

30th September 2009



CareCapital Group Plc
("CareCapital" or "the Group")
Interim Report for the Six Months to 30 June 2009

CareCapital Group Plc (AIM: CARE), a healthcare real estate developer and investor in the UK and in Germany, is pleased to announce its interim report for the six months to 30 June 2009.

Highlights

- Group rental income up 21% to £1,596,719 (H1 2008: £1,312,661)
- Adjusted diluted Net Asset Value ("NAV") per share* 18.5p (H1 2008: 22.5p)
- Loss before tax of £880,005 (H1 2008 Profit: £20,049)
- Development pipeline in the UK and Germany with a combined value of £87 million

**Adjusted diluted net asset per share – excludes deferred tax on property portfolio revaluation. Calculated on a similar basis for 2008.*

Dr. Michael Sinclair, Chairman, commented, "I remain convinced that the development of, and investment in, medical office buildings remains one of the most stable long term property related activities and that this will continue to be the case for the foreseeable future. This is reflected by the recent valuation exercises which reinforce the real worth of the Company"

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Chairman's Statement

I am pleased to present the financial results for the CareCapital Group Plc for the six months to 30 June 2009.

At 30 June 2009 the Group's investment properties and developments in progress were valued at £57.6 million (31.12.08: £55.8 million; 30.6.08: £49.6 million). Adjusted diluted Net Asset Value per share (which excludes deferred tax on property revaluations) was 18.5p at 30 June; (31.12.08: 20.9p). Group rental income for the six months under review was £1.6 million (2008: £1.3 million)

The period under review and the subsequent months to date have presented challenges which your Board has striven to address. The Board's view is that it would not have been in the interests of shareholders to raise funds through the market at a valuation significantly below net asset value. Consequently the Company has to date procured further short term secured borrowings of just under £5 million net of costs of which I have personally provided £4.2 million.

My senior management colleagues and I, as was announced on 6 April 2009, explored the option of a management buy out of the Group. However, the receipt of third party expressions of interest in respect of the acquisition of all or part of the Group resulted in our decision to terminate the management buy out option, as announced on 6 April 2009, in order to ensure no conflict of interest in considering any other financing offers. The Board is currently considering the potential outcome of this process and is evaluating the options for the future direction and status of the Group and its financing requirements.

In order to assess any firm proposals relating to the acquisition of the Group or any part of it, we have engaged, since 30 June 2009, an international firm of chartered surveyors to perform a valuation of the investment property portfolios in the UK and Germany. This report has recently been completed and has produced a gross valuation of the UK Portfolio of £23 million (excluding the Folkestone Dental Centre) and Germany of €26.6 million. This has reinforced the valuation shown in the 2008 Annual Report and Accounts.

Additionally, the Group has a number of projects at advanced stages of development ("the development pipeline"); all of which are currently expected to proceed. Consequently the Directors have commissioned an independent firm of accountants to value the development pipeline. Based on the expected rental values and current rental yields in the sector, this places a residual value (before seller's costs) on the development pipeline in the range of between £8 million and £11.1 million. In arriving at the residual valuation, all future development costs have been deducted and the expected completion dates of the various projects have been taken into account.

If this valuation of the development pipeline were to be incorporated into the Group's assets it would produce an increase in net assets per share of between 10.4p and 14.4 p.

The outcome of these valuation exercises has not been incorporated into the half year financial results.

Development activity and the securing of associated long term debt continues in line with the Board's expectations. As previously reported we completed the development in Marktredwitz, Northern Bavaria, in December 2008 and it was fully tenanted by the end of March 2009. The construction of our second medical office building in Adlershof, South East Berlin is on schedule with completion due before the end of March 2010. This building is fully pre let.

In the UK it is anticipated that the projects in Coventry and Consett will be on site by early November 2009. An unexpected casualty of the present economic conditions has been the dental tenants at Folkestone, who are unable to meet the obligations of the lease. In seeking redress under the terms of the lease compensation has been agreed with one of the guarantors. The Group is actively seeking alternative tenants and as a consequence, the property is valued in the accounts at cost.

I remain convinced that the development of, and investment in, medical office buildings remains one of the most stable long term property related activities and that this will continue to be the case for the foreseeable future.

