	207	1,757

* Restated due to adoption of FRS 20

NOTES TO THE INTERIM RESULTS

1. The interim financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The interim financial information has been prepared on the basis of the accounting policies set out in the group's annual financial statements for the year ended 30 April 2006 with the exception that FRS 20 'Share-based Payment' has been adopted in the interim financial statements.

   In accordance with FRS 20, the fair value of equity-settled share-based payments is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the group's estimate of the options that will eventually vest. The adoption of FRS 20 has resulted in a charge to the profit and loss account of £19,000.

   Following the adoption of FRS 20, a prior year adjustment has been made which results in a decrease in the profit and loss reserve brought forward at 1 May 2006, and the creation of a share-based payment reserve, of £165,000. The profit and loss account for the period ended 31 October 2005 and the year ended 30 April 2006 have been restated for charges of £nil and £10,000 respectively.

2. The calculation of the basic and diluted earnings per share for the period is based on the profit for the period of £1,081,000 (2005: £405,000). The weighted average number of ordinary shares in issue during the period was 22,443,453 (2005: 21,776,908). The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares on the assumed conversion of all dilutive options and other dilutive potential ordinary shares. Share options and warrants had a dilutive effect on the weighted average number of ordinary shares in issue of 962,739 and 1,021,632 respectively.

3. The figures for the year ended 30 April 2006 have been extracted from the Annual Report and Financial Statements which have been filed with the Registrar of Companies, amended for the adoption of FRS 20. The report of the independent auditor on those accounts was unqualified and did not contain any statements under Section 237(2) or (3) of the Companies Act 1985. The financial information set out in this interim report does not constitute statutory financial information within the meaning of Section 240 of the Companies Act 1985.

4. Related party transactions

   During the period, AH invoiced £3,344,000 to AHP, a company which has five common directors to AH, namely David Burton, John Gunn, Steve Minion, Jonathan Holmes and Bruce Walker and in which all the directors of AH have an interest due to the stapled shares structure.

   During the period, AH invoiced £6,681,000 to Medical Properties Limited., a wholly owned subsidiary of AHP.

   All the above transactions were on normal commercial terms.

5. These interim results are being circulated to all shareholders. Further copies can be obtained from the registered office at AH, Chalfont Hall, Gravel Hill, Chalfont St. Peter, Gerrards Cross, Buckinghamshire, SL9 0NB.

INDEPENDENT REVIEW REPORT TO AH

Introduction

We have been instructed by the group to review the financial information for the six months ended 31 October 2006 which comprises the consolidated profit and loss account, consolidated statement of total recognised gains and losses, consolidated balance sheet, consolidated cash flow statement and the related notes 1 to 5. We have read the other information contained in the interim report which comprises only the Chairman's statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information. Our responsibilities do not extend to any other information.

This report is made solely to the group in accordance with guidance contained in APB Bulletin 1999/4 "Review of Interim Financial Information". Our review work has been undertaken so that we might state to the group those matters we are required to state to them in a review 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 group for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The interim report including the financial information contained therein is the responsibility of, and has been approved by, the directors. They are responsible for preparing the interim report and ensuring that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 "Review of Interim Financial Information" issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards of Auditing (UK & Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 October 2006.

GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS
OXFORD

13 December 2006

The maintenance and integrity of the AH website is the responsibility of the directors: the interim review does not involve consideration of these matters and, accordingly, the company's reporting accountants accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the interim report differ from legislation in other jurisdictions.

PART IV

Risk factors

An investment in Shares may not be suitable for all recipients of this document and involves a number of risks. Investors are accordingly advised to consult an independent financial adviser duly authorised under the FSMA, as amended, who is specialised in advising upon the acquisition of shares and other securities before making a decision to invest.

In addition to the other relevant information set out in this document, the following factors should be considered carefully when evaluating whether to make an investment in the Shares. The risks and other factors described below should be considered carefully together with all the information contained in this document. It should be noted that the risks described below are not the only risks faced by the Company; there may be additional risks that the Directors currently consider not to be material or of which they are currently unaware and other risk factors may apply. In particular this Company's performance is likely to be affected by changes to the market and/or economic conditions and the legal, accounting, regulatory and tax requirements.

The information set out below is not an exhaustive summary of all the risks affecting AH and is not intended to be presented in any order of priority. If any of these risks referred to in this Part IV crystallise, AH's business, financial condition, results or future operations could be materially adversely affected. There can be no guarantee that the Company will achieve its investment objective and investors should note that there is no certainty that they will get back the full amount they invested.

1. Specific Risks relating to the Company

1.1 AH's future performance depends on its ability to retain the services of the Directors and key employees and to be able to attract, motivate and retain the services of suitable personnel. Whilst it has entered into contractual arrangements with the aim of securing the services of the Directors, details of which are set out in Part V of this document, the retention of the current or future directors and/or employees cannot be guaranteed.

1.2 The Directors intend to continue to develop the AH business, both organically and through acquisition. AH's future success will depend, in part, on its ability to manage such expansion. Such expansion may place demands on management, support functions, accounting and financial controls, sales and marketing and other resources. If the Company is unable to manage its expansion effectively, its business and financial results could suffer.

1.3 If required funds are not available, AH may not be able to fulfil its strategy within the time frame currently contemplated, which could have a material adverse effect of AH's business, financial condition and prospects and may result in a dilution of the Shareholder's holdings if further fund raisings are required.

2. Industry specific risks

Industry specific risks considered within this document are those, which are generic within the sectors in which the Company operates.

2.1 Government initiatives have pledged increased funding to provide, amongst other things, modernisation of 3,000 GP premises by 2008. The Company intends to maintain its position as a provider of healthcare facilities, with a particular focus on supporting the NHS to meet Government objectives and overcome the difficulties that are slowing the delivery of modern accommodation. Whilst the Directors are confident the modernisation programme is not sensitive to general election results, the Directors have no influence over the future direction of primary care, and other healthcare initiatives in the public sector.

2.2 Changes in the political or legislative environment (e.g. a change in government policy away from the current climate of increasing the availability of primary healthcare facilities) could reduce the size of the sector in which the Company operates.

2.3 The sector is currently highly attractive, which means that bids will be highly competitive with contracts likely to be awarded on those who can offer the lowest costs to the Healthcare sector. Unsuccessful bids for contracts will impact profitability although the Directors intend to limit this impact through careful selection of contracts bid for.

2.4 Any future property market recession has the potential to adversely affect the value of properties. The performance of the Company would be adversely affected by a downturn in the property industry in terms of capital value and/or a weakening of rental yields. However the sector in which the Company operates, is less susceptible to fluctuations in values than other parts of the property industry.

2.5 The potential for the redevelopment and/or expansion of properties may be adversely affected by a number of factors including constraints on location, planning legislation and the need to obtain other licenses, consents and approvals and the existence of restrictive covenants affecting the title to the property.

2.6 AH relies on its ability to secure planning permission and its ability to procure appropriate land sites. Investors should not rely on period to period comparisons of revenue as an indicator of future performance as there is no guarantee that the Company will be as successful in these respects as it has been previously.

