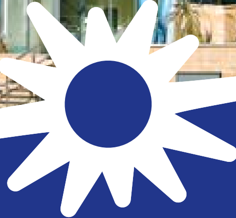
Assura

Annual report and financial statements 2009



Transforming patient care

Assura is one of the leading healthcare companies in the UK which partners with GPs to deliver high quality patient care in the community, innovative property solutions and consumer responsive pharmacy services.

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Highlights

The comparative 2007/8 figures throughout these results relate to the 15 month period ended 31 March 2008.

Financial Highlights

- Group revenues up 19% to £48.3m (2008: £40.7m) equivalent to 42% annualised organic growth
- Pharmacy revenues of £26.7m (2008: £17.9m) with a gross margin of 30% (2008: 26%)[1]
- Group trading loss better than expected at £2.7m (2008: £5.4m loss)[2]
- Net cash inflow from operating activities of £5.3m (2008: £6.4m outflow)
- Net assets of £174m (2008: £265m), equivalent to 66.7p (2008: 117.4p) per Share[3]
- Investment portfolio valued at £278.9m (2008: £282.5m) as at 31 March 2009 reflecting a net initial yield of 6.27% (2008: 5.27%)
- 55 rent reviews settled (2008: 35) resulting in average annualised rental growth increase of 6.03% (2008: 4.9%)
- Rent roll at year end of £20.7m[4]

Operating Highlights

- 30 GPCos (2008: 15) formed covering a population of 3.1 million patients (2008: 1.8 million)[5]
- 55 NHS services (2008: eight) won or at preferred bidder stage with an estimated aggregate mature run rate of £20m revenue per annum[5]
- 31 live NHS services[5,6] (2008: six)
- 38 pharmacies trading[7] (2008: 33)
- 22 additional pharmacy contracts granted, eight of which are being disposed of and are currently in solicitors' hands[5]
- 118 investment properties (2008: 98) and seven development properties (2008: eight) on site at 31 March 2009
- Reduced HQ expenses following restructuring of businesses and streamlined executive team likely to be in the region of £2m per annum

Financing Highlights

- £30m of new equity raised
- New debt facilities in place providing total facilities of £263m[8]
- £25m cash in hand at year end
- Eight non-core investment properties divested to date for £21m[9]
- Five non-core pharmacies and eight pharmacy opportunities or licences divested or in solicitors' hands for a total of £5.5m[5]

1 Excludes 50% share of revenue derived from pharmacies owned in joint venture with GP Care.
2 Adjusted to include £1.0m share of trading losses of joint ventures (before interest and impairment).
3 Adjusted diluted net asset value per Ordinary Share (excluding the notional mark to market value of the Company's interest rate swap).
4 Including the rental value of own premises.
5 As at 15 June 2009.
6 Excludes nine private services and contracts which are yet to be operational or are at preferred bidder stage.
7 Includes eight pharmacies which form part of the joint venture with GP Care.
8 A new £24m facility has received credit committee approval from Aviva but has yet to be completed.
9 Including the sale of two properties exchanged post year end.

Chairman's Statement

Introduction
Despite the very difficult economic conditions experienced during the year, the Company has continued to transform itself from being a pure medical property investor and developer into a GP focused healthcare group providing medical and pharmacy services to patients and property services to primary care practices.

During the year the Company rationalised its business model in order to concentrate more of its resources on the development of its GP Provider Organisations (GPCos). In support of this revised strategy the Company raised further equity from shareholders, refinanced its banking facilities, reduced HQ costs significantly and committed to a series of non-core asset disposals. At the same time, and in common with other companies with significant exposure to the property market, the Company saw significant write downs in its property portfolio.

The Statements by the Chief Executive and Chief Financial Officer contain detailed reviews of the operating and financial results for the year, during which we have seen very positive momentum in winning new contracts and the roll-out of NHS services to patients in the communities served by our GPCos.

Boards
The restructuring of the Company's operations from three separate business divisions with individual operating boards to a new executive management board has streamlined the management structure of the business and increased operating efficiency. Overheads have been reduced through headcount and other cost reduction measures, including salary reductions for both Non-Executive Directors and members of the executive management board.

During the year the Company strengthened the Board of Directors through the appointment of Clare Hollingsworth as a Non-Executive Director. Clare has extensive healthcare experience. She brings considerable knowledge and sector skills and is supporting and challenging the executive team.

Dividends
The Company's strategy is to fund the investment in its operating businesses from surplus rental income and non-core asset disposals. It is the Board's intention to resume dividend payments once they can be justified from sustainable operating earnings.

Outlook
Assura continues to see new opportunities emerge in the NHS as the Government increasingly opens up the provision of NHS services to the private sector. Demographic, technological and particularly economic pressures in the UK will continue to influence the way the NHS is run and delivers its services to patients. Whilst there will always be political debate associated with the opening of the market to private providers, the Board believes that the major political parties all support this agenda and will increasingly rely on private sector provision to deliver much needed efficiencies as future NHS budget and capital expenditure become constrained. The Board believes current policy is unlikely to be reversed, regardless of which political party is in power.

Management, staff and our GPCo partners should be commended for their continued dedication and commitment in developing Assura to be one of the UK's leading providers of NHS services to patients. I am excited by the prospects that lie ahead for the Company given the resilience and adaptability it has shown during these difficult times by continuing to grow and develop. The new financial year has started well and trading is ahead of last year and ahead of budget. I believe the Company will deliver long-term value for shareholders when the true potential of the GPCo business is realised.

I look forward to meeting you at the AGM.

Rodney Baker-Bates
Non-Executive Chairman
29 June 2009

Chief Executive's Statement

Introduction
I am pleased with the progress Assura has made following the review of our business strategy during the year and the additional financing secured to support this. The review was conducted in order to maximise the opportunity to create shareholder value against the backdrop of a declining property market and the increasing business opportunity within the health sector. We concluded that simultaneous significant investment in all three of our businesses should not continue in the prevailing economic climate and we therefore put in place a number of measures to reduce our overheads, conserve cash and focus our newly streamlined management team on developing our GPCo business.

Assura's strategic direction is predicated on significant value being created through the establishment of our 50:50 joint venture partnerships with GPs (GPCos) and their ability to become highly effective, local community-based provider organisations. This is in the context of the NHS going through a period of radical reform, with the opening up of the market to private providers and a move by the NHS itself from being a monopoly provider of services to a commissioner and procurer of those services from a range of providers. By harnessing the power of our GP partners, giving them clinical leadership, aligning their commercial interests and providing them with the infrastructure required to do so, we have developed a unique business, with GPs at the centre, providing patients with clinical services which are paid for by the NHS.

We are now focused on the progression into profitability of this business.

On an annualised basis we are reporting a 42% increase in Group revenues to £48.3m (2008: £34.1m equivalent 12 month period). Net cash inflow from operating activities of £5.3m (2008: £6.4m outflow). We have won 55 tendered services in our GPCo business and made strong progress in the pharmacy business from both existing stores trading and new licence wins. We have also achieved annualised rental growth in the investment property portfolio of 6% (2008: 4.9%) on reviews concluded in the year. We ended the year with a reduced trading loss of £2.7m which compares favourably to our trading loss forecast of between £4.0m and £6.0m and a trading loss of £5.4m for the previous 15 month period. The loss has been adjusted to include a £1.0m share of trading losses of the Company's joint ventures (before interest and impairment). It is worth noting that virtually all of the Company's income was derived from NHS expenditure and over half of the revenues were derived from the pharmacy stores. Whilst the build up of revenue attributable to our GPCos was disappointingly slow, we are experiencing a very significant uplift this year in GPCo revenues as a result of newly commissioned services going live and from new tendered contract wins for which bidding costs have been expensed.

As has been previously highlighted and in common with other companies who have significant exposure to the property market combined with long-term interest rate hedging, the Company has seen a significant write down in its property portfolio of £56m and a £31m unrealised deficit on its interest rate swaps.

Operating review
GPCo business
We are pleased with the progress made during the year in the formation of new GPCos. As at 15 June 2009 the Company had formed 30 joint venture partnerships with GPs and locality groups serving over 3.1 million registered patients. Across these GPCos, 55 NHS services have now been won or are at preferred bidder stage (excluding nine private services). With this platform established, we are now looking at patient contacts (number of patient appointments), mature run rate for services (operational for at least 12 months) and new contract wins as our key performance indicators going forward.

Almost all GPCo services are commissioned by local NHS organisations (Primary Care Trusts) with contracts awarded on the basis of best value and quality either to a sole provider who competes to win the contract, or to multiple providers accredited for a service under the 'any willing provider' model. In most cases the GPCos are remunerated by way of NHS tariffs paid for each contact between a healthcare professional and a patient ('patient contact'). Patient contacts are a function of GP referrals, active marketing and word of mouth recommendations in the case of Walk-in Centres. The numbers of expected patient contacts and the forecast tariff income are the key determinants for estimating the mature run rate from service provision. Patient contacts and subsequent revenue in our GPCos have increased rapidly since the start of the new financial year. In the first two months of the new financial year our GPCos had more patient contacts than the entire year to 31 March 2009 as a result of new contracts going live.

A broad range of new community-based services for patients has been commissioned across the GPCos including audiology, ultrasound, physiotherapy, podiatry, fracture clinic, gynaecology and learning disabilities. These are in addition to those services already generating revenues including dermatology, urology, joint and soft tissue, nerve conduction studies, ophthalmology and minor surgery. Not all of our commissioned services are live but for those services which are, we anticipate a sharp increase in patient contacts and future revenues. For the 55 NHS services which have been won or are at preferred bidder stage as at 15 June 2009, the mature run rate is expected to be £20m per annum.

Included in the numbers above and as at 15 June 2009, the Company's joint venture partnerships were successful in winning 12 Equitable Access to Primary Medical Care services (EAPMC) contracts through the procurement programme announced by the Government in 2008. These contracts comprise two new GP Practices, eight new GP Led Health Centres and two Urgent Care Centres, with some of these also offering walk-in clinics, out-of-hours care and additional enhanced services. This programme will play a significant role in achieving more personalised care for patients as set out in Lord Darzi's NHS Next Stage Review. Our success in the EAPMC programme clearly demonstrates the strength of our GPCo model and shows that it can be applied successfully to win major NHS contracts. Four of the new EAPMC contracts have commenced the provision of services and detailed negotiations are underway to clarify final terms of the remaining

Chief Executive’s Statement continued

contracts. In all cases we remain focused on ensuring that sustainable profits are derived once the services are mature. The Company intends to provide the cash required to fund the start-up of these contracts in each GPCo from its existing financing headroom.

Pharmacy business

2008 proved to be a very strong year in this business in many respects, with Assura Pharmacy securing more new standard pharmacy contracts than any other multiple pharmacy group in the UK. As at 15 June 2009, the Company had 38 pharmacies trading (including eight pharmacies which form part of the joint venture with GP Care in the Bristol area) with 22 additional contracts granted, eight of which are being disposed of and are currently in solicitors’ hands. The Company continues to source, apply for and secure new pharmacy licences within its GPCo areas for a number of its own property developments as well as for new developments undertaken by third parties.

During the year Assura’s wholly-owned pharmacies (excluding the GP Care joint venture owned stores) dispensed 2.3 million prescription items and generated turnover of £26.7m (15 months ended 31 March 2008: £17.9m). We have seen a marked improvement in service revenues from the pharmacies through both nationally commissioned advanced services (e.g. Medicines Use Reviews) and locally commissioned enhanced services (e.g. Smoking Cessation Advice) and we are beginning to see profitable revenue streams from these activities. The year-on-year increase in revenue from stores that were trading for the whole of the previous 12 months was up 9%. During the year, the Company achieved a gross margin of 30% which increased from 26% during the previous 15 month period. Total branch EBITDA for the wholly-owned pharmacies was £1.7m (15 months ended 31 March 2008: £nil).

We have seen a marked shift in emphasis by nearly all of the main UK pharmacy multiples away from opening traditional high street pharmacies towards sourcing pharmacies that are co-located within medical centres. Given both our expertise in securing new pharmacy licences and our unique positioning as a developer of primary care premises and operator of integrated pharmacies, we believe we are well positioned within this marketplace.

Property and LIFT business

The Company has carried out a review of its property investments, developments and land bank and has received a valuation report as at 31 March 2009 by Savills in respect of 118 investment properties which have been valued at £278.9m reflecting a net initial yield of 6.27%. The consequential revaluation deficit on the investment portfolio amounts to £35.2m and £20.4m on the development portfolio and land bank. Savills’ analysis of the portfolio, adjusting for acquisitions and sales during the year, shows a net fall in capital value of 9% which compares favourably to the IPD All Property index fall over the same period of 30%. This demonstrates that this particular type of property is resilient and tends to withstand market downturns better than other property sectors.

Rental growth across the investment property portfolio during the year was extremely encouraging despite the fall in capital values. 55 individual rent reviews were settled during the year, with an equivalent annual increase of 6.03% on the passing rent relating to those properties. This growth, coupled with strong asset management, mitigated the abovementioned fall in capital values. The rent roll on the entire portfolio as at 31 March 2009 was £20.7m (including own premises). Despite the commercial property market being badly hit in the current economic downturn, recent trends are beginning to suggest some stabilisation and there appears to be appetite in the market for tenants with strong long-term covenants, which is a characteristic of our portfolio. 81% of the investment property portfolio’s rental income is reimbursed by the NHS with a weighted average lease length across the portfolio of over 17 years.

The gradual shift in medical services from secondary care (hospitals) towards primary and community care mandated by the Department of Health continues to require large, modern, purpose-built premises. Following the reorganisation during the year, the Company has streamlined its property development activities to concentrate future development activities on GPCo areas and LIFTs (Local Improvement Finance Trusts). Within these areas, new developments will only be entered into if funding constraints permit and development activity has been organised accordingly. Additionally, the Company’s LIFT team is involved in the management of six LIFT companies and derives fees and investment income from these associated companies. These six LIFT companies have an aggregate development pipeline of £220m in the next two years and derived £2.4m total fee income during the year.

At the year end, the Company had seven developments on site with a forecast final total cost of £51m, of which £38m was expended. The Company has, in addition, a land bank of 20 sites at a written down value of £12.8m.

As at 31 March 2009, total property assets were £336.7m and there was net debt drawn against these assets amounting to some £238.4m.

Overhead reduction

The Company has been operating as a single business unit since December 2008, following an extensive reorganisation. The management team has been restructured to create cost efficiencies in the operation of the business. A significant reduction in HQ overheads has been achieved through 36 headcount reductions, salary reductions and the elimination of unnecessary expenditure. The true value of these savings will become apparent during the 2009/10 financial year and they are likely to be in the region of at least £2m per annum.

Progress on disposals
In line with our revised strategy to concentrate resources on our existing and potential GPCos, we have made good progress with the disposal of certain non-core property and pharmacy assets which lie outside of these areas. In January we announced the disposal of six non-core property assets in Scotland and Wales for an aggregate sale price of £17.6m reflecting a net initial yield of 6.17%. Sales contracts were exchanged on a further two properties in June 2009 for £3.0m, which was modestly ahead of the 31 March valuation of these assets. A further two properties identified for disposal are currently in solicitors' hands. We continue to consider the disposal of additional property assets lying outside of existing and potential GPCo areas and are encouraged by the interest we have received from prospective purchasers.

As at 15 June 2009, the Company had completed, signed contracts or had contracts in solicitors' hands in relation to the disposal of 13 non-core pharmacies and pharmacy opportunities or licences for circa £5.5m. It is anticipated that contracts will be signed on all of these transactions before the end of July 2009, with completion occurring at various times thereafter.

NHS and political environment
Real progress is now being made in the transformation of the NHS and the Board believes the Company has a powerful opportunity to realise value for its shareholders from these changes.

The devolvement of power and decision making to local NHS bodies is helping local health economies avoid a mismatch between centrally set policy and locally generated demand. The opening up of the market to private providers continues and we are encouraged by the establishment of the 10 regional Commercial Units and the Cooperation and Competition Panel which are both strong indicators of progress and the Department of Health's commitment to creating a level playing field for both NHS and other providers.

The initiatives launched in Lord Darzi's NHS Next Stage Review are now being rolled out across the country and we have seen an invigoration of GPs and PCTs to embrace the changes set out. In addition to Lord Darzi's initiatives, the Department of Health has announced a national and local pilot scheme programme looking at progression to Integrated Care Organisations (ICOs). I am pleased to report that our Assura Cambridge GPCo, in partnership with two local Cambridgeshire organisations, has been appointed to run one of those pilot schemes. This potentially presents another opportunity for our GPCos to work with clinical colleagues from other sectors of the health economy, to shape and test new models of integrated care for patients.

With a general election due within the next 12 months, the health policies of the major political parties are still largely homogeneous. Whilst we do not expect the Government to implement any radical changes to policy in the lead up to an election, at the same time, the opposition parties' policies are not materially different to current policy and are supportive of the increased provision of NHS services by the private sector.

Outlook
Following the raising of the additional £80m funding package in October 2008 and the ongoing process of non-core disposals, Assura now has sufficient long-term financing in place to execute its revised strategy.

We are making good progress with our revised strategy of focusing our resources on the Company's GPCos, enabling them to become highly effective providers of community-based medical services to patients and strong progress is being made in the roll-out of these services. This strategy has the clear support of the Government which is committed to the provision of primary and community care from modern, purpose built facilities. Assura benefits from the long-term leases from its GP tenants and the Government's position as ultimate guarantor of the rent and payor of tariffs for services. As demonstrated by the increase in revenues across the business, we believe this provides an attractive profile for investors in a very challenging economic climate and we look forward to continuing the roll-out of our strategy over the coming months.

Richard Burrell
Chief Executive Officer
29 June 2009

Chief Financial Officer's Statement

This financial report covers the year ended 31 March 2009. The comparative period is the 15 month accounting period from 1 January 2007 to 31 March 2008.

The results are reported across the four business segments of the Group, being the GPCo (medical) and pharmacy operating businesses and the property investment and development businesses.

Results

Group revenues amounted to £48.3m compared with £40.7m for the 15 months ended 31 March 2008. This includes £19.2m (2008: £18.2m) of rental income and £26.7m (2008: £17.9m) of pharmacy revenue which has seen its gross margin increase to 30%. Rental growth for reviews settled during the year showed an equivalent annual increase of 6.03% and the rent roll of the property portfolio at the year end was £20.7m, with 81% of this income directly reimbursed by the NHS making it an attractive security for banks. The Group revenues exclude the Company's 50% share of revenue from GPCo and pharmacy joint ventures which increased from £0.1m in the 15 month period ended 31 March 2008 to £3.0m in the year ended 31 March 2009. The £3.0m of revenue comprised £0.4m derived from the GPCos and £2.6m from the pharmacy joint venture with GP Care. Revenue in the GPCos is currently rising strongly following a number of services commencing in the first quarter of the new financial year. For all NHS services commissioned or at preferred bidder stage at 15 June 2009, the mature run rate (for services operational for at least 12 months) is expected to be £20.0m.

The Group's trading loss for the year was lower than our expectations at £2.7m compared with a loss of £5.4m in the prior period due to better than expected rental growth, enhanced pharmacy sales and margin and good control of costs. The loss has been adjusted to include the £1.0m share of trading losses of joint ventures (before interest and impairment). The table below illustrates this loss compared with the trading loss estimated at between £4.0m and £6.0m in the Placing Prospectus dated 28 October 2008.

	12 months ended 31 March 2009 £m	15 months ended 31 March 2008 £m
Group trading losses	**(1.7)**	(4.8)
Share of trading losses of joint ventures (before interest and impairment)	**(1.0)**	(0.6)
Trading loss on the same basis as the Placing Prospectus	**(2.7)**	(5.4)

Full details of the segmental results are given in note 16 to these financial statements.

Balance sheet

At 31 March 2008 our property investment portfolio was independently valued, based on a net initial yield of 5.27% (5.78% net equivalent yield factoring in current market rent levels). During the year, property market conditions worsened and the portfolio was valued at 31 March 2009 based on a net initial yield of 6.27% (6.56% net equivalent yield). The resultant deficit on revaluation of the investment portfolio during the year amounted to £33.4m (2008: £1.2m surplus). A portfolio of six properties was sold in early 2009 realising a loss, compared with their March 2008 valuation, of £1.9m. The Company has reviewed the carrying value of all its land and development property, the bulk of which was also independently valued at 31 March 2009 and resulted in an additional deficit of £20.4m (2008: £7.7m surplus arising on completion of developments in the period).

The Group has reviewed the carrying value of its goodwill and, based on the estimated net present value of future income streams from certain entities which have been acquired and generated goodwill previously, the Group has provided £4.3m (2008: £nil) for impairment of certain components of goodwill. Investments held by the Group, including 6.4 million shares in Stobart Group Limited, have fallen in value or been impaired by £3.1m (2008: £1.0m deficit), and the value of the Group's premises, plant and equipment including head office and pharmacy premises occupied by the Group has fallen by £2.5m (2008: £0.5m fall). The Group's shares in Stobart Group Limited, which were valued at £6.0m on 31 March 2009, were sold (ex-div) for £6.4m on 11 June 2009.

At the year end, the Group had cash in hand of £24.8m (2008: £20.5m) although £12.6m of this is ring-fenced to fund ongoing costs to completion of three property developments currently in progress and future interest charges. Gearing of 52% (2008: 40%), the calculation of which is detailed in note 38 to the accounts, is well below the principal bank's required Group gearing limit of 65%. Including the investment property and swap revaluations, the fully diluted net asset value per Ordinary Share is 56.7p (2008: 118.0p). Ignoring the notional mark-to-market value of the swap the fully diluted net asset value per Ordinary Share is 66.7p (2008: 117.4p).

The Group's high quality property portfolio, characterised by both geographical and lot size diversity, in addition to the strong tenant covenant and long average lease length is attractive to banks. The Group has three bank facilities in place totalling £239m.

- National Australia Bank (NAB)
  £190m term loan available for four years from 30 March 2009. The loan reduces to £160m on 30 March 2010 and to £130m on 30 March 2011 (in line with the Group's planned disposal of non-core assets) and is then available until 30 March 2013. The facility has a margin of 2.25% over LIBOR which falls to a margin of 2.1% once the facility has reduced to £160m and to a margin of 1.95% once the facility has reduced to £130m. Key covenants are that interest cover must remain above 130% and the loan to value ratio of those properties secured to the bank must remain at or below 80%. An interest penalty of 0.5%

applies if the loan to value ratio exceeds 75%. As at 31 March 2009 the facility was fully utilised with actual interest cover of 147.6% and a loan to value ratio of 71.5%. Property values would need to fall by £28.5m, equivalent to a further adverse yield shift of 0.8% on the £266m portfolio secured to NAB, for the Group to breach its loan to value covenant.

- Royal Bank of Scotland
  £7.9m term loan for five years from March 2008 secured on one property with a margin of 1.2% above a hedged rate of 5.1%. This loan is subject to a loan to value ratio of 75% and the fall in value of the property has necessitated a loan repayment of £1.1m that was made on the June 2009 quarter date.

- Norwich Union Commercial Finance (part of the Aviva Group 'NU')
  Seven long-term loans amounting to £41.2m in aggregate secured on seven investment and development properties. The average interest rate on these loans is 6.31% and they are for terms of between 13 and 20 years with some amortisation. These loans are not subject to loan to value covenants. Discussions are currently ongoing with a view to securing a further eight loans from NU totalling an additional £41m to fund four new property developments (£20m planned but not committed) along with four near complete developments (£21m) which are not yet secured to any bank to provide additional headroom.

In order to ensure that the Group can meet the planned reduction of £30.0m in the NAB term loan on 30 March 2010, and notwithstanding that disposals of non-core assets are planned with several in legal hands, the Group has also received credit committee approval from NU for a further £24.0m loan to be secured on a number of properties which are currently secured to NAB. A transfer of such assets from NAB to NU would create additional cash resources of £9.0m for the Group given the surplus security currently held by NAB.

The combination of the sale of the Group's shares in Stobart Group Limited on 11 June 2009, selected non-core property and pharmacy sales currently in legal hands, and new loan from NU, will create more than sufficient cash headroom for the Group for the foreseeable future. Effective headroom at 31 March 2009 was:

	£m
Cash in hand at 31 March 2009	25
Debt capacity from unmortgaged property assets	16
Surplus security held by NAB @ 75% loan to value	9
Headroom to 80% loan to value with NAB facility	12
	62

The Group's interest rate swaps amount to £200.0m fixed until 31 December 2009 at a rate of 2.99%, from 1 January 2010 to 31 December 2011 at a rate of 3.29%, and from 1 January 2012 to 30 September 2028 at a rate of 4.59%. Net finance costs of £38.6m (2008: £1.3m net income) include a £31.5m unrealised deficit (2008: £3.7m unrealised surplus) on the interest rate swaps. Due to the fall in long-term interest rates in the year, the notional market value of the swaps fell from a surplus of £5.9m at 31 March 2008 to a deficit of £25.6m at 31 March 2009. Since the year end, the long-term interest rates have steadily increased and the notional mark-to-market value of the Group's interest rate swaps at 31 May 2009 was a significantly reduced deficit of £13.9m.

Taxation status

At an Extraordinary General Meeting held on 3 April 2008, shareholders approved the change in the designation of the Company by the UK Listing Authority from Chapter 15 (investment) to Chapter 6 (trading) and the Group's management and control was moved to the UK immediately thereafter to reflect the change in nature of business of the Group.

As a result, the Group's trading profits are now subject to taxation in the UK, although corporation tax will only be paid in respect of property gains when these are actually realised. All property was transferred from an offshore subsidiary in Guernsey to new UK property investment companies based on independent valuations undertaken at the time of the transfers in December 2007. The Group is protected from UK corporation taxation for a reasonable period of time by this, along with trading losses in the pharmacy and medical services businesses.

Nigel Rawlings
Chief Financial Officer
29 June 2009

Board of Directors

Rodney Baker-Bates
Non-Executive Chairman
Rodney Baker-Bates (age 65 and appointed in April 2008) is a fellow of the Institute of Chartered Accountants and Institute of Bankers and an associate of the Institute of Management Consultants. He qualified with Arthur Andersen and has held many senior positions in the finance sector including Managing Director of UK Banking at Midland Bank and Chief Executive of Prudential Financial Services. In 1993, he joined the Management Committee of the BBC responsible for finance and technology. Rodney now holds a number of Chairman and Non-Executive Director positions with Stobart Group Limited, Bedlam Asset Management plc, FirstAssist Insurance Services Limited, EG Solutions Limited, Britannia Building Society and G's Group Holdings Limited. Rodney is also a consultant to the board of Directors of C. Hoare & Co.

Richard Burrell
Chief Executive Officer
Richard Burrell (age 43) graduated from Durham University and started his career at UBS Investment Bank and latterly at ING. Richard formed his own fund management company and launched the Westbury Property Fund in 2002 which acquired Stobart Group in 2007. Richard has been the CEO of Assura since its formation and listing in 2003. He is also Deputy Chairman of Alder Hey Children's Hospital Imagine Appeal.

Nigel Rawlings
Chief Financial Officer
Nigel Rawlings (age 53) started his career with Price Waterhouse in 1977, working in Manchester, London and Singapore. Nigel was Finance Director and Company Secretary of Rowlinson Securities plc, a property and contracting group admitted to the Official List, from 1987 to 1994 and was Chief Financial Officer and Company Secretary of Barlows plc, a formerly fully listed property development and investment company from 1996 to 2003. Nigel has been the Chief Financial Officer of Assura since its formation and he is a Non-Executive Director of Mobilizer Limited.

Dr John Curran
Deputy Non-Executive Chairman and Senior Independent Director
Dr John Curran (age 50 and appointed in October 2003) is a medical practitioner (GP and dermatologist). He currently owns and operates Aesthetic Skin Clinics in the Channel Islands and Ireland. He is also Executive Chairman of Pharma-e Limited, a pharmacy company specialising in distributing medical products to doctors in the UK. He was formerly a Director of St Damiens Property Company Limited, a Channel Islands based medical property company, which was responsible for developing and leasing health centres for doctors in Guernsey. Throughout his medical career Dr Curran has been involved in medical finances, holding the post of Finance Partner and Management Partner for a large private medical group in the Channel Islands (1991–2000). Dr Curran is currently Chairman of the British Association of Cosmetic Doctors.

