Care UK Health & Social Care Investments Limited

Quarterly Financial Report for the three months ended 31 March 2015

£325,000,000 Senior Secured First Lien Floating Rate Notes due 2019
£75,000,000 Second Lien Floating Rate Notes due 2020

TABLE OF CONTENTS

	Page
OVERVIEW	1
CARE UK SERVICES AND GROUP FIGURES AT A GLANCE	5
FINANCIAL SUMMARY	6
RISK FACTORS	9
INDEX TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015	F-1

Overview

This interim report refers to sections of the Annual report for Bondholders of Care UK Health & Social Care Investments Limited for the year ended 30 September 2014 (the "Annual report 2014") and should be read in conjunction with that report. The Annual report 2014 is available in pdf format only and can be found on our website, www.careukgroup.com.

All figures and percentages included below are quoted for the three months ended 31 March 2015 and include the results of disposal groups classified as discontinued operations under IFRS 5 unless stated otherwise. All figures and percentages exclude the effects of IFRIC 12.

- **Group highlights and market context**
  - Results for the second quarter of 2015 with reported Adjusted EBITDA of £13.0 million, are in line with management expectations and consistent with the prior year. Excluding the contribution from discontinued operations outlined further below, Adjusted EBITDA increased 4.0 per cent. from £10.1 million to £10.5 million for the quarter.
  - As previously announced, during May 2015 Care UK entered agreements to sell its Mental Health and Learning Disability businesses and is at an advanced stage of negotiation for the sale of its Care at Home business. This is part of a strategic review programme aimed at refocusing Care UK's portfolio of services on the continued development of residential care services and on its market leading primary and secondary NHS health care services.
  - In Residential Care, Care UK has made good progress with the opening of new care homes and has generally maintained performance within a context of sector wide challenges from more rigorous quality regulation and related labour management pressures.
  - Within Health Care, Care UK has agreed a number of contract extensions reflective of the pre-election environment and is encouraged that post election it will be able to more actively support the NHS as it responds strategically and urgently to its demand and financial pressures.
  - Management continue to believe that Care UK is well placed to develop its services across the health and social care sectors, reflecting rising demand and the imperative for national and local government, service commissioners and providers, to improve performance and efficiency through best practice and service innovation.

- **Group financial highlights**
  - Revenue for the quarter increased by 4.6 per cent. to £187.8 million, reflecting new care home openings and maturity progression, together with growth in elective surgery volumes.
  - Reported net debt at 31 March 2015 was £382.7 million, a reduction of £11.2 million from the peak reported in Q1. The reported leverage ratio was 7.35x with pro-forma[1] financial leverage at 6.83x, in line with management expectations.
  - Enterprise value proceeds (net of fees and other expenses) above £120 million are expected from the divestment programme with all three businesses now shown as Discontinued Operations in this report. The principal intention is to utilise the net disposal proceeds to reduce net debt, including the repurchase of bonds. On a pro forma basis (i.e. removing the EBITDA associated from the business and including the

expected cash receipt) reported leverage for the twelve months ended 31 March drops from 7.35x to 6.70x.

- The organisational change programme to devolve the group's central functions into operational divisions and to reduce functional overhead cost generally is now largely complete. The group wide reorganisation is on track to deliver £5.0 million of savings in the 2015 financial year and in excess of £10.0 million on an annualised basis as previously reported. The financial results of the reporting segments have been represented on a like-for-like basis, i.e., the prior period results are presented on the basis of the current devolved structure but without the benefit of the cost savings.

- Adjusted EBITDA is stated before £2.8 million of non-recurring charges incurred in the quarter (year to date £7.8 million). The organisational change programme incurred £2.3 million in the quarter bringing the total incurred to date to £5.0 million. The transition of services from old to new residential care homes under the Suffolk contract incurred £0.5 million in the quarter and will continue for the remainder of the programme into early 2016.

- During the quarter Care UK recognised impairment charges of £15.6 million as a result of writing down the carrying amount of goodwill and other intangible assets of the Care at Home business. The profit on disposal on the other businesses will be material and more than offset this impairment charge.

- Quarterly net financing costs of £6.8 million are £2.3 million lower than prior year, reflecting the lower cost of debt arising from the July 2014 refinancing.

[1] adjusting for new care home start-up losses but excluding any pro-forma mature profit.

- **Residential Care Services**

  - The growth trend continues in Residential Care Services with revenue in the quarter increasing 10.2 per cent. compared to the prior year, primarily as a result of private pay occupancy increases in new homes.

  - Adjusted EBITDA for the quarter of £4.4 million is in line with prior year, with profitability in the mature estate benefiting from improved labour cost management, offset by the expected reduced contribution from the Suffolk homes as old homes transition to new.

  - LTM Adjusted EBITDA at 31 March 2015 of £22.0 million is after taking account of £3.9 million of start-up losses on new Greenfield and Suffolk homes. In addition to elimination of the start-up losses, full occupancy of these homes could increase future EBITDA by up to a further £10 million per annum.

  - Labour costs as a percentage of revenue were 59.4 per cent. for the quarter, 2.5 per cent. lower than the prior year. Inevitably, labour cost management will continue to be a major focus due to a complex mix of economic, demographic and regulatory factors affecting the sector exacerbated by the national shortage of nurses and competition for care workers.

  - The complex Suffolk contract build programme continued to make progress in the quarter, with two homes opening with a combined bed total of 140. A further 70 bed home opened in April resulting in eight of the planned ten new homes now being operational.

  - Occupancy across the portfolio has been maintained at 85.4 per cent. in the quarter, despite the consequences of higher UK levels of mortality being experienced across the winter period. Occupancy progression in new care homes has also been slightly slower than anticipated.

- The recently changed regulatory environment remains challenging with several homes not performing to potential and four homes currently assessed as ‘Inadequate’ by CQC using new inspection ratings. Improvement plans are well underway in all four homes with recognition by CQC that the plans are being implemented effectively. Management is highly focused on optimising performance at all homes, which would generate material trading upside.

- **Health Care**

  - Year on year revenue growth of £5.1 million (5.9 per cent.) for the quarter is driven by new offender health contracts (mobilised in 2014 and early 2015) and organic growth in elective surgery volumes, both more than offsetting a decline in urgent care.

  - Adjusted EBITDA is 9.1 per cent. ahead of prior year at £7.2 million for the quarter and £3.1 million higher than the seasonally impacted Q1. The year-on-year result is largely supported by the cost reductions being realised from the organisational change programme and incremental profit from elective procedures offsetting a decline in the contribution from out of hour’s services.

  - The NHS 111 service is performing well from an operational perspective but this is yet to be translated commensurately into improved financial performance. A small positive contribution is expected in the next financial year with further progression thereafter.

  - Two offender health contracts ended at the quarter end and, as previously indicated, will cause a drag on growth in the second half of 2015.

  - As previously reported, Care UK has a number of ‘Wave II ISTC’ contract renewals during the next twelve months. These contracts were entered into circa seven years ago and due to contracted price inflation mechanism are now priced above the prevailing NHS tariff. Pricing at renewal is likely to be at NHS tariff, resulting in an expected reduction in profitability of circa £14 million on a full year basis. Good progress has been made with the renewal programme:

    - The Southampton contract has been retained and commences in October 2015 at NHS tariff pricing.

    - Services under the Avon, Gloucester and Wiltshire (AGW) contract are expected to continue under the patient choice policy, with strong activity levels anticipated, having secured control of the hospital sites (see post reporting period developments).

    - The re-procurement of Greater Manchester CATS contract has commenced with the possibility that it will be fragmented into a number of smaller contracts.

- **Discontinued operations**

  - Overall, the three discontinued service lines performed in line with management expectations. Continued strong occupancy within the residential Learning Disability business was offset by slower occupancy growth in the new Mental Health recovery units and a challenging Care at Home market.

- **Post reporting period developments**

    - As outlined above Care UK has disposed of a number of businesses as part of a strategic refocusing of the group:

        - Contracts have been exchanged for the sale of the Mental Health business (previously part of the Health Care division) to Partnerships in Care. Contract completion is expected on 1 June 2015.

        - The Learning Disability business (previously part of the Community Services division) was sold to The Lifeways Group on 13 May 2015.

        - The potential sale of the Care at Home business (also part of the Community Services division) is at an advanced stage.

    - Following the sale of three care homes in January 2014 by Care UK's independent development group, Silver Sea, in April 2015 Care UK Health & Social Care Investments Ltd's direct parent company (Care UK Health & Social Care Finance Ltd) has purchased £10.1 million of Second Lien bonds. In due course, it is expected that bond group net debt will reduce by circa £18 million as a result of the Silver Sea sales.

    - On 15 April the Health Care division conducted a purchase followed by an immediate sale and leaseback transaction in respect of the Emerson's Green NHS Treatment Centre. The facility is operated by Care UK providing elective surgery procedures and diagnostics under the Wave II AGW contract that is due to expire in November 2015. Securing the facility enables Care UK to continue to provide services to NHS patients that either choose to directly book their procedures at the centre or are referred to the service. As part of the same transaction, the property located at Devizes in Wiltshire operated under the same contract has also been retained.

    - The Health Care division has reached agreement with commissioners in respect of the Peninsula Treatment Centre located in Plymouth. From 1 April 2015, Care UK will continue to provide services under the NHS 'choose & book' referral system.

