Voyage BidCo Limited

Results for the three months ended 30 June 2014

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

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 Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP 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 2015**	**Q1 2014**
Turnover	49.9	48.4
EBITDA (before exceptional items)	11.1	10.1
Operating profit	8.3	7.3
Profit for the period	2.4	1.0
Cash flow from operating activities *	8.8	4.7

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

Commentary on results

Operating performance in line with expectations, the key highlights of which are:

Performance during Q1 2015 vs. Q1 2014

- Turnover up 3.1% to £49.9 million largely driven by the Ingleby acquisition
- Like-for-like turnover increase of 1.1% to £45.4 million
- EBITDA before exceptional items increased 9.9% to £11.1 million due mainly to reduced operating costs and the benefit of the Ingleby acquisition
- Quality scores high at over 98.0%, 4 & 5 tick compliance
- Occupancy at 90.6% (0.9% points improvement from Q1 2014)
- Outreach average weekly invoiced hours increased by approximately 3,200 to 22,900 hours per week

Recent developments

- Acquired Primary Care UK in June 2014 for £1.1m, £0.3m post synergy EBITDA, 3.5x multiple
- Acquired Skills For Living in August 2014 for £5.4m, £1.1m post synergy EBITDA, 5.1x multiple

Ownership changes

- On 6 August 2014, consortium of Partners Group and Duke Street, announced the acquisition of Voyage Care from HgCapital, in a GBP 375 million transaction with completion scheduled for 8 September 2014.

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 3,016 people as at 30 June 2014, comprising 2,343 through our residential segment and a further 673 supported through our outreach business.
- 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 £1,482 per person for the twelve months ended 30 June 2014.
- 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 over 98% 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 2014.
- With approximately 8,000 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 288 registered homes as at 30 June 2014. We hold the freehold interest in 245 of our registered homes and two of our operational registered homes are held on a long leasehold basis (each with a lease period of over 35 years remaining), collectively representing 89% of our registered homes by number of beds. At 30 June 2014 we had 2,147 beds in our registered properties.

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

  Communal 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 2014, we provided services in 118 Communal Supported Living locations with 444 beds.

  Together, our Registered and Communal 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 6 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 23,200 hours of care per week by 30 June 2014, providing bespoke services to approximately 673 individuals, with support averaging approximately 34 hours per week per person.

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 ending 30 June 2014 (“Q1 2015”) and 30 June 2013 (“Q1 2014”), 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 communal 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 2015	Q1 2014	FYE Mar 14
Registered	2,154	2,171	2,164
Communal Supported Living	416	352	373
Residential	**2,570**	**2,523**	**2,537**
Outreach placements	665	549	600
Total	**3,235**	**3,071**	**3,137**

Occupancy rate

Our occupancy rates reflect the demand for our services, which is principally driven by our relationships with Local Authorities and 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 communal 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 2015	Q1 2014	FYE Mar 14
Registered	90.7%	89.4%	90.4%
Communal Supported Living	90.5%	91.5%	91.3%
Residential	**90.6%**	**89.7%**	**90.5%**

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
		2014	2013	Mar 14
Registered	£wk	1,526	1,523	1,525
Communal Supported Living	£wk	1,238	1,265	1,244
Residential	**£wk**	**1,482**	**1,485**	**1,483**
Outreach	£hr	14.86	15.38	15.34

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 of 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
- legislation governing employee pensions, in particular legislation governing the automatic enrolment of employees into a workplace pension, also impacts on our staff costs as we are required to contribute to pension schemes for qualifying employees.

		Q1 2015	Q1 2014	FYE Mar 14
Staff Costs *	£m	30.5	29.6	120.5
% Turnover		61.1%	61.2%	61.4%
% pre exceptional operating costs **		78.8%	77.3%	77.5%

		Q1 2015	Q1 2014	FYE Mar 14
Staff Costs (excluding overheads) *	£m	28.0	27.0	110.1
% Turnover		56.1%	55.8%	56.1%
% pre exceptional operating costs **		72.4%	70.5%	70.8%

