Voyage BidCo Limited

Results for the three months ended 30 June 2013

Voyage Care BondCo PLC

£222,000,000 6.5% Senior Secured Notes due 2018

£50,000,000 11% Second Lien Notes due 2019

Table of contents

	Page
Executive summary	2
Company overview	3
Presentation of financial and other information	4
Management’s discussion and analysis of financial condition and results of operations	6
Liquidity and capital resources	12
Key business divisions	14
Consolidated financial statements (unaudited)	F
Voyage BidCo Limited (three month period ended 30 June 2013)	F1

Voyage Care BondCo PLC is a public limited company incorporated under the laws of England and Wales and is a direct wholly owned subsidiary of Voyage BidCo Limited and an indirect wholly owned subsidiary of Voyage Holdings Limited. In this quarterly report, ‘‘Issuer’’ refers only to Voyage Care BondCo PLC. In this quarterly report, ‘‘we’’, ‘‘us’’, ‘‘our’’ and the ‘‘Group’’ refer to Voyage Holdings Limited or Voyage BidCo Limited and their consolidated subsidiaries, unless the context otherwise requires. Our registered office is located at Garrick House, 2 Queen Street, Lichfield, Staffordshire, WS13 6QD and our website is www.voyagecare.com. The information contained on our website is not part of this quarterly report.

Executive Summary

Financial highlights

The table below summarises financial information for the three months ended 30 June:

£ million	**Q1 2014**	**Q1 2013**
Turnover	48.4	43.0
EBITDA (before exceptional items)	10.1	10.5
Operating profit	7.3	8.3
Profit for the period	1.0	2.5
Cash flow from operating activities *	4.7	5.8

* *Excludes cash flows in relation to acquisitions and funding*

Commentary on results

Satisfactory operating performance in challenging operating conditions, the key highlights of which are:

Performance during Q1 2014 vs. Q1 2013

- Turnover up 12.6% to £48.4 million largely driven by the ILG and Solor Care acquisitions
- EBITDA before exceptional items decreased 3.8% to £10.1 million due mainly to increased operating costs, payroll and agency
- Like-for-like turnover growth of 1.1% to £35.8 million
- Quality scores high at 90%, 4 & 5 tick compliance
- Occupancy at 89.7%, from 90.3% due to a lower occupancy rate at the Solor Care services
- Outreach average weekly invoiced hours increased by approximately 3,800 to 19,700 hours per week

Management changes

- Bruce McKendrick leaves the business. The search for a replacement CEO has commenced.

Company Overview

We are the leading provider of care services for adults with learning disabilities and other related complex and challenging support needs across the UK, measured in terms of beds. The vast majority of people we support have life-long conditions and high acuity needs, which have been assessed as either ''critical'' or ''substantial'' by Local Authorities and the NHS and therefore require on-going care services to help them look after themselves.

- We supported 2,817 people as at 30 June 2013, comprising 2,259 through our residential segment and a further 558 supported through our outreach business, with 95% of income being paid for by Local Authorities and the NHS.
- The typical person we support in our residential services is between the ages of 18 and 65, and we provide at least two support staff members for every three individuals. This level of support is reflected in our residential average weekly fee of £1,485 per person for the twelve months ended 30 June 2013.
- Our ''person centred'' approach to care ensures that we deliver quality, bespoke care packages tailored to the complex, high acuity care needs of the people we support. We believe this approach provides us with a competitive advantage compared to other care providers in the private sector, as evidenced by 90% of our beds achieving four or five ticks of compliance under the CQC system out of a maximum of five ticks as at 30 June 2013.
- With approximately 5,400 full time support staff, we strive to meet each individual's requirements and develop bespoke care packages tailored to their needs.

Our services

Our focus on quality of care services is core to all of our operations. The learning disability sector in which we operate is both highly regulated and fragmented. We are one of the few providers operating exclusively in this sector and specialising in providing care support for people with complex, high acuity support needs. Our business is aligned into two divisions based on the type of setting in which care is provided, a registered environment where the home is directly registered with CQC and Supported Living (including Outreach) where the domiciliary care office is registered with the CQC.

Our business divisions complement the regulatory and delivery models of our services. Our divisions are as follows:

- ***Registered***

  We provide care to individuals in our 289 registered homes as at 30 June 2013. We hold the freehold interest in 235 of our registered homes and three of our registered homes are held on a long leasehold basis (each with a lease period of over 35 years remaining), collectively representing 86% of our registered homes by number of beds. At 30 June 2013 we had 2,166 beds in our registered properties.

- ***Supported living (including Outreach)***

  Supported Living: We provide care to individuals living in communal accommodation generally provided by registered social landlords that are registered with the Homes and Communities Agency, housing associations or private landlords. At 30 June 2013, we provided services in 86 supported living locations with 358 beds.

  Together, our Registered and Supported living divisions are known as "residential services". We have a strong focus on providing high quality services in a manner that replicates a domestic dwelling as closely as possible. Our typical residential home has an average of 7 beds, providing a communal environment compared to larger facilities operated by some of our competitors.

  Outreach: We also care for individuals in their own homes, helping them to more independently manage their individual support needs. The Outreach division has grown and delivered approximately 19,700 hours of care per week on average by 30 June 2013, providing bespoke services to approximately 558 individuals, with support averaging approximately 35 hours per week per person.

Recent developments

There have been no significant developments since the publication of the Annual Report 2013.

Organisational developments

Bruce McKendrick leaves the business. The search for a replacement CEO has commenced.