3. General risks

3.1 The price at which investors realise their Shares will be influenced by a large number of factors; some specific to the Company and its operations, and some general. These factors could include the performance of the Company's operations, large purchases or sales of shares in the Company, absence of liquidity in the market for the Company's shares, legislative or regulatory changes affecting the business of the Company and general economic conditions. An investment in the Shares may be volatile and investors could lose some or all of their investment.

3.2 Potential investors should be aware that the value of the shares issued by AH can go down as well as up and that an investment in a share which is to be traded on AIM is likely to be less realisable and to carry a higher degree of risk than an investment in a share listed on the Official List.

3.3 The future success of AIM and liquidity in the market for the Shares cannot be guaranteed. In particular, the market for Shares may be, or may become, relatively illiquid and, therefore, the Shares may be or may become difficult to sell. Admission to AIM does not imply that there will always be a liquid market for the Shares.

3.4 The Company designs and builds properties across England and Wales. As such, the Company may be affected by general or local funding contraints for PCTs, changes in supply of or demand for suitable properties and changes in interest rates.

3.5 Whilst the Directors have no current plans for raising additional capital after Admission, and are satisfied that the working capital available to the Company will, following Admission, be sufficient for its present requirements, that is for at least the next twelve months.

3.6 It may be difficult for an investor to sell his or her Shares and he or she may receive less than the amount paid by him or her for them. The Shares may not be suitable for short term investment. There is no present intention that the Shares be admitted to the Official List. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List.

PART V

Additional Information

1 Directors

1.1 The directors of AH and their functions are set out below:

Anthony David Burton	*Non-Executive Chairman*
Jonathan Holmes	*Chief Executive*
Stephen Gregory Minion	*Executive Deputy Chairman*
Bruce Layland Walker	*Finance Director*
Nigel Keith Croxford	*Construction Director*
Richard Edward Lubbock Warner	*Commercial Director*
Gail Mosley	*Executive Director*
Andrew Gibson	*Non-Executive Director*
John Humphrey Gunn	*Non-Executive Director*

1.2 The business address of all the Directors is Chalfont Hall, Gravel Hill, Chalfont St. Peter, Gerrards Cross, Buckinghamshire SL9 0NP.

2 Incorporation

2.1 AH was incorporated and registered in England and Wales as a private limited company with registration number 2563627 on 29 November 1990 with the name Largechance Limited. On 10 May 1991 AH changed its name to Ashley House Interiors Limited. On 14 January 1994 AH changed its name to Ashley House Interbuild Limited. It was re-registered as a public limited company under the name Ashley House Interbuild plc on 4 September 2000. On 18 May 2001 Ashley House Interbuild plc changed its name to AH. The registered office and principal place of business of AH is situated at Chalfont Hall, Gravel Hill, Chalfont St Peter, Gerrards Cross, Buckinghamshire SL9 0NP. The principal legislation under which AH operates is the Act.

2.2 The liability of the members of AH is limited.

2.3 The principal activity of AH is the supply of project management and consultancy services, primarily allied to the provision of medical property facilities delivering NHS-led Primary Care.

2.4 AH has two wholly owned subsidiaries, named Neil Niblett and Associates Limited and Ashley House Clinical Services Limited both of which are incorporated in England and Wales.

2.5 The Company's telephone number is 00 44 (0)1753 891189.

2.6 The website address of the Company is www.ashleyhouseplc.com.

3 Share Capital, Options and Warrants

3.1 The following table shows the authorised and issued share capital of AH (all of which are Shares and fully paid up) (i) as at the date of this document and (ii) immediately following the Admission:

Authorised		*Issued*	
*Number**	*Nominal Value*	*Number**	*Nominal Value*
(i) 51,000,000	£510,000	23,764,136	£237,641.36
(ii) 51,000,000	£510,000	27,097,469	270,974.69

* ordinary shares of 1 penny each fully paid

On 11 January 2007, the Directors were generally and unconditionally, for the purposes of section 80 of the Act, authorised to allot relevant securities up to an aggregate nominal amount of £191,000 such authority to expire at the conclusion of the next Annual General Meeting. On 11 January 2007, the Directors were empowered pursuant to section 95 of the Act to allot equity securities as if section 89(1) of the Act did not apply to any allotment made in accordance with the section 80 authority above, such authority being limited to the allotment of equity securities up to an aggregate amount of £93,181 such authority to expire at the conclusion of the next Annual General Meeting.

On Admission the Company will allot the New Ordinary Shares.

3.2 Changes in the share capital of AH preceding the date of this document were as follows:

3.2.1 AH was incorporated with a share capital of £1,000 divided into 1,000 ordinary shares of £1 each.

3.2.2 By a resolution of AH passed on 31 March 1999 the issued share capital comprising 300 ordinary shares of £1 each was subdivided into 23,800 A ordinary shares of 1 penny each and 6,200 B ordinary shares of 1 penny each.

3.2.3 By a resolution of AH passed on 16 August 2000, the following changes were effected in respect of share capital of AH:

The authorised share capital of AH was increased from £1,000 to £350,000 with the newly created shares having the rights set out in the new articles of association of AH also adopted on 16 August 2000;

The issued 70,000 A ordinary shares of 1 penny each and the 30,000 B ordinary shares of 1 penny each were converted into ordinary shares of 1 penny each;

3.2.4 On 7 September 2004 the Company and AHP entered into a stapled share structure between the share capitals of the Company and AHP. Such structure was de-stapled on 11 January 2007 so that the rights attaching to the Shares pursuant to the Articles are independent of the rights attaching to the shares in AHP.

3.2.5 By a resolution of AH passed on 11 January 2007 the authorised share capital of AH was increased from £350,000 to £510,000 with the newly created shares having the rights set out in the new articles of association also adopted on 11 January 2007.

3.3 On the date of this document, AH had outstanding options to subscribe for 1,450,000 Shares. The Company has not entered into a formal share option scheme and options are currently issued at the discretion of the Company.

3.4 On the date of this document, AH had outstanding warrants to subscribe for 1,680,384 Shares (which excludes for the avoidance of doubt the New Warrant).

3.5 There are no listed or unlisted securities issued by AH not representing share capital.

3.6 Save as described in this document, no person has any right to purchase the authorised but unissued share capital of the Company and no person has been given an undertaking by the Company to increase its authorised share capital.

3.7 Save in connection with the Placing, on the exercise of Options or Warrants or as otherwise disclosed in this document, no share or loan capital of the Company is under option or warrant or is agreed conditionally or unconditionally to be put under option or warrant.

3.8 None of the Existing Shares have been admitted to dealings on a recognised investment exchange and no application for such admission has been made.

3.9 The International Security Identification Number for the Shares is GB00B1KKCZ55.

3.10 On completion of the Placing, the issued share capital of the Company shall be increased by approximately 14.0 per cent. resulting in an immediate dilution for the existing shareholders of 14.0 per cent.

3.11 The New Ordinary Shares (created pursuant to the Act) to be issued pursuant to and in connection with the Admission and the Placing will rank *pari passu* in all respects with the Shares including the right to receive all dividends and other distributions hereafter declared, made or paid on the ordinary share capital of the Company except that the interim dividend of 2 pence per Existing Share which is due to be paid on 26 January 2007 (as described in the Company's interim report for the 6 months ended 31 October 2006) will not be paid to the holders of the New Ordinary Shares.

