27th September 2010

CareCapital

CareCapital Group Plc

(“CareCapital” or "the Group")

Interim Report for the Six Months to 30 June 2010

CareCapital Group Plc (AIM: CARE), a healthcare real estate developer and investor in the UK and Germany, is pleased to announce its interim report for the six months to 30 June 2010.

Highlights

- Group rental income down 35% to £1.1m (HI 2009: £1.6m) following disposal of UK portfolio
- Adjusted diluted Net Asset Value (“NAV”) per share* 12.2p (H1 2009: 18.5p)
- Disposal of UK portfolio for £23.5m to PHP in February 2010
- Loss before tax of £2m (H1 2009 Profit: £0.9m)
- Development pipeline in the UK and Germany with a combined value of £42.7m

**Adjusted diluted net asset per share – excludes deferred tax on property portfolio revaluation. Calculated on a similar basis for 2009.*

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Chairman's Statement – six months to 30 June 2010.

I am pleased to report on the financial results for the CareCapital Group for the six month period to 30th June 2010.

The Group's principal activities are the development of and investment in medical office buildings and other healthcare related real estate in the UK and Germany.

As I reported in my statement introducing the 2009 Annual Report we disposed of a portfolio of 14 medical office buildings and ancillary pharmacies etc in February 2010 and completed in March the development of our second medical office building in Adlershof, South East Berlin, in May. This building of 4,000 sq m is 90% tenanted and it is anticipated the remaining space will be let within the next few weeks.

These significant events during the six month period to 30 June 2010 mean that direct comparison between these financial results and those previously reported does not properly reflect the Group's progress.

At 30 June 2010 the Group's investment properties and developments in progress were valued at £35.1m (31.12.09:£60m; 30.6.09 £57.6m). Adjusted diluted Net Asset Value per share (which excludes deferred tax on property revaluations) was 12.2p at 30 June 2010; (15.5p at 31.12.09). Costs associated with the sale of the UK medical centres, as reported above, including redemption penalties incurred on the repayment of the senior debt have been written off in the period. Group rental income for the six months under review was £1.1m; (2009: £1.6m.)

In the UK construction works started on the project in Coventry in August and it is anticipated works will commence on site for the West Wirral project in late October. Progress continues on the rest of the medical centre development programme.

In addition, as announced in August, significant steps have been taken in progressing the proton therapy development initiative through Proton Therapy Global Inc ("PTG") in which CareCapital has a 25% stake. At the time of writing this report PTG has entered into letters of intent with four major healthcare institutions in the US and one in the UK. A further seven potential projects are under discussion.

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

27 September 2010

CareCapital Group Plc

Consolidated statement of comprehensive income for the six months ended 30 June 2010

	Notes	**Six months ended 30-Jun 2010**	Six months ended 30-Jun 2009	Year ended 31-Dec 2009
		Unaudited	*Unaudited*	*Audited*
		£	£	£
Revenue		**1,119,528**	1,596,719	3,414,698
Cost of sales		**(200,768)**	(203,817)	(455,296)
Gross profit		**918,760**	1,392,902	2,959,402
Administrative expenses		**(1,005,945)**	(939,268)	(1,808,043)
Impairment of goodwill		**-**	-	(1,751,960)
Loss on disposal of assets		**(279,635)**	-	-
Net gain /(loss) on fair value adjustment		**-**	-	596,807
Development costs written off		**-**	130,511	(502,032)
Operating profit / (loss)		**(366,820)**	584,145	(505,826)
Finance income		**149**	676	4,303
Finance costs		**(1,655,868)**	(1,464,826)	(2,963,463)
Change in fair value of financial instruments		**-**	-	-
Net finance costs		**(1,655,719)**	(1,464,150)	(2,959,160)
(Loss) / profit before tax		**(2,022,539)**	(880,005)	(3,464,986)
Taxation		**-**	-	1,696,466
(Loss) / Profit on ordinary activities after taxation		**(2,022,539)**	(880,005)	(1,768,520)
(Loss) / Profit for the period				
- attributable to equity shareholders		**(2,002,462)**	(905,825)	(1,903,049)
- attributable to minority interests		**20,077**	25,820	134,529
		(2,022,539)	(880,005)	(1,768,520)
Other Comprehensive Income				
Exchange differences on translating foreign operations		**(554,792)**	(960,581)	(648,614)
Total comprehensive loss for the year		**(2,577,331)**	(880,005)	(2,417,134)
Total comprehensive income / (loss) attributable to :				
- Equity shareholders		**(2,541,929)**	(1,835,362)	(2,486,802)
- Non controlling interest		**(35,402)**	(5,224)	69,668
		(2,577,331)	(1,840,586)	(2,417,134)
Loss per Ordinary Share				
Basic and diluted - total		**(2.64)p**	(1.15)p	(2.48)p
Weighted average number of shares (‘000)		**76,754**	76,754	76,754

