

24th September 2008



CareCapital Group Plc
("CareCapital" or "the Group")
Half Year Results for the Six Months to 30 June 2008

CareCapital Group Plc (AIM: CARE), a healthcare real estate developer and investor in the UK and in Germany, is pleased to announce its half year results for the six months to 30 June 2008.

Highlights

- Group rental income up 38% to £1,312,661 (2007: £951,034)
- Portfolio value up 25% to £41.9 million (2007: £33.5 million)
- Adjusted diluted Net Asset Value ("NAV") per share* - 22.5p (2007: 21.4p)
- Profit before tax of £20,049 (2007: £675,026)
- Rent reviews for the period have produced an average increase of 8.2%
- Development programme in the UK and Germany with a combined value of £90 million

**Adjusted diluted net asset per share – excludes deferred tax on property portfolio revaluation. Calculated on a similar basis for 2007.*

Dr. Michael Sinclair, Chairman, commented, "The medical office building sector of the international real estate industry remains a stable and robust haven benefiting from the search for investment safety"

Paul Stacey, Chief Executive, added, "Progress on our projects in the UK and Germany continues to proceed as planned. The strength of the current development programme and our success in securing new projects is a testament to the team we have in place at the Company, and our growing reputation".

For further information, please contact:

CareCapital Group Plc

Paul Stacey, Chief Executive
Steve Wilden, Finance
Director

Tel: 020 7034 1949

pstacey@carecapital.co.uk
swilden@carecapital.co.uk

Daniel Stewart & Co. Plc

Lindsay Mair, Corporate Finance
Tom Jenkins, Corporate Broking

Tel: 020 7776 6550

lindsay.mair@danielstewart.co.uk
tom.jenkins@danielstewart.co.uk

Tavistock Communications

Simon Hudson
Paul Youens
Paul Young

Tel: 020 7920 3150

shudson@tavistock.co.uk
pyouens@tavistock.co.uk
pyoung@tavistock.co.uk

Chairman's Statement

I am pleased to report on the half year financial results for CareCapital Group Plc for the six month period ended 30th June 2008. The Group has produced a robust financial performance during the period under review and has made solid progress, increasing the value of its income generating property assets against the comparable period in 2007 and also the size and value of its development pipeline.

At 30th June 2008 the Group's medical office buildings and other primary care facilities were valued at £41.9 million (30 June 2007: £33.5 million, 31 December 2007: £39.9 million). As a result our adjusted diluted net asset value per share (which excludes deferred tax on property revaluations) stood at 22.5p, up from 21.4p at the same date last year. Group rental income for the six months under review was £1,312,661 (30 June 2007: £951,034, 31 December 2007: £2.12 million) and profit before tax was £20,049 (30 June 2007: £675,026, 31 December 2007: £1.65m).

The past months have seen generally unsettled economic and stock market conditions which have adversely effected the Company's share price and have thereby limited our ability to raise funds in the market as we had anticipated. It is frustrating to experience the effect of the economic downturn on investor confidence, given the contrary indication that the niche medical building sector is stable, and indeed continuing to expand.

The UK Government continues to encourage the replacement of inadequate facilities and consolidation of primary care provision in larger and more sophisticated premises. This has led to, and will continue to lead to, opportunities for CareCapital, underpinning its investment and development programme. Whereas the general property market has experienced a downturn in activity and reducing capital values, there is no reason to believe that similar conditions apply to or will affect the medical office building sector.

Our development programme continues to progress in line with positive expectations. In August we completed and handed over to our tenants the 1,200 sq m dental centre in Folkestone. Furthermore, the construction of the pre-let 3,000 sq m medical office building in Marktredwitz, Northern Bavaria is on schedule and due for completion before the end of the year and as such the valuation and other benefits derived from these completions will be reflected in the full year 2008 financial statements. We are currently progressing 14 new development projects in the UK and a further three in Germany with a combined value approaching £90 million.

The increase in the number and value of projects in our development programme has been largely due to our success over the past nine months in bidding for competitively procured NHS primary care buildings together with schemes which have come to us through recommendation and referral. We continue to enjoy the support of our banks in both the UK and Germany for the provision of senior debt which is being made available to us on competitive terms.

Our success in bidding for and securing new projects has accelerated and increased our projected requirement for development equity funding and working capital. To meet these altered demands and

ensure we can continue to progress projects in line with our target programmes, and given the current limitations on fundraising through the stock market, we have refinanced a substantive part of the existing UK portfolio. This focused on raising just under £4 million whilst continuing to maintain the loan to value gearing at acceptable levels. In order to augment this, I have also personally agreed to provide a term loan of a further £4 million to the Company subject to contract, completion of satisfactory documentation and shareholder approval at a general meeting to be convened towards the end of October.

