Assura Group Limited

Interim report for the six months ended 30 September 2010

Assura Group Limited

Contents

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Assura Group Limited

Interim report for the six months ended 30 September 2010

Highlights

- Significant increase in revenues and operating profits -

- Dividend payments resumed -

23 November 2010: Assura Group Limited ("Assura", or "the Group" or "the Company"), one of the UK's leading primary care property and pharmacy companies, today announces its interim results for the six months ended 30 September 2010.

Operating Highlights

- £6.2m gain on revaluation of Investment portfolio; £4.3m gain on revaluation of other property
- Rent roll increased 4.0% to £23.4m (31 March 2010: £22.5m[1])
- Two new developments valued at £10.9m completed in the period
- Five developments on site - anticipated value £35.1m
- Financial close reached on three LIFT projects with an end value of £71m since 31 March

Financial Highlights

- Re-instatement of dividend; 1p per share declared
- Group revenues up 16.3% to £30.7m (H1 2009: £26.4m)
- Group operating profit from continuing operations up 122.7% to £16.7m (H1 2009: £7.5m)
- Pharmacy revenues increased 10.5% to £16.8m[2] (H1 2009: £15.2m). Same store revenues increased 7.2% (for stores open throughout both periods)
- Pharmacy operating profit £1.4m (H1 2009: Loss of £0.1m)
- LIFT consultancy revenues increased 120% to £2.2m (H1 2009: £1.0m)
- Net cash inflow from operating activities £4.6m (H1 2009: outflow £6.4m)
- Administration expenses from continuing operations reduced by 14.4% from £9.0m in H1 2009 to £7.7m despite growth in revenues
- Adjusted net assets of £198.6m (31 March 2010: £186.5m), equivalent to 64.8p (31 March 2010: 60.9p) per Share[3]
- Debt repayments of only £4.5m required prior to March 2013
- £35.3m[4] cash in hand at year end (31 March 2010: £24.6m)

[1] Including the rental value of own premises £0.6m (31 March 2010: £1.1m).
[2] Excludes 50% share of revenue derived from pharmacies owned in joint venture with GP Care Limited.
[3] Adjusted diluted net asset value per Ordinary Share excluding the mark to market value of the Group's interest rate swaps.
[4] Includes £20.2m (31 March 2010: £14.6m) of restricted cash in respect of cash ring fenced for committed property development expenditure and an interest payment guarantee.

Nigel Rawlings, CEO of Assura, said:

"This has been a significant period for Assura in which it has delivered a strong increase in both revenues and operating profits. The Company has been restructured and streamlined into a more focused business delivering growing revenues and sustainable dividends. We are confident of future growth prospects and pleased to be able to resume dividend payments."

Enquiries:

Assura Group Limited	**01928 737000**
Nigel Rawlings, CEO	
Conor Daly, Company Secretary	
FD	**020 7831 3113**
Ben Atwell	
Ben Brewerton	
Richard Sunderland	

Assura Group Limited

Interim report for the six months ended 30 September 2010

Chief Executive's Statement

The first six months ended 30 September 2010 was Assura's first full period of trading following the sale of the medical services business. The Group is increasingly focussed on developing its NHS Property business alongside its Pharmacy and LIFT businesses. All parts of the Group have performed well and I am pleased to report that during the period all divisions traded profitably and ahead of the Board's expectations.

Profit & Dividend

Group revenues have increased 16.3% compared with the comparable period of the prior year, administration expenses (including those required by the growing pharmacy business and, in the prior period, excluding those incurred by the medical services division which was disposed of) have fallen by 14.4%, and the Group has benefitted from revaluation gains of £10.5m (2009: £nil). These have led to an increase in the Group's operating profit in the period up from £7.5m to £16.7m and an increase in profit before revaluation of derivative financial instruments and taxation up from £1.5m to £9.5m.

Revaluation of the Group's interest rate derivatives at 30 September 2010 gave rise to an unrealised loss of £20.8m plus £2.3m in its associated companies in the period (H1 2009: Profit of £8.6m plus £0.8m in associated companies) following the downward trend in swap rates earlier this year. The recent reversal of this trend reduces the loss to only £6.5m plus £1.5m in associated companies for the period from 01 April 2010 to 15 November 2010.

Now that the Group is on a sounder financial footing the Board is pleased to announce the reinstatement of dividend payments, as predicted at our preliminary results in June. An interim dividend of 1p per share, amounting to £3.2m, will be paid on 7 January 2011 to shareholders on the register on 3 December 2010.

Property

During the period, the Group's overall rent roll increased by 4.0% from £22.5m at 31 March (including £1.1m of internal rents) to £23.4m at 30 September (including £0.6m of internal rents). Internal rents now only comprise arms length pharmacy rents whereas previously they also included leases for Health & Wellness centres which were terminated following the sale of the medical services business on 3 March 2010.

Rental growth from the property portfolio continues to increase and between 1 April 2010 and 13 October 2010 the property division completed 27 rent reviews, producing an annualised increase of 5.49% equating to additional rent of £245,000 per annum. This is a particularly strong result which builds on the 5% increase in rents reported in our Q1 IMS.

In addition, the Group has benefited from a £6.2m gain following the revaluation of the investment portfolio. The net initial yield now stands at 5.94%, compared to 6.02% at 31 March 2010, and an equivalent yield of 6.33% (31 March 2010: 6.46%) reflecting current market rental values.

The Group continues to remain active in property development. Two medical centre developments were completed in the period with an end value of £10.9m. An additional five are on site with an end value of £35.1m. Land and development work in progress benefitted from a revaluation surplus of £4.3m in the period. All committed developments have funding secured for all of the costs through to practical completion.

The Department of Health's White Paper 'Equity and Excellence: Liberating the NHS', with its shift towards GPs as commissioners and enhancing service provision in primary care, bodes well for the future of our business. The Group currently benefits from a sizeable pipeline of future medical centre developments.

Assura Group Limited

Interim report for the six months ended 30 September 2010

Chief Executive's Statement

LIFT

LIFT companies are public/private partnerships which procure and supply capital investment needed by public bodies and other health care providers to deliver health and community services to the public.

The Group has achieved financial close in its LIFT companies on two major projects in the reporting period and a further one in November, the total end value of which is £71m.

Assura's six LIFT Companies, five of which are managed by the Group, are regarded as 'associated companies' even where the Group's beneficial interest is more than 50% of the equity. This is due to standard restrictions in LIFT Company shareholders agreements. Furthermore the assets are not treated in the same way as property investments given that, in common with other LIFT Companies, the leases include the provision of facility management services and an option to purchase the freehold in favour of the Primary Care Trust tenants at the end of the 25 year lease term.

However the gross value of properties in the Group's LIFT Companies, of which the Group owns 31.4% on a weighted average basis, is £162m and the end value of properties under construction is an additional £96m.