* *Staff costs exclude agency costs and are 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 2015	Q1 2014	% Change	FYE Mar 14
	(unaudited)			(audited)
Turnover	**49.9**	**48.4**	**3.1%**	**196.1**
Staff costs	(30.5)	(29.6)	(3.0%)	(120.5)
Direct expenses & consumables	(1.9)	(2.1)	9.5%	(8.0)
Other lease rentals	(0.8)	(1.0)	20.0%	(4.2)
Plant & machinery	(0.7)	(0.7)	(0.0%)	(2.9)
Other external charges	(4.9)	(4.9)	(0.0%)	(20.0)
EBITDA before exceptional items	**11.1**	**10.1**	**9.9%**	**40.5**
Exceptional items	(0.2)	(0.2)	(0.0%)	(1.3)
EBITDA	10.9	9.9	10.1%	39.2
Depreciation & impairment of fixed assets	(1.9)	(1.8)	(5.6%)	(16.3)
Profit / (loss) on disposal of fixed assets	0.0	0.0	nm	(0.2)
Goodwill amortisation	(0.7)	(0.9)	22.2%	(2.7)
Operating profit	**8.3**	**7.3**	**13.7%**	**20.0**
Interest receivable & similar income	0.0	0.0	nm	0.0
Interest payable & similar charges	(5.8)	(5.8)	(0.0%)	(23.3)
Profit / (loss) before taxation	**2.4**	**1.5**	**60.0%**	**(3.3)**
Taxation	0.0	(0.5)	100.0%	0.4
Profit / (loss) for the period	**2.4**	**1.0**	**140.0%**	**(2.9)**
Other financial metrics				
Staff costs (excluding overheads)	28.0	27.0	(3.7%)	110.1
Overhead expenses & bonus	3.6	3.6	(0.0%)	15.0
Unit EBITDA before exceptional items	14.8	13.7	8.0%	55.5
EBITDA before exceptional items margin %	22.2%	20.9%	1.3%	20.7%
EBITDA margin %	21.8%	20.5%	1.3%	20.0%
EBITDAR	11.7	11.0	6.4%	43.4
EBITDAR before exceptional items	12.0	11.1	8.1%	44.7
EBITDAR before exceptional items margin %	24.0%	22.9%	1.1%	22.8%

Turnover

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

- For Q1 2015 turnover increased by £1.5 million, or 3.1% to £49.9 million from £48.4 million for Q1 2014, primarily due to the acquisition of Ingleby Care during November 2013 . The amount of turnover attributable to Ingleby Care for Q1 2015 was £1.1 million.

Staff costs

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

- Staff costs (excluding overheads) for Q1 2015 increased by £1.0 million, or 3.7% to £28.0 million (which represented 56.1% of turnover) from £27.0 million (which represented 55.8% of turnover) for Q1 2014, primarily due to the acquisition of Ingleby Care during November 2013 in addition to increases in the National Minimum Wage, pensions auto-enrolment and certain pay-rises.

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 2015 direct expenses and consumables reduced by £0.2 million, or 9.5% to £1.9 million from £2.1 million for Q1 2014, primarily due to general cost savings.

Other lease rentals

Other lease rentals consist primarily of leases on registered and communal supported living care homes. At 30 June 2014, we had 56 short-term leases, consisting of 39 registered care homes and 17 communal supported living properties. In addition, two of our registered homes were held on a long leasehold basis (each with a lease period of over 35 years remaining). At 30 June 2014, 14.2% of our registered care homes and 14.4% of our communal supported living care homes were held under operating leases.

- For Q1 2015 other lease rentals reduced by £0.2 million to £0.8 million from £1.0 million for Q1 2014, primarily due to the acquisition of 13 Quercus freeholds in March 2014.

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 2015 plant and machinery lease rentals remained stable at £0.7 million when compared to Q1 2014.

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 2015 other external charges remained stable at £4.9 million when compared to Q1 2014.

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 2015 EBITDA before exceptional items increased by £1.0 million, or 9.9% to £11.1 million from £10.1 million for Q1 2014. This increase is primarily attributable to a reduction in other lease rentals, general cost savings and extra contribution from the acquisition of Ingleby Care in November 2013.

Exceptional items

Exceptional items include certain one-off cash and non-cash, non-recurring or exceptional charges generally relating to the integration of acquisitions.

- For Q1 2015 exceptional items remained stable at £0.2 million when compared to Q1 2014.

