

Four Seasons Health Care

(Elli Investments Limited)

Financial results:

Quarter ended 30 June 2013



Four Seasons
Health Care

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Presentation of financial data

This report summarises the consolidated financial and operating data derived from the unaudited consolidated financial statements of Elli Investments Limited. The summary financial information provided has been derived from our records for the three monthly accounting periods to June 2013 which are maintained in accordance with UK GAAP. These interim results are not necessarily indicative of the results to be expected for the full year.

The report includes the period prior to the closing of the notes offering by Elli Investments Limited and Elli Finance (UK) plc, which took place on 28 June 2012 ("closing"). On that day, Elli Investments Limited and Elli Finance (UK) plc placed the funds in Escrow until the completion of the acquisition of FSHC (Jersey) Holdings Limited by Elli Acquisitions Limited which took place on 12 July 2012. Elli Acquisitions Limited then transferred FSHC (Jersey) Holdings Limited to Elli Finance (UK) plc, who became the parent company to not only FSHC (Jersey) Holdings Limited, but also to the trading entities within the Four Seasons Health Care group of companies. Acquisition accounting under UK GAAP is applied in these accounts with regard to the 2012 information presented. A summarised corporate structure chart was presented in the Offering Memorandum showing the structure subsequent to completion on 12 July 2012.

We have presented certain non-GAAP information in the quarterly report. This information includes "EBITDA" and "EBITDAR", which represents earnings before interest, tax, depreciation, amortisation and one-off exceptional and strategic items (and rent). Our Management believes that EBITDA is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because EBITDA is used by our chief operating decision makers to track our business evolution, establish operational and strategic targets and make important business decisions. In addition, we believe that EBITDA is a measure commonly used by investors and other interested parties in our industry.

Some information presented in this report is described as Like-For-Like ("LFL"). This information excludes any care homes or specialised units trading in the group in the period or the comparative period but not in both.

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Group financial highlights

- Elli Investments Limited acquired FSHC (Jersey) Holdings Limited on 12 July 2012
- Q2 2013 turnover for Elli Investments Limited is £2.9m (1.7%) higher than Q2 2012
- Like-for-like turnover is higher by £2.6m at £125.2m for the same period
- Q2 2013 occupancy in the Care Home Division ("CHD") was 87.2%, down from 87.9% in the prior year
- The Huntercombe Group ("THG") occupancy, at 75.5% in Q2 2013, is 5.7 percentage points above the 2012 comparative
- In Q2 2013 payroll as a percentage of turnover in both CHD and THG has improved since the comparative period in 2012, driven by a 1.7 percentage point reduction in agency costs as a percentage of total payroll
- Q2 2013 EBITDA of £25.4m is up by £1.9m compared to the comparative period in 2012
- June 2013 LTM EBITDA of £99.0m, is £1.9m higher than the £97.1m for the year to 31 March 2013
- £19.1m net cash inflow from operating activities during Q2 2013
- Closing Q2 2013 cash balance of £28.7m; net debt of £510.0m at June 2013 (excluding amounts owed to related undertakings and debt issue costs)

Commentary on results

Four Season Health Care is pleased to announce its results for the quarter ended 30 June 2013.

This is the fourth report to be presented since the group's (Elli Investments Limited and its subsidiary undertakings) high yield bonds were issued on 28 June 2012 in connection with FSHC (Jersey) Holdings Limited's acquisition by Elli Investments Limited on 12 July 2012. As such no comparative figures are shown in the UK GAAP condensed consolidated financial statements. However, for illustrative purposes, comparative information for prior periods based on the results of FSHC (Jersey) Holdings Limited has been provided as part of this commentary on the group's results. There are no material differences in the operational activities comprising these two groups of companies.

The results and KPIs for the group since Q1 2012 are summarised below.

