ADP Holdings Limited

Directors' report and financial statements

Registered number 4298115

31 March 2007

Contents

Directors' report

The directors present their report and the audited financial statements for the sixteen months ended 31 March 2007.

Principal activity

The group's principal activity during the period was dentistry. No change is envisaged by the directors in future periods.

Business activities and review of business

Principal business activity

The principal activity of the group is the provision of dental health care and associated services on behalf of Primary Care Trusts throughout England and Wales.

Business development

On 2nd March 2007 ADP Healthcare Acquisitions purchased of 100% of the issued ordinary and preference share capital of ADP Holdings Limited and it's subsidiaries.

The directors are pleased to report that a further period of significant development has occurred within the main trading company, ADP Dental Company Limited.

The group added 18 dental practices in the period thereby finishing the period with a total of 56 practices. The growth in practice numbers has been achieved by a combination of winning PCT tenders and acquiring existing competitors.

During the period ending 2007 ADP Dental Company Limited acquired the assets of three dental practices, and on 15th December 2006 ADP Holdings purchased a dental group comprising of 8 practices through its holding company Natural Management Limited.

The other area of growth has been through the award, from an open tender process, of contracts to supply NHS dentistry in nine locations around the country.

The reporting period also saw the first year of the new NHS dentistry GDS (General Dental Services) contract. Existing NHS dentists, including all of ADP's practices, were awarded contracts to continue to provide NHS access from their existing locations. These contracts are mainly open-ended and continue, subject to the group maintaining a set level of activity, indefinitely.

Performance measures

The operating companies have a number of key performance indicators, which allows the directors to closely monitor monthly progress in achieving its annual UDA (units of dental activity) contract targets. The primary measure is the number of UDAs completed by dentist by week versus a target individual to each dentist. Other important performance indicators are diary utilisation, ratio of support staff to dentists, sales by dentist per hour, dentist and hygienist fee ratios and worked hours.

The following section describes some of the risks that could have a material affect on the group's business activities. Not all potential risks are listed but those that are represent those that in the opinion of the Board could have a material affect on revenues, profits, net assets and financial resources.

Key personnel

Implementation of the group's strategy depends on its ability to attract, develop and retain both employees and the self-employed dentist resources with the appropriate skills, experience and aptitude. Implementation and development of a group induction scheme as well as ongoing training and development combined with competitive compensation and incentives all help to minimise this risk.

Director's report *(Continued)*

Information Technology systems and infrastructure

The group invests in systems that are appropriate to the business so as to maximise patient care, provide effective communication internally and externally and provide comprehensive reporting capability. The monitoring and development of such systems are out-sourced to provide continuity and a cost-effective solution.

Litigation

The group may be at risk of litigation from various parties with which it interacts either through direct contractual arrangements, the provision of services or the failure to comply with regulatory requirements. The Board ensures that key personnel are aware of such risks so as to minimise likely exposure whilst ensuring with particular regard to public liability that adequate insurance is in place. The Board carries out annual practice audits that amongst other key controls place particular emphasis on ensuring all dentists have individual insurance in place. Dentists are individually responsible for arranging their own insurance cover.

Funding

The ultimate parent company and group is funded through a mixture of senior loan debt, mezzanine debt and a revolving credit facility that supports short term fluctuations in working capital. The bank loans and available facilities are set out in more detail in the ultimate parent company's financial statements.

The group breached the terms of certain of its borrowing facilities relating to information provision and covenant definitions for the period ended 31 March 2008. All financial obligations required by the companies borrowing facilities were met in full in the period just ended. For the financial statements for the period ended 31 March 2008, all loans are shown as repayable on demand as at that date, and are disclosed within Creditors: amounts falling due within one year in the ultimate parent company's financial statements.

The Group entered into renegotiations with the group's lenders in relation to the group's borrowing facilities. This included the preparation and presentation to the group's lenders of a business plan and cash flow projections through to the financial year ending 31 March 2013. These projections show that all future lending obligations are met in full and in accordance with the lending covenants.

These renegotiations were successfully concluded on the 18 February 2009 where new covenants were set from the effective date of 18 February 2009 and the lenders waived the Group's previous breaches.

Results and dividends

The loss for the period after taxation amounted to £4,600,841 *(2005: £4,801,254).* The directors do not recommend the payment of a dividend.

Employment policies

Disability policy
ADP Holdings Limited is committed to achieving equality of opportunity for all people with disabilities as defined under the Disability Discrimination Act (1995).

Recruitment
ADP Holdings Limited practises fair and open recruitment and as such does not discriminate against any disabled person who applies for employment with the Company.

Director's report *(Continued)*

All applicants with a known disability as defined by the Disability Discrimination Act who meet our minimum criteria for work are interviewed and considered on their ability, experience and job related skills. ADP Holdings

Limited, through consultation with any such applicants, takes all reasonable steps to ensure that they are not disadvantaged by their disability during the recruitment process.