The Group benefits from loan stock investments in the six LIFT Companies amounting to £8.26m which are held at par value, yielding on average 12%, in addition to the equity stakes.

Pharmacy

The pharmacy division had a very strong first half and produced an operating profit of £1.4m on turnover of £16.8m in its wholly-owned pharmacies.

During the period one new store was opened, two pharmacies were refurbished, and one was relocated into the heart of a medical centre. Assura Pharmacy continues to be successful in gaining licenses for new stores. The strategy remains focussed on selective openings of profitable new health centre stores, store developments and driving growth in our existing stores while delivering further efficiency savings.

Although recent NHS pricing adjustments threaten to impair margins and reduce profitability in the second half, the Board anticipates that this will be partly mitigated through our focus on generating enhanced buying terms, productivity improvements and further organic growth.

Efficiencies

Of the three discontinued Health & Wellness centres, two have substantially been let and one is under offer for sale.

Two surplus land sites have been sold in the period, a further two are in legal hands and another site has been sold subject to planning. These sales are profitable and, along with a vacant property sale, will give rise to net receipts of over £10m at completion.

Letting of vacant space continues to be achieved and direct property costs have reduced from £1.4m to £1.2m.

The Pall Mall office has been part let, an assignment of the Group's Daresbury office lease is in legal hands, and costs in other areas such as staff, IT, telecoms & marketing have been reduced substantially and we believe there are further opportunities for cost savings as contracts come up for renewal.

Cash and Debt

At 30 September 2010 the Group had cash of £35.3m up from £24.6m at 31 March 2010. Of this £20.2m (31 March: £14.6m) is ring fenced to finance developments in progress.

Net indebtedness increased from £231.2m at 31 March 2010 to £234.2m although the Group's gearing reduced from 57% to 55% in the period.

Chief Executive's Statement

The mark to market value of the Group's interest rate derivatives at 30 September 2010 was a liability of £38.1m plus a liability of £5.6m within associated companies (31 March 2010: liability of £17.3m plus a liability of £2.7m in associated companies) following the downward trend in swap rates earlier this year. The recent reversal of this trend reduces the liability from £38.1m to £23.8m on 15 November 2010 and from £5.6m to £4.3m in the Group's associated companies. These are largely matched hedges as required by banks. The largest portion is a £200m swap at 4.59% for 16 years from 01 January 2012 marked against the 30 year swap rate. In the past the Group gained advantage by extending the swap to benefit from lower long term rates compared to short term rates, whereas the Group may well be able to effectively manage this swap to its advantage again in due course given that the longer term rates are now considerably higher than shorter term rates. In any event, up till 31 December 2011, the Group benefits from a lower rate payable of 3.29% on this swap.

The Group's bank facilities are substantially available to it until at least March 2013, and the Group benefits from comfortable headroom in all its covenants. Nevertheless the Group is considering various options available to it now for managing the debt and swap in future bearing in mind that £130m of debt is due for repayment, albeit not until March 2013.

Net Asset Value

The Group's basic net asset value per share reduced from 52.7p at 31 March to 48.9p at 30 September however the adjusted net asset value per share (adjusted to exclude the market value of financial instruments) increased from 60.9p at 31 March to 64.8p at 30 September.

Summary and Outlook

The Group has a growing investment portfolio that continues to perform well in both valuation and rental growth. Profitable developments are adding to the portfolio with 2 schemes completed in the period and 5 currently on site in the course of construction.

The Group also benefits from sound LIFT investments that it is adding to steadily with two major schemes under construction.

The Pharmacy business has delivered strong earnings growth which, with the benefit of new store openings, relocations and refurbishments, can continue notwithstanding adverse NHS pricing adjustments that were announced recently.

The board is particularly pleased to be able to announce that due to strong performance across the Group dividend payments, which were suspended in 2008 to preserve cash, have now been reinstated.

The board believes that the Group is now well positioned for growth and sustainable dividend payments as a result of its high quality portfolio of property and LIFT investments and pharmacies providing continuing growth. The Group's net asset value, adjusted to exclude the market value of financial instruments increased from 60.9p at 31 March to 64.8p at 30 September.

Nigel Rawlings
Chief Executive Officer
22 November 2010

Assura Group Limited

Interim report for the six months ended 30 September 2010

Principal Risks and Uncertainties

The factors identified by the Board as having the potential to affect the Group's operating results, financial control and/or the trading price of its shares were set out in detail in the Annual Report for year ended 31 March 2010.

An update on certain key risks as they relate to the second half of the year is set out below:

NHS Procurement and Funding
The Company is operating in the primary healthcare market providing pharmacy and property services to the NHS. Cuts in the funding available for rent of medical centres, delays and uncertainty while the recent NHS white paper is implemented, or other uncertainties such as future rental reimbursement mechanisms to GPs by the NHS, may reduce expenditure available to fund services provided by the Company or impact on the covenant strength of the underlying tenants in future. Further changes to the reimbursement for the provision of pharmaceutical goods and services following the recent NHS pharmacy pricing reductions could have an adverse effect on the Company.

Financial derivative risk
The Company hedges its borrowing costs through the use of financial derivatives, primarily a £200m interest rate swap with an underlying rate of 4.59% marked against the 30 year swap rate which was 3.54% on 30 September following a period in which long term rates moved consistently lower for some months. On or before 31 March 2013 the Company is required to repay its loan of currently £130m to National Australia Bank. The mark to market liability of the interest rate swap may be novated to a new lender but could become an actual liability at that point. Up till 31 December 2011 however, the swap rate payable is only 3.29% and it is noteworthy that the 30 year swap rate has moved up from 3.54% at 30 September 2010 to 3.93% on 15 November 2010 reducing this potential liability.

Going concern
The Company has bank facilities committed until 31 March 2013 and beyond. A thorough review of its financial projections has been undertaken and the Company believes that it has sufficient funding for the medium term. Accordingly the financial statements have been prepared on a going concern basis.

Related party transactions
Related party transactions that have taken place during the first six months of the current financial year that have materially affected the financial position or performance of the entity during the period and any changes in related party transactions described in the last annual report are disclosed in note 23.

Nigel Rawlings
Chief Executive Officer
22 November 2010

Assura Group Limited

Interim Condensed Consolidated Financial Statements for six months ended 30 September 2010

Directors' Responsibilities Statement

The Board confirms to the best of their knowledge:

- that the consolidated half year financial statements for the six months to 30 September 2010 have been prepared in accordance with IAS 34 'Interim Financial Reporting'; and

- that the Half Year Management Report comprising the Chief Executive's Statement and the principal risks and uncertainties includes a fair review of the information required by sections 4.2.7R and 4.2.8R of the Disclosure and Transparency Rules.

The above Statement of Directors' responsibilities was approved by the Board on 22 November 2010.

