Voyage BidCo Limited

Results for the three and six months ended 30 September 2013

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

Executive Summary

Financial highlights

The table below summarises financial information for the three and six months ended 30 September:

£ million	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Turnover	48.9	45.5	97.3	88.6
EBITDA (before exceptional items)	9.9	11.2	20.0	21.7
Operating profit	4.2	7.6	11.5	15.9
(Loss) / profit for the period	(1.1)	1.7	(0.1)	4.2
Cash flow from operating activities *	10.1	11.2	14.8	17.0

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

Commentary on results

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

Performance during Q2 2014 vs. Q2 2013

- Turnover up 7.5% to £48.9 million largely driven by the ILG acquisition
- EBITDA before exceptional items decreased 11.6% to £9.9 million due mainly to increased operating costs, payroll and agency
- Like-for-like turnover decline of 0.2% to £45.4 million
- Quality scores high at over 90.0%, 4 & 5 tick compliance
- Occupancy at 90.2% (0.5% points improvement from Q1 2014)
- Outreach average weekly invoiced hours increased by approximately 3,000 to 20,300 hours per week

Management changes

- Kevin Roberts appointed as CEO (1 October 2013).

Recent Developments

- Acquisition of Ingleby Care (21 November 2013).

Company Overview

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

- We supported 2,857 people as at 30 September 2013, comprising 2,284 through our residential segment and a further 573 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 £1,487 per person for the twelve months ended 30 September 2013.
- Our ‘‘person centred’’ approach to care ensures that we deliver quality, bespoke care packages tailored to the complex, high acuity care needs of the people we support. We believe this approach provides us with a competitive advantage compared to other care providers in the private sector, as evidenced by over 90% of our beds achieving four or five ticks of compliance under the CQC system out of a maximum of five ticks as at 30 September 2013.
- With over 5,000 full time support staff, we strive to meet each individual’s requirements and develop bespoke care packages tailored to their needs.

Our services

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

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

- ***Registered***

  We provide care to individuals in our 289 registered homes as at 30 September 2013. We hold the freehold interest in 234 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 85% of our registered homes by number of beds. At 30 September 2013 we had 2,158 beds in our registered properties.

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

  Supported Living: We provide care to individuals living in communal accommodation generally provided by registered social landlords that are registered with the Homes and Communities Agency, housing associations or private landlords. At 30 September 2013, we provided services in 87 supported living locations with 363 beds.

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

  Outreach: We also care for individuals in their own homes, helping them to more independently manage their individual support needs. The Outreach division has grown and delivered approximately 20,500 hours of care per week by 30 September 2013, providing bespoke services to approximately 573 individuals, with support averaging approximately 36 hours per week per person.

Recent developments

On 21 November 2013 we acquired Ingleby Care for £5.8m (including fees). EBITDA is £0.8m and synergies are expected to be circa £0.2m. The post synergy multiple is expected to be 6.0x.

Organisational developments

Kevin Roberts appointed as CEO (1 October 2013).

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 September 2013 ("Q2 2014") and 30 September 2012 ("Q2 2013"), and six months ending 30 September 2013 ("YTD 2014") and 30 September 2012 ("YTD 2013"), prepared in accordance with UK GAAP, and accompanying notes.

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

Other financial measures

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

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

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

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

Other data

Available beds

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

Outreach placements

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

Occupancy

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

Occupancy rates

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

Fee rates

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

Adjustments

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

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

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

Key factors affecting our results of operations

Turnover

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

Available beds and Outreach placements

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

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

	Q2 2014	Q2 2013	YTD 2014	YTD 2013	FYE Mar 13
Registered	2,170	2,010	2,172	1,970	2,001
Supported Living	355	361	352	349	349
Residential	**2,525**	**2,371**	**2,524**	**2,319**	**2,350**
Outreach placements	569	514	501	394	512
Total	**3,094**	**2,885**	**3,024**	**2,713**	**2,862**

Occupancy rate

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

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

	Q2 2014	Q2 2013	YTD 2014	YTD 2013	FYE Mar 13
Registered	90.0%	90.7%	89.7%	90.3%	90.0%
Supported Living	91.6%	91.1%	91.8%	91.8%	91.7%
Residential	**90.2%**	**90.7%**	**89.9%**	**90.5%**	**90.3%**

Fee rates

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

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

		LTM September		FYE
		2013	2012	Mar 13
Registered	£wk	1,526	1,509	1,520
Supported Living	£wk	1,257	1,248	1,265
Residential	**£wk**	**1,487**	**1,469**	**1,481**
Outreach	£hr	15.50	15.64	15.41

Key operating expenses

Staff costs

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

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

		Q2 2014	Q2 2013	YTD 2014	YTD 2013	FYE Mar 13
Staff Costs *	£m	29.9	27.2	59.5	53.0	108.4
% Turnover		61.1%	59.8%	61.2%	59.8%	59.8%
% pre exceptional operating costs **		76.7%	79.1%	77.0%	79.2%	78.8%

		Q2 2014	Q2 2013	YTD 2014	YTD 2013	FYE Mar 13
Staff Costs (excluding overheads) *	£m	27.5	24.9	54.5	48.4	98.6
% Turnover		56.2%	54.7%	56.0%	54.6%	54.4%
% pre exceptional operating costs **		70.5%	72.4%	70.5%	72.3%	71.7%

* *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 and water), property maintenance, insurance, vehicle rental and running costs.