    - During April 2015 the Heath Care division negotiated an early termination of a significant but loss making out of hours GP contract (HDOCS) that it has operated on behalf of Portsmouth Health Limited.

    - As referenced above, in April 2015 the eighth new care home under the Suffolk contract was opened within the Residential Care Services division. The 70 bed home is located in Stowmarket and includes a day club for local residents. Good progress continues to be made in respect of the remaining two new homes that are currently in construction.

CARE UK SERVICES AND GROUP FIGURES AT A GLANCE

Care UK is a significant independent sector provider of health care services to the NHS in England and a leading provider of social care services in the United Kingdom. Care UK considers itself to be the most diversified provider in terms of nature and variety of care services offered across both the social and the health care markets in the United Kingdom, which provides Care UK with multiple opportunities for growth.

As at 31 March 2015 the service lines of Care at Home and Learning Disability, that together make up the Community Services division, a previously reported segment, and the Mental Health service line that formed part of the Health Care segment, have been classified as held for sale and are presented separately as discontinued operations in the Condensed consolidated financial statements on pages F-3 to F-17 in accordance with the requirements of IFRS 5. The financial information presented in this financial summary comprises the continued and discontinued operations in order to reflect the aggregated financial performance of the Care UK group in the respective reporting periods. In addition, financial information is also presented on a continuing operations only basis. All figures and percentages included below exclude the effect of applying IFRIC 12 unless stated otherwise.

Residential Care	Health Care
Care homes (111 homes with over 7,000 beds) providing both residential and nursing care for older people, particularly those suffering from dementia and related conditions	Broad range of health care services centered around the key service streams: ○ Primary Care (e.g. prison healthcare, GP services, out of hours support and the NHS 111 service) ○ Secondary Care (e.g. hospital based elective surgery and "CATS" contracts)

Key figures	**Continuing and discontinued operations**		**Continuing operations**	
Amounts in £ million	Q2 / 2014	Q2 / 2015	Q2 / 2014	Q2 / 2015
Revenue	179.5	187.8	143.4	153.3
Adjusted EBITDA [1]	13.4	13.0	10.1	10.5
Adjusted operating profit [1]	5.5	4.9	2.9	3.0
Net loss for the period	(8.6)	(26.3)	n/a	n/a
Operating cash flow (before capital expenditure)	25.2	22.2	n/a	n/a

Financial leverage	**Continuing and discontinued operations**				Continuing operations
As of and for the 12 month period ended	30 June 2014	30 September 2014	31 December 2014	31 March 2015	Pro-forma 31 March 2015
Adjusted EBITDA (£m)	58.1	52.8	52.5	52.1	39.2
Pro-forma Adjusted EBITDA (£m)[2]	61.1	56.4	56.2	56.0	43.1
Net debt (£m)	341.0	378.9	393.9	382.7	262.7[3]
Net debt / Pro-forma Adjusted EBITDA	5.58x	6.72x	7.01x	6.83x	6.10x
Net debt / Adjusted EBITDA	5.87x	7.18x	7.50x	7.35x	6.70x

[1] See Non-IFRS Financial Measures.

[2] Pro-forma Adjusted EBITDA, excluding new home start-up losses (£3.9 million LTM 31 March 2015) in the Residential Care Services division.

[3] Continuing operations Pro-forma net debt leverage includes the impact of the expected net proceeds from post reporting period divestments.

FINANCIAL SUMMARY

Results of Operations

The tables below sets out the key line items from the unaudited condensed consolidated statement of comprehensive performance for the three and six months ended 31 March 2015 and 31 March 2014 excluding the effect of applying IFRIC 12. For further information, including the effects of applying IFRIC 12, refer to the Annual report 2014. For the unaudited condensed consolidated statement of comprehensive performance on a fully IFRS compliant basis, including the effects of IFRIC 12, see the financial statements on pages F-3 to F-17 that accompany this financial summary.

For the definition of non-IFRS financial measures used by Care UK, including amongst others Adjusted EBITDA, refer to Annual report 2014. For full details regarding Care UK's Accounting Policies refer to the Annual report 2014.

	Three months ended 31 March		Six months ended 31 March	
	2014	2015	2014	2015
Continuing and discontinued operations	£m	£m	£m	£m
Revenue	179.5	187.8	362.5	374.7
Cost of sales	(158.6)	(169.0)	(319.8)	(336.5)
Gross profit	**20.9**	**18.8**	**42.7**	**38.2**
Administrative expenses	(23.4)	(37.4)	(47.2)	(63.2)
Operating loss before financing expenses	**(2.5)**	**(18.6)**	**(4.5)**	**(25.0)**
Adjusted EBITDA	13.4	13.0	25.3	24.6
Depreciation of tangible assets	(7.9)	(8.1)	(15.2)	(15.9)
Adjusted operating profit	5.5	4.9	10.1	8.7
Amortisation of intangible assets	(5.2)	(4.8)	(10.7)	(9.7)
Impairment of intangible assets	-	(15.6)	-	(15.6)
Non-recurring items	(1.8)	(2.8)	(2.9)	(7.8)
IAS 17 lease expense	(0.9)	(0.3)	(0.9)	(0.6)
Less: Share of joint venture EBITDA	(0.1)	-	(0.1)	-
Operating loss before financing expenses	(2.5)	(18.6)	(4.5)	(25.0)
Financial income	0.6	0.5	0.9	1.0
Financial expense	(9.7)	(7.3)	(19.5)	(14.9)
Net financing expense[1]	**(9.1)**	**(6.8)**	**(18.6)**	**(13.9)**
Share of results of joint venture	(0.1)	(0.1)	(0.1)	(0.2)
Loss before taxation	**(11.7)**	**(25.5)**	**(23.2)**	**(39.1)**
Taxation	3.1	(0.8)	3.6	1.5
Loss for the period	**(8.6)**	**(26.3)**	**(19.6)**	**(37.6)**

Continuing operations	Three months ended 31 March 2014 £m	Three months ended 31 March 2015 £m	Six months ended 31 March 2014 £m	Six months ended 31 March 2015 £m
Revenue	143.4	153.3	289.7	304.9
Cost of sales	(127.4)	(137.9)	(257.4)	(274.5)
Gross profit	**16.0**	**15.4**	**32.3**	**30.4**
Administrative expenses	(19.4)	(19.1)	(38.7)	(42.1)
Operating loss before financing expenses	**(3.4)**	**(3.7)**	**(6.4)**	**(11.7)**
Adjusted EBITDA	10.1	10.5	18.4	18.6
Depreciation of tangible assets	(7.2)	(7.5)	(13.7)	(14.6)
Adjusted operating profit	2.9	3.0	4.7	4.0
Amortisation of intangible assets	(4.0)	(3.6)	(7.9)	(7.3)
Non-recurring items	(1.4)	(2.8)	(2.3)	(7.8)
IAS 17 lease expense	(0.9)	(0.3)	(0.9)	(0.6)
Operating loss before financing expenses	(3.4)	(3.7)	(6.4)	(11.7)
Financial income	0.6	0.4	0.8	0.8
Financial expense	(9.7)	(7.3)	(19.5)	(14.9)
Net financing expense[1]	**(9.1)**	**(6.9)**	**(18.7)**	**(14.1)**
Loss before taxation	**(12.5)**	**(10.6)**	**(25.1)**	**(25.8)**
Taxation	3.0	0.1	3.2	2.2
Loss for the period	**(9.5)**	**(10.5)**	**(21.9)**	**(23.6)**

[1] Net financing expense of discontinued operations relates to amounts incurred directly by the disposal groups. The financing of the group is managed on a centralised basis and as such no allocation of finance income or expense has been made to the disposal groups.

Net Debt and Liquidity

The following table shows the comparative net debt position as at 31 March 2014 and 31 March 2015.

	As at 31 March 2014 £m	As at 31 March 2015 £m
Senior Secured Notes[1]	325.0	400.0
Revolving Credit Facility and bank loans	63.5	20.0
Finance lease obligations	2.1	0.7
Cash and cash equivalents	(43.6)	(30.2)
Deferred financing costs	(8.8)	(7.8)
Total net debt	**338.2**	**382.7**

[1] Excluding premium on issue of nil (2014: £3.6 million).

Care UK expects that its key sources of liquidity for the foreseeable future will continue to be cash flows from operations and drawings under the Revolving Credit Facility.

Net debt increased by £44.5 million compared to the prior year of which approximately £27.0 million was a result of the refinancing exercise executed in July 2014 with capital expenditure of £29.7 million.

During April 2015 Care UK Health & Social Care Finance Limited, a parent undertaking of Care UK Health & Social Care Investment Limited purchased on an arm's length basis £10.1 million of 2014 Second Lien Notes with the intention of transferring the Notes to the Issuer for cancellation and thus reducing the group's net debt.

The following table sets out a summary of cash flows and change in net debt for the periods indicated from both continuing and discontinued operations. Net cash flows from discontinued operations are disclosed in note 8 to the unaudited condensed consolidated financial statements.