EBITDA

- For Q1 2015 EBITDA increased by £1.0 million, or 10.1% to £10.9 million from £9.9 million for Q1 for Q1 2015. This increase is primarily attributable to a reduction in other lease rentals, general cost savings and extra contribution from the acquisition of Ingleby Care during November 2013.

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 2015 depreciation and impairment of assets increased by £0.1 million to £1.9 million from £1.8 million for Q1 2014.

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 2015 we recorded a profit on disposal of £ nil (Q1 2014: £ 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 2015 goodwill amortisation expense decreased by £0.2 million to £0.7 million from £0.9 million for Q1 2014.

Operating profit

Operating profit consists of earnings before interest and taxation.

- For Q1 2015 operating profit increased by £1.0 million, or 13.7% to £8.3 million from £7.3 million for Q1 2014. This increase is primarily attributable to a reduction in other lease rentals, general cost savings and extra contribution from the acquisition of Ingleby Care in November 2013.

Interest receivable and similar income

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

- For Q1 2015 and Q1 2014 interest receivable and other income remained at nil.

Interest payable and similar charges

Interest payable and similar charges on bank loans primarily consist of 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.

- For Q1 2015 interest payable and similar charges remained stable at £5.8 million when compared to Q1 2014.

Profit before taxation

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

- For Q1 2015 profit before taxation increased by £0.9 million to £2.4 million profit from £1.5 million profit for Q1 2014. This increase is primarily attributable to a reduction in other lease rentals, general cost savings and extra contribution from the acquisition of Ingleby Care in November 2013.

Taxation

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

- For Q1 2015 the taxation expense was £nil compared to taxation expense of £0.5 million for Q1 2014 as a result of the negotiation of an Advanced Thin Capitalisation Agreement with HMRC part way through FY 2014.

Profit for the period

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

- For Q1 2015 the profit for the period increased by £1.4 million to £2.4 million profit from £1.0 million profit for Q1 2014. This increase is primarily attributable to a reduction in other lease rentals, general cost savings, extra contribution from the acquisition of Ingleby Care in November 2013 and a reduction in the taxation expense.

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 2014 and 30 June 2013, our cash balances were £11.0 million and £16.6 million, respectively.

Net bank debt as at 30 June 2014 was £262.0 million, comprising £272.0 million of borrowings under the Senior Secured Notes and Second Lien Notes, £11.0 million of cash and £0.6 million of unamortised original issue discount on the Second Lien Notes. Within the £11.0 million cash balance is £1.6 million of restricted cash and deferred consideration.

Net bank debt as at 30 June 2013 was £255.2 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. Within the £16.6 million cash balance is £0.5 million of restricted cash.

Consolidated Cash flow statement

£ million	Q1 2015	Q1 2014 (unaudited)	% Change	FYE Mar 14 (audited)
EBITDA before exceptional items	**11.1**	**10.1**	**10.2%**	**40.5**
Exceptional items [(1)]	0.0	(0.0)	nm	(0.3)
Working capital	(2.3)	(5.4)	42.3%	(3.4)
Net cash flow from operating activities [(1)]	**8.8**	**4.7**	**88.7%**	**36.8**
Capital expenditure and financial investment [(2)]	(3.8)	(2.0)	(91.3%)	(18.0)
Returns on investment and servicing of finance	(0.1)	(0.1)	5.5%	(20.8)
Taxation	0.5	(0.4)	nm	1.0
Cash inflow / (outflow) before acquisitions and financing	**5.5**	**2.2**	**nm**	**(1.0)**
Acquisition [(3)]	(1.0)	0.0	nm	(5.5)
Acquisition funding	0.0	0.0	nm	0.0
Acquisition integration costs	(0.2)	(0.2)	nm	(1.0)
Acquisition catch-up capex	0.0	(1.2)	100.0%	(1.6)
Cash inflow / (outflow) before financing	**4.3**	**0.7**	**nm**	**(9.1)**
Net cash flow used in financing activities	(8.0)	(0.0)	nm	8.0
(Decrease) / increase in cash for the period	**(3.7)**	**0.7**	**nm**	**(1.1)**
Other financial metrics				
Development capex (£m)	0.2	0.4	(55.5%)	1.9
Maintenance capex (£m)	2.9	1.6	(83.6%)	9.1
Maintenance capex (% turnover)	5.8%	3.2%	2.5%	4.6%
Maintenance capex (£k pa per residential bed)	4.9	2.8	(78.3%)	3.9
Cash conversion %	74.2%	84.5%	(10.3%)	77.6%

