Assura Group Limited

Interim report for the six months ended 30 September 2011

Half Year Management Report

23 November 2011: Assura Group Limited ("Assura", or "the Group" or "the Company"), the UK's leading primary care property company, today announces its interim results for the six months ended 30 September 2011, together with a Rights Issue and refinancing update.

Assura delivers 58% increase in trading profit, completes its transition to a pure play healthcare property company and resolves legacy financing issues.

- **Strong first half performance**
  - 31% increase in revenue to £18.3m, helped by the acquisition of AH Medical Properties
  - 10.3% increase in property revenue excluding the acquisition
  - 4.8% weighted average annual rent increases
  - 58% increase in Group trading profit
  - 5.9% stable net initial valuation yield
  - £510m property value from 163 investment properties
  - Net asset value per share 50.6p

- **Balance Sheet refinancing**
  - Mark-to-Market (MTM) loss on National Australia Bank swap widened by £35.4m to £49.4m in H1
  - NAB swap liability expected to be part settled with proceeds of Rights Issue with the balance being paid out of existing Group reserves. Current MTM loss is c£62m, but cancellation will give anticipated interest savings of more than £5m pa given current interest rates
  - Fully underwritten 2 for 7 Rights Issue being launched to raise £35m gross with interim but not final dividend suspended
  - Terms of £110m Bond placement substantially agreed to replace NAB loan
  - Group will benefit from lower interest rates and long term financing

Simon Laffin, Chairman, said:

"Assura is now a pure play primary healthcare property company, focussing on delivering a secure and growing income stream and growth in property value. Over the last 18 months the Company has divested its non-core activities to concentrate on its core property business, which specialises in providing medical centres for GPs.

This is an attractive market with high-quality, secure investments backed by the NHS on long-term leases. The government is advocating an increasing role for GPs in healthcare provision, which emphasises the need for quality facilities. Assura has developed a deep understanding of this market and how to work with the primary healthcare sector. As a result, we continue to achieve market-leading rent reviews, which, together with our new developments and the AH Medical Properties acquisition, have driven a 58% increase in Group trading profit.

Unprecedentedly low interest rates have caused the NAB interest rate swap to open up a large mark-to-market loss. The Board has taken the decision to cancel this swap and, having received support from our major shareholders, intends to settle it when the proceeds from the Rights Issue, announced today, are received. This is expected to reduce the Group's future annual interest payments by more than £5m compared to the cost had the swap remained in place, and will help to secure future dividend payments.

I became Chairman of Assura just over two months ago, and am pleased that we are now completing the transition to becoming a fully focussed property company, free of any past legacy issues. The Board has great confidence in our new strategy, and in targeting continued improvement in net asset value and providing shareholders with a growing dividend."

Nigel Rawlings, CEO, commented:

"We have achieved weighted average annual rental growth of 4.8% from those reviews agreed in the first half. The acquisition of AH Medical Properties has been completed successfully, as has the profitable divestment of our pharmacy operations. The development pipeline remains strong with five new medical

centre developments started in the first half. We have reduced our costs in line with the objective of being a low cost operator. All of this has resulted in a 58% increase in Group trading profit."

There will be a meeting for investors and analysts at 9.30 a.m. today at FTI Consulting, Holborn Gate, 26 Southampton Buildings, London, WC2A 1PB. For details, call Mo Noonan at FTI Consulting on 020 7831 3113

For further information, please contact:

Assura Group Limited
Simon Laffin, Chairman
Nigel Rawlings, Chief Executive Officer
Tel: 01925 420 690

Cenkos Securities
Ian Soanes, Adrian Hargrave
Tel: 020 7397 8900

Investec Securities
Gary Clarence, Daniel Adams
Tel: 020 7597 5970

FTI Consulting
Ben Atwell, Richard Sunderland,
Stephanie Cuthbert
Tel: 020 7831 3113

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Financial Results

Revenue grew by 31% to £18.3m in the first half. The acquisition of AH Medical Properties, completed in February this year, contributed £4.0m of revenues. Organic growth contributed 10.3% property revenue growth; driven by both a 4.8% annual increase from rent reviews agreed in the first half of the year and development completions partially offset by a decline in LIFT consultancy revenue from £2.2m to £1.5m.

Gross profit rose by 34% and, following the divestment of the pharmacy operations and despite the acquisition of AH Medical Properties, administration costs were reduced by 17%. At 30 September 2011, the Group employed 49 people, down from 363 at the start of the year.

Net financing costs rose by £2.7m over last years' first half to £9.8m principally due to the additional interest payable on loans acquired with AH Medical Properties.

Property investment gains arising from the revaluation of our investment portfolio, remained strong at £4.9m compared to £8.4m in the first half of the last financial year. Profits from development of new medical centres also remained strong at £3.5m compared to £5.5m in the first half of the prior year. £1.4m of development gains were realised in the period as a result of pharmacy premium receipts.

Losses from associates and joint ventures fell from £3.9m in the first half of last year to £1.0m as a result of an underlying profit of £0.6m being offset by the Group's share of interest rate swap movements in associates amounting to £1.6m.