Continuing and Discontinued Operations	**Three months ended 31 March**		**Six months ended 31 March**	
	2014	**2015**	**2014**	**2015**
	£m	**£m**	**£m**	**£m**
Adjusted operating profit	5.5	4.9	10.1	8.7
Depreciation and other non-cash movements	6.9	7.9	14.2	15.4
Change in working capital and non-recurring items	12.8	9.4	6.1	(2.5)
Cash flow from operations	**25.2**	**22.2**	**30.4**	**21.6**
Cash flows resulting from financing activities and taxation	(16.8)	(6.6)	(18.0)	(13.1)
Capital expenditure	(6.2)	(5.9)	(14.5)	(11.8)
Proceeds from disposal of tangible fixed assets	-	-	0.1	-
Loans (to)/from related party undertakings & joint ventures	-	1.9	(1.5)	0.1
Interest received	(0.1)	-	-	0.2
Movement in net debt arising from cash flows	**2.1**	**11.6**	**(3.5)**	**(3.0)**
Other non-cash movements in net debt	(0.6)	(0.4)	(1.4)	(0.8)
Total movement in net debt	**1.5**	**11.2**	**(4.9)**	**(3.8)**
Net debt at 31 March	(338.2)	(382.7)	(338.2)	(382.7)
Cash conversion ratio (Cash flow from operations/Adjusted EBITDA)	189.6%	170.8%	120.9%	87.8%

The net cash inflow from operating activities for the three months ended 31 March 2015 of £22.2 million was broadly consistent with the inflow of £25.2 million for the three months ended 31 March 2014 and reflects the return from the seasonally low working capital over the winter period. The majority of the reduction in cash flow from operations in six month ending 31 March 2015 is due to the impact of increased non-recurring items in the period, in particular the costs of the reorganisation programme, with the remainder working capital timing differences. Overall, working capital is in line with management expectations.

Cash outflows from financing expenses and taxation were £6.6 million in the three months ended 31 March 2015, consistent with the prior quarter, and lower than the £16.8 million outflow for the three months ended 31 March 2014, mainly due to the change from bi-annual interest payments on the 2010 Notes to quarterly interest payments applying to the 2014 Notes.

Total capital expenditure amounted to £5.9 million for the three months ended 31 March 2015, consistent with the prior quarter, and marginally below the £6.2 million for the three months ended 31 March 2014. Maintenance capital expenditure amounted to £3.7 million for the three months ended 31 March 2015 compared with £3.4 million in the prior quarter and £2.0 million for the three months ended 31 March 2014. Expansionary capital expenditure amounted to £2.2 million for the three months ended 31 March 2015 compared with £2.5 million in the prior quarter and £4.2 million for the three months ended 31 March 2014.

In the three months ended 31 March 2015 loans provided to related parties of £1.9 million were repaid - see "Certain Relationships and Related Party Transactions" in the Annual report 2014 for further details of related party relationships.

RISK FACTORS

In the ordinary course of Care UK's operations, Care UK can be subject to disputes, arbitration and, potentially, litigation relating to various aspects of its business. Care UK regularly analyses information about such claims for potential or probable losses and provides accruals where considered necessary for such matters, including estimated expenses for legal services as appropriate. Otherwise than as already disclosed, Care UK is not aware of any such matters that are expected to have a material impact on the group's financial position.

See Annual report 2014 for a summary of the risk factors affecting Care UK and a detailed explanation of each of Care UK's risk factors can be accessed on the Care UK website www.careukgroup.com.

INDEX TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTH PERIODS ENDED 31 MARCH 2015

PAGE

CARE UK HEALTH & SOCIAL CARE INVESTMENTS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE PERFORMANCE (UNAUDITED) F-3

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) F-4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) F-5

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) F-6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS F-7

CARE UK HEALTH & SOCIAL CARE INVESTMENTS LIMITED – GROUP PROFORMA PRE-IFRIC 12 NON-STATUTORY CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

BASIS OF PREPARATION F-19

PROFORMA PRE-IFRIC 12 NON-STATUTORY CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE PERFORMANCE (UNAUDITED) F-20

PROFORMA PRE-IFRIC 12 NON-STATUTORY CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) F-21

PROFORMA PRE-IFRIC 12 NON-STATUTORY CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) F-22

PROFORMA PRE-IFRIC 12 NON-STATUTORY CONDENSED CONSOLIDATED SEGMENTAL REPORTING NOTE (UNAUDITED) F-23

Care UK Health & Social Care Investments Limited

Group condensed consolidated financial statements (unaudited)

Three month and six month periods ended 31 March 2015

CARE UK HEALTH & SOCIAL CARE INVESTMENTS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE PERFORMANCE (UNAUDITED)
For the three month and six month periods ended 31 March 2015

	Notes	Three months to 31 March 2015	Three months to 31 March 2014[1]	Six months to 31 March 2015	Six months to 31 March 2014[1]
		£m	£m	£m	£m
Revenue	4	**152.8**	142.8	**303.9**	288.5
Cost of sales		**(137.5)**	(127.2)	**(273.6)**	(257.1)
Gross profit		**15.3**	15.6	**30.3**	31.4
Administrative expenses		**(19.3)**	(19.6)	**(42.4)**	(39.0)
Operating loss before financing expenses	4, 7	**(4.0)**	(4.0)	**(12.1)**	(7.6)
Adjusted EBITDA (earnings before interest, taxation, depreciation and amortisation)		**9.8**	9.1	**17.3**	16.5
Depreciation of tangible assets		**(7.0)**	(6.7)	**(13.5)**	(12.8)
Adjusted operating profit		**2.8**	2.4	**3.8**	3.7
Amortisation of intangible assets		**(3.7)**	(4.1)	**(7.5)**	(8.1)
Non-recurring items	5	**(2.8)**	(1.4)	**(7.8)**	(2.3)
IAS 17 lease expense		**(0.3)**	(0.9)	**(0.6)**	(0.9)
Operating loss before financing expense		**(4.0)**	(4.0)	**(12.1)**	(7.6)
Financial income	6	**0.7**	0.9	**1.3**	1.4
Financial expense	6	**(7.3)**	(9.7)	**(14.9)**	(19.5)
Net financing expense		**(6.6)**	(8.8)	**(13.6)**	(18.1)
Loss before taxation		**(10.6)**	(12.8)	**(25.7)**	(25.7)
Taxation		**-**	2.8	**2.2**	3.4
Loss for the period from continuing operations		**(10.6)**	(10.0)	**(23.5)**	(22.3)
Profit/(Loss) for the period from discontinued operations	8	**(15.8)**	0.9	**(14.0)**	2.3
Loss for the period attributable to equity holders of the parent		**(26.4)**	(9.1)	**(37.5)**	(20.0)
Total comprehensive loss for the period attributable to equity holders of the parent		**(26.4)**	(9.1)	**(37.5)**	(20.0)

[1] Represented to show the results of certain disposal groups in discontinued operations (see note 8).

CARE UK HEALTH & SOCIAL CARE INVESTMENTS LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 31 March 2015

	Notes	31 March 2015	31 March 2014	30 September 2014
		£m	£m	£m
Assets				
Property, plant and equipment	9	**215.6**	276.7	277.6
Intangible assets	10	**169.5**	221.5	211.0
Other financial assets	11	**21.0**	21.9	21.7
Amounts due from related party undertakings		**18.8**	17.4	18.0
Equity-accounted investments		**-**	5.3	5.5
Other receivables		**8.7**	-	8.9
Total non-current assets		**433.6**	542.8	542.7
Inventories		**4.0**	3.9	4.1
Trade and other receivables		**60.6**	85.3	86.9
Other financial assets	11	**0.8**	0.7	1.1
Cash and cash equivalents		**30.2**	43.6	20.9
		95.6	133.5	113.0
Assets and disposal groups classified as held for sale	8	**96.7**	2.7	0.4
Total current assets		**192.3**	136.2	113.4
Total assets		**625.9**	679.0	656.1
Liabilities				
Financial liabilities	12	**(3.7)**	(2.1)	(1.3)
Trade and other payables		**(151.9)**	(161.6)	(166.2)
		(155.6)	(163.7)	(167.5)
Liabilities of disposal groups classified as held for sale	8	**(13.0)**	-	-
Total current liabilities		**(168.6)**	(163.7)	(167.5)
Financial liabilities	12	**(409.2)**	(383.3)	(398.5)
Other non-current liabilities		**(14.3)**	(4.2)	(14.6)
Deferred tax liabilities		**(0.6)**	(13.4)	(4.8)
Total non-current liabilities		**(424.1)**	(400.9)	(417.9)
Total liabilities		**(592.7)**	(564.6)	(585.4)
Net assets		**33.2**	114.4	70.7
Equity				
Issued share capital		**210.7**	210.7	210.7
Retained earnings		**(177.5)**	(96.3)	(140.0)
Total equity attributable to equity holders of the parent		**33.2**	114.4	70.7

CARE UK HEALTH & SOCIAL CARE INVESTMENTS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six month period ended 31 March 2015

	Attributable to equity holders of the parent		
Group	**Issued share capital**	**Retained earnings**	**Total parent equity**
	£m	**£m**	**£m**
At 30 September 2014	210.7	(140.0)	70.7
Total comprehensive loss for the period	-	(37.5)	(37.5)
At 31 March 2015	**210.7**	**(177.5)**	**33.2**

CARE UK HEALTH & SOCIAL CARE INVESTMENTS LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
For the three month and six month periods ended 31 March 2014