(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 cash / overdraft acquired with subsidiaries

Net cash flow from operating activities

- For Q1 2015 our net cash flow from operating activities increased by £4.1 million to £8.8 million from £4.7 million for Q1 2014. The primary reasons for the increase resulted from a £3.1 million decrease in working capital outflow and a £1.0 million increase in post exceptional EBITDA.

Capital expenditure and financial investment

- For Q1 2015 our net cash flow used in capital expenditure and financial investment increased by £1.8 million to £3.8 million from £2.0 million for Q1 2014. The increase in spend is due to an increase of purchases of tangible fixed assets (excluding catch-up capex).

Returns on investment and servicing of finance

- For Q1 2015 our 'net cash flow used in servicing of finance' remained stable at £0.1 million when compared to Q1 2014.

Net cash flow used in financing activities

- For Q1 2015 our net cash flow used in financing activities was £8.0 million compared to £nil for Q1 2014 due to an £8.0 million repayment of the outstanding RCF balance at 31 March 2014.

Consolidated Balance sheet

£ million	**Jun 14**	**Jun 13**	**% Change**
	(unaudited)		
Fixed Assets	396.4	389.2	1.9%
Debtors *	20.0	16.3	22.4%
Cash at bank and in hand	11.0	16.6	(33.4%)
Creditors <1 yr			
Bank loans	0.0	0.0	nm
Revolving credit facility	0.0	0.0	nm
Other *	(37.7)	(32.5)	(16.0%)
Creditors >1 yr			
Loan notes	(261.4)	(259.0)	(0.9%)
Bank loans	0.0	0.0	nm
Other	0.0	0.0	nm
Provisions for liabilities and charges	(3.5)	(4.3)	18.8%
Pension surplus	0.0	0.0	0.0%
Net Assets	**124.8**	**126.3**	**1.2%**

** Debtors in Q1 2015 included £0.4 million of intercompany loans (Q1 2014: £0.4 million), and other creditors in Q1 2015 included £0.4 million of intercompany loans (Q1 2014: £0.4 million).*

Key Business Divisions

£ million	Turnover Q1 2015	Q1 2014	% Change
Registered	38.6	38.4	0.5%
Communal Supported Living	6.0	5.2	15.4%
Residential	44.6	43.6	2.3%
Outreach	4.5	3.9	15.4%
Total *	**49.9**	**48.4**	**3.1%**

Other financial metrics	**Q1 2015**	**Q1 2014**	**Change**
Average residential occupancy	2,330	2,262	68
Average residential occupancy %	90.6%	89.7%	0.9%
Average weekly outreach invoiced hours	22,900	19,700	3,200

** 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 3 month period ended 30 June 2014

Voyage BidCo Limited
Condensed consolidated financial statements (unaudited)
for the 3 month period ended 30 June 2014

Contents	**Page**

Voyage BidCo Limited
Condensed consolidated profit and loss account (unaudited)
for the 3 month period ended 30 June 2014

	Notes	3 months ended 30 June 2014			3 months ended 30 June 2013		
		Before exceptional items (5)	Exceptional items (1)	Total (3)	Before exceptional items	Exceptional items (2)	Total (3)
		£000	£000	£000	£000	£000	£000
Turnover		49,869	-	49,869	48,374	-	48,374
Operating expenses	2	(41,368)	(220)	(41,588)	(40,915)	(184)	(41,099)
EBITDA (4)		11,126	(220)	10,906	10,099	(184)	9,915
Depreciation		(1,937)	-	(1,937)	(1,771)	-	(1,771)
Profit on disposal of fixed assets		5	-	5	14	-	14
Goodwill amortisation		(693)	-	(693)	(883)	-	(883)
Operating profit		8,501	(220)	8,281	7,459	(184)	7,275
Interest receivable	3	6	-	6	11	-	11
Interest payable on loan notes	4	(4,982)	-	(4,982)	(4,982)	-	(4,982)
Amortisation of loan issue costs	4	(851)	-	(851)	(743)	-	(743)
Other finance costs	4	(11)	-	(11)	(64)	-	(64)
Profit before taxation		2,663	(220)	2,443	1,681	(184)	1,497
Tax charge	5	-	-	-	(523)	-	(523)
Profit for the period		2,663	(220)	2,443	1,158	(184)	974

(1) Exceptional items for the 3 months ended 30 June 2014 relate to restructuring costs of £220,000 due to the acquisitions of Solor Care, ILG and Ingleby Care.