Unaudited	2012					2013	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
Turnover (£m)	174.1	175.3	174.8	187.5	711.7	174.7	178.3
CHD Turnover (£m)	143.5	144.7	146.4	157.2	591.9	145.2	147.1
THG Turnover (£m)	29.6	29.6	27.4	29.3	115.9	28.5	30.2
CHD EBITDARM (% of turnover)	23.8%	24.9%	27.0%	25.2%	25.2%	25.2%	26.2%
THG EBITDARM (% of turnover)	19.2%	20.5%	17.0%	16.7%	18.4%	19.1%	21.6%
EBITDAR (£m)	33.8	35.2	37.7	38.3	144.9	35.2	38.5
EBITDA (£m)	22.3	23.5	25.3	25.5	96.6	22.8	25.5
Effective beds – group	24,050	23,978	24,151	24,109	24,072	23,772	23,844
Occupied beds – group	20,803	20,782	20,927	20,892	20,851	20,676	20,611
CHD occupancy %	87.7%	87.9%	87.9%	87.9%	87.8%	87.8%	87.2%
THG occupancy %	70.4%	69.8%	68.7%	68.7%	69.4%	74.6%	75.5%
CHD average weekly fee (£)	559	565	566	565	564	569	579
THG average weekly fee (£)	1,947	1,937	1,905	1,893	1,920	1,944	2,076
CHD payroll (% of turnover) ¹	60.7%	60.6%	59.2%	59.9%	60.1%	59.9%	59.7%
THG payroll (% of turnover) ¹	68.6%	67.5%	71.1%	70.8%	69.5%	68.4%	66.9%
Agency to total payroll (%) ¹	6.5%	5.4%	4.1%	3.1%	4.7%	3.3%	3.7%
Expenses (% of turnover)	14.9%	14.1%	13.5%	14.5%	14.3%	14.5%	13.6%
Central costs (% of turnover)	3.9%	4.5%	4.3%	3.8%	4.1%	4.2%	4.0%

Notes:

1 Payroll % excludes central payroll and investment property income from turnover

Turnover

Q2 2013 turnover for Elli Investments Limited was £2.9m (1.7%) higher than Q2 2012 due to an improvement in CHD average weekly fee (AWF) offset by fewer residents and patients.

Average Weekly Fee

During Q2 2013 the AWF in CHD increased by 2.5% to £579 from £565 in Q2 2012. This was driven by local authority increases of 2.5% and 3.0% in Scotland and Northern Ireland respectively in April 2013, together with private fee rate increases of up to 4% and, on average, a 1.0% – 2.0% increase in English local authority fees.

THG AWF saw an increase of 7.2% between Q2 2012 and Q2 2013. This was driven by comparatively higher occupancy in units with higher than average fee rates, for example an increase of 11 patients (8.5%) in the division's mental health hospitals. The inclusion of Specialising income within the calculation of AWF following changes in the structure of funding has further increased this positive variance.

Commentary on results (continued)

Occupancy

Average occupancy in the group in Q2 2013 was 86.4%, compared to 86.5% in Q2 2012. Within this number CHD occupancy decreased by 0.7 percentage points, and THG increased by 5.7 percentage points. The actual movement in occupancy was a decrease of 171. This was primarily the result of the closure/disposal of 7 homes (equating to c181 residents), a reduction in the number of homes operated as management agreements, offset by additional occupancy from Westbury Court and Pennine Lodge which were opened in H1 2012, and St Margaret's which opened in February 2013.

Income from the group's investment properties was £0.9m in Q2 2013 which is consistent with Q2 2012 with rental income increasing in line with the lease agreements.

Payroll

CHD payroll, as a percentage of turnover, was 1.0% lower in the current quarter than the 60.7% peak in Q1 2012. Similarly, at 66.9% of turnover, the THG payroll percentage in Q2 2013 was the lowest in the 18 month period reported above despite wage rate and National Minimum Wage increases during 2012.

Contributing to the relative decrease in overall payroll costs was a 1.7 percentage point decrease in agency spend as a percentage of total payroll between Q2 2012 and Q2 2013. This was primarily a result of the resolution of many of the operational issues inherited with the ex-Southern Cross units and a significant decrease in the number of embargoes across the group. However, whilst the level of regulator actions against the group has decreased since the historical highs seen in Q2 2012, regulator scrutiny, in both the quantity and rigour of inspections, remains high. As a result the reduction that has been achieved in the level of agency usage has been replaced, in part, by an increase in the usage of own staff.

Care expenses

Q2 2013 expenses (care and facility combined) at 13.6% of turnover is 0.5 percentage points below the comparable period in 2012, with a large element of the saving relating to lower maintenance costs following the investments made in the ex-Southern Cross estate in the prior year.

Rent

£13.0m was charged for rent in Q2 2013, a 11% increase compared to Q2 2012 of £11.7m. Whilst this increase includes approximately £0.4m of inflation, it is primarily the result of variable rental payments on certain of the ex-Southern Cross units which have flexed upwards as profits have increased.