	Three months to 31 March 2015	**Three months to 31 March 2014**	**Six months to 31 March 2015**	**Six months to 31 March 2014**
	£m	**£m**	**£m**	**£m**
Cash flows from operating activities				
Loss for the period before taxation	**(25.5)**	(12.0)	**(39.0)**	(23.8)
Share of results of joint venture	**0.1**	0.1	**0.2**	0.1
Financial income	**(0.8)**	(0.9)	**(1.5)**	(1.5)
Financial expense	**7.3**	9.7	**14.9**	19.5
Depreciation of tangible assets	**7.7**	7.4	**14.9**	14.3
Amortisation of intangible assets	**5.0**	5.3	**10.0**	10.9
Impairment of Intangible assets	**15.6**	-	**15.6**	-
Decrease in IFRIC 12 financial asset	**0.6**	0.5	**1.1**	1.1
Decrease in inventory	**0.6**	(0.6)	**0.1**	(0.6)
Decrease/(increase) in trade and other receivables	**8.3**	10.0	**6.9**	3.0
Increase/(decrease) in trade and other payables	**3.1**	5.3	**(1.9)**	6.7
Net cash flows from operating activities	**22.0**	24.8	**21.3**	29.7
Cash flows from investing activities				
Payments to acquire property, plant and equipment	**(5.7)**	(5.8)	**(11.5)**	(13.8)
Proceeds from the sale of property, plant and equipment	**-**	-	**-**	0.1
Loans to related party undertakings	**1.9**	-	**0.1**	(1.5)
Interest received	-	0.1	**0.2**	0.2
Net cash flows used in investing activities	**(3.8)**	(5.7)	**(11.2)**	(15.0)
Cash flows from financing activities				
Proceeds from new loans	**38.0**	39.1	**134.0**	121.6
Repayment of amounts borrowed	**(53.0)**	(47.6)	**(121.0)**	(107.6)
Interest paid	**(6.6)**	(17.0)	**(13.1)**	(18.2)
Payment of capital element of finance lease payments	**(0.3)**	(1.1)	**(0.7)**	(1.5)
Net cash flows from financing activities	**(21.9)**	(26.6)	**(0.8)**	(5.7)
Net (decrease)/increase in cash and cash equivalents	**(3.7)**	(7.5)	**9.3**	9.0
Cash and cash equivalents at the beginning of the period	**33.9**	51.1	**20.9**	34.6
Cash and cash equivalents at the end of the period	**30.2**	43.6	**30.2**	43.6

1. REPORTING ENTITY

Care UK Health & Social Care Investments Limited (the "company") is a company domiciled in England and Wales. The condensed consolidated interim financial statements of the company for the three months and six months ended 31 March 2015 comprise the company and its subsidiaries (together referred to as the "group").

This interim report, for the three and six month periods ended 31 March 2015, does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. Statutory consolidated financial statements for the group for the year ended 30 September 2014, prepared in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRS"), including International Financial Reporting Interpretations Committee ("IFRIC") interpretations, on which KPMG LLP gave an unqualified opinion, have been delivered to the Registrar of Companies. The financial statements also did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. Comparative annual figures as at 30 September 2014 set out within this report have been extracted from the 2014 annual report and accounts of the group published on 16 December 2014. Where applicable these comparative figures have been represented to reflect the classification of disposal groups as available for sale as outlined in accounting policies below.

2. ACCOUNTING POLICIES

The preparation of these condensed consolidated interim financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies

The same accounting policies and methods of computation are followed in these condensed consolidated financial statements as were applied in the group's 2014 annual report.

Discontinued operations and non-current assets held for sale: Discontinued operations are reported when a component ("disposal group") of an entity, comprising operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity, is classified as held for sale or has been disposed of, if the component either (1) represents a separate major service line and (2) is part of a single co-ordinated plan to dispose of a separate major service line or (3) is a subsidiary acquired exclusively with a view for resale.

Upon classification as discontinued, the disposal group is reported separately in a note to the condensed consolidated financial statements. The income statement of the discontinued operations is reported separately from continuing operations in the condensed consolidated statement of comprehensive performance; prior periods are presented on a comparable basis. The disclosures in the Notes to the condensed consolidated financial statements outside of the Discontinued Operations note that refer to the condensed consolidated statement of performance and the consolidated statement of cash flow generally relate to continuing operations unless otherwise stated. Disposal groups and non-current assets held for sale are presented separately in the current sections of the balance sheet. Cash and cash equivalents held within a disposal group are excluded from non-current assets held for sale where it is usual, customary or likely that a disposal will be made on a cash free/debt free basis.

Immediately before the initial classification of the assets and disposal groups as held for sale, the carrying value of assets (or all of the assets and liabilities in the disposal groups) are measured at the lower of their carrying amount and fair value less costs to sell, unless these items presented in the disposal group are not part of the measurement scope as defined in IFRS 5, Non-current Assets held for Sale and Discontinued Operations.

Taxation: The income tax expense to be recognised in each interim period is based on the best estimate of the weighted average annual income tax rate expected for the full year applied to the income before taxation of the interim period. The expected tax rate takes into account changes in tax rates that are enacted, or substantively enacted, that are expected to take effect later in the year. The income tax expense for the interim period comprises deferred tax only.

Defined benefit plans: As permitted by adopted IAS 34, an interim actuarial valuation has not been obtained as at the end of period. For interim reporting purposes, reliable measurement has been obtained by extrapolation from the latest full actuarial valuations.

***Joint ventures*:** Joint ventures are those entities over whose activities the group has joint control, established by contractual agreement. The consolidated financial statements include the group's share of the profits less losses of joint ventures in the consolidated statement of comprehensive performance and its interest in their net assets in the consolidated balance sheet in accordance with the equity method of accounting.

Leased assets: Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is classified as a finance lease. The asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Future instalments under such leases, net of finance charges, are included within creditors. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

All other leases are accounted for as operating leases. Payments made under operating leases are recognised in the statement of comprehensive performance on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive performance as an integral part of the total lease expense. The alternative performance measure 'adjusted operating profit' defined in non-IFRS measures below applies a cash rent basis to accounting for operating lease incentives.

The group is required to perform dilapidation repairs on leased properties prior to the properties being vacated at the end of their lease term. Provision for such costs is made where a legal obligation is identified and the liability can be reasonably quantified.

3. NON-IFRS FINANCIAL MEASURES

The board believe that the "adjusted" profit measures reported provide additional information for the shareholders on the underlying performance of the business. These measures are consistent with how business performance is monitored internally. Adjusted operating profit is not a recognised profit measure under adopted IFRS and may not be directly comparable with "adjusted" profit measures used by other companies.

Adjusted operating profit, which includes Care UK's proportionate ownership share of EBITDA from joint ventures, is defined as Operating profit before net financing expenses adjusted to exclude amortisation of IFRS 3 intangible assets, impairment charges and non-recurring items and excluding the impact of applying IAS 17 in respect of lease incentives.

Non-recurring items: In the normal course of business 'non-recurring' costs are often incurred due to the varied operations and services of the group. Due to the inherent nature of non-recurring items it is not possible to define its application to any particular type of transaction or profit or loss. Care UK therefore applies judgment in the disclosure of non-recurring items that is designed to enable users to understand the performance achieved in a period and assist them in forming a basis for their assessment of future results and cash flows. Non-recurring items may arise from a variety of sources and due to the complexity of the Care UK business are likely to occur in one form or another in most periods.

IAS 17 lease expense: Care UK enters into various lease arrangements with third parties within the normal course of business which can be subject to various types of incentive. Lease incentives on operating units typically take the form of rent free periods as they reflect the economic contribution profile of the unit during the early stages of occupancy, however under the terms of the lease cash rent does not become payable until the expiry of the rent free period. Other lease incentives may take the form of a cash premium received at inception or renewal of the lease with annual cash rent payable from commencement of the lease. Under IAS 17 'Leases', lease incentives are allocated on a straight line basis over the life of the lease. The non-IFRS financial measure adjusted operating profit is presented on a cash rent basis as it excludes the effect of applying the straight line method to lease incentives in order to reflect the underlying commercial arrangement and provide underlying operational performance and cash generation of the business. Adjusted EBITDA is defined as adjusted operating profit plus depreciation.

4. SEGMENT REPORTING

Segmental information is presented in respect of the group's business segments. The primary business segments are based on the group's management and internal reporting structure. The Care UK group operates solely within the UK hence no geographical segment disclosures are presented. Inter-segment pricing, where applicable, is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise net finance income and expense, and taxation.

As at 31 March 2015 certain service lines were subject to a strategic review that may result in the disposal of these service lines (see note 12 'events after the reporting date') and as a result are classified as held for sale. The service lines of Care at Home and Learning Disability service lines, that combined make up the Community Services division, a previously reported segment, and the Mental Health service line that formed part of the Health Care segment are presented in aggregate as discontinued operations within the segmental information below. All prior period comparative information has been represented to reflect the classification of the service lines as discontinued operations.

In October 2014 the group commenced an organisational change programme to devolve central support functions into operating divisions. These functions were previously reported in the "Other" segment as a component part of the group's central functions. The prior period comparative segmental information reported below has been represented to reflect the change in structure.

