Voyage BidCo Limited

Results for the three and six month period ended 30 September 2016

Voyage Care BondCo PLC

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

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

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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 Care HoldCo Limited (previously Viking HoldCo Limited). In this annual report, ''Issuer'' refers only to Voyage Care BondCo PLC. In this annual report, ''we'', ''us'', ''our'' and the ''Group'' refer to Voyage Care HoldCo 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 annual report.

Executive Summary

Financial highlights

The table below summarises financial information (unaudited) for the three months ended 30 September:

£ million	Q2 2017	Q2 2016
Revenue	53.2	51.4
EBITDA (before non-underlying items)	10.1	10.6
Operating profit	3.8	7.8
Profit for the period	0.0	2.6
Operating cash flow	8.0	9.2

Commentary on results

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

Performance during Q2 2017 vs. Q2 2016

- Revenue increased 3.5% to £53.2 million primary due to growth in our Supported Living and Outreach business.
- EBITDA before non-underlying items decreased 4.7% to £10.1 million primarily due to increases in staff costs.
- CQC quality scores remain very high with 91.7% of services achieving a Good or Outstanding score.
- Occupancy at 89.8% (additional 105 places since Q2 2016).

Recent developments

- UK Autumn Statement – Philip Hammond's statement on 23 November 2016 made no reference to social care or NHS funding, despite significant press coverage. The 2% Local Authority precept funding can be applied again from 1 April 2017 compounding the available funds for social care. In addition, the Better Care Fund remains an available source of funding in 2017.
- Article 50 and Brexit – Until the exit terms of Brexit are known and when Article 50 is triggered there is limited impact on our business. Less than 5% of our workforce is comprised of non-UK EU nationals so presents limited risk.

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 3,003 people as at 30 September 2016, comprising 2,537 through our residential segment and a further 466 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 £1,485 per person for the twelve months ended 30 September 2016.

- 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. Quality scores remains high, with 91.7% of services inspected achieving a rating of Good or Outstanding following inspection. In Wales and Scotland, all of our services are 'compliant' with their respective inspection regimes.

- With approximately 8,600 staff, we strive to meet the requirements of each person we support 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 larger 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 273 registered homes as at 30 September 2016. We hold the freehold interest in 239 of our registered homes and 2 of our registered homes are held on a long leasehold basis (each with a lease period of over 35 years remaining), collectively representing 90.7% of our registered homes by number of beds. At 30 September 2016 we had 2,074 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 September 2016, we provided services in 218 Communal Supported Living locations with 763 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 residential services have a combined 2,837 beds, with an average of 6 beds per residential service, providing a personal 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. At 30 September 2016, the outreach division delivered approximately 12,500 hours of care per week, providing bespoke services to approximately 466 individuals, with support averaging approximately 27 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 and six month period ended 30 September 2016 ("Q2 2017") and 30 September 2015 ("Q2 2016"), and the financial year ending 31 March 2016 ("FYE 2016") prepared in accordance with IFRS, and accompanying notes.

Other financial measures

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

- ''cash conversion'' means EBITDA before non-underlying items less maintenance capital expenditure divided by EBITDA before non-underlying items;
- ''EBITDA'' means earnings before interest, tax, depreciation (including profit and loss on disposal of non-current assets) and amortisation;
- ''EBITDA before non-underlying items'' means EBITDA as adjusted to remove the effects of certain non-underlying charges;
- ''EBITDA margin'' means EBITDA divided by revenue;
- ''EBITDAR'' means EBITDA before rent expense;
- ''EBITDAR margin'' means EBITDA before rent expense divided by revenue;
- ''EBITDAR before non-underlying items'' means EBITDA before non-underlying items and before rent expense; and
- ''Unit EBITDA before non-underlying items'' means EBITDA before non-underlying items and 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 non-underlying items, EBITDAR before non-underlying items and Unit EBITDA before non-underlying 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-IFRS Metrics in this annual 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-IFRS Metrics reported by us to such metrics or other similar metrics as reported by other companies. None of our Non-IFRS Metrics is a measurement of performance under IFRS and you should not consider those measures as an alternative to net income or operating profit determined in accordance with IFRS, as the case may be. The Non-IFRS 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-IFRS 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 annual report as at the end of the relevant period unless otherwise stated.

Outreach placements

Outreach placements are presented in this annual report as at the end of the relevant period unless otherwise stated.

Occupancy

Occupancy presented in this annual report represents the total number of beds occupied in our registered and communal supported living divisions as at the end of the relevant period unless otherwise stated.

Occupancy rates

Occupancy rates presented in this annual 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.

Adjustments

Certain numerical information and other amounts and percentages presented in this 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

Revenue

Our revenue 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:

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FYE 2016
Registered	2,078	2,130	2,077	2,131	2,101
Communal Supported Living	741	578	715	569	615
Residential	**2,819**	**2,708**	**2,791**	**2,700**	**2,716**
Outreach placements	469	573	485	613	568
Total	**3,288**	**3,281**	**3,276**	**3,312**	**3,284**

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:

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FYE 2016
Registered	90.1%	89.7%	90.3%	89.8%	89.8%
Communal Supported Living	89.1%	89.5%	89.7%	90.3%	89.9%
Residential	**89.8%**	**89.6%**	**90.1%**	**89.9%**	**89.8%**

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 September		FYE
		2016	2015	2016
Registered	£wk	1,573	1,548	1,558
Communal Supported Living	£wk	1,209	1,223	1,202
Residential	**£wk**	**1,485**	**1,482**	**1,477**
Outreach	£hr	15.69	15.18	15.56

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, service managers, regional management teams and central 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;
- increases in the national minimum wage and national living wage (both to be increased together from April 2017);
- increases in wage rates for staff in other service industries (with which we compete for staff);
- 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; and
- bonus schemes, being annual and other schemes operating at any one time.

		Q2 2017	Q2 2016	YTD 2017	YTD 2016	FYE 2016
Staff Costs *	£m	34.1	31.9	68.1	63.8	127.2
% Revenue		64.1%	62.1%	64.5%	62.1%	62.4%
% Operating costs **		78.9%	78.4%	79.2%	78.1%	78.2%

		Q2 2017	Q2 2016	YTD 2017	YTD 2016	FYE 2016
Staff Costs (excluding central overheads) *	£m	31.1	29.2	62.2	58.5	116.2
% Revenue		58.5%	56.8%	58.9%	56.9%	57.0%
% Operating costs **		72.0%	71.7%	72.3%	71.6%	71.5%

** Staff costs stated before non-underlying items*
*** Excludes depreciation and impairment of property, plant and equipment, profit/loss on disposals of non-current assets, goodwill amortisation, interest and taxation*

Other operating costs (in addition to staff costs)