3.12 Under sections 198-210 of the Act, a Shareholder is required to notify the Company when he acquires or disposes of a material interest in the Shares equal to or in excess of 3 per cent. of the nominal value of the issued share capital or where he acquires or disposes of an interest (not being a material interest as defined under the section 199 of the Act) in the Shares equal to or is in excess of 10 per cent. of the nominal value of the issued share capital. In addition, a Shareholder may be required to notify the Company of any increase or decrease in any of the interests referred to in this paragraph in accordance with the Act.

3.13 Save as disclosed in this document, the Company has not used more than 10 per cent. of the issued share capital for the purchase of assets other than cash since incorporation.

3.14 All the Shares rank *pari passu* and no Shareholder has different voting rights to other Shareholders.

3.15 No Shares are held by or on behalf of the Company or by its subsidiaries.

4 Memorandum and Articles of Association of AH

4.1 The memorandum of association of AH (**"the Memorandum"**) provides that AH may carry on any trade or business whatever which can in the opinion of the board of directors be advantageously carried on by AH. The objects of AH are set out in full in paragraph 4 of the Memorandum.

4.2 The articles of association of AH (**"the Articles"**) contain, amongst other things, provisions to the following effects:

Voting

On a show of hands every shareholder present in person shall have one vote. A proxy cannot vote on a show of hands. On a poll every shareholder present in person or by proxy shall have one vote for each share of which he is the holder. A proxy need not be a shareholder of AH and the deposit of an instrument of proxy shall not preclude a shareholder from attending and voting in person.

Unless the Directors otherwise determine, no shareholder shall be entitled to be present or to vote, either in person or by proxy, at any general meeting if any sum presently payable by him to AH in respect of Shares held by him remains unpaid.

If any shareholder fails to supply information to AH following service of a notice under Section 212 of the Act within 14 days from the date of service of the said notice then AH may at the absolute discretion of the Directors at any time thereafter by notice to such shareholder direct that such shareholder shall not be entitled to be present or to vote, either in person or by proxy, at any general meeting of AH.

Annual General Meetings

AH shall in each year hold an annual general meeting at such time and place as the Directors shall appoint. Each annual general meeting should be held within a period of not more than 15 months after the holding of the preceding annual general meeting.

An annual general meeting shall be called by not less than 21 clear days notice in writing such notice to specify the place, the day and the time of the meeting and in the case of any special business, the nature of such business. An annual general meeting can be called by shorter notice should all the shareholders entitled to attend and vote thereat agree.

No business shall be transacted at an annual general meeting save as provided in the articles of association unless a quorum is present. Two shareholders present in person or by proxy and entitled to vote shall be a quorum.

Extraordinary General Meetings

An extraordinary general meeting shall be convened whenever the Directors think fit or on requisition in accordance with the provisions of the Act.

An extraordinary general meeting shall be called by not less than 14 clear days notice in writing, other than an extraordinary general meeting called for the passing of a special resolution which shall be called by not less than 21 clear days notice in writing. The notice shall specify the place, the day and the time of the meeting and the nature of the business and where the notice is convening a meeting to pass an extraordinary resolution or a special resolution as the case may be the intention to propose the resolution as such. An extraordinary general meeting may be called by shorter notice should a majority in number of the shareholders entitled to attend and vote thereat, being a majority holding not less than 95% in nominal value of the shares giving that right agree.

No business shall be transacted at an extraordinary general meeting save as provided in the articles of association unless a quorum is present. Two shareholders present in person or by proxy and entitled to vote shall be a quorum.

Dividends

The shareholders of AH may by ordinary resolution declare dividends, but no such dividend shall exceed the amount recommended by the Directors. Subject to the provisions of the Act, the Directors may from time to time pay such interim dividends as they think fit. No dividend or interim dividend shall be paid otherwise than in accordance with the provisions of the Act.

All dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

The shareholders may, upon the recommendation of the Directors, direct that a dividend be satisfied wholly or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other body corporate.

All dividends in respect of any share which remain unclaimed shall not bear interest and may be invested or otherwise made use of by the Directors for the benefit of AH until claimed. All dividends unclaimed for a period of 12 years or more after being declared or becoming due for payment shall be forfeited and shall revert to AH.

Distribution of assets on winding up

On a return of assets or winding up or otherwise, the surplus assets of AH, after discharge of its liabilities, shall belong to and be distributed amongst shareholders in proportion to the number of such shares held by them respectively after deducting in respect of any share not fully paid up the amount remaining unpaid thereon (whether or not then payable). If AH shall be wound up the liquidator may, with the sanction of an extraordinary resolution of AH and any other sanction required by the Act, divide amongst the shareholders in specie or kind the whole or any part of the assets of AH (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no shareholder shall be compelled to accept any shares or other securities or other assets which carry any liability.

Redemption

The Shares are not redeemable.

Transfer of Shares

Any shareholder may transfer his Shares by instrument in writing in any usual or common form or any other form which the Directors may approve. The Directors may, in their absolute discretion and without assigning any reason therefor, refuse to register any transfer of any Share which is not a fully paid share.

The Directors may refuse to register a transfer of Shares unless the instrument of transfer:

(a) is left at the registered office, or at such other place as the Directors may from time to time determine, accompanied by the certificate(s) of the Shares to which it relates and any such other evidence as the Directors may reasonably require to show the right to make such transfer; and

(b) is in respect of only one class of share;

(c) is in favour of not more than four persons jointly.

In the case of Shares for the time being in uncertificated form transfers shall be registered only in accordance with the terms of the Uncertificated Securities Regulations but so that the Directors may refuse to register a transfer which would require Shares to be held jointly by more than four persons.

AH shall be entitled to destroy any instrument of transfer at any time after the expiration of six years from the date of registration and any share certificate which has been cancelled, at any time after the expiration of one year from the date of such cancellation.

AH shall be entitled to sell, at the best price reasonably obtainable at the time of sale, any Share of a shareholder or any Share to which a person is entitled by transmission if and provided that:

(a) for a period of 12 years no cheque, warrant or order sent by AH in the manner authorised by the Articles in respect of the Share in question has been cashed and no communication has been received by AH from such shareholder or the person entitled by transmission; provided that, in such period of 12 years, at least three dividends whether interim or final on or in respect of the Share in question have become payable and no such dividend during that period has been claimed; and

(b) AH has, on or after expiration of the said period of 12 years, by advertisement in both a national newspaper and a newspaper circulating in the area in which the last known address of such shareholder or the address at which service of notices may be effected in the manner authorised in accordance with the provisions of the Articles is located, given notice of its intention to sell such Share (but so that such advertisements need not refer to the names of the holder(s) of the share or identify the share in question); and

(c) AH has not, during the further period of three months after the publication of such advertisements and prior to the exercise of the power of sale, received any communication from such shareholder or person entitled by transmission; and

(d) if the Shares are listed or dealt in on a recognised investment exchange, AH has given notice in writing to such recognised investment exchange of its intention to sell such Share.

Variation of rights

Subject to the provisions of the Act, if at any time the share capital of AH is divided into different classes of shares, the rights attached to any class or any of such rights may whether or not AH is being wound up, be modified, abrogated or varied with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.