CareCapital Group Plc

Consolidated statement of financial position at 30 June 2010

	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
	Unaudited	*Audited*	*Unaudited*
	£	£	£
Non - current assets			
Intangible assets		-	1,751,959
Investment properties	**31,143,199**	55,982,399	49,367,932
Development properties	**3,984,188**	4,074,198	8,236,752
Leasehold improvements	**68,997**	73,908	75,003
Plant and equipment	**35,835**	47,199	62,247
	35,232,219	60,177,704	59,493,894
Current assets			
Trade and other receivables	**477,550**	512,571	314,274
Cash and cash equivalents	**13,082**	268,573	178,216
	490,632	781,144	492,490
Total assets	**35,722,851**	**60,958,848**	59,986,384
Current liabilities			
Trade and other payables	**(1,327,501)**	(2,453,857)	(2,785,647)
Borrowings, including finance leases	**(3,475,329)**	(9,207,414)	(4,609,067)
Derivative financial instruments	**-**	-	-
Total Current Liabilities	**(4,802,830)**	(11,661,271)	(7,394,713)
Non - current liabilities			
Borrowings, including finance leases	**(21,565,485)**	(37,376,534)	(38,408,437)
Deferred tax provision	**(406,954)**	(406,954)	(2,103,420)
	(21,972,439)	(37,783,488)	(40,511,857)
Total liabilities	**(26,775,269)**	(49,444,759)	(47,906,571)
Net assets	**8,947,582**	11,514,089	12,079,813
Equity			
Share capital	**767,541**	767,541	767,541
Share premium account	**1,397,500**	1,397,500	1,397,500
Share option reserve	**423,078**	412,254	401,430
Reverse acquisition reserve	**11,038,204**	11,038,204	11,038,204
Exchange movements reserve	**(639,662)**	(140,349)	(486,133)
Profit and Loss account	**(4,249,134)**	(2,206,518)	(1,209,294)
Equity shareholders interest	**8,737,527**	11,268,632	11,909,248
Non controlling interest	**210,055**	245,457	170,565
Total equity	**8,947,582**	11,514,089	12,079,813

CareCapital Group Plc

Consolidated statement of changes in equity for the six months ended 30 June 2010

	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 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	-	-	-	-	-	(905,826)	(905,826)	25,820	(880,005)
Total comprehensive income	-	-	-	-	(929,537)	(905,826)	(1,835,363)	(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
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
Exchange rate movement	-	-	-	-	345,784	-	345,784	(33,817)	311,967
Loss for the period	-	-	-	-	-	(997,224)	(997,224)	108,709	(888,515)
Total comprehensive income	-	-	-	-	345,784	(997,224)	(651,440)	74,892	(576,548)
Share based payment - employee services	-	-	10,825	-	-	-	10,825	-	10,825
costs of raising finance			-				-		-
Balance at 31 December 2009	767,541	1,397,500	412,255	11,038,204	(140,349)	(2,206,518)	11,268,633	245,457	11,514,090
Balance at 1 January 2010	767,541	1,397,500	412,255	11,038,204	(140,349)	(2,206,518)	11,268,633	245,457	11,514,090
Exchange rate movement	-	-	-	-	(499,313)	-	(499,313)	(55,479)	(554,792)
Loss for the period	-	-	-	-	-	(2,042,616)	(2,042,616)	20,007	(2,022,539)
Total comprehensive income	-	-	-	-	(499,313)	(2,042,616)	(2,541,929)	(35,402)	(2,577,331)
Share based payment - employee services	-	-	10,824	-	-	-	10,824	-	10,824
Balance at 30 June 2010	767,541	1,397,500	423,078	11,038,204	(639,662)	(4,249,134)	8,737,527	210,055	8,947,582