Dr Michael Sinclair,

Chairman

24th September 2008

CareCapital Plc

Consolidated income statement for the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 <i>Unaudited</i> £	Six months ended 30 June 2007 <i>Unaudited</i> £	Year ended 31 December 2007 <i>Audited</i> £
Continuing operations				
Revenue		1,312,661	951,034	2,115,026
Cost of sales		(178,086)	(69,463)	(162,806)
Gross profit		1,134,575	881,571	1,952,220
Administrative expenses		(802,180)	(846,198)	(1,845,788)
Other operating income	2	-	126,180	126,180
Net surplus on revaluation of investment properties		254,525	959,000	2,507,319
Operating profit		586,920	1,120,553	2,739,931
Finance income		287,537	42,383	257,872
Finance costs		(874,324)	(620,495)	(1,351,164)
Change in fair value of financial instruments		19,916	132,585	7,239
Net finance costs		(566,871)	(445,527)	(1,086,053)
Profit before tax		20,049	675,026	1,653,878
Taxation		(76,844)	(93,168)	(144,290)
(Loss) / Profit on ordinary activities after taxation		(56,795)	581,858	1,509,588
Discontinued operations				
(Loss) from discontinued operations	2	-	(40,325)	(27,965)
(Loss) / Profit for the period				
- attributable to equity shareholders		(70,966)	541,533	1,353,187
- attributable to minority interests		14,171	-	128,436
		(56,795)	541,533	1,481,623
(Loss) / Earnings per Ordinary Share				
-Basic	5	(0.09)p	0.71p	1.76p
- Continuing operations	5	(0.09)p	0.76p	1.76p
- Discontinued operations	5	-	(0.05)p	-
- Diluted	5	(0.09)p	0.70p	1.72p
- Continuing operations	5	(0.09)p	0.75p	1.72p
- Discontinued operations	5	-	(0.05)p	-
Weighted average number of shares ('000)	5	76,754	76,754	76,754

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Consolidated Balance Sheet as at 30 June 2008

	As at 30 June 2008 <i>Unaudited</i> £	As at 31 December 2007 <i>Audited</i> £	As at 30 June 2007 <i>Unaudited</i> £
Non - current assets			
Intangible assets	1,965,615	1,950,075	1,751,959
Investment properties	41,883,741	39,931,316	33,477,046
Development properties	7,703,083	2,888,297	904,542
Leasehold improvements	84,825	89,315	93,300
Plant and equipment	45,063	56,467	68,003
	51,682,327	44,915,470	36,294,850
Current assets			
Trade and other receivables	632,328	546,145	677,827
Cash and cash equivalents	245,252	118,680	1,576,299
Financial instruments	-	-	33,090
	877,580	664,825	2,287,216
Total assets	52,559,907	45,580,295	38,582,066
Current liabilities			
Trade and other payables	(1,533,558)	(790,472)	(1,136,091)
Tax liabilities	-	-	(292)
Borrowings, including finance leases	(3,805,223)	(2,393,676)	(369,205)
Derivative financial instruments	(72,340)	(92,256)	-
Total Current Liabilities	(5,411,121)	(3,276,404)	(1,505,588)
Non - current liabilities			
Borrowings, including finance leases	(29,434,026)	(24,745,982)	(20,551,122)
Deferred tax provision	(2,704,459)	(2,627,615)	(2,576,603)
	(32,138,485)	(27,373,597)	(23,127,725)
Total liabilities	(37,549,606)	(30,650,001)	(24,633,313)
Net assets	15,010,301	14,930,294	13,948,753
Equity			
Share capital	767,541	767,541	767,541
Reverse acquisition reserve	11,038,204	11,038,204	11,038,204
Share option reserve	220,156	209,332	172,604
Share premium account	1,397,500	1,397,500	1,397,500
Profit and Loss account	1,433,496	1,388,611	572,904
Equity shareholders interest	14,856,897	14,801,188	13,948,753
Minority interest	153,404	129,106	
Total equity	15,010,301	14,930,294	13,948,753

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Consolidated statement of changes in equity