Consolidated Profit & loss Account

£ million	Q2 2014	Q2 2013	% Change	YTD 2014	YTD 2013	% Change	FYE Mar 13
		(unaudited)			(unaudited)		(audited)
Turnover	**48.9**	**45.5**	**7.5%**	**97.3**	**88.6**	**9.8%**	**181.4**
Staff costs	(29.9)	(27.2)	(9.9%)	(59.5)	(53.0)	(12.3%)	(108.4)
Direct expenses & consumables	(2.0)	(1.8)	(11.1%)	(4.1)	(3.4)	(20.6%)	(7.1)
Other lease rentals	(1.0)	(0.9)	(11.1%)	(2.1)	(1.8)	(16.7%)	(3.9)
Plant & machinery	(0.7)	(0.6)	(16.7%)	(1.4)	(1.3)	(7.7%)	(2.5)
Other external charges	(5.4)	(3.8)	(42.1%)	(10.2)	(7.4)	(37.8%)	(15.5)
EBITDA before exceptional items	**9.9**	**11.2**	**(11.6%)**	**20.0**	**21.7**	**(7.8%)**	**43.9**
Exceptional items	(0.3)	(0.3)	(0.0%)	(0.5)	(0.4)	(25.0%)	(2.5)
EBITDA	9.5	10.9	(12.8%)	19.4	21.3	(8.9%)	41.4
Depreciation & impairment of fixed assets	(4.8)	(1.3)	nm	(6.6)	(2.5)	(164.0%)	(9.1)
(Loss) / profit on disposal of fixed assets	(0.0)	(1.1)	100.0%	0.0	(1.1)	100.0%	(0.9)
Goodwill amortisation	(0.5)	(0.9)	44.4%	(1.4)	(1.8)	22.2%	(10.6)
Operating profit	**4.2**	**7.6**	**(44.7%)**	**11.5**	**15.9**	**(27.7%)**	**20.8**
Interest receivable & similar income	0.0	0.0	nm	0.0	0.0	nm	0.1
Interest payable & similar charges	(5.8)	(5.5)	(5.5%)	(11.6)	(10.9)	(6.4%)	(25.4)
Interest payable on intercompany balances	0.0	0.0	nm	0.0	0.0	nm	0.0
(Loss) / profit before taxation	**(1.6)**	**2.1**	**(176.2%)**	**(0.1)**	**5.0**	**(102.0%)**	**(4.5)**
Taxation	0.5	(0.4)	nm	0.0	(0.9)	100.0%	(16.4)
(Loss) / profit for the period	**(1.1)**	**1.7**	**(164.7%)**	**(0.1)**	**4.2**	**(102.4%)**	**(20.9)**
Other financial metrics							
Staff costs (excluding overheads)	27.5	24.9	(10.4%)	54.5	48.4	(12.6%)	98.6
Overhead expenses & bonus	3.6	3.3	(9.1%)	7.3	6.6	(10.6%)	13.7
Unit EBITDA before exceptional items	13.5	14.5	(6.9%)	27.3	28.3	(3.5%)	57.5
EBITDA before exceptional items margin %	20.2%	24.6%	(4.4%)	20.6%	24.5%	(3.9%)	24.2%
EBITDA margin %	19.4%	24.0%	(4.6%)	19.9%	24.0%	(4.1%)	22.8%
EBITDAR	10.6	11.8	(10.2%)	21.5	23.1	(6.9%)	45.7
EBITDAR before exceptional items	10.9	12.1	(9.9%)	22.1	23.5	(6.0%)	48.2
EBITDAR before exceptional items margin %	22.3%	26.6%	(4.3%)	22.7%	26.5%	(3.8%)	26.6%

Turnover

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

- For Q2 2014 turnover increased by £3.4 million, or 7.5% to £48.9 million from £45.5 million for Q2 2013, primarily due to the acquisition of ILG during March 2013 . The amount of turnover attributable to ILG for Q2 2014 was £3.5 million.

- For YTD 2014 turnover increased by £8.7 million, or 9.8% to £97.3 million from £88.6 million for YTD 2013, primarily due to the acquisition of ILG during March 2013 . The amount of turnover attributable to ILG for YTD 2014 was to £6.9 million.

Staff costs

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

- Staff costs (excluding overheads) for Q2 2014 increased by £2.7 million, or 9.9% to £29.9 million (which represented 56.2% of turnover) from £27.2 million (which represented 54.7% of turnover) for Q2 2013, primarily due to the acquisition of ILG during March 2013.