Changes in share capital

The shareholders may from time to time by ordinary resolution increase the share capital of AH by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

The shareholders may by ordinary resolution:-

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) sub-divide its existing shares, or any of them, into shares of smaller amount, provided that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and the resolution whereby any share is sub-divided may determine that as between the resulting shares one or more of such shares may be given any preference or advantage or be subject to any restriction as regards dividend, capital, voting or otherwise over the others or any other of such shares;

(c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

If as the result of any consolidation or division of shares shareholders of AH would be entitled to fractional shares of AH, the Directors may deal with such fractional shares as they shall determine and may sell such fractional shares and pay and distribute to and amongst the shareholders entitled to such fractional shares in due proportions the net proceeds of the sales thereof.

Subject to the provisions of the Act, AH may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

Directors

Unless otherwise determined by ordinary resolution, the minimum number of Directors shall be two and there is no restriction on the maximum number. A Director need not be a shareholder of AH and a Director who is not a shareholder shall be entitled to receive notice of and attend and speak at all general meetings of AH. There is no age limit for Directors.

The Directors shall be paid remuneration for their services as Directors as the Directors may from time to time determine. The Directors may also be paid all reasonable traveling, hotel and other expenses properly incurred by them in connection with the business of AH.

Any Director who is appointed to any executive office or who serves on any committee or who devotes special attention to the business of AH, or who goes or resides abroad, or who otherwise performs services which in the opinion of the Directors or any committee authorised by the Directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors or such committee may determine.

The business of AH shall be managed by the Directors, who may exercise all the powers of AH, subject to the provisions of the Articles and of the Act, and to such directions as may be given by AH in general meeting by special resolution.

The Directors or any committee authorised by the Directors may exercise all the powers of AH to give or award pensions, annuities, gratuities or other retirement, superannuation, death or disability allowances or benefits to or to any person in respect of any persons who are or have at any time been Directors or employed by or in the service of AH or of any other body corporate which is or was a subsidiary undertaking or a parent undertaking of AH or otherwise associated with AH or any such body corporate, or a predecessor in business of AH or any such body corporate, and to the wives, widows, children and other relatives and dependants of any such persons and may establish, maintain, support, subscribe to and contribute to all kinds of schemes, trusts and funds (whether contributory or non-contributory) for the benefit of such persons as are hereinbefore referred to or any of them or any class of them, and so that any Director or former Director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit (whether under any such trust, fund or scheme or otherwise).

The Directors may exercise all the powers of AH to purchase and maintain insurance for or for the benefit of any people who are or were at any time Directors, officers, employees or auditors of AH or its parent or subsidiary undertakings or otherwise associated with such companies or any predecessor in business of any of the foregoing, or who are or were at any time trustees of (or directors of trustees of) any pension, superannuation or similar fund, trust or scheme or any employees' share scheme or other scheme or arrangement in which any employees of the Company or of any such other body are interested.

A Director shall not vote in respect of any contract, arrangement, transaction or any other proposal whatsoever in which he has an interest which (together with any interest of any person connected with him within the meaning of Section 346 of the Act) is to his knowledge a material interest. An interest purely in shares, debentures or other securities in AH are not relevant for this purpose. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is not allowed to vote. Also, a Director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with AH or any company in which AH is interested including fixing or varying the terms of his appointment or the termination thereof.

However, a Director shall be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters as long as the only material interests he has in it are included in the following matters:-

(a) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of AH or any of its subsidiary undertakings;

(b) the giving of any guarantee, security or indemnity in respect of a debt or obligation of AH or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(c) any proposal concerning an offer of shares or debentures or other securities of or by AH or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

(d) a contract, arrangement, transaction or other proposal concerning any other body corporate in which he or any person connected with him (within the meaning of Section 346 of the Act) is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he and any persons so connected with him do not to his knowledge hold an interest (within the meaning, of Sections 198-211 of the Act) in one per cent or more of any class of the equity share capital of such body corporate or of the voting rights available to members of the relevant body corporate;

(e) any contract, arrangement, transaction or other proposal for the benefit of employees of AH or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom the scheme relates; and

(f) any proposal concerning any insurance which AH is to purchase and/or maintain for or for the benefit of any Directors or for the benefit of persons who include Directors.

Subject to the provisions of the Act, a Director may in conjunction with the office of Director, hold any other office or place of profit under AH (except that of Auditor) and may act by himself or through the firm in a professional capacity for AH, on such terms as to remuneration and otherwise as the Directors may arrange provided that he shall declare the nature of his interest in accordance with the Act. No Director or proposed Director shall be disqualified by his office from contracting with AH either with regard to his own tenure of office or place of profit or as seller or buyer or otherwise. Subject to the Act, the Articles and declaring his interest in accordance with the Act, no contract in which any Director is in any way interested whether directly or indirectly shall be liable to be avoided nor shall any Director who enters into any such contract or is so interested be liable to account to AH for any profit realised by any such contract by reason of such Director holding that office or of the fiduciary relationship thereby established.

Borrowing Powers

Subject as hereinafter provided the Directors may exercise all the powers of AH to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, or any part thereof, and, subject to the provisions of the Act to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of AH or of any third party.

Rights of Pre-emption

Subject to any shareholders resolution to the contrary, any new shares must be issued on a pre-emptive basis to the existing shareholders of the AH in accordance with section 89 of the Act. All new shares shall be subject to the provisions of the Articles with reference to allotment, payment of calls, forfeiture, lien, transfer and transmission and otherwise.

Uncertificated Shares

The Directors may make such arrangements as they shall in their absolute discretion think fit in relation to the evidencing, issue and transfer of uncertificated shares. Any shares may be held in uncertificated form and title to shares may be transferred by means of a relevant system.

5 Directors' and other interests in AH

5.1 The following table sets out the interests of the Directors (including the interests of their spouses and infant children and the interests of any persons connected with them within the meaning of Section 346 of the Act), all of which are beneficial, in the issued share capital of AH, which are required to be notified to the Company pursuant to Section 324 of the Act, or are required to be entered in the register of Directors' interests under Section 325 of the Act at the date of this document and as they will be following the Admission.

Director	*Shares at the date of this document*	*% of issued share capital*	*Shares immediately following Admission*	*% of Enlarged Issued Share Capital immediately following Admission*
David Burton	344,166	1.4	344,166	1.3
Jonathan Holmes	1,267,914	5.3	1,017,914	3.8
Stephen Minion	4,352,302	18.3	3,685,636	13.6
Bruce Walker	250,000	1.1	250,000	0.9
Nigel Croxford	838,190	3.5	778,190	2.9
Richard Warner	166,666	0.7	166,666	0.6
Gail Mosley	2,571,328	10.8	2,571,328	9.5
Andrew Gibson	25,000	0.1	25,000	0.1
John Gunn	567,106	2.4	567,106	2.1

Pursuant to the Placing, Stephen Minion, Jonathan Holmes and Nigel Croxford are selling 666,666, 250,000 and 60,000 Existing Shares respectively.