Presentation of financial and other information

Financial data

This quarterly report includes the consolidated financial information (unaudited) of Voyage BidCo Limited and its subsidiaries for the three months (and year-to-date) ending 30 June 2013 (“Q1 2014”) and 30 June 2012 (“Q1 2013”), prepared in accordance with UK GAAP, and accompanying notes.

The financial statements of Voyage Holdings Limited differ from the consolidated financial data of Voyage BidCo Limited. In particular, the financial statements of Voyage Holdings Limited include the Shareholder Loans issued by Voyage MezzCo Limited. The Shareholder Loans to Voyage MezzCo Limited are outside of the restricted group that are subject to the Indentures and are therefore non-recourse to Voyage BidCo Limited and its subsidiaries. Voyage MezzCo Limited only has an indirect equity claim against Voyage BidCo Limited. Voyage Holdings Limited does not guarantee or otherwise provide credit support for the Senior Secured Notes or the Second Lien Notes.

Other financial measures

In this quarterly report, we may present certain non-IFRS and non-UK GAAP measures, including cash conversion, EBITDA, EBITDA before exceptional items, EBITDA margin, EBITDAR, EBITDAR before exceptional items, Unit EBITDA before exceptional items (each, a ‘‘Non-UK GAAP Metric’’), which are not required by, or presented in accordance with, IFRS or UK GAAP. In this quarterly report, where applicable, the following terms have the following meanings:

- ‘‘cash conversion’’ means EBITDA before exceptional items less maintenance capital expenditure divided by EBITDA before exceptional items.
- ‘‘EBITDA’’ means earnings before interest, tax, depreciation (including losses and profits on disposal of fixed assets) and amortisation.
- ‘‘EBITDA before exceptional items’’ means EBITDA as adjusted to remove the effects of certain exceptional charges.
- ‘‘EBITDA margin’’ means EBITDA divided by turnover.
- ‘‘EBITDAR’’ means EBITDA before rent expense.
- ‘‘EBITDAR before exceptional items’’ means EBITDA before exceptional items, before rent expense.
- ‘‘Unit EBITDA before exceptional items’’ means EBITDA before exceptional items, before overhead expenses, which we believe is a useful indicator of EBITDA on a divisional basis.

We believe that EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. We believe that EBITDAR is a common measure in our industry because it allows comparability across the sector for operations regardless of whether a business leases or owns its properties. We believe that EBITDA before exceptional items, EBITDAR before exceptional items and Unit EBITDA before exceptional items are relevant measures for assessing our performance because they are adjusted for certain items which, we believe, are not indicative of our underlying operating performance, and thus aid in an understanding of EBITDA and EBITDAR, respectively.

The Non-UK GAAP Metrics in this quarterly report are used by different companies for differing purposes and are often calculated in ways that reflect the particular circumstances of those companies. You should exercise caution in comparing the Non-UK GAAP Metrics reported by us to such metrics or other similar metrics as reported by other companies. None of our Non-UK GAAP Metrics is a measurement of performance under IFRS or UK GAAP and you should not consider those measures as an alternative to net income or operating profit determined in accordance with IFRS or UK GAAP, as the case may be. The Non-UK GAAP Metrics do not necessarily indicate whether cash flow will be sufficient or available to meet our cash requirement and may not be indicative of our historical operating results, nor are such measures meant to be predictive of our future results. Our Non-UK GAAP Metrics have limitations as analytical tools, and you should not consider them in isolation.

Other data

Available beds

Our results of operations are impacted by the number of beds at certain locations as bed capacity determines the maximum number of people that can be cared for in our registered and supported living divisions at any given time. Numbers of beds is presented in this quarterly report as at the end of the relevant period unless otherwise stated.

Outreach placements

Our results of operations are impacted by the number of Outreach placements as placement capacity determines the maximum number of people that can be cared for in our Outreach division at any given time. Numbers of Outreach placements is presented in this quarterly report as at the end of the relevant period unless otherwise stated.

Occupancy

Occupancy presented in this quarterly report represents the total number of beds occupied as at the end of the relevant period unless otherwise stated.

Occupancy rates

Occupancy rates presented in this quarterly report represent the percentage of the total number of beds occupied as at the end of the relevant period unless otherwise stated.

Fee rates

Fee rates depend on the service that is being provided and the funder that is paying for the care package and is dependent on the nature of the pricing agreement in place. The fee rates in this report refer to average weekly fees in a given period (excluding the effect of provisions made and provisions released in the relevant period).

Adjustments

Certain numerical information and other amounts and percentages presented in this quarterly report have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

The abbreviation “nm” is used in this report in certain instances when a percentage variance produces an erroneous or non-meaningful result.

Management's discussion and analysis of financial condition and results of operations

Key factors affecting our results of operations

Turnover

Our turnover is primarily driven by the number of beds occupied at any given time, together with the fee rates charged for occupancy of such beds.

Available beds and Outreach placements

Changes in the number of our available beds and Outreach placements can have a significant effect on our results of operations because our capacity determines the maximum number of individuals that we can provide care to in our residential and Outreach divisions at any given time.