- Staff costs (excluding overheads) for YTD 2014 increased by £6.5 million, or 12.3% to £59.5 million (which represented 56.0% of turnover) from £53.0 million (which represented 54.6% of turnover) for YTD 2013, primarily due to the acquisition of ILG during March 2013.

Direct expenses and consumables

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

- For Q2 2014 direct expenses and consumables increased by £0.2 million, or 11.1% to £2.0 million from £1.8 million for Q2 2013, primarily due to the acquisition of ILG during March 2013.

- For YTD 2014 direct expenses and consumables increased by £0.7 million, or 20.6% to £4.1 million from £3.4 million for YTD 2013, £0.4 million being due to the acquisition of ILG during March 2013.

Other lease rentals

Other lease rentals consist primarily of leases on registered and supported living care homes. At 30 September 2013, we had 61 short-term leases, consisting of 52 registered care homes and nine supported living properties. In addition, two of our operational registered homes were held on a long leasehold basis (each with a lease period of over 35 years remaining). At 30 September 2013, 18.7% of our registered care homes and 10.3% of our supported living care homes were held under operating leases.

- For Q2 2014 other lease rentals increased by £0.1 million to £1.0 million from £0.9 million for Q2 2013.

- For YTD 2014 other lease rentals increased by £0.3 million to £2.1 million from £1.8 million for YTD 2013.

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 Q2 2014 plant and machinery lease rentals increased by £0.1 million to £0.7 million from £0.6 million for Q2 2013.

- For YTD 2014 plant and machinery lease rentals increased by £0.1 million to £1.4 million from £1.3 million for YTD 2013.

Other external charges

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

- For Q2 2014 other external charges increased by £1.6 million, or 42.1% to £5.4 million from £3.8 million for Q2 2013. This increase is primarily attributable to the acquisition of ILG during March 2013, in addition to increased spend on agency, repairs, utilities and vehicle costs.

- For YTD 2014 other external charges increased by £2.8 million, or 37.8% to £10.2 million from £7.4 million for YTD 2013. This increase is primarily attributable to the acquisitions of Solor Care during April 2012 and ILG during March 2013, in addition to increased spend on agency, repairs, utilities and vehicle costs.

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 Q2 2014 EBITDA before exceptional items decreased by £1.3 million, or 11.6% to £9.9 million from £11.2 million for Q2 2013. This decrease is primarily attributable to the increase in agency usage, payroll costs, repairs, utilities and vehicle costs, partially offset by the extra contribution from the acquisition of ILG during March 2013.

- For YTD 2014 EBITDA before exceptional items decreased by £1.7 million, or 7.8% to £20.0 million from £21.7 million for YTD 2013. This decrease is primarily attributable to the increase in agency usage, payroll costs, repairs, utilities and vehicle costs, partially offset by the extra contribution from the acquisition of Solor Care during April 2012 and ILG during March 2013.

Exceptional items

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

- There has been no movement in exceptional items from Q2 2014 to Q2 2013. Exceptional items for Q2 2014 and Q2 2013 related to reorganisation costs incurred as a result of the Solor Care and ILG acquisitions

- For YTD 2014 exceptional items increased by £0.1 million to £0.5 million from £0.4 million for YTD 2013. Exceptional items for YTD 2014 and YTD 2013 related to reorganisation costs incurred as a result of the Solor Care and ILG acquisitions.

EBITDA

- For Q2 2014 EBITDA decreased by £1.4 million, or 12.8% to £9.5 million from £10.9 million for Q2 2013. This decrease is primarily attributable to the increase in agency usage, payroll costs, repairs, utilities and vehicle costs, partially offset by the extra contribution from the acquisition of ILG during March 2013.

- For YTD 2014 EBITDA decreased by £1.9 million, or 8.9% to £19.4 million from £21.3 million for YTD 2013. This decrease is primarily attributable to the increase in agency usage, payroll costs, repairs, utilities and vehicle costs, partially offset by the extra contribution from the acquisition of Solor Care during April 2012 and ILG during March 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 Q2 2014 depreciation and impairment of assets increased by £3.5 million to £4.8 million from £1.3 million for Q2 2013, primarily due to an impairment of £3.1 million relating to 2 closed properties, in addition to the incremental depreciation as a result of the acquisition of ILG during March 2013.

- For YTD 2014 depreciation and impairment of assets increased by £4.1 million to £6.6 million from £2.5 million for YTD 2013, primarily due to the reasons stated above.

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 Q2 2014 we recorded a profit on disposal of £ nil (Q2 2013: £1.1m).

- For YTD 2014 we recorded a profit on disposal of £ nil (YTD 2013: £1.1m).

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 Q2 2014 goodwill amortisation expense decreased by £0.4 million to £0.5 million from £0.9 million compared to Q2 2013, this is due to the ILG negative goodwill.

- For YTD 2014 goodwill amortisation expense decreased by £0.4 million to £1.4 million from £1.8 million compared to YTD 2013, this is due to the ILG negative goodwill.

Operating profit

Operating profit consists of earnings before interest and taxation.