The holdings of the Directors (including their connected parties as described above) in options and warrants as at the date of this document:

Director	*Options*	*Exercise price (p)*	*Warrants*	*Exercise price (p)*
David Burton	—	—	330,000	30
Jonathan Holmes	330,000	30	81,690	95
Stephen Minion	330,000	30	64,190	95
Bruce Walker	—	—	150,000	30
	—	—	180,000	40
Nigel Croxford	200,000	30	23,340	95
Richard Warner	20,000	30	—	—
	100,000	108	—	—
Gail Mosley	150,000	30	64,190	95
Andrew Gibson	100,000	85	—	—
John Gunn	—	—	330,000	30

On Admission, staff including Directors will be granted the following options:

Director	*Options*	*Exercise price (p)*
Nigel Croxford	200,000	150
Jonathan Holmes	300,000	150
Stephen Minion	300,000	150
Gail Mosley	120,000	150
Richard Warner	200,000	150
Andrew Gibson	100,000	150
John Gunn	100,000	150
Bruce Walker	300,000	150
Other Staff:	222,500	150

5.2 As at 11 January 2007 (the latest practicable date prior to the publication of this document), AH is aware of the following Shareholders in addition to those disclosed in paragraph 5.1 above, who, directly or indirectly, hold an interest in 3 per cent or more of the issued share capital of AH or who exercise or could exercise control over AH:

Name	*Number of Units*	*At the date of this document % of Issued Share Capital*	*% of Enlarged Issued Share Capital immediately following Admission*
Guinness Peat Group plc	3,882,838	16.3	14.3
Ludgate 181 (Jersey) Limited	999,998	4.2	3.7

5.3 Save as disclosed above, AH is not aware of any other interests (within the meaning of Part IV of the Act) of any person who, directly or indirectly, is interested in 3 per cent or more of the issued share capital of AH or who, directly or indirectly, jointly or severally, exercises or could exercise control over AH.

5.4 No loan or guarantee has been granted or provided by AH for the benefit of any Director.

5.5 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Company and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

5.6 **Directors' Service Contracts**

5.6.1 There are no service contracts or consultancy agreements in existence between any of the Directors and AH that cannot be determined by the employing company without the payment of compensation (other than statutory compensation) within one year and no such contracts are proposed.

5.6.2 The aggregate remuneration, including benefits in kind, paid to the current directors by AH in respect of the financial year ended 30 April 2006 was £536,758. The estimated aggregate remuneration, including benefits in kind, to be paid to the current directors by AH in respect of the financial period ending 30 April 2007 is £750,000. This estimate is based on the contractual arrangements currently in place with each Director.

5.6.3 Save as disclosed in this document, there will be no variation in the total emoluments receivable by the Directors as a result of the Placing or the Admission.

5.6.4 Save for the Company, the Directors currently hold the following directorships and/or have held the following directorships within the five years prior to the publication of this document, and are currently partners and/or have been partners within the five years prior to the publication of this document, of the following firms or partnerships:

Name	*Current Directorships/ Partnerships*	*Past Directorships/ Partnerships*
Anthony Burton	AH Ludgate 181 (Jersey) Limited Ludgate Investments Limited Medical Properties Limited Ashley Medical Properties Limited AHP	CCL UK Group Limited Ludgate 181 plc (in liquidation)
Jonathan Holmes	AH Ashley House Primecare Solutions Limited Ashley Medical Properties Limited AHP Ashley House Clinical Services Limited Neil Niblett & Associates Limited Chalfont Hall Limited Medical Properties Limited	

Name	*Current Directorships/ Partnerships*	*Past Directorships/ Partnerships*
	Primary Health and Other Community Use Services Limited	
	Jonathan Holmes was declared bankrupt in 1994 and discharged from bankruptcy in 1997	
Stephen Minion	AH Ashley House Interbuild Limited AHP Ashley House Clinical Services Limited Ashley House Primecare Solutions Limited Ashley Medical Properties Limited Neil Niblett & Associates Limited Medical Properties Limited Chalfont Hall Limited Primary Health and Other Community Use Services Limited Medikare Limited Medikal Limited	Mediterranean Charter Limited AHP Shareholder Limited
Bruce Walker	AH Old Vic Productions PLC Layland Walker Limited Tufton Layland Walker Limited Coleridge (No 29) Limited AHP Ashley Medical Properties Limited Medical Properties Limited Primary Health and Other Community Use Services Limited)	Fairbriar Ascot Limited Sloane Avenue Limited Frasers Hospitality (UK) Limited Fairdare Limited Fairdace Limited Ellisridge Limited Fairbriar General Partner Limited NGH Properties Limited Fairbriar Projects Limited BP Pepys Limited BP Pepys (2) Limited Fairbriar plc Ellisridge Suites Limited Wandsworth Riverside Quarter Limited
Nigel Croxford	AH Train4gain Limited	Willow Court (Naphill) Limited
Gail Mosley	AH	
John Gunn	AH Ashley Medical Properties Limited AHP Blakedew 380 Limited California Wine Company Inc Ceres Intellectual Property Company Limited Corac Group plc FH Transport Limited Finance Ireland plc Flights Corporate Transfers Limited Flights Hallmark Limited HydroDec Group plc Ludgate 181 (Jersey) Limited Ludgate Investments Limited Medical Properties Limited Rotala plc	Cabledown Limited Ludgate 181 plc (in liquidation) Sealime France SA Trafford Carpets (Manchester) Limited Trafford Carpets (Bradford) Limited Turbo Genset Inc Vert-Eco Limited West 175 Media Limited XPO Network Limited (in liquidation) XPO Network Interactive Limited (in liquidation) Ceres Power Holdings plc Crossbow Capital LLP

Name	Current Directorships/ Partnerships	Past Directorships/ Partnerships
	Scheidegg Limited Solphen Limited Synchronica plc Trilateral Group Limited Wengen Limited Zaks Bus & Coach Services Limited	
Andrew Gibson	AH Gibson Freake Edge	Governor of Northumbria University
Richard Warner	AH	Truefriend Limited
	Richard Warner was declared bankrupt in 1993 and discharged from bankruptcy in 1996. Richard was also a director of Kirvale Limited when it went into liquidation in approximately 1991.	

5.6.5 Save as set out in this document, no Director has:

(a) any unspent convictions in relation to indictable offences;

(b) had a bankruptcy order made against him or entered into an individual voluntary arrangement;

(c) been a director of a company or a partner in any firm at that time or within 12 months preceding the dates of its receivership, compulsory liquidation, creditors voluntary liquidation or administration, or entered into any composition or arrangement with its creditors generally or any class of its creditors;

(d) been a partner in any partnership at the time of or within 12 months preceding the date of its liquidation, administration or voluntary arrangement;

(e) been the owner of any asset which was placed into receivership or a partner in any partnership which had an asset placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be partner in that partnership;

(f) had any public criticism against him by any statutory or regulatory authority (including recognised professional bodies); or

(g) been disqualified by a court from acting as a director or acting in the management or conduct of the affairs of any company.

(h) Mr Gunn was an executive director at the time of winding up proceedings occurring of British & Commonwealth Holdings plc ("B&C"). Mr Gunn was appointed Chief Executive of B&C in October 1986 and Executive Chairman in March 1987. Following the collapse of B&C as a result of a takeover of Atlantic Computers plc ("Atlantic"), inspectors were appointed by the Secretary of State for Trade and Industry pursuant to Section 432(2) of the Act to investigate the affairs of Atlantic, Atlantic Computer Systems plc and B&C. The inspectors reported to the Secretary of State in April 1994 and their report was published in July 1994. This report included certain criticisms of Mr Gunn's actions as a director of B&C and other companies within the group. These criticisms included criticism of Mr Gunn for approving the annual accounts of each of Atlantic and for B&C 1988 at a time when the possible existence of significant contingent liabilities within Atlantic and B&C respectively, had already emerged and for not drawing this to the attention of each company's auditors; for failing to inform the whole of the B&C board of the possible contingent liabilities within Atlantic as soon as he became aware of them; and for allowing the interim statement of B&C for the six months ended June 1989 to be issued with misleading content. These criticisms were refuted by Mr Gunn.