(2) Exceptional items for the 3 months ended 30 June 2013 relate to restructuring costs of £184,000 due to the acquisitions of Solor Care and ILG.

(3) Total figures for the 3 month period represents year to date figures as this is the first quarter of the financial year.

(4) EBITDA represents earnings before interest, tax, depreciation and amortisation.

(5) Acquisitions during the 3 month period relate to Primary Care UK.

All results are derived from continuing operations.

Voyage BidCo Limited
Condensed consolidated statement of total recognised gains and losses (unaudited)
for the 3 month period ended 30 June 2014

	Notes	3 months ended 30 June 2014 £000	3 months ended 30 June 2013 £000
Profit for the period		2,443	974
Actuarial gain recognised for the pension scheme		-	-
Total gains and losses related to the financial period		2,443	974

Voyage BidCo Limited
Condensed consolidated balance sheet (unaudited)
at 30 June 2014

	Notes	30 June 2014		30 June 2013	
		£000	£000	£000	£000
Fixed assets					
Intangible assets			31,546		31,847
Tangible assets			364,876		357,326
			396,422		**389,173**
Current assets					
Debtors	6	19,976		16,320	
Cash at bank and in hand		11,037		16,562	
		31,013		32,882	
Creditors: amounts falling due within one year	7	(37,690)		(32,479)	
Net current (liabilities) / assets			**(6,677)**		**403**
Total assets less current liabilities			**389,745**		**389,576**
Creditors: amounts falling due after more than one year	8		(261,430)		(258,984)
Provisions for liabilities and charges			(3,503)		(4,313)
Net assets excluding pension surplus			**124,812**		**126,279**
Pension surplus			7		7
Net assets including pension surplus			**124,819**		**126,286**
Capital and reserves					
Called up share capital			-		-
Share premium			224,872		224,872
Profit and loss account			(100,053)		(98,586)
Equity shareholders' funds			**124,819**		**126,286**

Voyage BidCo Limited

Condensed consolidated cash flow statement and reconciliation of net cash flow to movement in net debt (unaudited)
for the 3 month period ended 30 June 2014

	Notes	3 months ended 30 June 2014 £000	3 months ended 30 June 2013 £000
CASH FLOW STATEMENT			
Cash flow from operating activities	**9a**	8,614	4,498
Returns on investments and servicing of finance	**9b**	(101)	(107)
Taxation		510	(443)
Capital expenditure and financial investment	**9b**	(3,773)	(3,212)
Acquisitions	**9b**	(958)	-
Cash inflow before financing		4,292	736
Financing	**9b**	(8,001)	(2)
(Decrease) / increase in cash in the period		(3,709)	734

	Notes	3 months ended 30 June 2014 £000	3 months ended 30 June 2013 £000
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
(Decrease) / increase in cash in the period		(3,709)	734
Net cash flow from increase in bank loans and finance leases		8,001	2
Non-cash movements		(611)	(612)
Finance leases acquired with subsidiary		-	-
Movement in net debt in the period		3,681	124
Net debt at start of period		(246,125)	(242,589)
Net debt at end of period	**9c**	(242,444)	(242,465)

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 2014. 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 2014, 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 2013 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 2014 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.