Dr Michael Sinclair,

Chairman

30th September 2009

CareCapital Group Plc

Consolidated income statement for the six months ended 30 June 2009

	Six months ended 30 June 2009 <i>Unaudited</i>	Six months ended 30 June 2008 <i>Unaudited</i>	Year ended 31 December 2008 <i>Audited</i>
	Notes	£	£
Revenue	1,596,719	1,312,661	2,856,110
Cost of sales	(203,817)	(178,086)	(416,025)
Gross profit	1,392,902	1,134,575	2,440,085
Administrative expenses	(939,268)	(802,180)	(1,750,826)
Net surplus / (deficit) on revaluation of investment properties	130,511	254,525	(1,655,932)
Operating profit / (loss)	584,145	586,920	(966,673)
Finance income	676	287,537	1,208,929
Finance costs	(1,464,826)	(874,324)	(2,548,868)
Change in fair value of financial instruments	-	19,916	92,256
Net finance costs	(1,464,150)	(566,871)	(1,247,683)
(Loss) / Profit before tax	(880,005)	20,049	(2,214,356)
Taxation	-	(76,844)	524,195
(Loss) / Profit on ordinary activities after taxation	(880,005)	(56,795)	(1,690,161)
(Loss) / Profit for the period			
- attributable to equity shareholders	(905,825)	(70,966)	(1,688,027)
- attributable to minority interests	25,820	14,171	(2,134)
	(880,005)	(56,795)	(1,690,161)
(Loss) / Earnings per Ordinary Share			
-Basic	5	(1.15)p	(0.09)p
- Diluted	5	(1.15)p	(0.09)p
Weighted average number of shares ('000)	5	76,754	76,754

The above results relate to continuing operations.

CareCapital Group Plc

Statement of comprehensive income for the six months ended 30 June 2009

	Six months ended 30 June 2009 <i>Unaudited</i> £	Six months ended 30 June 2008 <i>Unaudited</i> £	Year ended 31 December 2008 <i>Audited</i> £
(Loss) / Profit for the period	(880,005)	(56,795)	(1,690,161)
Other comprehensive income:			
Exchange differences on translating foreign operations	(960,581)	125,978	488,168
Other comprehensive income for the period, net of tax	(960,581)	125,978	488,168
Total comprehensive income for the period	(1,840,586)	69,183	(1,201,993)
Total comprehensive income attributable to:			
Owners of the parent	(1,835,362)	44,885	(1,248,676)
Minority interest	(5,224)	24,298	46,683
	(1,840,586)	69,183	(1,201,993)

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Consolidated statement of financial position at 30 June 2009

	As at 30 June 2009 <i>Unaudited</i> £	As at 31 December 2008 <i>Audited</i> £	As at 30 June 2008 <i>Unaudited</i> £
Non - current assets			
Intangible assets	1,751,959	1,751,959	1,965,615
Investment properties	49,367,932	52,331,824	41,883,741
Development properties	8,236,752	3,512,716	7,703,083
Leasehold improvements	75,003	79,914	84,825
Plant and equipment	62,247	58,941	45,063
	59,493,894	57,735,354	36,294,850
Current assets			
Trade and other receivables	314,274	465,181	632,328
Cash and cash equivalents	178,216	2,519,519	245,252
	492,490	2,984,700	877,580
Total assets	59,986,384	60,720,054	52,559,907
Current liabilities			
Trade and other payables	(2,785,647)	(1,940,940)	(1,533,558)
Borrowings, including finance leases	(4,609,067)	(4,438,452)	(3,805,223)
Derivative financial instruments	-	-	(72,340)
Total Current Liabilities	(7,394,713)	(6,379,392)	(5,411,121)
Non - current liabilities			
Borrowings, including finance leases	(38,408,437)	(38,327,667)	(29,434,026)
Deferred tax provision	(2,103,420)	(2,103,420)	(2,704,459)
	(40,511,857)	(40,431,087)	(32,138,485)
Total liabilities	(47,906,571)	(46,810,479)	(37,549,606)
Net assets	12,079,813	13,909,575	15,010,301
Equity			
Share capital	767,541	767,541	767,541
Share premium account	1,397,500	1,397,500	1,397,500
Share option reserve	401,430	390,606	220,156
Reverse acquisition reserve	11,038,204	11,038,204	11,038,204
Exchange movements reserve	(486,133)	443,404	119,904
Profit and Loss account	(1,209,294)	(303,469)	1,313,592
Equity shareholders interest	11,909,248	13,733,786	14,856,897
Minority interest	170,565	175,789	153,404
Total equity	12,079,813	13,909,575	15,010,301

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Consolidated statement of changes in equity for the six months ended 30 June 2009