- For Q2 2014 operating profit decreased by £3.4 million, or 44.7% to £4.2 million from £7.6 million for Q2 2013 primarily attributable to the impairment of £3.1 million relating to 2 closed properties and a profit on disposal of £1.1 million being reported in the prior year. In addition there has been an increase in agency usage, payroll costs, repairs, utilities and vehicle costs, partially offset by the extra contribution from the acquisition of ILG during March 2013.

- For YTD 2014 operating profit decreased by £4.4 million, or 27.7% to £11.5 million from £15.9 million for YTD 2013 primarily attributable to the impairment of £3.1 million relating to 2 closed properties and a profit on disposal of £1.1 million being reported in the prior year. In addition there has been an increase in agency usage, payroll costs, repairs, utilities and vehicle costs, partially offset by the extra contribution from the acquisition of Solor Care during April 2012 and ILG during March 2013.

Interest receivable and similar income

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

- For Q2 2014 and Q2 2013 interest receivable and other income remained at nil.
- For YTD 2014 and YTD 2013 interest receivable and other income remained at nil.

Interest payable and similar charges

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

- For Q2 2014 interest payable and similar charges increased due to an increase in debt issue cost amortisation.
- For YTD 2014 interest payable and similar charges increased due to an increase in debt issue cost amortisation.

Profit before taxation

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

- For Q2 2014 profit before taxation decreased by £3.7 million to a £1.6 million loss from £2.1 million profit for Q2 2013 primarily attributable to the impairment of £3.1 million relating to 2 closed properties and a profit on disposal of £1.1 million being reported in the prior year. In addition there has been an increase in agency usage, payroll costs, repairs, utilities and vehicle costs, partially offset by the extra contribution from the acquisition of ILG during March 2013.
- For YTD 2014 profit before taxation decreased by £5.1 million to a £0.1 million loss from £5.0 million profit for YTD 2013 primarily attributable to the impairment of £3.1 million relating to 2 closed properties and a profit on disposal of £1.1 million being reported in the prior year. In addition there has been an increase in agency usage, payroll costs, repairs, utilities and vehicle costs, partially offset by the extra contribution from the acquisition of Solor Care during April 2012 and ILG during March 2013.

Taxation

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

- For Q2 2014 the taxation income was £0.5 million compared to taxation expense of £0.4 million for Q2 2013. This was as a result of an Advanced Thin Capitalisation Agreement (ATCA) in the quarter.
- For YTD 2014 the taxation expense was nil compared to taxation expense of £0.9 million for YTD 2013.

Profit for the period

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

- For Q2 2014 the profit for the period decreased by £2.8 million to a £1.1 million loss from £1.7 million profit for Q2 2013 primarily attributable to the impairment of £3.1 million relating to 2 closed properties and a profit on disposal of £1.1 million being reported in the prior year. In addition there has been an increase in agency usage, payroll costs, repairs, utilities and vehicle costs, partially offset by the extra contribution from the acquisition of ILG during March 2013, and a £0.9m favourable movement in the taxation expense.
- For YTD 2014 the profit for the period decreased by £4.3 million to a £0.1 million loss from £4.2 million profit for YTD 2013 primarily attributable to the impairment of £3.1 million relating to 2 closed properties and a profit on disposal of £1.1 million being reported in the prior year In addition there has been an increase in agency usage, payroll costs, repairs, utilities and vehicle costs, partially offset by the extra contribution from the acquisition of Solor Care during April 2012 and ILG during March 2013, and a £0.9m favourable movement 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 September 2013 and 30 September 2012, our cash balances were £14.4 million and £12.0 million, respectively. Our cash increased by £2.4 million.

Net bank debt as at 30 September 2013 was £256.9 million, comprising £272.0 million of borrowings under the Senior Secured Notes and Second Lien Notes, £14.4 million of cash and £0.7 million of unamortised original issue discount on the Second Lien Notes.