Following publication of the report, the Secretary of State commenced proceedings against Mr Gunn under Section 8 of the Company Directors Disqualification Act 1986, on the basis that the Inspector's report demonstrated an unfitness to act as a director of a company.

These proceedings culminated in a trial in the High Court of Justice conducted throughout January to March 1998. The judgement found no culpability in Mr Gunn's conduct as a director of any company in the British & Commonwealth group of companies. These include the following companies:

(i) Abaco Investments Limited (which entered into a corporate voluntary arrangement on 26 April 1991, Mr Gunn having resigned on 13 March 1991);

(ii) Atlantic and B&C Group Management Limited (which had an administration order placed on each such company on 16 April 1990, Mr Gunn having resigned on 25 April 1990);

(iii) BCMB Corporation Limited and B&C Group Finance Limited (which had an administration order placed on each such company on 3 June 1990. BCMB Corporation Limited also entered into a corporate voluntary arrangement on 30 August 1991, Mr Gunn having resigned on 31 March 1991);

(iv) B&C Investment Holdings Limited (which entered into a corporate voluntary arrangement on 6 January 1992 and was dissolved on 13 February 2001);

(v) Conmin Limited (which has entered into a corporate voluntary arrangement);

(vi) St. Mary Axe Holdings Limited (which had an administration order placed on it on 5 December 1990 and entered into a corporate voluntary arrangement on 8 June 1992, Mr Gunn having resigned on 31 March 1991);

(vii) British & Commonwelath Capital plc (which had an adminsitration order placed on it on 3 June 1990. This was discharged on 16 March 1992 when the company entered into a voluntary liquidation of creditors. The company was dissolved on 28 October 2000. Mr Gunn resigned as a non-executive director on 31 March 1991); and

(viii) British & Commonwealth Securities Limited (which entered into a corporate voluntary arrangement on 6 January 1990 and was dissolved on 13 February 2001).

The High Court of Justice judgement justifies Mr Gunn's repeated assertions that the findings of the inspectors appointed by the DTI were incorrect and unfounded.

In January 1999 the advisers to B&C, during its acquisition of Atlantic, who were, *inter alia*, charged by B&C to carry out extensive due diligence, settled the claim for negligence made by B&C administrators in the sum of £150,000,000.

(i) Mr Gunn resigned as a non-executive director of Cabledown Limited on 31 October 1997. On the same date an adminsitrative receiver was appointed owing to a short-fall in working capital.

(j) Mr Gunn resigned as a non-executive director of Pavilion Holdings Limited on 9 May 1997. On the same date an administrative receiver was appointed by Coutts, the company's bankers as a result of, *inter alia,* the company advancing too much money to authors without receiving the works for those advances (and the company was subsequently dissolved on 28 November 2000).

(k) Mr Gunn resigned as a non-executive director of Satinbridge Limited on 20 July 1995, the date that the business was sold to the then managing director of the company. On 11 October 1995 the company entered into a creditors' voluntary liquidation (and the company was subsequently dissolved on 14 August 1996).

(l) Mr Gunn resigned as a non-executive director of Trafford Carpets (Bradford) Limited and Trafford Carpets (Manchester) Limited on 24 November 1994. On the same date an administrative receiver was appointed to both companies (and both companies were subsequently dissolved on 29 June 2004) owing to a short-fall in working capital.

(m) Mr Gunn resigned as a non-executive director Witlecraft Limited on 16 Februry 1996 after having reported suspected fraud by certain of the directors to the company's bank. On the same date an administrative receiver was appointed by the bank (and the company was subsequently dissolved on 15 February 2000).

(n) Mr Gunn resigned as a non-executive director of XPO Network Limited and XPO Network Interactive Limited. On 6 September 2002 these companies entered into creditors' voluntary liquidations as a result of the rescission of a lease agreement entered into with the British Airports Authority which itself was a result. of a short-fall in working capital.

6 Employees

6.1 Details of the number of the Company's employees for each of the three financial years ended 30 April 2006 are as follows:

Financial year ended	*Average number of employees*
30 April 2006	49
30 April 2005	45
30 April 2004	37

As at the date of this document the Company has 49 employees all of whom are located in the UK. A breakdown of these employees is set out in paragraph 9(c) of Part I of this document.

6.2 None of the employment contracts relating to the key employees referred to above, contain a right to benefits (other than those due during the notice period due under the contract) upon termination.

7 Taxation

The following information is based upon the tax law and HM Revenue & Customs practice in the United Kingdom at the date of this document. The comments are of a general nature only and are not a full description of all relevant tax considerations. Any person who is in any doubt as to his tax position, or is subject to taxation in a jurisdiction other than the UK, should consult a professional adviser concerning his tax position in respect of the acquisition, holding or disposal of shares.

The statements are not applicable to all categories of shareholders, and in particular are not addressed to: (i) shareholders who do not own their shares as capital assets; (ii) special classes of shareholders such as insurance companies and investment companies; (iii) shareholders who hold shares as part of hedging or commercial transactions; or (iv) shareholders who are not resident or ordinarily resident in the UK for tax purposes (unless express reference is made to non-UK resident shareholders).

7.1 Taxation of Capital Gains for United Kingdom Shareholders

A disposal of shares may, depending on the Shareholder's particular circumstances and subject to any available exemption or reliefs, give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation on chargeable gains.

In the case of a Shareholder within the charge to corporation tax, indexation allowance calculated by reference to the amount subscribed for the shares shall be available to reduce the amount of chargeable gain realised on a subsequent disposal (but not to create or increase an allowable loss).

A Shareholder who is an individual and who has on or after 17 March 1998, ceased to be resident and ordinarily resident for tax purposes in the UK for a period of less than five years of assessment and who disposes of the shares during that period may be liable upon his return, to the taxation on chargeable gains arising during his or her period of absence (subject to any available exemption or relief).

For a Shareholder not within the charge to UK corporation tax, such as an individual, trustee or personal representative, taper relief may be available to reduce the amount of chargeable gain on a subsequent disposal. Taper relief will reduce the amount of chargeable gain by reference to a percentage determined by reference to several factors, including how long the shares have been held and whether the shares qualify as a business asset or a non-business asset.

7.2 **Taxation of dividends for UK shareholders**

Under current UK tax legislation, AH will not be required to withhold tax at source from dividend payments they make.

Individual shareholders resident for tax purposes in the UK should generally be entitled to a tax credit in respect of a dividend received. The tax credit is 1/9 of the amount of the dividend. UK income tax is calculated on the aggregate of the dividend and the tax credit (the "gross dividend"). Tax credits are not repayable by HM Revenue & Customs to individual shareholders who are not liable to income tax in respect of their dividend income. Individual shareholders whose income is within the starting or basic rate bands are liable to tax at 10 per cent on their gross dividend income. That means that the tax credit satisfies their income tax liability in respect of dividends in full with no further tax to pay.