Employees
ADP Holdings Limited takes all reasonable steps to ensure that employees who have a disability or who develop a disability are able to stay in employment. The Company seeks the advice of any such employee in ascertaining how we might help them to stay in employment, and if necessary also seeks specialist advice.

No employee with a disability is treated unfairly or unequally in the event that an opportunity for promotion, transfer, training or any other benefit arises during their employment with the Company.

Equal Opportunities
ADP Holdings Limited is opposed to all forms of discrimination. The Company selects for employment, training or promotion on the basis of suitability for the job and merit.

It is our policy that no job applicant or employee receives less favourable treatment than another on the grounds of sex, sexual orientation, race, colour, ethnic or national origins, disability, marital status, political affiliations, religious beliefs or any other characteristic protected by law or is disadvantaged by conditions or requirements that are not justified.

The Company regularly reviews and evaluates the effectiveness of their selection criteria and procedures which result from this statement of the Company's Equal Opportunities Policy.

Information
ADP Holdings Limited provides employees with regular information in the form of weekly bulletins and quarterly newsletters to all staff.

The views of employees are sought through a Staff Satisfaction Survey conducted at least annually, and all staff are invited to the annual road shows where they are given a presentation on the financial and economic health of the business.

Directors

The directors who held office during the period and to the date of this report were:

R Flaye	
J L Heathcote	*(resigned 14 November 2006)*
C W Robinson	*(resigned 2 March 2007)*
B Patel	
R H Knight	*(resigned 12 June 2008)*
S Frampton	
J Lagarrigue	*(resigned 14 July 2007)*
M Mayhew	
K Fleming	*(appointed 12 June 2008)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Director's report *(Continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

K Fleming
Director

Kirk House
15 Birkheads Road
Reigate
Surrey
RH2 0AW

18 February 2009

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS, KPMG LLP, TO THE MEMBERS OF ADP HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of ADP Holdings Limited for the period ended 31 March 2007 which comprise the Consolidated profit and loss account, the Consolidated and Company balance sheets, the Consolidated cash flow statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.
This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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 Act 1985. 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, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors Report and consider the implications for our report if we become aware of any apparent misstatement within it.

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 judgments 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.

REPORT OF THE INDEPENDENT AUDITORS, KPMG LLP, TO THE MEMBERS OF ADP HOLDINGS LIMITED *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the companys' affairs as at 31 March 2007 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
Crawley

18 February 2009

Consolidated profit and loss account

for the period ended 31March 2007

	Note	16 months ended 31 March 2007 £	Year ended 30 November 2005 £
Turnover -	*1,2*		
- continuing operations		**29,281,784**	18,298,369
- acquisitions		**2,173,926**	-
		31,455,710	18,298,369
Cost of sales		**(23,806,104)**	(15,034,651)
Gross profit		**7,649,606**	3,263,718
Administrative expenses		**(9,436,421)**	(6,108,807)
Other operating income	*3*	**204,826**	61,776
Operating (loss) / profit			
- continuing operations		**(2,020,932)**	(2,783,313)
- acquisitions		**393,263**	-
		(1,581,989)	(2,783,313)
Interest receivable	*7*	**24,752**	6,186
Interest payable	*8*	**(3,043,604)**	(2,024,127)
Loss on ordinary activities before taxation		**(4,600,841)**	(4,801,254)
Taxation	9	**-**	-
Loss on ordinary activities after taxation		**(4,600,841)**	(4,801,254)

There are no recognised gains or losses in either the current period or previous year other than those included in the profit and loss account. Consequently a statement of total recognised gains and losses has not been prepared.

There is no material difference between the results reported in the profit and loss account and the results on a historical cost basis.

Consolidated balance sheet

as at 31 March 2007

	Note	As at 31 March 2007 £	£	As at 30 November 2005 £	£
Fixed assets					
Intangible assets	*10*		**22,192,152**		11,218,701
Tangible assets	*11*		**8,235,704**		3,043,054
Investments	*13*		**2,276,578**		-
			32,704,434		14,261,755
Current assets					
Stock	*14*	**439,824**		241,283	
Debtors	*15*	**7,878,048**		888,088	
Cash at bank and in hand		**1,791,522**		-	
		10,109,394		1,129,371	
Creditors: amounts falling due within one year	*16*	**(44,024,869)**		(5,762,534)	
Net current liabilities			**(33,915,475)**		(4,633,163)
Total assets less current liabilities			**(1,211,041)**		9,628,592
Creditors: amounts falling due after more than one year	*17*		**(14,799,974)**		(6,338,792)
Net (liabilities) / assets			**(16,011,015)**		3,289,800
Capital and reserves					
Equity share capital	*19*		**98,400**		98,400
Preference shares – non-equity	*19*		**-**		14,699,974
Share premium account	*20*		**885,600**		885,600
Profit and loss account	*20*		**(16,995,015)**		(12,394,174)
Shareholders' (deficit) / funds ***(2005: £14,699,964 non-equity on FRS 4 basis)***	*21*		**(16,011,015)**		3,289,800