	Share capital	Share premium	Share options reserve	Reverse acquisition reserve	Exchange rate movement reserve	Profit and loss account	Equity Shareholder Interest	Minority Interest	Total
	£	£	£	£	£	£	£	£	£
Balance at									
1 January 2008	767,541	1,397,500	209,332	11,038,204	4,053	1,384,558	14,801,188	129,106	14,930,294
Exchange rate movement	-	-	-	-	115,851	-	115,851	10,127	125,978
Loss for the period	-	-	-	-	-	(70,966)	(70,966)	14,171	(56,795)
Total recognised income and expenditure	-	-	-	-	115,851	(70,966)	44,885	24,298	69,183
Share based payment									
- employee services	-	-	10,824	-	-	-	10,824	-	10,824
Balance at 30 June 2008	767,541	1,397,500	220,156	11,038,204	119,904	1,313,592	14,856,897	153,404	15,010,301
Balance at									
1 July 2008	767,541	1,397,500	220,156	11,038,204	119,904	1,313,592	14,856,897	153,404	15,010,301
Exchange rate movement	-	-	-	-	323,500	-	323,500	38,690	362,190
Loss for the period	-	-	-	-	-	(1,617,061)	(1,617,061)	(16,305)	(1,633,366)
Total recognised income and expenditure	-	-	-	-	323,500	(1,617,061)	(1,293,561)	22,385	(1,271,176)
Share based payment									
- employee services	-	-	10,825	-	-	-	10,825	-	10,825
costs of raising finance			159,625				159,625		159,625
Balance at 31 December 2008	767,541	1,397,500	390,606	11,038,204	443,404	(303,469)	13,733,786	175,789	13,909,575
Balance at 1 January 2009	767,541	1,397,500	390,606	11,038,204	443,404	(303,469)	13,733,786	175,789	13,909,575
Exchange rate movement	-	-	-	-	(929,537)	-	(929,537)	(31,044)	(960,581)
Loss for the period	-	-	-	-	-	(905,825)	(905,825)	25,820	(880,005)
Total recognised income and expenditure	-	-	-	-	(929,537)	(905,825)	(1,835,362)	(5,224)	(1,840,586)
Share based payment									
- employee services	-	-	10,824	-	-	-	10,824	-	10,824
Balance at 30 June 2009	767,541	1,397,500	401,430	11,038,204	(486,133)	(1,209,294)	11,909,248	170,565	12,079,813

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Consolidated statement of cash flows for the six months ended 30 June 2009

	Six months ended 30 June 2009 <i>Unaudited</i> £	Six months ended 30 June 2008 <i>Unaudited</i> £	Year ended 31 December 2008 <i>Audited</i> £
Cash flows from operating activities			
(Loss) / Profit after taxation	(880,005)	(56,795)	(1,690,161)
Adjustments			
Taxation	-	76,844	(524,195)
Change in fair value of financial instruments	-	(19,916)	(92,256)
Finance costs	1,464,826	874,324	2,548,868
Finance income	(676)	(287,537)	(1,208,929)
Unrealised net revaluation gains on investment properties	(130,511)	(254,525)	1,655,932
Depreciation	13,660	21,922	38,460
Write off of development properties	69,649	-	16,933
Share based payments	10,824	14,432	21,649
Cash flows from operations before changes in working capital	547,767	368,749	766,301
Change in trade and other receivables	150,907	(86,183)	(13,770)
Change in trade and other payables	890,256	724,753	808,538
Cash (used) / generated from operations	1,588,930	1,007,319	1,561,069
Interest paid	(1,252,236)	(855,991)	(2,186,557)
Cash flows from operating activities	336,694	151,328	(625,488)
Cash flows from investing activities			
Purchase of investment property	-	(468,574)	(520,845)
Capital expenditure on development properties	(4,825,697)	(4,719,491)	(8,461,421)
Capital expenditure on leasehold improvements	-	(400)	(400)
Purchase of plant and equipment	(13,037)	(5,629)	(31,133)
Interest received	676	2,033	10,933
Cash flows from investing activities	(4,838,058)	(5,192,061)	(9,002,866)
Cash flows from financing activities			
New mortgage loans raised (Net)	2,590,777	3,994,264	22,868,788
Repayment of loans	(366,454)	(216,178)	(12,588,154)
Directors' loan (net of costs)	-	-	3,666,724
Cash flows from financing activities	2,224,323	3,778,086	13,947,358
Net decrease in cash and cash equivalents	(2,277,041)	(1,262,647)	4,319,004
Cash and cash equivalents at 1 January	2,455,257	(1,863,747)	(1,863,747)
Cash and cash equivalents at closing	178,216	(3,126,394)	2,455,257
Comprising:			
- Cash and cash equivalents	178,216	245,252	2,519,518
- Bank overdrafts	-	(3,371,646)	(64,261)
- Total	178,216	(3,126,394)	2,455,257

CareCapital Group Plc

Notes to the accounts (Unaudited)

1. Basis of preparation

The interim report of the Groups results for the six months ended 30 June 2009 was approved by the Board on 30 September 2009.