Individuals who pay income tax at the higher rate will be subject to income tax on the gross dividend at the rate of 32.5 per cent. Individuals who pay income tax at the rate of 32.5 per cent will be able to set off the tax credit against their liability to income tax. This results in an effective rate of tax of 25 per cent of the cash dividend received.

UK resident corporate shareholders (other than certain insurance companies) will not be liable to tax in respect of dividends received from AH. These shareholders will not be able to claim repayment of tax credits attaching to dividends.

Tax exempt pension funds will not normally be liable to corporation tax or income tax on any dividend received but cannot reclaim from HM Revenue & Customs tax credits attaching to dividend payments.

7.3 **UK stamp duty and stamp duty reserve tax ("SDRT")**

Except in relation to depository receipt arrangements and clearance services where special rules apply:

– no stamp duty or SDRT will be payable on the issue of the new ordinary shares by AH pursuant to the Placing;

– the conveyance or transfer on sale of shares will normally be subject to stamp duty at a rate of 0.5 per cent. (rounded up to the nearest £5) of the amount of value of the consideration. A change to SDRT at the rate of 0.5 per cent. will arise in relation to an unconditional agreement to transfer shares. However, where within six years of the date of the agreement (or if the agreement was conditional, the date the agreement became unconditional) an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid. Stamp Duty or SDRT is normally paid by the purchaser;

– UK stamp duty and SDRT apply to both UK resident and to non-UK resident shareholders in the manner set out above; and

– A transfer of shares effected on an uncertificated basis through CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the value of the consideration given. The duty will be payable by the new beneficial owner.

Notwithstanding the above any stamp duty or SDRT on the transfer of the Sale Shares pursuant to the Placing will be borne by the Selling Shareholders

7.4 **Inheritance Tax**

Shares are assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of an individual holder may (subject to exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is neither domiciled in the UK or deemed to be domiciled in the UK under special rules relating to long term residence or previous domicile. For UK inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies (as defined by section 414 of the Income and Corporation Taxes Act 1988) and trustees of certain settlements holding shares, bringing them into the charge to inheritance tax.

8 Working Capital

The Directors are of the opinion that, having made due and careful enquiry and after taking into account the net proceeds of the Placing and the bank and other facilities of the Company, the Company as enlarged by the Placing will have sufficient working capital for its present requirements, that is for at least 12 months from the date of Admission.

9. Placing Agreement

9.1 A placing agreement dated 12 January 2007 has been entered into between Numis (1), the Directors (2), the Selling Shareholders (3) and the Company (4) pursuant to which Numis has agreed to use its reasonable endeavours to arrange for placees to subscribe for and/or purchase Placing Shares at the Placing Price. The agreement is conditional, *inter alia*, upon Admission taking place on or before 8 a.m. on 15 January 2007 or such later date as Numis and the Company may agree but in any event not later than 5 p.m. on 22 January 2007. The Company will pay to Numis a fee of £250,000 and a commission of 4 per cent. on the aggregate value of the New Ordinary Shares at the Placing Price, together with all costs and expenses and VAT thereon where appropriate. Furthermore, the Selling Shareholders will pay to Numis a commission of 4 per cent. of the aggregate value at the Placing Price of the Sale Shares (inclusive of any stamp duty which is payable in respect of the transfer of the Sale Shares) pursuant to the Placing. The agreement provides for the Company to pay all expenses of and incidental to the Placing and the application for Admission, including the fees and costs of other professional advisers, all costs relating to the Placing, including printing, advertising and distribution charges, the fees of the Registrars and the fees payable to the London Stock Exchange.

9.2 The agreement contains certain warranties given by the Company and the Directors in favour of Numis as to the accuracy of the information contained in this document and an indemnity from the Company in favour of Numis.

9.3 Numis may terminate the placing agreement in specified circumstances prior to Admission, principally in the event of a material breach of the placing agreement or of any of the warranties contained in it or where any event or omission relating to the Group is, or will be in the opinion of Numis, materially prejudicial to the successful outcome of the Placing, or where any change in national or international, financial, monetary, economic, political or market conditions is, or will be in the reasonable opinion of Numis, materially prejudicial to the successful outcome of the Placing.

10 Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by AH within the last two years and are or may be material.

10.1 Agreement with Ludgate Investments Limited of December 2006

On 13 December 2006, AH entered into a letter agreement with Ludgate Investments Limited, pursuant to which Ludgate Investments Limited agreed to provide corporate advisory services to AH and AHP.

10.2 Asset Management Agreement

Under the terms of the Asset Management Agreement dated 13 December 2006, AH was appointed as the asset and portfolio manager for AHP property portfolio. The Asset Management Agreement is for an initial term of 5 years and can be terminated by either party giving 2 years notice to the other, such notice to expire at any time on or after the fifth anniversary of the date of the Asset Management Agreement. The Asset Management Agreement is also terminable, at the option of the non defaulting party, if certain specified events of default arise.

AH has undertaken to give AHP the right of first refusal to acquire, at market value, projects completed by AH.

AH will receive an annual fee for the provision of asset and portfolio management services equal to 1% of the value of the first £50 million of gross completed assets plus 0.6% of the value of gross completed assets in excess of £50 million. In addition AH will receive an annual incentive fee equal to 20% of the amount by which Total Return exceeds 10% where "Total Return" is the annual increase in share price of shares in AHP plus the annual dividends paid to holders of shares in AHP in each case for the relevant year.

10.3 **The Nominated Adviser Agreement**

An agreement dated 12 January 2007 was made between the Company (1), the Directors (2) and Numis (3) under which Numis has agreed to act as the Company's nominated adviser and broker for the purposes of the AIM Rules. The agreement is for an initial period of 12 months from the date of Admission. Under the agreement the Company has agreed to pay Numis for its services a fee of £50,000 plus VAT in respect of the first 12 months of the agreement. The agreement is terminable forthwith by either the Company or Numis in certain specified circumstances and, following the expiration of the 12 month initial period, the agreement will remain in full force and effect until terminated by any party giving to the other parties not less than 90 days' prior written notice.

10.4 **The Placing Agreement**

The Placing Agreement referred to in paragraph 9 above.

10.5 **Lock-in Agreements**

The Company and Numis entered into lock-in agreements dated 12 January 2007 with each of the Directors pursuant to which each Director undertook not to: (i) dispose of, without Numis' prior written consent, any of the Shares in which he or she will be interested on Admission either: (a) during the period of twelve months following Admission for those Directors who are disposing of Sale Shares pursuant to the Placing, or (b) during the period of six months following Admission for those Directors who are not disposing of any of their Shares pursuant to the Placing (the "Restricted Period"); and (ii) not to dispose of Shares following the expiration of the applicable Restricted Period for a further six months otherwise than through Numis (whilst it is a broker to the Company), save in certain limited circumstances including in the event of an intervening court order, a takeover offer for the Company becoming or being declared unconditional or his or her death.

10.6 **The Babcock & Brown Agreement**

An agreement was entered into between AH and Babcock & Brown dated 13 December 2006 pursuant to the terms of which Babcock & Brown has agreed to provide certain management consulting services to AH in relation to the provision by it of design and build services and construction management services to various public procurement projects including certain LIFT Schemes in relation to which Babcock & Brown has an existing interest (as more particularly described in paragraph 3 of Part 1 of this document).