These financial statements were approved by the board of directors on 18 February 2009 and were signed on its behalf by:

K Fleming
Director

Company balance sheet

as at 31 March 2007

	Note	As at 31 March 2007 £	£	As at 30 November 2005 £	£
Fixed assets					
Investments in subsidiaries	*12*		**25,487,034**		525,940
Investments	*13*		**2,276,578**		-
			27,763,612		525,940
Current assets					
Debtors	*15*	**5,554,593**		13,207,204	
Creditors: amounts falling due within one year	*16*	**(25,084,909)**		(2,933,887)	
Net current (liabilities) / assets			**(19,530,316)**		10,273,317
Total assets less current liabilities			**8,233,296**		10,799,257
Creditors: amounts falling due after more than one year	*17*		**(14,699,974)**		-
Net (liabilities) / assets			**(6,466,678)**		10,799,257
Capital and reserves					
Equity share capital	*19*		**98,400**		98,400
Preference shares – non-equity	*19*		**-**		14,699,974
Share premium account	*20*		**885,600**		885,600
Profit and loss account	*20*		**(7,450,678)**		(4,884,717)
Shareholders' (deficit) / funds ***(2005: £14,699,694 non-equity on FRS4 basis)***	*21*		**(6,466,678)**		10,799,257

These financial statements were approved by the board of directors on 18 February 2009 and were signed on its behalf by:

K Fleming
Director

Consolidated cash flow statement

for the period ended 31March 2007

Analysis of cash flows

	Note	16 months ended 31 March 2007		Year ended 30 November 2005	
		£	£		£
Net cash inflow/(outflow) from operating activities	*22*		**1,899,274**		(1,109,241)
Returns on investments and servicing of finance					
Interest received		**24,752**		6,186	
Interest paid		**(3,218,968)**		(123,181)	
Net cash outflow from returns on investments and servicing of finance			**(3,194,216)**		(116,995)
Taxation			-		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(5,482,186)**		(1,094,620)	
Purchase of quoted investments		**(2,276,578)**		-	
Disposal of tangible fixed assets		**671,015**		230,000	
			(7,087,749)		(864,620)
Acquisition of subsidiary and business			**(13,670,828)**		(975,495)
Financing					
Issue of preference shares		-		2,533,000	
Redemption of loan notes		**(4,470,607)**		(996,621)	
Finance leases		**(20,134)**		26,117	
Cash received from parent company		**30,687,570**		-	
Bank loan repayment		**(2,200,000)**		(962,421)	
Bank loan finance		-		2,200,000	
Net cash inflow from financing			**23,996,829**		2,800,075
Increase/(decrease) in cash			**1,943,310**		(266,276)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985. The adoption of FRS 21 has not resulted in a restatement of the prior year.

FRS 25 permits the corresponding amounts not to be restated and the Company has adopted this approach. The financial instruments policy set out below provides further details of the 2007 and 2005 bases and of the change booked on 1 December 2005.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. ADP No.1 Limited, Natural Management Limited, Community Dental Centres Limited and ADP Healthcare Services Limited have confirmed that it is not their current intention to demand a repayment of any balances owed by the Company except to the extent that such payments can be made while the Company continues to settle its trading and non-trading liabilities in full, as they fall due for payment. Furthermore the ultimate parent undertaking, ADP Healthcare Services Limited which is a company incorporated in the United Kingdom, has undertaken to provide sufficient funds for the Company to meet its liabilities.

As a member of the group, however, the Company is party to certain borrowing agreements and depends on the continuance of group funding and /or support for its own position as a going concern. The directors of ADP Healthcare Services Limited have summarised the present situation which is disclosed in the 'Basis of Preparation' of ADP Healthcare Services Limited for the period ended 31 March 2008 as follows:

"The Group is funded through a mixture of senior loan debt, mezzanine debt and a revolving credit facility that supports short term fluctuations in working capital. The bank loans and available facilities are set out in more detail in note 16. As at 18 February 2009 the above facilities were fully drawn.

The group breached the terms of certain of its borrowing facilities relating to information provision and covenant definitions for the period ended 31 March 2008. All financial obligations required by the companies borrowing facilities were met in full in the period just ended. For the financial statements for the period ended 31 March 2008, all loans are shown as repayable on demand as at that date, and are disclosed within Creditors: amounts falling due within one year.

The Group entered into renegotiations with the group's lenders in relation to the group's borrowing facilities. This included the preparation and presentation to the group's lenders of a business plan and cash flow projections through to the financial year ending 31 March 2013. These projections show that all future lending obligations are met in full and in accordance with the lending covenants.