Continuing Business Segments

As a result of the classification of certain disposal groups as held for sale outlined above the group's continuing operating segments are as follows:

- Residential Care Services: operates care homes for older people;
- Health Care: provides a range of primary and secondary care services; and
- Other: comprising the group's central support functions and smaller trading operations.

	Continuing Operations					
Three months to 31 March 2015	**Residential Care Services**	**Health Care**	**Other**	**Total**	**Discontinued Operations**	**Group**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Group revenue	59.1	91.3	2.4	**152.8**	34.5	**187.3**
Adjusted EBITDA	3.7	7.2	(1.1)	**9.8**	2.5	**12.3**
Depreciation of tangible assets	(3.4)	(3.0)	(0.6)	**(7.0)**	(0.6)	**(7.6)**
Adjusted operating profit/(loss)	0.3	4.2	(1.7)	**2.8**	1.9	**4.7**
Amortisation of intangible assets	(1.4)	(2.3)	-	**(3.7)**	(1.2)	**(4.9)**
Impairment of intangible assets	-	-	-	**-**	(15.6)	**(15.6)**
Non-recurring items	(0.6)	-	(2.2)	**(2.8)**	-	**(2.8)**
IAS 17 lease expense	(0.3)	-	-	**(0.3)**	-	**(0.3)**
Operating (loss)/profit before financing expense and taxation	(2.0)	1.9	(3.9)	**(4.0)**	(14.9)	**(18.9)**
Net financing expense						**(6.6)**
Share of results of joint venture						**(0.1)**
Taxation						**(0.8)**
Loss for the period						**(26.4)**
Operating lease charges: Land & buildings (excluding IAS 17 lease expense)	(5.6)	(3.5)	(0.2)	**(9.3)**	(0.5)	**(9.8)**

Three months to 31 March 2014	Continuing Operations: Residential Care Services	Continuing Operations: Health Care	Continuing Operations: Other	Continuing Operations: Total	Discontinued Operations	Group
	£m	£m	£m	£m	£m	£m
Group revenue	53.5	86.2	3.1	**142.8**	36.1	**178.9**
Adjusted EBITDA	3.5	6.6	(1.0)	**9.1**	3.3	**12.4**
Depreciation of tangible assets	(2.8)	(3.4)	(0.5)	**(6.7)**	(0.7)	**(7.4)**
Adjusted operating profit/(loss)	0.7	3.2	(1.5)	**2.4**	2.6	**5.0**
Amortisation of intangible assets	(1.8)	(2.3)	-	**(4.1)**	(1.2)	**(5.3)**
Non-recurring items	(0.8)	-	(0.6)	**(1.4)**	(0.4)	**(1.8)**
IAS 17 lease expense	(0.5)	-	(0.4)	**(0.9)**	-	**(0.9)**
Less: Share of joint venture EBITDA	-	-	-	**-**	(0.1)	**(0.1)**
Operating (loss)/profit before financing expense and taxation	(2.4)	0.9	(2.5)	**(4.0)**	0.9	**(3.1)**
Net financing expense						**(8.8)**
Share of results of joint venture						**(0.1)**
Taxation						**2.9**
Loss for the period						**(9.1)**
Operating lease charges: Land & buildings (excluding IAS 17 lease expense)	(3.8)	(3.7)	0.2	**(7.3)**	(0.5)	**(7.8)**

Six months to 31 March 2015	Continuing Operations: Residential Care Services	Continuing Operations: Health Care	Continuing Operations: Other	Continuing Operations: Total	Discontinued Operations	Group
	£m	£m	£m	£m	£m	£m
Group revenue	119.1	180.2	4.6	**303.9**	69.8	**373.7**
Adjusted EBITDA	8.6	11.3	(2.6)	**17.3**	6.0	**23.3**
Depreciation of tangible assets	(6.4)	(6.0)	(1.1)	**(13.5)**	(1.3)	**(14.8)**
Adjusted operating profit/(loss)	2.2	5.3	(3.7)	**3.8**	4.7	**8.5**
Amortisation of intangible assets	(2.8)	(4.7)	-	**(7.5)**	(2.4)	**(9.9)**
Impairment of intangible assets	-	-	-	**-**	(15.6)	**(15.6)**
Non-recurring items	(2.8)	-	(5.0)	**(7.8)**	-	**(7.8)**
IAS 17 lease expense	(0.6)	-	-	**(0.6)**	-	**(0.6)**
Operating (loss)/profit before financing expense and taxation	(4.0)	0.6	(8.7)	**(12.1)**	(13.3)	**(25.4)**
Net financing expense						**(13.5)**
Share of results of joint venture						**(0.2)**
Taxation						**1.6**
Loss for the period						**(37.5)**
Operating lease charges: Land & buildings (excluding IAS 17 lease expense)	(11.0)	(7.2)	(0.4)	**(18.6)**	(1.0)	**(19.6)**

Six months to 31 March 2014	Continuing Operations: Residential Care Services	Continuing Operations: Health Care	Continuing Operations: Other	Continuing Operations: Total	Discontinued Operations	Group
	£m	£m	£m	£m	£m	£m
Group revenue	107.8	174.3	6.4	**288.5**	72.8	**361.3**
Adjusted EBITDA	7.6	10.9	(2.0)	**16.5**	6.9	**23.4**
Depreciation of tangible assets	(5.1)	(6.8)	(0.9)	**(12.8)**	(1.5)	**(14.3)**
Adjusted operating profit/(loss)	2.5	4.1	(2.9)	**3.7**	5.4	**9.1**
Amortisation of intangible assets	(3.6)	(4.5)	-	**(8.1)**	(2.8)	**(10.9)**
Non-recurring items	(1.5)	-	(0.8)	**(2.3)**	(0.6)	**(2.9)**
IAS 17 lease expense	(0.5)	-	(0.4)	**(0.9)**	-	**(0.9)**
Less: Share of joint venture EBITDA	-	-	-	**-**	(0.1)	**(0.1)**
Operating (loss)/profit before financing expense and taxation	(3.1)	(0.4)	(4.1)	**(7.6)**	1.9	**(5.7)**
Net financing expense						**(18.0)**
Share of results of joint venture						**(0.1)**
Taxation						**3.8**
Loss for the period						**(20.0)**
Operating lease charges: Land & buildings (excluding IAS 17 lease expense)	(7.3)	(7.4)	-	**(14.7)**	(0.9)	**(15.6)**

5. NON-RECURRING ITEMS

The group separately identifies and discloses certain items, referred to as non-recurring items, by virtue of size, nature or occurrence. This is consistent with the way that financial performance is measured by management (see note 3 Non-IFRS financial measures) and assists in providing a meaningful analysis of operating results by excluding items that may not be indicative of the operating results of the group's business.

The following table details non-recurring items that have been incurred in the reporting periods presented including the amounts relating to continuing and discontinued operations.

Continuing and discontinued operations	**Three months to 31 March 2015**	**Three months to 31 March 2014**	**Six months to 31 March 2015**	**Six months to 31 March 2014**
	£m	**£m**	**£m**	**£m**
Non-recurring items:				
— Contract transfer and integration costs	**(0.5)**	(0.7)	**(1.2)**	(1.5)
— Restructuring	**(2.3)**	(0.6)	**(5.0)**	(0.8)
— Property related costs	**-**	(0.3)	**(1.6)**	(0.4)
— Closure costs	**-**	(0.2)	**-**	(0.2)
	(2.8)	(1.8)	**(7.8)**	(2.9)
Continuing operations	**(2.8)**	(1.4)	**(7.8)**	(2.3)
Discontinued operations	**-**	(0.4)	**-**	(0.6)
	(2.8)	(1.8)	**(7.8)**	(2.9)

Non-recurring items in the six months to 31 March 2015 amounted to a charge of £7.8m in aggregate (six months to 31 March 2014: charge £2.9m). The key elements of the charges for both years are set out below.

(a) *Contract transfer and integration costs*

During the 2013 financial year Care UK Residential Care Services division transferred 16 existing care homes from Suffolk County Council as the initial stage of a long term contract and the Community Services division commenced the operation of a significant learning disabilities supported living contract in Doncaster. Non-recurring employee transition and service optimisation costs were incurred in the three and six months to 31 March 2015 of £0.5m and £1.2m respectively in relation to the Suffolk County Council contract, and £0.7m and £1.5m respectively in the three and six months to 31 March 2014 respectively on both contracts in aggregate.

(b) *Restructuring*

In October 2014 an organisational change programme commenced across the Care UK Group to both reflect the operating divisions becoming increasingly self-sufficient and to implement a cost reduction programme. In the three and six months to 31 March 2015 aggregate implementation costs of £2.3m and £5.0m respectively were incurred in delivering these organisational changes. Non-recurring charges of £0.6m and £0.8m incurred in the three and six months to 31 March 2014 respectively relate to a restructuring programme that was initiated in final quarter of the 2013 financial year aimed at reducing operating costs through various business efficiency initiatives.

(c) *Property related costs*

A residential care home operated by Care UK under a long-term operating lease closed in March 2014 after suffering from subsidence. Care UK has agreed, subject to planning approval, a long-term solution with the owners of the property to build a new care home on the existing site. In the six months ended 31 March 2015 a non-recurring charge of £1.6m was recognised in respect of the onerous lease on the property. In the three and six months ended 31 March 2014 losses of £0.3m and £0.4m respectively were incurred in respect of the same property.