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

Consolidated statement of profit & loss

£ million	Q2 2017	Q2 2016	% Change	YTD 2017	YTD 2016	% Change	FYE 2016
Revenue	**53.2**	**51.4**	**3.5%**	**105.6**	**102.8**	**2.7%**	**203.9**
Staff costs	(34.1)	(31.9)	(6.9%)	(68.1)	(63.8)	(6.7%)	(127.2)
Direct expenses & consumables	(1.9)	(1.9)	(0.0%)	(3.8)	(3.9)	2.6%	(7.7)
Property lease rentals	(0.8)	(0.8)	(0.0%)	(1.7)	(1.7)	(0.0%)	(3.3)
Other lease rentals	(0.4)	(0.5)	20.0%	(0.8)	(1.0)	20.0%	(1.9)
Other external charges	(5.9)	(5.6)	(5.4%)	(11.6)	(11.4)	(1.8%)	(22.5)
EBITDA before non-underlying items	**10.1**	**10.6**	**(4.7%)**	**19.6**	**21.1**	**(7.1%)**	**41.3**
Non-underlying items	(0.4)	(0.3)	(33.3%)	(0.5)	(0.4)	(25.0%)	(4.5)
EBITDA	9.7	10.4	(6.7%)	19.1	20.7	(7.7%)	36.7
Depreciation & impairment of property, plant and equipment	(5.8)	(2.3)	nm	(8.2)	(4.6)	(78.3%)	(10.8)
Profit on disposal of non-current assets	0.1	0.0	nm	0.2	0.0	Nm	0.3
Impairment of goodwill	0.0	0.0	nm	0.0	0.0	Nm	(8.6)
Amortisation of intangible assets	(0.2)	(0.3)	33.3%	(0.4)	(0.5)	20%	(1.0)
Operating profit	**3.8**	**7.8**	**(51.3%)**	**10.6**	**15.7**	**(32.5%)**	**16.7**
Finance income	0.1	0.0	nm	0.1	0.1	(0.0%)	0.1
Finance expense	(5.9)	(5.9)	(0.0%)	(11.8)	(11.8)	(0.0%)	(24.2)
(Loss) / profit before taxation	**(2.0)**	**1.9**	**nm**	**(1.1)**	**3.9**	**nm**	**(7.5)**
Taxation	2.1	0.7	nm	1.8	0.4	nm	2.6
Profit for the period	**0.0**	**2.6**	**nm**	**0.8**	**4.3**	**(81.4%)**	**(4.9)**
Other financial metrics							
Staff costs (excluding central overheads)	31.1	29.2	(6.5%)	62.2	58.5	(6.3%)	116.2
Overhead expenses & bonus	4.3	3.8	(13.2%)	8.5	7.5	(13.3%)	16.1
Unit EBITDA before non-underlying items	14.4	14.5	(0.7%)	28.1	28.6	(1.7%)	57.4
EBITDA before non-underlying items margin %	19.0%	20.6%	(1.6%)	18.6%	20.5%	(1.9%)	20.3%
EBITDA margin %	18.2%	20.2%	(2.0%)	18.1%	20.1%	(2.0%)	18.0%
EBITDAR	10.5	11.2	(6.3%)	20.8	22.4	(7.1%)	40.1
EBITDAR margin %	19.7%	21.8%	(2.1%)	19.7%	21.8%	(2.1%)	19.7%
EBITDAR before non-underlying items	10.9	11.5	(5.2%)	21.3	22.8	(6.6%)	44.6
EBITDAR before non-underlying items margin %	20.5%	22.4%	(1.9%)	20.2%	22.2%	(2.0%)	21.9%

* Amounts stated in Q2 2017, Q2 2016, YTD 2017 and YTD 2016 above are unaudited.

Revenue

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

- For Q2 2017 revenue increased by £1.8 million, or 3.5% to £53.2 million from £51.4 million for Q2 2016, primarily due to the growth in our Supported Living and Outreach business and fee inflation, partially offset by the loss of revenue due to services that have now closed.

- For YTD 2017 revenue increased by £2.8 million, or 2.7% to £105.6 million from £102.8 million for YTD 2016, primarily due to the growth in our Supported Living and Outreach business and fee inflation, partially offset by the loss of revenue due to services that have now closed.

Staff costs

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

- Staff costs (excluding overheads) for Q2 2017 increased by £1.9 million, or 6.5% to £31.1 million (which represented 58.5% of revenue) from £29.2 million (which represented 56.8% of revenue) for Q2 2016, primarily due to increases in staff costs as a result of National Minimum Wage (October 2015), National Living Wage (April 2016) and associated staff costs due to the growth in our Supported Living and Outreach business.

Staff costs - continued

- Staff costs (excluding overheads) for YTD 2017 increased by £3.7 million, or 6.3% to £62.2 million (which represented 58.9% of revenue) from £58.5 million (which represented 56.9% of revenue) for YTD 2016, primarily due to increases in staff costs as a result of National Minimum Wage (October 2015), National Living Wage (April 2016), certain discretionary pay rises and associated staff costs due to the growth in our Supported Living and Outreach business.

Direct expenses and consumables

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

- For Q2 2017 direct expenses and consumables remained constant at £1.9 million when compared to Q2 2016.

- For YTD 2017 direct expenses and consumables reduced by £0.1 million, or 2.6% to £3.8 million from £3.9 million for Q2 2016.

Property lease rentals

Property lease rentals consist primarily of leases on registered and communal supported living care homes. At 30 September 2016, we had 40 short-term leases, consisting of 31 registered care homes and 9 communal supported living properties. In addition, 2 of our registered homes were held on a long leasehold basis (each with a lease period of over 35 years remaining). At 30 September 2016, 12.1% of our registered care homes and 4.1% of our communal supported living care homes were held under operating leases.

- For Q2 2017 property lease rentals remained constant at £0.8 million when compared to Q2 2016.

- For YTD 2017 property lease rentals remained constant at £1.7 million when compared to YTD 2016.

Other lease rentals

Other lease rentals consist primarily of motor vehicle leases. We currently lease approximately 300 vehicles, which are primarily used to transport the people we support.

- For Q2 2017 other lease rentals reduced by £0.1 million to £0.4 million from £0.5 million for Q2 2016, primarily due to the replacement of leased vehicles at the end of the agreements with purchased vehicles.

- For YTD 2017 other lease rentals reduced by £0.2 million to £0.8 million from £1.0 million for YTD 2016, primarily due to the replacement of leased vehicles at the end of the agreements with purchased vehicles.

Other external charges

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

- For Q2 2017 other external charges increased by £0.3 million, or 5.4% to £5.9 million from £5.6 million for Q2 2016, primarily due to increased spend on external agency and professional fees.

- For YTD 2017 other external charges increased by £0.2 million, or 1.8% to £11.6 million from £11.4 million for YTD 2016, primarily due to increased spend on external agency and professional fees.

EBITDA and EBITDA before non-underlying items

EBITDA is not a recognised performance measure under IFRS 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 non-underlying items

EBITDA before non-underlying items consists of EBITDA as adjusted to remove the effects of certain non-underlying charges.

- For Q2 2017 EBITDA before non-underlying items reduced by £0.5 million, or 4.7% to £10.1 million from £10.6 million for Q2 2016. This reduction is primarily attributable to the increase in staff costs as a result of National Minimum Wage (October 2015), National Living Wage (April 2016) and increased spend on external agency. This has been partially offset by the extra contribution generated from the growth in our Supported Living and Outreach business.

EBITDA and EBITDA before non-underlying items - continued

- For YTD 2017 EBITDA before non-underlying items reduced by £1.5 million, or 7.1% to £19.6 million from £21.1 million for YTD 2016. This reduction is primarily attributable to an increase in staff costs as a result of National Minimum Wage (October 2015), National Living Wage (April 2016), certain discretionary pay rises and increased spend on external agency. This reduction was partially offset by the extra contribution generated from the growth in our Supported Living and Outreach business.