These renegotiations were successfully concluded on the 18 February 2009 where new covenants were set from the effective date of 18 February 2009 and the lenders waived the Group's previous breaches".

Notes *(continued)*

Accounting policies *(continued)*

Basis of consolidation

The Group financial statements consolidate the accounts of the Company and all of its subsidiary undertakings. The results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal.

Investments

Shares in subsidiaries are valued at cost less provision for impairment.

Shares in quoted companies where the company does not have significant influence, are valued at cost, less any provision for impairment.

Turnover

Turnover comprises the delivery of dental goods and services provided by the group, exclusive of valued added tax and trade discounts. NHS income is paid by reference to budgeted "units of dental activity". Turnover recognised in the period relates to competed units only.

Goodwill and intangible fixed assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Positive goodwill is capitalised and classified as an asset on the balance sheet and is amortised over its estimated economic life, being a period not exceeding 20 years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives as follows:

Freehold buildings	-	2% straight line
Long-term leasehold land and buildings	-	straight line over the period of the lease
Short-term leasehold land and buildings	-	straight line over the period of the lease
Plant and equipment	-	20% straight line
Fixtures and fittings	-	20% - 33% straight line
Office equipment	-	20% straight line
Computer equipment	-	20-33.3% straight line

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

Finance leases

Items purchased under finance leases are treated as fixed assets. The total cost is depreciated over the life of the lease and interest charges are posted to the profit and loss account over the same period

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Taxation

The charge for tax is based on the results for the year and takes into account deferred tax. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for tax and accounting purposes which have arisen and not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the company are treated as equity only to the extent that they meet the following conditions:

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of a company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges in these financial statements.

The Company has taken advantage of the transitional arrangements of FRS 25 not to restate corresponding amounts in accordance with the above policy. The adjustments necessary to implement this policy have been made as at 1 December 2005 with the net adjustment to net assets less minority interests, after tax, taken through the 2005 reconciliation of movements in shareholders' funds. Corresponding amounts for 2004 are presented and disclosed in accordance with the requirements of FRS 4 (as applicable in 2004). The main differences between the 2005 and 2007 bases of accounting are shown below:

Effect on the balance sheet at 1 December 2005

	£
Shares classified as liabilities	
- falling due within one year	-
- falling due within more than one year	14,699,974
Share capital	(14,699,974)

The nature of the main effects upon the balance sheet at 1 December 2005 and upon the 2007 profit and loss account, statement of total recognised gains and losses and cash flow statement are as follows:

The Redeemable preference shares are treated as part of shareholders' funds in 2005 and as liabilities in 2007, increasing net debt and reducing reported share capital and net assets at the start of 2007. As a consequence, the reconciliation of net cash flow to the movement in net debt in 2005 is also affected.

The 2005 disclosures follow FRS 4 as applicable. This includes the analysis of 2005 shareholders' funds into equity and non-equity components. FRS 4 used "equity" as a sub-set of shareholders' funds, whereas FRS 25 applies the term "equity" to issued financial instruments other than those, or those components, classified as liabilities.

The main effects on the primary statements in the comparative year, had FRS 25 been adopted, would have been similar to those stated above.

Notes *(continued)*

1 Accounting policies *(continued)*

Government grants

Grants received to assist with the purchase of fixed assets are amortised over a period to match the life of the assets acquired. Revenue grants are recognised in the profit and loss account in the period in which they are received.

Pensions

The Company makes contributions to the personal pension schemes of certain employees. The amount charged to the profit and loss account is the contributions payable in the period. Differences between contributions payable in the period and those actually paid are shown as accruals or prepayments in the Balance Sheet.

Employee benefit trust ("EBT")

The book value of shares in the company held by the EBT have been deducted from the profit and loss account balance at the balance sheet date.

2 Turnover and analysis of continuing operations and acquisitions

All turnover is derived from the provision of dentistry and ancillary services and arose within the United Kingdom. The whole of the turnover and loss before taxation is attributable to the principal activity of the company.

The total figures in the period to 31 March 2007 include the following amounts relating to acquisitions: cost of sales £1,418,975 and administrative expenses £361,688.