Central costs

Central costs, at 4.0% of turnover in Q2 2013, are 0.5 percentage points below the comparable period in 2012 and similar to the average for full-year 2012.

EBITDA

As a consequence of the factors outlined above, the EBITDA of £25.4m for Q2 2013 was £1.9m above the comparable period in 2012 of £23.5m, with a 1.3% improvement in the EBITDARM margin. The LTM EBITDA at June 2013 has therefore increased to £99.0m compared to the £97.1m for the year to March 2013.

Capital expenditure

Capital expenditure in Q2 2013 was £8.2m. Of this, £0.8m related to the development of York Court (formerly Longhedge care home) in South London, which opened in the summer.

Commentary on results (continued)

Like-for-like analysis

The like-for-like analysis compares the performance of those care homes and specialised units that were in operation in all of the quarters reported below.

Unaudited ²	2012					2013	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
Turnover (£m)	121.5	122.6	122.5	131.9	498.5	123.3	125.2
EBITDARM (£m)	30.4	32.2	33.5	33.5	129.6	31.8	33.8
Effective beds – group	17,006	17,000	17,000	17,000	17,002	16,917	16,928
Occupied beds – group	15,005	14,993	15,076	15,070	15,036	14,955	14,810
CHD occupancy %	88.8%	88.7%	89.3%	89.3%	89.0%	88.9%	87.8%
THG occupancy %	77.1%	78.2%	76.5%	76.9%	77.2%	78.8%	80.7%
CHD average weekly fee (£)	563	569	571	570	568	574	583
THG average weekly fee (£)	1,807	1,841	1,768	1,770	1,796	1,846	1,974
Payroll (% of turnover) ¹	61.1%	60.2%	59.7%	60.4%	60.3%	60.2%	59.8%
Agency to total payroll (%) ¹	6.1%	5.0%	4.1%	2.8%	4.5%	3.0%	3.6%
Expenses (% of turnover)	14.0%	13.5%	13.0%	14.2%	13.7%	14.1%	13.2%

Notes:

- 1 Payroll % excludes central payroll and investment property income from turnover
- 2 Management account basis

Turnover: like-for-like

Turnover on a like-for-like basis, excluding Investment Property income, increased by £2.6m between Q2 2012 and Q2 2013.

Within the total, CHD occupancy as a percentage of effective beds was down by 0.9 percentage points whilst THG increased by 2.5 percentage points, with an absolute combined decrease across the two divisions of 183 residents and patients. However CHD AWF increased by 2.5% and THG saw an increase of 7.2%, with these increases more than offsetting the occupancy reduction impact on total income.

Payroll: like-for-like

Having spiked at 61.1% of turnover in Q1 2012, the payroll percentage has been reduced to 59.8% of turnover in Q2 2013. Similar to the total group, agency costs as a percentage of total payroll reduced by 1.4 percentage points since Q2 2012 which contributed to the payroll reductions, although regulatory pressures contributed to staffing costs which are above the levels incurred during 2011.

Expenses: like-for-like

Expenses in Q2, at 13.2% of turnover, are 0.3% lower than those in Q2 2012.

Four Seasons Health Care

(Elli Investments Limited)

Financial results:

Quarter ended 30 June 2013

Commentary on the unaudited condensed consolidated financial statements

Summary

On 12 July 2012 Elli Investments Limited acquired the trade and operations of FSHC (Jersey) Holdings Limited and its subsidiary undertakings.

Profit and loss account

The consolidated profit and loss account of Elli Investments Limited is for the quarter ended 30 June 2013. No comparatives are provided for the pre-acquisition period.

The analysis above provides the detailed comparison of the Q2 2013 trading results against the 2012 comparative period for FSHC (Jersey) Holdings Limited. There are no material differences in the operational activities comprising these two groups of companies.

Balance sheet

As the acquisition of FSHC (Jersey) Holdings took place on 12 July 2012 there is no comparative period. In the analysis below certain categories of the audited Elli Investments Limited balance sheet at December 2012 have been provided as a comparative.

Elli Investments Limited is an intermediate holding company in a wider group headed by FSHC Group Holdings Limited. There are therefore certain balances between Elli Investments Limited and other members of the wider FSHC Group Holdings Limited group of companies which only net out on consolidation further up the corporate structure.