Graham Chase
Non-Executive Director
Graham Chase (age 55 and appointed in October 2003) is Chairman and Senior Partner of Chase and Partners, Chartered Surveyors and Chartered Town Planners. He is a Past President and a Fellow of the Royal Institution of Chartered Surveyors (RICS). He is a Fellow and Panel Member of the Chartered Institute of Arbitrators, a Freeman of the City of London and is the current Chairman of the Association of Town Centre Management. He is a Past Member of the Property Advisory Group to the Secretary of State for the Environment and a Past Member of the Bank of England Property Forum.

Peter Pichler
Non-Executive Director
Peter Pichler (age 59 and appointed in April 2005) qualified as a chartered accountant in both England and Wales and Canada with Ernst & Young in London and Toronto respectively. Peter has extensive senior management experience through a wide variety of business, operations and IT initiatives. After leaving public practice in 1979, he has pursued a career in treasury, banking and financial services with Midland Bank, HSBC and Deutsche Bank. He moved with Midland Bank to Jersey in 1988 and retired from Deutsche Bank's Offshore Group as Chief Executive in 2005 before joining Mourant, one of the leading offshore legal and financial services businesses, initially as a strategic business consultant and subsequently as Group Chief Operating Officer.

Colin Vibert
Non-Executive Director
Colin Vibert (age 64 and appointed in October 2003) is a banker who has 40 years' experience in the finance industry, primarily in Jersey, and is an Associate of the Chartered Institute of Bankers. From 1980 to 1999 he was a Senior Officer of BankAmerica Trust Company (Jersey) Limited, the last 18 months as Chief Executive. The business of BankAmerica Trust Company (Jersey) Limited was acquired by UBS AG in March 1999 and he became head of the combined UBS Jersey trust operation until his retirement in October 2000. Included in his trustee's duties were the management and administration of international mutual funds and substantial real estate portfolios.

Clare Hollingsworth
Non-Executive Director
Clare Hollingsworth (age 49 and appointed in July 2008) is the Non-Executive Deputy Chairman and former Chief Executive of Spire Healthcare Limited, the Cinven vehicle which acquired BUPA Hospitals in 2007, and one of the leading private hospital providers in the UK. Prior to that, Clare was Managing Director of BUPA Hospitals from 1999 to 2007 and Managing Director of Caledonian Airways between 1990 and 1997. She was subsequently a Non-Executive Director of Caledonian Airways from 1997 to 1999. Clare is a Fellow of the Royal Society of Arts.

Corporate Information

Non-Executive Directors:	Rodney Baker-Bates (Chairman) Dr John Curran (Deputy Chairman) Graham Chase Peter Pichler Colin Vibert Clare Hollingsworth
Executive Directors:	Richard Burrell (Chief Executive Officer) Nigel Rawlings (Chief Financial Officer)
Head Office and Principal Place of Business:	3300 Daresbury Business Park Warrington Cheshire WA4 4HS
Company Secretary:	Conor Daly
Registered Office:	Isabelle Chambers Route Isabelle St Peter Port Guernsey Channel Islands
Auditors:	Ernst & Young LLP 100 Barbirolli Square Manchester M2 3EY
Bankers:	Aviva Group plc (Norwich Union Commercial Finance) PO Box 21 Surrey Street Norwich NR1 3NT National Australia Bank 88 Wood Street London EC2V 7QQ Royal Bank of Scotland plc 1 Spinningfields Square Manchester M3 3AP
Legal Advisers:	Addleshaw Goddard LLP 100 Barbirolli Square Manchester M2 3AB Carey Olsen PO Box 98 Carey House Les Banques St Peter Port Guernsey GY1 4BZ
Stockbrokers:	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS Investec Securities Limited 2 Gresham Street London EC2V 7QP

Report of the Directors

The Directors of Assura Group Limited (the ‘Company’ or ‘Assura Group’) are pleased to present their 2009 Annual Report and the audited Consolidated Financial Statements for the year ended 31 March 2009.

Assura Group Limited is a Guernsey registered company, the shares of which are listed and traded on the London Stock Exchange. Although not strictly required to comply with the Combined Code requirements for the year covered by this report the Board has determined that, to the extent appropriate and relevant to the affairs of the Group, it will report on its activities and governance arrangements in compliance with the Combined Code.

Principal activities
A comprehensive review of the business and activities of the Company and its subsidiary undertakings and associates (the ‘Group’) is included in the Statements by the Chief Executive Officer and the Chief Financial Officer set out respectively on pages 3 to 7.

Principal risks and uncertainties
Risk management
The Company operates an internal control and risk management system whereby all significant risks are identified, evaluated and mitigation action put in place wherever possible which is described in the ‘internal control and risk management’ section on page 18 of this report.

The factors identified by the Board as having potential to affect the Company’s operating results, financial control and/or the trading price of its shares were set out in detail in the Placing Prospectus dated 28 October 2008.

A summary of key risks affecting the Company’s operations is given below.

NHS procurement and funding
The Company is operating in the primary healthcare market providing medical, pharmacy and property services to the NHS. Funding constraints, political change or other uncertainties may restrict Primary Care Trusts in their ability to contract with the Company or may reduce expenditure available to fund services provided by the Company. Furthermore competition from other independent providers and indeed NHS providers may increase. While the Company is seeing a significant acceleration in the procurement of services by the NHS from independent providers, delays have been suffered in the past and future delays could have an adverse effect on the Company.

Property values
The Company has suffered significant falls in the values of its medical centre investment properties in the past year. While the Board believes that the properties are fairly stated and indeed represent robust, defensive investments in the current market due to their long lease length and NHS backed covenant, any further weakening of rental yields and valuations could have an adverse impact on the Company’s future profits including revaluation surpluses or deficits. In addition a further weakening of property values could adversely affect the Company’s banking covenants, although the Company’s loans from Aviva are not subject to loan to value covenants and the Company’s new facility from National Australia Bank has significant headroom currently.

Availability of funding
The Company’s business is dependent on the continued availability of funding. The Company benefits from loan finance secured till at least 31 March 2013, although the Company’s main facility with National Australia Bank does reduce from £190m to £160m in March 2010 and further to £130m in March 2011. These reductions are in line with the Company’s planned strategy to sell selective non-core assets and the Company has demonstrated an ability to effect selective disposals already, notwithstanding exceptionally difficult market conditions.

The Company’s medical centre property development business is particularly dependent on the availability of funds to continue to grow. Funds can again be generated through selective disposal of completed investments or from the availability of bank finance, and the Company has continued to receive support from both National Australia Bank and Aviva to lend against its developments.

High quality safe clinical care
Healthcare, as a complex system, is a hazardous environment and, no matter how committed and skilled the staff, untoward incidents will happen. Very few errors are due to a lack of care or commitment from healthcare professionals or other staff, or due to a deliberate intent to harm patients, however infection, patient harm or litigation could all arise from the provision of poor quality services.

These risks are mitigated through recruitment of appropriately trained and qualified staff; robust service implementation and delivery protocols; ongoing audit and evaluation of services; effective incident reporting systems; careful management and monitoring of services with early action to address any issues identified; and comprehensive insurance provision.

Share price volatility
The price of the Company’s shares has been volatile in recent months. Clearly there is no guarantee that the Company’s share price will reflect the underlying value of its assets or earnings potential.

Other financial risks
The Company finances its operations largely through equity and bank borrowings. The Group borrows at both fixed and floating interest rates and uses an interest rate hedge to fix that element of the Company's debt that is subject to floating rates. Financial risks and uncertainties are described in more detail in note 38 to the accounts.

Management
One of the Company's main strengths lies in the experience of our management team. There is a risk that key individuals may leave or change roles within the organisation leaving a gap in skills or knowledge, or that disruption may arise from management reorganisation. During the year the Company restructured the organisation and the management team onto a functional rather than divisional footing and the results from this have been very positive.

Results and dividends
The loss incurred by the Company after taxation for the year ended 31 March 2009 amounted to £110.8m (15 months ended 31 March 2008 profit of £13.8m). The Directors do not recommend a final dividend (15 months ended 31 March 2008 a final dividend of 4.67p per Ordinary Share was paid). No interim dividend was paid during the year (15 months ended 31 March 2008 – interim dividends paid during the period amounted to 4.08p).

Directors
The Directors who served during the year were:

- Rodney Baker-Bates (appointed Director and Chairman on 3 April 2008)
- Richard Burrell (appointed on 3 April 2008)
- Nigel Rawlings (appointed on 3 April 2008)
- Dr John Curran (Deputy Chairman, Chairman of the Remuneration Committee and Senior Independent Director)
- Graham Chase (Chairman of the Nominations Committee)
- Clare Hollingsworth (appointed on 23 July 2008)
- Peter Pichler (Chairman of the Audit Committee)
- Colin Vibert
- Fred Porter (resigned on 6 August 2008)

Other than Mr Burrell and Mr Rawlings, all of the Directors were Non-Executive Directors throughout their period of tenure. Mr Burrell and Mr Rawlings were re-elected to the Board at the Company's 2008 Annual General Meeting along with Mr Pichler who had retired and put himself up for re-election as required under the Company's Articles. Following the resignation of Dr Mark Jackson, the former Chairman, on 7 March 2008 Dr John Curran was appointed as the Company's interim Non-Executive Chairman and served in this role between 7 March 2008 and 3 April 2008 at which time Mr Baker-Bates was appointed as both a Director and Chairman of the Company.

On 3 April 2008 it was announced that Mr Porter had indicated to the Board that due to other commitments he wished to resign from the Board and he stood down with effect from the Company's 2008 Annual General Meeting on 6 August 2008. Ms Hollingsworth was appointed to the Board of Directors on 23 July 2008 and her appointment is subject to re-election at this year's Annual General Meeting.

More details about the continuing Directors are contained on page 8.

Details of the interests of the Directors required to be notified under Disclosure and Transparency Rule 3.1.2R are set out in the Remuneration Report.

Appointments to the Board
Under the Articles of Incorporation of the Company, each of the Company, by ordinary resolution, and the Board has the power to appoint a Director either to fill a vacancy or as an additional Director up to a maximum of 10 Directors. Any Director appointed by the Board shall retire at the next Annual General Meeting. This provision applies to Clare Hollingsworth who was appointed on 23 July 2008.

Directors' indemnities
The Company's Articles of Incorporation include provisions whereby Directors are, to the extent permitted by Guernsey Company Law, indemnified against liabilities to third parties as a result of act or omission in carrying out their duties or in any other way in connection with their duties, powers or posts.

Amendments to the Articles of Incorporation
The Articles of Incorporation of the Company may be amended by special resolution of the Company.

Supplier payment policy
It is the Group's policy to comply with the terms of payment agreed with its suppliers. Where payment terms are not agreed, the Group endeavours to adhere to the suppliers' standard payment terms. As at 31 March 2009, the average number of days taken by the Group to pay its suppliers was 29 (31 March 2008: 23 days).

Report of the Directors continued

Social, ethical and environmental factors
The Company takes seriously its responsibilities in respect of its position in the community with all stakeholders and the environment and is fully aware of the expectations of the Company for high standards of governance and probity in all of its dealings by virtue both of being a public company and in its dealings with Government, the public, its workforce and medical and pharmacy professionals. Details of the Company's initiatives and policies and procedures are set out in the Corporate Social Responsibility Report on page 28.

Employees
The contribution of its employees to the Company's success across all of its areas of operations and functions is highly valued by the Board and details of how this is reflected are set out in the Corporate Social Responsibility Report.

Operational and trading environment
The Company has in place systems, procedures and controls to ensure that it not only operates in compliance with all legal and regulatory requirements but it also does so ethically, with integrity and transparency.

Political donations
The Company has not made any political donations and will not seek any approval from shareholders to do so.

Charitable donations
The Company has made charitable donations of £10,000 (2008: £35,000) during the year. More details of the current year donations can be found in the Corporate Social Responsibility Report on page 28.

Major shareholder notifications
As at 31 May 2009 the Company had been notified pursuant to rule 5 of the UK Listing Authority's Disclosure and Transparency Rules of the following interests representing 3% or more of its issued Ordinary Share capital, the only form of the Company's capital in issue:

Name of shareholder	Number of shares	% of Ordinary Shares
INVESCO Asset Management	92,884,834	29.26
Artemis Investment Management	37,807,453	11.91
Aviva Investors	23,632,026	7.44
Jupiter Asset Management	17,477,037	5.51
Legal & General Investment Management	15,981,465	5.03
Moore Capital Management	14,554,198	4.58
Lazard Asset Management	13,017,702	4.10
Richard Burrell and family	12,842,110	4.05
F&C Asset Management	12,705,504	4.00
Employee Benefit Trust	11,039,886	3.48

Going concern
The Company's business activities together with factors likely to affect its future performance are set out in the Chief Executive Officer's Statement on pages 3 to 5.

The Company's financial position its cash flows and funding are described in the Chief Financial Officer's Statement on pages 6 to 7.

In addition note 38 to the financial statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit risk and liquidity risk.

The Company's principal bank facility from National Australia Bank is available until March 2013. While the facility does reduce from £190m to £160m on 30 March 2010 and to £130m on 30 March 2011, this is in accordance with the Company's strategy of disposing of selected non-core property and pharmacy assets. Furthermore the Company has increased and is continuing to increase its long-term loans from Aviva. The Company's properties are substantially let with rent paid or reimbursed by the NHS and they benefit from a weighted average lease length of 17.3 years. They are also diverse both geographically and by lot size and therefore represent excellent security.

In addition to surplus available cash of £12.7m at 31 March 2009, the Company had surplus security and unmortgaged property assets totalling £41m at that date.

The Company's financial forecasts show that borrowing facilities are adequate such that the Company can operate within these facilities and meet its obligations when they fall due for the foreseeable future. As a consequence the Directors believe that the Company is well placed to manage its business risks successfully despite the current economic climate.

Accordingly the financial statements have been prepared on a going concern basis.

Directors' responsibilities
The Directors are responsible for preparing annual financial statements in accordance with applicable Guernsey law and generally accepted accounting principles. Guernsey company law requires Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business; and
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 1994. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Report of the Directors and other information included in the Annual Report is prepared in accordance with applicable company law. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the UK Listing Authority.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Status for taxation
Details of the Company's taxation status are set out in note 12 to the financial statements.

Liabilities
The Directors acknowledge their responsibilities for the accuracy of this report. All sections of this report are regarded as forming one and the same Directors' report.

Annual General Meeting
The notice convening the Annual General Meeting of the Company, which will be held at the Company's office in London on 9 September 2009, together with the explanatory notes and Form of Proxy is set out at pages 82 to 87 of this report.

Auditors
The Directors, on recommendation from the Audit Committee, intend to place a resolution before the Annual General Meeting to re-appoint Ernst & Young LLP as auditors for the year ending 31 March 2010.

Directors' disclosure statement
Each of the Directors in office at the date of approval of this report has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all of the steps that he/she ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors have decided to give this confirmation to reflect the Company's status as a UK listed company with a number of UK subsidiaries and associated businesses and it is appropriate that they give similar confirmation to that which will be required of the Directors of those subsidiaries and associated businesses.

Responsibility statements under the Disclosure and Transparency Rules
Each of the Directors listed on page 8 confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

Report of the Directors continued

Capital structure
At 31 March 2009, the authorised share capital of Assura Group Limited was £302,000,000 which comprised of 3,000,000,000 Ordinary Shares of 10p and 20,000,000 preference shares of 10p. At 31 March 2009, the Company's issued share capital comprised 317,467,036 Ordinary Shares of 10p.

Voting and transfer of shares
The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and for voting rights.

On a show of hands at a general meeting of the Company every holder of Ordinary Shares present in person and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every Ordinary Share held.

There are no restrictions on the transfer of Ordinary Shares in the Company other than:

- certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods); and
- pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the Company require the approval of the Company to deal in the Company's securities.

Directors' authority to allot and purchase of Company's own shares
At the Annual General Meeting to be held on 9 September 2009 resolutions 1 to 6 are termed ordinary business, while resolutions 7 and 8 will be special business. The special business covers the Directors' authority to allot shares and for the purchase and sale of own shares and treasury shares and details of these authorities and further explanation is set out in the explanatory notes to the Notice of the Annual General Meeting on pages 84 to 85.

Significant interests
Directors' interests in the share capital of the Company are shown in the table on page 27. Major interests (i.e. those >3%) of which the Company has been notified are shown on page 12.

Company share schemes
The Assura Group Employee Benefit Trust, holds 3.48% of the issued share capital of the Company in trust for the benefit of employees of the Group and their dependents. The voting rights in relation to these shares are exercised by the trustees.

Significant agreements
The Company is not party to any significant agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid. The Company is party to a number of banking agreements which upon a change of control of the Company are terminable by the bank upon the provision of 30 days' notice.

By order of the Board

Conor Daly
Company Secretary
29 June 2009

Registered in Guernsey
Registered number: 41230
Registered office: Isabelle Chambers, Route Isabelle, St Peter Port, Guernsey
Telephone number: 01481 735 540

Head office, principal place of business, address for service and UK branch address:

3300 Daresbury Business Park
Warrington
Cheshire
WA4 4HS
Telephone number: 01928 737 000
Branch registration number: BR010010

www.assuragroup.co.uk

Corporate Governance Report

On 3 April 2008, the shareholders of Assura Group Limited approved the reclassification of the Company as a trading company (this reclassification having been approved by the UKLA). The Company is not subject to the requirements of the Combined Code on Corporate Governance published by the Financial Reporting Council in 2006 (the 'Combined Code'), by virtue of being incorporated outside the UK. The Board of Assura Group Limited has resolved nonetheless that it shall report on its affairs as if the Combined Code applied to it.

In February 2009 the Board approved the Corporate Governance Compliance Statement (the 'Compliance Statement') which is available on the Company's website. The Board has determined that, in line with the concept of 'comply or explain', it will seek as a guiding principle going forward to 'comply' with the Combined Code or, where it deviates from the Combined Code, it will 'explain' any such departures so that shareholders and other interested stakeholders can fully understand the reasons.

The purpose of the Compliance Statement is to record how Assura Group Limited ('Assura Group' or the 'Company' as applicable) complies with the Code of Best Practice regarding Corporate Governance published by the Financial Reporting Council. That code is referred to both in this Annual Report and the compliance statement as the 'Code of Best Practice' or the 'Code' and each of its provisions are quoted in the Compliance Statement and against each provision the Board gives a brief statement of how Assura Group complies.

The Compliance Statement also refers to the terms of reference of the Nominations, Remuneration and Audit Committees of the Board and, for convenience, these are included in the appendices to the Compliance Statement. Additionally, the Compliance Statement includes, in Appendix 11, the delegated authority granted by the Board to the Company Secretary in relation to administrative matters and the code for dealings in securities of the Company by Directors and employees, in Appendix 12, prepared and publicised within the Assura Group to ensure compliance with the Model Code as appended to Chapter 9 of the UK Listing Authority Listing Rules (the 'Listing Rules').

The Compliance Statement has been formally adopted by the Board for the purposes of the Combined Code.

The Compliance Statement provides the basis upon which the Directors' Report on corporate governance matters within these Annual Report and Financial Statements. It also provides the source material for investors and other interested parties to undertake their reviews of Assura Group's compliance with the Listing Rules.

Matters required by the Code to be included within the Annual Report and Financial Statements are set out below. During the year under review the Company has been in compliance with the provisions as set out in section 1 of the Combined Code other than in respect of any non-compliance specifically highlighted below.

The Board
The full Board of Assura Group Limited is shown on page 8.

Dr Curran, Mr Chase, and Mr Vibert were appointed to the Board at the inception of the Company, followed by Mr Pichler on 20 April 2005, and have served as independent Non-Executive Directors of the Company since their respective appointments.

Mr Baker-Bates, Mr Burrell and Mr Rawlings (who all joined the Board on 3 April 2008) and Mr Pichler (who was required to retire and put himself up for re-election as required under the Company's Articles) each retired and put themselves forward for re-appointment by the shareholders at the 2008 Annual General Meeting. Each of these individuals was re-appointed. Mr Porter resigned from the Board with effect from the conclusion of the 2008 Annual General Meeting. As Ms Hollingsworth was appointed to the Board on 23 July 2008, she will retire and put herself forward for re-appointment by the shareholders at the 2009 Annual General Meeting. Two additional Directors fall for re-election by the shareholders at the same meeting in accordance with the provisions for rotation set out in the Company's Articles of Incorporation and, accordingly, Dr Curran and Mr Chase will then retire and submit themselves for re-election.

The Company's Articles of Incorporation provide that each Director must submit themself for re-election every three years.

Prior to the appointments of Mr Burrell and Mr Rawlings to the Board, the Board was comprised entirely of Non-Executive Directors. Following their appointment, and the appointment of Mr Baker-Bates, all of which occurred on 3 April 2008, the Board comprised six Non-Executive Directors and two Executive Directors, a structure which is fully compliant with the Combined Code. With the resignation of Mr Porter and the appointment of Ms Hollingsworth the composition of the Board remains six Non-Executive Directors and two Executive Directors.

The Board will keep its composition under review with a view to seeking to identify, with the assistance of specialist external search and selection advisers, additional Non-Executive Directors as appropriate.

It should be noted that both Mr Burrell and Mr Rawlings resigned their positions as Non-Executive Directors of Stobart Group Limited and left the Stobart Group board on 17 June 2009, being the date of the Stobart Group Annual General Meeting. Mr Burrell also stepped down from the board of Helphire Group plc on 13 November 2008. Mr Baker-Bates remains as Chairman of Stobart Group Limited, but stepped down from the board of Helphire Group plc on 1 March 2009.

Corporate Governance Report continued

In respect of each of the Directors who are to be considered for re-election by the Board at the 2009 Annual General Meeting, sufficient biographical information to enable shareholders to make an informed decision is included on page 8 of this Report.

Senior Independent Director
The Board has appointed Dr Curran as its Senior Independent Director and has agreed that if and to the extent appropriate, he will be available for discussions with shareholders independently of other Directors or management.

Board committees
To assist in the proper discharge of its corporate governance responsibilities, the Board has established the following standing committees comprised of the following members:

- Audit Committee
  - Peter Pichler (Chairman of the Committee)
  - Graham Chase
  - Clare Hollingsworth
  - Colin Vibert

- Nominations Committee
  - Graham Chase (Chairman of the Committee)
  - John Curran
  - Peter Pichler

- Remuneration Committee
  - John Curran (Chairman of the Committee)
  - Graham Chase
  - Peter Pichler

In relation to these committees the Board is aware that several of its members serve on more than one committee. This is a necessary consequence of the relatively small size of the Board.

In addition to the committees as set out above, the Board has recently set up and approved the terms of reference for a new Disclosure Committee which comprises Mr Burrell, Mr Rawlings and Mr Daly (the Company Secretary). This Committee is chaired by either Mr Rawlings or Mr Daly and meets when required.

Terms of reference for the Disclosure Committee will be added to the Compliance Statement when approved shortly.

Board and Board Committee attendance
The table below shows the number of meetings of the Board and of each of its standing committees during the year covered by this Report and the number of such meetings attended by each Director. The committee columns are only populated with attendance from their members.

Name	Board (8 meetings)	Remuneration Committee (7 meetings)	Audit Committee (6 meetings)	Nominations Committee (2 meetings)
Rodney Baker-Bates	7/8	–	–	–
Richard Burrell	8/8	–	–	–
Nigel Rawlings	8/8	–	–	–
John Curran	8/8	7/7	–	1/2
Graham Chase	8/8	6/7	6/6	2/2
Peter Pichler	8/8	7/7	6/6	2/2
Colin Vibert	8/8	–	6/6	–
Clare Hollingsworth[1]	5/6	–	4/4	–
Fred Porter[2]	0/2	–	–	–

1 Clare Hollingsworth joined the Board 23 July 2008.
2 Fred Porter resigned from the Board 6 August 2008.

Operation of the Board
The Board normally meets eight times per annum for scheduled Board meetings. The Board also meets as required to consider any important additional or urgent business – including the consideration of transactions.

The Board has approved a schedule of matters reserved for decision by the Board, a copy of which is set out in the Compliance Statement.

Delegations of authority
To facilitate efficient and where necessary, swift operational management decisions without the necessity of convening a meeting of the full Board, the Board has granted delegated authority (within clearly described parameters) to the Chief Executive Officer, the Chief Financial Officer and the Company Secretary, who is also the Head of Legal Services, in relation to day to day operational matters.

All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring Board procedures and internal authorisations are complied with and for the correct application of delegated authorities. In addition, and to ensure efficient and effective discharge of the administrative affairs of the Group, the Board has formally delegated authority to the Company Secretary in relation to a series of administrative matters.

Segregation of roles
The roles of the Chairman and the Chief Executive Officer are distinct. Mr Baker-Bates is the Non-Executive Chairman, Dr Curran is the Non-Executive Deputy Chairman and Mr Burrell is the Chief Executive Officer. The segregation of the roles of the Chairman and the Chief Executive Officer is set out in detail in the Compliance Statement.

Board performance evaluation
In the 2008 Annual Report it was stated that the Board would give consideration to using an external independent advisory firm to assist in the Board performance evaluation and that this would apply to both Executive and Non-Executive Directors. During early 2009 the Chairman and Company Secretary met with Lintstock (as independent advisers) and agreed the terms of a thorough evaluation exercise.

The evaluation undertaken by Lintstock comprised both a series of questionnaires and also one to one meetings between Lintstock and the individual members of the Board.

The Non-Executive Directors led by the Senior Independent Director met without the Chairman being present to review and appraise his performance during the year and the Chairman's performance is also being evaluated by Lintstock as part of the performance evaluation exercise. The Board expects to have the results of the evaluation in July 2009.

Board induction process
In relation to any new Board members the Company Secretary provides a pack of introductory briefing information and, in conjunction with the Company's Human Resources department, arranges to provide such additional information and sets up specific briefing discussions as are appropriate for (or are requested by) each new Director or as may be recommended by the Board. In particular the Company Secretary is responsible for ensuring that each newly appointed Director is made aware of the duties, responsibilities and compliance and governance rules which apply to that Director. The Chief Financial Officer and the Company Secretary both ensure that each new Board appointee is made aware of the Listing Rules requirements which apply to each Director (including, but not limited to, rules and restrictions on share dealing, announcements and conflicts of interest). Each Director has received an updated guide on the requirements which apply to the Company under the governing laws and regulatory regimes which apply to the Company.

Independent advice
The Board has an agreed policy to permit Directors to take professional advice on any matter which relates to their position, role and responsibilities as a Director (but not on personal matters) at the cost of the Company.

Shareholder communication
The Board welcomes open communication with its shareholders through its Investor Relations department. The dialogue with shareholders is facilitated by a series of investor relations mechanisms including regular meetings between senior members of the Company's executive management with institutional investors and sales teams and industry/sector analysts. This process augments the regular dissemination of annual and quarterly interim management statements. Copies of these announcements and any accompanying presentational materials are available on the Company's website at www.assuragroup.co.uk.

The Board responds to ad hoc requests for information from shareholders and all shareholders have access to the Board and senior management, with an opportunity to raise questions, at the Annual General Meeting and other shareholder meetings.

A review of the operational and financial performance of the Company and its major business divisions is provided in the Statements by the Chief Executive Officer and Chief Financial Officer in this Report.

These reports and presentations are intended to ensure that there is ready availability of a fair, balanced and understandable assessment of the Group's position, prospects and objectives.

Corporate Governance Report continued

Internal control and risk management

The Board accepts and acknowledges that it has responsibility, and is accountable, for ensuring that the Company has in place appropriate and effective systems, procedures, policies and processes for internal control of its activities which properly reflect the nature, scope and risks of those activities in compliance with good corporate governance practice. In particular the Board recognises that it is appropriate to comply with The Turnbull Guidance and accordingly has implemented a risk management framework.

In carrying out its review of the effectiveness of the Company's system of internal controls, the Board has recognised and put in place processes to confirm that any weaknesses or failings in its internal controls are identified and appropriate remedial actions are, or can be, promptly implemented.