The average available beds and Outreach placements for the given periods are stated below:

	Q1 2014	Q1 2013	FYE Mar 13
Registered	2,174	1,930	2,001
Supported Living	349	337	349
Residential	**2,523**	**2,267**	**2,350**
Outreach placements	549	437	512
Total	**3,071**	**2,703**	**2,862**

Occupancy rate

Our occupancy rates reflect the demand for our services, which is principally driven by our relationships with Local Authorities and the NHS, reputation for quality, the ability to offer bespoke and complex care packages and flexibility to adapt the environment of our registered homes to suit the individual needs of the people we support and our ability to deregister a registered care home and operate it as a supported living service to meet demand. In addition to occupancy rates, we formally monitor admissions, leavers and the progress of referrals for vacancies on a weekly basis in order to ensure that we efficiently manage our vacancies and maximise our earnings.

The average occupancy rates for the given periods are stated below:

	Q1 2014	Q1 2013	FYE Mar 13
Registered	89.3%	89.9%	90.0%
Supported Living	92.0%	92.5%	91.7%
Residential	**89.7%**	**90.3%**	**90.3%**

Fee rates

Fee rates depend on the individual needs of the people we support, the complexity of care required and the type of accommodation needed. The majority of our contracts are spot contracts and fees are agreed with Local Authorities and the NHS on an individual basis for each person we support.

Average weekly fees for residential placements and the average hourly rate for Outreach placements for the LTM are stated below:

		LTM June		FYE
		2013	2012	Mar 13
Registered	£wk	1,523	1,505	1,520
Supported Living	£wk	1,264	1,239	1,265
Residential	**£wk**	**1,485**	**1,465**	**1,481**
Outreach	£hr	15.37	15.88	15.41

Key operating expenses

Staff costs

Staff costs are our most significant expense and include wages and salaries, social security costs and other pension costs and cover the cost of support staff, senior support staff and unit managers and divisional heads and overhead staff costs comprising our head office support functions. Our staff costs are affected by:

- our discretionary pay awards, which are periodic salary increases for all of our employees
- increases in the national minimum wage. However, as the majority of our staff are paid more than the minimum wage, increases in the national minimum wage have had a limited effect on our staff costs;
- increases in wage rates for staff in other service industries
- in the future, legislation governing employee pensions, in particular legislation governing the automatic enrolment of employees into a workplace pension, will also have an effect on our staff costs as we will be required to contribute to pension schemes for qualifying employees.

		Q1 2014	Q1 2013	FYE Mar 13
Staff Costs *	£m	29.6	25.8	108.4
% Turnover		61.2%	60.0%	59.8%
% pre-exceptional operating costs **		77.5%	79.4%	78.8%

		Q1 2014	Q1 2013	FYE Mar 13
Staff Costs (excluding overheads) *	£m	27.0	23.5	98.6
% Turnover		55.8%	54.7%	54.4%
% pre-exceptional operating costs **		70.7%	72.3%	71.7%

* *Staff costs stated before exceptional items*
** *Excludes depreciation and impairment of fixed assets, profit/loss on disposals of fixed assets, and goodwill amortisation.*

Other operating costs

Our other operating costs are principally comprised of operating costs to support our care homes. Key items of expenditure are occupancy-related costs such as food and consumables. Non-occupancy-related costs include rent, council tax, utilities (gas, electricity, water), property maintenance, insurance, vehicle rental and running costs.

Consolidated Profit & loss Account

£ million	Q1 2014 (unaudited)	Q1 2013 (unaudited)	% Change	FYE Mar 13 (audited)
Turnover	**48.4**	**43.0**	**12.6%**	**181.4**
Staff costs	(29.6)	(25.8)	(14.7%)	(108.4)
Direct expenses & consumables	(2.1)	(1.6)	(31.3%)	(7.1)
Other lease rentals	(1.0)	(0.9)	(11.1%)	(3.9)
Plant & machinery	(0.7)	(0.6)	(16.7%)	(2.5)
Other external charges	(4.9)	(3.6)	(36.1%)	(15.5)
EBITDA before exceptional items	**10.1**	**10.5**	**(3.8%)**	**43.9**
Exceptional items	(0.2)	(0.1)	(100.0%)	(2.5)
EBITDA	9.9	10.4	(4.8%)	41.4
Depreciation & impairment of fixed assets	(1.8)	(1.2)	(50.0%)	(9.1)
(Loss) / profit on disposal of fixed assets	0.0	0.0	nm	(0.9)
Goodwill amortisation	(0.9)	(0.9)	(0.0%)	(10.6)
Operating profit	**7.3**	**8.3**	**(12.0%)**	**20.8**
Interest receivable & similar income	0.0	0.0	nm	0.1
Interest payable & similar charges	(5.8)	(5.4)	(7.4%)	(25.3)
Profit before taxation	**1.5**	**2.9**	**(48.3%)**	**(4.5)**
Taxation	(0.5)	(0.4)	(25.0%)	(16.4)
Profit for the period	**1.0**	**2.5**	**(60.0%)**	**(20.9)**
Other financial metrics				
Staff costs (excluding overheads)	27.0	23.5	(14.9%)	98.6
Overhead expenses & bonus	3.6	3.3	(9.1%)	13.7
Unit EBITDA before exceptional items	13.7	13.8	(0.7%)	57.5
EBITDA before exceptional items margin %	20.9%	24.4%	(3.5%)	24.2%
EBITDA margin %	20.5%	24.2%	(3.7%)	22.8%
EBITDAR	11.0	11.3	(2.7%)	45.7
EBITDAR before exceptional items	11.1	11.4	(2.6%)	48.2
EBITDAR before exceptional items margin %	22.9%	26.5%	(3.6%)	26.6%

Turnover

Turnover represents total fees receivable from Local Authorities and the NHS for services provided to the people we support.