Consolidated Cash flow statement

£ million	Q2 2014	Q2 2013	% Change	YTD 2014	YTD 2013	% Change	FYE Mar 13
	(unaudited)			(unaudited)			(audited)
EBITDA before exceptional items	**9.9**	**11.2**	**(11.6%)**	**20.0**	**21.7**	**(7.8%)**	**43.9**
Exceptional items [(1)]	(0.0)	0.0	nm	(0.0)	0.0	nm	0.0
Working capital	0.2	0.0	nm	(5.2)	(4.6)	12.0%	2.7
Net cash flow from operating activities [(1)]	**10.1**	**11.2**	**(9.9%)**	**14.8**	**17.0**	**(13.2%)**	**46.6**
Capital expenditure and financial investment [(2)]	(1.7)	(1.6)	(5.3%)	(3.6)	(2.9)	(22.8%)	(5.4)
Returns on investment and servicing of finance	(10.4)	(6.4)	(61.5%)	(10.5)	(11.8)	11.0%	(21.2)
Taxation	0.9	0.4	nm	0.4	0.1	nm	(0.8)
Cash inflow before acquisitions and financing	**(1.1)**	**3.5**	**nm**	**1.2**	**2.4**	**(51.6%)**	**19.2**
Acquisition [(3)]	0.0	(0.1)	100.0%	0.0	(28.2)	100.0%	(41.5)
Acquisition funding	0.0	0.0	nm	0.0	18.1	(100.0%)	20.5
Acquisition integration costs	(0.3)	(0.3)	(24.5%)	(0.5)	(0.4)	(47.3%)	(2.5)
Acquisition catch-up capex	(0.7)	(0.1)	nm	(2.0)	(0.3)	nm	(1.9)
Cash (outflow) / inflow before financing	**(2.1)**	**3.0**	**nm**	**(1.4)**	**(8.4)**	**(83.4%)**	**(6.3)**
Net cash flow used in financing activities [(4)]	0.0	(0.5)	nm	0.0	(3.0)	nm	(1.3)
Decrease / (increase) in cash for the period	**(2.1)**	**2.6**	**nm**	**(1.4)**	**(11.4)**	**(87.7%)**	**(7.5)**
Other financial metrics							
Development capex (£m)	0.2	0.7	(68.1%)	0.6	0.9	(34.8%)	2.1
Maintenance capex (£m)	1.5	1.0	(60.5%)	3.0	1.9	(58.5%)	4.2
Maintenance capex (% turnover)	3.1%	2.1%	1.0%	3.1%	2.1%	0.9%	2.3%
Maintenance capex (£k pa per residential bed)	2.7	1.8	(51.6%)	2.6	1.8	(46.5%)	2.0
Cash conversion %	84.4%	91.4%	(7.0%)	85.1%	91.3%	(6.2%)	90.5%

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

Net cash flow from operating activities

- For Q2 2014 our net cash flow from operating activities decreased by £1.1 million, or 9.9% to £10.1 million from £11.2 million for Q2 2013. The primary reasons for the decrease resulted from a £1.3 million decrease in post exceptional EBITDA offset by a £0.2 million improvement in working capital

- For YTD 2014 our net cash flow from operating activities decreased by £2.2 million, or 13.2% to £14.8 million from £17.0 million for YTD 2013. The primary reasons for the decrease resulted from a £1.7 million decrease in post exceptional EBITDA and a £0.6 million increase in working capital outflow from YTD 2014 to YTD 2013.

Capital expenditure and financial investment

- For Q2 2014 our net cash flow used in investing activities increased by £0.1 million, or 5.3% to £1.7 million from £1.6 million for Q2 2013. The increase in spend is due to an increase of purchases of tangible fixed assets (excluding catch-up capex).
- For YTD 2014 our net cash flow used in investing activities increased by £0.7 million, or 22.8% to £3.6 million from £2.9 million for YTD 2013. 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 Q2 2014 our 'net cash flow used in servicing of finance' increased by £4.0 million to £10.4 million from £6.4 million for Q2 2013. The decrease in spend is due to the timing of interest payments under the Senior Secured Notes and Second Lien Notes payable semi-annually as compared to monthly payments under the prior Senior Facilities, and the reduced interest thereon.
- For YTD 2014 our 'net cash flow used in servicing of finance' decreased by £1.3 million to £10.5 million from £11.8 million for YTD 2013. The decrease in spend is due to the timing of interest payments under the Senior Secured Notes and Second Lien Notes payable semi-annually as compared to monthly payments under the prior Senior Facilities, and the reduced interest thereon.

Net cash flow used in financing activities

- For Q2 2014 our net cash flow used in financing activities decreased by £0.5 million to £0.0 million from £0.5 million for Q2 2013. The decrease in spend is due to a repayment of loans under our prior Senior Facilities.
- For YTD 2014 our net cash flow used in financing activities decreased by £3.0 million to £0.0 million from £3.0 million for YTD 2013. The decrease in spend is due to a repayment of loans under our prior Senior Facilities.

Consolidated Balance sheet

£ million	Sep 13 (unaudited)	Sep 12 (unaudited)	% Change
Fixed Assets	387.4	386.0	0.4%
Debtors *	18.6	113.5	(83.7%)
Cash at bank and in hand	14.4	12.0	20.6%
Creditors <1 yr			
Bank loans	0.0	(256.4)	(100.0%)
Other *	(31.2)	(329.5)	(90.5%)
Creditors >1 yr			
Loan notes	(259.6)	0.0	nm
Revolving credit facility	0.0	0.0	nm
Bank loans	0.0	0.0	nm
Other	0.0	0.0	nm
Provisions for liabilities and charges	(4.3)	0.0	nm
Pension surplus	0.0	0.0	(69.6%)
Net Liabilities	**125.2**	**(74.4)**	**nm**

** Debtors and other creditors include intercompany loans which have since been eliminated as part of the refinancing. Debtors in Q2 2014 included £0.4 million of intercompany loans (Q2 2013: £100.8 million), and other creditors in Q2 2014 included £0.4 million of intercompany loans (Q2 2013: £304.3 million).*