Non-underlying items

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

- For Q2 2017 non-underlying items increased by £0.1 million to £0.4 million from £0.3 million for Q2 2016, primarily due to the group incurring costs in relation to restructuring its workforce.

- For YTD 2017 non-underlying items increased by £0.1 million to £0.5 million from £0.4 million for YTD 2016, primarily due to the group incurring costs in relation to restructuring its workforce.

EBITDA

- For Q2 2017 EBITDA reduced by £0.7 million, or 6.7% to £9.7 million from £10.4 million for Q2 2016. This reduction is primarily attributable to the reduction in EBITDA before non-underlying items and increased expenditure on non-underlying items.

- For YTD 2017 EBITDA reduced by £1.6 million, or 7.7% to £19.1 million from £20.7 million for YTD 2016. This reduction is primarily attributable to the reduction in EBITDA before non-underlying items and increased expenditure on non-underlying items.

Depreciation and impairment of property, plant and equipment

Depreciation and impairment of property, plant and equipment comprises the write off of the cost of property, plant and equipment to their residual value over their estimated useful life. Non-current assets once classified as held for sale are not depreciated or amortised, and are stated at the lower of previous carrying value and fair value.

- For Q1 2017 depreciation and impairment of property plant and equipment increased by £3.5 million to £5.8 million from £2.3 million for Q2 2016, the increase was primarily attributable to the impairment of two properties as a result of our decision to close such properties.

- For YTD 2017 depreciation and impairment of property plant and equipment increased by £3.6 million to £8.2 million from £4.6 million for YTD 2016, the increase was primarily attributable to the impairment of two properties as a result of our decision to close such properties.

Profit on disposal of non-current assets

Profit on disposal of non-current assets represents the difference between the net disposal proceeds received and the net book value of non-current assets at the time of disposal.

- For Q2 2017 the profit on the disposal of non-current assets was £0.1 million (Q2 2016: £Nil).

- For YTD 2017 the profit on the disposal of non-current assets was £0.2 million (YTD 2016: £Nil).

Impairment of goodwill

Goodwill is reviewed for impairment on an annual basis or more frequently if there are indications that goodwill might be impaired. Goodwill acquired in a business combination is allocated to cash generating units (CGUs) that are expected to benefit from that business combination.

- There was no impairment of goodwill in either Q2 2017 or Q2 2016.

- There was no impairment of goodwill in either YTD 2017 or YTD 2016.

Amortisation of intangible assets

Intangible assets arose as a result of a number of acquisitions in the year ending 31 March 2015. Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The carrying amounts of intangible assets are reviewed annually to determine whether the assets have suffered an impairment loss.

Amortisation of intangible assets - continued

- For Q2 2017 amortisation of intangible assets reduced by £0.1 million to £0.2 million from £0.3 million for Q2 2016.
- For YTD 2017 amortisation of intangible assets reduced by £0.1 million to £0.4 million from £0.5 million for YTD 2016.

Operating profit

Operating profit consists of earnings before interest and taxation.

- For Q2 2017 operating profit reduced by £4.0 million, or 51.3% to £3.8 million from £7.8 million for Q2 2016. This reduction is primarily due to the impairment of two properties as a result of our decision to close such properties and a reduction in EBITDA.
- For YTD 2017 operating profit reduced by £5.1 million, or 32.5% to £10.6 million from £15.7 million for YTD 2016. This reduction is primarily due to the impairment of two properties as a result of our decision to close such properties and a reduction in EBITDA.

Finance income

Finance income consists of interest received on current account and deposit account balances.

- For Q2 2017 interest receivable and other income increased by £14,000 to £50,000 from £36,000 for Q2 2016.
- For YTD 2017 interest receivable and other income remained constant at £0.1 million when compared to YTD 2016.

Finance expenses

Finance expenses on bank loans primarily consist of interest payable and fees relating to the Senior Secured Notes and Second Lien Notes (the "Senior Facilities"), as well as other finance costs including the interest on the Revolving Credit Facility.

- For Q2 2017 interest payable and similar charges on bank loans remained constant at £5.9 million when compared to Q2 2016.
- For YTD 2017 interest payable and similar charges on bank loans remained constant at £11.8 million when compared to YTD 2016.

(Loss) / profit before taxation

(Loss) / profit before taxation represents the result of the statement of profit and loss before provision for taxation.

- For Q2 2017 profit before taxation reduced by £3.9 million to a loss of £2.0 million from a profit of £1.9 million for Q2 2016. This reduction is primarily due to the impairment of two properties as a result of our decision to close such properties and a reduction in EBITDA.
- For YTD 2017 profit before taxation reduced by £5.0 million to a loss of £1.1 million from a profit of £3.9 million for YTD 2016. This reduction is primarily due to the impairment of two properties as a result of our decision to close such properties and a reduction in EBITDA.

Taxation

Taxation is based on the (loss) / profit for the year and takes into account deferred taxation movements.

- For Q2 2017 a taxation credit of £2.1 million was recognised compared to taxation credit of £0.7 million for Q2 2016. This increase is primarily attributable to a new tax rate of 17%, substantively enacted on 26 September, which has been applied to deferred tax balances.
- For YTD 2017 a taxation credit of £1.8 million was recognised compared to taxation credit of £0.4 million for YTD 2016. This increase is primarily attributable to a new tax rate of 17%, substantively enacted on 26 September, which has been applied to deferred tax balances.

Profit for the period

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

- For Q2 2017 the profit for the period reduced by £2.6 million to £Nil million from £2.6 million for Q2 2016, this reduction is primarily due to the impairment of two properties as a result of our decision to close such properties and a reduction in EBITDA. This reduction was partially offset by an increased taxation credit in relation to a new tax rate substantively enacted on 26 September 2016.

- For YTD 2017 the profit for the period reduced by £3.5 million to £0.8 million from £4.3 million for YTD 2016, this reduction is primarily due to the impairment of two properties as a result of our decision to close such properties and a reduction in EBITDA. This reduction was partially offset by an increased taxation credit in relation to a new tax rate substantively enacted on 26 September 2016.

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 are sufficient to meet our requirements and commitments for the coming year.

At 30 September 2016 and 30 September 2015, our cash balances were £18.4 million and £13.0 million, respectively.

Net bank debt as at 30 September 2016 was £254.4 million, comprising £272.0 million of borrowings under the Senior Secured Notes and Second Lien Notes, no borrowings under the Revolving Credit Facility, £18.4 million of cash and £0.3 million of unamortised original issue discount on the Second Lien Notes. Within the £18.4 million cash balance is £1.1 million of restricted cash which is excluded from cash for the purposes of calculating the net debt.

Net bank debt as at 30 September 2015 was £262.5 million, comprising £272.0 million of borrowings under the Senior Secured Notes and Second Lien Notes, £1.5 million borrowing under the Revolving Credit Facility, £13.0 million of cash and £0.4 million of unamortised original issue discount on the Second Lien Notes. Within the £13.0 million cash balance is £2.4 million of restricted cash and deferred consideration which is excluded from cash for the purposes of calculating the net debt.