- For Q1 2014 turnover increased by £5.4 million, or 12.6% to £48.4 million from £43.0 million for Q1 2013, primarily due to the acquisitions of Solor Care during April 2012 and ILG during March 2013 . The amount of turnover attributable to the Solor Care business for Q1 2014 was £9.1 million (Q1 2013: £7.6 million) and £3.5 million for ILG for Q1 2014.

Staff costs

Staff costs consist of wages and salaries, social security costs and other pension costs.

- Staff costs (excluding overheads) for Q1 2014 increased by £3.5 million, or 14.9% to £27.0 million (which represented 55.8% of turnover) from £23.5 million (which represented 54.7% of turnover) for Q1 2013, primarily due to the acquisitions of Solor Care during April 2012 and ILG during March 2013.

Direct expenses and consumables

Direct expenses and consumables include direct costs incurred in operating services on a day-to-day basis, including home provisions, day care activities, registration fees and therapists particularly for those people we support with acquired brain injuries.

- For Q1 2014 direct expenses and consumables increased by £0.5 million, or 31.3% to £2.1 million from £1.6 million for Q1 2013, primarily due to the acquisitions of Solor Care during April 2012 and ILG during March 2013.

Other lease rentals

Other lease rentals consist primarily of leases on registered and supported living care homes. At 30 June 2013, we had 60 short-term leases, consisting of 50 registered care homes and 10 supported living properties. In addition, three of our registered homes were held on a long leasehold basis (each with a lease period of over 35 years remaining). At 30 June 2013, 18.3% of our registered care homes and 11.6% of our supported living care homes were held under operating leases.

- For Q1 2014 other lease rentals increased by £0.1 million to £1.0 million from £0.9 million for Q1 2013. The increase in our operating lease rentals during this period is principally due to the acquisition of Solor Care during April 2012, which has a higher proportion of leased properties compared to the rest of the Group.

Plant and machinery

Plant and machinery operating lease rentals consist primarily of motor vehicle leases. We currently lease approximately 500 vehicles, which are primarily used to transport the people we support.

- For Q1 2014 plant and machinery lease rentals increased by £0.1 million to £0.7 million from £0.6 million for Q1 2013.

Other external charges

Other external charges consist of indirect costs incurred in running and maintaining services, including agency costs, Local Authority rates, council tax, repairs, utilities, training and professional fees.

- For Q1 2014 other external charges increased by £1.3 million, or 36.1% to £4.9 million from £3.6 million for Q1 2013. This increase is primarily attributable to the increase in agency usage, in addition to the acquisitions of Solor Care during April 2012 and ILG during March 2013.

EBITDA and EBITDA before exceptional items

EBITDA is not a recognised performance measure under UK GAAP and may not be directly comparable with similar measures used by other companies. We define EBITDA as earnings before interest, tax, depreciation and amortisation. We believe that EBITDA provides additional useful information on the underlying performance of our business. This measure is consistent with how business performance is monitored internally.

EBITDA before exceptional items

EBITDA before exceptional items consists of EBITDA as adjusted to remove the effects of certain exceptional charges.

- For Q1 2014 EBITDA before exceptional items decreased by £0.4 million, or 3.8% to £10.1 million from £10.5 million for Q1 2013. This decrease is primarily attributable to the increase in agency usage and payroll costs.

Exceptional items

Exceptional items include certain one-off cash and non-cash, non-recurring or exceptional charges.

- For Q1 2014 exceptional items increased by £0.1 million to £0.2 million from £0.1 million for Q1 2013. Exceptional items for Q1 2014 and Q1 2013 related to reorganisation costs incurred as a result of the Solor Care and ILG acquisitions.

EBITDA

- For Q1 2014 EBITDA decreased by £0.5 million, or 4.8% to £9.9 million from £10.4 million for Q1 2013, primarily attributable to the increase in agency usage and payroll costs, offset by extra contribution from the Solor Care and ILG acquisitions.

Depreciation and impairment of fixed assets

Depreciation and impairment of fixed assets consists of the write off of the cost of fixed assets to their residual value over their estimated useful life.

- For Q1 2014 depreciation and impairment of assets increased by £0.6 million to £1.8 million from £1.2 million for Q1 2013, primarily due to the acquisitions of Solor Care during April 2012 and ILG during March 2013

Profit / (Loss) on disposal of fixed assets

Profit / (Loss) on disposal of fixed assets represents the difference between the net disposal proceeds received and the net book value of a fixed asset at the time of disposal.

- For Q1 2014 we recorded a profit on disposal of £14,000 (Q1 2013: £ nil).

Goodwill amortisation charge

The goodwill amortisation charge consists of the write off of purchased positive goodwill over its estimated useful economic life of 20 years. Negative goodwill is included within fixed assets and released to the profit and loss account in the periods in which the fair values of non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

- For Q1 2014 goodwill amortisation expense remained stable at £0.9 million compared to Q1 2013.

Operating profit

Operating profit consists of earnings before interest and taxation.

- For Q1 2014 operating profit decreased by £1.0 million, or 12.0% to £7.3 million from £8.3 million for Q1 2013 primarily attributable to the increase in agency usage and payroll costs, £0.6 million increase in depreciation primarily due to the acquisition of Solor Care during April 2012 and ILG during March 2013, partially offset by the acquisition of ILG during March 2013 and a full quarter of trade from Solor Care.

Interest receivable and similar income

Interest receivable and similar income consists of interest received on current account and deposit account balances.