	Total £	Share Capital £	Reverse acquisition reserve £	Share premium £	Share Options Reserve £	Profit and loss account £	Minority interest £
Balance at 1 January 2007	13,377,671	767,541	11,038,204	1,397,500	143,055	31,371	-
Profit for the period	541,533	-	-	-	-	541,533	-
Total recognised income and expenditure	13,919,204	767,541	11,038,204	1,397,500	143,055	572,904	-
Share based payment - employee services	29,549	-	-	-	29,549	-	-
Balance at 30 June 2007	13,948,753	767,541	11,038,204	1,397,500	172,604	572,904	-
Balance at 1 July 2007	13,948,753	767,541	11,038,204	1,397,500	172,604	572,904	-
Exchange rate movement	4,503	-	-	-	-	4,053	450
Profit for the period	940,090	-	-	-	-	811,654	128,436
Total recognised income and expenditure	14,893,346	767,541	11,038,204	1,397,500	172,604	1,388,611	128,886
Share based payment - employee services	36,728	-	-	-	36,728	-	-
Minority interest in subsidiary	220	-	-	-	-	-	220
Balance at 31 December 2007	14,930,294	767,541	11,038,204	1,397,500	209,332	1,388,611	129,106
Balance at 1 January 2008	14,930,294	767,541	11,038,204	1,397,500	209,332	1,388,611	129,106
Exchange rate movement	125,978	-	-	-	-	115,851	10,127
Loss for the period	(56,795)	-	-	-	-	(70,966)	14,171
Total recognised income and expenditure	14,999,477	767,541	11,038,204	1,397,500	209,332	1,433,496	153,404
Share based payment - employee services	10,824	-	-	-	10,824	-	-
Minority interest in subsidiary	-	-	-	-	-	-	-
Balance at 30 June 2008	15,010,301	767,541	11,038,204	1,397,500	220,156	1,433,496	153,404

CareCapital Plc

Consolidated cash flow statement for the six months ended 30 June 2008

	Six months ended 30 June 2008 <i>Unaudited</i> £	Six months ended 30 June 2007 <i>Unaudited</i> £	Year ended 31 December 2007 <i>Audited</i> £
Cash flows from operating activities			
(Loss) / Profit after taxation	(56,795)	541,533	1,481,623
Adjustments			
Taxation	76,844	93,168	144,290
Change in fair value of financial instruments	(19,916)	(132,585)	(7,239)
Finance costs	874,324	622,235	1,351,164
Finance income	(287,537)	(42,383)	(257,872)
Unrealised net revaluation gains on investment properties	(254,525)	(959,000)	(2,507,319)
Profit on sale of property	-	(126,180)	(126,180)
Depreciation	21,922	13,628	33,709
Write off of development properties	-	-	15,456
Share based payments	14,432	29,550	66,277
Cash flows from operations before changes in working capital	368,749	39,966	193,909
Change in trade and other receivables	(86,183)	(25,627)	13,325
Change in trade and other payables	724,753	44,468	(281,429)
Cash (used) / generated from operations	1,007,319	58,807	(74,195)
Interest paid	(855,991)	(622,235)	(1,338,024)
Cash flows from operating activities	151,328	(563,428)	(1,412,219)
Cash flows from investing activities			
Purchase of intangible assets	-	-	(198,116)
Purchase of investment property	(468,574)	(3,000,237)	(7,349,714)
Sale of non-current asset held for sale	-	1,626,180	1,626,180
Capital expenditure on development properties	(4,719,491)	(500,410)	(2,398,837)
Capital expenditure on leasehold improvements	(400)	(96,305)	(96,305)
Purchase of plant and equipment	(5,629)	(50,473)	(55,470)
Sale of plant and equipment	-	-	440
Interest received	2,033	42,383	59,564
Cash flows from investing activities	(5,192,061)	(1,978,862)	(8,412,258)
Cash flows from financing activities			
New mortgage loans raised (Net)	3,994,264	2,273,236	6,519,028
Repayment of loans	(216,178)	-	(403,651)
Repayment of finance leases	-	(8,041)	(8,041)
Repayment of loan on non-current asset held for resale	-	(468,539)	(468,539)
Cash flows from financing activities	3,778,086	1,796,656	5,638,797
Net decrease in cash and cash equivalents	(1,262,647)	(745,634)	(4,185,680)
Cash and cash equivalents at 1 January	(1,863,747)	2,321,933	2,321,933
Cash and cash equivalents at closing	(3,126,394)	1,576,299	(1,863,747)
Comprising:			
- Cash and cash equivalents	245,252	1,576,299	118,680
- Bank overdrafts	(3,371,646)	-	(1,982,427)
- Total	(3,126,394)	1,576,299	(1,863,747)

CareCapital Group Plc

Notes to the accounts (Unaudited)

1. Status of financial information

The half year results of the Group for the six months ended 30 June 2008 were approved by the Board on – 23rd September 2008.