Nigel Rawlings
Chief Executive Officer
22 November 2010

Assura Group Limited

Interim Condensed Consolidated Financial Statements for six months ended 30 September 2010

Corporate Information

Non-Executive Directors:	Rodney Baker-Bates (Chairman) Clare Hollingsworth Peter Pichler
Executive Director:	Nigel Rawlings (Chief Executive Officer)
Head Office and Principal Place of Business	3300 Daresbury Business Park Warrington Cheshire WA4 4HS
Company Secretary:	Conor Daly
Registered Office:	Isabelle Chambers Route Isabelle St Peter Port Guernsey
Auditors:	Ernst & Young LLP 100 Barbirolli Square Manchester M2 3EY
Bankers:	National Australia Bank 88 Wood Street London EC2V 7QQ
	Aviva Group plc PO Box 21 Surrey Street Norwich NR1 3NT
	Santander Global Banking 2 Triton Square Regents Place London NW1 3AN
	Royal Bank Of Scotland plc 1 Spinningfields Square Manchester M3 3AP
Legal Advisers:	Addleshaw Goddard LLP 100 Barbirolli Square Manchester M2 3AB
	Carey Olsen PO Box 98 Carey House Les Banques St Peter Port Guernsey GY1 4BZ

Corporate Information

Stockbrokers:	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
	Investec Securities Limited 2 Gresham Street London EC2V 7QP

Independent Review Report to Assura Group Limited

For the six months ended 30 September 2010

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 which comprises the Interim Consolidated Income Statement, Interim Consolidated Statement of Comprehensive Income, Interim Consolidated Balance Sheet, Interim Consolidated Statement of Changes in Equity, Interim Consolidated Cash Flow Statement and the related notes 1 to 25. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
Manchester
22 November 2010

Assura Group Limited

Interim Consolidated Income Statement

For the six months ended 30 September 2010

	Notes	**Six months ended 30 September 2010 Unaudited £'000**	Six months ended 30 September 2009 (restated)[1] Unaudited £'000
Revenue		**30,714**	26,414
Cost of sales		**(13,247)**	(12,002)
Gross profit		**17,467**	14,412
Administrative expenses	**6**	**7,660**	8,970
Group trading profit		**9,807**	5,442
Share-based payment credit/(charge)		**15**	(318)
Share in associates and joint venture (losses)/profit	**8**	**(4,262)**	1,120
Gain on disposal of assets held for sale		**176**	117
Gain on revaluation of investment property	**12**	**6,195**	-
Gain on revaluation of investment property under construction	**13**	**986**	-
Exceptional items			
Gain on disposal of pharmacies		**-**	776
Impairment reversal on pharmacy licences		**450**	-
Impairment of property, plant and equipment	**15**	**(70)**	-
Gain on revaluation of non-current assets held for sale		**3,360**	-
Gain on disposal of other investments		**-**	409
		3,740	1,185
Group operating profit		**16,657**	7,546
Finance revenue		**684**	511
Finance costs		**(7,832)**	(6,604)
		(7,148)	(6,093)
Profit before revaluation of derivative financial instrument and taxation		**9,509**	1,453
Revaluation of derivative financial instruments	**19**	**(20,814)**	8,618
(Loss)/profit after revaluation of derivative financial instrument and before taxation		**(11,305)**	10,071
Taxation	**9**	**(376)**	(187)
(Loss)/profit for the period from continuing operations		**(11,681)**	9,884
Discontinued operations			
Loss for the period from discontinued operations		**-**	(4,941)
(Loss)/profit for the period		**(11,681)**	4,943
(Loss)/profit for the period attributable to:			
Equity holders of the parent		**(11,681)**	4,981
Minority interest		**-**	(38)
		(11,681)	4,943
Earnings per share (pence)			
Basic and diluted (loss)/earnings per share from continuing operations	**11**	**(3.81)p**	3.24p
Adjusted basic and diluted earnings per share from continuing operations	**11**	**3.92p**	0.17p

[1] The Interim Consolidated Income Statement for the period to 30 September 2009 has been restated to transfer losses incurred in the Medical Division to Loss for the period from discontinued operations and to reflect the adoption of a new accounting policy for service concession arrangements within associates (see note 2).It has also been restated to show the effect of the derivative financial instrument of the LIFT associate which was omitted in error (see note 2).

Assura Group Limited

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2010

	Six months ended 30 September 2010 Unaudited £'000	Six months ended 30 September 2009 (restated) Unaudited £'000
(Loss)/profit for the period	**(11,681)**	4,943
Revaluation on land and buildings	**71**	-
Other comprehensive income for the period, net of tax	**71**	-
Total comprehensive (loss)/income for the period net of tax	**(11,610)**	4,943
Attributable to:		
Equity holders of the parent	**(11,610)**	4,981
Minority interests	**-**	(38)
	(11,610)	4,943

Assura Group Limited

Interim Consolidated Balance Sheet

As at 30 September 2010

	Notes	30/09/10 Unaudited £'000	31/03/10 Audited (restated)[2] £'000
Non-current assets			
Investment property	12	**326,413**	313,672
Investment property under construction	13	**24,755**	27,690
Investment in associates	14	**8,948**	11,241
Investment in joint ventures	14	**7,204**	7,588
Intangible assets		**39,876**	39,427
Property, plant and equipment	15	**14,320**	14,927
Deferred tax assets		**1,088**	1,464
		422,604	416,009
Current assets			
Cash and cash equivalents	16	**35,324**	24,602
Trade and other receivables		**10,480**	10,260
Pharmacy inventories		**1,692**	1,721
Property work-in-progress		**151**	53
		47,647	36,636
Non-current assets held for sale and included in disposal groups	17	**12,580**	6,700
Total assets		**482,831**	459,345
Current liabilities			
Trade and other payables		**22,562**	21,805
Financial liabilities	18	**1,460**	6,544
		24,022	28,349
Non-current liabilities			
Interest bearing loans and borrowings	18	**267,995**	249,297
Payments due under finance lease		**929**	979
Derivative financial instruments at fair value	19	**38,088**	17,274
Provisions		**1,970**	1,994
		308,982	269,544
Total liabilities		**333,004**	297,893
		149,827	161,452
Capital and reserves			
Share capital		**31,747**	31,747
Own shares held		**(5,093)**	(5,093)
Share premium		**23,282**	23,282
Distributable reserve		**213,614**	213,614
Retained earnings		**(116,953)**	(105,447)
Revaluation reserve		**3,230**	3,349
Equity attributable to equity holders of the parent		**149,827**	161,452
Basic net asset value per Ordinary Share	20	**48.89p**	52.69p
Diluted net asset value per Ordinary Share	20	**48.89p**	52.69p
Adjusted basic net asset value per Ordinary Share	20	**64.81p**	60.88p
Adjusted diluted net asset value per Ordinary Share	20	**64.81p**	60.88p

The interim condensed consolidated financial statements were approved at a meeting of the Board of Directors held on 22 November 2010 and signed on its behalf by:

Nigel Rawlings
Chief Executive Officer

[2] The Interim Consolidated Balance Sheet for the period to 31 March 2010 has been restated to include the derivative financial instruments of the LIFT associates which were omitted in error (see note 2).