3 Other operating income

	16 months ended 31 March 2007 £	Year ended 30 November 2005 £
Government grants received		
Deferred income at start of period	**149,318**	156,576
Additions	**382,815**	54,518
Transferred to the profit and loss account	**(204,826)**	(61,776)
Deferred income at end of period	**327,307**	149,318

4 Loss on ordinary activities before taxation

	16 months ended 31 March 2007 £	Year ended 30 November 2005 £
Loss on ordinary activities before taxation is stated after charging		
Amortisation – intangible fixed assets	**1,005,563**	570,825
Depreciation of tangible fixed assets: owned by the group	**1,483,696**	938,397
Profit on disposal of fixed assets	**269,101**	-
Auditors' remuneration	**49,250**	48,500
Operating lease rentals – plant and machinery	**52,680**	34,628
– other operating leases	**887,769**	610,404

Auditors' fees for the company were £5,000 (2005: £5,000). Amounts payable to KPMG LLP and their associates by the company and the group in respect of non-audit services were £236,391 *(2005:£79,101).*

Notes *(continued)*

5 Remuneration of directors

	16 months ended 31 March 2007 £	Year ended 30 November 2005 £
Directors' emoluments	**982,190**	455,225
Company national insurance contributions	**119,572**	50,919
	1,101,762	506,144
Company pension contributions to money purchase pension schemes	**5,112**	3,437

During the period retirement benefits were accruing to four directors in respect of money purchase pension schemes. The highest paid director received remuneration of £298,981 *(2005: £193,333)*. The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £Nil *(2005: £Nil)*.

6 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	16 months ended 31 March 2007	Year ended 30 November 2005
Professional and ancillary staff	**370**	295
Administration	**34**	22
	404	317

In addition, an average of 138 *(2005:109)* full time equivalent dentists provided services under self-employed contracts.

The aggregate payroll costs of these persons, excluding the self-employed dentists were as follows:

	16 months ended 31 March 2007 £	Year ended 30 November 2005 £
Wages and salaries	**8,567,941**	4,582,946
Social security costs	**780,921**	391,711
Other pension costs	**7,349**	3,594
	9,356,211	4,978,251

7 Interest receivable

	16 months ended 31 March 2007 £	Year ended 30 November 2005 £
Bank interest	**24,752**	6,186

Notes *(continued)*

8 Interest payable

	16 months ended 31 March 2007 £	Year ended 30 November 2005 £
On bank loans and overdrafts	**895,681**	76,952
On preference shares	**1,811,875**	1,426,602
On loan notes	**286,878**	470,741
Amortisation of issue costs	**45,680**	45,684
On finance leases	**3,490**	4,148
	3,043,604	2,024,127

9 Taxation

(a) Analysis of tax credit in the period

	16 months ended 31 March 2007 £	Year ended 30 November 2005 £
Tax credit on loss before tax	-	-
Adjustment in respect of prior periods	-	-
Total current tax credit	-	-
Deferred tax	-	-
Tax on loss on ordinary activities	-	-

(b) Factors affecting the tax credit for the current year

The tax assessed for the period is higher *(2005: higher)* than the standard companies' rate of corporation tax in the UK 30%. The differences are explained below.

	16 months ended 31 March 2007 £	Year ended 30 November 2005 £
Loss on ordinary activities before tax	**(4,600,841)**	(4,801,254)
Current tax at 30% *(2005: 30%)*	**(1,380,252)**	(1,440,376)
Effects of:		
Expenses not deductible for tax purposes	**9,000**	554,647
Goodwill amortisation	**718,022**	117,417
Depreciation in excess of capital allowances	**410,770**	281,519
Short term timing differences	**(4,884)**	38,837
Losses carried forward not recognised	**247,344**	447,956
Current tax credit for period/year	-	-

(c) Factors affecting the tax charge for future periods

The group has deferred tax assets which have not been recognised, due to the uncertainty of future profits, in relation to fixed asset timing differences £880,855 *(2005:£659,440)*, short term timing differences £Nil *(2005:£324,547)* and unrecognised losses carried forward £1,409,868 *(2005: £1,078,151)*. The deferred tax assets have not been recognised due to uncertainty of recovery.

Notes *(continued)*

10 Intangible fixed assets

	Goodwill Group £
Cost	
At 30 November 2005	13,234,304
Additions (see note 25)	11,979,014
At 31 March 2007	**25,213,318**
Amortisation	
At 30 November 2005	2,015,603
Charge for the period	1,005,563
At 31 March 2007	**3,021,166**
Net book value	
At 31 March 2007	**22,192,152**
At 30 November 2005	11,218,701

11 Tangible fixed assets

Group	Land and buildings £	Plant and equipment £	Fixtures, office and computer equipment £	Total £
Cost				
At 30 November 2005	928,317	3,150,349	1,967,872	6,046,538
Acquisitions	833,000	-	1,259,374	2,092,374
Additions	1,354,404	1,709,098	2,418,684	5,482,186
Disposals	(435,372)	-	-	(435,372)
At 31 March 2007	2,680,349	4,859,447	5,645,930	13,185,726
Depreciation				
At 30 November 2005	121,089	1,738,998	1,143,397	3,003,484
Acquisitions	-	-	496,300	496,300
Charge for the period	58,114	723,341	702,241	1,483,696
Disposals	(33,458)	-	-	(33,458)
At 31 March 2007	145,745	2,462,339	2,341,938	4,950,022
Net book value				
At 31 March 2007	**2,534,604**	**2,397,108**	**3,303,992**	**8,235,704**
At 30 November 2005	807,228	1,411,351	824,475	3,043,054

At 31 March 2007, included within the net book value of land and buildings is £2,055,518*(2005: £624,045)* relating to freehold land and buildings and £479,086 *(2005: £183,183)* relating to short term leasehold land and buildings. Included in the depreciation charge of land and buildings is £38,512 relating to leasehold land and buildings. Computer equipment includes assets under finance leases with a net book value of £8,209 *(2005:£24,627)*. The depreciation charge for the year for these assets was £16,418.