In relation to the internal controls:

- there is in place a comprehensive set of internal procedures reviewed and approved by the Audit Committee and communicated across the Company;
- the Board has implemented a formal budget preparation process which leads to the adoption of the annual budget;
- a clear definition of authority levels and segregation of responsibilities between relevant individuals and managers exists;
- management accounts and key performance indicators are regularly prepared and distributed internally and reviewed by the Board; and
- detailed sales and forecasting policies and procedures are in place.

The Company is continuing to enhance its systems and implemented the following new systems during the course of the year:

- a new general ledger and management reporting system;
- a comprehensive property management system which integrates with the general ledger system;
- electronic document filing system; and
- a GPCo service activity reporting system.

The Company is currently implementing a new purchase order processing system and a BACS payment processing system. It will also be establishing an internal audit function during the current financial year.

The Company encourages all employees and other stakeholders to operate professionally and honestly in all their dealings with or on behalf of the Company and to report any concerns which they may feel should be brought to the attention of management.

The Company has in place a code of ethics related to:

- prohibitions on individuals using their positions for personal gain;
- appropriate methods of dealing with suppliers and commissioners of services or goods;
- prohibition of improper business practices;
- disclosure of conflicts of interest or circumstances which may give rise to conflicts;
- disclosure and the proper independent consideration of related party transactions; and
- reporting of conduct suspected to be fraudulent or dishonest.

The Company has adopted a whistleblowing policy and a fraud and theft reporting policy.

The code of ethics, whistleblowing policy and fraud and theft reporting policy are available within the Company's internal policies and procedures and on the Company's intranet site so enabling any such matters to be raised through the correct channels. In addition the Company Secretary is available for advice on any matter which may give rise to cause for concern in any of these areas.

- Responsibility for the implementation of the Group's internal controls and risk management policies has been delegated by the Board to the Executive Board assisted by the Governance and Risk Team which is chaired by the Medical Director and supported by the Chief Financial Officer and the full time Head of Clinical Governance.
- The Governance and Risk Team reports to the Executive Board and to the Audit Committee.
- The Executive Board considers risk management at each of its regular meetings according to an assurance framework which is summarised below.
- The Group also has in place a Medical Governance Group details of which are set out on page 29, with particular responsibility for clinical risks.

The Executive Board, through an escalation procedure involving all departments and subsidiaries of the Company, continually identifies risks to which the Company is exposed and seeks to ensure that the risks identified are assessed and analysed and that appropriate mitigation is implemented or, where not capable of mitigation, that the Board is fully aware of the nature of the inherent risks remaining to the Company.

Risks are mapped into key categories and given scores by reference to their impact and likelihood. Controls are identified to mitigate each risk, or the risk is identified as one which is outside of the control of the Company, and the sources of assurance are noted which can demonstrate the effectiveness of the controls that are in place. In this way any gaps in controls, or assurance that the controls are in place are identified and action plans are agreed and monitored to reduce the risks.

The Executive Board has responsibility for:

- regularly reviewing, monitoring and evaluating the nature and extent of the risks to which the Company is exposed;
- reviewing the overall and detailed corporate risk profile of the Company;
- identifying emerging risks as the nature and scope of the Company's activities evolves;
- recommending appropriate risk management strategies;
- supervising the effectiveness of those risk strategies; and
- reporting to the Board major risks and mitigating action in place to minimise their impact.

The Governance and Risk Team's work is supported by the Medical Governance Group which reports to the Governance and Risk Team regularly. Further details on the Medical Governance Group can be found at page 29 of this report.

In all of the GPCos, in which the Company has a 50% interest, there is a contractual framework which reflects the agreed basis upon which the business of the GPCo can be conducted and those areas in respect of which the prior approval of the Company will be required. In addition each GPCo has a Clinical Management Board (CMB) the remit of which includes the monitoring and supervision of the medical governance arrangements of those businesses. The Company is represented on each of those CMBs which otherwise comprise GPs and the Business Director of the GPCo.

The Board regularly reviews all of the major risks, those newly identified risks, and the mitigation action for each major risk.

By virtue of these risk identification and management strategies the Company has in place a risk reporting regime which has created and sustains an environment for the regular review, development and improvement of risk management procedures across the Company. Risk identification is supported by incident reporting and management systems, with staff actively encouraged to report incidents and a range of risk assessments, audit and evaluation. Results from these activities are used to inform and further develop the risk register, actively test the controls in place and provide assurances of their effectiveness. The Medical Governance Group is responsible for overseeing these processes and for sharing learning from clinical incident investigations and from audit and evaluation reports across the Group and its GPCos.

In implementing its processes for identification, evaluation and management of significant risks, the Board has put in place a system which is designed to manage rather than eliminate risk of failure to achieve business objectives whilst accepting that such a system can only provide reasonable and not absolute assurance against material misstatement and loss.

Throughout the year covered by this Report and up to the date of this Report there have been appropriate internal controls and risk management processes in place which have been reviewed and updated as outlined in this Report.

This process ensures that the Company and the Group complies with the relevant corporate governance requirements and best practice on risk management including the Turnbull Guidance.

Audit Committee Report

Role of the Committee
The role and duties of the Audit Committee include, in summary:

- to review and assess the effectiveness of the Group's risk management processes and system of internal control;
- the engagement, review of the work carried out by, and the performance of the Company's external auditors;
- to monitor and review the independence, objectivity and effectiveness of the external auditors;
- to develop and apply policies for the engagement of the external audit firm to provide non-audit services;
- to consider and review the quality of the Company's financial reporting and critical information systems (including, but not limited to, IT systems);
- the adoption and implementation by the Company and the Group of critical accounting policies and practices under International Financial Reporting Standards (and other relevant standards) and changes to them;
- to monitor the integrity of the Company's financial statements and any public announcements relating to the Company's financial performance;
- to review the financial results of the Company and the Group before they are submitted to the Board, including challenge to critical areas of judgement by management and/or the auditors in respect of those financial results;
- to assess the assurance work carried out by the Group to ensure that the Committee and the Board are fully informed of all relevant material matters which may have an impact on the Group's financial position and/or prospects;
- to monitor the integrity of the management accounts produced to the Board;
- to ensure compliance with relevant accounting standards, the Listing Rules of the UK Listing Authority and other regulatory requirements; and
- to review any significant litigation relating to the Group or other disputes which could have a material affect on the Group, its financial, legal, regulatory or compliance position or its operational performance or reputation.

The Committee reports to the Board on any matters on which it considers that action should be taken and makes recommendations in respect of steps to be taken. The Committee also has authority to investigate any matter which is within its terms of reference. The Committee is responsible for resolution of any disagreements between the Company's external auditors and the Company's management.

Terms of reference
The Board has approved formal terms of reference for the Committee and a copy of these is contained in the Compliance Statement which is available on the Company's website.

Numbers of meetings
Meetings of the Committee are held not less than four times a year to consider, as regular business, reports from management, the Governance and Risk Team and the external auditors and to make recommendations to the Board and, at least once in each year, to review its terms of reference, the Company's system of internal controls, its treasury processes and its accounting policies.

On a regular basis the Chief Executive Officer and the Chief Financial Officer are invited to the meetings of the Committee.

At least once a year the Committee members meet the external auditors without management being present.

During the year under review, the Committee met six times.

Membership
The Committee is chaired by Mr Pichler, a Non-Executive Director. The Board is satisfied that Mr Pichler has the requisite recent and relevant financial experience to fulfil this role. In addition to Mr Pichler, Mr Chase, Mr Vibert and, since November 2008, Ms Hollingsworth are also members of the Committee. The Board is satisfied that each of the other members of the Committee has appropriate experience, understanding and knowledge of financial, risk and accounting matters to contribute effectively and appropriately to the work of the Committee. During the year under review the Board acknowledged that as the Company moves further into the provision of medical services through its GP joint venture companies there was an increasing need to provide additional 'medical oversight' within the Audit Committee. Ms Hollingsworth has taken specific responsibility for 'medical risk' within the Committee and is supported in this role by the Company's Medical Director.

Policy for non-audit fees
The Committee has developed and adopted a policy for the provision of non-audit services by its external auditors and approves, before any significant non-audit services are commissioned from its external auditors, the fees payable for such services. This process is in accordance with the Committee's agreed policy of ensuring that the independence and objectivity of the external auditors is not impaired by such non-audit services.

Audit/non-audit fees payable to Ernst & Young LLP
An analysis of the fees earned by the Company's external auditors (divided between audit and non-audit services) is disclosed in note 6b to the audited accounts on page 47. On the recommendation of the Committee the Board has decided that, in light of the detailed knowledge enjoyed by that firm of the Company's affairs and matters which are specifically relevant to the Company, it remains appropriate for the Company to obtain certain non-audit services from Ernst & Young LLP including due diligence review work, tax compliance and tax advisory services. The Committee has undertaken that the appointment of Ernst & Young LLP for such non-audit services will be kept under regular review.

Internal audit
Due to the size and nature of the Company's activities, up until last year the Company had not felt the need to appoint a specific internal audit function. It was the Company's intention that during the financial year ended 31 March 2009 an internal audit function would be appointed. However the Company has invested considerably in the year in new systems including financial and management accounting, management reporting, purchase order processing, property management and payment processing, and has deferred the appointment of an internal auditor until the new systems have been fully implemented.

It is now proposed that during the current financial year, an internal auditor will be appointed who will report to the Audit Committee. The Audit Committee will agree a schedule of review work, both physically on site at the Company's locations and in relation to systems and controls, to be carried out in each year. Additionally the internal auditor will be an available resource, where appropriate, to investigate, on behalf of the Audit Committee and the Board, any matters reported to the Group under its theft and fraud reporting policies and its whistleblowing policy.

Nominations Committee Report

The Committee, which is chaired by Mr Chase, an Independent Non-Executive Director, is made up entirely of Independent Non-Executive Directors. The other members of the Committee are Dr Curran and Mr Pichler.

Terms of reference
The Committee has detailed terms of reference, a copy of which are set out in the Company's Corporate Governance Compliance Statement, and are reviewed annually.

Role of the Committee
The principal role of the Committee is to review prospective candidates for appointment to the Board to ensure that they are of a sufficient calibre and have the correct level of experience and understanding of the Company's activities and market place.

During the year covered by this report the Committee considered and made recommendations to the Board in respect of the appointment to the Board of Ms Hollingsworth.

Number of meetings
In the year covered by this report the Committee met twice.

Remuneration Report

This Report has been prepared in accordance with the relevant requirements of the Listing Rules of the UK Listing Authority and describes how the Board has applied the principles of good governance relating to Directors' remuneration as set out in the Combined Code. For the sake of completeness some additional information in relation to members of the Executive Board (the 'ExBo') is also provided within this report.

Remuneration Committee

Role of the Committee

The Remuneration Committee is responsible for determining the pay and benefits and contractual arrangements for the ExBo, which comprises the Chief Executive Officer, Chief Financial Officer and other senior executives. The Committee's aims are to develop and recommend remuneration strategies that drive performance and reward it appropriately. The Committee operates under the delegated authority of the Board and its Terms of Reference are contained in the Compliance Statement.

Since the start of Summer 2008 there has been increasing focus on the work of Remuneration Committees and the remuneration provided to all levels of employees within publicly quoted businesses and especially the Directors and senior management teams. In some cases there has been a perceived failure of companies to respond either swiftly enough or adequately to the changing economic climate and this has given rise to both criticism of some companies' remuneration policies and the publication of an increasing amount of guidance on this subject. This report seeks to address any perceived concerns in relation to Assura Group Limited.

Membership

During the year under review, the Committee comprised Dr Curran (who chaired the Committee), Mr Pichler and Mr Chase. During the year the Committee also received assistance from Mr Burrell (Chief Executive Officer), Greg McMahon (Company Secretary and Head of Legal Services until 31 January 2009) and, since his appointment, Mr Daly (current Company Secretary and Group Legal Director). None of the executives took part in discussions in respect of matters relating directly to their own remuneration.

The Committee has appointed Hewitt New Bridge Street, who have no other connections with the Company, to advise on certain remuneration matters.

Number of meetings

Attendance at Committee meetings held during the year and the number of meetings held is set out on page 16.

Policy principles

In determining its policy the Committee has paid proper regard to the principles and provisions of good governance contained in the Combined Code. Amongst other publications that have been received and considered during recent months are:

1. The Financial Services Authority (FSA) draft code of practice on remuneration policies for FSA regulated firms (Code) was published on 26 February 2009. Whilst the FSA has stated that it intends to consult on the Code and further proposals for remuneration policy, it also made it clear in the accompanying press release that it nonetheless expects firms to take the Code into consideration immediately.
2. The National Association of Pension Funds, the main UK body representing the interests of occupational pension schemes (over 1,200 members accounting for around £800bn of assets), wrote to the Remuneration Committee Chairmen of FTSE 350 companies on 9 February 2009 to set out its views on executive pay in advance of the 2009 AGM season.

There are two key themes that can be discerned from both of the above publications:

1. An effective remuneration structure aligns the interests of shareholders and management and, as a result, if profitability and performance is anticipated to fall then so should executive pay.
2. Firms must ensure that their remuneration policies are consistent with effective risk management.

Whilst the Committee acknowledges the importance of the content of both the above reports and other guidance that has been recently published, it is important for shareholders to note that most of the Company's policies regarding executive remuneration were implemented prior to the receipt of these documents. Nevertheless, the Company's Remuneration Committee acknowledges that in essence these documents advocate taking a 'common sense' approach to setting remuneration policy based on the above themes. The Committee is confident that the steps outlined below and already implemented will clearly demonstrate to shareholders that the Committee has already acted, and will continue to act, in an appropriate manner that both provides effective risk management and aligns the interests of shareholders and management.

Remuneration policy

Traditionally remuneration policies for executive Directors and other members of the senior management team are designed and comprise four key elements:

- basic salary;
- annual bonus;
- other market standard benefits; and
- Long-Term Incentive Plan (LTIP).

Remuneration Report continued

1. Basic salary

The basic salary for the Chief Executive Officer and Chief Financial Officer, and the other members of the senior management has been (and will in future be) determined by the Remuneration Committee taking into account the roles, responsibilities, performance and experience of each individual. This is normally reviewed annually in June, however, as will be noted below, an additional review was implemented during 2008 that covered remuneration for all Board members and members of the ExBo. Salary levels are set taking into account information (including appropriate targeted benchmarking data) from the Committee's advisers on salary levels for similar positions at comparable companies. Due to current economic conditions, an additional salary review has been held during the year under review as outlined below.

	12 months to 31 March 2009	12 months to 31 March 2009	12 months to 31 March 2009	12 months to 31 March 2009	12 months to 31 March 2009	15 months to 31 March 2008
	Basic salary and fees £'000	Annual bonus £'000	Benefits £'000	Contributions to retirement plans £'000	Total £'000	Total £'000
Executive						
Mr Richard Burrell	381	–	17	76	474	–
Mr Nigel Rawlings	220	–	13	44	277	–

Mr Burrell and Mr Rawlings were appointed as Executive Directors on 3 April 2008.

The current salary of the Chief Executive Officer is £375,000 and the current salary of the Chief Financial Officer is £192,100. The salary of the Chief Executive Officer was last reviewed in April 2008 when Mr Burrell (CEO) agreed to reduce his salary from £450,000 to the current level of £375,000. Mr Rawlings (CFO) salary was last reviewed in February 2009 when it was reduced from £226,000.

The Remuneration Committee has approved and implemented the following additional provisions during the year under review:

- In previous years the Company has allowed for annual increases in base salary to allow for both the effect of inflation and to allow, where appropriate, for an above inflation pay rise. During the year under review the Company has not awarded any increases in base salary or fees for either the Directors or any member of the ExBo.
- In addition to not awarding any increases in fees or salary the Company has requested that all Directors (including the CEO and CFO) accept a reduction in their fees/basic salary during the year under review. Each member of the Main Board has agreed to this reduction in remuneration and details of the individual reductions can be found below, with details for the CEO and CFO already provided above.
- In addition to the above, the Remuneration Committee has asked each member of the ExBo to accept a reduction in salary. Every member of the ExBo has agreed to this reduction in remuneration and this reduction came into effect on 1 February 2009.

The Committee is aware of the Combined Code's recommendation that executive pay should be clearly aligned with pay practices across the Company.

2. Annual bonus

In previous years the Company has paid an annual bonus to staff in recognition of both hard work and contribution to Group performance. During the year under review the Company has made no bonus payments to any Director or any member of the ExBo.

3. Other 'market standard benefits'

The Company has previously offered a small number of other benefits to employees outside of their contracted remuneration package. Where possible the Company has sought to further reduce the cost of overall Company remuneration and in November last year the Company announced that as of 31 December 2008 employees would no longer receive subsidised gym membership.

The general policy of the Company has been to allow individuals to be responsible for their own pension arrangements. The Company had undertaken to introduce a Group wide pension scheme in 2009, but does not intend to implement this plan until such time as the costs associated with it can be justified by the Company. The Company, as in previous years, contributes 20% of basic salary into personal pension plans for the Chief Executive Office and Chief Financial Officer.

4. Long-Term Incentive Plan (LTIP)

The long-term incentive arrangements are structured so as to align the incentives of relevant executives with the long-term performance of the business. To the extent practicable long-term incentives are provided through the use of share-based (or share-fulfilled) remuneration to provide alignment of objectives with the Company's shareholders. Long-term incentive awards are at the discretion of the Remuneration Committee who review award levels on a case by case basis.

The remuneration packages are structured so that the variable (i.e. performance related) element of pay could form a significant proportion of the executives' total remuneration as long as targets are met or exceeded. Due to the decrease in the Company's share price the proportion of performance related pay as a percentage of the total has been eliminated. The Committee is fully aware of this potential problem and in addition to the 'new' awards outlined below (and previously announced), the Committee will work with its advisers over the coming months to ensure that the Company's incentive programme both incentivises its Directors, members of the ExBo, and senior management and is aligned to shareholder interests.

The current Assura Executive Equity Incentive Plan (the 'Plan') is made up of awards that can vest under one of two vesting hurdles.

The Plan was initially approved by shareholders in May 2006. Under the terms of the Plan participants were allocated units each of which represented one Ordinary Share. The units will vest at the end of the vesting period if the compound growth in total shareholder return ('TSR' share price plus dividends) in each period is 12.5% or more above a base reference price of £1.90. A sliding scale will apply if the total shareholder return is between 0% and 12.5% per annum compound over the base reference price. The first tranche of awards were capable of vesting, subject to performance, on 31 March 2009 and to the extent that the performance condition was not achieved at 31 March 2009 these units can be re-tested at 31 March 2011, with the commensurately higher targets having to be met at that time.

Details of the proposed awards with different vesting performance conditions were set out in Part 10 of the Assura Group Limited Prospectus which was posted to shareholders on 28 October 2008 (the 'New Performance Conditions'). Units under the Plan continue to be subject to a TSR performance condition but performance will be measured over a performance period to 31 March 2012. No units will vest unless the Company's TSR performance over the period has been at least 15% per annum compound from a base price of 55p. Units will vest in full if the Company's TSR growth has been at least 30% per annum compound. For TSR growth between these two targets, straight line vesting will apply.

On 16 January 2009 the Company announced that awards had been made to the CEO, CFO and members of the ExBo in accordance with the new Performance Conditions. The interests of the Directors (being Richard Burrell and Nigel Rawlings only) in the Plan are shown below.

Name	Role	Number of units held at at 1 April 2008	Number of units during the year	Total number of units held at 31 March 2009
Mr Nigel Rawlings	Chief Financial Officer	500,000	500,000	1,000,000[1]
Mr Richard Burrell	Chief Executive Officer	Nil	1,700,000	1,700,000

[1] 500,000 of these units are held subject to the New Performance Conditions.

As at 31 March 2009 there were 1,363,386 unallocated units in the Plan.

TSR was chosen as a performance measure as it provides alignment between the rewards received by management and the returns received by shareholders. TSR is defined as the movement in the share price during the performance period, adjusted to take into account dividends (which are assumed to be re-invested in shares on the ex-dividend date) and any capital changes. In order to minimise short-term fluctuations in the Company's share price which could distort the measurement of the TSR performance condition, TSR will be based on the average share price during the final three months of the performance period for each award. Achievement of the TSR performance condition for each award will be verified by the Company's external advisers. An absolute rather than a relative TSR performance measure was chosen due to the absence of suitable comparator companies and also to provide a linkage with the returns received by shareholders.

The Committee, with the assistance of its advisers, continues to review the provision of long-term incentives at the Company in light of current market and best practice.

Executive Directors' contracts

The service contracts for the Chief Executive Officer and Chief Financial Officer are terminable on 12 months' notice by either party. Termination payments are limited to salary and contractual benefits. It is the Committee's policy that, when determining the amount of any compensation paid to a departing executive, the Committee will take into account the executive's obligation to mitigate his loss, to the extent that it is possible to do so under the terms of the contract. Notice periods and payments are not extendable in takeover situations. Further details of the contracts are summarised in the table below:

Name of executive	Title	Date of contract
Mr Richard Burrell	Chief Executive Officer	14 May 2006
Mr Nigel Rawlings	Chief Financial Officer	14 May 2006

The executives may hold other appointments and retain any Non-Executive Director fees with the prior approval of the Board. Mr Burrell is Deputy Chairman and a Trustee of Alder Hey Children's Hospital Imagine Appeal. Mr Rawlings is a Non-Executive Director of Mobilizer Limited. Mr Burrell and Mr Rawlings resigned their position as Non-Executive Directors of Stobart Group Limited on 17 June 2009 and each received fees of £35,000 for the year covered by this report. Neither receives fees in relation to their other non-executive roles.

Remuneration Report continued

Non-Executive Directors' terms of engagement

Non-Executive Directors are appointed for an initial period of three years although either the Company or the Director may terminate the appointment by giving six months' written notice. They are subject to re-election at an Annual General Meeting at least every three years. They do not have service contracts and may not participate in any bonus scheme, share scheme or pension scheme operated by the Company. Following the decision to move effective management and control of the Company from Guernsey to the UK on 3 April 2008, new letters of engagement were issued to the Chairman and each of the Non-Executive Directors, all dated 29 April 2008. During the year under review and as mentioned elsewhere, all Non-Executive Directors' fees were reduced and this reduction was agreed by letter dated 24 November 2008.

The fees for the Non-Executive Directors are determined by the Executive Directors and based on information on fees paid in similar companies, taking into account the time commitments and responsibilities involved. The Board notes that the time commitments of the Non-Executive Directors are in some cases higher than normal as a result of the Company's overseas incorporation. The current fees for the Non-Executive Directors (effective 31 December 2008) are Mr Baker-Bates £89,250 (previously £105,000), Dr Curran £63,750 (previously £75,000), Mr Pichler £63,750 (previously £75,000), Mr Chase £42,500 (previously £50,000), Mr Vibert £34,000 (previously £40,000) and Ms Hollingsworth £34,000 (previously £40,000).

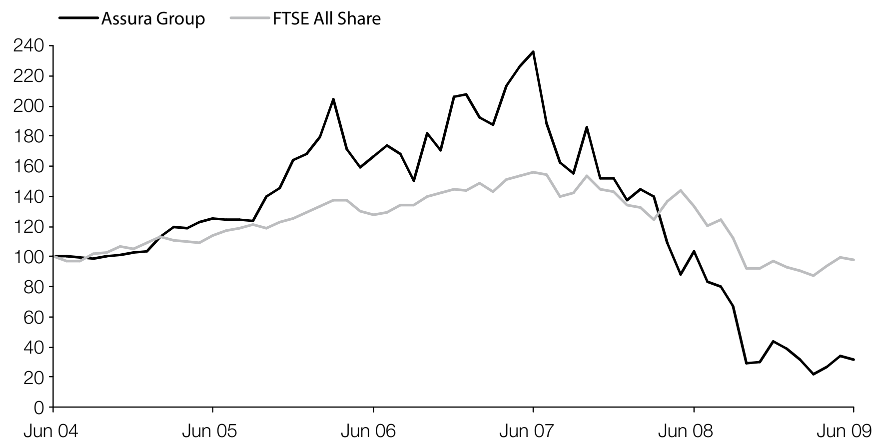
Non-Executive Directors' emoluments

	12 months to 31 March 2009 total emoluments (all fees) £'000	15 months to 31 March 2008 total emoluments (all fees) £'000
Non-Executive		
Mr Rodney Baker-Bates	**100**	–
Dr John Curran	**71**	84
Mr Graham Chase	**48**	51
Ms Clare Hollingsworth	**26**	–
Mr Peter Pichler	**71**	74
Mr Fred Porter	**14**	46
Mr Colin Vibert	**38**	46

Mr Baker-Bates was appointed to the Board as Chairman on 3 April 2008.
Ms Hollingsworth joined the Board in July 2008 and payments above refer to the period July 2008 to March 2009 inclusive.
Mr Porter resigned from the Board on 6 August 2008.

Performance graph

The graph below shows the Company's performance, measured by total shareholder return, compared with the performance of the FTSE All Share, which was selected as the appropriate comparator as it represents the equity market index.



Note: Share price rebased to 100 pence.
Source: Investec Securities Limited.

Directors' interests
As at 31 March 2009 the interests of the Directors and his/her connected persons in the capital of the Company were as follows:

Name	Holding of Ordinary Shares	% of Ordinary Shares	Interest in units under the Executive Equity Incentive Plan
Rodney Baker-Bates	213,827	0.07	Nil
Dr John Curran	455,203	0.14	Nil
Graham Chase	10,000	0.00	Nil
Clare Hollingsworth	135,135	0.04	Nil
Peter Pichler	123,844	0.04	Nil
Colin Vibert	41,757	0.01	Nil
Richard Burrell and family	12,842,110	4.04	1,700,000
Nigel Rawlings and family	1,512,939	0.48	1,000,000

As disclosed in the 2006 Annual Report and Financial Statements, Dr Mark Jackson (former Chairman) holds 500,000 units under the Executive Equity Incentive Plan (granted in December 2006). These units are capable of vesting on 31 March 2011 to the extent to which the total shareholder return performance conditions are satisfied. These awards have not lapsed as a result of his resignation as a Director.

By order of the Assura Group Limited Remuneration Committee.

Dr John Curran
Remuneration Committee Chairman
29 June 2009

Corporate Social Responsibility Report

Background

The Company has identified its stakeholders, considered the detail of their interests, and taken steps to ensure that structures exist to oversee and review performance. The key stakeholders can be identified as:

- the NHS, with whom partnerships are formed to deliver primary care and associated healthcare support services;
- the communities to which those services are provided, including those with an immediate need for healthcare, through to the community groups and participants in all forms of local life, and ultimately the physical environment itself;
- employees and business partners of Assura Group;
- GPs, medical professionals, support staff and other healthcare service provision partners; and
- regulatory and industry bodies.

This report describes how the Company continues to develop an approach which serves the interests of all stakeholders, while at the same time recognises its commercial responsibilities to its shareholders.

The Company aims to serve our customers, reward and challenge our employees, support our partners and provide a dependable partner for planning and implementing solutions to future healthcare needs.

How we deliver on our obligations

The Company's commitment to Corporate Social Responsibility (CSR) is demonstrated by the attention paid by the Board of Directors in creating strategy, developing policy and overseeing delivery. Responsibility for reporting to the Board sits with Richard Burrell, Chief Executive Officer, who has a commitment to maintain attention on policy and implementation. The Group's policies support CSR in five key areas shown below.

1. Our communities

The Company's role in developing new medical centres, pharmacies and in particular the formation of GPCos ensures additional services are provided closer to where patients live. This helps improve their quality of life through improved service and easier access to those services.

In developing its property portfolio the Group's property division enters into consultation and discussion with local communities, and actively seeks feedback on its proposals. It is important that the concerns and wishes of the local communities are reflected in the detail of developments undertaken. Many of the developments undertaken are part of regeneration schemes resulting in significantly improved facilities for the local community. One example is the development of the Freshney Green Primary Care Centre in Grimsby which is at the heart of the Yarborough Estate regeneration scheme.