Assura Group Limited

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 September 2010

	Share Capital	Own Shares Held	Share Premium	Distributable Reserve	Retained Earnings	Revaluation Reserve	Total	Minority Interest	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
					(restated)		(restated)		(restated)
1 April 2010	**31,747**	**(5,093)**	**23,282**	**213,614**	**(105,447)**	**3,349**	**161,452**	**-**	**161,452**
Revaluation of land and buildings	-	-	-	-	-	71	**71**	-	**71**
Loss attributable to equity holders	-	-	-	-	**(11,681)**	-	**(11,681)**	-	**(11,681)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(11,681)**	**71**	**(11,610)**	**-**	**(11,610)**
Depreciation transfer for land and buildings	-	-	-	-	190	(190)	-	-	-
Cost of employee share-based incentives	-	-	-	-	(15)	-	**(15)**	-	**(15)**
30 September 2010 (Unaudited)	**31,747**	**(5,093)**	**23,282**	**213,614**	**(116,953)**	**3,230**	**149,827**	**-**	**149,827**

	Share Capital	Own Shares Held	Share Premium	Distributab Reserve	Retained Earnings	Revaluation Reserve	Total	Minority Interest	Total Equity
					(restated)		(restated)		(restated)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 April 2009	**31,747**	**(5,093)**	**23,212**	**213,614**	**(93,233)**	**3,642**	**173,889**	**(178)**	**173,711**
(Loss)/profit attributable to equity holders and minority interest	-	-	-	-	4,981	-	**4,981**	(38)	**4,943**
Total comprehensive income	**-**	**-**	**-**	**-**	**4,981**	**-**	**4,981**	**(38)**	**4,943**
Depreciation transfer for land and buildings	-	-	-	-	37	(37)	-	-	-
Cost of employee share-based incentives	-	-	-	-	455	-	**455**	-	**455**
Acquisition of minority interest	-	-	-	-	-	-	-	216	**216**
30 September 2009 (Unaudited)	**31,747**	**(5,093)**	**23,212**	**213,614**	**(87,760)**	**3,605**	**179,325**	**-**	**179,325**

Assura Group Limited

Interim Consolidated Statement of Cash Flows

For the six months ended 30 September 2010

	Six months ended 30 September 2010 Unaudited £'000	Six months ended 30 September 2009 Unaudited £'000
Operating activities		
Rent received	**13,826**	9,666
Revenue from pharmacies	**16,782**	15,189
Fees received	**2,447**	1,605
Dividend received	**-**	211
Bank and other interest received	**684**	301
Expenses paid	**(9,287)**	(15,334)
Purchases by pharmacies	**(11,572)**	(10,506)
Interest paid and similar charges	**(8,272)**	(7,491)
Net cash inflow/(outflow) from operating activities	**4,608**	(6,359)
Investing activities		
Purchase of development and investment property	**(8,434)**	(11,327)
Proceeds from sale of development and investment property	**3,276**	6,031
Purchase of investments in associated companies	**(9)**	-
Purchase of investments in joint venture companies	**-**	(1,036)
Proceeds from sale of investments	**-**	6,376
Purchase of property, plant and equipment	**(796)**	(881)
Proceeds from sale of property, plant and equipment	**212**	1,153
Cash paid on acquisition of subsidiaries	**-**	(64)
Costs associated with registration of pharmacy licences	**-**	(1,370)
Cost of development work-in-progress	**(98)**	(118)
Loans advanced to associated companies	**(1,606)**	(785)
Loans repaid/(advanced) to joint ventures	**29**	(1,416)
Net cash outflow from investing activities	**(7,426)**	(3,437)
Financing activities		
Drawdown of term loan	**19,541**	33,547
Repayment of term loan	**(5,785)**	(22,885)
Loan issue costs	**(216)**	(420)
Net cash inflow from financing activities	**13,540**	10,242
Increase in cash and cash equivalents	**10,722**	446
Opening cash and cash equivalents	**24,602**	24,790
Closing cash and cash equivalents	**35,324**	25,236

Assura Group Limited

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2010

1. Corporate information
The interim condensed consolidated financial statements of the Group for the six months ended 30 September 2010 were authorised for issue in accordance with a resolution of the directors on 22 November 2010.

The principal activities of the Group are the ownership and development of a diversified portfolio of primary healthcare properties and the provision of pharmacy services.

The Company's Ordinary Shares are traded on the London Stock Exchange.

The Company continues to believe that the most appropriate classification for the business is within *8633 - Real Estate Holding and Development* rather than Drug Retailers and we will update further in the event that this is accepted by the FTSE Classification Team.

2. Basis of preparation
The interim condensed consolidated financial statements for the six months ended 30 September 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting.

This financial report covers the six month accounting period from 1 April 2010 to 30 September 2010 and the six month accounting period from 1 April 2009 to 30 September 2009.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2010 which are prepared in accordance with IFRS as adopted by the European Union.

The financial statements are presented in pounds sterling rounded to the nearest thousand unless specified otherwise.

Prior period restatements
a) The Consolidated Income Statement for the six months to 30 September 2009 has been restated to transfer losses incurred in the Medical Division to Loss for the year from discontinued operations following the sale of the division in March 2010.

b) Adoption of IFRIC 12 *Service Concession Arrangements* was mandated by the EU for the first time in the year ended 31 March 2010, and so should have been reflected in the interim report for the six months to 30 September 2009. The Group has followed IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, in applying the change of accounting policy retrospectively. The prior period financial information has therefore been restated. As a result of the adoption of IFRIC 12, the following adjustments were made to the 2009 financial information:

As of 30 September 2009:
Net increase in investments in associates: £391,000
Net increase in retained earnings: £391,000
Net increase in share of profits from associates and joint ventures: £391,000
Net increase in the profit after tax: £391,000

The effect on profit per share related to the restatement in 2009 was an increase of 0.13p per share.

c) In addition the financial derivative instruments held in the LIFT division were omitted from the balance sheet at 30 September 2009 and 31 March 2010. The balance sheets at 30 September 2009 and 31 March 2010 has therefore been restated. The following adjustments have been made to the financial information:

As of 30 September 2009:
Net decrease in investments in associates: £3,000,000
Net decrease in retained earnings: £3,000,000
Net increase in share of profits from associates and joint ventures: £769,000
Net increase in the profit after tax: £769,000

The effect on profit per share related to the restatement in 2010 was an increase of 0.25p per share.