CareCapital Group Plc

Consolidated statement of cash flows for the six months ended 30 June 2010

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	Unaudited	*Unaudited*	*Audited*
	£	£	£
Cash flows from operating activities			
(Loss) / Profit after taxation	**(2,022,988)**	(880,005)	(1,769,520)
Adjustments			
Taxation	**-**	-	(1,696,466)
Change in fair value of financial instruments	**-**	-	-
Finance costs	**885,747**	1,464,826	2,963,463
Finance income	**(149)**	(676)	(4,303)
Unrealised net revaluation gains on investment properties	**-**	(130,511)	(596,807)
Impairment of goodwill	**-**	-	1,751,959
Depreciation	**14,207**	13,660	33,132
Write off of development properties	**22,482**	69,649	502,032
Share based payments	**10,824**	10,824	21,648
Cash flows from operations before changes in working capital	**(1,089,877)**	547,767	1,206,138
Change in trade and other receivables	**34,970**	150,907	(47,389)
Change in trade and other payables	**(1,126,355)**	890,256	556,477
Cash (used) / generated from operations	**(2,181,262)**	1,588,930	1,715,226
Interest paid	**(825,965)**	(1,252,236)	(2,457,309)
Cash flows from operating activities	**(3,007,227)**	336,694	(742,083)
Cash flows from investing activities			
Sale of investment property	**23,248,860**	-	-
Capital expenditure on development properties	**(791,775)**	(4,825,697)	(6,305,031)
Capital expenditure on leasehold improvements	**-**	-	(3,815)
Purchase of plant and equipment	**-**	(13,037)	(13,199)
Profit from sale of developed properties	**280,935**	-	-
Interest received	**149**	676	4,303
Cash flows from investing activities	**22,738,169**	(4,838,058)	(6,317,742)
Cash flows from financing activities			
New mortgage loans raised (Net)	**953,362**	2,590,777	4,446,523
Repayment of loans	**(21,326,542)**	(366,454)	(823,382)
Directors' loan (net of costs)	**28,500**	-	300,000
Other short term loans	**-**	-	950,000
Cash flows from financing activities	**(20,344,680)**	2,224,323	4,873,141
Net decrease in cash and cash equivalents	**(613,738)**	(2,277,041)	(2,186,684)
Cash and cash equivalents at 1 January	**268,573**	2,455,257	2,455,257
Cash and cash equivalents at closing	**(345,165)**	178,216	268,573
Comprising:			
- Cash and cash equivalents	**13,082**	178,216	268,573
- Bank overdrafts	**(358,247)**	-	-
- Total	**(345,165)**	178,216	268,573

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 2010 was approved by the Board on 24 September 2010.

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 2009, 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. Investment Property valuations

At 30 June 2010 the Group's investment properties were valued at £31.1m (30.06.09 £49.4m) of which £3m (30.06.09 £26.8m) related to the UK portfolio and £28m (30.06.09 £22.6m) related to the German properties after conversion to sterling from Euros at an exchange rate of 1.2167 These values reflect the underlying position at 31 December 2009 uplifted for the completion of Adlershof 2 in the period.

3. Earnings per Share

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
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 (£)	**(2,022,988)**	(905,825)	(1,903,049)
Weighted average number of ordinary shares in issue (thousands)	**76,754**	76,754	76,754
(Loss) / earnings per share (pence per share)	**(2.64)**	(0.09)	(2.48)

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 2010	Six months ended 30 June 2009	Year ended 31 December 2009
(Loss) / profit attributable to equity holders of the Company (£)	**(2,022,988)**	(905,825)	(1,903,049)
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)	**(2.64)**	(0.09)	(2.48)

6. Availability of Results

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