Consolidated statement of cash flow

£ million	**Q2 2017**	**Q2 2016**	**% Change**	**YTD 2017**	**YTD 2016**	**% Change**	**FYE Mar 2016**
EBITDA before non-underlying items	10.1	10.6	(4.7%)	19.6	21.1	(7.1%)	41.3
Maintenance capex	(2.1)	(1.4)	50.0%	(3.7)	(3.3)	12.1%	(7.5)
Operating cash flow	**8.0**	**9.2**	**(13.0%)**	**15.8**	**17.8**	**(11.2%)**	**33.8**
Cash conversion %	*79.2%*	*86.4%*	*(7.2%)*	*80.9%*	*84.5%*	*(3.6%)*	*81.8%*
Non-underlying items (1)	(0.4)	(0.1)	nm	(0.5)	(0.2)	150.0%	(4.5)
Working capital	(0.3)	(0.4)	(25.0%)	(3.0)	(2.3)	30.4%	5.2
Capital expenditure (2)	(0.8)	(1.0)	(20.0%)	(1.2)	(3.6)	(66.7%)	(5.1)
Interest	(10.1)	(10.1)	0.0%	(10.3)	(10.3)	0.0%	(20.9)
Taxation	0.2	0.0	nm	0.2	(0.1)	nm	(0.4)
FCF before acquisitions and financing	**(3.5)**	**(2.5)**	**40.0%**	**1.0**	**1.2**	**(16.7%)**	**8.1**
Acquisition (3)	0.0	0.0	nm	(0.2)	0.0	nm	(0.9)
Acquisition integration costs	0.0	(0.1)	nm	0.0	(0.1)	nm	(0.1)
FCF before financing	**(3.5)**	**(2.6)**	**32.5%**	**0.7**	**1.0**	**(28.8%)**	**7.2**
Net cash flow generated / (used in) financing activities	0.0	1.5	nm	0.0	(3.5)	nm	(5.0)
Movement in cash for the period	**(3.5)**	**(1.1)**	**nm**	**0.7**	**(2.5)**	**nm**	**2.2**
Opening cash and cash equivalents	21.9	14.1	55.3%	17.7	15.5	14.2%	15.5
Closing cash and cash equivalents	**18.4**	**13.0**	**41.5%**	**18.4**	**13.0**	**41.5%**	**17.7**
Other financial metrics							
Development capex (£m)	0.8	0.4	nm	1.2	0.8	54.3%	1.8
Maintenance capex, excluding IT spend (£m)	1.8	1.4	27.3%	3.3	3.3	12.1%	6.9
Maintenance capex, excluding IT spend (% revenue)	3.3%	2.8%	0.6%	3.1%	3.2%	0.3%	3.4%
Maintenance capex, excluding IT spend (£k pa per residential bed)	2.8	2.4	22.0%	2.6	2.7	8.2%	2.8

* Amounts stated in Q2 2017, Q2 2016, YTD 2017 and YTD 2016 above are unaudited.

(1) Excludes cash flows in relation to acquisition integration costs

(2) Net of disposal proceeds and includes development capital expenditure and capital expenditure with respect to supporting our head office function. Excludes cash flows in relation to acquisition capital expenditure

(3) Includes net overdraft acquired with subsidiaries

Operating cash flow

- For Q2 2017 our operating cash flow reduced by £1.2 million, or 13.0% to £8.0 million from £9.2 million for Q2 2016. The reduction is due to a £0.7 million increase in maintenance capex and a £0.5 million reduction in EBITDA before non-underlying items.
- For YTD 2017 our operating cash flow reduced by £2.0 million, or 11.2% to £15.8 million from £17.8 million for YTD 2016. The reduction is as a result of a £1.5 million reduction in EBITDA before non-underlying items and a £0.5 million increase in spend on maintenance capex.

Non-underlying items

- For Q2 2017 non-underlying items increased by £0.3 million to £0.4 million from £0.1 million.
- For YTD 2017 non-underlying items increased by £0.3 million to £0.5 million from £0.2 million.

Working capital

- For Q2 2017 our working capital outflow reduced by £0.1 million to £0.3 million from £0.4 million for Q2 2016.
- For YTD 2017 our working capital outflow increased by £0.7 million to £3.0 million from £2.3 million for YTD 2016. The movement in working capital is primarily attributable to higher spend on staff costs and unfavourable movements in trade payables, partially offset by favourable movements in trade receivables.

Capital expenditure

- For Q2 2017 our capital expenditure reduced by £0.2 million, to £0.8 million from £1.0 million for Q2 2016. The movement in spend is primarily due to Q2 2017 benefitting from £0.1 million disposal proceeds.
- For YTD 2017 our capital expenditure reduced by £2.4 million, to £1.2 million from £3.6 million for YTD 2016. The movement in spend is primarily due to YTD 2017 benefiting from £0.8 million disposal proceeds and YTD 2016 including the purchase of a site for £1.1 million.

Capital expenditure primarily comprises build costs and other professional expenses in connection with new builds, conversions of existing properties, and the purchase of motor vehicles. Maintenance capital expenditure (which is recorded separately) primarily comprises purchases of new replacement equipment and fixtures. Our future capital (development) expenditure amounts will be discretionary, and we may adjust in any period according to our strategy to continue to selectively expand capacity and evaluate opportunities that enhance our profitability. We intend to finance all of our projected capital expenditure through a combination of cash flows from operations and borrowings under our Revolving Credit Facility where necessary.

Interest

- For Q2 2017 our interest costs remained constant at £10.1 million when compared to Q2 2016.
- For YTD 2017 our interest costs remained constant at £10.3 million when compared to YTD 2016.

Taxation

- For Q2 2017 we were repaid £0.2 million in relation to corporation tax payments made on account for the financial year 31 March 2016 (Q2 2016: £Nil).
- For YTD 2017 we were repaid £0.2 million in relation to corporation tax payments made on account for the financial year 31 March 2016. For YTD 2016 we settled £0.1 million in relation to corporation tax due on certain acquisitions.

Acquisition

- For Q2 2017 there was £Nil outlay on acquisitions (Q2 2016: £Nil).
- For YTD 2017 we paid £0.2 million deferred consideration in relation to Primary Care acquired in June 2014 (YTD 2016: £Nil).

Net cash flow generated / (used in) financing activities

- For Q2 2017 our net cash flow generated / (used in) financing activities was £Nil million compared to a £1.5 million inflow for Q2 2016 due to movements on the RCF facility.
- For YTD 2017 our net cash flow generated / (used in) financing activities was £Nil million compared to a £3.5 million outflow for YTD 2016 due to movements on the RCF facility.

Consolidated statement of financial position

£ million	Sep-16	Sep-15	% Change
	(unaudited)		
Non-current assets	397.9	411.6	(3.3%)
Current assets			
Trade receivables, other receivables, prepayments **	18.1	18.3	(1.1%)
Cash at bank and in hand	18.4	13.0	41.7%
Assets classified as held for sale	1.8	1.1	64.5%
Total assets	**436.3**	**444.0**	**1.8%**
Non-current liabilities			
Loan notes ***	266.5	263.9	(1.0%)
Tax liabilities	12.2	16.3	25.0%
Accruals and deferred income	3.7	3.9	5.2%
Provisions for liabilities and charges	2.8	3.0	4.2%
Current liabilities **	40.4	37.8	(6.7%)
Equity	110.7	119.2	7.1%
Total equity and liabilities	**436.3**	**444.0**	**1.8%**

* Amounts stated in September 2016 and September 2015 above are unaudited.