2. Basis of preparation *(continued)*
Prior period restatements *(continued)*

As of 31 March 2010:
Net decrease in investments in associates: £2,721,000
Net decrease in retained earnings: £2,721,000

3. The results for the six months to 30 September 2010 and to 30 September 2009 are unaudited. The interim accounts do not constitute statutory accounts. The balance sheet as at 31 March 2010 has been extracted from the Group's 2010 annual report and financial statements. The auditor has reported on the 2010 accounts and the report was unqualified.

4. Significant accounting policies
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2010, except for the adoption of new standards and interpretations as of 1 January 2010, noted below:

IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment had no effect on the financial position nor performance of the Group.

IFRIC 17 *Distribution of Non-cash Assets to Owners*
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position nor performance of the Group.

Revised IFRS 3 Business Combinations
This amendment changes the treatment of acquisition-related costs and contingent consideration relating to acquisitions after 1 January 2010 and also changes the treatment of non-controlling interests (formerly minority interests) with an option to recognise these at full fair value as at the acquisition date and a requirement for previously held non-controlling interests to be fair valued as at the date control is obtained, with gains and losses recognised in the income statement.

Some of the key features of the revised IFRS 3 include:
- Acquisition-related costs to be expensed and not included in the purchase price;
- Contingent consideration to be recognised at fair value on the acquisition date (with subsequent changes recognised in the income statement and not as a change to goodwill); and
- Changes to the accounting treatment of step acquisitions.

Revised IFRS 3 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

IAS 27R Consolidated and Separate Financial Statements
The revision to this Standard requires the Group to attribute losses to non-controlling interests even if this results in the non-controlling interest having a deficit balance. This change is applicable prospectively and the controlling shareholder will not be able to recover any past losses absorbed under the old rules. The revision of the Standard had no effect on the results for the six months ended 30 September 2010.

4. Significant accounting policies *(continued)*

Improvements to IFRSs (issued May 2008)
In May 2008, the Board issued its first omnibus of amendments to its standards. All amendments issued are effective for Assura Group Limited as at 31 March 2010, apart from the following:

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations:* clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and had no impact on the financial position nor financial performance of the Group.

Improvements to IFRSs (issued April 2009)
In April 2009 the Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

IFRS 8 *Operating Segment Information*: Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information in Note 5.

IAS 7 *Statement of Cash Flows*: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.

IAS 36 *Impairment of Assets*: The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:
IFRS 2 *Share-based Payment*
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
IAS 1 *Presentation of Financial Statements*
IAS 17 *Leases*
IAS 38 *Intangible Assets*
IAS 39 *Financial Instruments: Recognition and Measurement*
IFRIC 9 *Reassessment of Embedded Derivatives*
IFRIC 16 *Hedge of a Net Investment in a Foreign Operation*
The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. Segmental information
The Group's reportable operating segments are internally reported to the chief operating decision maker based on four segments, being primary care premises investment, primary care premises development, pharmacy services and LIFT. All the Group's activities and investments in primary healthcare properties and related activities are situated in the UK and in Guernsey.

The Property Investment segment invests in primary care premises.

The Property Development segment develops primary care premises.

The Pharmacy Services segment operates integrated pharmacies in or adjacent to medical centres.

LIFT companies develop and invest in medical centres in partnership between the public and private sectors. The LIFT segment invests in LIFT companies and provides services to those companies and the primary care trusts in the areas in which they operate.

5. Segmental information *(continued)*

The following tables present revenue and profit information regarding the Group's reportable operating segments for the six months ended 30 September 2010 and 30 September 2009 respectively:

The Medical Services segment was discontinued during the previous financial period. The segment provided medical services, principally outpatient and other services traditionally undertaken in hospitals but being relocated into GP surgeries, community hospitals and other facilities in the community, in collaboration with GPs.

Six months ended 30 September 2010:

	Property Investment	Property Development	Pharmacy	LIFT	Eliminations and Unallocated items	Continuing	Discontinued Medical Services	Total
	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Revenue from external customers	11,195	-	16,787	2,199	533	**30,714**	-	**30,714**
Inter-segment sales	544	-	-	-	(544)	**-**		**-**
Segment revenue	11,739	-	16,787	2,199	(11)	**30,714**	-	**30,714**
Operating profit/(loss)	10,176	(234)	1,398	424	(1,957)	**9,807**	-	**9,807**
Cost of employee share-based incentives	(59)	-	(82)	(14)	170	**15**	-	**15**
Share of losses of associates and joint ventures	-	-	(355)	(3,062)	(845)	**(4,262)**	-	**(4,262)**
Unrealised surplus on revaluation of investment property	6,195	-	-	-	-	**6,195**	-	**6,195**
Unrealised surplus on revaluation of investment property under construction	-	986	-	-	-	**986**	-	**986**
Realised surplus on disposal of assets held for sale	176	-	-	-	-	**176**	-	**176**
Revaluation of pharmacy licences	-	-	450	-	-	**450**	-	**450**
Impairment of property, plant and equipment	(70)	-	-	-	-	**(70)**	-	**(70)**
Unrealised gain on revaluation of assets held for sale	60	3,300	-	-	-	**3,360**	-	**3,360**
	16,478	4,052	1,411	(2,652)	(2,632)	**16,657**	-	**16,657**
Net finance cost	-	-	-	-	(7,148)	**(7,148)**	-	**(7,148)**
Revaluation of derivative financial instruments	-	-	-	-	(20,814)	**(20,814)**	-	**(20,814)**
Profit/(loss) before tax	16,478	4,052	1,411	(2,652)	(30,594)	**(11,305)**	-	**(11,305)**
Taxation	-	-	(376)	-	-	**(376)**	-	**(376)**
Profit/(loss) for the period	16,478	4,052	1,035	(2,652)	(30,594)	**(11,681)**	-	**(11,681)**

5. Segmental information *(continued)*

	Property Investment	Property Development	Pharmacy	LIFT	Eliminations and Unallocated items	Continuing	Discontinued Medical Services	Total
	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Assets and liabilities								
Intangibles	20,024	-	16,134	3,718	-	**39,876**	-	**39,876**
Fixed assets	337,250	24,755	2,969	-	514	**365,488**	-	**365,488**
Equity accounted investments	-	-	7,204	4,212	4,736	**16,152**	-	**16,152**
Current assets	26,508	24,361	8,810	1,634	(1,086)	**60,227**	-	**60,227**
Segment assets	383,782	49,116	35,117	9,564	4,164	**481,743**	-	**481,743**
Deferred tax asset						**1,088**	-	**1,088**
Total assets						**482,831**	-	**482,831**
Segment liabilities								
Current liabilities	(15,353)	-	(5,696)	(965)	(2,008)	**(24,022)**	-	**(24,022)**
Derivative financial instruments						**(38,088)**	-	**(38,088)**
Non-current liabilities						**(270,894)**	-	**(270,894)**
Total liabilities						**(333,004)**	-	**(333,004)**
Other segmental information								
Capital expenditure:								
Property, plant and equipment	347	-	395	-	54	**796**	-	**796**
Intangible assets	-	-	-	-	-	**-**	-	**-**
Depreciation	241	-	169	-	218	**628**	-	**628**