Key Business Divisions

£ million	Turnover Q2 2014	Q2 2013	% Change	Turnover YTD 2014	YTD 2013	% Change
Registered	38.7	36.0	7.6%	77.2	70.1	10.1%
Supported Living	5.2	5.4	(3.7%)	10.5	10.5	0.0%
Residential	44.0	41.4	6.1%	87.6	80.6	8.7%
Outreach	4.1	3.4	20.7%	8.1	6.6	22.7%
Total *	**48.9**	**45.5**	**7.4%**	**97.3**	**88.6**	**9.8%**

Other financial metrics	Q2 2014	Q2 2013	Change	YTD 2014	YTD 2013	Change
Average occupancy	2,278	2,151	127	2,270	2,099	172
Average occupancy %	90.2%	90.7%	(0.5%)	89.9%	90.5%	(0.6%)
Average weekly invoiced hours	20,300	17,300	3,000	20,000	16,600	3,400

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

Voyage BidCo Limited

Condensed consolidated financial statements (unaudited)

Registered number 05752534

For the three and six month period ended 30 September 2013

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

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

	Notes	3 months ended 30 September 2013			3 months ended 30 September 2012		
		Before exceptional items	Exceptional items (1)	Total	Before exceptional items	Exceptional items (3)	Total
		£000	£000	£000	£000	£000	£000
Turnover		48,906	-	48,906	45,545	-	45,545
Operating expenses	2	(41,264)	(3,453)	(44,717)	(36,564)	(1,411)	(37,975)
EBITDA		9,876	(344)	9,532	11,163	(270)	10,893
Depreciation		(1,721)	(3,109)	(4,830)	(1,300)	-	(1,300)
(Loss)/profit on disposal of fixed assets		(3)	-	(3)	-	(1,141)	(1,141)
Goodwill amortisation		(510)	-	(510)	(882)	-	(882)
Operating profit		7,642	(3,453)	4,189	8,981	(1,411)	7,570
Interest receivable	3	11	-	11	9	-	9
Interest payable on bank loans	4	-	-	-	(5,464)	-	(5,464)
Interest payable on loan notes	4	(5,792)	-	(5,792)	-	-	-
(Loss)/profit before taxation		1,861	(3,453)	(1,592)	3,526	(1,411)	2,115
Tax credit/(charge)	5	523	-	523	(449)	-	(449)
(Loss)/profit for the period		2,384	(3,453)	(1,069)	3,077	(1,411)	1,666

	Notes	6 months ended 30 September 2013 (YTD)			6 months ended 30 September 2012 (YTD)		
		Before exceptional items	Exceptional items (2)	Total	Before exceptional items	Exceptional items (4)	Total
		£000	£000	£000	£000	£000	£000
Turnover		97,280	-	97,280	88,564	-	88,564
Operating expenses	2	(82,179)	(3,637)	(85,816)	(71,206)	(1,494)	(72,700)
EBITDA		19,975	(528)	19,447	21,661	(353)	21,308
Depreciation		(3,492)	(3,109)	(6,601)	(2,539)	-	(2,539)
Profit/(loss) on disposal of fixed assets		11	-	11	-	(1,141)	(1,141)
Goodwill amortisation		(1,393)	-	(1,393)	(1,764)	-	(1,764)
Operating profit		15,101	(3,637)	11,464	17,358	(1,494)	15,864
Interest receivable	3	22	-	22	28	-	28
Interest payable on bank loans	4	-	-	-	(10,851)	-	(10,851)
Interest payable on loan notes	4	(11,579)	-	(11,579)	-	-	-
(Loss)/profit before taxation		3,544	(3,637)	(93)	6,535	(1,494)	5,041
Tax charge	5	-	-	-	(885)	-	(885)
(Loss)/profit for the period		3,544	(3,637)	(93)	5,650	(1,494)	4,156

(1) Exceptional items relate to impairment costs of fixed assets £3,109,000 and restructuring costs following the ILG acquisition of £344,000.

(2) Exceptional items relate to impairment costs of fixed assets £3,109,000 and restructuring costs following the ILG acquisition of £528,000.

(3) Exceptional items relate to impairment costs of fixed assets £1,141,000 and restructuring costs following the Solor Care acquisition of £270,000.

(4) Exceptional items relate to impairment costs of fixed assets £1,141,000 and restructuring costs following the Solor Care acquisition of £353,000.

All results are derived from continuing operations.

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

	Notes	3 months ended 30 Sep 2013 £000	3 months ended 30 Sep 2012 £000
(Loss)/profit for the period		(1,069)	1,666
Actuarial gain recognised for the pension scheme		-	-
Total (losses) and gains related to the financial period		(1,069)	1,666

	Notes	6 months ended 30 Sep 2013 (YTD) £000	6 months ended 30 Sep 2012 (YTD) £000
(Loss)/profit for the period		(93)	4,156
Actuarial gain recognised for the pension scheme		-	-
Total (losses) and gains related to the financial period		(93)	4,156