(d) *Closure costs*

During the three and six months ended 31 March 2014 an operational unit within the Mental Health division was closed following a redistribution by commissioners of the associated funding. A charge of £0.2 million was recognised in the period in relation to certain specific closure costs.

6. NET FINANCING EXPENSE

Continuing operations	**Three months to 31 March 2015**	**Three months to 31 March 2014**	**Six months to 31 March 2015**	**Six months to 31 March 2014**
	£m	**£m**	**£m**	**£m**
Financial income:				
Interest receivable	**0.4**	0.7	**0.8**	0.9
IFRIC-12 interest receivable	**0.3**	0.2	**0.5**	0.5
Financial income	**0.7**	0.9	**1.3**	1.4
Financial expenses:				
- Interest payable on bank overdrafts and loans	**(7.2)**	(9.7)	**(14.5)**	(19.5)
- Less: amount capitalised to assets in the course of construction at an annual rate of 7.5% (2014: 7.5%)	**0.1**	-	**0.1**	-
- Fair value movement on interest rate cap	**(0.2)**	-	**(0.5)**	-
Financial expense	**(7.3)**	(9.7)	**(14.9)**	(19.5)
Net financing expense	**(6.6)**	(8.8)	**(13.6)**	(18.1)

7. OPERATING LOSS BEFORE TAXATION

The following items have been included in arriving at operating loss before taxation:

Continuing operations	Three months to 31 March 2015	Three months to 31 March 2014	Six months to 31 March 2015	Six months to 31 March 2014
	£m	**£m**	**£m**	**£m**
Depreciation of tangible assets	**7.0**	6.7	**13.5**	12.8
Amortisation of intangible assets	**3.7**	4.1	**7.5**	8.1
Operating lease charges: Land & buildings (including IAS 17 lease expense)	**9.6**	8.2	**19.2**	15.6
IFRIC 12 infrastructure costs expensed in the period	**0.2**	0.4	**0.3**	0.7

8. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

As at 31 March 2015 the service lines of Care at Home, Learning Disability, and Mental Health were subject to a strategic review that may result in their disposal, see note 12 'events after the reporting date'.

The related assets and liabilities included in the disposal groups classified as held for sale at 31 March 2015 were as follows:

	31 March 2015
	£m
Non-current assets	
Property, plant and equipment	55.5
Intangible assets	16.0
Equity-accounted investments	5.3
Current assets	
Inventories	0.1
Trade and other receivables	19.4
Assets held for sale	0.4
Assets of disposal groups classified as held for sale	96.7
Current liabilities	
Trade and other payables	10.2
Deferred tax liabilities	2.8
Liabilities of disposal groups classified as held for sale	13.0

The result of discontinued operations, involving the service lines making up the disposal groups, and the result recognised on the re-measurement of the disposal groups to fair value less cost to sell, is as follows for the three and six month periods ended 31 March:

	Three months to 31 March 2015	**Three months to 31 March 2014**	**Six months to 31 March 2015**	**Six months to 31 March 2014**
	£m	**£m**	**£m**	**£m**
Revenue	**34.5**	36.1	**69.8**	72.8
Cost of sales	**(31.1)**	(31.2)	**(62.0)**	(62.4)
Gross profit/(loss)	**3.4**	4.9	**7.8**	10.4
Administrative expenses	**(18.3)**	(4.0)	**(21.1)**	(8.5)
Operating loss before financing expense	**(14.9)**	0.9	**(13.3)**	1.9
Net financing expense	**-**	**-**	**0.1**	0.1
Share of results of joint venture	**(0.1)**	(0.1)	**(0.2)**	(0.1)
Profit/(loss) before taxation for discontinued operations	**(15.0)**	0.8	**(13.4)**	1.9
Taxation	**(0.8)**	0.1	**(0.6)**	0.4
Profit/loss for the period from discontinued operations	**(15.8)**	0.9	**(14.0)**	2.3

In order to determine the results for the discontinued operations, revenues and costs have been allocated to the disposal groups only to the extent that the group will no longer be entitled to revenues or incur expenses if the disposal groups are disposed of.

During the period ended 31 March 2015, the Group recognised impairment charges of £15.6m as a result of writing down the carrying amount of disposal groups classified as held for sale to their fair value less costs to sell. The impairment charge is included in administrative expenses in the results of discontinued operations above.

Net cash flows from discontinued operations are as follows for the three and six month periods ended 31 March:

	Three months to 31 March 2015	**Three months to 31 March 2014**	**Six months to 31 March 2015**	**Six months to 31 March 2014**
	£m	**£m**	**£m**	**£m**
Net cash flows from operating activities	**3.0**	3.4	**5.3**	8.3
Net cash flows used in investing activities	**(0.2)**	(0.5)	**(0.7)**	(0.9)
Net cash flow from discontinued operations	**2.8**	2.9	**4.6**	7.4

Net cash flow from financing activity comprises items incurred directly by the disposal groups. The financing of the group is managed on a centralised basis and as such no allocation of finance income or expense has been made to the disposal groups.

9. PROPERTY, PLANT AND EQUIPMENT

	31 March 2015	31 March 2014	30 September 2014
	£m	£m	£m
Opening net book value	**277.6**	276.2	276.2
Additions	**8.3**	18.4	35.6
Disposals and transfers to current assets	**-**	(3.6)	(4.1)
Depreciation charge for the period	**(14.8)**	(14.3)	(30.1)
Assets classified as held for sale	**(55.5)**	-	-
Closing net book value	**215.6**	276.7	277.6

10. INTANGIBLE ASSETS

	31 March 2015	31 March 2014	30 September 2014
	£m	£m	£m
Opening net book value	**211.0**	232.1	232.1
Adjustment	**-**	0.3	0.2
Impairment	**(15.6)**	-	-
Amortisation charge for the period	**(9.9)**	(10.9)	(21.3)
Assets classified as held for sale	**(16.0)**	-	-
Closing net book value	**169.5**	221.5	211.0

11. OTHER FINANCIAL ASSETS

Non-current	31 March 2015	31 March 2014	30 September 2014
	£m	£m	£m
IFRIC-12 financial asset	**20.9**	21.9	21.1
Fair value of interest rate cap	**0.1**	-	0.6
	21.0	21.9	21.7
Current			
IFRIC-12 financial asset	**0.8**	0.7	1.1
	21.8	22.6	22.8

IFRIC-12 financial asset	31 March 2015	31 March 2014	30 September 2014
	£m	£m	£m
IFRIC-12 financial asset: brought forward	**22.2**	23.2	23.2
Released in the period	**(0.5)**	(0.6)	(1.0)
IFRIC-12 financial asset: carried forward	**21.7**	**22.6**	**22.2**

These financial assets are recognised upon adoption of IFRIC 12 "Service Concession Arrangements" (this interpretation addresses the accounting by private sector operators involved in the provision of public sector infrastructure assets and services). For all arrangements falling within the scope of the interpretation, the infrastructure assets are not recognised as property, plant and equipment of the operator, Care UK. Rather, depending on the terms of the arrangement, the operator recognises a financial asset where the operator has an unconditional right to receive a specified amount of cash or other financial assets over the life of the arrangement.

12. FINANCIAL LIABILITIES

	Borrowings due within one year	Borrowings due after one year	Total Financial Liabilities
	£m	£m	£m
At 1 October 2013	(1.9)	(370.0)	(371.9)
Cash flow	2.3	(32.5)	(30.2)
Other non-cash changes	(1.7)	4.0	2.3
At 30 September 2014	(1.3)	(398.5)	(399.8)
Cash flow	0.7	(13.0)	(12.3)
Other non-cash changes	(3.1)	2.3	(0.8)
At 31 March 2015	**(3.7)**	**(409.2)**	**(412.9)**

As at 31 March 2015 there was accrued interest of £8.6m (31 March 2014: £8.2m; 30 September 2014: £5.2m) included in 'Trade and Other payables' disclosed within current liabilities in the balance sheet but excluded from this note.

Terms and conditions

i) Senior Secured Notes

Up until 17 July 2014 Care UK Health & Social Care Plc ("the Issuer") had £325.0m of 9¾% Senior Secured Notes in issue (the "2010 Notes").

On 17 July 2014 the Issuer issued £400.0m of floating rate Senior Secured Notes ("the 2014 Notes"). The proceeds of the issue were used to redeem all of the outstanding 2010 Notes, the associated accrued interest and the related redemption premium. The remaining proceeds were used to repay outstanding amounts under the Revolving Credit Facility and pay transaction fees and expenses in connection with the issue of the 2014 Notes.

The 2014 Notes are divided into two tranches, a First Lien tranche of £325.0m (the "2014 Senior Secured Notes"), which mature on 15 July 2019, and a Second Lien tranche of £75.0m (the "2014 Second Lien Notes"), which mature on 15 January 2020. Interest on the 2014 Senior Secured Notes accrues at a rate per annum, reset quarterly, equal to three-month GBP LIBOR plus 5.0%. Interest on the 2014 Second Lien Notes accrues at a rate per annum, reset quarterly, equal to three-month GBP LIBOR plus 7.5%. For both liens interest is payable quarterly in arrears on each of 15 October, 15 January, 15 April and 15 July.