Profit and loss account (page 11)

For an analysis of profit and loss account categories above interest, please see the "Commentary on results" section.

Interest

The interest charge for the period includes £13.2m interest on the £350m 8.75% senior secured notes and the £175m 12.25% senior notes. The balance primarily relates to £8.2m of accrued interest on the balances owed to related party undertakings and £1.8m in respect of the amortisation of debt issue costs.

Tax

The tax charge for the quarter was £0.3m. This represents a reduction of £0.7m from Q2 2012 and reflects the current estimate of the full year charge.

Balance sheet (page 12)

Goodwill

The negative goodwill balance is a function of the 12 July 2012 acquisition structure, the fair value of the acquired net assets and the acquisition costs.

Fixed assets

Land and buildings are included in the Elli Investments Limited consolidated balance sheet at their fair value on acquisition plus any subsequent movements for additions, disposals and depreciation.

Commentary on the unaudited condensed consolidated financial statements (continued)

Debtors

The following table presents an extract of debtors at 30 June 2013 and at 31 December 2012 and those of FSHC (Jersey) Holdings Limited at 30 June 2012.

	Elli Investments Limited June 2013 £000	Elli Investments Limited December 2012 £000	FSHC (Jersey) Holdings Limited June 2012 £000
<i>Extract</i>			
Trade debtors	46,017	42,460	37,672
Other debtors and prepayments	27,625	22,503	20,673
	73,642	64,963	58,345

The increase in trade debtors at June 2013 compared to the prior year is primarily a function of the following:

- The timing of the group's billing cycle in relation to the quarter end which is six days later in 2013 compared to the prior year
- Fee payment delays at the NHS's shared business service

Creditors: amounts falling due within one year

The following table presents an extract of creditors falling due within one year at 30 June 2013 and at 31 December 2012 and those of FSHC (Jersey) Holdings Limited at 30 June 2012.

	Elli Investments Limited June 2013 £000	Elli Investments Limited December 2012 £000	FSHC (Jersey) Holdings Limited June 2012 £000
<i>Extract</i>			
Trade creditors	12,589	14,090	13,571
Corporation tax	474	1,714	5,345
Other taxes and social security	6,354	7,193	5,520
Other creditors (including debt like items at June 2012)	44,125	36,822	110,447
Accruals and deferred income	25,846	28,907	27,242
	89,388	88,726	162,125

Provisions for liabilities and charges

As well as the group's deferred tax liability, provisions are held in respect of onerous rental contracts on certain of the group's leasehold properties.

Long term liabilities

At 30 June 2013 the group's long term liabilities comprised the following:

- Senior Secured Notes: £350m, 8.75% interest rate
- Senior Notes: £175m, 12.25% interest rate
- Amounts owed to related undertakings £252.9m, being amounts owed to entities within the wider FSHC Group Holdings Limited group of companies

Commentary on the unaudited condensed consolidated financial statements (continued)

Cash flow statement (page 13)

Cash flow and liquidity

At 30 June 2013 the group's cash balance was £28.7m. Net cash generated from operating activities in the period to 30 June 2013 was £19.1m. In the comparative three month period to 30 June 2012, the net cash generated from operating activities was £13.9m.

£26.4m of the group's £40m revolving credit facility remained undrawn at the quarter end.

Working capital

The cash outflow from working capital was £5.3m in the quarter, compared to a £0.6m inflow in Q2 2012.

Interest paid

£26.3m of interest has been paid in June, being the six month interest charge on the £525m high yield bonds.

Elli Investments Limited

Condensed consolidated financial statements -
unaudited

Quarter ended 30 June 2013

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Profit and loss account (unaudited)

for the quarter ended 30 June 2013

	<i>Note</i>	Quarter ended 30 June 2013 £000
Turnover	4	178,249
Cost of sales		(150,514)
Gross profit		27,735
Administrative expenses – ordinary		(9,953)
Administrative expenses – exceptional		(911)
		(10,864)
Operating profit		16,871
Ordinary activities		17,782
Exceptional activities		(911)
		16,871
Interest payable and similar charges		(23,372)
Interest receivable and other income		4
Net interest payable and similar charges		(23,368)
Loss on ordinary activities before taxation		(6,497)
Tax on loss on ordinary activities	5	(276)
Retained loss for the financial period	13	(6,773)

Non-GAAP measure: pre-exceptional Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	
<i>Analysed as:</i>	
Operating profit before exceptional items as analysed above	17,782
Add back: depreciation of tangible fixed assets and amortisation of capital grants	8,732
Deduct: amortisation of negative goodwill	(1,065)
EBITDA before exceptional items	25,449

All amounts relate to continuing operations.