New pharmacy operations bring the opportunity to engage patient, supplier and partner bodies in the planning phase to ensure all needs are met. During the application process local support groups are regularly consulted for their views and opinions regarding new pharmacy opportunities and services. A large proportion of Assura's applications for new pharmacy contracts are submitted for deprived areas with minimal access to services. The opening of new pharmacies in these deprived areas significantly improves the communities access to pharmacy services and healthcare advice. Our staff continue to make a positive impact on the communities they serve by regularly performing additional duties such as delivering prescriptions in poor weather conditions to volunteering to look after the elderly.

All pharmacies conduct an annual patient questionnaire which is analysed and strengths or areas for improvement are identified. The environmental concerns raised by these stakeholders in new developments are explored later in this Report.

2. Our people

The Company is committed to the protection and development of employees, underpinning the mutually beneficial relationship which develops between a positive and caring employer and motivated and committed employees.

Health and safety

It is a fundamental obligation of the Group to protect the wellbeing of all who come into contact with the organisation. The Company has a firm commitment to maintaining safe workplaces and has invested in creation of programmes to identify, evaluate and eliminate risk in the workplace. This extends to anyone visiting our premises – patients, service providers, business partners and contractors. Again the commitment is demonstrated by Board level attention coupled with an implementation system evaluated as effective and thorough.

Effective health and safety management and practice cannot exist in isolation from effective business – taking responsibility for the wellbeing of employees and other visitors sits within the suite of management responsibility and is most effective when part of a good managers' day to day activity. For this reason training on Assura's health and safety policies forms part of the training given to all employees and managers and is refreshed periodically.

The Company continues to employ a health and safety specialist who, through a formalised monthly reporting procedure, makes sure the Board's attention is maintained on preventative actions and incident detail. In particular this has included a programme of specific risk assessments for each Assura Pharmacy store and over the past year positive results have been achieved in the development of Risk Registers and roll-out of Safety Manuals across the entire Group. Incidents are now recorded and reported electronically which brings improvements in speed and data availability and will form the basis of further improvement initiatives in future years.

Personal and professional development

The Company builds its approach to employees on strong ethical basics and engages actively to provide enhancements to the personal and professional development of our people. The basics include:

- a stated Equal Opportunities Policy which is actively enforced through the human resources function;
- Capability Policy and Valuing Diversity Policy; and
- Fair Treatment Policy.

To these protective elements are added enhancing elements:

- an active Training and Development Policy, again written and published and actively implemented; and
- study leave and Financial Assistance Policy.

In addition to competitive remuneration packages Assura offers its employees the opportunity to participate in:

- childcare voucher scheme;
- travel season ticket loans;
- give as you earn scheme;
- private medical and life insurance; and
- flexible working conditions.

The human resource function controls development planning through the Annual Appraisal process and has published detailed guidelines on how principles will be implemented.

Equal opportunities for disabled persons

Assura has a pro active approach to the promotion of disability equality, ensuring disabled persons are treated fairly and with consideration. On application for new employment, appropriate measures are taken to accommodate disabled applicants and their acceptance for employment is decided upon their aptitude and ability to perform the roles required. Once employed, a disabled employee receives the same treatment and is given the same opportunities as any employee. If an employee acquires a disability during employment, maximum efforts are made to support the employee. This may include adjusting their role if required and provision of training.

Employee involvement

Assura ensures transparency within the Company, by providing information to employees and the inclusion of employee input in decision making. Employees regularly have informal meetings with the CEO, where views and opinions are conveyed in both directions. Formal briefings from the CEO on financial results are also given regularly, maintaining transparency of Company performance. In addition to the benefits mentioned above Assura has various incentive plans which are designed to reflect employment in the Company's different divisions. The incentive plans vary from bonus payments to inclusion in the Company's Long-Term Incentive Plan and are aimed at building personal involvement between the staff and the Company. All incentive schemes are linked to the underlying performance of the Company.

Staff satisfaction is formally monitored through annual staff surveys, where the results are fully incorporated into decisions concerning staffing policies.

3. Clinical governance

The Company has an established Medical Governance Group which oversees all clinical matters. Key areas of activity for this group include development and monitoring of systems that ensure quality and manage risk. To prevent incidents, the group focuses on:

- training and development relating to clinical issues;
- communication among employees with a focus on knowledge sharing relating to positive and negative experience within the Company; and
- compliance issues and quality assurance.

The Medical Governance Group is managed by the Company's Medical Director and includes representatives drawn from the Clinical Management Boards of the Company's GPCos. The Medical Governance Group also holds an incident management function and in the event of a possibly serious untoward incident it is the Medical Governance Group's responsibility to escalate issues and deal with complaints.

Corporate Social Responsibility Report continued

4. The environment

The Company acknowledges that all of its activities have an impact on the local and global environment and is committed to developing practice which supports sustainability in the way in which operations are created and the way in which they are run. The impetus for this activity is both external (compliance with regulations and local authorities) and internal (enabling employee initiatives to improve their workplaces) and it is based upon an imperative to act responsibly. The business practicality that partnerships with the NHS on new service offerings means partnering on environmental policy.

The Company acknowledges that environmental issues have not received priority attention in recent years as the business has undergone significant change and development. However progress has been made during the year, in particular:

- an increased amount of materials recycled at the London office from the previous year, saving an equivalent of 3,083kg of CO_2;
- the introduction of additional video and web conferencing facilities reducing the need to travel between offices; and
- the introduction of a new travel policy aimed to minimise unnecessary journeys and in particular emphasising that public transport must be used whenever possible so reducing individual car journeys and flights.

External advice has been received on areas for focus and potential improvement, and this will be incorporated into an update of the Company's environmental policy and review of performance.

Sustainability planning as a business imperative

The Company's business model is designed to provide an effective solution to the NHS Operating Framework (NHSOF) outlining plans to deliver over 100 new GP practices in the 50 most under-doctored Primary Care Trusts (PCTs) and GP led health centres in each PCT. The Company is well placed to be an ideal partner using its strong asset base to provide GP partners, PCTs, pharmacies, and patients with an integrated facility and service solution.

The UK Government is taking climate change and its environmental impact on the UK and its economy very seriously, introducing a range of legislative measures relating to energy, waste, water, recycling, transport, air quality and property energy performance. The majority of the legislation will affect businesses regardless of sector and require changes to be made in their current and future operations.

The Company acknowledges that it must be responsible, professional, ethical, reliable and trusted as a provider of services and facilities, and so intends to align its business strategy closely to the objectives of the Strategic Health Authorities (SHAs) and fully support the health sector's goal to reduce its environmental impact. By aligning its environmental and sustainability programme with the NHS Sustainability Procurement Plan's Saving Carbon, Improving Health, the Company will be well positioned to help SHAs and PCTs fulfil their environmental obligations and hence provide an additional benefit in the Company's service propositions.

The Company plans to implement an action plan to deliver embedded Corporate Social Responsibility and Environment performance at a best practice and governance level. To ensure the action plan is both efficient and effective with minimal operational disruption, a controlled implementation process will be followed with quality and performance benchmarks. The Company's action plan is summarised below:

1. Identify business unit and Group risk exposure to existing and future regulatory environmental requirements, good practice guidelines, and procurement criteria.
2. Develop a management team and employee-training programme to communicate policies and plans. Identify sustainability champions and best practice employee groups in the three key business areas.
3. Launch a data collection process across business units in order to measure environmental impacts and establish key material performance indicators in line with Government reporting guidelines. Local champions to lead data collection.
4. Implement an environmental management system to control and mitigate environmental impacts, which will outline the organisational structure, responsibilities, practices, procedures, processes, documentation, and resources needed to comply with the environmental policy and achieve objectives and targets.
5. Determine the Group's impact on waste, energy use and carbon emissions relating to the potential costs of environmental taxes and emission trading schemes. The Carbon Reduction Commitment will be a mandatory UK emissions trading scheme for large non-energy intensive organisations. The Group will ensure that it is in a position to comply with the policy when it is introduced.
6. Implement practical environmental improvement schemes throughout the business such as office equipment and paper purchasing guidelines, energy saving and further recycling initiatives, general procurement policy and travel versus video conferencing options. Review energy, water and waste purchasing agreements linked to reducing costs in line with improved environmental performance. Investigate possible recycling options for all non hazardous/clinical packaging.

5. Business ethics

The Company is committed to maintaining the highest standards of integrity and corporate governance practices and conducts business in an honest and ethical manner.

The Company has adopted and published policies on:

- corporate compliance including ethical procurement, donations and corporate entertaining;
- share dealing (including a Company wide share dealing code);
- whistleblowing; and
- fraud and theft reporting.

Ethical behaviour in all its operations and activities is fundamental to the Group’s philosophy. All staff receive on induction a compliance briefing and written guide. The Company intranet includes details of all of these policies.

The Group has continued to support its chosen charities including, amongst others, donations of £1,500 to the Alder Hey Imagine Appeal; £500 to Multiple Sclerosis and £355 to Francis House Hospice. In addition the Group’s employees are encouraged to raise contributions for their individual charities which are actively supported by the Group’s management. In addition, building on last year’s commitment, a blood donation scheme has been set up to encourage employees to give blood during work time via a mobile unit.

The NHS will provide the Company with significant growth opportunities and therefore it is key that the Company aligns its business strategy and operation as closely as possible to that of the NHS in areas including Health, Safety and the Environment.

Independent Auditors' Report

We have audited the Group and Parent Company financial statements (the 'financial statements') of Assura Group Limited for the year ended 31 March 2009 which comprise Consolidated and Company Income Statement, Consolidated and Company Balance Sheet, Consolidated and Company Cash Flow Statement, Consolidated and Company Statement of Changes in Equity and the related notes 1 to 41 and A to M. These financial statements have been prepared under the accounting policies set out therein.

This Report is made solely to the Company's members, as a body, in accordance with Section 64 of the Companies (Guernsey) Law 1994. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors are responsible for the preparation of the financial statements in accordance with applicable Guernsey law as set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law 1994. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only Highlights, Chairman's Statement, Chief Executive's Statement, Chief Financial Officer's Statement, Board of Directors, Corporate Information, Report of the Directors, Corporate Governance Report, Audit Committee, Nominations Committee, Remuneration Report and Corporate Social Responsibility. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the Group and Parent Company's affairs as at 31 March 2009 and of the Group's loss and Parent Company's profit for the year then ended and have been properly prepared in accordance with the Companies (Guernsey) Law 1994.

Ernst & Young LLP
Manchester, United Kingdom
29 June 2009

Consolidated Income Statement
For the year from 1 April 2008 to 31 March 2009

	Notes	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Revenue	4	**48,283**	40,748
Cost of sales	5	**(20,546)**	(16,234)
Gross profit		**27,737**	24,514
Administrative expenses	6	**(29,436)**	(29,336)
		(29,436)	(29,336)
Group trading losses		**(1,699)**	(4,822)
Unrealised (deficit)/surplus on revaluation of investment property	18	**(33,369)**	8,880
Realised deficit on sale of investment property		**(1,878)**	–
Impairment of development properties	19	**(20,378)**	–
Impairment of goodwill	21	**(1,811)**	–
Impairment of pharmacy licences	21	**(2,498)**	–
Impairment of non-current assets held for sale	26	**(137)**	–
Share-based payment scheme		**(910)**	(1,704)
Restructuring costs		**(592)**	–
Revaluation deficit on property, plant and equipment and impairment of other investments	7	**(5,539)**	(1,453)
Share of post tax (losses)/profits of associates and joint ventures accounted for using the equity method	8	**(3,978)**	4,536
Termination of investment management services			
Fees received		**–**	19,985
Payment to sub-advisers and other expenses		**–**	(6,141)
Goodwill impairment		**–**	(7,914)
	9	**–**	5,930
Operating (loss)/profit		**(72,789)**	11,367
Finance revenue	10	**2,133**	4,876
Finance costs	11	**(40,717)**	(3,604)
		(38,584)	1,272
(Loss)/profit before taxation		**(111,373)**	12,639
Taxation	12	**563**	1,005
(Loss)/profit for the year from continuing operations		**(110,810)**	13,644
Discontinued operations			
Profit for the period from discontinued operations	13	**–**	155
(Loss)/profit for the year		**(110,810)**	13,799
(Loss)/profit for the year attributable to:			
Equity holders of the parent		**(110,689)**	14,071
Minority interest		**(121)**	(272)
		(110,810)	13,799
Earnings per share (pence)			
Basic earnings per share from continuing operations	14	**(43.38)p**	6.15p
Diluted earnings per share from continuing operations	14	**(43.38)p**	6.15p
Basic earnings per share on profit for the period	14	**(43.38)p**	6.22p
Diluted earnings per share on profit for the period	14	**(43.38)p**	6.22p

All items in the above statement are derived from continuing operations.

Consolidated Balance Sheet
As at 31 March 2009

	Notes	31/03/09 £'000	31/03/08 £'000
Non-current assets			
Investment property	18	278,925	282,511
Development property	19	54,767	57,268
Investments in associates	20	7,491	8,744
Investments in joint ventures	20	10,807	8,619
Intangible assets	21	41,844	37,887
Property, plant and equipment	22	26,798	23,867
Other investments	23	5,968	9,047
Derivative financial instruments at fair value	29	–	5,862
Deferred tax asset	37	–	193
		426,600	433,998
Current assets			
Cash and cash equivalents	24	24,790	20,460
Debtors	25	9,693	14,268
Inventories		1,640	1,343
Property work in progress		1,053	1,023
		37,176	37,094
Non-current assets held for sale and included in disposal groups	26	509	–
Total assets		464,285	471,092
Current liabilities			
Creditors	27	26,298	16,118
		26,298	16,118
Non-current liabilities			
Long-term loan	28	236,679	188,419
Payments due under finance leases	27	1,076	1,172
Derivative financial instruments at fair value	29	25,609	–
Deferred tax liability	37	912	–
		264,276	189,591
Total liabilities		290,574	205,709
Net assets		173,711	265,383
Represented by:			
Capital and reserves			
Share capital	30	31,747	23,522
Own shares held	30	(5,093)	(4,561)
Share premium	31	23,212	2,073
Distributable reserve	32	213,614	224,116
Retained earnings	33	(93,233)	17,201
Revaluation reserve	34	3,642	3,089
		173,889	265,440
Minority interests		(178)	(57)
Total equity		173,711	265,383
Basic net asset value per Ordinary Share	35	56.69p	118.01p
Diluted net asset value per Ordinary Share	35	56.69p	118.01p
Adjusted basic net asset value per Ordinary Share	35	66.71p	117.43p
Adjusted diluted net asset value per Ordinary Share	35	66.71p	117.43p

The financial statements were approved at a meeting of the Board of Directors held on 29 June 2009 and signed on its behalf by:

Richard Burrell
Chief Executive Officer

Nigel Rawlings
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year from 1 April 2008 to 31 March 2009

	Share Capital £'000	Own Shares Held £'000	Share Premium £'000	Distributable Reserve £'000	Retained Earnings £'000	Revaluation Reserve £'000	Deferred Consideration Reserve £'000	**Total £'000**	Minority Interest £'000	**Total Equity £'000**
1 April 2008	**23,522**	**(4,561)**	**2,073**	**224,116**	**17,201**	**3,089**	**–**	**265,440**	**(57)**	**265,383**
Revaluation of land and buildings	–	–	–	–	–	627	–	**627**	–	**627**
Depreciation transfer for land and buildings	–	–	–	–	74	(74)	–	**–**	–	**–**
Profit/(loss) attributable to equity holders and minority interest	–	–	–	–	(110,689)	–	–	**(110,689)**	(121)	**(110,810)**
Total income and expense for the period	**–**	**–**	**–**	**–**	**(110,615)**	**553**	**–**	**(110,062)**	**(121)**	**(110,183)**
Dividends on Ordinary Shares	–	–	–	(10,502)	–	–	–	**(10,502)**	–	**(10,502)**
Cost of employee share-based incentives	–	–	–	–	910	–	–	**910**	–	**910**
Issue of deferred shares	–	–	–	–	(729)	–	–	**(729)**	–	**(729)**
Issue of Ordinary Shares	8,225	–	23,101	–	–	–	–	**31,326**	–	**31,326**
Issuance costs on issuance of Ordinary Shares	–	–	(1,962)	–	–	–	–	**(1,962)**	–	**(1,962)**
Own shares held	–	(532)	–	–	–	–	–	**(532)**	–	**(532)**
31 March 2009	**31,747**	**(5,093)**	**23,212**	**213,614**	**(93,233)**	**3,642**	**–**	**173,889**	**(178)**	**173,711**

	Share Capital £'000	Own Shares Held £'000	Share Premium £'000	Distributable Reserve £'000	Retained Earnings £'000	Revaluation Reserve £'000	Deferred Consideration Reserve £'000	Total £'000	Minority Interest £'000	Total Equity £'000
1 January 2007	**23,400**	**(807)**	**226,678**	**15,564**	**1,852**	**106**	**790**	**267,583**	**(83)**	**267,500**
Revaluation of land and buildings	–	–	–	–	–	2,983	–	2,983	–	2,983
Profit/(loss) attributable to equity holders and minority interest	–	–	–	–	14,070	–	–	14,070	(272)	13,798
Total income and expense for the period	**–**	**–**	**–**	**–**	**14,070**	**2,983**	**–**	**17,053**	**(272)**	**16,781**
Transfer from share premium[1]	–	–	(226,678)	226,678	–	–	–	–	–	–
Dividends on Ordinary Shares	–	–	–	(18,126)	–	–	–	(18,126)	–	(18,126)
Cost of employee share-based incentives	–	–	–	–	1,578	–	–	1,578	–	1,578
Issue of Ordinary Shares	122	–	2,073	–	–	–	–	2,195	–	2,195
Own shares held	–	(3,754)	–	–	–	–	–	(3,754)	–	(3,754)
Deferred share-based consideration	–	–	–	–	–	–	(790)	(790)	–	(790)
Minority interest acquired in period	–	–	–	–	–	–	–	–	(1)	(1)
Minority interest disposed of in period	–	–	–	–	(299)	–	–	(299)	299	–
31 March 2008	**23,522**	**(4,561)**	**2,073**	**224,116**	**17,201**	**3,089**	**–**	**265,440**	**(57)**	**265,383**

1 Following application to the Royal Court of Guernsey, £226,678,000 was transferred from Share Premium account to Distributable Reserves on 29 June 2007.

Consolidated Cash Flow Statement
For the year from 1 April 2008 to 31 March 2009

	Notes	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Operating activities			
Rent received		**22,334**	19,467
Revenue from pharmacies		**26,691**	17,866
Fees received		**2,431**	4,652
Dividend received		**511**	172
Payment received on termination of investment management services		**–**	10,698
Termination payment to sub-advisers		**–**	(5,902)
Bank and other interest received		**1,622**	3,340
Cash paid to suppliers and employees		**(18,802)**	(34,799)
Purchases by pharmacies		**(18,627)**	(13,236)
Interest paid and similar charges		**(10,865)**	(8,680)
Net cash (outflow)/inflow from operating activities	**36**	**5,295**	(6,422)
Investing activities			
Purchase of development and investment property		**(66,829)**	(92,844)
Proceeds from sale of development and investment property		**17,922**	–
Purchase of investments in associated companies	**20**	**(5)**	(13)
Purchase of investments in joint venture companies	**20**	**(2,930)**	–
Purchase of other investments		**–**	(500)
Purchase of property, plant and equipment		**(3,927)**	(2,671)
Proceeds from sale of fixed assets		**189**	–
Costs associated with registration of pharmacy licenses		**(634)**	(3,318)
Debt sold with subsidiary	**13**	**–**	4,265
Cash paid on acquisition of subsidiaries	**21**	**(5,876)**	(3,255)
Cost of development work in progress		**(1,307)**	(3,675)
Loans advanced to associated companies		**158**	(2,575)
Loans advanced to joint ventures		**(2,137)**	(8,301)
Net cash outflow from investing activities		**(65,376)**	(112,887)
Financing activities			
Issue of Ordinary Shares		**30,064**	–
Issue costs paid on issuance of Ordinary Shares		**(1,962)**	–
Dividends paid		**(10,502)**	(18,126)
Purchase of own shares		**–**	(3,754)
Repayment of long-term loan	**28**	**(232,356)**	(154,258)
Drawdown of long-term loan	**28**	**280,167**	298,420
Loan issue costs		**(1,000)**	(1,355)
Net cash inflow from financing activities		**64,411**	120,927
Increase in cash and cash equivalents		**4,330**	1,618
Opening cash and cash equivalents		**20,460**	18,842
Closing cash and cash equivalents	**24**	**24,790**	20,460

Notes to the Consolidated Financial Statements
For the year from 1 April 2008 to 31 March 2009

1. Corporate information and operations
Assura Group Limited was incorporated in Guernsey as a closed-ended investment company with its investment objective to achieve capital growth and rising rental income from the ownership and development of a diversified portfolio of primary healthcare properties.

Subsequent to its incorporation the activities were broadened to include the provision of pharmacy and medical services. As a result of this increasing pharmacy and medical services activity the Company was reclassified by the FTSE Industry Classification Committee from Property to Healthcare Equipment and Services on 24 September 2007. Furthermore, until 3 April 2008 the Company was managed and controlled from Guernsey, however, at an Extraordinary General Meeting on 3 April 2008, shareholders approved the reclassification of the Company to a trading company and, immediately after, the Board agreed to move the Company's central management and control to the UK given that this is the location of its expanding trading operations.

The Company's Ordinary Shares are traded on the London Stock Exchange.

2. Principal accounting policies
Basis of preparation
The financial statements of the Group and Company have been prepared in conformity with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the Companies (Guernsey) Law 1994, and reflect the following policies:

Consolidation
The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, land and buildings, derivative financial instruments and available-for-sale investments that have been measured at fair value.

This financial report covers the 12 month accounting period from 1 April 2008 to 31 March 2009 and the 15 month accounting period from 1 January 2007 to 31 March 2008 following the change of year end to accord with that of the NHS and our joint venture partners in our GP joint venture companies. As a consequence the comparatives for the Consolidated Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and disclosures are not entirely comparable.

The financial statements are presented in pounds sterling to the nearest thousand.

The Group financial statements consolidate the financial statements of Assura Group Limited and its subsidiary undertakings drawn up to 31 March 2009.

All intra-Group balances, transactions, income and expenses and profits and losses resulting from intra-Group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights, currently exercisable or convertible potential voting rights, or by way of contractual agreement. The financial statements of subsidiaries used in the preparation of the Consolidated Financial Statements are prepared for the same reporting period as the parent company and are based on consistent accounting policies.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented in the Consolidated Income Statement, and within equity in the Consolidated Balance Sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Pharmacy sales – revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, on the date of sale.

Interest income – revenue is recognised as interest accrues using the effective interest method. The effective interest method is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividends receivable – revenue is recognised when the Company's right to receive the payment is established.

Rental revenue – rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease term and is shown net of VAT.

Property management fees – income is accounted for on an accruals basis.

Notes to the Consolidated Financial Statements continued
For the year from 1 April 2008 to 31 March 2009

2. Principal accounting policies continued

Expenses
All expenses are accounted for on the accruals basis.

Dividends payable
In accordance with IAS 10 Events after the Balance Sheet Date, dividends payable on Ordinary Shares declared and paid after the period end are not accrued.

Exceptional items
The Group presents as exceptional items on the face of the Consolidated Income Statement those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

Share issue costs
Placing expenses incurred in relation to the issue of Ordinary Shares are written off in full against the share premium account.

Business combinations and goodwill
Business combinations are accounted for using the purchase method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring costs) of the acquired business at fair value.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IAS 14 Segment Reporting.

Intangible assets
Intangible assets including pharmacy licences acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite, and for those with finite useful lives the costs are expensed over the life of the asset.

Third party costs incurred on the registration of pharmacy licences are recognised as intangible assets when it is probable that the licence will be granted and its costs can be measured reliably. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Costs and time incurred by the Group's own staff in registering pharmacy licences are fully expensed by the Group.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not supportable, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Both goodwill and capitalised development costs in respect of pharmacy licences and pharmacy licences themselves have indefinite useful lives and are tested for impairment annually as at the balance sheet date either individually or at the cash generating unit level, as appropriate.

Goodwill is allocated to cash generating unit for the purpose of impairment testing. For intangibles arising from business combinations, this allocation is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose. The recoverable amount of a cash generating unit is determined based on value in use calculations. These calculations use cash flow projections based on detailed financial models prepared by management, with all anticipated future cash flows discounted to current day values.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists the Group makes an estimate of the asset's recoverable amount being the higher of an asset's or cash-generating unit's fair value less costs to sell, and its value in use, and is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples.

Impairment losses of continuing operations are recognised in the Consolidated Income Statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is recognised in equity up to the amount of any previous revaluation.

Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount for assets including goodwill. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated Income Statement.

Investments in subsidiary companies
Investments in subsidiary companies are initially recognised and subsequently carried at cost in the Company financial statements, less any provisions for diminution in value.

Investments in associates
The Group's investments in associates are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, investments in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associates. The Consolidated Income Statement reflects the share of the results of operations of the associates after tax. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity.

Any goodwill arising on the acquisition of an associate, representing the excess of the cost of the investment compared to the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities, is included in the carrying amount of the associate and is not amortised.

The financial statements of the associates are prepared for the same reporting period as the Group or with a maximum difference of three months wherever possible, using consistent accounting policies.

Investments in joint ventures
The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and involves the establishment of a separate entity in which each venturer has an interest. The Group recognises its interest in joint ventures using equity accounting. The equity accounting method is described in the 'investments in associates' accounting policy above.

The financial statements of joint ventures are prepared for the same reporting period as the Group or with a maximum difference of three months wherever possible using consistent accounting policies.

Financial assets
Financial assets are recognised when the Group becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or as available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Notes to the Consolidated Financial Statements continued
For the year from 1 April 2008 to 31 March 2009

2. Principal accounting policies continued

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value and are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the Consolidated Income Statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(b) Derivative financial instruments and hedging activities

The Group uses derivative financial instruments, in the form of interest rate swaps, to hedge its risks associated with interest rate fluctuations. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The Group has classified its derivative instruments as financial assets which are stated at fair value and movements are recognised through the Consolidated Income Statement.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair values of hedging derivatives are classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

(c) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as such or are not classified in any of the preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the Consolidated Income Statement.

(d) Quoted investments

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis and pricing models. Otherwise assets will be carried at cost.

Investment property – freehold

Freehold properties are initially recognised at cost, being the fair value of consideration given, including transaction costs associated with the property.

After initial recognition, freehold investment properties are measured at fair value, with changes in fair value recognised in the Consolidated Income Statement. Fair value is based upon the open market valuations of the properties as provided by a firm of independent chartered surveyors as at the balance sheet date.

Investment property – long leasehold

Long leasehold properties are initially recognised as both an asset and lease creditor at the present value of the ground rents payable over the term of the lease. Long leasehold properties are subsequently revalued in accordance with IAS 40 up to the fair value as advised by the independent valuer as noted above for freehold properties. The lease creditor is amortised over the term of the lease using the effective interest method.

The lease payments are apportioned between the reduction of the lease liability and finance charges in the Consolidated Income Statement.

Investment property transfers

Transfers are made to investment property when there is a change in use, evidenced by the end of the Group's occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from work in progress to development property upon completion of the purchase of the land or upon commencement of the development or construction. Transfers are made from investment property when there is a change in use, evidenced by commencement of the Group's occupation or commencement of development with a view to sale.

For a transfer from investment property to owner occupied property, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property previously occupied by the Group as an owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. For a transfer from development to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Consolidated Income Statement. When the Group completes the construction or development of a self-developed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Consolidated Income Statement.

Development property
Development property which comprises land and buildings under construction includes capitalised interest where applicable and is carried at cost or, if lower, at cost less accumulated impairment. Cost includes all directly attributable third party expenditure incurred.

Property, plant and equipment
Land and buildings are measured at fair value less depreciation on buildings and impairment charged subsequent to the date of the revaluation. Fair value is based on independent values of the property apportioned between that element used for the business of the Group and that element rented to third parties.

Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value.