Six months ended 30 September 2009 (restated):

	Property Investment	Property Development	Pharmacy	LIFT	Eliminations and Unallocated items	Continuing	Discontinued Medical Services	Total
	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Revenue from external customers	10,922	-	15,191	1,014	(713)	**26,414**	372	**26,786**
Inter-segment sales	856	-	-	-	(856)	**-**	-	**-**
Segment revenue	11,778	-	15,191	1,014	(1,569)	**26,414**	372	**26,786**
Operating profit/(loss)	8,534	(1,153)	(121)	(53)	(1,765)	**5,442**	(3,789)	**1,653**
Cost of employee share-based incentives	(68)	-	(91)	(91)	(68)	**(318)**	(137)	**(455)**
Share of profits/(losses) of associates and joint ventures	-	-	(22)	1,142	-	**1,120**	(736)	**384**
Realised surplus on revaluation of investment property	117	-	-	-	-	**117**	-	**117**
Realised surplus on sale of pharmacies	-	-	776	-	-	**776**	-	**776**
Impairment of goodwill	-	-	-	-	-	**-**	(279)	**(279)**

5. Segmental information *(continued)*

	Property Investment	Property Development	Pharmacy	LIFT	Eliminations and Unallocated items	**Continuing**	Discontinued Medical Services	**Total**
	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Segmental result	8,583	(1,153)	542	998	(1,833)	**7,137**	(4,941)	**2,196**
Gain on disposal of other investments	-	-	-	-	409	**409**	-	**409**
	8,583	(1,153)	542	998	(1,424)	**7,546**	(4,941)	**2,605**
Net finance cost	-	-	-	-	(6,093)	**(6,093)**	-	**(6,093)**
Revaluation of derivative financial instruments	-	-	-	-	8,618	**8,618**	-	**8,618**
Profit/(loss) before tax	8,583	(1,153)	542	998	1,101	**10,071**	(4,941)	**5,130**
Taxation	-	-	(187)	-	-	**(187)**	-	**(187)**
Profit/(loss) for the period	8,583	(1,153)	355	998	1,101	**9,884**	(4,941)	**4,943**

As at 31 March 2010 (restated):

	Property Investment	Property Development	Pharmacy	LIFT	Eliminations and Unallocated items	**Continuing**	Discontinued Medical Services	**Total**
	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Assets and liabilities								
Intangibles	-	20,024	15,685	3,718	-	**39,427**	-	**39,427**
Fixed assets	324,891	27,691	3,127	-	580	**356,289**	-	**356,289**
Equity accounted investments	-	-	7,588	5,802	5,439	**18,829**	-	**18,829**
Current assets	10,349	18,497	8,426	1,304	4,760	**43,336**	-	**43,336**
Segment assets	335,240	66,212	34,826	10,824	10,779	**457,881**	-	**457,881**
Deferred tax asset						**1,464**	-	**1,464**
Total assets						**459,345**	-	**459,345**
Segment liabilities								
Current liabilities	(18,472)	-	(4,970)	(954)	(3,953)	**(28,349)**	-	**(28,349)**
Derivative financial instruments						**(17,274)**	-	**(17,274)**
Non-current liabilities						**(252,270)**	-	**(252,270)**
Total liabilities						**(297,893)**	-	**(297,893)**
Other segmental information								
Capital expenditure:								
Property, plant and equipment	802	-	392	-	292	**1,486**	636	**2,122**
Intangible assets	-		1,049	-	-	**1,049**	279	**1,328**
Depreciation	459	-	384	-	1,211	**2,054**	378	**2,432**

6. Administrative expenses

	Continuing operations	**Discontinued operations**	**Total 2010**	Continuing operations	Discontinued operations	Total 2009
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Branch administrative expenses	**3,425**	**-**	**3,425**	4,249	-	4,249
Other administrative expenses	**4,235**	**-**	**4,235**	4,721	4,132	8,853
	7,660	**-**	**7,660**	8,970	4,132	13,102

7. Impairments

Goodwill and pharmacy licences

The Group tests goodwill and pharmacy licences for impairment annually (as at 31 March) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and pharmacy licences is based on value in use calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different cash generating units were discussed in the annual statements for the year ended 31 March 2010.

The Group has considered the valuation of goodwill and pharmacy licences as at 30 September 2010 and has concluded that £450,000 of amounts previously impaired could be reversed in respect of pharmacy licences. This was as a result of more favourable results in the pharmacy division for the first half of the year and this trend is expected to continue.

8. Associates and joint ventures

	Six months ended 30 September 2010 £'000	Six months ended 30 September 2009 £'000 (restated)
Share of trading (losses)/profits of associates	**(1,041)**	373
Share of (impairment)/revaluation of derivative financial instruments of associates	**(2,866)**	769
	(3,907)	1,142
Share of trading losses of joint venture	**(355)**	(22)
Share in associates and joint venture (losses)/profit	**(4,262)**	1,120

9. Taxation on profit on ordinary activities

	Six months ended 30 September 2010 £'000 Unaudited	Six months ended 30 September 2009 £'000 Unaudited
Tax charged in the income statement		
Current income tax:		
UK corporation tax	**-**	-
Deferred tax:		
Origination and reversal of temporary differences	**324**	187
Impact of change of rate of taxation	**52**	-
Total tax charge	**376**	187

The effective tax rate on continuing operations of 17.7% is lower than the standard rate of 28%.

Announcements were made in the Emergency Budget in 22 June 2010 that the following changes to the UK tax legislation would be enacted in the 2010 and subsequent Finance Acts.

The main rate of corporation tax is to be reduced from 28% to 24% at a rate of 1% per year. Only the first 1% of the announced 4% reduction in the corporation tax rate was substantively enacted at the balance sheet date. This first reduction to a rate of 27% will be effective from 1 April 2011.

Based on the closing deferred tax asset at the interim balance sheet date, the aggregate impact of the proposed reductions from 27% down to 24% would reduce the deferred tax asset by approximately £157,000

10. Dividends paid on ordinary shares

The board is pleased to announce that dividend payments are to be reinstated commencing with the declaration today of an interim dividend of 1p per share payable on 7 January 2011 to shareholders on the register on 3 December 2010.