*** Receivables in September 2016 include £0.6 million of intercompany loans (September 2015: £0.3 million), and current liabilities in September 2016 include £2.1 million of intercompany loans (September 2015: £2.1 million).*

**** Loan notes include unamortised issue costs and original issue discount of £5.5 million (September 2015: £8.1 million).*

Key Business Divisions

£ million	Revenue Q2 2017	Revenue Q2 2016	% Change	Revenue YTD 2017	Revenue YTD 2016	% Change
Registered	39.0	38.5	1.3%	77.4	76.9	0.7%
Communal Supported Living	10.5	8.0	31.3%	20.5	16.0	28.1%
Residential	49.4	46.5	6.2%	97.9	93.0	5.3%
Outreach	2.7	3.8	(28.9%)	5.6	7.7	(27.3%)
Daycare	1.1	1.1	nm	2.1	2.2	(4.5%)
Total	**53.2**	**51.4**	**3.5%**	**105.6**	**102.8**	**2.7%**

Other financial metrics	Q2 2017	Q2 2016	Change	YTD 2017	YTD 2016	Change
Average residential occupancy	2,532	2,428	104	2,516	2,428	88
Average residential occupancy %	89.8%	89.6%	0.2%	90.1%	89.9%	0.2%
Average weekly outreach invoiced hours *	12,800	18,400	(5,600)	13,700	19,100	(5,400)
Average weekly outreach invoiced hours **	12,500	14,300	(1,800)	13,000	14,700	(1,700)

** The amounts stated are before any reclassification between Outreach (weekly invoiced hours) and Supporting Living (occupancy)*
*** The amounts stated are after any reclassification between Outreach (weekly invoiced hours) and Supported Living (occupancy)*

Voyage BidCo Limited

Condensed consolidated financial statements (unaudited)

Registered number 05752534

For the 3 and 6 month period ended 30 September 2016

Voyage BidCo Limited
Condensed consolidated financial statements (unaudited)
for the 3 and 6 month period ended 30 September 2016

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Voyage BidCo Limited
Condensed consolidated statement of profit and loss (unaudited)
for the 3 and 6 month period ended 30 September 2016

	Notes	3 months ended 30 September 2016			3 months ended 30 September 2015 (3)		
		Underlying items	Non-underlying items (2)	Total	Underlying items	Non-underlying items (2)	Total
		£000	£000	£000	£000	£000	£000
Continuing operations							
Revenue		53,249	-	53,249	51,366	-	51,366
Operating expenses	5	(45,863)	(3,597)	(49,460)	(43,304)	(257)	(43,561)
EBITDA (1)		10,068	(392)	9,676	10,643	(257)	10,386
Depreciation and impairment of property, plant and equipment		(2,553)	(3,205)	(5,758)	(2,323)	-	(2,323)
Profit on disposal of non-current assets		86	-	86	1	-	1
Amortisation of intangible assets		(215)	-	(215)	(259)	-	(259)
Operating profit		7,386	(3,597)	3,789	8,062	(257)	7,805
Finance income	6	50	-	50	36	-	36
Finance expense	7	(5,879)	-	(5,879)	(5,891)	-	(5,891)
Profit before taxation		1,557	(3,597)	(2,040)	2,207	(257)	1,950
Taxation	8	1,575	484	2,059	665	-	665
Profit for the period from continuing operations		3,132	(3,113)	19	2,872	(257)	2,615
Profit attributable to equity holders of the parent		3,132	(3,113)	19	2,872	(257)	2,615

	Notes	6 months ended 30 September 2016			6 months ended 30 September 2015 (3)		
		Underlying items	Non-underlying items (2)	Total	Underlying items	Non-underlying items (2)	Total
		£000	£000	£000	£000	£000	£000
Continuing operations							
Revenue		105,627	-	105,627	102,842	-	102,842
Operating expenses	5	(91,342)	(3,681)	(95,023)	(86,831)	(334)	(87,165)
EBITDA (1)		19,595	(476)	19,119	21,105	(380)	20,725
Depreciation and impairment of property, plant and equipment		(5,046)	(3,205)	(8,251)	(4,577)	-	(4,577)
Profit on disposal of non-current assets		185	-	185	10	-	10
Release of negative goodwill		-	-	-	-	46	46
Amortisation of intangible assets		(449)	-	(449)	(527)	-	(527)
Operating profit		14,285	(3,681)	10,604	16,011	(334)	15,677
Finance income	6	71	-	71	55	-	55
Finance expense	7	(11,757)	-	(11,757)	(11,824)	-	(11,824)
(Loss) / profit before taxation		2,599	(3,681)	(1,082)	4,242	(334)	3,908
Taxation	8	1,355	484	1,839	412	-	412
Profit for the period from continuing operations		3,954	(3,197)	757	4,654	(334)	4,320
Profit attributable to equity holders of the parent		3,954	(3,197)	757	4,654	(334)	4,320

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

(2) Further breakdown of non-underlying items analysed in note 4.

(3) Restated - Refer to accounting policies

Voyage BidCo Limited
Condensed consolidated statement of other comprehensive income (unaudited)
for the 3 and 6 month period ended 30 September 2016

	3 months ended 30 September 2016 £000	3 months ended (1) 30 September 2015 £000
Profit attributable to equity holders of the parent	19	2,615
Items that will not be reclassified to profit and loss		
Remeasurements of the defined benefit liability	-	-
Total comprehensive income attributable to equity holders of the parent for the financial period	19	2,615

	6 months ended 30 September 2016 £000	6 months ended (1) 30 September 2015 £000
Profit attributable to equity holders of the parent	757	4,320
Items that will not be reclassified to profit and loss		
Remeasurements of the defined benefit liability	-	-
Total comprehensive income attributable to equity holders of the parent for the financial period	757	4,320

(1) Restated - Refer to accounting policies

Voyage BidCo Limited
Condensed consolidated statement of financial position (unaudited)
at 30 September 2016

	Notes	30 September 2016		30 September 2015 (1)		31 March 2016	
		£000	£000	£000	£000	£000	£000
Assets							
Non-current assets							
Goodwill	9	32,770		41,326		32,770	
Intangible assets	10	2,517		3,284		2,841	
Property, plant and equipment	11	362,654		367,037		365,459	
			397,941		**411,647**		**401,070**
Current assets							
Trade and other receivables		16,010		16,168		14,972	
Prepayments		2,073		2,089		1,062	
Corporation tax		-		31		302	
Cash at bank and in hand		18,434		13,006		17,695	
		36,517		31,294		34,031	
Assets classified as held for sale	12	1,813		1,102		2,435	
			38,330		**32,396**		**36,466**
Total assets			**436,271**		**444,043**		**437,536**
Liabilities							
Current liabilities							
Loans and borrowings	13	25		1,529		27	
Trade and other payables		21,810		19,816		22,317	
Accruals and deferred income		18,292		15,140		18,682	
Corporation tax		8		-		-	
Provisions	14	249		282		286	
Other financial liabilities	15	-		1,068		220	
			40,384		**37,835**		**41,532**
Non-current liabilities							
Loans and borrowings	13	266,465		263,931		265,135	
Deferred tax liabilities		12,203		16,274		14,189	
Provisions	14	2,837		2,962		2,833	
Employee benefits		211		277		211	
Accruals and deferred income		3,463		3,597		3,685	
			285,179		**287,041**		**286,053**
Total liabilities			**325,563**		**324,876**		**327,585**
Net assets			**110,708**		**119,167**		**109,951**
Equity							
Capital and reserves							
Issued share capital		-		-		-	
Share premium		224,872		224,872		224,872	
Retained earnings		(114,164)		(105,705)		(114,921)	
Total equity attributable to equity holders of the parent			**110,708**		**119,167**		**109,951**