Depreciation is provided on a straight line basis at rates calculated to write off the cost less estimated residual value of each asset over its useful life, as follows:

Building work and long leasehold improvements	25 years
Fixtures and fittings	4 years
Office and computer equipment	3 years
Medical equipment	Between 3 and 10 years depending on the nature of the equipment

Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is credited to the asset Revaluation Reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Consolidated Income Statement, in which case the increase is recognised in the Consolidated Income Statement. A revaluation deficit is recognised in the Consolidated Income Statement, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

An annual transfer from the asset Revaluation Reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Income Statement in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Loans to subsidiary companies
The loans to subsidiary companies are accounted for on an amortised cost basis with inter-company interest being recognised under the effective interest rate method. The loans are reviewed regularly for impairment.

Capitalisation of interest
Finance costs which are directly attributable to the development of investment property are capitalised as part of the cost of the investment property. The commencement of capitalisation begins when both finance costs and expenditure for the property are being incurred and activities that are necessary to prepare the asset ready for use are in progress. Capitalisation ceases when all the activities that are necessary to prepare the asset for use are complete.

Pharmacy inventories
Pharmacy inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is defined as average purchase price.

Property pre-acquisition costs
Property work in progress comprises costs incurred on property pre-acquisition and investment opportunities including bid costs which are capitalised when the transaction is virtually certain. Costs are written off to the Consolidated Income Statement only if the project becomes abortive. Costs are transferred to investment property if the opportunity results in the purchase of an income generating property. Costs are transferred to development property on acquisition of the land or development site.

Cash and cash equivalents
Cash and cash equivalents are defined as cash in hand, demand deposits, cash held in deposit accounts and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits in banks.

Notes to the Consolidated Financial Statements continued
For the year from 1 April 2008 to 31 March 2009

2. Principal accounting policies continued

Bank loans and borrowings

All bank loans and borrowings are initially recognised at fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on settlement.

Leases

Group as a lessee

Assets held under finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the Consolidated Income Statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the Consolidated Income Statement on a straight line basis over the lease term.

Group as a lessor

Assets leased out under operating leases are included in property, plant and equipment and depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Where the Group transfers substantially all the risks and benefits of ownership of the asset, the arrangement is classified as a finance lease and a receivable is recognised for the initial direct costs of the lease and the present value of the minimum lease payments. As payments fall due, finance income is recognised in the Consolidated Income Statement so as to achieve a constant rate of return on the remaining net investment in the lease.

Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the Consolidated Income Statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

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

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the Consolidated Income Statement.

Share-based payment transactions
Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

In situations where some or all of the goods or services received by the entity as consideration for equity instruments cannot be specifically identified, they are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. For cash-settled transactions, the liability is measured at each reporting date until settlement.

Equity-settled transactions
The cost of equity-settled transactions with employees, for awards granted, is measured by reference to the fair value at the date on which they are granted. The fair value is determined by reference to market price on the date of grant.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

The cost of equity-settled transactions is recognised by a charge in the Consolidated Income Statement, together with a corresponding credit in retained earnings, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Consolidated Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon market conditions, which are treated as vesting irrespective of whether or not the market conditions are satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Consolidated Income Statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Consolidated Income Statement.

Cash-settled transactions
The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until vesting with recognition of a corresponding liability.

Own shares held
Assura Group shares held by the Company and the Group are classified in shareholders' equity as 'own shares held' and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to retained earnings. No gain or loss is recognised in the Consolidated Income Statement on the purchase, sale, issue or cancellation of equity shares.

Changes in accounting policy and disclosures
The accounting policies adopted are consistent with those of the previous financial period except as follows:

(a) New standards, amendments to published standards and interpretations to existing standards adopted by the Group:

- IFRIC 14 and IAS19, the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction are also mandatory for this period but the Group has no transactions relevant to these interpretations.

- IAS 23, Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009). The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. There was no impact on the Group accounts from its adoption.

Notes to the Consolidated Financial Statements continued
For the year from 1 April 2008 to 31 March 2009

2. Principal accounting policies continued

(b) Standards, amendments and interpretations to published standards not yet effective:

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods and which the Group has decided not to adopt early. These are:

- IFRS 8, Operating Segments (effective for accounting periods beginning on or after 1 January 2009). This standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates and its major customers. It replaces IAS 14, Segmental Reporting. The Group is currently assessing the impact on its financial statements from adopting IFRS 8.

- IFRIC 12, Service Concession Arrangements has not yet been endorsed by the EU. It is not expected to impact upon the Group's accounts.

- IAS 1, Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. This is not expected to result in any reclassification of financial instruments in the balance sheet.

- IAS 1, Presentation of Financial Statements. Whilst the revised IAS 1 will have no impact on the measurement of the Group's results or net assets, it is likely to result in certain changes in the presentation of the Group's financial statements from 2009 onwards.

- IAS 16, Property, Plant and Equipment: Replace the term 'net selling price' with 'fair value less costs to sell'. This is not expected to result in any change in the financial position of the Group.

- IAS 28, Investment and Associates: If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. This amendment is not expected to impact on the Group as it does not account for its associates at fair value in accordance with IAS 39.

  An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance. This amendment is not expected to impact on the Group because this policy already applies.

- IAS 31, Interest in Joint Ventures: If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply. This amendment is not expected to impact on the Group because it does not account for its joint ventures at fair value in accordance with IAS 39.

- IAS 36, Impairment of Assets: When disclosed cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment is not expected to impact on the consolidated financial statements of the Group because the recoverable amount of its cash generating units is currently estimated using 'value in use'.

- IAS 38, Intangible Assets: Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. This amendment is not expected to impact on the Group because this policy already applies.

  The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight line method has been removed. This is not expected to impact on the consolidated results of the Group because there are no intangible assets with finite lives.

- IFRS 2, Share-based payment (amended): Clarification of the definition of a vesting condition. This amendment is not expected to impact on the Group because there are no relevant vesting conditions.

- IFRS 3, Business Combinations (Revised): The Group does not anticipate early adopting the revised IFRS 3 and so will apply it prospectively to all business combinations on or after 1 January 2010. Whilst it is not possible to estimate the outcome of adoption, the key features of the revised IFRS 3 include a requirement for acquisition related costs to be expensed and not included in the purchase price; and for contingent consideration to be recognised at fair value on the acquisition date (with subsequent changes recognised in the Consolidated Income Statement and not as a change to goodwill). The standard also changes the treatment of non-controlling interests (formerly minority interests) with an option to recognise these at full fair value as at the acquisition date and a requirement for previously held non-controlling interests to be fair valued as at the date control is obtained, with gains and losses recognised in the Consolidated Income Statement.

- IAS 27, Consolidated and Separate Financial Statements (Amendment) is effective for annual periods beginning on or after 1 July 2009, with earlier application only permitted when the revised IFRS 3 is applied. The revised standard applies retrospectively with some exceptions. IAS 27 revised no longer restricts the allocation to minority interest of losses incurred by a subsidiary to the amount of the non-controlling equity investment in the subsidiary. A partial disposal of equity interest in a subsidiary that does not result in a loss of control will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to any gain or loss. Where there is loss of control of a subsidiary, any retained interest will have to be remeasured to fair value, which will impact the gain or loss recognised on disposal. The Group is currently assessing the impact on its financial statements from adopting IAS 27 revised.

The Directors do not anticipate that the adoption of the remaining standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

- IFRS 1 and IAS 27, Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate (amendment).
- IFRS 7, Financial Instruments: Disclosure (amendment).
- IAS 32 and IAS 1, Puttable Financial Instruments and Obligations Arising On Liquidation (amendment).
- IAS 39, Eligible hedged items.
- IFRIC 14 and IAS 19, The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction.
- IFRIC 13, Customer loyalty programmes.
- IFRIC 15, Agreements for the Construction of Real Estate.
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation.
- IFRIC 17, Distributions of Non-Cash Assets to Owners.
- IFRIC 18, Transfers of Assets from Customers.

Improvements to IFRSs

In May 2008 the IASB issued 'Improvements to IFRSs', a standard setting out amendments to existing standards, which is effective for accounting periods beginning on or after 1 January 2009. One amendment will require property under construction or development to be classified as investment properties. Currently these are disclosed as development properties which will result in a presentational change on the balance sheet when the standard is adopted. Where fair values cannot be determined during construction or development, but it is expected that fair value can be determined upon completion, the asset will be recorded at cost until such time that as fair value can be determined or construction is complete. This is consistent with current Group policy. The Group does not expect the other amendments to have a material impact on the financial statements.

3. Summary of significant accounting judgements, estimates and assumptions

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors including reasonable future expectations. Those estimates and assumptions which could have a material impact on the carrying value of assets and liabilities within the next financial year are discussed below.

Judgements, estimates and assumptions

(a) Valuation of investment property

All investment properties are stated at fair values, which have been determined based on valuations undertaken by independent valuers on the basis of open market value. See note 18.

(b) Impairment of development property

The Group tests annually whether development property may have suffered impairment based on expected values at completion less anticipated costs to complete, both of which involve judgement and estimation. See note 19.

(c) Impairment of goodwill and intangible assets

The Group tests annually whether goodwill may have suffered impairment utilising value in use calculations whereby future cash flows are estimated and discounted, using an appropriate discount rate, to their net present value. See note 21.

Notes to the Consolidated Financial Statements continued
For the year from 1 April 2008 to 31 March 2009

3. Summary of significant accounting judgements, estimates and assumptions continued

(d) Financial assets

The Group classifies certain financial assets as available-for-sale and recognises movements in their fair value in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether it is an impairment that should be recognised in profit or loss. See note 23.

(e) Derivative financial instruments

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. See note 38.

(f) Deferred tax asset

Management judgement to determine the amount of deferred tax assets that can be recognised based upon the unlikely timing and level of future taxable profits together with assessment of the effect of future tax planning. See note 37.

The estimation of the fair value is based on reasonable assumptions but these can vary from time to time.

4. Revenue

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Rent receivable	**19,161**	18,230
Revenue from pharmacies	**26,690**	17,866
Fund management	**–**	2,234
Other fees receivable	**2,085**	2,418
Revenue from medical equipment hire	**334**	–
Revenue from medical management charges	**13**	–
Total revenue	**48,283**	40,748
Bank and other interest	**1,622**	1,044
Unrealised profit on revaluation of derivative financial instrument	**–**	3,660
Income from investments	**511**	172
	50,416	45,624

5. Cost of sales

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Property management expenses	**1,826**	2,277
Purchases by pharmacies	**18,627**	13,237
Fund management direct costs	**–**	720
Equipment hire costs	**23**	–
Medical direct costs	**70**	–
	20,546	16,234

6. Administrative expenses

		12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Salaries and other staff costs	**(a)**	**14,923**	15,681
Auditors' remuneration	**(b)**	**573**	526
Directors' fees	**(c)**	**1,132**	430
Other admin expenses		**10,730**	11,579
Depreciation		**2,078**	1,120
		29,436	29,336

(a) Salaries and other staff costs

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Wages and salaries	**13,381**	14,246
Social security costs	**1,538**	1,430
Pension costs	**4**	5
	14,923	15,681

The average monthly number of employees during the year was made up as follows:

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Medical	**82**	45
Pharmacy	**296**	142
Property investment	**32**	15
Property development	**20**	54
	430	256

Following finalisation of the restructure programme undertaken the number of full time equivalent employees at 1 June 2009 was as follows:

	1 June 2009
Medical	**103**
Pharmacy	**211**
Property investment	**6**
Property development	**11**
LIFT	**28**
	359

Key management staff

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Salaries	**1,281**	1,292
Cost of employee share-based incentives	**363**	297
Social security costs	**160**	146
	1,804	1,735

(b) Auditors' remuneration

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Group audit	**136**	129
Statutory audit	**165**	231
Total audit fees	**301**	360
Audit related fees – one/(two) interim reviews	**22**	40
Tax services – compliance	**57**	126
Tax services – advisory	**58**	–
Transaction services – reporting accountants in relation to share placement	**135**	–
Total	**573**	526

Statutory audit 2008 includes £85,000 in respect of 2006 audits.

Notes to the Consolidated Financial Statements continued
For the year from 1 April 2008 to 31 March 2009

6. Administrative expenses continued
(c) Directors' fees

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Directors emoluments	**1,012**	430
Contributions to retirement plans	**120**	–
	1,132	430

Mr Burrell and Mr Rawlings were appointed as executive Directors on 3 April 2008.

Amounts paid to the highest paid Director were as follows:

	Total emoluments £'000	Total emoluments £'000
Mr Richard Burrell	**474**	–

No Directors are accruing benefits under any defined benefit pension scheme.

7. Unrealised revaluation losses

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Unrealised deficit on revaluation of property, plant and equipment	**2,460**	464
Unrealised deficit on revaluation of other investments	**3,079**	989
	5,539	1,453

The other investments noted above relate to Ordinary Shares in Stobart Group Limited. These shares were sold on 9 June 2009.

8. Share of post tax (losses)/profits of associates and joint ventures accounted for using the equity method

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Share of (losses)/profits of associated companies	**(1,101)**	5,087
Share of losses of joint ventures	**(2,877)**	(551)
	(3,978)	4,536

The above share of profits/(losses) includes a loss of £871,000 (2008: profit of £4,854,000) in respect of developed investment property revalued for the first time since practical completion.

9. Termination of investment management services

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Fees received	**–**	19,985
Fees payable to sub-advisers	**–**	(5,901)
Other expenses	**–**	(240)
Goodwill impairment	**–**	(7,914)
	–	5,930

On 16 August 2007 the Company announced the termination of the investment management services provided by Assura Fund Management LLP, a subsidiary of the Company, to Stobart Group Limited (formerly The Westbury Property Fund Limited). The profit for the Group from the payment of a termination fee by Stobart Group Limited is after allowance for payments to sub-advisers, taxation and estimated goodwill impairment.

That part of the payment which related to a performance fee due to the Company was taken in shares in Stobart Group Limited. As a result the Company held 6,382,474 (2.7%) Ordinary Shares in Stobart Group Limited which were available for resale subject to a lock-in of two years commencing on the date of issue of the shares. The share price at date of issue was 145.5p and at 31 March 2009, 93.5p. These shares were subsequently sold for £1 each in June 2009.

10. Finance revenue

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Bank and other interest	**1,622**	1,044
Unrealised profit on revaluation of derivative financial instrument	**–**	3,660
Income from investments	**511**	172
	2,133	4,876

11. Finance costs

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Long-term loan interest payable	**12,709**	9,221
Unrealised loss on revaluation of derivative financial instrument	**31,471**	–
Interest capitalised on developments	**(3,270)**	(3,415)
Swap interest	**(1,643)**	(2,328)
Non-utilisation fees	**–**	86
Amortisation of loan issue costs	**1,450**	–
Bank charges	**–**	40
	40,717	3,604

Interest was capitalised on property developments at 6% (2008: 6%).

12. Taxation

Consolidated income tax	**12 months ended 31 March 2009 £'000**	15 months ended 31 March 2008 £'000
Current tax		
Current income tax charge	**–**	–
Adjustments in respect of current tax of previous periods	**20**	–
Deferred tax		
Relating to origination and reversal of temporary differences	**(583)**	(1,005)
Income tax credit reported in consolidated income statement	**(563)**	(1,005)

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12. Taxation continued

The differences from the standard rate of tax applied to the profit before tax may be analysed as follows:

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
(Loss)/profit from continuing operations before taxation	**(111,373)**	12,639
Loss from discontinued operations before taxation	**–**	(719)
Gain on disposal of discontinued operations	**–**	874
Net (loss)/profit before taxation	**(111,373)**	12,794
UK income tax at rate of 28% (2008: 22%)	**(31,184)**	2,815
Effects of:		
Capital gains on revaluation of investment properties not taxable	**–**	(1,954)
Non taxable income	**(143)**	–
Unrealised deficits not tax deductible on revaluation of premises and other investments	**862**	320
Expenses not deductible for tax purposes	**3,224**	–
Gain on revaluation of financial derivative not taxable	**–**	(268)
Gain on revaluation of derivative financial instrument not taxable	**–**	(805)
Net effect of inter-company loan interest	**–**	(1,633)
Share-based payments not tax deductible	**255**	375
Unrealised gains on revaluation of investments in associates	**309**	(1,119)
Unrecognised tax losses	**2,917**	1,901
Deferred tax asset previously not recognised	**–**	(637)
Other deferred tax assets not recognised	**23,417**	–
Adjustment in respect of prior years	**(220)**	–
	(563)	(1,005)

In the prior period the majority of the profits were subject to income tax under the Offshore Landlord Scheme as Assura Property Limited and Assura Group Limited were resident in Guernsey for corporation tax purposes. This resulted in the majority of income being subject to income tax at 22% rather than corporation tax at 30%. With effect from 3 April 2008 the Group's affairs have been conducted such that it is resident in the UK for tax purposes. All profits are therefore now subject to corporation tax at 28%.

13. Profit for the period from discontinued operations

No operations have been discontinued during the current year ended 31 March 2009.

During the previous period, the Group disposed of its 70% holding in BHE Developments Limited whose activity was property development for a consideration of £1. The business, which was loss making, was outside the scope of Assura's core business.

The results of BHE Developments Limited for the period to its date of sale, 12 September 2007, are presented below:

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Revenue	**–**	36
Administrative expenses	**–**	(758)
Finance revenue	**–**	3
Loss before taxation	**–**	(719)
Gain on disposal of discontinued operations	**–**	874
Profit/(loss) for the period from discontinued operations	**–**	155

At the date of disposal the net liabilities of BHE Developments were £874,000. The net cash flows attributable to BHE Developments Limited were as follows:

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Operating cash flows	**–**	(719)
Net cash outflow	**–**	(719)

	31/03/09	31/03/08
Profit/(loss) per share from discontinued operations (pence)		
Basic	**–**	0.07
Diluted	**–**	0.07

The total disposal consideration and major classes of assets and liabilities sold and is analysed as follows:

	31/03/09 £'000	31/03/08 £'000
Assets and liabilities disposed of other than cash		
Intangible assets	**–**	160
Property, plant and equipment	**–**	22
Debtors	**–**	5,902
Creditors	**–**	(793)
Inter-Group loan	**–**	(1,900)
Interest-bearing liabilities	**–**	(4,300)
Total assets and liabilities disposed of other than cash and cash equivalents	**–**	(909)

	31/03/09 £'000	31/03/08 £'000
Cash and cash equivalents relating to the disposal	**–**	–
Cash and short-term deposits in BHE Developments on disposal	**–**	(35)
Net cash outflow from disposal of subsidiary undertaking	**–**	(35)

14. Earnings per Ordinary Share

The basic loss per Ordinary Share is based on the loss attributable to equity holders of the parent for the period of £110,689,000 (2008: profit of £14,071,000) and on 255,152,896 Ordinary Shares (2008: 226,284,648), being the weighted average number of Ordinary Shares in issue in the respective year.

The diluted loss per Ordinary Share is based on the loss for the period attributable to equity holders of the parent of £110,689,000 (2008: £14,071,000) and on 255,152,896 Ordinary Shares (2008: 226,284,648), being the weighted average number of Ordinary Shares in issue in the respective year.

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Weighted average number of shares – basic	**255,152,896**	226,284,648
Weighted average number of own shares held	**–**	–
Weighted average number of shares – diluted	**255,152,896**	226,284,648

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14. Earnings per Ordinary Share continued
The following reflects the income and share data used in the basic and diluted earnings per share computations:

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
(Loss)/profit for the year from continuing operations	**(110,810)**	13,644
Add minority liabilities	**121**	272
(Loss)/profit attributable to equity holders of the parent – continuing operations	**(110,689)**	13,916
(Loss)/profit attributable to equity holders of the parent – discontinued operations	**–**	155
(Loss)/profit attributable to equity holders of the parent	**(110,689)**	14,071

Discontinued operations
Profit/(loss) per share for the discontinued operations is derived from the net profit attributable to equity holders of the parent from discontinuing operations of £nil (2008: £155,000), divided by the weighted average number of Ordinary Shares for both basic and diluted amounts as per the table above.

15. Dividends paid on Ordinary Shares

	Number of Ordinary Shares	**Rate pence**	**2009 £'000**	Number of Ordinary Shares	Rate pence	2008 £'000
Final dividend for 2008 (2006)	**235,213,115**	**4.67**	**10,984**	233,998,471	4.00	9,360
Interim dividend for 2009 (2008)	**–**	**–**	**–**	234,463,115	2.33	5,463
Second interim dividend for 2009 (2008)	**–**	**–**	**–**	235,213,115	1.75	4,116
		4.67	**10,984**		8.08	18,939

Following shareholder approval, and application to the Royal Court of Guernsey, £226,678,000 was transferred from the share premium account to distributable reserves on 29 June 2007. Dividends on 'own shares held' are recognised in distributable reserves.

Of the above cost of dividends paid on ordinary shares, £482,000 related to dividends paid on shares held by the Assura Executive Equity Incentive Plan (EEIP). The cost of these dividends has therefore been eliminated on consolidation resulting in a movement on the distributable reserve of £10,502,000.

Dividends paid include £597,000 which was taken as a scrip dividend through issue of 731,665 Ordinary Shares, of which 590,912 shares were issued to the Employee Benefit Trust.

After obtaining shareholder agreement, the Directors do not intend to pay a final dividend for the year ending 31 March 2009.

16. Segmental information
The Directors are of the opinion that the Group is engaged in four business segments, being medical services; pharmacy services; primary care premises investment; and primary care premises development and associated property related services. All the Group's activities and investments in primary healthcare properties and related activities are situated in the UK.

The primary investment segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services provided. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The medical services segment provides medical services, principally outpatient and other services traditionally undertaken in hospitals but now being relocated into GP surgeries, community hospitals and other facilities in the community, in collaboration with GPs.

The pharmacy segment operates high street and integrated pharmacies in medical centres.

The property investment segment invests in primary care premises.

The property development segment develops primary care premises and undertakes property related services including property and LIFT management.

Unrealised surpluses or deficits on revaluation of investment properties are split between property investment and property development on the basis that after transfer of the property to investment property, the first revaluation surplus is shown in the property development segment.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation.

Unallocated assets and liabilities are those which relate to Group companies which cannot be allocated to the individual business segments as their activities are either at a Group or head office level. These subsidiary companies include Assura Management Services Limited, Assura Investments Limited, Assura Fund Management LLP, Assura Services Limited and Assura Intelligence.

The following table presents revenue, profit and certain assets and liability information regarding the Group's business segments:

12 months ended 31 March 2009:

	Medical Services £'000	Pharmacy £'000	Property Investment £'000	Property Development £'000	Eliminations and Unallocated Items £'000	**Continuing £'000**	**Discontinued £'000**	**Total £'000**
Revenue from external customers	712	26,691	20,974	–	(94)	**48,283**	**–**	
Inter-segment sales	–	–	911	–	(911)	**–**	**–**	
Segment revenue	712	26,691	21,885	–	(1,005)	**48,283**	**–**	
Operating profit/(loss)	(6,920)	(2,929)	15,019	(4,240)	(2,629)	**(1,699)**	**–**	
Cost of employee share-based incentives	(273)	(182)	(137)	(182)	(136)	**(910)**	**–**	
Share of profits/(losses) of associates and joint ventures	(1,033)	(1,844)	–	(1,101)	–	**(3,978)**	**–**	
Unrealised deficit on revaluation of investment properties	–	–	(33,369)	–	–	**(33,369)**	**–**	
Realised deficit on revaluation of investment property	–	–	(1,878)	–	–	**(1,878)**	**–**	
Unrealised deficit on revaluation of property, plant and equipment	–	–	(2,459)	–	–	**(2,459)**	**–**	
Impairment of development properties	–	–	–	(20,378)	–	**(20,378)**	**–**	
Impairment of goodwill	(1,520)	–	–	–	(291)	**(1,811)**	**–**	
Impairment of pharmacy licences	–	(2,498)	–	–	–	**(2,498)**	**–**	
Impairment of property, plant and equipment	–	(137)	–	–	–	**(137)**	**–**	
Restructuring costs	(22)	(20)	–	(104)	(446)	**(592)**	**–**	
Segmental result	(9,768)	(7,610)	(22,824)	(26,005)	(3,502)	**(69,709)**	**–**	
Unrealised deficit on revaluation of other investments	–	–	–	–	(3,080)	**(3,080)**	**–**	
	(9,768)	(7,610)	(22,824)	(26,005)	(6,582)	**(72,789)**	**–**	
Net finance revenue/(cost)	–	–	–	–	(38,584)	**(38,584)**	**–**	
Profit/(loss) before tax	(9,768)	(7,610)	(22,824)	(26,005)	(45,166)	**(111,373)**	**–**	
Taxation	–	–	–	–	563	**563**	**–**	
Profit/(loss) for the period	(9,768)	(7,610)	(22,824)	(26,005)	(44,603)	**(110,810)**	**–**	
Assets and liabilities								
Intangibles	–	13,335	–	28,509	–	**41,844**	**–**	**41,844**
Fixed assets	1,115	2,768	299,504	54,767	2,336	**360,490**	**–**	**360,490**
Equity accounted investments	4,328	6,479	–	7,491	–	**18,298**	**–**	**18,298**
Current assets	950	8,778	13,992	11,684	2,281	**37,685**	**–**	**37,686**
Segment assets	6,393	31,360	313,496	102,451	4,617	**458,317**	**–**	**458,317**
Other investments						**5,968**	**–**	**5,968**
Total assets						**464,285**	**–**	**464,285**
Segment liabilities								
Current liabilities	(3,684)	(5,149)	(13,357)	(525)	(3,583)	**(26,298)**	**–**	**(26,298)**
Derivative financial instruments						**(25,609)**	**–**	**(25,609)**
Non-current liabilities						**(238,667)**	**–**	**(238,667)**
Total liabilities						**(290,574)**	**–**	**(290,574)**
Other segmental information								
Capital expenditure:								
Property, plant and equipment	897	754	3,570	–	2,271	**7,492**	**–**	**7,492**
Intangible assets	103	8,382	–	–	–	**8,485**	**–**	**8,485**
Depreciation	284	353	552	–	888	**2,077**	**–**	**2,077**

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16. Segmental information continued
15 months ended 31 March 2008:

	Medical Services £'000	Pharmacy £'000	Property Investment £'000	Property Development £'000	Eliminations and Unallocated Items £'000	**Continuing £'000**	**Discontinued £'000**	**Total £'000**
Revenue from external customers	47	17,866	20,245	–	2,590	**40,748**	**–**	
Inter-segment sales	–	–	1,058	–	(1,058)	**–**	**–**	
Segment revenue	47	17,866	21,303	–	1,532	**40,748**	**–**	
Operating profit/(loss)	(7,823)	(3,785)	14,742	(4,711)	(3,245)	**(4,822)**	**(719)**	
Cost of employee share-based incentives	(677)	(402)	(101)	(383)	(141)	**(1,704)**	**–**	
Share of profits/(losses) of associates and joint ventures	(534)	(17)	–	5,087	–	**4,536**	**–**	
Unrealised surplus on revaluation of investment properties	–	–	1,167	7,713	–	**8,880**	**–**	
Unrealised deficit on revaluation of property, plant and equipment	–	–	(464)	–	–	**(464)**	**–**	
Segmental result	(9,034)	(4,204)	15,344	7,706	(3,386)	**6,426**	**(719)**	
Unrealised deficit on revaluation of other investments	–	–	–	–	(989)	**(989)**	**–**	
Termination of investment management services								
Fees received	–	–	–	–	19,985	**19,985**	**–**	
Payment to sub-advisers and other expenses	–	–	–	–	(6,141)	**(6,141)**	**–**	
Goodwill impairment	–	–	–	–	(7,914)	**(7,914)**	**–**	
	–	–	–	–	5,930	**5,930**	**–**	
Net finance revenue/(cost)	–	–	–	–	1,272	**1,272**	**–**	
Gain on disposal of discontinued operations	–	–	–	–	–	**–**	**874**	
Profit/(loss) before tax	(9,034)	(4,204)	15,344	7,706	2,827	**12,639**	**155**	
Taxation	–	–	–	–	1,005	**1,005**	**–**	
Profit/(loss) for the period	(9,034)	(4,204)	15,344	7,706	3,832	**13,644**	**155**	
Assets and liabilities								
Intangibles	1,709	7,669	–	28,509	–	**37,887**	**–**	**37,887**
Fixed assets	543	3,025	301,310	57,268	1,500	**363,646**	**–**	**363,646**
Equity accounted investments	1,030	7,589	–	8,744	–	**17,363**	**–**	**17,363**
Current assets	2,120	6,442	19,120	1,209	8,203	**37,094**	**–**	**37,094**
Segment assets	5,402	24,725	320,430	95,730	9,703	**455,990**	**–**	**455,990**
Other investments						**9,047**	**–**	**9,047**
Derivative financial instrument						**5,862**	**–**	**5,862**
Deferred tax asset	–	–	–	–	–	**193**	**–**	**193**
Total assets						**471,092**	**–**	**471,092**
Segment liabilities								
Current liabilities	(1,421)	(4,001)	(6,343)	(241)	(4,112)	**(16,118)**	**–**	**(16,118)**
Non-current liabilities						**(189,591)**	**–**	**(189,591)**
Total liabilities						**(205,709)**	**–**	**(205,709)**
Other segmental information								
Capital expenditure:								
Property, plant and equipment	485	1,816	14,225	–	42	**16,568**	**–**	**16,568**
Intangible assets	1,418	–	6,573	–	–	**7,991**	**–**	**7,991**
Depreciation	279	313	460	–	68	**1,120**	**–**	**1,120**