11. Earnings per ordinary share

	Basic & diluted EPS per ordinary share from continuing operations	**Adjusted basic & diluted EPS per ordinary share from continuing operations**	Basic & diluted EPS per ordinary share from continuing operations	Adjusted basic & diluted EPS per ordinary share from continuing operations
	Six months ended 30 September 2010 £'000	**Six months ended 30 September 2010 £'000**	Six months ended 30 September 2009 £'000 (restated)	Six months ended 30 September 2009 £'000 (restated)
(Loss)/profit attributable to equity holders of the parent	**(11,681)**	**(11,681)**	9,922	9,922
Revaluation of the derivative financial instrument of the parent	**-**	**20,814**	-	(8,618)
Revaluation of the derivative financial instrument of associates	**-**	**2,866**	-	(769)
	(11,681)	**11,999**	9,922	535
Weighted average number of shares in issue	**306,427,150**	**306,427,150**	306,427,150	306,427,150
(Loss)/earnings per ordinary share	**(3.81)p**	**3.92p**	3.24p	0.17p

11. Earnings per share *(continued)*

As described in note 2 the income statement for the period ending 30 September 2009 has been restated to include the revaluation of derivative financial instruments held in associated companies. This revaluation has therefore been included in the calculation of the adjusted basic and diluted earnings per share which is consistent with the treatment of derivative financial instruments of the parent company.

12. Investment property

Properties are stated at fair value, which has been determined based on valuations performed by Savills Commercial Limited as at 30 September 2010, on the basis of open market value, supported by reference to the market evidence available and the availability of bank debt, in accordance with international valuation standards.

	30/09/10	31/03/10
	£'000	£'000
Opening fair value of investment property	**312,596**	277,753
Separately acquired assets	**357**	835
Subsequent expenditure	**187**	2,096
Disposals	**-**	(12,525)
Transfers from investment property under construction	**10,840**	34,626
Transfers from land and buildings	**725**	8,755
Transfers to land and buildings	**-**	(495)
Transfers to assets held for sale	**(5,515)**	(2,870)
Unrealised surplus on revaluation	**6,195**	6,466
Unrealised deficit on revaluation of Assura Health & Wellness Centres Limited properties	**-**	(2,045)
Closing market value	**325,385**	312,596
Add present value of future lease obligations	**1,028**	1,076
Closing fair value of investment property	**326,413**	313,672

Prior to a site being acquired, any site acquisition, investigation and third party bid related costs are included in work-in-progress. Upon acquisition of a site, transfers are made from work-in-progress to development property where future costs are subsequently included. Upon acquisition of an investment property again any pre acquisition costs are transferred from work-in-progress to investment property. Finally costs are transferred to investment property from development property upon practical completion of the medical centre and when tenants have taken occupation or signed lease agreements. Transfers are made to land and buildings in respect of the proportion of those medical centres used by the Group.

13. Investment property under construction

Properties are stated at fair value or where this cannot be reliably determined the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably determinable. The valuations have been performed by Savills Commercial Limited as at 30 September 2010 on this basis supported by reference to the market evidence available and the availability of bank debt, in accordance with international valuation standards.

	30/09/10	31/03/10
	£'000	£'000
Opening fair value of investment property under construction	**27,690**	-
Transfers from development property	**-**	54,767
Development costs incurred in period	**6,537**	14,507
Capitalised interest	**487**	1,364
Transfer from work-in-progress	**-**	1,127
Disposals	**-**	(988)
Impairment	**-**	(4,506)
Impairment of Assura Health & Wellness Centres Limited developments	**-**	(125)
Unrealised surplus on revaluation	**986**	-
Transfers to assets held for sale	**(105)**	(3,830)
Transfers to investment property	**(10,840)**	(34,626)
Closing fair value of investment property under construction	**24,755**	27,690

The Group has completed two medical centre developments in the six month period, has a further five such developments on site at 30 September, and is likely to be commencing further developments in the current six month period. Where the expected end valuation of any development might fall short of the total anticipated development costs, provision was made in each case in the accounts of the Group at 31 March 2010.

14. Investments in associates and joint ventures

	Associates	**Joint ventures**	**Total**
	£'000	**£'000**	**£'000**
At 1 April 2010	13,962	7,588	21,550
Adjustment for revaluation of derivative financial instrument of LIFT segment	(2,721)	-	(2,721)
Balance at 1 April 2010 as restated	11,241	7,588	18,829
Share of trading (losses)/profits before revaluation of derivative financial instruments	(1,041)	(355)	(1,396)
Share in revaluation of derivative financial instruments	(2,866)	-	(2,866)
Movement on loan balances	1,614	(29)	1,585
	8,948	**7,204**	**16,152**

15. Property, plant and equipment

Additions and disposals

During the six months ended 30 September 2010, the Group acquired assets with a cost of £796,000 and disposed of assets with a cost of £366,000.

During the period property, plant & equipment assets were impaired by £70,000 (2009: £nil).

16. Cash and cash equivalents

	30/09/10 £'000	31/03/10 £'000
Petty cash	**1**	1
Cash held in current account	**15,145**	9,987
Restricted cash	**20,178**	14,614
	35,324	24,602

Restricted cash is in respect of an interest payment guarantee and also ring fenced for committed property development expenditure which is released to pay contractors invoices directly.

17. Assets classified as held for sale and disposal groups

	Investment property 30/09/10 £'000	Investment property under construction 30/09/10 £'000	Total 30/09/10 £'000	Total 31/03/10 £'000
At the beginning of the period	**2,870**	**3,830**	**6,700**	509
Transferred from investment property	**5,515**	**-**	**5,515**	2,870
Transferred from investment property under construction	**-**	**105**	**105**	3,830
Disposals	**(2,425)**	**(675)**	**(3,100)**	(509)
Revaluation	**60**	**3,300**	**3,360**	-
At 30 September 2010 / 31 March 2010	**6,020**	**6,560**	**12,580**	6,700

The above amounts represent the net book values of assets held for sale. The amounts relate to the disposal of 10 properties/land sites. The sale of the 1 property completed during October 2010.

18. Interest-bearing loans and borrowings

	30/09/10 £'000	31/03/10 £'000
At the beginning of the period/year	**255,841**	238,279
Amount drawn down in period/year	**19,541**	75,302
Amount repaid in period/year	**(5,785)**	(57,411)
Loan issue costs	**(215)**	(895)
Amortisation of loan issue costs	**73**	566
At the end of the period/year	**269,455**	255,841
Due within one year	**1,460**	6,544
Due after more than one year	**267,995**	249,297
At the end of the period/year	**269,455**	255,841

(i) Term loan with National Australia Bank Limited for three years from 30 March 2009 with an option to extend for a fourth year. The facility was initially for £190m but reduced to £130m during the period.

18. Interest-bearing loans and borrowings *(continued)*

Interest was charged at a rate of 2.1% above LIBOR while the balance was above £130m and then reduced to 1.95% above LIBOR. If the loan to value ratio for properties charged to the bank is above 75%, then a 0.5% additional margin is charged. An interest rate swap at a rate of 3.29% (4.59% from 1 January 2012) has been taken out to hedge the interest on the loan. This loan is secured by way of a debenture over several of the wholly owned property assets of the Group and a fixed charge over shares held in certain subsidiary companies.