(1) Restated - Refer to accounting policies

Company registered number: 05752534

Voyage BidCo Limited
Condensed consolidated statement of changes in equity (unaudited)

For the 3 month period ended 30 September 2016

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
	Attributable to equity holders of the parent			
At 1 July 2016	-	224,872	(114,183)	110,689
Total comprehensive income for the period				
Profit for the period	-	-	19	19
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	19	19
At 30 September 2016	**-**	**224,872**	**(114,164)**	**110,708**

For the 3 month period ended 30 September 2015 (restated)

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
	Attributable to equity holders of the parent			
At 1 July 2015	-	224,872	(108,320)	116,552
Total comprehensive income for the period				
Profit for the period	-	-	2,615	2,615
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	2,615	2,615
At 30 September 2015	**-**	**224,872**	**(105,705)**	**119,167**

For the 6 month period ended 30 September 2016

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
	Attributable to equity holders of the parent			
At 1 April 2016	-	224,872	(114,921)	109,951
Total comprehensive income for the period				
Profit for the period	-	-	757	757
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	757	757
At 30 September 2016	**-**	**224,872**	**(114,164)**	**110,708**

For the 6 month period ended 30 September 2015 (restated)

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
	Attributable to equity holders of the parent			
At 1 April 2015	-	224,872	(110,025)	114,847
Total comprehensive income for the period				
Profit for the period	-	-	4,320	4,320
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	4,320	4,320
At 30 September 2015	**-**	**224,872**	**(105,705)**	**119,167**

Voyage BidCo Limited
Condensed consolidated statement of cash flow (unaudited)
for the 3 and 6 month period ended 30 September 2016

	3 months ended 30 September 2016 £000	3 months ended (1) 30 September 2015 £000	6 months ended 30 September 2016 £000	6 months ended (1) 30 September 2015 £000
Cash flows from operating activities				
Profit for the period	19	2,615	757	4,320
Adjustments for:				
Depreciation and impairment of property, plant and equipment	5,758	2,323	8,251	4,577
Profit on disposal of non-current assets	(86)	(1)	(185)	(10)
Release of negative goodwill	-	-	-	(46)
Amortisation of intangible assets	215	259	449	527
Finance income	(50)	(36)	(71)	(55)
Finance expense	5,879	5,891	11,757	11,824
Taxation	(2,059)	(665)	(1,839)	(412)
Movements in working capital:				
Decrease / (increase) in trade and other receivables	1,939	(235)	(2,018)	(2,691)
(Decrease) / increase in trade and other payables	(569)	1,176	(507)	871
Decrease in accruals and deferred income	(1,639)	(1,177)	(427)	(358)
Decrease in provisions, employee benefits and other financial liabilities	(19)	(127)	(83)	(150)
Cash generated from operating activities	9,388	10,023	16,084	18,397
Interest paid	(10,126)	(10,156)	(10,331)	(10,362)
Tax received / (paid)	164	(26)	164	(145)
Net cash (used in) / generated from operating activities	**(574)**	**(159)**	**5,917**	**7,890**
Cash flows from investing activities				
Interest received	34	20	40	23
Payments to acquire property, plant and equipment	(2,961)	(2,467)	(5,716)	(6,855)
Payments to acquire intangible assets	(92)	(51)	(127)	(66)
Proceeds from sales of property, plant and equipment	36	37	55	51
Proceeds from sales of assets classified as held for sale	89	-	792	-
Net cash outflow on acquisition of subsidiaries	-	-	(220)	-
Net cash used in investing activities	**(2,894)**	**(2,461)**	**(5,176)**	**(6,847)**
Cash flows from financing activities				
Draw down / (repayment) of loans and borrowings	-	1,500	-	(3,500)
Payment of finance lease liabilities	(1)	(1)	(2)	(6)
Net cash (used in) / generated from financing activities	**(1)**	**1,499**	**(2)**	**(3,506)**
Net (decrease) / increase in cash and cash equivalents in the period	**(3,469)**	**(1,121)**	**739**	**(2,463)**
Cash and cash equivalents at the beginning of the period	21,903	14,127	17,695	15,469
Cash and cash equivalents at the end of the period	**18,434**	**13,006**	**18,434**	**13,006**

(1) Restated - Refer to accounting policies

Voyage BidCo Limited
Notes to the condensed consolidated financial statements (unaudited)
for the 3 and 6 month period ended 30 September 2016

1 Reporting entity

Voyage BidCo Limited (the company) is a company incorporated in England and Wales. Its parent and ultimate holding company is Voyage Care HoldCo Limited. The condensed consolidated financial statements consolidate those of the company and its subsidiaries (together referred to as the Group). The principal activity of the group is the provision of the high quality care and support services for people with learning disabilities, acquired brain injuries and other complex needs.

2 Accounting policies

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* . They do not include all of the financial information required for full annual financial statements.

The group has prepared the condensed consolidated financial statements in accordance with IFRS applicable for the 3 and 6 month period ended 30 September 2016, together with comparative period data for the 3 and 6 month period ended 30 September 2015.

The comparative data for the 3 and 6 month period ended 30 September 2015 has been restated to reflect IFRS's that were not adopted until year-end.

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 year ended 31 March 2016 are not the company's statutory accounts for that financial period. The statutory accounts for the company and the group for the year ended 31 March 2016 have been reported on by the company's auditors. 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 under the historical cost convention except for certain financial instruments which are stated at fair value through the statement of profit and loss. Non-current assets held for sale are stated at the lower of previous carrying value and fair value.

In preparing these condensed consolidated financial statements, management have made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses. Estimates and underlying assumptions are reviewed on an on-going basis and any revisions to these estimates are recognised in the period in which the estimates are revised and in any future period affected.

The accounting policies applied in these condensed consolidated financial statements is consistent with the statutory accounts for the company and the group for the year ended 31 March 2016. In addition, the risks and risk management techniques identified in the statutory accounts for the company and the group for the year ended 31 March 2016 should be referred to in connection with these condensed consolidated financial statements as they remain applicable.

Going concern

The Voyage Care HoldCo group, of which the company is a member, is funded through a combination of shareholders' funds, Unsecured Shareholder Loans, Senior Secured Notes and Second Lien Notes. The group has issued £222 million of 6.5% Senior Secured Notes due 2018 and £50 million of 11% Second Lien Notes due 2019. The group has a £37.5 million Revolving Credit Facility; the Revolving Credit Facility was undrawn at 30 September 2016.

The group's trading cash forecasts, which take into account reasonably possible changes in trading activities, show that the group will 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.