The Issuer may redeem the 2014 Notes in whole or in part at any time on or after 15 July 2015 at the redemption prices set out in the Offering Memorandum. Prior to 15 July 2015, the Issuer may redeem all or part of the 2014 Notes by paying a 'make whole' premium as set out in the Offering Memorandum.

On 1 April 2015 Care UK Health & Social Care Finance Limited, a parent undertaking of the Issuer, purchased £10.1m of 2014 Second Lien Notes (see note 12 'events after the reporting date').

The 2014 Senior Secured Notes are guaranteed on a senior basis and the 2014 Second Lien Notes are guaranteed on a senior subordinated basis by Care UK Health & Social Care Investments Limited and certain subsidiary guarantors.

ii) Senior Revolving Credit Facility

On the 11 July 2014 the £115.0m Senior Revolving Credit Facility (the "original RCF") was replaced by an amended £65.0m Revolving Credit Facility (the "amended RCF"). On 17 July 2014 the original RCF utilisations were repaid in full from the proceeds of the issue of the 2014 Notes together with utilisations drawn on the amended RCF.

As at 31 March 2015, £17.0m (31 March 2014: £60.5m, 30 September 2014: £4.0m) of the amended RCF has been utilised as cash drawings. The remainder of the facility remained undrawn, with the exception of £10.1m (31 March 2014: £10.1m, 30 September 2014: £10.1m) utilised in relation to performance bonds provided in relation certain contracts in the Health Care division and £nil (31 March 2014: £0.5m, 30 September 2014: £nil) in relation to other ancillary utilisations.

The margin payable on any loan utilisation under the amended RCF is in the range of 2.25% to 3.25% above LIBOR plus any mandatory costs depending on the total net leverage of the group. Each utilisation under the facility is repayable and capable of being redrawn at the end of each interest period. The final repayment date is 11 May 2019.

The Amended and Restated Senior Revolving Facility Agreement requires Care UK Health & Social Care Investments Limited, as the parent guarantor, to ensure compliance with a financial covenant relating to super senior gross leverage (calculated as the ratio of the aggregate amount of all outstanding loans under the Amended Revolving Credit Facility to Consolidated EBITDA of the Group for the 12 months ending on that quarter end). "Consolidated EBITDA" for the purposes of the covenants under the Amended and Restated Senior Revolving Facility Agreement allows for certain adjustments and therefore is not exactly equivalent to the definition of Adjusted EBITDA as outlined in the Accounting Policies - Non-GAAP Performance Measures in the 2014 annual report.

12. EVENTS AFTER THE REPORTING DATE

On 1 April 2015 Care UK Health & Social Care Finance Limited, a parent undertaking of Care UK Health & Social Care Investment Limited purchased on an arm's length basis £10.1m of 2014 Second Lien Notes with the intention of transferring the Notes to the Issuer for cancellation and thus reducing the financial liabilities of the group.

On 1 May 2015 the group entered into an agreement to sell its Mental Health services business to Partnerships in Care. The proposed transaction is expected to complete on 1 June 2015.

On 13 May 2015 the group completed the sale of its Learning Disability services business to The Lifeways Group.

Care UK Health & Social Care Investments Limited

Group proforma pre-IFRIC 12 non-statutory condensed consolidated financial statements (unaudited)

Three and six month periods ended 31 March 2015

BASIS OF PREPARATION

This interim proforma pre-IFRIC 12 non-statutory condensed financial information (unaudited) does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. They do not include all of the information required for full interim financial statements.

The group proforma pre-IFRIC 12 non-statutory condensed consolidated financial statements (unaudited) has been prepared by the directors pursuant to the requirements detailed on page 204 of the offering memorandum and on the basis of the recognition and measurement principles contained in applicable IFRSs as adopted by the EU, with the exception of accounting interpretation IFRIC 12 Service Concession Arrangements as detailed below, and in accordance with the group accounting policies which have been applied consistently in dealing with items which are considered material in relation to the group proforma pre-IFRIC 12 non-statutory condensed consolidated financial statements (unaudited).

Definition

The term ‘proforma’ in this group proforma pre-IFRIC 12 non-statutory condensed consolidated financial information (unaudited) has been defined on page 205 of the offering memorandum as ‘prepared in accordance with GAAP before giving effect to the accounting standard IFRIC 12 as amended or supplemented from time to time’.

Accounting policies

The preparation of the group proforma pre-IFRIC 12 non-statutory condensed consolidated financial statements (unaudited) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Except as described below, the same accounting policies and methods of computation are followed in this group proforma pre-IFRIC 12 non-statutory condensed consolidated financial statements (unaudited) as were applied in the group’s condensed consolidated financial statements for the six months ended 31 March 2015:

IFRIC 12 “Service Concession Arrangements” – this interpretation addresses the accounting by private sector operators involved in the provision of public sector infrastructure assets and services. For all arrangements falling within the scope of the interpretation, the infrastructure assets are not recognised as property, plant and equipment of the operator. Rather, depending on the terms of the arrangement, the operator recognises:

- a financial asset – where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement; or
- an intangible asset – where the operator’s future cash flows are not specified (e.g. where they will vary according to the usage of the infrastructure asset); or
- both a financial asset and an intangible asset where the operator’s return is provided partially by a financial asset and partially by an intangible asset.

As a consequence of this treatment the operator now recognises investment income in respect of the financial asset on an effective interest basis and amortisation of any intangible asset arising. In addition, the timing of profit recognition changes over the life of the contract with no change in the overall project cash flows arising therein. This group proforma pre-IFRIC 12 non-statutory condensed financial information (unaudited) has been prepared to present financial information on a pre-IFRIC 12 basis.

CARE UK HEALTH & SOCIAL CARE INVESTMENTS LIMITED
PROFORMA PRE-IFRIC 12 NON-STATUTORY CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE PERFORMANCE (UNAUDITED)
For the three month and six month periods ended 31 March 2015

	Three months to 31 March 2015	Three months to 31 March 2014[1]	Six months to 31 March 2015	Six months to 31 March 2014[1]
	£m	£m	£m	£m
Revenue	**153.3**	143.4	**304.9**	289.7
Cost of sales	**(137.9)**	(127.4)	**(274.5)**	(257.4)
Gross profit	**15.4**	16.0	**30.4**	32.3
Administrative expenses	**(19.1)**	(19.4)	**(42.1)**	(38.7)
Operating loss before financing expenses	**(3.7)**	(3.4)	**(11.7)**	(6.4)
Adjusted EBITDA (earnings before interest, taxation, depreciation and amortisation)	**10.5**	10.1	**18.6**	18.4
Depreciation of tangible assets	**(7.5)**	(7.2)	**(14.6)**	(13.7)
Adjusted operating profit	**3.0**	2.9	**4.0**	4.7
Amortisation of intangible assets	**(3.6)**	(4.0)	**(7.3)**	(7.9)
Non-recurring items	**(2.8)**	(1.4)	**(7.8)**	(2.3)
IAS 17 lease expense	**(0.3)**	(0.9)	**(0.6)**	(0.9)
Operating loss before financing expense	**(3.7)**	(3.4)	**(11.7)**	(6.4)
Financial income	**0.4**	0.6	**0.8**	0.8
Financial expenses	**(7.3)**	(9.7)	**(14.9)**	(19.5)
Net financing expense	**(6.9)**	(9.1)	**(14.1)**	(18.7)
Loss before taxation	**(10.6)**	(12.5)	**(25.8)**	(25.1)
Taxation	**0.1**	3.0	**2.2**	3.2
Loss for the period from continuing operations	**(10.5)**	(9.5)	**(23.6)**	(21.9)
Profit/(Loss) for the period from discontinued operations	**(15.8)**	0.9	**(14.0)**	2.3
Loss for the period attributable to equity holders of the parent	**(26.3)**	(8.6)	**(37.6)**	(19.6)
Total comprehensive loss for the period attributable to equity holders of the parent	**(26.3)**	(8.6)	**(37.6)**	(19.6)

[1] Represented to show the results of certain disposal groups in discontinued operations.