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

	Notes	30 September 2013		30 September 2012	
		£000	£000	£000	£000
Fixed assets					
Intangible assets			31,337		48,450
Tangible assets			356,018		337,545
			387,355		385,995
Current assets					
Debtors	6	18,553		113,549	
Cash at bank and in hand		14,438		11,973	
		32,991		125,522	
Creditors: amounts falling due within one year	7	(31,227)		(585,945)	
Net current assets/(liabilities)			1,764		(460,423)
Total assets less current liabilities			389,119		(74,428)
Creditors: amounts falling due after more than one year	8		(259,596)		-
Provisions for liabilities and charges			(4,313)		-
Net assets/(liabilities) excluding pension surplus			125,210		(74,428)
Pension surplus			7		23
Net assets/(liabilities) including pension surplus			125,217		(74,405)
Capital and reserves					
Called up share capital			-		-
Share premium			224,872		-
Profit and loss account			(99,655)		(74,405)
Equity shareholders' funds/(deficit)			125,217		(74,405)

Voyage BidCo Limited

Condensed consolidated cash flow statement and reconciliation of net cash flow to movement in net debt (unaudited)

for the three and six month period ended 30 September 2013

	Notes	3 months ended 30 Sep 2013 £000	3 months ended 30 Sep 2012 £000	6 months ended 30 Sep 2013 (YTD) £000	6 months ended 30 Sep 2012 (YTD) £000
CASH FLOW STATEMENT					
Cash flow from operating activities	9a	9,771	10,939	14,265	34,741
Returns on investments and servicing of finance	9b	(10,407)	(6,443)	(10,514)	(11,811)
Taxation		889	395	446	57
Capital expenditure and financial investment	9b	(2,378)	(1,716)	(5,590)	(3,164)
Acquisitions	9b	-	(137)	-	(28,243)
Cash inflow/(outflow) before financing		(2,125)	3,038	(1,393)	(8,420)
Financing	9b	1	(470)	3	(2,954)
(Decrease)/increase in cash in the period		(2,124)	2,568	(1,390)	(11,374)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT					
(Decrease)/increase in cash in the period		(2,124)	2,568	(1,390)	(11,374)
Net cash flow from decrease in bank loans and finance leases		1	470	3	2,954
Non-cash movements		(612)	999	(1,224)	1,517
Finance leases acquired with subsidiary		-	-	-	(70)
Movement in net debt in the period		(2,735)	4,037	(2,611)	(6,973)
Net debt at start of period		(242,465)	(248,561)	(242,589)	(237,551)
Net debt at end of period	9c	(245,200)	(244,524)	(245,200)	(244,524)

1 Accounting policies

Basis of preparation

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

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

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

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

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

Going concern

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

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

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

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

1 Accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2 Operating expenses

	3 months ended 30 Sep 2013 £000	3 months ended 30 Sep 2012 £000	6 months ended 30 Sep 2013 (YTD) £000	6 months ended 30 Sep 2012 (YTD) £000
Operating expenses are stated after charging				
Direct expenses and consumables	2,029	1,919	4,083	3,755
Staff costs:				
Wages and salaries	27,742	25,460	55,300	49,419
Social security costs	2,001	1,839	3,995	3,584
Other pension costs	247	75	352	148
Operating lease rentals:				
Other lease rentals	1,042	992	2,092	1,938
Plant and machinery	723	806	1,447	1,446
Depreciation	4,830	1,300	6,601	2,539
Loss/(profit) on disposal of fixed assets	3	1,141	(11)	1,141
Goodwill amortisation charge	510	882	1,393	1,764
Other external charges	5,590	3,561	10,564	6,966
	44,717	37,975	85,816	72,700

3 Interest receivable and similar income

	3 months ended 30 Sep 2013 £000	3 months ended 30 Sep 2012 £000	6 months ended 30 Sep 2013 (YTD) £000	6 months ended 30 Sep 2012 (YTD) £000
Bank interest receivable	11	9	22	28

4 Interest payable and similar charges

	3 months ended 30 Sep 2013 £000	3 months ended 30 Sep 2012 £000	6 months ended 30 Sep 2013 (YTD) £000	6 months ended 30 Sep 2012 (YTD) £000
Bank loans	-	5,464	-	10,851
Loan notes	5,792	-	11,579	-
	5,792	-	11,579	10,851

5 Taxation

The total effective tax rate for the pre exceptional profit for the 6 months ended 30 September 2013 is 0% (6 months ended 30 September 2012: 17.6%).