There were no recognised gains or losses in the current period other than those reported above.

Consolidated balance sheet (unaudited)

at 30 June 2013

	<i>Note</i>	30 June 2013 £000
Fixed assets		
Intangible assets	<i>6</i>	(81,117)
Tangible assets	<i>7</i>	913,336
Investment properties	<i>8</i>	29,780
		861,999
Current assets		
Debtors	<i>9</i>	73,670
Cash at bank and in hand		28,674
		102,344
Creditors: amounts falling due within one year	<i>10</i>	(105,257)
Net current liabilities		(2,913)
Total assets less current liabilities		859,086
Creditors: amounts falling due after more than one year	<i>11</i>	(742,266)
Provisions for liabilities and charges	<i>12</i>	(21,951)
Net assets		94,869
Capital and reserves		
Called up share capital		124,368
Profit and loss account	<i>13</i>	(29,499)
Shareholder's funds		94,869

Consolidated cash flow statement (unaudited)

for the quarter ended 30 June 2013

	Quarter ended 30 June 2013 £000
Operating profit	16,871
Depreciation, amortisation and impairment	7,715
Increase in debtors	(9,088)
in creditors and provisions	3,776
Profit on disposal of fixed assets	(164)
Net cash inflow from operating activities	19,110
Returns on investments and servicing of finance	(26,305)
Capital expenditure and financial investment	(8,181)
Taxation	(110)
Acquisitions and disposals	775
Net cash outflow before financing	(14,711)
Debt issue costs	-
Financing	13,638
Decrease in cash in the period	(1,073)
Cash brought forward	29,747
Cash carried forward	28,674

Reconciliation of net cash flow to movement in net debt (unaudited)

for the quarter ended 30 June 2013

	Quarter ended 30 June 2013 £000
Decrease in cash in the period	(1,073)
Revolving credit facility drawn down	(13,638)
Movement in net debt in the period	(14,711)
Non cash movement	(9,926)
Net debt at start of period	(702,594)
Net debt at end of period	(727,231)

Reconciliation of movements in equity shareholder's funds (unaudited)

for the quarter ended 30 June 2013

	Quarter ended 30 June 2013 £000
Loss for the financial period	(6,773)
Net movement in shareholder's funds	(6,773)
Opening shareholder's funds	101,642
Closing shareholder's funds	94,869

Notes

(forming part of the financial statements)

1 General information

Elli Investments Limited (the "company") is a company registered in Guernsey. The condensed interim financial statements of the company are for quarter ended 30 June 2013. The company was incorporated on 31 May 2012. On 12 July 2012 the company acquired the trade and assets of FSHC (Jersey) Holdings Limited (together referred to as the "group"). Prior to that date the company did not trade; as such there is no comparative period.

This report does not constitute statutory financial statements and is unaudited.

2 Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of UK Generally Accepted Accounting Practice (UK GAAP). They do not include all of the information required for full annual statements and should be read in conjunction with the consolidated financial statements of Elli Investments Limited for the period ended 31 December 2012 which were prepared in accordance with UK Generally Accepted Accounting Practice.

3 Accounting policies

The condensed consolidated financial statements have been prepared on the basis of the accounting policies set out in the 2012 annual report and accounts of Elli Investments Limited.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost, less the estimated residual value, of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

- Freehold buildings – straight line basis over 45 years
- Equipment and fixtures – straight line basis over 5 years
- Motor vehicles – straight line basis over 4 years

No depreciation is provided on freehold land or buildings under construction.

Direct costs incurred in enabling a care facility to become registered are capitalised together with, where appropriate, finance costs associated with the period of construction and are included in the cost of the facility.

Investment properties

Investment properties represent freehold properties which are leased outside the group. Investment properties are revalued annually to market value on an investment basis subject to the various leases. The aggregate valuation surplus or deficit is transferred to the revaluation reserve, whilst any permanent diminution in value is charged to the profit and loss account. Under the terms of the leases, properties are maintained to a high standard by tenants.

No depreciation is provided in respect of freehold investment properties. This treatment is a departure from the requirements of the Companies (Guernsey) Law 2008 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view.