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 the NHS defined benefit scheme, a group personal pension plan 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 NHS 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 June 2014 £000	3 months ended 30 June 2013 £000
Operating expenses are stated after charging		
Direct expenses and consumables	1,900	2,054
Staff costs:		
Wages and salaries	28,449	27,558
Social security costs	1,834	1,994
Other pension costs	237	105
Operating lease rentals:		
Other lease rentals	829	1,050
Plant and machinery	673	724
Depreciation	1,937	1,771
Profit on disposal of fixed assets	(5)	(14)
Goodwill amortisation charge	693	883
Other external charges	5,041	4,974
	41,588	41,099

3 Interest receivable and similar income

	3 months ended 30 June 2014 £000	3 months ended 30 June 2013 £000
Bank interest receivable	6	11

4 Interest payable and similar charges

	3 months ended 30 June 2014 £000	3 months ended 30 June 2013 £000
Bank interest including RCF non-utilisation fees	239	131
Loan notes interest	4,982	4,982
Amortisation of debt issue costs	612	612
Unwinding of discount on onerous lease provision	11	64
Hire purchase interest	-	-
	5,844	5,789

5 Taxation

The total effective tax rate for the 3 months ended 30 June 2014 is 0.0% (3 months ended 30 June 2013: 34.9%).

6 Debtors

	30 June 2014 £000	30 June 2013 £000
Trade debtors	13,356	10,557
Amounts owed by group undertakings	391	388
Deferred tax	2,789	2,347
Other debtors	173	324
Prepayments and accrued income	3,267	2,704
	19,976	16,320

7 Creditors: amounts falling due within one year

	30 June 2014 £000	30 June 2013 £000
Bank loans and overdrafts	-	-
Obligations under finance lease and hire purchase contracts	51	43
Trade creditors	2,852	2,529
Amounts owed to group undertakings	384	384
Corporation tax	1,894	152
Other taxes and social security costs	1,986	2,046
Other creditors	10,261	9,899
Accruals and deferred income	15,341	13,353
Fees billed in advance	4,921	4,073
	37,690	32,479

8 Creditors: amounts falling due after one year

	30 June 2014 £000	30 June 2013 £000
Loan notes	261,430	258,984

Total debt can be analysed as falling due:

	30 June 2014 £000	30 June 2013 £000
In one year or less		
Between one and two years (see note below)	-	-
Between two and five years	261,430	-
After five years	-	258,984
	261,430	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. 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 June 2014 £000	3 months ended 30 June 2013 £000
Operating profit	8,281	7,275
Depreciation	1,937	1,771
Profit / (loss) on disposal of fixed assets	(5)	(14)
Goodwill amortisation	693	883
Increase in debtors	(2,927)	(2,414)
Increase / (decrease) in creditors	635	(3,003)
Net cash inflow from operating activities	8,614	4,498

b Reconciliation of other items in the cash flow statement

	3 months ended 30 June 2014 £000	3 months ended 30 June 2013 £000
Returns on investments and servicing of finance		
Interest received	6	11
Interest paid	(107)	(118)
	(101)	(107)
Capital expenditure		
Payments to acquire tangible fixed assets	(3,778)	(3,226)
Receipts from sales of tangible fixed assets	5	14
	(3,773)	(3,212)
Acquisitions		
Acquisition	(1,866)	-
Net cash acquired with subsidiaries	908	-
	(958)	-
Financing		
Repayment of loans	(8,000)	-
Finance lease payments	(1)	(2)
	(8,001)	(2)

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

c Analysis of changes in net debt

	At 1 Apr 2014	Cash flows	Acquisition	Non-cash changes	At 30 June 2014
	£000	£000	£000	£000	£000
Cash at bank and in hand	14,746	(4,617)	908	-	11,037
Loan notes:					
Debt due within 1 year	-	8,000	-	-	8,000
Debt due after 1 year	(260,819)	-	-	(611)	(261,430)
Finance leases	(52)	1	-	-	(51)
	(260,871)	8,001	-	(611)	(253,481)
Net debt	(246,125)	3,384	908	(611)	(242,444)

Analysis of changes in net debt

	At 1 Apr 2013	Cash flows	Acquisition	Non-cash changes	At 30 June 2013
	£000	£000	£000	£000	£000
Cash at bank and in hand	15,828	734	-	-	16,562
Bank loans:					
Debt due within 1 year	-	-	-	-	-
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)

10 Post balance sheet event

On 6th August 2014 a consortium of Partners Group and Duke Street announced the acquisition of Voyage Holdings Limited. The transaction is expected to complete on 8th September 2014.

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
Wall Island
Birmingham Road
Lichfield
Staffordshire
WS14 0QP