17. Investments in subsidiaries
A table listing all the subsidiaries, including other dormant subsidiaries, is below:

Name of subsidiary	Place of incorporation	Shareholding 2009	Shareholding 2008	Business activity
Armside Chemists Limited	England	100%	100%	Dormant
Assura Aylesham Limited	England	100%	–	Property investment
Assura Banbury Limited	England	100%	–	Property investment
Assura Birkenhead Limited	England	100%	–	Property investment
Assura Care Homes Limited	England	100%	100%	Trading company
Assura Corporate Services Limited	England	100%	100%	Management services
Assura Diagnostics Limited	England	80%	80%	Hirer of diagnostic equipment
Assura Estates Limited (dissolved 9 April 2009)	Guernsey	100%	100%	dormant
Assura Finance Limited	England	100%	100%	Provision of finance
Assura Fund Management LLP	England	100%	100%	Fund management
Assura Grimsby Limited	England	100%	–	Property investment
Assura Health and Wellness Centres Limited	England	100%	100%	Trading company
Assura Intelligence Limited (formerly Stream Partners Limited)	England	100%	100%	Medical data processing company
Assura Investments Limited (formerly Strategis Limited)	England	100%	100%	Property investment
Assura Kensington Limited	England	100%	–	Property investment
Assura LIFT Holdings Limited	England	100%	100%	Investment holding company
Assura Management Services Limited	England	100%	100%	Management services
Assura Medical Centres Limited (formerly Assura Tinshill Limited)	England	100%	–	Property investment
Assura Medical Limited	England	100%	100%	Management of clinical services
Assura Medical Solutions Limited	England	100%	100%	Dormant – being struck off
Assura Mobility Limited	England	100%	100%	Dormant
Assura Pharmacy Holdings Limited	Guernsey	100%	100%	Holding company
Assura Pharmacy Limited	England	100%	100%	Pharmacy
Assura PharmInvest Limited	England	100%	100%	Holding company
Assura Properties Limited	England	100%	100%	Property investment
Assura Properties UK Limited	England	100%	100%	Property investment
Assura Property Limited	Guernsey	100%	100%	Holding company
Assura Property Management Limited	England	100%	100%	Property management
Assura Retail York Limited	England	100%	100%	Property investment
Assura (Scotland) Limited	Scotland	100%	100%	Dormant
Assura Services Limited	England	100%	100%	Dormant
Assura Southampton Limited	England	100%	–	Property investment
Assura Todmorden Limited	England	100%	–	Property investment
Assura Tunbridge Wells Limited	England	100%	–	Property investment
BHE (Bonnyrigg) Limited	England	100%	100%	Dormant – being struck off
BHE Management Services Limited	England	100%	100%	Dormant – being struck off
BHE (Heartlands) Limited	England	100%	100%	Property investment
BHE (St James) Limited	England	100%	100%	Property investment
BHE (Wand) Limited	England	100%	100%	Dormant – being struck off
Clearup Limited	England	100%	100%	Dormant
Crown Heights Consortium (No. 2) Limited	England	100%	100%	Management company
Crown Heights Health Consortium Limited	England	100%	100%	Dormant
Cystoscope Hire Limited	England	100%	100%	Former trading company – being struck off
Harvey & Richardson (Holdings) Limited (acquired 6 May 2008)	England	100%	100%	Dormant
Harvey & Richardson Limited (acquired 6 May 2008)	England	100%	100%	Dormant
Our Care Limited (acquired 29 May 2008)	England	100%	100%	Management of clinical services
P&L Worsley Limited	England	100%	100%	Dormant
PCI Management Limited	England	100%	100%	Holding company
Primary Care Initiatives (Macclesfield) Limited	England	100%	100%	Property investment
South Bar Doctors Limited	England	100%	–	Dormant
Trinity Healthcare Consortium Limited	England	100%	100%	Management company
Urosonics Limited	England	100%	100%	Former trading company – being struck off

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18. Investment property
Properties are stated at fair value, which has been determined based on valuations performed by Savills Commercial Limited as at 31 March 2009, on the basis of open market value, supported by market evidence, in accordance with international valuation standards.

The properties have been valued individually in accordance with RICS valuation standards 6th edition and their valuation does not reflect the potential for a premium if disposed of as a single lot. A reasonable disposal programme has been assumed for the individual lots so as not to flood the market at one point in time. Access to debt finance on reasonable commercial terms has also been assumed.

Base yields have been assumed at between 6% and 6.5% for prime units with weaker tenants and poorer units valued at yields of between 6.25% and 10%.

A 0.25% shift of valuation yield would have approximately a £10m impact on the investment property valuation.

The investment property portfolio does contain some as yet un-let space, however the portfolio contains no vacant buildings and the Group does not incur any material costs of upkeep of void property.

These values are uncertain as a result of recent instability, illiquidity and turmoil in the market, and fewer comparable market transactions in 2008/09. The valuations are exclusive of any VAT, ignore sales costs but are after deducting 5.725% for assumed purchasers' costs.

	31/03/09 £'000	31/03/08 £'000
Opening fair value of investment property	**281,245**	211,751
Separately acquired assets	**21,251**	–
Additions as part of a business combination	**3,125**	22,639
Subsequent expenditure	**2,627**	5,315
Transfers from development property	**26,160**	46,277
Transfers from work in progress	**80**	18
Transfers to land and buildings	**(3,565)**	(13,635)
Disposals	**(19,801)**	–
Unrealised (deficit)/surplus on revaluation	**(33,369)**	8,880
Closing market value	**277,753**	281,245
Add present value of future lease obligations	**1,172**	1,266
Closing fair value of investment property	**278,925**	282,511

Prior to a site being acquired, any site acquisition, investigation and third party bid related costs are included in work in progress. Upon acquisition of a site, transfers are made from work in progress to development property where future costs are subsequently included. Upon acquisition of an investment property again any pre-acquisition costs are transferred from work in progress to investment property. Finally costs are transferred to investment property from development property upon practical completion of the medical centre and when tenants have taken occupation or signed lease agreements. Transfers are made to land and buildings in respect of the proportion of those medical centres used by the Group.

19. Development property

	31/03/09 £'000	31/03/08 £'000
Opening balance	**57,268**	35,231
Development costs incurred in year	**39,570**	64,891
Capitalised interest	**3,270**	3,415
Transfer from work in progress	**1,197**	8
Impairment	**(20,378)**	–
Transfers to investment property	**(26,160)**	(46,277)
Closing balance	**54,767**	57,268

20. Investments in associates and joint ventures

The Group has the following investments in associates:

Associates

Name of company	Year ended	Shares held by the Group	% held	Place of incorporation	Business activity
GB Consortium 1 Limited	31 March	4,200 Ordinary Shares of £1	40%	England	Holds 60% of the share capital in the Barnet, Enfield and Haringey, and Liverpool and Sefton LIFT Companies
GB Consortium 2 Limited	31 March	27 Ordinary Shares of £1	45%	England	Holds 60% of the share capital in the Coventry LIFT Company
GB Primary Care Limited	31 March	8,500 Ordinary Shares £1 each	85%[1]	England	Holds 60% of the share capital in the South East Essex LIFT Company
GB Primary Care (SWH) Limited	31 March	5,400 Ordinary Shares £1 each	90%[1]	England	Holds 60% of the share capital in the South West Hampshire LIFT Company
Infracare (Midlands) Limited	30 September	257 Ordinary Shares of £1	43%	England	Holds 60% of the share capital in the Dudley South LIFT Company

1 Treated as associated companies given the Group's restrictions on exercising control over the underlying investments of these entities.

The above investments comprise:

	31/03/09 Group £'000	31/03/08 Group £'000
Cost of shares	**23**	17
Loans	**4,899**	5,057
Share of accumulated profit/(loss)	**2,569**	3,670
	7,491	8,744

The above loans are unsecured, due after one year, and carry interest at between 12% and 13%.

The following information is given in respect of the Group's share of all associates:

	31/03/09 Group £'000	31/03/08 Group £'000
Investment property	**41,611**	28,935
Current assets	**18,462**	6,042
	60,073	34,977
Liabilities due within one period	**9,763**	2,529
Liabilities due after one period	**47,741**	28,778
	57,504	31,307
Share of net assets/(liabilities)	**2,569**	3,670
Add back loans	**4,900**	5,057
Other	**22**	17
Carrying amount of associates	**7,491**	8,744
Share of associates revenue and profit:		
Revenue	**6,410**	3,462
(Loss)/profit	**(1,100)**	5,087

Notes to the Consolidated Financial Statements continued
For the year from 1 April 2008 to 31 March 2009

20. Investments in associates and joint ventures continued
The movement on investments in associates during the year was as follows:

	31/03/09 Group £'000	31/03/08 Group £'000
Opening balance	**8,744**	1,070
Acquired in period	**5**	13
Net loans advanced or transferred	**(158)**	2,574
Share of profit/(losses) for the period	**(1,100)**	5,087
Closing balance	**7,491**	8,744

Joint ventures
The Group has the following investments in joint ventures:

Name of entity	Year ended	Shares held by the Group	% held	Place of incorporation	Business activity	Date of incorporation
Assura Anglia Health LLP	31 March	n/a	50%	England	Enhanced medical services	03/06/08
Assura Blackpool LLP	31 March	n/a	50%	England	Enhanced medical services	22/11/07
Assura Bridgwater LLP	31 March	n/a	50%	England	Enhanced medical services	22/11/07
Assura Cambridge LLP	31 March	n/a	50%	England	Enhanced medical services	29/05/08
Assura Chelmsford LLP	31 March	n/a	50%	England	Enhanced medical services	12/05/08
Assura Coventry LLP	31 March	n/a	50%	England	Enhanced medical services	26/06/08
Assura Darlington GP Partnership LLP	31 March	n/a	50%	England	Enhanced medical services	26/06/08
Assura Derwentside LLP	31 March	n/a	50%	England	Enhanced medical services	19/08/07
Assura East Durham LLP	31 March	n/a	50%	England	Enhanced medical services	26/06/08
Assura East Riding LLP	31 March	n/a	50%	England	Enhanced medical services	31/08/06
Assura Edmonton LLP	31 March	n/a	50%	England	Enhanced medical services	03/11/08
Assura Hampshire Health LLP	31 March	n/a	50%	England	Enhanced medical services	22/03/07
Assura Hartlepool LLP	31 March	n/a	50%	England	Enhanced medical services	26/06/08
Assura Lea Valley LLP	31 March	n/a	50%	England	Enhanced medical services	29/05/08
Assura Leeds LLP	31 March	n/a	50%	England	Enhanced medical services	12/05/08
Assura Liverpool LLP	31 March	n/a	50%	England	Enhanced medical services	20/06/06
Assura Macclesfield LLP	31 March	n/a	50%	England	Enhanced medical services	29/06/06
Assura Medical Equipment Services Limited	31 March	n/a	50%	England	Medical equipment providers	06/06/08
Assura Minerva LLP	31 March	n/a	50%	England	Enhanced medical services	11/07/06
Assura North Lancs LLP	31 March	n/a	50%	England	Enhanced medical services	03/06/08
Assura North Staffordshire LLP	31 March	n/a	50%	England	Enhanced medical services	03/06/08
Assura North Surrey LLP	31 March	n/a	50%	England	Enhanced medical services	26/11/08
Assura Reading LLP	31 March	n/a	50%	England	Enhanced medical services	17/04/08
Assura Scarborough LLP	31 March	n/a	50%	England	Enhanced medical services	09/03/07
Assura Shrewsbury LLP	31 March	n/a	50%	England	Enhanced medical services	26/06/08
Assura South Hams LLP	31 March	n/a	50%	England	Enhanced medical services	22/11/07
Assura Stockton LLP	31 March	n/a	50%	England	Enhanced medical services	01/07/08
Assura Stoke on Trent LLP	31 March	n/a	50%	England	Enhanced medical services	03/06/08
Assura Trafford LLP	31 March	n/a	50%	England	Enhanced medical services	26/06/08
Assura Vertis LLP	31 March	n/a	50%	England	Enhanced medical services	09/03/07
Assura Wandle LLP	31 March	n/a	50%	England	Enhanced medical services	16/07/08
Assura Waverley LLP	31 March	n/a	50%	England	Enhanced medical services	10/09/08
Assura West Leicestershire LLP	31 March	n/a	50%	England	Enhanced medical services	12/05/08
Assura Whitby LLP	31 March	n/a	50%	England	Enhanced medical services	22/11/07
Assura Wiltshire LLP	31 March	n/a	50%	England	Enhanced medical services	22/11/07
Assura Wyre Forest LLP	31 March	n/a	50%	England	Enhanced medical services	22/11/07
Peninsula Health LLP	31 March	n/a	50%	England	Enhanced medical services	22/03/07
GP Care Pharmacy Limited	31 March	1 Ordinary Share of £1	50%	England	Pharmacy	07/02/07

In addition, the Group has an interest in Skeeles Pharmacy Limited and Douglas Skeeles Limited which are dormant, wholly-owned subsidiaries of GP Care Pharmacy Limited.

The above investments comprise:

	31/03/09 Group £'000	31/03/08 Group £'000
Cost of shares or members' core capital	**4,798**	1,868
Loans	**9,475**	7,339
Share of accumulated losses	**(3,466)**	(588)
	10,807	8,619

Members' capital is interest free.

The following information is given in respect of the Group's share of all joint ventures:

	31/03/09 Group £'000	31/03/08 Group £'000
Non-current assets	**2,271**	3,399
Current assets	**2,911**	1,286
	5,182	4,685
Liabilities due within one year	**8,482**	1,449
Non-current liabilities	**167**	3,824
	8,649	5,273
Share of net liabilities	**(3,467)**	(588)
Add back loans	**9,476**	7,339
Other	**4,798**	1,868
Carrying amount of joint ventures	**10,807**	8,619
Share of joint ventures revenue and profit:		
Revenue	**3,063**	39
Loss	**(2,878)**	(838)

The movement on investments in joint ventures during the year was as follows:

	31/03/09 Group £'000	31/03/08 Group £'000
Opening balance	**8,619**	869
Acquired in period	**2,930**	962
Net loans advanced or transferred	**2,136**	7,339
Share of losses in period	**(1,299)**	(551)
Share of licence impairment	**(1,579)**	–
Closing balance	**10,807**	8,619

Notes to the Consolidated Financial Statements continued

For the year from 1 April 2008 to 31 March 2009

21. Intangible assets

	Goodwill 31/03/09 £'000	Pharmacy Licences 31/03/09 £'000	Total 31/03/09 £'000
Cost			
At 1 April 2008	38,944	6,857	45,801
Goodwill arising in the period as below	1,790	–	1,790
Transfer to non-current assets held for sale	–	(188)	(188)
Intangibles asset additions arising from acquisitions	–	6,030	6,030
Internally generated intangible asset additions	–	634	634
At 31 March 2009	40,734	13,333	54,067
Impairment			
At 1 April 2008	7,914	–	7,914
Impairment during the period – medical services	1,811	–	1,811
Impairment during the period – pharmacy	–	2,498	2,498
At 31 March 2009	9,725	2,498	12,223
Net book value at 31 March 2009	**31,009**	**10,835**	**41,844**

	Goodwill 31/03/08 £'000	Pharmacy Licences 31/03/08 £'000	Total 31/03/08 £'000
Cost			
At 1 January 2007	36,714	284	36,998
Goodwill arising in the period as below	2,230	–	2,230
Intangibles asset additions arising from acquisitions	–	2,901	2,901
Separately acquired intangible asset additions	–	3,482	3,482
Internally generated intangible asset additions	–	190	190
At 31 March 2008	38,944	6,857	45,801
Impairment			
At 1 January 2007	–	–	–
Impairment during the period	7,914	–	7,914
At 31 March 2008	7,914	–	7,914
Net book value at 31 March 2008	**31,030**	**6,857**	**37,887**

Pharmacy licences represent an ongoing open ended relationship with local PCTs to provide drugs and services on behalf of the NHS. They are therefore considered to have an indefinite useful life.

2009 business combinations

During the period, the Group acquired four pharmacy branches through the acquisition of the entire share capital of Harvey & Richardson Holdings Limited (6 May 2008) and Harvey & Richardson Limited (6 May 2008). The total consideration for the two acquisitions was £5,855,000. The fair values of the assets and liabilities are stated on a final basis.

On 2 June 2008 the Group acquired the entire share capital of Our Care Limited for a consideration of £408,000.

The net assets acquired, fair value of consideration paid and goodwill arising on these transactions are set out in the table below:

	Book Value Pharmacy Acquisitions £'000	Fair Value Pharmacy Acquisitions £'000	Book Value Medical Acquisitions £'000	Fair Value Medical Acquisitions £'000	Book Value Total £'000	Fair Value Total £'000
Non-current assets:						
Pharmacy licences	–	6,030	–	–	–	6,030
Investment property	2,010	3,125	–	–	2,010	3,125
Property, plant and equipment	209	–	–	–	209	–
Cash	81	81	313	313	394	394
Other current liabilities	(427)	(427)	–	–	(427)	(427)
Bank loans	(2,954)	(2,954)	–	–	(2,954)	(2,954)
Deferred tax	–	(1,688)	–	–	–	(1,688)
Net assets acquired	(1,081)	4,167	313	313	(768)	4,480
Cash paid		5,800		395		6,195
Attributable costs		55		20		75
Total consideration		5,855		415		6,270
Goodwill arising on acquisition		**1,688**		**102**		**1,790**

Included in the £1,783,000 of goodwill recognised above are certain assets that cannot be individually separated and, reliably measured due to their nature. These items include the estimated value of future earnings, synergies and staff in place.

From the date of acquisition to 31 March 2009, the acquired businesses have contributed £541,000 of profits to the results of the Group. If the combination had taken place at the beginning of the year, the consolidated loss of the Group would have been £109,525,000 and revenue would have been £49,004,000.

2008 business combinations

During the period, the Group acquired four pharmacy branches through the acquisition of the entire share capital of Clearup Limited (29 March 2007), P&L Worsley Limited (14 May 2007) and Armside Chemists Limited (2 July 2007). The total consideration for the three acquisitions was £4,073,000. In addition, five pharmacy licences were acquired in asset deals for a total consideration of £3,505,000.

On 17 October 2007 the Group acquired the entire share capital of two diagnostic and equipment rental businesses, Urosonics Limited and Cystoscope Hire Limited for a consideration of £1,451,000 satisfied by the issue of 750,000 Ordinary Shares in the Company at market value.

The net assets acquired, fair value of consideration paid and goodwill arising on these transactions are set out in the table below:

	Book Value Pharmacy Acquisitions £'000	Fair Value Pharmacy Acquisitions £'000	Book Value Medical Acquisitions £'000	Fair Value Medical Acquisitions £'000	Book Value Total £'000	Fair Value Total £'000
Non-current assets:						
Pharmacy licences	2,901	2,901	–	–	2,901	2,901
Investment property	210	200	–	–	210	200
Property, plant and equipment	–	–	52	52	52	52
Cash	737	737	10	10	747	747
Other current assets	235	235	16	16	251	251
Deferred tax	–	(812)	–	–	–	(812)
Net assets acquired	4,083	3,261	78	78	4,161	3,339
Fair value of share in Assura Group Limited		–		1,451		1,451
Cash paid		4,002		–		4,002
Attributable costs		71		45		116
Total consideration		4,073		1,496		5,569
Goodwill arising on acquisition		**812**		**1,418**		**2,230**

Included in the £2,230,000 of goodwill recognised above are certain assets that cannot be individually separated and reliably measured due to their nature. These items include the estimated value of future earnings, synergies and staff in place.

Notes to the Consolidated Financial Statements continued
For the year from 1 April 2008 to 31 March 2009

21. Intangible assets continued
During the prior period the Group terminated its management contract for The Westbury Property Fund Limited (see note 9). As a result goodwill relating to the acquisition of Assura Administration and related parties in the prior year has been impaired in the period. This is shown in the eliminations and unallocated segment.

From the date of acquisition to 31 March 2008, the acquired businesses contributed £11,000 of losses to the results of the Group. If the combination had taken place at the beginning of the period, the consolidated profit of the Group would have been £14,595,000 and revenue would have been £45,689,000.

Impairment of goodwill
The Company tests annually whether goodwill or pharmacy licences have suffered any impairment. Goodwill acquired through business combinations and licences have been allocated for impairment testing purposes to four cash generating units as follows:

	Goodwill		Pharmacy Licences	
	31/03/09	31/03/08	**31/03/09**	31/03/08
Property development cash generating unit	**24,791**	24,791	**–**	–
LIFT cash generating unit	**3,718**	3,718	**–**	–
Pharmacy cash generating unit	**2,500**	812	**10,835**	6,857
Medical cash generating unit	**–**	1,709	**–**	–
	31,009	31,030	**10,835**	6,857

These represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Sensitivity analysis
With regard to the assessment of the value in use of the property development and LIFT cash generating units a reasonable change in a key assumption does not result in the carrying amount of the CGU exceeding the recoverable amount.

With regard to the assessment of the value in use of the pharmacy Cash Generating Unit (CGU) a 1% reduction in the NHS gross margin assumption would result in an increase in the impairment provision in the year of £261,000 whilst a 2% increase in the discount rate applied would result in an increase in the impairment provision of £777,000. If both sensitivities are applied together, the combined impact would be an increase in the impairment provision of £1,045,000.

For each of the remaining CGUs a reasonable change in the underlying assumptions would not result in the requirement for an impairment provision.

Property development cash generating unit
The recoverable amount of the property development unit has been determined based on a value in use calculation according to a budget approved by the Board covering a four year period. The discount rate applied to cash flow projections is 7.1% (2008: 8.5%) and cash flows beyond the four year forecasts are extrapolated using a 5% growth rate (2008: 5%) based on management's experience and reasonable expectations.

The discount rate applied to the forecast cash flows was based upon the CGU's Weighted Average Cost of Capital. The cost of equity was determined using the Capital Asset Pricing Model and a Beta appropriate to the Property Sector of 0.97. The cost of debt was based upon the Group's actual average rates of borrowing over the next five years.

LIFT cash generating unit
The recoverable amount of the LIFT unit has been determined based on a value in use calculation according to financial models approved by LIFT company shareholders covering a 25 year period. The discount rate applied to cash flow projections is 8.0% (2008: 8.5%). The forecast cash flows include the project returns on funding loans provided by Assura LIFT Holdings Limited based on the actual interest rate of 12% to 14% (2008: 14%), the estimated residual value at the end of the primary lease period and the pipeline of projects.

The discount rate applied to cash flows was calculated using a multi factor model for valuing infrastructure reflecting the appropriate risk factors.

Pharmacy cash generating unit

The recoverable amount of the pharmacy unit has been determined based on a value in use calculation based on budgets approved by the Board covering a five year period. The discount rate applied to cash flow projections is 7.1% (2008: 8.5%) and a terminal value is applied after year five based upon the current market value of each pharmacy branch.

The discount rate applied to the forecast cash flows was based upon the CGU's Weighted Average Cost of Capital. The cost of equity was determined using the Capital Asset Pricing Model and a Beta appropriate to the Pharmacy Sector of 1.00. The cost of debt was based upon the Group's actual average rates of borrowing over the next five years. The assumed level of was in line with the current levels and this is considered to be the industry norm.

An impairment loss of £2,635,000 (including £137,000 in respect of licences held for sale – see note 26) in respect of certain individual pharmacy licences has been recognised during the year based upon value in use calculations. This has arisen from a reduction in the forecast cash flows and estimated terminal value of each licence at the end of year five. The reduction in estimated terminal value reflects a recent decline in the market value of pharmacy licences. The discount rate applied was 7.1% (2008: 8.5%).

Medical cash generating unit

The recoverable amount of the diagnostics unit has been determined based on a fair value basis. Consequently, the goodwill has been fully impaired during the current period.

All of the goodwill of £1,426,000 relating to Assura Diagnostics was written off during the year from the medical services CGU in recognition of the ongoing losses generated by the business.

22. Property, plant and equipment

	Land and Buildings 31/03/09 £'000	Computer, Medical and Other Equipment 31/03/09 £'000	Fixtures, Fittings and Furniture 31/03/09 £'000	Total 31/03/09 £'000
Cost or valuation				
At 1 April	19,009	2,542	3,556	25,107
Transfer from investment property	3,565	–	–	3,565
Additions at cost	291	2,662	976	3,929
Disposals at cost	(163)	(41)	–	(204)
Transfer to non-current assets held for sale	(235)	(83)	(242)	(560)
Revaluation	(1,832)	–	–	(1,832)
At 31 March	20,635	5,080	4,290	30,005
Depreciation				
At 1 April	–	663	577	1,240
Depreciation for the year	411	1,258	409	2,078
Transfer to non-current assets held for sale	(17)	(41)	(44)	(102)
Disposals	(2)	(7)	–	(9)
At 31 March	392	1,873	942	3,207
Net book value at 31 March 2009	**20,243**	**3,207**	**3,348**	**26,798**

Notes to the Consolidated Financial Statements continued
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22. Property, plant and equipment continued

	Land and Buildings 31/03/08 £'000	Computer, Medical and Other Equipment 31/03/08 £'000	Fixtures, Fittings and Furniture 31/03/08 £'000	Total 31/03/08 £'000
Cost				
At 1 January	2,645	1,505	2,164	6,314
At acquisition	210	52	–	262
Transfer from investment property	13,635	–	–	13,635
Additions at cost	–	1,279	1,392	2,671
Disposals at cost	–	(294)	–	(294)
Revaluation	2,519	–	–	2,519
At 31 March	19,009	2,542	3,556	25,107
Depreciation				
At 1 January	–	174	167	341
Depreciation for the year	–	710	410	1,120
Disposals	–	(221)	–	(221)
At 31 March	–	663	577	1,240
Net book value at 31 March 2008	**19,009**	**1,879**	**2,979**	**23,867**

Land and buildings are stated at fair value which has been determined based on valuations performed by Savills Commercial Limited as at 31 March 2009, on the basis of open market value, supported by market evidence, in accordance with international valuation standards. The previous valuation was carried out by Savills Commercial Limited on the same basis as at 31 March 2008. If the land and buildings were measured using the cost model, the carrying amounts would be as follows:

	31/03/09 £'000	31/03/08 £'000
Cost and net book value	**19,668**	16,384

23. Other investment

	31/03/09	31/03/08
Available-for-sale financial assets	**5,968**	9,047
Listed equity shares	**5,968**	8,297
Unlisted equity shares	**–**	750
	5,968	9,047

The Group held 6,382,474 Ordinary Shares of 10p each in Stobart Group Limited which are listed on the London Stock Exchange, valued at closing price. On 11 June 2009 the Group sold its entire share holding in Stobart Group Limited for £1 per share. Fees on the sale were incurred of £6,000.

The unlisted equity shares comprise a 22.5% investment in the equity of Surgery Holdings Ltd, a medical services company incorporated in the UK. This investment was fully impaired during the year for the purposes of these accounts.