- For Q1 2014 interest receivable and other income decreased by £8,000 to £11,000 from £19,000 for Q1 2013.

Interest payable and similar charges

Interest payable and similar charges primarily consist of interest payable and fees on our indebtedness under the Senior Secured Notes and Second Lien Notes, interest payable and fees on our indebtedness under the senior facilities in existence prior to the issue of the Senior Secured Notes and Second Lien Notes (the “Senior Facilities”), as well as other finance costs including pension scheme costs accounted for under FRS17 under UK GAAP. In addition, this includes amounts payable under the Interest Rate Swap hedging the floating rate exposure on the Senior Facilities and debt issue cost amortisation.

- For Q1 2014 interest payable and similar charges increased due to an increase in debt issue cost amortisation.

Profit before taxation

Profit before taxation represents the result of the profit and loss account before provision for taxation.

- For Q1 2014 profit before taxation decreased by £1.4 million to £1.5 million from £2.9 million for Q1 2013 primarily attributable to the increase in agency usage and payroll costs, £0.6 million increase in depreciation primarily due to the acquisition of Solor Care during April 2012 and ILG during March 2013, increase on interest payable on loan notes, partially offset by elimination of interest payable on bank loans, the acquisition of ILG during March 2013 and a full quarter of trade from Solor Care.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation movements.

- For Q1 2014 the taxation expense was £0.5 million compared to taxation expense of £0.4 million for Q1 2013.

Profit for the period

Profit for the period represents the result of the profit and loss account after provision for taxation.

- For Q1 2014 the profit for the period decreased by £1.5 million to £1.0 million from £1.5 million for Q1 2013 primarily attributable to the increase in agency usage and payroll costs, £0.6 million increase in depreciation primarily due to the acquisition of Solor Care during April 2012 and ILG during March 2013, increase on interest payable on loan notes, partially offset by elimination of interest payable on bank loans, the acquisition of ILG during March 2013 and a full quarter of trade from Solor Care.

Liquidity and capital resources

Our principal sources of liquidity are our existing cash and cash equivalents, cash generated from operations and any borrowings under our Revolving Credit Facility. Our principal uses of cash are to fund capital expenditures, provide working capital, meet debt service requirements and finance our strategic plans, including possible acquisitions. We believe that our operating cash flows and borrowing capacity under the Revolving Credit Facility is sufficient to meet our requirements and commitments for the foreseeable future.

At 30 June 2013 and 30 June 2012, our cash balances were £16.6 million and £9.4 million, respectively. Our cash increased by £7.2 million.

Net bank debt as at 30 June 2013 was £254.8 million, comprising £272.0 million of borrowings under the Senior Secured Notes and Second Lien Notes, £16.6 million of cash and £0.7 million of unamortised original issue discount on the Second Lien Notes.

Consolidated Cash flow statement

£ million	Q1 2014 (unaudited)	Q1 2013 (unaudited)	% Change	FYE Mar 13 (audited)
EBITDA before exceptional items	**10.1**	**10.5**	**(3.8%)**	**43.9**
Exceptional items [1]	0.0	0.0	nm	0.0
Working capital	(5.4)	(4.7)	15.9%	2.7
Net cash flow from operating activities [1]	**4.7**	**5.8**	**(19.6%)**	**46.6**
Capital expenditure and financial investment [2]	(1.9)	(1.3)	(44.9%)	(5.4)
Returns on investment and servicing of finance	(0.1)	(5.4)	98.0%	(21.2)
Taxation	(0.4)	(0.3)	(31.1%)	(0.8)
Cash inflow before acquisitions and financing	**2.3**	**(1.2)**	**nm**	**19.2**
Acquisition [3]	0.0	(28.1)	100.0%	(41.5)
Acquisition funding	0.0	18.1	(100.0%)	20.5
Acquisition integration costs	(0.2)	(0.1)	(121.8%)	(2.5)
Acquisition catch-up capex	(1.4)	(0.2)	nm	(1.9)
Cash (outflow) / inflow before financing	**0.7**	**(11.5)**	**(106.4%)**	**(6.3)**
Net cash flow used in financing activities [4]	(0.0)	(2.5)	99.9%	(1.3)
Decrease in cash for the period	**0.7**	**(13.9)**	**(105.3%)**	**(7.5)**
Other financial metrics				
Development capex (£m)	0.4	0.3	45.7%	2.1
Maintenance capex (£m)	1.4	0.9	(56.5%)	4.2
Maintenance capex (% turnover)	3.0%	2.1%	0.8%	2.3%
Maintenance capex (£k pa per residential bed)	2.6	1.8	(41.5%)	2.0
Cash conversion %	85.7%	91.2%	(5.5%)	90.5%

(1) Excludes cash flows in relation to acquisition integration costs.
(2) Includes service related capital expenditure and non-service related capital expenditure with respect to supporting our head office function. Excludes cash flows in relation to acquisition catch-up capex.
(3) Includes net overdraft acquired with subsidiaries
(4) Excludes acquisition funding

Net cash flow from operating activities

- For Q1 2014 our net cash flow from operating activities decreased by £1.1 million, or 19.6% to £4.7 million from £5.8 million for Q1 2013. The primary reasons for the decrease resulted from a £0.5 million decrease post exceptional EBITDA and a £0.7 million reduction in working capital.

Capital expenditure and financial investment

- For Q1 2014 our net cash flow used in investing activities increased by £0.6 million, or 44.9% to £1.9 million from £1.3 million for Q1 2013. The increase in spend is due to the purchase of tangible fixed assets (excluding catch-up capex).