Under the terms of the Babcock & Brown Agreement, AH and Babcock & Brown have each entered into restrictive covenants in relation to each other's clients in the event that the agreement is terminated and have also given limited commercial warranties relating to their establishment and entry into the agreement.

The Babcock & Brown Agreement is terminable by either party on 10 business days' notice.

10.7 **The New Warrant**

The New Warrant was entered into on 11 January 2007 under the terms which AH granted to Babcock & Brown a warrant to subscribe for 7,880,000 Shares at a subscription price of 120p per Share.

The New Warrant is exercisable for a period of three years from the date of grant and will cease to be exercisable (a) six months after AH terminates the Babcock & Brown Agreement or (b) immediately upon Babcock & Brown terminating the Babcock & Brown Agreement.

11 Litigation

AH is not involved in any legal or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings active, pending or threatened against AH, or being brought by it during the 12 months preceding the date of this document, which are having or may have a significant effect on the financial position of AH.

12. Mandatory Bids, Squeeze-out and Sell-out Rules

12.1 Mandatory Bid

The City Code on Takeovers and Mergers applies to the Company. Under that code, if an acquisition of shares were to increase the aggregate holding of the acquirer and any parties acting in concert with it to shares carrying 30 per cent or more of the voting rights in the company, the acquirer and, depending on the circumstances, its concert parties (if any) would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the shares not already owned by the acquirer and its concert parties (if any) at a price not less than the highest price paid for shares by the acquirer or its concert parties (if any) at a price not less than the highest price paid for shares by the acquirer or its concert parties (if any) during the previous 12 months. A similar obligation to make such mandatory cash offer would also arise on the acquisition of shares by a person holding (together with its concert parties, if any) shares carrying at least 30 per cent but nor more than 50 per cent of the voting rights in the Company if the effect of such acquisition were to increase the percentage of the aggregate voting rights held by the acquirer and its concert parties (if any).

12.2 Squeeze-out Rules

Under the Act, if a person who has made a general offer to acquire shares (the ''offeror'') were to acquire, or contract to acquire, 90 per cent of the shares which are the subject of such offer within four months of making its offer, the offeror could then compulsorily acquire the remainin 10 per cent. The offeror would do so by sending a notice to outstanding shareholders telling them that the offeror will compulsorily acquire their shares and then, six weeks later, executing a transfer of the outstanding shares in the offeror's favour and paying the consideration to the company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to those shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the general offer.

12.3 Sell-out Rules

(a) The Act give minority shareholders a right to be bought out in certain circumstances by a person who has made a general offer as described in paragraph 13.2 above. If, any any time before the end of the period within which the general offer can be accepted, the offeror holds, or has agreed to acquire not less than 90 per cent of the shares, any holder of shares to which the general offer relates who has not accepted the general offer can, by a written communication to the offeror, require it to acquire that holder's shares.

(b) The offeror is required to give each shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acdeptance period. If a shareholder exercises its rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

13 General

13.1 Save as disclosed in this document and in the interim results of AH for the six months ended 31 October 2006 (announced to the market on 14 December 2006), there has been no material change in the financial or trading position of AH since 30 April 2006, being the date to which the last published audited accounts were prepared.

13.2 Numis, Ludgate Investments Limited and Grant Thornton UK LLP have each given and not withdrawn their written consent to the issue of this document with the inclusion of their name in this document in the form and context in which it appears.

13.3 The gross proceeds of the Placing are expected to amount to £5.0 million. Total costs and expenses in connection with the Admission and the Placing (including professional fees, commissions, the costs of printing and the fees payable to the Registrars) are estimated to amount to approximately £1.0 million (excluding VAT) and are payable by the Company. No commissions are payable by the Company to people in consideration of them agreeing to subscribe for Shares or procure subscriptions. All the expenses of or incidental to the Admission and the Placing are payable by the Company. The net proceeds of the Placing are expected to amount to £4.0 million.

13.4 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's recent activities.

13.5 Save as disclosed in this document, there are no investments in progress of the Company which are or may be significant.

13.6 Save as disclosed in this document, the Company is not dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are of fundamental importance to the Company's business.

13.7 The Placing Price of 150 pence per Placing Share is at a premium of 149 pence for each new Share above the nominal value of each new Share.

13.8 Save as disclosed in this document, no person directly or indirectly (other than the Company's professional advisers referred to in this document and trade suppliers) has in the last 12 months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission, any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or entered into contractual arrangements to receive the same from the Company at the date of Admission.

13.9 There is no Director or member of a Director's family who has a related financial product (as defined in the AIM Rules) referenced to the Shares.

13.10 The accounting reference date of the Company is 30 April.

13.11 So far as the Directors are aware, there are no known trends, uncertainties, demands or events that are reasonably expected to have a material effect on the Company's prospects for at least the current financial year.

13.12 Dividends have been paid since the Company's incorporation.

13.13 No person has made a public takeover bid for the Company's issued share capital since its incorporation or in the current financial period and the Company is not aware of the existence of any takeover bid pursuant to the rules of the Code published by the Panel.

13.14 So far as the Directors are aware, the Company is not directly or indirectly controlled by any one person and so far as the Directors are aware, there are no arrangements relating to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

13.15 Save as set out in this document, the Company has not entered into any related party transactions.

13.16 Save as set out in this document, as far as the Directors are aware, there are no environmental issues that may affect the Company's utilisation of its tangible fixed assets.

13.17 Save as disclosed in this document, the Company has no principal investments for each financial year covered by the historical financial information and there are no principal investments in progress and there are no principal future investments on which the Board has made a firm commitment.

13.18 Monies received from applicants pursuant to the Placing will be held in accordance with the terms and conditions of the Placing until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 22 January 2007, application monies will be returned to the Placees at their risk without interest.

13.19 The Directors have applied for the Existing Shares and the New Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, it is expected that the Existing Shares and the New Ordinary Shares will be enabled for settlement in CREST following Admission. Placees who are system members may elect to have their New Ordinary Shares allocated to them in uncertificated form through CREST.

13.20 It is expected that definitive share certificates will be despatched by hand or first class post by 25 January 2007. In respect of Shares in uncertificated form it is expected that CREST stock accounts will be credited on 15 January 2007.

13.21 The Registrars are responsible for keeping and maintaining the Company's register of members.

13.22 Where information has been sourced from a third party, so far as the Directors are aware and are able to ascertain from the information of that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

13.23 The Shares will only be traded on AIM.

13.24 The names of the Selling Shareholders and the number of Shares to be sold by them is as follows:

Name	*Number of Existing Shares being sold*
Stephen Minion	666,666
Jonathan Holmes	250,000
Nigel Croxford	60,000

14 Availability of Documents

A copy of this document will be available for inspection at the office of Numis at 138 Cheapside, London EC2V 6LH and the registered office of the Company free of charge to the public during normal business hours (Saturdays excepted) until at least one month from Admission. Copies of the following documents will be available for inspection at the office of Numis at 138 Cheapside, London EC2V 6LH and the registered office of the Company during normal business hours (Saturdays excepted) up to and including 15 February 2007:

(a) the material contracts, save for the Babcock & Brown Agreement, referred to in paragraph 10 of this Part V of this document; and

(b) the written consents referred to in paragraph 13.2 of this Part V of this document.

Dated 12 January 2007