3 Operating segments

Information reported to senior management for the purposes of resource allocation and assessment of performance of each segment focuses on the type of care services provided by the group. The Voyage Care Group operates solely within the UK therefore no geographical segment reporting has been disclosed. The primary business segments stated below are based on the group's management and internal reporting structure.

- Registered: supporting individuals in our specially adapted homes; and
- Supporting living: supporting individuals in their own home promoting independence.

Other revenue and expenditure relates to those items not directly attributable to an operating segment.

The reported segmental information represents revenue and expenditure generated from external customers and external suppliers only. There were no inter-segment transactions reported during the 3 and 6 month period ended 30 September 2016 (3 and 6 month period ended 30 September 2015: £Nil).

3 Operating segments (continued)

For the 3 month period ended 30 September 2016	Continuing Operations				
	Registered £000	Supported Living £000	Total £000	Other £000	Group £000
Revenue	39,073	13,186	**52,259**	990	**53,249**
EBITDA (before non-underlying items)	**8,144**	**1,355**	**9,499**	**569**	**10,068**
Non-underlying items					(392)
EBITDA (after non-underlying items)					**9,676**
Depreciation of property, plant and equipment					(5,758)
Profit on disposal of non-current assets					86
Amortisation of intangible assets					(215)
Net finance expense					(5,829)
Taxation					2,059
Profit for the period					**19**

For the 3 month period ended 30 September 2015	Continuing Operations				
	Registered £000	Supported Living £000	Total £000	Other £000	Group £000
Revenue	38,516	11,979	**50,495**	871	**51,366**
EBITDA (before non-underlying items)	**8,545**	**1,866**	**10,411**	232	**10,643**
Non-underlying items					(257)
EBITDA (after non-underlying items)					**10,386**
Depreciation of property, plant and equipment					(2,323)
Profit on disposal of non-current assets					1
Amortisation of intangible assets					(259)
Net finance expense					(5,855)
Taxation					665
Profit for the period					**2,615**

For the 6 month period ended 30 September 2016	Continuing Operations				
	Registered £000	Supported Living £000	Total £000	Other £000	Group £000
Revenue	77,428	26,058	**103,486**	2,141	**105,627**
EBITDA (before non-underlying items)	**16,214**	**2,927**	**19,141**	**454**	**19,595**
Non-underlying items					(476)
EBITDA (after non-underlying items)					**19,119**
Depreciation of property, plant and equipment					(8,251)
Profit on disposal of non-current assets					185
Amortisation of intangible assets					(449)
Net finance expense					(11,686)
Taxation					1,839
Profit for the period					**757**

For the 6 month period ended 30 September 2015	Continuing Operations				
	Registered £000	Supported Living £000	Total £000	Other £000	Group £000
Revenue	77,134	24,098	**101,232**	1,610	**102,842**
EBITDA (before non-underlying items)	**17,350**	**4,168**	**21,518**	(413)	**21,105**
Non-underlying items					(380)
EBITDA (after non-underlying items)					**20,725**
Depreciation of property, plant and equipment					(4,577)
Profit on disposal of non-current assets					10
Release of negative goodwill					46
Amortisation of intangible assets					(527)
Net finance expense					(11,769)
Taxation					412
Profit for the period					**4,320**

4 Non-underlying items

The group separately identifies and discloses certain items, referred to as non-underlying items, by virtue of size, nature and occurrence. This is consistent with the way that financial performance is measured by senior management and assists in providing a meaningful analysis of operating results by excluding items that may not be part of the ordinary activity of the business.

The following table details the non-underlying items that have been incurred in the reporting periods:

		3 months ended 30 September 2016 £000	3 months ended 30 September 2015 £000	6 months ended 30 September 2016 £000	6 months ended 30 September 2015 £000
Continuing operations	**Notes**				
Non-underlying items:					
Restructuring costs	a	349	27	354	46
Acquisition and integration costs	b	41	101	44	196
Consultancy fees	c	2	129	78	138
Negative goodwill	d	-	-	-	(46)
Impairment of property, plant and equipment	e	3,205	-	3,205	-
Taxation	f	(484)	-	(484)	-
		3,113	257	3,197	334

The key elements of the expenditure for both periods are set out below:

(a) *Restructuring costs*
For the 3 and 6 month period ended 30 September 2016 the group incurred costs in relation to restructuring our workforce and as a result professional fees of £349,000 and 354,000, respectively, were incurred (3 and 6 month period ended 30 September 2015: £27,000 and £46,000, respectively).

(b) *Acquisition and integration costs*
For the 3 and 6 month period ended 30 September 2016, the group incurred transaction and integration costs of £41,000 and £44,000, respectively, in relation to certain acquisitions (3 and 6 month period ended 30 September 2015: £101,000 and £196,000, respectively).

(c) *Consultancy fees*
For the 3 and 6 month period ended 30 September 2016, the group incurred costs in relation to professional advice on group financing, National Living Wage and its Day Care business and as a result £2,000 and £78,000 consultancy fees were incurred (3 and 6 month period ended 30 September 2015: £129,000 and £138,000, respectively).

(d) *Negative goodwill*
The acquisition of the Redcliffe group resulted in negative goodwill due to the consideration being lower than the fair value of net assets. In accordance with IFRS 3, negative goodwill has been recognised in the statement of profit and loss.

(e) *Impairment of property, plant and equipment*
For the 3 and 6 month period ended 30 September 2016, the group elected to close two care homes and as a result an impairment charge of £3,205,000 was recognised (3 and 6 month period ended 30 September 2015: £Nil and £Nil, respectively).

(f) *Taxation*
For the 3 and 6 month period ended 30 September 2016, a deferred tax liability of £484,000 was released to the statement of profit and loss due to an impairment of property, plant and equipment, stated above (3 and 6 month period ended 30 September 2015: £Nil and £Nil, respectively).

5 Operating profit before taxation

Operating profit before taxation is stated after charging:

	3 months ended 30 September 2016 £000	3 months ended 30 September 2015 £000	6 months ended 30 September 2016 £000	6 months ended 30 September 2015 £000
Continuing operations				
Direct expenses and consumables	1,871	1,904	3,768	3,914
Staff costs:				
Wages and salaries	31,971	29,674	63,599	59,357
Social security costs	2,170	2,000	4,229	3,957
Other pension costs	307	235	639	474
Operating lease rentals:				
Other lease rentals	844	840	1,695	1,659
Plant and machinery	366	476	790	1,006
Depreciation and impairment of property, plant and equipment	5,758	2,323	8,251	4,577
Profit on disposal of non-current assets	(86)	(1)	(185)	(10)
Release of negative goodwill	-	-	-	(46)
Amortisation of intangible assets	215	259	449	527
Other external charges	6,044	5,851	11,788	11,750
	49,460	43,561	95,023	87,165

6 Finance income

	3 months ended 30 September 2016 £000	3 months ended 30 September 2015 £000	6 months ended 30 September 2016 £000	6 months ended 30 September 2015 £000
Continuing operations				
Bank interest receivable	50	36	71	55

7 Finance expense

	3 months ended 30 September 2016 £000	3 months ended 30 September 2015 £000	6 months ended 30 September 2016 £000	6 months ended 30 September 2015 £000
Continuing operations				
Bank interest including RCF non-utilisation fees	151	202	341	405
Loan notes interest	5,683	5,613	11,295	11,225
Unwinding of discount on onerous lease provision	45	76	96	150
Other finance costs	-	-	25	44
	5,879	5,891	11,757	11,824

Loan notes interest comprises loan notes interest of £4,982,000 and £9,965,000 for the 3 and 6 month period ended 30 September 2016, respectively (£4,982,000 and £9,964,000 for the 3 and 6 month period ended 30 September 2015, respectively) and amortisation of issue costs and original issue discount of £701,000 and £1,330,000 for the 3 and 6 month period ended 30 September 2016, respectively (£631,000 and £1,261,000 for the 3 and 6 month period ended 30 September 2015, respectively).