Returns on investment and servicing of finance

- For Q1 2014 our net cash flow used in servicing of finance decreased by £5.3 million to £0.1 million from £5.4 million for Q1 2013. The decrease in spend is due to the timing of interest payments under the Senior Secured Notes and Second Lien Notes payable semi-annually as compared to monthly payments under the existing Senior Facilities.

Net cash flow used in financing activities

- For Q1 2014 our net cash flow used in financing activities decreased by £2.5 million to £0.0 million from £2.5 million for Q1 2013. The decrease in spend is due to a repayment of loans under our existing Senior Facilities.

Consolidated Balance sheet

£ million	**Jun 13**	**Jun12**	**% Change**
	(unaudited)		
Fixed Assets	389.2	386.6	0.7%
Debtors *	16.3	112.7	(85.5%)
Cash at bank and in hand	16.6	9.4	76.1%
Creditors <1 yr			
Bank loans	0.0	(257.9)	(100.0%)
Other *	(32.5)	(326.6)	(90.1%)
Creditors >1 yr			
Loan notes	(259.0)	0.0	nm
Revolving credit facility	0.0	0.0	nm
Other	0.0	0.0	nm
Provisions for liabilities and charges	(4.3)	(0.3)	nm
Pension surplus	0.0	0.0	(69.6%)
Net Liabilities	**126.3**	**(76.1)**	**nm**

** Debtors and other creditors include intercompany loans which have since been eliminated as part of the refinancing. Debtors in Q1 2014 included £0.4 million of intercompany loans (Q1 2013: £100.8 million), and other creditors in Q1 2014 included £0.4 million of intercompany loans (Q1 2013: £304.3 million).*

Key Business Divisions

£ million	Turnover Q1 2014	Q1 2013	% Change
Registered	38.5	34.1	12.9%
Supported Living	5.2	5.1	2.0%
Residential	43.7	39.2	11.5%
Outreach	3.9	3.2	21.9%
Total *	**48.4**	**43.0**	**12.6%**

Other financial metrics	**Q1 2014**	**Q1 2013**	**Change**
Average occupancy	2,262	2,046	216
Average occupancy %	89.7%	90.3%	(0.6%)
Average weekly invoiced hours	19,700	15,900	3,800

** The amounts stated on the total line also include the turnover for day care services*

Voyage BidCo Limited

Condensed consolidated financial statements (unaudited)

Registered number 05752534

For the three month period ended 30 June 2013

Voyage BidCo Limited
Condensed consolidated financial statements (unaudited)
for the three month period ended 30 June 2013

Contents

Contents	Page
Condensed consolidated profit and loss account (unaudited)	F3
Condensed consolidated statement of total recognised gains and losses (unaudited)	F4
Condensed consolidated balance sheet (unaudited)	F5
Condensed consolidated cash flow statement and reconciliation of net cash flow to movement in net debt (unaudited)	F6
Notes to the condensed consolidated financial statements (unaudited)	F7

Voyage BidCo Limited
Condensed consolidated profit and loss account (unaudited)
for the three month period ended 30 June 2013

	Notes	3 months ended 30 June 2013			3 months ended 30 June 2012		
		Before exceptional items	Exceptional items (1)	Total (3)	Before exceptional items	Exceptional items (2)	Total (3)
		£000	£000	£000	£000	£000	£000
Turnover		48,374	-	48,374	43,019	-	43,019
Operating expenses	2	(40,915)	(184)	(41,099)	(34,642)	(83)	(34,725)
EBITDA (5)		10,099	(184)	9,915	10,498	(83)	10,415
Depreciation		(1,771)	-	(1,771)	(1,239)	-	(1,239)
Profit/(loss) on disposal of fixed assets		14	-	14	-	-	-
Goodwill amortisation		(883)	-	(883)	(882)	-	(882)
Operating profit		7,459	(184)	7,275	8,377	(83)	8,294
Interest receivable	3	11	-	11	19	-	19
Interest payable on bank loans	4	-	-	-	(5,387)	-	(5,387)
Interest payable on loan notes	4	(5,789)	-	(5,789)	-	-	-
Profit before taxation		1,681	(184)	1,497	3,009	(83)	2,926
Tax charge	5	(523)	-	(523)	(436)	-	(436)
Profit for the period		1,158	(184)	974	2,573	(83)	2,490

(1) Exceptional items relate to restructuring costs following the Solor Care and ILG acquisitions of £184,000.
(2) Exceptional items relate to restructuring costs following the Solor Care acquisition of £83,000.
(3) Total figures for the 3 month period represents year to date figures as this is the first quarter of the financial year.

All results are derived from continuing operations.