Notes *(continued)*

12 Investments in subsidiaries

Company	**Investments in subsidiary undertakings**
	£
At 1 December 2005	525,940
Purchase of Natural Management Limited	13,526,828
Investment in existing subsidiary ADP No.1 Limited	11,434,266
At 31 March 2007	**25,487,034**

Details of the company's principal subsidiaries are shown in note 29.

13 Fixed asset investments

During the period to 31 March 2007 ADP Holdings purchased 11,067,309 ordinary shares in Oasis Healthcare Plc, an entity quoted on the London Stock Exchange, at a cost of £2,276,578. This holding represented 13.43% of the total shares in issue at 31 March 2007.

At 31 March 2007 this investment had a market value of £4,919,419. On 14 November 2007 Duke Street Holdings purchased the entire quoted shares of Oasis Healthcare Plc at 94 pence per share. The shares held by the company generated proceeds of £10,403,270 and a profit after costs of £7,534,812.

14 Stocks

	Group At 31 March 2007	Group At 30 November 2005
	£	£
Consumables	**439,824**	214,283

15 Debtors

	Group At 31 March 2007	**Company At 31 March 2007**	Group At 30 November 2005	Company At 30 November 2005
	£	**£**	£	£
Recoverable after one year				
Other debtors	**219,804**	**100,000**	179,657	100,000
Recoverable within one year				
Trade debtors	**77,889**	**-**	353,417	-
Amounts owed by group undertakings	**6,841,352**	**5,454,593**	-	13,106,704
Other debtors	**415,904**	**-**	162,260	500
Prepayments and accrued income	**323,099**	**-**	192,754	-
Total debtors	**7,878,048**	**5,554,593**	888,088	13,207,204

Notes *(continued)*

16 Creditors: amounts falling due within one year

	Group At 31 March 2007	Company At 31 March 2007	Group At 30 November 2005	Company At 30 November 2005
	£	£	£	£
Bank loans	-	-	400,000	-
Overdrafts	-	-	151,788	-
Amounts owed to parent undertaking	37,528,922	25,061,163	-	-
Trade creditors	1,838,215	-	840,699	-
Finance leases	5,983	-	12,252	-
Social security and other taxes	245,639	23,746	154,961	-
Corporation tax	420,825	-	-	-
Other creditors	3,285,212	-	868,181	-
Accruals and deferred income	700,073	-	3,334,653	2,933,887
	44,024,869	25,084,909	5,762,534	2,933,887

17 Creditors: amounts falling due after more than one year

	Group At 31 March 2007	Company At 31 March 2007	Group At 30 November 2005	Company At 30 November 2005
	£	£	£	£
Bank loans	-	-	1,800,000	-
Loan notes (see note 18)	100,000	-	4,524,927	-
Preference shares	14,699,974	14,699,974		
Finance Leases	-	-	13,865	-
	14,799,974	14,699,974	6,338,792	-

Included within the above are amounts falling due as follows:

	Group At 31 March 2007	Group At 30 November 2005
	£	£
In less than one year		
Bank loans	-	400,000
Between one and two years		
Bank loans	-	1,200,000
Between two and five years		
Bank loans	-	600,000
Over five years		
Loan notes (see note 18)	100,000	4,524,927
Preference shares	14,699,974	-
Funding from parent company	30,687,570	-

Notes *(continued)*

18 Loan notes

	1 December 2005 £	Interest accrued £	Repaid £	Transferred to profit and loss £	**31 March 2007** **£**
'A' loan notes	3,488,784	413,779	(3,547,355)	(255,208)	**100,000**
'B' loan notes	1,081,823	128,307	(1,210,130)	-	-
Less unamortised issue costs	(45,680)	-	-	45,680	-
	4,524,927	542,086	(4,757,485)	(209,528)	**100,000**

'A' loan notes were issued to the vendors on acquisition of ADP Dental Company Limited. 'A' loan notes attracted interest at 9% per annum compounded sums annually and were to be redeemed at par on the sale of the business, or flotation or other exit. 'B' loan notes also attracted interest at 9% per annum.

On 2nd March 2007 ADP Holdings Limited and it's subsidiaries was purchased by ADP Healthcare Acquisitions Limited. As a result the A and B Loan notes plus interest were repaid, with the exception of £100,000 due to the parent company ADP Holdings Limited.