8 Taxation

The group's underlying consolidated effective tax rate in respect of continuing operations for the 3 and 6 month period ended 30 September 2016 is (101.2%) and (52.1%) respectively (3 and 6 month period ended 30 September 2015: (30.1%) and (9.7%) respectively). The movement between current and comparative effective tax rates is primarily attributable to a new tax rate of 17%, substantively enacted on 26 September 2016, which has been applied to deferred tax balances (2015: 20%).

The group's consolidated total effective tax rate in respect of continuing operations for the 3 and 6 month period ended 30 September 2016 is 100.9% and 170.0% respectively (3 and 6 month period ended 30 September 2015: (34.1%) and (10.5%) respectively. The movement between current and comparative tax rates is primarily attributable to a new tax rate of 17%, substantively enacted on 26 September 2016, which has been applied to deferred tax balances (2015: 20%) and a tax impact in relation to non-underlying items described in note 4.

The taxation is recognised based on management's best estimate of the weighted-average annual tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

9 Goodwill

	30 September 2016 £000	30 September 2015 £000	31 March 2016 £000
Cost			
Opening and closing cost	41,326	41,326	41,326
Accumulated impairment charge			
Opening impairment	8,556	-	-
Impairment charge	-	-	8,556
Closing impairment	8,556	-	8,556
Net book value			
Closing net book value	32,770	41,326	32,770
Opening net book value	32,770	41,326	41,326

10 Intangible assets

	30 September 2016 £000	30 September 2015 £000	31 March 2016 £000
Cost			
Opening cost	4,816	4,980	4,980
Additions	125	69	111
Disposals	-	-	(275)
Closing cost	4,941	5,049	4,816
Amortisation			
Opening amortisation	1,975	1,238	1,238
Provided during the period	449	527	1,012
On disposals	-	-	(275)
Closing amortisation	2,424	1,765	1,975
Net book value			
Closing net book value	2,517	3,284	2,841
Opening net book value	2,841	3,742	3,742

11 Property, plant and equipment	**30 September 2016 £000**	**30 September 2015 £000**	**31 March 2016 £000**
Cost			
Opening cost	457,112	453,515	453,515
Additions	5,486	7,233	14,021
Assets classified as held for sale	-	-	(7,379)
Disposals	(247)	(249)	(3,045)
Closing cost	462,351	460,499	457,112
Depreciation			
Opening depreciation	91,653	89,093	89,093
Charge for the period	5,046	4,577	9,644
Impairment	3,205	-	1,199
Assets classified as held for sale	-	-	(6,046)
Disposals	(207)	(208)	(2,237)
Closing depreciation	99,697	93,462	91,653
Net book value			
Closing net book value	362,654	367,037	365,459
Opening net book value	365,459	364,422	364,422

12 Non-current assets classified as held for sale

Management have committed to a plan to sell a number of properties through a sale transaction rather than through continuing operational use. Accordingly, the properties are being presented as assets held for sale. Efforts to sell the non-current assets have started and a sale is expected to be completed within one year from the date of classification.

As at 30 September 2016, the assets classified as held for sale are £1,813,000 (30 September 2015: £1,102,000 and 31 March 2016: £2,435,000).

13 Loans and borrowings	**30 September 2016 £000**	**30 September 2015 £000**	**31 March 2016 £000**
Obligations under finance lease and hire purchase contracts	25	29	27
Bank loans	-	1,500	-
Loan notes	266,465	263,931	265,135
	266,490	265,460	265,162

Loan notes include unamortised issue costs and original issue discount of £5,535,000 (30 September 2015: £8,069,000 and 31 March 2016: £6,865,000).

As at 30 September 2016 there was accrued interest of £3,312,000 (30 September 2015: £3,312,000 and 31 March 2016: £3,312,000) included within accruals disclosed within current liabilities in the statement of financial position but excluded from this note.

Total debt can be analysed as falling due:

	30 September 2016 £000	**30 September 2015 £000**	**31 March 2016 £000**
In one year or less	25	1,529	27
Between one and five years	266,465	263,931	265,135
	266,490	265,460	265,162

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 £37.5 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	**Currency**	**Loan balance £000**	**Interest rate**	**Repayment terms**
Senior Secured Loan Notes	GBP	222,000	6.50%	Aug-18
Second Lien Notes	GBP	50,000	11.00%	Feb-19
Revolving Credit Facility				
Utilised	GBP	-	LIBOR +4.00%	Feb-18
Non utilised	GBP	37,500	1.6%	Feb-18

14 Provisions

Onerous lease provisions recognised will unwind over the term of the leases, the commitments are due to expire in March 2029. Determining the extent of the provision requires an estimation of future lease costs, future expected sale proceeds and a discount rate in order to calculate present value.

15 Financial instruments

	Carrying amount				Fair value
	Non-current liabilities	Current liabilities			
	Loans and borrowings £000	Loans and borrowings £000	Other financial liabilities £000	Total £000	Total £000
At 30 September 2016					
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	217,992	-	-	217,992	219,809
Second Lien Loan Notes	48,473	-	-	48,473	49,575
Finance lease liabilities	-	25	-	25	25
	266,465	25	-	266,490	269,409
At 30 September 2015					
Financial liabilities measured at fair value					
Contingent consideration	-	-	220	220	220
Deferred consideration	-	-	848	848	848
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	215,996	-	-	215,996	231,158
Second Lien Loan Notes	47,935	-	-	47,935	52,917
Revolving Credit Facility	-	1,500	-	1,500	1,500
Finance lease liabilities	-	29	-	29	29
	263,931	1,529	1,068	266,528	286,672
At 31 March 2016					
Financial liabilities measured at fair value					
Contingent consideration	-	-	220	220	220
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	216,885	-	-	216,885	219,365
Second Lien Loan Notes	48,250	-	-	48,250	50,282
Finance lease liabilities	-	27	-	27	27
	265,135	27	220	265,382	269,894

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either as a direct price or indirectly derived from prices.
- Level 3: inputs for the asset or liability that are not based on observable market data.

Financial liabilities measured as fair value

At 30 September 2016

There were no financial instruments carried at fair value as at 30 September 2016.

At 30 September 2015	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Contingent consideration	-	-	220	220
Deferred consideration	-	848	-	848
	-	848	220	1,068

At 31 March 2016	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Contingent consideration	-	-	220	220
	-	-	220	220

16 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 Care HoldCo Limited which is registered in England and Wales.

Copies of the group financial statements of Voyage Care HoldCo Limited for the year ended 31 March 2016 may be obtained from:

The Company Secretary
Voyage Care HoldCo Limited
Wall Island
Birmingham Road
Lichfield
Staffordshire
WS14 0QP