Voyage BidCo Limited
Condensed consolidated statement of total recognised gains and losses (unaudited)
for the three month period ended 30 June 2013

	Notes	3 months ended 30 Jun 2013 £000	3 months ended 30 Jun 2012 £000
Profit for the period		974	2,490
Actuarial gain recognised for the pension scheme		-	-
Total gains and losses related to the financial period		974	2,490

Voyage BidCo Limited
Condensed consolidated balance sheet (unaudited)
at 30 June 2013

	Notes	30 June 2013 £000	30 June 2013 £000	30 June 2012 £000	30 June 2012 £000
Fixed assets					
Intangible assets			31,847		49,195
Tangible assets			357,326		337,403
			389,173		**386,598**
Current assets					
Debtors	6	16,320		112,712	
Cash at bank and in hand		16,562		9,405	
		32,882		122,117	
Creditors: amounts falling due within one year	7	(32,479)		(584,468)	
Net current assets/(liabilities)			**403**		**(462,351)**
Total assets less current liabilities			**389,576**		**(75,753)**
Creditors: amounts falling due after more than one year	8		(258,984)		-
Provisions for liabilities and charges			(4,313)		(341)
Net assets/(liabilities) excluding pension surplus			**126,279**		**(76,094)**
Pension surplus			7		23
Net assets/(liabilities) including pension surplus			**126,286**		**(76,071)**
Capital and reserves					
Called up share capital			-		-
Share premium			224,872		-
Profit and loss account			(98,586)		(76,071)
Equity shareholders' funds/(deficit)			**126,286**		**(76,071)**

Voyage BidCo Limited

Condensed consolidated cash flow statement and reconciliation of net cash flow to movement in net debt (unaudited)
for the three month period ended 30 June 2013

	Notes	3 months ended 30 Jun 2013 £000	3 months ended 30 Jun 2012 £000
CASH FLOW STATEMENT			
Cash flow from operating activities	**9a**	4,498	23,802
Returns on investments and servicing of finance	**9b**	(107)	(5,368)
Taxation		(443)	(338)
Capital expenditure and financial investment	**9b**	(3,212)	(1,448)
Acquisitions	**9b**	-	(28,106)
Cash inflow/(outflow) before financing		736	(11,458)
Financing	**9b**	(2)	(2,484)
Increase/(decrease) in cash in the period		734	(13,942)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase/(decrease) in cash in the period		734	(13,942)
Net cash flow from decrease in bank loans and finance leases		2	2,484
Non-cash movements		(612)	518
Finance leases acquired with subsidiary		-	(70)
Movement in net debt in the period		124	(11,010)
Net debt at start of period		(242,589)	(237,551)
Net debt at end of period	**9c**	(242,465)	(248,561)

1 Accounting policies

Basis of preparation

Voyage BidCo Limited (the Company) is a company incorporated in England and Wales. The condensed consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). They have been prepared and approved by the Directors in accordance with the recognition and measurement requirements of UK Generally Accepted Accounting Practice.

They do not include all of the financial information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of Voyage Holdings Limited and Voyage BidCo Limited for the year ended 31 March 2013. The condensed consolidated financial information has been prepared applying the accounting policies and presentation that were applied in the preparation of the Voyage Holdings Limited and Voyage BidCo Limited consolidated financial statements for the year ended 31 March 2013, except as noted below.

The financial information contained herein is unaudited and does not constitute statutory accounts as defined by Section 435 of the Companies Act 2006. The comparative figures for the period ended 30 June 2012 are not the company's statutory accounts for those financial periods. The statutory accounts for the Company and the Group to which it belongs for year ended 31 March 2013 have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The condensed consolidated financial statements have been prepared on a going concern basis, based on the Directors' opinion, after making reasonable enquiries, that the Group has adequate resources to continue in operational existence for the foreseeable future.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Going concern

The Group, of which the company and its subsidiaries are members, is funded through a combination of shareholder's funds, senior secured notes and second lien notes. On 25 January 2013, the Group issued £222 million of 6.5% senior secured notes due 2018 and £50 million 11% second lien notes due 2019. As part of the transaction the Group also secured a £30 million revolving credit facility.

Following the issue of the Notes on 25 January 2013 the existing bank loans and all swap costs were repaid in full with the funding provided by the Notes, secured for a minimum of five and a half years.

The Group's trading cash forecasts, which take into account reasonably possible changes in trading activities, show that the Group should be in compliance with all covenants and will have adequate funds to meet its liabilities, including debt servicing costs, for the foreseeable future.

The directors therefore believe it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1 Accounting policies (continued)

Goodwill and negative goodwill
Purchased goodwill representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets of the businesses acquired is capitalised and amortised over its estimated useful economic life of 20 years.

Negative goodwill is included within fixed assets and released to the profit and loss account in the periods in which the fair values of non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

Leases
Assets obtained under finance lease and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

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

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes expenditure incurred in bringing the asset into working condition for its intended use.

Depreciation is provided on a straight line basis at rates calculated to write off the cost of each asset to its residual value over its estimated useful life. The depreciation rates in use are:

Freehold land	Nil
Freehold buildings	2%
Motor vehicles	25%
Fixtures, fittings and equipment	20%
Computers	33%

Pension costs
The Group contributes to two government sponsored defined benefit schemes and a number of individual pension schemes.

The assets of all schemes are held separately from those of the Group in separately administered funds.

Contributions to the government sponsored defined benefit schemes, the Group Personal Pension Plan and the individual pension schemes are charged to the profit and loss account and represent the contributions payable to the schemes in respect of the accounting period.

The Group also contributes to an employer sponsored defined benefit scheme. The assets of the scheme are held separately from those of the Group.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus is split between operating charges, finance items and in the statement of total recognised gains and losses, actuarial gains and losses.

Segmental reporting
The Group operates a single business segment providing care home and support services across the United Kingdom. The Group's results and financial position are attributable to this one activity.