Notes *(continued)*

19 Share capital

	At 31 March 2007	At 30 November 2005
	£	£
Authorised		
Equity:		
200,000 'A' Ordinary shares of 10p each	**20,000**	20,000
800,000 'B' Ordinary shares of 10p each	**80,000**	80,000
Non-Equity:		
9,200,000 'A' Preference shares of £1 each	**9,200,000**	9,200,000
5,500,000 'B' Preference shares of £1 each	**5,500,000**	5,500,000
	14,800,000	14,800,000
Allotted, called up and fully/part paid		
Equity		
160,000 'A' Ordinary shares of 10p each fully paid	**16,000**	16,000
24,000 'A' Ordinary shares of 10p each part paid	**2,400**	2,400
800,000 'B' Ordinary shares of 10p each	**80,000**	80,000
Non-Equity:		
9,200,000 'A' Preference shares of £1 each	**9,200,000**	9,200,000
5,499,974 *(2004:2,966,974)* 'B' Preference shares of £1 each	**5,499,974**	5,499,974
	14,798,374	14,798,374
Shares classified as liabilities	**14,699,974**	-
Shares classified as shareholders funds	**98,400**	98,400

Members holding one or more A Ordinary Share or B Ordinary Share shall have one vote for each A Ordinary Share or B Ordinary Share in the company of which he or it is the holder. The holders of the Preference Shares shall be entitled to receive notice of and to attend and speak at any general meeting of the company, but shall not be entitled to vote on any business at a general meeting.

The Preference shares are entitled to a fixed cumulative preference dividend (the "Preference Dividend") at the Interest Rate of 9% per annum which shall be paid in half-yearly instalments on 1 December and 1 June in each year in respect of the six months ending on the preceding 31 May and 30 November respectively provided that the first Preference Dividend shall be payable on 1 June 2004 in respect of the period from the date on which the first Preference Shares become subscribed to 31 May 2004 and provided further that in respect of any Preference Share that has been in issue for less or more than the full six months preceding the relevant dividend payment date the relevant pro-rata amount shall be paid on the basis that the Preference Dividend accrues from day to day.

Notes *(continued)*

20 Reserves

Group	Share premium account £	Profit and loss account £
At 30 November 2005	885,600	(12,394,174)
Loss for the period	-	(4,600,841)
At 31 March 2007	**885,600**	**(16,905,015)**

Company	Share premium account £	Profit and loss account £
At 30 November 2005	885,600	(4,884,717)
Loss for the period	-	(2,565,961)
At 31 March 2007	**885,600**	**(7,450,678)**

21 Reconciliation of movements in shareholders' (deficit) / funds

Group	16 months ended 31 March 2007 £	Year ended 30 November 2005 £
Loss for the period/year	**(4,600,841)**	(4,801,254)
Preference shares issued during the period/year	-	2,533,000
Effect of adoption of FRS25 on 1 December 2005	**(14,699,974)**	-
Net decrease in shareholders' funds	**(19,300,815)**	(2,268,254)
Opening shareholders' funds	**3,289,800**	5,558,054
Closing shareholders' (deficit) / funds	**(16,011,015)**	3,289,800

Company	16 months ended 31 March 2007 £	Year ended 30 November 2005 £
Loss for the period/year	**(2,565,961)**	(1,920,847)
Preference shares issued during the period/year		2,533,000
Effect of adoption of FRS25 on 1 December 2005	**(14,699,974)**	-
Net increase in shareholders funds	**(17,265,935)**	612,153
Opening shareholders' funds	**10,799,257**	10,187,104
Closing shareholders' (deficit) /funds	**(6,466,678)**	10,799,257

Notes *(continued)*

Reconciliation of movements in shareholders' (deficit) / funds *(continued)*

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own profit and loss account.

The loss for the year dealt with in the accounts of the company was £2,565,961 *(2005: £1,920,847)*

22 Reconciliation of operating loss to net cash inflow / (outflow) from operating activities

	16 months ended 31 March 2007	Year ended 30 November 2005
	£	£
Operating loss	**(1,581,989)**	(2,783,313)
Amortisation of intangible fixed assets	**1,005,563**	570,825
Depreciation of tangible fixed assets	**1,483,696**	937,055
Profit on disposal of fixed assets	**269,101**	
Increase in stocks	**(198,541)**	(34,799)
(Increase) / decrease in debtors	**(148,608)**	318,671
Increase / (decrease) in creditors	**1,070,052**	(117,680)
Net cash inflow / (outflow) from operating activities	**1,899,274**	(1,109,241)