Notes (continued)

(forming part of the financial statements)

Leases

Operating lease rentals are charged to the profit and loss account on a systematic and rational basis over the period of the lease.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised. Positive goodwill is amortised by equal annual instalments over its estimated useful economic life. The directors' estimate of the useful economic life is considered on an individual basis.

Negative goodwill is similarly included on the balance sheet and is credited to the profit and loss account in the periods in which the non-monetary assets are recovered, through depreciation or sale. Negative goodwill is being written back on a straight line basis over a period of 20 years.

Deferred taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of tangible fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Guarantees

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other related parties which are subsidiaries of its ultimate parent, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make payment under the guarantee.

Notes (continued)

(forming part of the financial statements)

4 Segmental information

	Quarter ended 30 June 2013	
	Turnover £000	Result £000
Property leases	927	625
Operation of care homes and specialised services	177,322	16,246
Group turnover/operating profit after exceptional activities	178,249	16,871
Net interest payable and similar charges		(23,368)
Loss before taxation		(6,497)

All activities arose in the United Kingdom, Isle of Man and Jersey and relate to acquisitions in the period.

The principal net operating assets utilised in the property leasing business are those properties identified as investment properties.

5 Taxation

	Quarter ended 30 June 2013 £000
Analysis of tax charge in the period:	
<i>UK corporation tax</i>	
Current tax on loss for the period	261
<i>Foreign tax</i>	
Current tax on income for the period	10
Total current tax	271
<i>Deferred tax</i>	
Origination of timing differences (see note 12)	5
Tax on loss on ordinary activities	276

Due to the levels of interest payable by the acquired group, no UK Corporation tax has been payable by that group for a number of years. The current tax charge is in respect of the net property income in Jersey tax resident property companies. Accordingly, movements in the current tax charge of the group reflect movements in this net property income rather than movements in the group result before taxation.

Notes (continued)

(forming part of the financial statements)

6 Intangible fixed assets

	Negative goodwill £000
Cost	
At beginning and end of period	(85,261)
Amortisation	
At beginning of period	3,079
Charge for the period	1,065
At end of period	4,144
Net book value	
At 30 June 2013	(81,117)

Negative goodwill is being amortised over 20 years.

7 Tangible fixed assets

	30 June 2013 £000
Net book value	
At beginning of period	914,546
Additions	8,181
Disposals	(611)
Depreciation	(8,780)
At end of period	913,336

Notes (continued)

(forming part of the financial statements)

8 Investment properties

	30 June 2013 £000
At beginning and end of period	29,780

9 Debtors

	30 June 2013 £000
Trade debtors	46,017
Prepayments, other debtors and accrued income	27,625
Amounts due from related parties	28
	73,670

10 Creditors: amounts falling due within one year

	30 June 2013 £000
Revolving credit facility	13,638
Trade creditors	12,589
Corporation tax	474
Other taxation and social security	6,354
Other creditors	44,125
Amounts due to related parties	10
Accruals and deferred income	25,846
Accrued interest	2,221
	105,257

Notes (continued)

(forming part of the financial statements)

11 Creditors: amounts falling due after more than one year

	30 June 2013 £000
High yield bonds	525,000
Debt issue costs	(35,620)
High yield bonds net of debt issue costs	489,380
Amounts owed to group undertakings	252,886
	742,266

12 Provisions for liabilities and charges

	Deferred taxation £000	Dilapidations provisions £000	Provision for onerous contracts £000	Total £000
At beginning of period	4,926	56	17,225	22,207
Charged/(released) to the profit and loss account	5	-	(441)	(436)
Utilised	-	(56)	-	(56)
Unwinding of discount	-	-	236	236
At end of period	4,931	-	17,020	21,951

The elements of deferred taxation are as follows:

Difference between accumulated depreciation, amortisation and capital allowances	4,931
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The group has unrecognised deferred tax assets arising on tax losses, timing differences and depreciation in excess of capital allowances on fixed assets. The group has not recognised these assets as there is no certainty over the group's ability to obtain value from the assets in the foreseeable future.

The provision for onerous contracts will unwind over the period of the relevant contracts.

13 Reserves

	Profit and loss account £000	Total £000
At beginning of period	(22,726)	(22,726)
Retained loss for the financial period	(6,773)	(6,773)
At end of period	(29,499)	(29,499)