The term loan with Royal Bank Of Scotland PLC (RBS) for £8.25m secured on the Group's head office building and investment property in Daresbury. The balance on this loan was £6.1m at 30 September 2010 (31 March 2010: £6.4m).

The loan from RBS is available until March 2013 and carries interest at 1.2% above LIBOR. Surplus rental income from the property is used to amortise the loan. An interest rate swap at a rate of 5.1% was taken out to hedge the interest at the inception of this loan.

The loans from Aviva have an aggregate balance of £94.5m at 30 September 2010 (31 March 2010: £85.6m). The Aviva loans are partially amortised by way of quarterly instalments and partially repaid by way of bullet repayments falling due between 2021 and 2032. £1.1m is due within a year. These loans are secured by way of charges over specific medical centre investment properties with cross collaterisation between the loans and security. The loans are subject to fixed all in interest rates ranging between 5.85% and 6.49%, and do not have loan to value covenants, and interest cover is required of 1.03 times.

The loan from Santander has an aggregate balance of £40.0m at 30 September 2010 (31 March 2010: £30.0m) and is secured on certain medical centre investments owned by the Group. The loan from Santander is available until March 2015 and carries interest at 1.8% above LIBOR. Surplus rental income from the property is used to partially amortise the loan. Interest rate swaps at rates of 2.995% (£30m) and 2.15% (£10m) have been taken out to hedge the interest on the loan. The loan must not exceed 75% of the value of the security and interest cover must be above 1.4 times (rising to 1.5 times).

The Group has been in compliance with all financial covenants on all of the above loans as applicable throughout the period.

19. Derivative financial instrument at fair value (restated)

	Interest rate swap (NAB)	Interest rate swap (RBS)	Interest rate swaps (Santander)	Total derivative financial instruments of the parent	Share of interest rate swap in associate	Total derivative financial instruments
	£'000	£'000	£'000	£'000	£'000	£'000
Liability at 1 April 2010 (restated)	16,316	682	276	17,274	2,721	19,995
Movement in period	19,600	(1)	1,215	20,814	2,866	23,680
Liability at 30 September 2010	35,916	681	1,491	**38,088**	5,587	**43,675**

In 2005 the Company entered into a 20 year interest rate swap at a rate of 4.5725%, on its full debt facility at that time of £100m. On 2 November 2006, the swap was increased to £200m (£150m effective from 30 June 2007 and £200m effective from 31 December 2007) all at a new rate of 4.59% expiring on 31 December 2027. On 8 January 2009 the swap was extended to 30 years but subject to a mandatory early termination on 30 September 2028 at the following rates: for the calendar year 2009 – 2.99%, for the calendar years 2010 and 2011 – 3.29% and for the remaining term – 4.59%. Based on the actual swap rates at 30 September 2010, the fair value of this swap was a deficit of £35.9m (31 March 2010: deficit of £16.3m).

19. Derivative financial instrument at fair value (restated) *(continued)*

The Group also has entered into a smaller swap of initially £8m from April 2008 to March 2013 at 5.1% which reduces in line with loan amortisation linked to the Group's loan from The Royal Bank of Scotland PLC secured on its head office and investment property in Daresbury. Based on the actual swap rates at 30 September 2010, the fair value of this swap was a deficit of £0.7m (31 March 2010: deficit of £0.7m).

On 2 March 2010 the Group entered into an interest rate swap with Santander for a principal of £30m at 2.995% for five years. An additional interest rate swap was entered into on 12 August 2010 with a principal of £10m at 2.15% for five years. Based on actual swap rates at 30 September 2010 the fair value of these swaps was a deficit of £1.5m (31 March 2010: deficit of £0.3m).

The interest rate swaps are intended to protect the Group against fluctuations in interest rates given that the bulk of the Group's bank loans are at floating rate. The interest rate swaps are measured against the three month LIBOR.

20. Net asset values

	Basic & diluted NAV per ordinary share	**Adjusted basic & diluted NAV per ordinary share**	Basic & diluted NAV per ordinary share	Adjusted basic & diluted NAV per ordinary share
	30/09/10	**30/09/10**	31/03/10	31/03/10
	£'000	**£'000**	£'000 (restated)	£'000 (restated)
Net assets	**149,827**	**149,827**	161,452	161,452
Own shares held reserve	**-**	**5,093**	-	5,093
Derivative financial instruments of the parent	**-**	**38,088**	-	17,274
Derivative financial instruments of associates	**-**	**5,587**	-	2,721
	149,827	**198,595**	161,452	186,540
Number of shares in issue	**306,427,150**	**306,427,150**	306,427,150	306,427,150
Net asset value per share	**48.89p**	**64.81p**	52.69p	60.88p

As described in note 2 the Interim Consolidated Balance Sheet for the year ending 31 March 2010 has been restated to include the derivative financial instruments held in associated companies. The valuation of the derivative financial instruments is a mark to market valuation. As this does not represent a true liability they have been added back to the net assets for the purposes of calculating the adjusted basic and diluted net asset values per share.

21. Commitments

At the period end the Group had 5 developments on-site (31 March 2010: 5) with a contracted total expenditure of £35m (31 March 2010: £38m) of which £14m (31 March 2010: £23m) had been expended. In addition to these property developments in progress, the Group has an identified development pipeline amounting to a further £106m (31 March 2010: £83m) spread across 20 properties (31 March 2010: 16 properties). This pipeline will only be formally contracted if development finance can be obtained on acceptable terms.

22. Contingent liabilities

The Group has entered into an agreement with a property development company to assist in the disposal of certain properties and surplus land sites. This company is entitled to a profit share based on the uplift in value of the land or property achieved over and above a pre agreed value.

At the balance sheet date the Group has a contingent liability of £1.3m which would be payable on the completed sale of a site which is included within assets held for sale. The liability has been calculated based on the current valuation.

23. Related parties

During the period the Group entered into transactions, in the ordinary course of business, with related parties.

Related Party	**Sales To £'000**	**Purchases From £'000**
Associates		
30 September 2010	2,752	20
30 September 2009	1,014	-
Joint Ventures		
30 September 2010	-	-
30 September 2009	76	-

Related Party	**Amounts Owed By £'000**	**Amounts Owed To £'000**
Associates		
30 September 2010	9,939	-
31 March 2010	9,354	-
Joint Ventures		
30 September 2010	7,797	-
31 March 2010	7,826	-

24. Events after the balance sheet date

During October 2010 the Group completed the sale of one of the properties which was classified as held for sale at the balance sheet date (see note 17).

25. Interim report

Copies of this statement are available from the website www.assuragroup.co.uk