2 Operating expenses

	3 months ended 30 Jun 2013 £000	3 months ended 30 Jun 2012 £000
Operating expenses are stated after charging		
Direct expenses and consumables	2,054	1,836
Staff costs:		
Wages and salaries	27,558	23,959
Social security costs	1,994	1,745
Other pension costs	105	73
Operating lease rentals:		
Other lease rentals	1,050	946
Plant and machinery	724	640
Depreciation	1,771	1,239
(Profit)/loss on disposal of fixed assets	(14)	-
Goodwill amortisation charge	883	882
Other external charges	4,974	3,405
	41,099	34,725

3 Interest receivable and similar income

	3 months ended 30 Jun 2013 £000	3 months ended 30 Jun 2012 £000
Bank interest receivable	11	19

4 Interest payable and similar charges

	3 months ended 30 Jun 2013 £000	3 months ended 30 Jun 2012 £000
Bank loans	-	5,387
Loan notes	5,789	-
	5,789	5,387

5 Taxation

The total effective tax rate for the 3 months ended 30 June 2013 is 34.9% (3 months ended 30 June 2012: 14.9%).

6 Debtors

	30 Jun 2013 £000	30 Jun 2012 £000
Trade debtors	10,557	8,135
Amounts owed by group undertakings	388	100,736
Deferred tax	2,347	-
Other debtors	324	1,890
Prepayments and accrued income	2,704	1,951
	16,320	112,712

7 Creditors: amounts falling due within one year

	30 Jun 2013 £000	30 Jun 2012 £000
Bank loans and overdrafts	-	257,902
Obligations under finance lease and hire purchase contracts	43	64
Trade creditors	2,529	737
Amounts owed to group undertakings	384	304,256
Corporation tax	152	115
Other taxes and social security costs	2,046	3,510
Other creditors	9,899	6,077
Accruals and deferred income	13,353	8,681
Fees billed in advance	4,073	3,126
	32,479	584,468

8 Creditors: amounts falling due after one year

	30 Jun 2013 £000	30 Jun 2012 £000
Loan notes	258,984	-

Total debt can be analysed as falling due:

	30 Jun 2013 £000	30 Jun 2012 £000
In one year or less		
Between one and two years (see note below)	-	-
Between two and five years	-	-
After five years	258,984	-
	258,984	-

Loan notes

On 25 January 2013, the group issued £272 million of loan notes comprising £222 million Senior Secured Notes due 2018 and £50 million Second Lien Notes due 2019. In addition, the group is party to a £30 million Revolving Credit Facility. Issue costs and original issue discount before amortisation were £14,100,000, the amortised amount netted off above is £13,016,000. The notes are listed on the Luxembourg Stock Exchange.

The interest rate and repayment terms of these loan notes are as follows:

Debt instrument	Loan balance £000	Interest rate	Repayment terms
Senior secured loan notes	222,000	6.50%	Aug-18
Second lien notes	50,000	11.00%	Feb-19
Revolving Credit Facility	-	LIBOR +4.00%	Aug-18

9 Notes to the cash flow statement

a Reconciliation of operating profit to net cash inflow from operating activities

	3 months ended 30 Jun 2013 £000	3 months ended 30 Jun 2012 £000
Operating profit	7,275	8,294
Depreciation	1,771	1,239
Profit on disposal of fixed assets	(14)	-
Goodwill amortisation	883	882
Increase in debtors	(2,414)	(1,869)
(Decrease) / increase in creditors	(3,003)	15,256
Net cash inflow from operating activities	4,498	23,802

b Reconciliation of other items in the cash flow statement

	3 months ended 30 Jun 2013 £000	3 months ended 30 Jun 2012 £000
Returns on investments and servicing of finance		
Interest received	11	19
Interest paid	(118)	(5,387)
	(107)	(5,368)
Capital expenditure		
Payments to acquire tangible fixed assets	(3,226)	(1,448)
Receipts from sales of tangible fixed assets	14	-
	(3,212)	(1,448)
Acquisitions		
Acquisition	-	(27,647)
Net overdraft acquired with subsidiaries	-	(459)
	-	(28,106)
Financing		
Repayment of loans	-	(2,478)
Finance lease payments	(2)	(6)
	(2)	(2,484)

9 Notes to the cash flow statement (*continued)*

c Analysis of changes in net debt

	At 1 Apr 2013 £000	Cash flows £000	Acquisition £000	Non-cash changes £000	At 30 Jun 2013 £000
Cash at bank and in hand	15,828	734	-	-	16,562
Loan notes:					
Debt due after 1 year	(258,372)	-	-	(612)	(258,984)
Finance leases	(45)	2	-	-	(43)
	(258,417)	2	-	(612)	(259,027)
Net debt	(242,589)	736	-	(612)	(242,465)

Analysis of changes in net debt

	At 1 Apr 2012 £000	Cash flows £000	Acquisition £000	Non-cash changes £000	At 30 Jun 2012 £000
Cash at bank and in hand	23,347	(13,942)	-	-	9,405
Bank loans:					
Debt due within 1 year	(4,461)	2,478	-	(255,919)	(257,902)
Debt due after 1 year	(256,437)	-	-	256,437	-
Finance leases	-	6	(70)	-	(64)
	(260,898)	2,484	(70)	518	(257,966)
Net debt	(237,551)	(11,458)	(70)	518	(248,561)

11 Controlling party

The company's immediate parent undertaking is Voyage HoldCo 2 Limited which is registered in England and Wales.

The company's ultimate parent undertaking is Voyage Holdings Limited which is registered in England and Wales.

Copies of the group financial statements of Voyage Holdings Limited may be obtained from:

The Company Secretary
Voyage Holdings Limited
Garrick House
2 Queen Street
Lichfield
Staffordshire
WS13 6QD