24. Cash, cash equivalents and restricted cash

	31/03/09 £'000	31/03/08 £'000
Petty cash	**1**	1
Cash held in current account	**12,193**	20,093
Restricted cash	**12,582**	360
Rent held on deposit	**14**	6
	24,790	20,460

Restricted cash in 2009 is in respect of an interest payment guarantee and also ring fenced for committed property development expenditure which is released to pay contractors invoices directly.

Restricted cash in 2008 was required as security for letters of credit issued by the bank to the debt funders for the three LIFTCos to which the Group has pledged funding upon practical completion of the medical centres under development.

Rent held on deposit is subject to the respective tenant's lease agreement and is not available for use by the Group. All interest earned on these deposits is due to the respective tenant.

25. Debtors

	31/03/09 £'000	31/03/08 £'000
Trade debtors	**4,648**	4,144
VAT recoverable	**1,068**	2,240
Prepayments and accrued income	**3,794**	3,600
Other debtors	**183**	4,284
	9,693	14,268

The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have remaining terms of up to 25 years with an average lease length of 18 years. All leases are subject to revision of rents according to various rent review clauses. Future minimum rentals receivable under non-cancellable operating leases as at 31 March are as follows:

	31/03/09 £'000	31/03/08 £'000
Within one year	**20,888**	16,615
After one year but not more than five years	**82,116**	65,709
More than five years	**259,791**	228,981
	362,795	311,305

Trade debtors are generally on 30-60 days' terms and are shown net of a provision for impairment. As at 31 March 2009, no trade debtors were impaired or fully provided for (2008: nil).

As at 31 March 2009 and 31 March 2008, the analysis of trade debtors that were past due but not impaired is as follows:

			Past Due But Not Impaired			
	Total £'000	Neither Past Due Nor Impaired £'000	More than 30 days £'000	More than 60 days £'000	More than 90 days £'000	More than 120 days £'000
2009	4,648	3,827	205	163	21	432
2008	4,144	3,171	435	131	173	234

The credit quality of trade debtors that are neither past due nor impaired is assessed by reference to internal historical information relating to counterparty default rates.

The bulk of the Group's income derives from the NHS or is reimbursed by the NHS, hence the risk of default is minimal.

26. Assets classified as held for sale and disposal groups

	Pharmacy Licences 31/03/09 £'000	**Property, Plant and Equipment 31/03/09 £'000**	**Total 31/03/09 £'000**	Total 31/03/08 £'000
Transferred from pharmacy licences	**188**	**–**	**188**	–
Transferred from property, plant and equipment	**–**	**458**	**458**	–
Impairment during the period	**–**	**(137)**	**(137)**	–
At 31 March	**188**	**321**	**509**	–

In the September 2008 interim accounts a disposal programme of non-core pharmacy stores was announced.

The above amounts represent the net book values of assets in disposal groups held for sale. The amounts all relate to the proposed disposal of four pharmacies which are being sold. The sale process was well advanced at the balance sheet date. Completion is expected to take place during August 2009.

Pharmacy licences are the costs incurred in developing or acquiring pharmacy licences. The property, plant and equipment value represents the fit out expenditure of the pharmacies which are being disposed of.

Notes to the Consolidated Financial Statements continued
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27. Creditors

	31/03/09 £'000	31/03/08 £'000
Trade creditors	**5,848**	6,133
Other creditors and accruals	**11,869**	5,761
Payments due under finance leases	**96**	94
Loan (see note 38)	**1,600**	561
Interest payable and similar charges	**–**	96
Rents received in advance	**6,885**	3,473
	26,298	16,118

The total of future minimum lease payments payable under non-cancellable finance leases is shown below:

	31/03/09 £'000	31/03/08 £'000
Within one year	**96**	94
After one year but not more than five years	**402**	394
More than five years	**674**	778
	1,172	1,266

The above finance lease arrangements are in respect of investment property held by the Group on leasehold rather than freehold terms. The amounts due above that are more than one year, which total £1,076,000 (2008: £1,172,000) have been disclosed in non-current liabilities on the consolidated balance sheet.

28. Long-term loan

	31/03/09 £'000	31/03/08 £'000
At 1 April (1 January 2007)	**188,419**	44,949
Amount drawn down in year	**280,167**	298,420
Amount repaid in year	**(232,356)**	(154,258)
Loan issue costs	**(1,000)**	(1,355)
Amortisation of loan issue costs	**1,449**	663
At 31 March	**236,679**	188,419

At 31 March 2008 the Group benefited from a £250m facility utilising National Australia Bank's securitisation conduit and secured upon many of the Group's portfolio of medical centre investment properties. The margin on this facility was 0.45% above the asset backed Commercial Paper rate. The bank also provided a liquidity facility of £255m, the margin of which varied between 0.7% and 1.1% above LIBOR, to guarantee funding in the event that Commercial Paper could not be issued. This facility was subject to the following financial covenants:

(i) Loan to value ratio – the aggregate outstanding loan to current valuation of investment properties should not exceed 75%.
(ii) Projected net rental income receivable during the following 12 month period must cover 130% of projected finance costs.
(iii) Financial indebtedness must be below 65% of gross asset value.
(iv) Average weighted lease length must exceed 12.5 years.

Due to difficulties in the markets for Commercial Paper, and reliance on the short-term liquidity facility, the loan was repaid in full on 30 March 2009 and replaced with a new term loan (see below) to provide certainty of future funding.

At 31 March 2008 the Group also had a loan agreement with Royal Bank of Scotland plc (RBS) for £8,250,000 secured on the Group's head office building and investment property in Daresbury and a £12,500,000 loan facility with Norwich Union Commercial Finance (part of Aviva Group 'NU') secured on one medical centre investment in Macclesfield.

The loan from RBS is available until March 2013 and carries interest at 1.2% above LIBOR. Surplus rental income from the property is used to amortise the loan. An interest rate swap at a rate of 5.1% has been taken out to hedge against the interest on the loan. The balance at 31 March 2009 is £7,930,000 of which £1,150,000 is due within one year (see note 38).

During the year the NU loan was increased to £12,900,000 and a further six loans were completed with NU giving a total debt balance of £41,166,000 due to NU at 31 March 2009. The NU loans are partially amortised by way of quarterly instalments and partially repaid by way of bullet repayments falling due between 2021 and 2030. £450,000 is due within a year (see note 38). These loans are secured by way of charges over specific medical centre investment properties with cross collaterisation between the loans and security. The loans are subject to fixed all in interest rates ranging between 5.85% and 6.49%.

On 30 March 2009 the Group entered into a new term loan with National Australia Bank Limited for three years with an option to extend for a fourth year. The facility is initially for £190m but reduces to £160m on 30 March 2010 and to £130m on 31 March 2011, in line with the Group's planned strategy to reduce debt from non-core asset disposals. The loan facility with National Australia Bank is subject to the following financial covenants:

(i) Loan to value ratio – the aggregate outstanding loan to current valuation of investment properties should not exceed 80%.
(ii) Projected net rental income receivable during the following 12 month period must cover 130% of projected finance costs.
(iii) Financial indebtedness must be below 65% of gross asset value.
(iv) Average weighted lease length must exceed 12.5 years.

Interest is charged at a rate of 2.25% above 3 month LIBOR while the balance is above £160m, 2.1% above LIBOR while the balance is above £130m and then reduces to 1.95% above LIBOR. If the loan to value ratio for properties charged to the bank is above 75%, then a 0.5% additional margin is charged.

This loan is secured by way of a debenture over the bulk of the wholly-owned property assets of the Group and a fixed charge over shares held in certain subsidiary companies.

The Group has been in compliance with all financial covenants on all of the above loans as applicable throughout the year.

29. Derivative financial instrument at fair value

		Interest Rate swap (NAB) £'000	Interest Rate swap (RBS) £'000	Total £'000
At 1 April		(5,862)	–	(5,862)
Movement in year	**11**	30,762	709	31,471
At 31 March		24,900	709	25,609

30. Share capital

Authorised	**31/03/09**	**31/03/09 £'000**	31/03/08	31/03/08 £'000
Ordinary Shares of 10p each	**3,000,000,000**	**300,000**	300,000,000	30,000
Preference Shares of 10p each	**20,000,000**	**2,000**	20,000,000	2,000
		302,000		32,000

The authorised share capital was increased to £302,000,000 on 6 August 2008.

Ordinary Shares issued and fully paid	**Number of shares 31/03/09**	**Share capital 31/03/09 £'000**	Number of shares 31/03/08 £'000	Share capital 31/03/08
Opening balance	**235,213,115**	**23,522**	233,998,471	23,400
Issued on 14 September 2007 to settle the deferred consideration from 2006 on the acquisition of Assura LIFT Holdings Limited	**–**	**–**	464,644	47
Issued on 12 October 2007 to acquire Urosonics Limited and Cystoscope Hire Limited	**–**	**–**	750,000	75
Issued as scrip dividend on 13 August 2008	**731,665**	**73**	–	–
Issued for cash on 17 November 2008	**81,081,080**	**8,108**	–	–
Issued on 17 November 2008 to Stream Partners vendors as deferred consideration	**441,176**	**44**	–	–
Total issued in period	**82,253,921**	**8,225**	1,214,644	122
Closing balance	**317,467,036**	**31,747**	235,213,115	23,522
Own shares held	**(11,039,886)**	**(5,093)**	(10,331,474)	(4,561)
Total share capital	**306,427,150**	**26,654**	224,881,641	18,961

Notes to the Consolidated Financial Statements continued
For the year from 1 April 2008 to 31 March 2009

30. Share capital continued
On 13 August 2008 the Company issued 731,665 Ordinary Shares of 10p each to those shareholders in the Company who had elected to receive new shares instead of the cash dividend that had been offered. The new Ordinary Shares were issued on the basis of a reference price of 81.65p per Ordinary Share.

On 5 October 2006 the Group acquired the entire share capital of Assura Intelligence Limited for cash and conditional deferred consideration payable in shares in Assura Group. The number of Ordinary Shares of 10p each to be issued to the vendors was subject to a maximum of 441,176 and this number of shares was issued to the vendors on 17 November 2008.

On 17 November 2008 the Company issued 80,810,080 Ordinary Shares of 10p each pursuant to the placing that was announced by the Company on 7 October 2008. These shares were placed at 37p per Ordinary Share.

Voting rights
Ordinary shareholders are entitled to vote at all general meetings.

Assura Equity Incentive Plan
On 15 May 2006 the Company formed the Assura Executive Equity Incentive Plan (EEIP) and issued and transferred 8,066,768 Ordinary Shares into the plan. The Plan has acquired shares subsequently. Participants are allocated units each of which represent one Ordinary Share, 68.5% of which was scheduled to vest on 31 December 2008 and the balance on 31 December 2010. These dates were varied in the period to March 2008 and are now 31 March 2009 and 31 March 2011 respectively. The units will vest at the end of the vesting periods if the compound growth in total shareholder return in each period is 12.5% above a base reference price of £1.90. A sliding scale will apply if the total shareholder return is between 0% and 12.5% over the base reference price. Upon vesting, an appropriate number of Ordinary Shares will be transferred by the trustees of the plan to participants less a deduction for the number of shares needed to recover any tax or national insurance liabilities which arise for participants. No units vested on 31 March 2009 as the performance criteria were not met.

As at 31 March 2009 the EEIP held a total of 11,039,886 (2008: 10,331,474) Ordinary Shares of 10p each in Assura Group Limited.

During the period 1,190,000 (2008: 2,513,500) units were granted to participants with the same vesting period and conditions as above. On the 15 January 2009 3,950,000 units were granted subject to new performance targets. The units will vest at the end of the vesting periods if the compound growth in total shareholder return in each period is 15% above a base reference price of £0.55. A sliding scale will apply if the total shareholder return is between 15% and 30% over the base reference price.

	31/03/09 Units	31/03/08 Units
Outstanding as at the start of the period	**5,712,500**	3,630,000
Granted during the period	**5,140,000**	2,538,500
Cancelled during the period in respect of leavers	**(1,176,000)**	(456,000)
Outstanding as at the end of the period	**9,676,500**	5,712,500

For share options outstanding as at 31 December 2008, the weighted average remaining contractual life is 2.41 years (2008: 2.75 years).

The weighted average fair value of options granted during the period was £0.15 (2008: £1.23).

The fair value of equity-settled share options is estimated as at the date of grant using a Monte-Carlo model, taking into account the terms and conditions upon which options were granted. The following table lists the inputs to the model used for the year ended 31 March 2009 and period ended 31 March 2008.

	31/03/09	31/03/08
Dividend yield (%)	**0.0**	2.9
Expected share price volatility (%)	**64.9**	23.0
Risk-free interest rate (%)	**2.1**	5.2
Expected life of option (years)	**3.2**	4.4
Weighted average share price (p)	**38.0**	190.0

The fair value of the units granted in the period, is £797,000 (2008: £3,091,000) based on market price at the date the shares were granted. This cost is allocated over the vesting period. Given that the Company's share price on 31 March 2009 and at the date of this report is substantially below the base reference price, the cumulative expense has been computed by reference to the second vesting date given the likelihood of the units being granted at the first vesting date. The cost allocation for the period was £910,000 (2008: £1,578,000), 2006 included 500,000 units issued to the former Chairman (Mark Jackson). Dividends are paid to, and accumulate in, the Assura EEIP.

On 5 October 2006 the Group acquired the entire share capital of Assura Intelligence Limited for cash and conditional deferred consideration payable in 2009, in shares in Assura Group. The number of shares issued to the vendors was 441,176, the cost of which is being expensed on a time apportioned basis with the credit being added to retained earnings. The cost incurred in the period was £274,000 (2008: £365,000).

31. Share premium

	31/03/09 £'000	31/03/08 £'000
Opening balance	**2,073**	226,678
Proceeds arising on issue of Ordinary Shares	**23,101**	2,073
Issuance costs on share issue during period	**(1,962)**	–
Transfer to distributable reserve	**–**	(226,678)
Closing balance	**23,212**	2,073

On 29 June 2007 following both shareholders' approval and that of the Royal Court in Guernsey £226,678,000 was transferred from share premium to distributable reserve.

32. Distributable reserve

	31/03/09 £'000	31/03/08 £'000
Opening balance	**224,116**	15,564
Transfer from share premium (see note 31)	**–**	226,678
Dividends on Ordinary Shares (see note 15)	**(10,502)**	(18,126)
Closing balance	**213,614**	224,116

33. Retained earnings

	31/03/09 £'000	31/03/08 £'000
Opening balance	**17,201**	1,852
Depreciation transfer for land and buildings	**74**	–
Profit for the period attributable to equity holders	**(110,689)**	14,070
Cost of employee share-based incentives	**910**	1,578
Stream Partner shares	**(729)**	–
Minority interest disposed of in the period	**–**	(299)
Closing balance	**(93,233)**	17,201

34. Revaluation reserve

	31/03/09 £'000	31/03/08 £'000
Opening balance	**3,089**	106
Depreciation transfer for land and buildings	**(74)**	–
Revaluation of land and buildings in the year	**627**	2,983
Closing balance	**3,642**	3,089

35. Net asset value per Ordinary Share

The basic net asset value per Ordinary Share is based on the net assets attributable to the ordinary shareholders of £173,711,000 (2008: £265,383,000) and on 306,427,150 (2008: 224,881,641) Ordinary Shares in issue at the balance sheet date.

The adjusted basic net asset value per Ordinary Share is based on the net assets attributable to the ordinary shareholders of £204,413,000 (2008: £264,082,000) which is after adding back the 'own shares held' reserve of £5,093,000 (2008: £4,561,000) and the derivative financial instrument at fair value of a liability of £25,609,000 (2008: asset of £5,862,000) and on 306,427,150 (2008: 224,881,641) Ordinary Shares in issue at the balance sheet date.

The diluted net asset value per Ordinary Share is based on the net assets attributable to the ordinary shareholders of £173,711,000 (2008: £265,383,000) and on 306,427,150 (2008: 224,881,641) Ordinary Shares in issue at the balance sheet date.

The adjusted diluted net asset value per Ordinary Share is based on the net assets attributable to the ordinary shareholders of £204,413,000 (2008: £264,082,000) which is after adding back the 'own shares held' reserve of £5,093,000 (2008: £4,561,000) and the derivative financial instrument at fair value of a liability of £25,609,000 (2008: asset of £5,862,000) and on 306,427,150 (2008: 224,881,641) Ordinary Shares in issue at the balance sheet date.

Notes to the Consolidated Financial Statements continued
For the year from 1 April 2008 to 31 March 2009

36. Note to the Consolidated Cash Flow Statement

	2009 £'000	2008 £'000
Reconciliation of net profit before taxation to net cash inflow from operating activities:		
Net (loss)/profit before taxation	**(111,373)**	12,794
Adjustment for non-cash items:		
Depreciation	**2,078**	1,120
Decrease/(increase) in debtors	**4,574**	(4,376)
Increase in creditors	**10,181**	3,704
Increase in pharmacy inventories	**(297)**	(776)
Deficit/(surplus) on revaluation of investment property	**53,747**	(8,880)
Deficit on revaluation of property, plant and equipment	**2,459**	464
Deficit on revaluation of other investments	**3,080**	989
Termination of investment management services	**–**	(1,134)
Interest capitalised on developments	**(3,270)**	(3,415)
Loss/(profit) on revaluation of financial instrument	**31,470**	(3,660)
(Profit)/loss on disposal of investment properties	**1,878**	–
Goodwill impairment	**1,811**	–
Licences impairment	**2,498**	–
Non-current assets held for resale impairment	**137**	–
Share of losses/(profits) of associates and joint ventures	**3,979**	(4,536)
Cost of employee share-based incentives	**910**	1,704
Other gains and losses	**(16)**	(1,083)
Amortisation of loan issue costs	**1,449**	663
Net cash (outflow)/inflow from operating activities	**5,295**	(6,422)

37. Deferred tax

Deferred tax consists of the following:

Deferred income tax (liabilities)/assets recognised in the financial statements

	Consolidated Balance Sheet		Consolidated Income Statement	
	31/03/2009 £'000	31/03/2008 £'000	**12 months ended 31/03/2009 £'000**	15 months ended 31/03/2008 £'000
Other timing differences	**–**	43	**(43)**	43
Pharmacy licences recognised on acquisition	**(2,157)**	(812)	**343**	–
Trading losses carried forward	**1,245**	962	**283**	962
	(912)	193	**583**	1,005

Deferred income tax assets unrecognised in the financial statements are as follows:

	Consolidated balance statement	
	31/03/2009 £'000	31/03/2008 £'000
Tax losses	**10,789**	375
Other timing differences	**23,807**	232
Deficit on revaluation of investment properties in the UK	**68,346**	13,000
	102,942	13,607

The tax effect of these unrecognised assets is as follows:

	Consolidated balance statement	
	31/03/2009 £'000	31/03/2008 £'000
Tax losses	**3,021**	105
Other timing differences	**6,666**	65
Deficit on revaluation of investment properties in the UK	**19,137**	3,640
	28,824	3,810

38. Derivatives and other financial instruments
The Group holds cash and liquid resources as well as having debtors and creditors that arise directly from its operations. The Group has varied the terms of its interest rate swap during the year as disclosed below.

The main risks arising from the Group's financial instruments and properties are credit risk, liquidity risk, interest rate risk and equity price risk. The Board regularly reviews and agrees policies for managing each of these risks and these are summarised below.

Credit risk
Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group.

In the event of a default by an occupational tenant, the Group will suffer a rental income shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. Given the enhanced rights of landlords who can issue proceedings and enforcement by bailiffs, defaults are rare and potential defaults are managed carefully by the credit control department. The maximum credit exposure in aggregate is one quarter's rent of circa £5m, however this amount derives from all the tenants in the portfolio and such a scenario is hypothetical. The Group's credit risk is well spread across circa 238 tenants at any one time. Furthermore the bulk of the Group's property income derives from the NHS or is reimbursed by the NHS, hence the risk of default is minimal.

Other credit risks within the Group derive from pharmacy sales and sales by the Group's GPCo joint ventures. These debts are due to the Group or the Group's GPCo joint ventures from the NHS and risk of default is considered minimal.

The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

Liquidity risk
Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments. Investments in property are relatively illiquid, however, the Group has tried to mitigate this risk by investing in desirable properties which are well let to GPs and PCTs. In order to progress its property investment and development programme, the Group needs access to bank and equity finance, both of which may be difficult to raise notwithstanding the quality, long lease length, NHS backing and diversity of its property portfolio.

The Group finances its activities from bank loans. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Group's operating activities. The Group also enters into derivative transactions, principally interest rate swaps with the purpose of managing the interest rate risks arising from the Group's operations and its sources of finance.

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2009 and 31 March 2008 based on contractual undiscounted payments.

Year ended 31 March 2009	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
Interest bearing loans and borrowings	–	3,524	7,168	227,818	70,285	308,795
Trade and other payables	–	24,626	72	402	674	25,774
	–	28,150	7,240	228,220	70,959	334,569

Period ended 31 March 2008	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
Interest bearing loans and borrowings	–	2,600	7,809	210,819	25,056	246,284
Trade and other payables	–	15,486	71	394	778	16,729
	–	18,086	7,880	211,213	25,834	263,013

Notes to the Consolidated Financial Statements continued
For the year from 1 April 2008 to 31 March 2009

38. Derivatives and other financial instruments continued
Interest rate risk
The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash deposits and, as debt is utilised, long-term, debt obligations. The Group's policy is to manage its interest cost using interest rate swaps (see below). The swaps are revalued to their market value by reference to market interest rates at each balance sheet date.

The interest rate profile of the financial assets and liabilities of the Group at 31 March 2009 was as follows:

	Within 1 Year £'000	1 to 5 Years £'000	More than 5 Years £'000	Total £'000
Floating rate				
Cash	24,790	–	–	24,790

	Within 1 Year £'000	1 to 5 Years £'000	More than 5 Years £'000	Total £'000
Fixed rate				
Interest rate swap	–	–	(25,609)	(25,609)
Long-term loans:				
NAB	–	(189,310)	–	(189,310)
NU	(450)	(2,660)	(38,029)	(41,139)
RBS	(1,150)	(6,780)	–	(7,930)
Payments due under finance leases	(96)	(402)	(674)	(1,172)

During the year the NU loan was increased to £12,900,000 and a further six loans were completed with NU giving a total debt balance of £41,139,000 due to NU at 31 March 2009. The NU loans are partial amortised by way of quarterly instalments and partially repaid by way of bullet repayments falling due between 2021 and 2030. £450,000 is due within a year (see table above). These loans are secured by way of charges over specific medical centre investment properties with cross collaterisation between the loans and security. The loans are subject to fixed all in interest rates ranging between 5.85% and 6.49%.

On 30 March 2009 the Group entered into a new term loan with National Australia Bank Limited for three years with an option to extend for a fourth year. The facility is initially for £190m but reduces to £160m on 30 March 2010 and to £130m on 31 March 2011, in line with the Group's planned strategy to reduce debt from non-core asset disposals.

The interest rate profile of the financial assets and liabilities of the Group at 31 March 2008 was as follows:

	Within 1 Year £'000	1 to 5 Years £'000	More than 5 Years £'000	Total £'000
Floating rate				
Cash	20,460	–	–	20,460

	Within 1 Year £'000	1 to 5 Years £'000	More than 5 Years £'000	Total £'000
Fixed rate				
Interest rate swap	–	–	5,862	5,862
Bank overdraft				
Long-term loans:				
NAB	–	(168,917)	–	(168,917)
NU	(113)	(531)	(11,225)	(11,869)
RBS	(448)	(2,035)	(5,711)	(8,194)
Payments due under finance leases	(94)	(394)	(778)	(1,266)

The NAB long-term loan was a £250m National Australia Bank sponsored securitisation conduit available for five years from March 2008. The facility was backed up by a 364 day £255m liquidity facility for use when Commercial Paper could not be issued by the conduit. The maturity of any draw downs under the liquidity facility was up to a maximum of three months. The loan was repaid in the year.

The interest rate swap contract is adjusted to fair value at each balance sheet date. For the other financial assets and liabilities, their book value equates to their fair value, hence the above figures, for both 2009 and 2008 comprise both book and fair values.

	Book Value		Fair Value	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Cash	**24,790**	20,460	**24,790**	20,460
Interest rate swap	**(25,609)**	5,862	**(25,609)**	5,862
Long-term loan	**(238,379)**	(188,980)	**(238,379)**	(188,980)
Payments due under finance leases	**(1,172)**	(1,266)	**(1,172)**	(1,266)

In 2005 the Company entered into a 20 year interest rate swap at a rate of 4.5725%, on its full debt facility at that time of £100m. On 2 November 2006, the swap was increased to £200m (£150m effective from 30 June 2007 and £200m effective from 31 December 2007) all at a new rate of 4.59% expiring on 31 December 2027. On 8 January 2009 the swap was extended to 30 years but subject to a mandatory early termination on 30 September 2028 at the following rates: for the calendar year 2009 – 2.99%, for the calendar years 2010 and 2011 – 3.29% and for the remaining term – 4.59%. Based on the actual swap rates at 31 March 2009, the fair value of this swap was a deficit of £24,900,000 (2008: surplus of £5,862,000). The Group also has entered into a smaller SWAP of initially £8m from April 2008 to March 2013 at 5.1% which reduces in line with loan amortisation linked to the Group's loan from The Royal Bank of Scotland PLC secured on its head office and investment property in Daresbury. Based on the actual swap rates at 31 March 2009, the fair value of this swap was a deficit of £709,000.

The interest rate swaps are intended to protect the Group against fluctuations in interest rates given that the bulk of the Group's bank loans are at floating rate. The principal interest rate swap is measured against the three month LIBOR from 1 January 2010, but against 1 month LIBOR in 2009. The Group is therefore exposed to any differential between the one month rate and the three month LIBOR rate for 2009 only.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax.

	Increase/decrease in basis points %	Effect on profit before tax £'000
2009	+75%	(1,350)
	–75%	1,350
2008	+75%	(763)
	–75%	763

Equity price risk

The Group holds listed equity investments classified as available-for-sale. The Group's listed equity investments consist of 6,382,474 Ordinary Shares of 10p each in Stobart Group Limited (see note 23). The fair value, being market value, of the investment is therefore subject to variations in the equity share price.

The analysis below reflects the effect on the Group's investment given an increase or decrease of 5% in the equity share price.

	Increase/decrease in equity share price %	Effect on book value £'000
2009	+5%	299
	–5%	(299)
2008	+5%	415
	–5%	(415)

On 11 June 2009 the Group sold its entire share holding in Stobart Group Limited for £6,382,474 less incidental costs of sale.

Capital risk

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. During the year the Company raised £30m of new equity and the Board resolved not to pay an interim dividend or propose further dividends until enabled through operating profits or exceptional disposals of non-core assets.

Notes to the Consolidated Financial Statements continued
For the year from 1 April 2008 to 31 March 2009

38. Derivatives and other financial instruments continued
The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The gearing percentage on this basis is 52% at 31 March 2009 (40% at 31 March 2008).

	31/03/2009 £'000	31/03/2008 £'000
Cash and cash equivalents	**24,790**	20,460
Debt	**(239,451)**	(190,246)
Net debt	**(214,661)**	(169,786)

	31/03/2009 £'000	31/03/2008 £'000
Equity	**173,665**	265,383
Revaluation reserve	**(3,642)**	(3,089)
Derivative	**25,609**	(5,862)
Total capital	**195,632**	256,432
Net debt	**214,661**	169,786
Total capital plus net debt	**410,293**	425,218
	52%	40%

The Group's policy is to keep the gearing at a reasonable level, and certainly not more than 65%, for a strongly asset-backed operating business. In order to achieve this it must have access to share capital when appropriate otherwise it may need to sell property and other assets. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations. Capital includes convertible preference shares, equity attributable to the equity holders of the parent less the net unrealised gains reserve.

39. Commitments
At the year end the Group had seven developments on-site with a contracted total expenditure of £51m of which £38m had been expended. In addition to these property developments in progress, the Company has an identified development pipeline (as at 15 June 2009) amounting to a further £84m spread across 14 properties. This pipeline will only be formally contracted if development finance can be obtained on acceptable terms.