Underlying profit before tax, before mark to market losses on the swap and discontinued activities rose 21% from £11.4m to £13.9m in the first half.

Assura's pharmacy business was divested for a consideration of £39.3m, with the sale completing in July this year. The profit on disposal was £3.4m, with proceeds received in H1 of £24.7m net of sale costs. The remaining proceeds, some of which are conditional on projects being completed, will be received over the next three years, with an expected £3.2m in the second half of this financial year.

The mark-to-market loss in the Group's derivative financial instruments in the first half was £37.1m (H1 2010: £20.8m). Of this total loss, £35.4m related to the NAB swap.

Discontinued activities, being the pharmacy business, contributed £1.0m profit and £10.0m revenue, in the period prior to its sale.

The reported loss before taxation was therefore £23.3m, an increase of £13.8m over last year. No corporation tax will be payable for the first half, nor is any expected for the full year. The Group also benefitted from a deferred tax credit amounting to £13.0m (H1 2010: charge of £0.4m) recognised due to the intended crystallisation of the mark-to-market swap liability which will be utilised against future profits and will benefit from the reduced interest charge as a result of this cancellation.

Net Debt & financing

At 30 September 2011 the Group had cash of £48.7m up from £39.0m at 31 March 2011. Of this £14.4m (31 March: £12.0m) is ring fenced to finance the medical centre developments that are in progress and to guarantee interest payments. The Group generated £9.7m cash in the first half (£10.7m in H1 last year). Net debt decreased from £323.7m at 31 March 2011 to £320.0m.

Property

The Group has 163 investment properties with 348 leases, and total capital value of £510m. The Group agreed 44 rent reviews in the period, reflecting 10% of our rent roll, with a weighted average annual rent increase of 4.8%. 78% of rentals are based on open market reviews, as agreed by HMRC district valuers. 11% of rental values are increased based on RPI and 84% of rental values are paid either by GP's or an NHS body. The former are then reimbursed to GP's by the NHS. The weighted average lease length grew slightly from 16.5 years at 31 March 2011 to 16.6 years at 30 September 2011.

Of the 348 leases, 211 relate to GP surgeries and NHS bodies, with a rent roll of £28.0m pa. The remaining 137 leases (£5.0m rent pa) relate to pharmacies and retail units, some of which are part of GP surgeries and others are residual investments located in hospitals and one office building.

Half Year Management Report

The portfolio is independently valued by Savills and DTZ at both the half and full year. At the end of the first half, the investment property portfolio was valued at £510m, with a net initial yield of 5.9%. This reflects the strength of the tenant covenants and the importance of primary healthcare to the health service.

New Developments
Five medical centres were completed in the first half of the year with an end value of £27m, including a large scheme in Blackpool, which is now one of eight medical centres owned by the Group with an individual value between £10m and £20m. Five developments were also commenced, with an expected end value of £14m. The Group achieved £3.5m (2010: H1 £4.5m) profit from developing new properties. The Group has a pipeline of 14 sites also committed for future development.

LIFT Investments
The Group's interest in six LIFT Cos comprises £8.4m in 12% loan notes and £0.1m in equity. The loan notes paid the Group £0.5m in H1 and the Group's share of profits was £0.6m in the period, before mark-to-market interest rate swap losses of £1.6m. These swap movements derive from matched interest rate hedges in some of the Group's LIFT Cos.

LIFT Operations
As part of the move to focus solely on primary care property, the Group has recently agreed the sale of its LIFT management and health planning business, conditional on a number of third party consents. Most of these have now been received, and work is progressing on the remainder. Assura will retain a 15% shareholding in the Operations.

Initial consideration for the business was £750,000, with a further conditional payment of £250,000 bringing the total consideration expected to £1.0m. Also included in the sale is 25% of the Group's equity in five of the LIFT companies to ensure that their interests continue to be aligned with those of Assura. The LIFT operation earned a profit of £0.1m (2010: £0.4m) in the first half.

Overheads
Property management overheads were £0.5m in the first half equivalent to 2.9% of rent. This is an increase of £0.1m over last year, despite handling an extra £4m in revenue from the AHMP acquisition. This demonstrates the scaleability of the Group's team of asset managers and systems.

Property development overheads of £0.3m in the first half equate to less than 3% of development costs incurred. Central costs, including all corporate costs, were equivalent (on an annualised basis) to less than 0.4% of non current assets and demonstrates that the Group's cost base, following non core business divestments, reductions in head count and office closures, is now highly competitive.

The NAB Interest Rate Swap
The Group has an interest rate swap with National Australia Bank that dates back to 2005, currently for £190m and a tenor of 26 years to 2038. This swap has mutual call options every five years, starting in September 2013, but with a compulsory termination in 2028. This swap was intended to hedge a separate floating rate loan with NAB. The swap fixes this interest rate to 3.29% currently, which rises to 4.59% in January 2012. The loan currently stands at £120m, with the ability for the bank to call the loan in March 2013.