The interim financial information has not been audited and does not constitute statutory accounts as defined under section 435 of the Companies Act 2006.

The interim 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 2008, prepared under IFRS as adopted in the EU. The auditors' report on those accounts, which have been filed with the Registrar of Companies, was unqualified but did contain an Emphasis of Matter with respect of the ability of the Company and the Group to continue as a going concern. The auditors' report did not contain a statement under section 498(2) or 498 (3) of the Companies Act 2006.

In the Group's annual report and accounts, the Directors stated that additional working capital would be required to fund progress on several development projects, a number of funding options had been reviewed and negotiations were progressing to secure the required finance. Since then further options have presented themselves to the Board and are also under active review. The Directors continue to have reasonable expectations of securing funding which will enable the Group to meet its debt repayment, development programme and working capital requirements for a period in excess of twelve months.

Consequently, the financial statements have been prepared on a going concern basis. However, there can be no certainty that funding will be secured and this interim financial information does not contain any adjustments that might be necessary in the event that funding is not secured.

2. Changes in Accounting Policies

In the current financial year, the Group has adopted IAS 1, "Presentation of Financial Statements" (Revised).

"IAS 1 Presentation of Financial Statements (Revised)" includes the requirement to present a Statement of Changes in Equity as a primary statement and introduces the possibility of either a single statement of Comprehensive Income (combining the Income Statement and a Statement of Comprehensive Income) or to retain the income statement with a supplementary Statement of Comprehensive Income. The second option has been adopted by CareCapital Group Plc. As this standard is concerned with presentation only it does not have any impact on the results or net assets of the Group.

3. Loans from CareCapital Ltd to the Group's German operations

Since the inception of CareCapital Group's investment programme in Germany, CareCapital Ltd, the Group's main operating subsidiary, has advanced loans to German Group Companies in order to facilitate the growth of the property investment and development business in that geographical area. Until 1 January 2009, such loans were treated as short term working capital loans subject to repayment. They were denominated in Euros, and exchange rate risk was carried in the UK. Any gain or loss resulting from the conversion of the loans into sterling was taken to the income statement. During January 2009, the Directors reviewed the outstanding loans and determined that it would be more appropriate to treat them as long term loans of a "quasi equity" nature. Consequently, the loans were fixed in Euros at the exchange rate applicable at 31 December 2008, and exchange rate risk passed to the German legal entities. For accounting periods after 1 January 2009 any exchange rate gains or losses arising from the translation of the German operations to sterling, will be shown in the statement of comprehensive income.

4. Investment Property valuations

At 30 June 2009 the Group's investment properties were valued at £49,367,932 of which £26,795,854 related to the UK portfolio and £22,572,078 related to the German properties after conversion to sterling from euros at an exchange rate of 1.17357. These values reflect the underlying position at 31 December 2008 uplifted for one rent review agreed during the period. The revaluation exercise referred to in the Chairman's statement reflected a small increase on a like for like basis, which has not been booked to the accounts.

5. Earnings per Share

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
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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)	(56,795)	(1,688,027)
Weighted average number of ordinary shares in issue (thousands)	76,754	76,754	76,754
(Loss) / earnings per share (pence per share)	(0.09)	(0.09)	(2.20)

Diluted earnings per share

The Company has two categories of dilutive potential ordinary shares - share options and warrants. A calculation is 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 2009	Six months ended 30 June 2008	Year ended 31 December 2008
(Loss) / profit attributable to equity holders of the Company (£)	(56,795)	(56,795)	(1,688,027)
Weighted average number of ordinary shares in issue (thousands)	76,754	76,754	76,754
Adjustment for share options (thousands)	-	-	-
Weighted average number of ordinary shares for diluted earnings (thousands)	76,754	76,754	76,754
Diluted (Loss) / earnings per share (pence per share)	(0.09)	(0.09)	(2.20)

6. Availability of Results

These results are available on the Company's website, www.carecapital.co.uk