The half year financial statements for the six months ended 30 June 2008 are unaudited and do not constitute statutory accounts as defined under section 240 of the Companies Act 1985. The financial information in this interim report has been neither audited nor reviewed by the auditors.

The half year financial statements have been prepared in accordance with applicable accounting standards and are consistent with those accounting policies adopted in the consolidated statutory accounts of CareCapital Group Plc for the year ended 31 December 2007. Those accounts upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies, and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985.

As stated in the annual report for 2007 details of the loan facility to be provided by Dr Sinclair will be circulated to shareholders for approval at a general meeting later in the year. Consequently, the financial statements have been prepared on a going concern basis.

2. Discontinued operations

The results disclosed in previous period's results for discontinued activities relate to the Patient Hotel operations which have now been terminated. The other operating income related to the profit on sale of "The Manor House" which was the investment property which housed the Patient Hotel.

3. Post Balance Sheet events

On 5th August 2008, the Group remortgaged the substantial part of its UK portfolio of investment properties raising net funds of £ 3.9 million after costs and early redemption fees. Early redemption fees totalled £ 406,000, whilst £72,000 was expended on unwinding Swap instruments. The liability in respect of Swap instruments was held in the accounts under Derivative financial instruments.

The refinancing exercise has reduced the annual interest charge on the refinanced borrowings by £ 70,000 pa.

On 26th August, the Group completed and handed over to tenants the new 1,200 sq m dental centre in Folkestone. This is let at an annual rent of £ 271,000, and the revaluation uplift will be booked to the income statement during the second half of the year.

4. Investment Property valuations

At 31 December 2007 the Directors valued the UK investment portfolio utilising an initial yield of 5.5% which was consistent with that used for the year ended 31 December 2006. In exercising their judgement the Directors sought guidance from Colliers CRE, Chartered Surveyors and valuers, who had prepared the last full valuation on 4 August 2006.

The current year has been one of considerable turmoil in property and credit markets. However, there is little evidence of significant yield deterioration within the specific niche in which the Company operates. The Group owns a good portfolio of modern primary healthcare related properties with reasonably long leases and excellent tenant covenants. Medical centres with Government rental backing account for 90% of the UK portfolio valuation. Moreover, unlike other commercial applications, there is little or no oversupply in the market place owing to the virtual absence of speculative build in this property niche.

Consequently, after taking into account the valuation assumptions of other major operators in this sector and the very few transactions which have completed in the period, the Directors have maintained the yield assumption in these financial statements. It is, however, intended to conduct a full valuation exercise for inclusion in the full year results.

During December 2007 a full valuation of the Group's German portfolio was carried out by Savills Immobilien Beratungs-GmbH Chartered Surveyors and valuers, who arrived at a composite initial yield of 6.27%. The Company has recently requested a desktop review of the valuation in connection with further development activity in Germany. This review fractionally improved the December valuation which has been retained for the purpose of these half year results.

At 30 June 2008 the Group's investment properties were valued at £ 41,883,741 of which £ 25,229,049 related to the UK portfolio and £ 16,654,692 related to the German properties after conversion to sterling from euros at an exchange rate of 1.26.

5. Earnings per Share

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
Basic earnings per share			
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year,			
(Loss) / profit attributable to equity holders of the Company (£)	(56,795)	541,533	1,353,187
Weighted average number of ordinary shares in issue (thousands)	76,754	76,754	76,754
(Loss) / earnings per share (pence per share)	(0.09)	0.71	1.76
- Continuing operations	(0.09)	0.76	1.76
- Discontinued operations	-	(0.05)	-

Diluted earnings per share

The Company has one category of dilutive potential ordinary shares - share options. A calculation has been undertaken to determine the number of shares which could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. It is compared with the number of shares which would have been issued assuming the exercise of the share options.

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
(Loss) / profit attributable to equity holders of the Company (£)	(56,795)	541,533	1,353,187
Weighted average number of ordinary shares in issue (thousands)	76,754	76,754	76,754
Adjustment for share options (thousands)	-	347	2,129
Weighted average number of ordinary shares for diluted earnings (thousands)	76,754	77,101	78,883
Diluted (Loss) / earnings per share (pence per share)	(0.09)	0.70	1.72
- Continuing operations	(0.09)	0.75	1.72
- Discontinued operations	-	(0.05)	-

6. Availability of Results

These results will be available on the Company's website, which is at www.carecapital.co.uk