40. Related parties
During the period certain costs, amounting to £nil (2008: £211,000) in total, relating to Assura Pharmacy Limited were incurred and recharged by Pharma-e Limited, a company in which John Curran, a Director of Assura Group and a former Director of Assura Pharmacy Limited (resigned 23 March 2007), is a Director and shareholder. Transactions between Assura Pharmacy Limited and Pharma-e Limited were made at normal market prices. Invoices were payable upon presentation.

During the year Assura Pharmacy Limited transferred two of its branches to GP Care Pharmacy Limited, a joint venture company in which it holds a 50% interest, for £550,000. Assura Pharmacy Limited made loans to GP Care Pharmacy Limited. The loans, which totalled £8,778,000 as at 31 March 2009, are secured on the assets of GP Care Pharmacy Limited. Interest chargeable on the loans in the year was £612,000.

In addition, during the year the Group entered into transactions, in the ordinary course of business, with other related parties.

	Sales To £'000	Purchases From £'000	Amounts Owed By £'000	Amounts Owed To £'000
Related party				
Associates				
2009	1,441	–	4,899	–
2008	335	–	5,057	–
Joint ventures				
2009	40	–	9,475	2,655
2008	1	–	7,339	–

41. Events after the balance sheet date
On 11 June 2009 the Group sold its entire share holding in Stobart Group Limited for £6,382,474. Brokerage fees were incurred on the sale of £6,000 generating a profit on sale of £678,000.

Company Income Statement
For the year from 1 April 2008 to 31 March 2009

	Notes	**12 months ended 31 March 2009 £'000**	15 months ended 31 March 2008 £'000
Revenue			
Interest receivable from subsidiary companies		**17,282**	14,938
Bank and other interest receivable		**163**	305
Total revenue		**17,445**	15,243
Expenses			
Interest payable and similar charges	**A**	**8,717**	5,276
Investment Manager's fees		**–**	312
Legal and professional fees		**287**	656
Audit fees		**422**	331
Tax and accountancy fees		**61**	109
Administration fee		**179**	55
Directors' fees	**6(c)**	**1,132**	430
Insurance		**–**	71
Advertising, PR and marketing		**81**	629
Abortive transaction costs		**–**	150
Travel, accommodation, subsistence and other expenses		**56**	231
Bank charges		**13**	7
Loss on disposal of business		**57**	–
Total operating expenses		**11,005**	8,257
Operating profit		**6,440**	6,986
Unrealised profit on revaluation of derivative financial instrument	**10**	**–**	3,660
Provision for diminution in value of investments in subsidiaries		**(111,829)**	–
Impairment of other investment		**(750)**	–
Dividend received from subsidiary company		**2,090**	–
(Loss)/profit before taxation		**(104,049)**	10,646
Taxation		**–**	–
(Loss)/profit attributable to equity holders		**(104,049)**	10,646
Earnings per share (pence)			
Basic earnings per share on profit for the period		**(40.78)p**	4.70p
Diluted earnings per share on profit for the period		**(40.78)p**	4.65p

Company Balance Sheet
As at 31 March 2009

	Notes	31/03/09 £'000	31/03/08 £'000
Non-current assets			
Investments in subsidiary companies	B	**10,962**	98,581
Loans to subsidiary companies	C	**279,239**	264,974
Derivative financial instruments at fair value	28	**–**	5,862
Other investments		**–**	750
		290,201	370,167
Current assets			
Cash and cash equivalents	D	**736**	5,128
Debtors	E	**125**	89
Loans to subsidiary companies	F	**60,214**	54,961
		61,075	60,178
Total assets		**351,276**	430,345
Current liabilities			
Creditors	G	**700**	947
Loans from subsidiary companies	H	**20,927**	8,729
Total liabilities		**21,627**	9,676
Non-current liabilities			
Loans from subsidiary companies	J	**155,938**	161,420
		155,938	161,420
Total liabilities		**177,565**	171,096
Net assets		**173,711**	259,249
Represented by:			
Capital and reserves			
Share capital	30	**31,747**	23,522
Own shares held	30	**(5,093)**	(4,561)
Share premium	31	**23,212**	2,073
Distributable reserve	32	**213,614**	224,116
Retained earnings	K	**(89,769)**	14,099
Total equity		**173,711**	259,249

The financial statements were approved at a meeting of the Board of Directors held on 29 June 2009 and signed on its behalf by:

Richard Burrell
Chief Executive Officer

Nigel Rawlings
Chief Financial Officer

Company Statement of Changes in Equity
For the year from 1 April 2008 to 31 March 2009

	Share Capital £'000	Treasury Shares £'000	Share Premium £'000	Distributable Reserve £'000	Retained Earnings £'000	Deferred Consideration Reserve £'000	Total £'000
1 April 2008	**23,522**	**(4,561)**	**2,073**	**224,116**	**14,099**	**–**	**259,249**
(Loss)/profit attributable to equity holders	–	–	–	–	(104,049)	–	(104,049)
Total income and expenses for the period	**–**	**–**	**–**	**–**	**(104,049)**	**–**	**(104,049)**
Dividends on Ordinary Shares	–	–	–	(10,502)	–	–	(10,502)
Cost of shares granted under the equity incentive plan	–	–	–	–	910	–	910
Issue of deferred shares	–	–	–	-	(729)		(729)
Issue of Ordinary Shares	8,225	–	23,101	–	–	–	31,326
Issuance costs on issuance of Ordinary Shares	–	–	(1,962)	–	–	–	(1,962)
Own shares held	–	(532)	–	–	–	–	(532)
31 March 2009	**31,747**	**(5,093)**	**23,212**	**213,614**	**(89,769)**	**–**	**173,711**

	Share Capital £'000	Treasury Shares £'000	Share Premium £'000	Distributable Reserve £'000	Retained Earnings £'000	Deferred Consideration Reserve £'000	Total £'000
1 January 2007	**23,400**	**(807)**	**226,678**	**15,564**	**1,875**	**790**	**267,500**
Profit attributable to equity holders	–	–	–	–	10,646	–	10,646
Total income and expenses for the period	**–**	**–**	**–**	**–**	**10,646**	**–**	**10,646**
Transfer from share premium[1]	–	–	(226,678)	226,678	–	–	–
Dividends on Ordinary Shares	–	–	–	(18,126)	–	–	(18,126)
Cost of shares granted under the equity incentive plan	–	–	–	–	1,578	–	1,578
Issue of Ordinary Shares	122	–	2,073	–	–	–	2,195
Own shares held	–	(3,754)	–	–	–	–	(3,754)
Deferred share-based consideration	–	–	–	–	–	(790)	(790)
31 March 2008	**23,522**	**(4,561)**	**2,073**	**224,116**	**14,099**	**–**	**259,249**

1 On 29 June 2007 following an application to The Royal Court of Guernsey, £226,677,000 was transferred from Share Premium account to Distributable.

Company Cash Flow Statement
For the year from 1 April 2008 to 31 March 2009

	Notes	**12 months ended 31 March 2009 £'000**	15 months ended 31 March 2008 £'000
Operating activities			
Interest received from subsidiary companies		**17,282**	14,938
Interest paid to subsidiary companies		**(8,717)**	–
Bank and other interest received		**163**	280
Dividend income		**2,091**	–
Cash paid to suppliers and employees		**(2,574)**	(1,869)
Interest paid		**–**	(5,582)
Net cash inflow from operating activities	**L**	**8,245**	7,767
Investing activities			
Cash paid on acquisition of investment		**–**	(750)
Cash invested in subsidiaries		**(24,210)**	(10,250)
Purchase of own shares		**–**	(3,754)
Net loans received from/(to) subsidiaries		**(6,028)**	52,418
Net cash inflow/(outflow) from investing activities		**(30,238)**	37,664
Financing activities			
Issue of Ordinary Shares for cash		**30,065**	–
Issue costs paid on issuance of Ordinary Shares		**(1,962)**	–
Dividends paid		**(10,502)**	(18,126)
Drawdown of term loan		**–**	115,170
Repayment of term loan		**–**	(148,670)
Loan issue costs		**–**	(186)
Net cash (outflow)/inflow from financing activities		**17,601**	(51,812)
(Decrease)/increase in cash and cash equivalents		**(4,392)**	(6,381)
Cash and cash equivalents at 1 April (1 January 2007)		**5,128**	11,509
Cash and cash equivalents at 31 March		**736**	5,128

Notes to the Company Financial Statements
For the year from 1 April 2008 to 31 March 2009

A. Interest payable and similar charge

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Interest payable to subsidiary companies	**8,717**	–
Long-term loan:		
Interest payable	**–**	6,885
Non-utilisation and related fees	**–**	86
Amortisation of loan issue costs	**–**	633
Swap interest (see note 11)	**–**	(2,328)
	8,717	5,276

B. Investments in subsidiary companies

	31/03/09 £'000	31/03/08 £'000
Cost	**127,762**	103,552
Provision for diminution in value	**(116,800)**	(4,971)
	10,962	98,581

Investment carrying values are reviewed and any impairment is provided for as a diminution in value.

C. Loans to subsidiary companies

	31/03/09 £'000	31/03/08 £'000
Assura Property Limited	**279,239**	264,974
	279,239	264,974

These comprise unsecured subordinated loans issued in support of property acquisitions. The loans are repayable on 31 December 2013 and interest is charged at the applicable swap rate for that period plus a margin of 3%.

D. Cash and cash equivalents

	31/03/09 £'000	31/03/08 £'000
Cash held in current account	**736**	4,768
Restricted cash	**–**	360
	736	5,128

Restricted cash is held as security for letters of credit issued by the bank to the debt funders for the three LIFTCos to which the Company has pledged funding upon practical completion of the medical centres under development. These have been released during the year.

E. Debtors

	31/03/09 £'000	31/03/08 £'000
Prepayments and other debtors	**125**	89

Notes to the Company Financial Statements continued
For the year from 1 April 2008 to 31 March 2009

F. Loans to subsidiary companies

	31/03/09 £'000	31/03/08 £'000
Assura Property Limited	**10,123**	6,948
Assura Management Services Limited	**1,785**	–
Assura Care Homes Limited	**100**	–
Assura LIFT Holdings Limited	**4,879**	5,485
Assura Pharmacy Holdings Limited	**8,104**	15,603
BHE (Heartlands) Limited	**5,091**	5,341
Assura Medical Limited	**4,021**	2,643
Primary Care Initiatives (Macclesfield) Limited	**–**	1,100
Assura Intelligence	**160**	309
Assura Estates Limited	**–**	7
Assura Pharmacy Limited	**7,819**	6,452
Assura Services Limited	**9,413**	8,413
Assura Diagnostics Limited	**1,224**	324
Assura Health and Wellness Centres Limited	**1,645**	1,000
BHE (St James) Limited	**5,850**	1,336
	60,214	54,961

The above loans are unsecured, non-interest bearing and repayable upon demand.

G. Creditors

	31/03/09 £'000	31/03/08 £'000
Trade creditors	**288**	316
Other creditors and accruals	**412**	631
	700	947

H. Loans from subsidiary companies

	31/03/09 £'000	31/03/08 £'000
Assura Investments Limited	**28**	178
Assura Kensington Limited	**2,643**	–
Assura Aylesham Limited	**650**	–
Assura Banbury Limited	**1,599**	–
Assura Grimsby Limited	**1,173**	–
Assura Southampton Limited	**714**	–
Assura Tunbridge Wells Limited	**1,399**	–
Assura Todmorden Limited	**1,499**	–
Assura Property Management Limited	**508**	–
Assura Retail York Limited	**1,238**	–
Primary Care Initiatives (Macclesfield) Limited	**7**	–
Assura Administration Limited	**–**	2,050
Assura Fund Management LLP	**6,951**	6,501
Assura Properties Limited	**2,518**	–
	20,927	8,729

I. Long-term loan

	31/03/09 £'000	31/03/08 £'000
At 1 April (1 January 2007)	**–**	33,052
Amount drawn down in year	**–**	115,170
Amount repaid in year	**–**	(148,670)
Loan issue costs	**–**	(185)
Amortisation of loan issue costs	**–**	633
At 31 March	**–**	–

The Company had a loan facility agreement with National Australia Bank Limited for £95,000,000. This loan was repaid in March 2008.

During the previous period, the Company's bank borrowings were subject to the following financial covenants:

(i) Loan to value ratio – the aggregate outstanding loan to current valuation of investment properties held by subsidiaries should not exceed 75%.
(ii) Projected net rental income receivable by subsidiaries during the following 12 month period must cover 130% of projected finance costs.
(iii) Financial indebtedness must be below 65% of Gross Asset Value of the Company and certain subsidiaries.
(iv) Average weighted lease length of properties held by subsidiaries must exceed 12½ years.

J. Loans from subsidiary companies

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Assura Properties Limited	**155,938**	161,420
	155,938	161,420

Loan from Assura Properties Limited bears interest at a rate of 2% above the swap interest rate (6.59%).

K. Retained earnings

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
At 1 April (1 January 2007)	**14,099**	1,875
Net (loss)/profit for the period	**(104,049)**	10,646
Cost of employee share-based incentives	**181**	1,578
At 31 March	**(89,769)**	14,099

L. Note to the Cash Flow Statement

	12 months ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Reconciliation of net profit before taxation to net cash inflow from operating activities:		
Net (loss)/profit before taxation	**(104,049)**	10,646
Adjustment for non-cash items:		
Amortisation of loan issue costs	**–**	633
(Increase)/decrease in debtors	**(36)**	55
(Decrease)/increase in creditors	**(248)**	139
Provision for impairment of loan from a subsidiary	**111,828**	–
Profit on revaluation of financial instrument	**–**	(3,660)
Unrealised deficit on revaluation of other investments	**750**	–
Other gains and losses	**–**	(46)
Net cash inflow from operating activities	**8,245**	7,767

M. Related party transactions

There are no related party transactions between the Company and subsidiary companies.

Notice of Annual General Meeting

Notice is given that the 2009 Annual General Meeting of the shareholders of Assura Group Limited (the 'Company') will be held at 9 a.m. on 9 September 2009 at 50 Pall Mall, London, SW1Y 5JH to consider and, if thought fit, pass the following resolutions.

Resolutions 1 to 7 will be proposed as ordinary resolutions and resolution 8 will be proposed as a special resolution.

For the purposes of this Notice, the term 'the statutes' shall have the meaning given to it in the Company's Articles of Incorporation.

Ordinary business

1. To receive and adopt the Annual Report and Accounts of the Company for the financial year ended 31 March 2009 together with the reports of the Directors and auditor thereon.

2. To approve the Directors' Remuneration Report set out in the Annual Report and Accounts for the financial year ended 31 March 2009.

3. To re-appoint Ernst & Young LLP as auditors of the Company, to hold office until the conclusion of the next general meeting of the Company at which accounts are laid before shareholders and to authorise the Directors to determine the auditors' remuneration.

4. To approve the re-election of John Curran as a Director who retires by rotation in accordance with the Company's Articles of Incorporation.

5. To approve the re-election of Graham Chase as a Director who retires by rotation in accordance with the Company's Articles of Incorporation.

6. To approve the election of Clare Hollingsworth as a Director.

Special business

7. That the Directors be generally and unconditionally authorised in accordance with the statutes to exercise all the powers of the Company to allot, grant rights to subscribe for, or to convert any security into, shares in the Company:

   (a) up to an aggregate nominal amount of 105,820,000 Ordinary Shares of 10p each and 20,000,000 Preference Shares of 10p each; and

   (b) up to a further aggregate nominal amount of 105,820,000 Ordinary Shares of 10p each in connection with an offer by way of a rights issue, such authorities to expire 15 months after the passing of this resolution or, if earlier, on the date of the Annual General Meeting held in 2010 (or adjournment thereof) after the passing of this resolution. Notwithstanding such expiry, the authorities shall in each case still permit the Company to make allotments of relevant securities in respect of offers or agreements made before such expiry, which would or might require relevant securities to be allotted after such expiry. These authorities revoke all previous authorities to Directors without prejudice to any allotment of securities made pursuant to such authorities.

   For the purposes of this resolution 'rights issue' means an offer to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class) to subscribe further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to (i) fractions of such securities, (ii) the issue, transfer and/or holding of any securities in certificated form or in uncertificated form, (iii) the use of one or more currencies for making payments in respect of such offer, (iv) any such shares or other securities being represented by depositary receipts, (v) treasury shares or (vi) any legal or practical problems arising under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory.

8. That the Company be and is generally and unconditionally authorised for the purposes of the statutes to make one or more market purchases and/or acquisitions (within the meaning of the statutes) on the London Stock Exchange of Ordinary Shares in the capital of the Company and, where shares are held as treasury shares, to use them, inter alia, for the purposes of employee share plans operated by the Company, provided that:

   (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 31,746,700 (representing less than 10% of the Company's issued share capital as at 28 June 2009);

   (b) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is 10p per share;

   (c) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares is an amount equal to:

      (i) not more than 5% above the average of the middle market quotations for the Ordinary Shares derived from the Daily Official List of the London Stock Exchange Daily Official List for the five business days before the purchase is made; or

(ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange;

(d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company held in 2010, if earlier, the date 15 months after the date on which the resolution is passed; and

(e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By order of the Board

Conor Daly
Company Secretary

Registered office:
Isabelle Chambers
Route Isabelle
St Peter Port
Guernsey
Registered in Guernsey No. 41230

Dated 29 June 2009

Notes:

1 A shareholder entered on the Company's Ordinary Share register at 9.00 a.m. on 7 September 2009 (or, in the case of an adjournment, by 9.00 a.m. on the day two days immediately preceding the day fixed for the adjourned meeting) is entitled to attend and vote at the 2009 Annual General Meeting. If you are no longer on the Company's register of shareholders at that time, you will no longer be entitled to attend.

2 A shareholder of the Company who is entitled to attend and vote at the 2009 Annual General Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not also be a shareholder of the Company.

3 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

4 To be valid and effective the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at Computershare (CI) Ltd, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

5 Appointment of a proxy will not prevent you from attending the meeting and voting in person at the meeting or any adjourned meeting.

6 Any corporation which is a shareholder of the Company may by resolution of its Directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of shareholders of the Company, and the person so authorised shall be entitled to exercise the same powers (other than a power to appoint a proxy) as that corporation could exercise if it were an individual shareholder of the Company.

7 As at 28 June 2009 (the latest practicable date prior to the printing of this document) the Company's issued share capital consisted of 317,467,036 Ordinary Shares of 10p each, all carrying one vote each.

8 Copies of the following documents are available for inspection at 150 Aldersgate Street, London EC1A 4EJ and at the registered office of the Company during usual business hours on any weekday (weekends and public holidays excluded) and will be available for inspection at the place of the Annual General Meeting for 15 minutes before and during the Annual General Meeting itself:
(a) a copy of the Company's Annual Report and Accounts for the financial year ended 31 March 2009; and
(b) copies of the executive Directors' service contracts and Non-Executive Directors' appointment letters.

Explanatory Notes to the Notice of Annual General Meeting

The notes on the following pages give an explanation of the proposed resolutions:

Resolution 1:
Annual Report and Accounts
For each financial year the Directors are required to present the Directors' report, the audited accounts and the auditors' reports to shareholders at a general meeting. Shareholders are asked to approve and adopt the Annual Report and Accounts of the Company for the financial year ended 31 March 2009

Resolution 2:
Approval of the Directors' Remuneration Report
The Company has decided to seek the approval of the shareholders of its annual report on remuneration policy and practice. This does not affect the Directors' entitlement to remuneration and the result of this resolution is advisory only.

The Remuneration Report for the financial year ended 31 March 2009 is set out in full on pages 23 to 27 of this document.

Your Directors are satisfied that the Company's policy and practice in relation to Directors' remuneration are reasonable and that they deserve the support of the shareholders.

Resolution 3:
Re-appointment of auditors
The Company is required to appoint auditors, at each general meeting before which accounts are laid, to hold office until the end of the next such meeting. Ernst & Young LLP have indicated that they are willing to continue as the Company's auditors for another year. You are asked to re-appoint them and, following normal practice, to authorise the Directors to determine their remuneration. The Directors recommend their re-appointment.

Resolutions 4 and 5:
Re-election of Directors
Under the Company's Articles of Incorporation Directors are obliged to retire by rotation at Annual General Meetings and may not serve beyond three years without being re-elected by shareholders.

The Directors who now fall due for retirement and re-election, through separate resolutions numbered 4 and 5 are John Curran and Graham Chase. Brief biographical details of both Directors seeking re-election can be found on page 8 of this document. The results of the formal performance evaluation of the Board are expected in July 2009 but the remaining Directors unanimously recommend that each of these Directors be re-elected as a Director of the Company on the basis that both continue to be effective and demonstrate commitment to the role.

Resolutions 6:
Election of Clare Hollingsworth as Director
Clare Hollingsworth joined the Assura Board on 23 July 2008 as an independent Non-Executive Director and is a member of the Audit Committee. Brief biographical details for Clare Hollingsworth can be found on page 8 of this document.

In accordance with the Articles of Incorporation, Clare Hollingsworth offers herself for election to the Board following her appointment by the Directors on 23 July 2008. The results of the formal performance evaluation of the Board are expected in July 2009 but the remaining Directors unanimously recommend that she be elected as a Director of the Company on the basis that she continues to be effective and demonstrate commitment to the role.

Resolution 7:
Power to allot shares
The Directors are currently authorised to allot relevant securities of the Company, but their authorisation ends on the date of the Annual General Meeting. This resolution seeks to renew the Directors' authority to allot shares. The Association of British Insurers (ABI) published guidance on 31 December 2008 to the effect that ABI Members will regard as routine a request for authorisation to allot new shares in an amount of up to one third of the existing issued share capital and additionally that they will regard as routine requests to authorise the allotment of a further one third, provided that such additional headroom shall be applied to fully pre-emptive rights issues only and the authorisation shall be valid for one year only. The Directors recommend that the Company should have this additional headroom and this authority is therefore limited to the amounts set out in the resolution, being approximately 33.33% in each of parts (a) and (b) of the resolution and approximately 66.66% in aggregate of the total Ordinary Share capital in issue as at 28 June 2009, being the latest practicable date prior to the publication of this document. As at 28 June 2009, the Company did not hold any shares in treasury. The renewed authority will remain in force until the date of the next Annual General Meeting in 2010 or 15 months after the passing of the resolution, whichever is the earlier.

The Directors have no present intention of exercising this authority. The purpose of giving the Directors this authority is to maintain the Company's flexibility to take advantage of any appropriate opportunities that may arise. The Directors also understand that ABI Members will expect that all members of the Board wishing to remain in office will stand for re-election at the next Annual General Meeting of the Company following the decision to make the issue in question.

Resolution 8:
Authority to purchase own shares and treasury shares
This resolution, which will be proposed as a special resolution, is to renew the authority granted to the Directors at last year's Annual General Meeting, which expires on the date of the Annual General Meeting, and to give the Company authority to buy back its own Ordinary Shares in the market as permitted by Guernsey law.

The authority limits the number of shares that could be purchased to a maximum of 31,746,700 (representing less than 10% of the issued Ordinary Share capital of the Company as at 28 June 2009 (being the latest practicable date prior to the publication of this Notice) and sets minimum and maximum prices. This authority will expire no later than 15 months after the date of the Annual General Meeting.

Your Directors believe that the Company should continue to have the authority to purchase its own shares. The authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would be promote the success of the Company for the benefit of its shareholders generally. To the extent that any shares so purchased are held in treasury (see below), earnings per share will be enhanced until such time, if any, as such shares are resold or transferred out of treasury.

Any purchases of Ordinary Shares would be by means of market purchases through the London Stock Exchange.

Guernsey law permits the Company to purchase and hold as treasury shares, 10% of the total number of the issued Ordinary Shares of the Company at the relevant time. Shares held in treasury in this manner can be cancelled, sold for cash or, in appropriate circumstances, used to meet obligations under employee share schemes. Any shares held in treasury would not be eligible to vote nor would any dividend be paid on any such shares. If any Ordinary Shares purchased pursuant to this authority are not held by the Company as treasury shares then such shares would be immediately cancelled in which event the number of Ordinary Shares in issue would be reduced.

The Directors believe that it continues to be desirable for the Company to have this choice. Holding the repurchased shares as treasury shares gives the Company the ability to re-issue them quickly and cost effectively and provides the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

This resolution also authorises the Company to transfer any treasury shares held by it for the purposes of its employee share plans. Treasury shares transferred for these purposes will, so long as required under the guidelines of the Association of British Insurers Investment Committee, count towards the limits in those plans on the number of new shares which may be issued.

As at 28 June 2009 (being the latest practicable date prior to the publication of the Notice of Annual General Meeting), there were options outstanding over 8,912,500 Ordinary Shares in the capital of the Company which represents 2.81% of the Company's issued Ordinary Share capital. If the authority to purchase the Company's Ordinary Shares was exercised in full, these options would represent 3.12% of the Company's issued Ordinary Share capital. As at 28 June 2009 (being the latest practicable date prior to the publication of this document) the Company did not hold any shares in treasury.

The Directors recommend all shareholders to vote in favour of all the resolutions, as the Directors intend to do so in respect of their own shares, and consider that they are in the best interests of the Company and the shareholders as a whole.

Notes

Form of Proxy

Please read the notice of Meeting and the explanatory notes below before completing this form.

I/We, ____________________ (name of investing entity or person/(s)) being a member of Assura Group Limited hereby

appoint ____________________

of ____________________

or failing him, the Chairman of the Meeting as our proxy to attend and to vote on our behalf and if necessary demand a poll at the fifth Annual General Meeting of the Company to be held at 9.00 a.m. on 9 September 2009 at Assura Group Limited's offices at 50 Pall Mall, London SW1Y 5JH and at any adjournment thereof.

Please indicate with an 'X' in the appropriate box how you wish your vote to be cast in respect of the resolution. If you not insert an 'X' in the appropriate box your proxy will vote or abstain at his discretion.

Ordinary resolutions	For	Against	Withheld
1. To receive and adopt the Annual Report and Accounts of the Company for the financial year ended 31 March 2009.			
2. To approve the Directors' Remuneration Report for the financial year ended 31 March 2009.			
3. To re-appoint Ernst & Young LLP as auditors of the Company and to authorise the Directors to determine the auditors' remuneration.			
4. To approve the re-election of John Curran as a Director of the Company.			
5. To approve the re-election of Graham Chase as a Director of the Company.			
6. To approve the election of Clare Hollingsworth as a Director of the Company.			
7. To authorise the Directors to allot shares.			
Special resolution			
8. To authorise the Company to make market purchases and/or acquisitions of its own shares and to hold such shares in treasury.			

Authorised signatory ____________________ Date ____________________ 2009

Notes:

1 A member entered on the Company's Ordinary Share register at 9.00 a.m. on 7 September 2009 (or, in the case of an adjournment, by 9.00 a.m. on the day two days immediately preceding the day fixed for the adjourned meeting) is entitled to attend and vote at the 2009 Annual General Meeting. If you are no longer on the Company's register of members at that time, you will no longer be entitled to attend.

2 A member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

3 A corporation is requested to execute this form either by sealing it or by signing it under the hand of an officer or attorney duly authorised.

4 If it is the desire to appoint some person or persons other than the Chairman as proxy or proxies the name(s) of the proxy or proxies must be inserted in the space provided.

5 To be valid and effective this proxy form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of authority shall be deposited at Computershare (CI) Ltd, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

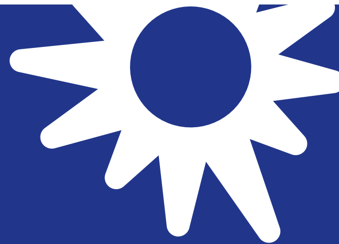
6 Appointment of a proxy will not prevent you from attending the meeting and voting in person at the meeting or any adjourned meeting if you so wish.

7 In the case of joint holders, only the vote of the senior holder who votes (and any proxies duly authorised by him) will be counted and for this purpose, seniority is determined by the order in which the names of the joint holders appear in the register of members.

8 The vote 'withheld' option is provided to enable you to instruct your proxy to abstain on any particular resolution. However, it should be noted that a vote 'withheld' is not a vote in law and will not be counted in the calculation of votes 'for' or 'against' a resolution. The proxy may vote as he/she thinks fit (or abstain) on any resolution where no specific direction is given on any other business which may properly come before the meeting.

9 Any alterations to this form must be initialled.

Notes



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