23 Reconciliation of net cash flow to movement in net debt

	16 months ended 31 March 2007	Year ended 30 November 2005
	£	£
Increase/(decrease) in cash in the period	**1,943,310**	(266,276)
Cash (inflow)/ outflow from (increase)/ decrease in debt	**-**	(267,075)
Movement in net debt resulting from cash flows	**1,943,310**	(533,351)
Repayment of loan notes and interest	**4,470,607**	(428,661)
Repayment of bank loan	**2,200,000**	-
Funding from parent company	**(30,687,570)**	-
Finance lease payments	**20,134**	-
Amortised debt costs	**(45,680)**	(45,684)
Other non-cash charges (see below)	**(14,699,974)**	
Movement in net debt	**(36,799,173)**	(1,007,696)
Opening net debt	**(6,902,832)**	(5,895,136)
Closing net debt	**(43,702,005)**	(6,902,832)

Notes *(continued)*

24 Analysis of changes in net debt

	At 30 November 2005 £	Cash flow £	Other non-cash charges £	**At 31 March 2007 £**
Cash in hand and at bank		1,791,522	-	**1,791,522**
Bank overdrafts	(151,788)	151,788		**-**
	(151,788)	1,943,310		**1,791,522**
Loan notes				
- amounts falling due within one year	-			**-**
- amounts falling due after more than one year	(4,524,927)	4,470,607	(45,680)	**(100,000)**
Bank loans				
- amounts falling due within one year	(400,000)	400,000	-	**-**
- amounts falling due after more than one year	(1,800,000)	1,800,000	-	**-**
Preference shares				
- amounts falling due after more than one year	-	-	(14,699,974)	**(14,699,974)**
Finance leases				
- amounts falling due within one year	(12,252)	6,269	-	**(5 983)**
- amounts falling due after more than one year	(13,865)	13,865	-	**-**
Funding from parent company				
- amounts falling due after more than one year	-	(30,687,570)	-	**(30,687,570)**
Net debt	(6,902,832)	(22,053,519)	(14,745,654)	**(43,702,005)**

Other non cash items are the amortised issue costs of debt of £45,680.

Notes *(continued)*

25 Acquisitions

	Book value at acquisition £	Fair value Adjustment £	Fair value £
Tangible fixed assets	1,596,074		1,596,074
Stock	66,232		66,232
Current assets	186,897		186,897
Current liabilities	(157,389)		(157,389)
Net assets acquired	1,691,814		1,691,814
Provisional goodwill	11,979,014		11,979,014
Total	13,670,828		13,670,828
Satisfied by:			
Cash consideration			13,670,828

The acquisitions in the period were the purchases of a dental practice in Shepton Mallet by ADP Dental Company Limited on 7 February 2007, and the purchase of the share capital of Natural Management Limited and it's subsidiary by ADP Holdings Limited on 12 December 2006. Included in the analysis above is the Shelpton Mallett practice which had book value assets at acquisition of £14,000, was purchased for £144,000 and generated goodwill of £130,000.

The acquisitions have been accounted for using acquisition accounting method and provisional goodwill arising on the acquisitions has been capitalised and is being amortised through the profit and loss account in equal instalments over its estimated useful life, which is 20 years.

26 Contingent liabilities

There are no material contingent liabilities that the Directors are aware of.

27 Pension commitments

The Group makes contributions to the personal pension schemes of certain employees. The pension cost charge represents contributions payable by the company to the schemes and amounted to £7,349 *(2005: £3,594)*. Contributions totalling £923 *(2005: £535)* were payable to the fund at the balance sheet date.

Notes *(continued)*

28 Operating lease commitments

At 31 March 2007 the Group had annual commitments under non-cancellable operating leases as follows:

	At 31 March/2007		At 30 November 2005	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Operating leases which expire:				
In the first year	**14,500**	**14,018**	29,000	7,487
In the second to fifth years	**154,905**	**38,662**	120,825	24,496
After more than five years	**906,577**	**-**	583,874	-

28 Related party transactions

Dr J M Patel (a director of ADP Dental Company Limited during the period) provided dental services amounting to £ 180,311 *(2005:£122,822)* under an approved associate contract. The amount payable to the director in respect of these services at the period end was £9,185 *(2005:£nil).*

The Company also makes rental payments to Dr J M Patel in respect of unsecured and secured premises used by the company. The rents were independently assessed in February 2006. The leases run for 10 - 20 year periods subject to review at the end of 5 years and a tenants' only break clause takes effect at the end of the 5^{th} year. The total rents payable for the period to the director as landlord was £49,937*(2005: £12,958).*

29 Principal subsidiaries

Company name	Country	Percentage shareholding	Description
ADP No.1 Limited	United Kingdom	100	Intermediate holding and finance Company
ADP Dental Company Limited	United Kingdom	100	Principal dental operating Company
Natural Management Limited	United Kingdom	100	Intermediate holding and finance Company
Community Dental Centres Limited	United Kingdom	100	Dental operating Company
ADP Property Management Limited	United Kingdom	100	Dormant
ADP Healthcare Limited	United Kingdom	100	Dormant