CARE UK HEALTH & SOCIAL CARE INVESTMENTS LIMITED
PROFORMA PRE-IFRIC 12 NON-STATUTORY CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 31 March 2015

	31 March 2015	31 March 2014	30 September 2014
	£m	£m	£m
Assets			
Property, plant and equipment	**245.8**	307.1	308.8
Intangible assets	**161.1**	212.6	202.3
Other financial assets	**0.1**	-	0.6
Amounts due from related party undertakings	**18.8**	17.4	18.0
Equity-accounted investments	**-**	5.3	5.5
Other receivables	**8.7**	-	8.9
Total non-current assets	**434.5**	542.4	544.1
Inventories	**4.0**	3.9	4.1
Trade and other receivables	**60.6**	85.3	86.9
Cash and cash equivalents	**30.2**	43.6	20.9
	94.8	132.8	111.9
Assets and disposal groups classified as held for sale	**96.7**	2.7	0.4
Total current assets	**191.5**	135.5	112.3
Total assets	**626.0**	677.9	656.4
Liabilities			
Financial liabilities — borrowings	**(3.7)**	(2.1)	(1.3)
Trade and other payables	**(141.5)**	(151.4)	(155.8)
	(145.2)	(153.5)	(157.1)
Liabilities of disposal groups classified as held for sale	**(13.0)**	-	-
Total current liabilities	**(158.2)**	(153.5)	(157.1)
Financial liabilities — borrowings	**(409.2)**	(383.3)	(398.5)
Other non-current liabilities	**(14.3)**	(4.2)	(14.6)
Deferred tax liabilities	**(2.9)**	(15.5)	(7.2)
Total non-current liabilities	**(426.4)**	(403.0)	(420.3)
Total liabilities	**(584.6)**	(556.5)	(577.4)
Net assets	**41.4**	121.4	79.0
Equity			
Issued share capital	**210.7**	210.7	210.7
Retained earnings	**(169.3)**	(89.3)	(131.7)
Total equity attributable to equity holders of the parent	**41.4**	121.4	79.0

CARE UK HEALTH & SOCIAL CARE INVESTMENTS LIMITED
PROFORMA PRE-IFRIC 12 NON-STATUTORY CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
For the three month and six month periods ended 31 March 2015

	Three months to 31 March 2015	Three months to 31 March 2014	Six months to 31 March 2015	Six months to 31 March 2014
	£m	£m	£m	£m
Cash flows from operating activities				
Loss for the period before taxation	**(25.5)**	(11.7)	**(39.1)**	(23.2)
Share of results of joint venture	**0.1**	0.1	**0.2**	0.1
Financial income	**(0.5)**	(0.6)	**(1.0)**	(0.9)
Financial expense	**7.3**	9.7	**14.9**	19.5
Depreciation of tangible assets	**8.2**	7.9	**16.0**	15.2
Amortisation of intangible assets	**4.8**	5.2	**9.7**	10.7
Impairment of Intangible assets	**15.6**	-	**15.6**	-
Increase in inventory	**0.6**	(0.6)	**0.1**	(0.6)
Decrease/(increase) in trade and other receivables	**8.3**	10.0	**6.9**	3.0
Increase/(decrease) in trade and other payables	**3.3**	5.2	**(1.7)**	6.6
Net cash flows from operating activities	**22.2**	25.2	**21.6**	30.4
Cash flows from investing activities				
Payments to acquire property, plant and equipment	**(5.9)**	(6.2)	**(11.8)**	(14.5)
Proceeds from sales of property, plant and equipment	**-**	-	**-**	0.1
Loans to related party undertakings	**1.9**	-	**0.1**	(1.5)
Interest received	**-**	0.1	**0.2**	0.2
Net cash flows used in investing activities	**(4.0)**	(6.1)	**(11.5)**	(15.7)
Cash flows from financing activities				
Proceeds from new loans	**38.0**	39.1	**134.0**	121.6
Repayment of amounts borrowed	**(53.0)**	(47.6)	**(121.0)**	(107.6)
Interest paid	**(6.6)**	(17.0)	**(13.1)**	(18.2)
Payments of capital element of finance lease payments	**(0.3)**	(1.1)	**(0.7)**	(1.5)
Net cash flows from financing activities	**(21.9)**	(26.6)	**(0.8)**	(5.7)
Net (decrease)/increase in cash and cash equivalents	**(3.7)**	(7.5)	**9.3**	9.0
Cash and cash equivalents at the beginning of the period	**33.9**	51.1	**20.9**	34.6
Cash and cash equivalents at the end of the period	**30.2**	43.6	**30.2**	43.6

CARE UK HEALTH & SOCIAL CARE INVESTMENTS LIMITED
PROFORMA PRE-IFRIC 12 NON-STATUTORY CONDENSED CONSOLIDATED SEGMENTAL REPORTING NOTE (UNAUDITED)

	Continuing Operations					
Three months to 31 March 2015	**Residential Care Services**	**Health Care**	**Other**	**Total**	**Discontinued Operations**	**Group**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Group revenue	59.6	91.3	2.4	**153.3**	34.5	**187.8**
Adjusted EBITDA	4.4	7.2	(1.1)	**10.5**	2.5	**13.0**
Depreciation of tangible assets	(3.9)	(3.0)	(0.6)	**(7.5)**	(0.6)	**(8.1)**
Adjusted operating profit/(loss)	0.5	4.2	(1.7)	**3.0**	1.9	**4.9**
Amortisation of intangible assets	(1.3)	(2.3)	-	**(3.6)**	(1.2)	**(4.8)**
Impairment of intangible assets	-	-	-	**-**	(15.6)	**(15.6)**
Non-recurring items	(0.6)	-	(2.2)	**(2.8)**	-	**(2.8)**
IAS 17 lease expense	(0.3)	-	-	**(0.3)**	-	**(0.3)**
Operating (loss)/profit before financing expense and taxation	(1.7)	1.9	(3.9)	**(3.7)**	(14.9)	**(18.6)**
Net financing expense						**(6.8)**
Share of results of joint venture						**(0.1)**
Taxation						**(0.8)**
Loss for the period						**(26.3)**
Operating lease charges: Land & buildings (excluding IAS 17 lease expense)	(5.6)	(3.5)	(0.2)	**(9.3)**	(0.5)	**(9.8)**

	Continuing Operations					
Three months to 31 March 2014	**Residential Care Services**	**Health Care**	**Other**	**Total**	**Discontinued Operations**	**Group**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Group revenue	54.1	86.2	3.1	**143.4**	36.1	**179.5**
Adjusted EBITDA	4.5	6.6	(1.0)	**10.1**	3.3	**13.4**
Depreciation of tangible assets	(3.3)	(3.4)	(0.5)	**(7.2)**	(0.7)	**(7.9)**
Adjusted operating profit/(loss)	1.2	3.2	(1.5)	**2.9**	2.6	**5.5**
Amortisation of intangible assets	(1.7)	(2.3)	-	**(4.0)**	(1.2)	**(5.2)**
Non-recurring items	(0.8)	-	(0.6)	**(1.4)**	(0.4)	**(1.8)**
IAS 17 lease expense	(0.5)	-	(0.4)	**(0.9)**	-	**(0.9)**
Less: Share of joint venture EBITDA	-	-	-	**-**	(0.1)	**(0.1)**
Operating (loss)/profit before financing expense and taxation	(1.8)	0.9	(2.5)	**(3.4)**	0.9	**(2.5)**
Net financing expense						**(9.1)**
Share of results of joint venture						**(0.1)**
Taxation						**3.1**
Loss for the period						**(8.6)**
Operating lease charges: Land & buildings (excluding IAS 17 lease expense)	(3.8)	(3.7)	0.2	**(7.3)**	(0.5)	**(7.8)**

Six months to 31 March 2015	Continuing Operations Residential Care Services	Health Care	Other	Total	Discontinued Operations	Group
	£m	£m	£m	£m	£m	£m
Group revenue	120.1	180.2	4.6	**304.9**	69.8	**374.7**
Adjusted EBITDA	9.9	11.3	(2.6)	**18.6**	6.0	**24.6**
Depreciation of tangible assets	(7.5)	(6.0)	(1.1)	**(14.6)**	(1.3)	**(15.9)**
Adjusted operating profit/(loss)	2.4	5.3	(3.7)	**4.0**	4.7	**8.7**
Amortisation of intangible assets	(2.6)	(4.7)	-	**(7.3)**	(2.4)	**(9.7)**
Impairment of intangible assets	-	-	-	**-**	(15.6)	**(15.6)**
Non-recurring items	(2.8)	-	(5.0)	**(7.8)**	-	**(7.8)**
IAS 17 lease expense	(0.6)	-	-	**(0.6)**	-	**(0.6)**
Operating (loss)/profit before financing expense and taxation	(3.6)	0.6	(8.7)	**(11.7)**	(13.3)	**(25.0)**
Net financing expense						**(13.9)**
Share of results of joint venture						**(0.2)**
Taxation						**1.5**
Loss for the period						**(37.6)**
Operating lease charges: Land & buildings (excluding IAS 17 lease expense)	(11.0)	(7.2)	(0.4)	**(18.6)**	(1.0)	**(19.6)**

Six months to 31 March 2014	Continuing Operations Residential Care Services	Health Care	Other	Total	Discontinued Operations	Group
	£m	£m	£m	£m	£m	£m
Group revenue	109.0	174.3	6.4	**289.7**	72.8	**362.5**
Adjusted EBITDA	9.5	10.9	(2.0)	**18.4**	6.9	**25.3**
Depreciation of tangible assets	(6.0)	(6.8)	(0.9)	**(13.7)**	(1.5)	**(15.2)**
Adjusted operating profit/(loss)	3.5	4.1	(2.9)	**4.7**	5.4	**10.1**
Amortisation of intangible assets	(3.4)	(4.5)	-	**(7.9)**	(2.8)	**(10.7)**
Non-recurring items	(1.5)	-	(0.8)	**(2.3)**	(0.6)	**(2.9)**
IAS 17 lease expense	(0.5)	-	(0.4)	**(0.9)**	-	**(0.9)**
Less: Share of joint venture EBITDA	-	-	-	**-**	(0.1)	**(0.1)**
Operating (loss)/profit before financing expense and taxation	(1.9)	(0.4)	(4.1)	**(6.4)**	1.9	**(4.5)**
Net financing expense						**(18.6)**
Share of results of joint venture						**(0.1)**
Taxation						**3.6**
Loss for the period						**(19.6)**
Operating lease charges: Land & buildings (excluding IAS 17 lease expense)	(7.3)	(7.4)	-	**(14.7)**	(0.9)	**(15.6)**