6 Debtors

	30 Sep 2013 £000	30 Sep 2012 £000
Trade debtors	12,646	9,665
Amounts owed by group undertakings	388	100,759
Deferred tax	2,322	-
Other debtors	763	1,043
Prepayments and accrued income	2,434	2,082
	18,553	113,549

7	**Creditors: amounts falling due within one year**	**30 Sep 2013 £000**	**30 Sep 2012 £000**
	Bank loans and overdrafts	-	256,433
	Obligations under finance lease and hire purchase contracts	42	64
	Trade creditors	2,503	1,586
	Amounts owed to group undertakings	384	304,275
	Corporation tax	518	957
	Other taxes and social security costs	3,797	1,993
	Other creditors	11,674	7,135
	Accruals and deferred income	7,620	9,900
	Fees billed in advance	4,689	3,602
		31,227	585,945

8	**Creditors: amounts falling due after one year**	**30 Sep 2013 £000**	**30 Sep 2012 £000**
	Loan notes	259,596	-

Total debt can be analysed as falling due:

	Loan Amount £000	**Amortisation £000**	**Total £000**
4-5 years	222,000	(11,588)	210,412
After five years	50,000	(816)	49,184
	272,000	(12,404)	259,596

Loan notes

On 25 January 2013, the group issued £272 million of loan notes comprising £222 million Senior Secured Notes due 2018 and £50 million Second Lien Notes due 2019. In addition, the group is party to a £30 million Revolving Credit Facility. Issue costs and original issue discount before amortisation were £14,100,000, the amortised amount netted off above is £12,404,000. The notes are listed on the Luxembourg Stock Exchange.

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

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

Voyage BidCo Limited
Notes to the condensed consolidated financial statements (unaudited) *continued*
for the three and six month period ended 30 September 2013

9 Notes to the cash flow statement

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

	3 months ended 30 Sep 2013 £000	3 months ended 30 Sep 2012 £000	6 months ended 30 Sep 2013 (YTD) £000	6 months ended 30 Sep 2012 (YTD) £000
Operating profit	4,189	7,570	11,464	15,864
Depreciation	4,830	1,300	6,601	2,539
Loss/ (profit) on disposal of fixed assets	3	1,141	(11)	1,141
Goodwill amortisation	510	882	1,393	1,764
Increase in debtors	(2,229)	(1,193)	(4,643)	(3,062)
Increase / (decrease) in creditors	2,468	1,239	(539)	16,495
Net cash inflow from operating activities	9,771	10,939	14,265	34,741

b Reconciliation of other items in the cash flow statement

	3 months ended 30 Sep 2013 £000	3 months ended 30 Sep 2012 £000	6 months ended 30 Sep 2013 (YTD) £000	6 months ended 30 Sep 2012 (YTD) £000
Returns on investments and servicing of finance				
Interest received	11	9	22	28
Interest paid	(10,418)	(6,452)	(10,536)	(11,839)
	(10,407)	(6,443)	(10,514)	(11,811)
Capital expenditure				
Payments to acquire tangible fixed assets	(2,970)	(1,716)	(6,196)	(3,164)
Receipts from sales of tangible fixed assets	592	-	606	-
	(2,378)	(1,716)	(5,590)	(3,164)
Acquisitions				
Acquisition	-	(137)	-	(27,784)
Net overdraft acquired with subsidiaries	-	-	-	(459)
	-	(137)	-	(28,243)
Financing				
Repayment of loans	-	(470)	-	(2,948)
Finance lease payments	1	-	3	(6)
	1	(470)	3	(2,954)

Voyage BidCo Limited
Notes to the condensed consolidated financial statements (unaudited) *continued*
for the three and six month period ended 30 September 2013

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

c Analysis of changes in net debt

	At 1 Jul 2013 £000	Cash flows £000	Acquisition £000	Non-cash changes £000	At 30 Sept 13 £000
Cash at bank and in hand	16,562	(2,124)	-	-	14,438
Bank loans:					
Debt due within 1 year	-	-	-	-	-
Debt due after 1 year	(258,984)	-	-	(612)	(259,596)
Finance leases	(43)	1	-	-	(42)
Net debt	(242,465)	(2,123)	-	(612)	(245,200)

Analysis of changes in net debt

	At 1 Jul 2012 £000	Cash flows £000	Acquisition £000	Non-cash £000	At 30 Sep 2012 £000
Cash at bank and in hand	9,405	2,568	-	-	11,973
Bank loans:					
Debt due within 1 year	(257,902)	470	-	999	(256,433)
Debt due after 1 year	-	-	-	-	-
Finance leases	(64)	-	-	-	(64)
Net debt	(248,561)	3,038	-	999	(244,524)

Analysis of changes in net debt

	At 1 Apr 2013 £000	Cash flows £000	Acquisition £000	Non-cash £000	At 30 Sept 13 £000
Cash at bank and in hand	15,828	(1,390)	-	-	14,438
Bank loans:					
Debt due within 1 year	-	-	-	-	-
Debt due after 1 year	(258,372)	-	-	(1,224)	(259,596)
Finance leases	(45)	3	-	-	(42)
Net debt	(242,589)	(1,387)	-	(1,224)	(245,200)

Analysis of changes in net debt

	At 1 Apr 2012 £000	Cash flows £000	Acquisition £000	Non-cash £000	At 30 Sep 12 £000
Cash at bank and in hand	23,347	(11,374)	-	-	11,973
Bank loans:					
Debt due within 1 year	(4,461)	2,948	-	(254,920)	(256,433)
Debt due after 1 year	(256,437)	-	-	256,437	-
Finance leases	-	6	(70)	-	(64)
Net debt	(237,551)	(8,420)	(70)	1,517	(244,524)

10 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
WS14 0QP