The Company has previously announced that it was planning, on the assumption that NAB would call the loan in on 31 March 2013, to cancel the swap. As a result of significant volatility in long term interest rates, in early October this year, the Group purchased a 12 month receiver's swaption to cap the mark-to-market loss on the swap at the then level of £55.0 million plus the cost of the swaption, which was £13.6 million. The effect therefore was to ensure that for 12 months, the net loss on the swap would not exceed £68.6 million. The Board intends to fix the amount of the loss on the swap with NAB, and then cash settle it upon receipt of proceeds of the Rights Issue, expected to be in mid-December. At the same time as fixing the amount of the loss on the swap, the swaption will be sold. The current market value, as of 22 November 2011, of the swap is a liability of c£62m and the swaption an asset of c£13m.

The remaining swaps with RBS and Santander mirror the quantum and term of their respective loans and serve successfully to fix interest rates of existing debt.

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NAV
Net asset value per share at the half year end was 50.6p, net of the then £51.9m mark-to-market deficit on all swaps, down from 54.0p at the beginning of the year.

Rights Issue
A 2 for 7 Rights Issue has been fully underwritten with the support of our major shareholders. This is detailed in a separate announcement.

Refinancing
As previously disclosed, the Board has been looking at options to refinance the NAB loan prior to its maturing in March 2013. The Rights Issue proceeds will be used to cancel the swap and the Rights Issue is not conditional on the refinancing of the NAB loan. However the Board has substantially reached agreement with institutional investors on the key terms of a £110m 10 year bond that will replace the current £120m NAB loan. The additional £10m required to refinance the NAB loan will be met through an agreed £10m extension to the Company's existing facility with Santander.

The Group also plans a small increase and extended maturity to a number of loans with Aviva. Once these have been completed the total debt of £370m will have an average interest rate of c5.39% and weighted average maturity of 13.9 years. In addition a £10m development facility has been agreed with Santander taking the Santander loan to £60m.

Dividend
The Board has decided that, given the requirement for cash to close out the swap, it would suspend the interim dividend. However it intends to resume dividend payments and to recommend a final dividend this year.

Board
Simon Laffin succeeded Rodney Baker-Bates as Chairman of Assura in September this year. The Company intends to strengthen further the Board with the appointment of a non-executive director and we hope to make an announcement shortly.

Outlook
The current changes to the National Health Service are putting more emphasis on GPs and their facilities. This should be beneficial to the Company's activities in the coming years. Assura plays a key role in the provision of high quality facilities in UK primary healthcare providing low cost, reliable capital to fund investment in the nation's primary healthcare estate. Further new investment however, may be constrained by general restrictions on expenditure by the government. While Assura now has a strong development pipeline, this may slow somewhat in the next few years as the NHS reorganisation temporarily disrupts decision-making.

With 163 investment properties, Assura is the largest single provider of primary healthcare properties by rental value, but this is still only a small part of the sector. In the long term, we believe that as many as half of the c7,500 primary healthcare premises may be in need of modernisation, expansion or redevelopment.

Although the wider property market in the UK has been impacted by the difficult ongoing economic circumstances, Assura operates in a niche market that serves health needs rather than commercial or residential development. As such, the primary care property sector is less exposed to general economic cycles. Despite this, we believe it prudent to assume that average rental growth may slow somewhat in the near future, but yields, reflecting the strong long-term fundamentals, appear to be stable.

The Board therefore believes that the newly refocused Assura is well placed to grow property value and to provide investors with a growing dividend stream.

Nigel Rawlings
Chief Executive Officer
23 November 2011

Assura Group Limited

Interim report for the six months ended 30 September 2011

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 2011.

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 Group is operating in the primary healthcare market providing property services to the NHS. Cuts in the funding available for rent of medical centres, delays and uncertainty while the NHS Health & Social Care Bill is approved and 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 Group or impact on the covenant strength of the underlying tenants in future.

Financial derivative risk
The Group hedges its borrowing costs through the use of financial derivatives, primarily a £190m interest rate swap with an underlying rate of 4.59% marked against the 30 year swap rate which was 3.31% on 30 September following a period in which long term rates moved consistently lower for some months. On or before 31 March 2013 the Group is required to repay its loan of currently £120m to National Australia Bank ('NAB'). The Group has agreed terms for a fixed interest long term bond issue to substantially replace the NAB loan shortly and has agreed to crystallise the swap liability as a result subject to receipt of new equity from a rights issue announced today.

Deferred tax asset
The Group recognises a deferred tax asset in part based on its forecast of probable future taxable profits as required under IAS 12. Those forecasts and the carrying value of the asset will be reassessed at each period end.

Going concern
The Group has bank facilities committed until 31 March 2013 and significant facilities available to it until as long as 2037. As noted above the Group is at a very advanced stage in refinancing the NAB facility that expires on 31 March 2013 (31 March 2012 with an option available to the Group to extend to 31 March 2013). A thorough review of its financial projections has been undertaken and the Group 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 25.

Nigel Rawlings
Chief Executive Officer
23 November 2011

Assura Group Limited

Interim Condensed Consolidated Financial Statements for six months ended 30 September 2011

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 2011 have been prepared in accordance with IAS 34 'Interim Financial Reporting'; and

- that the Half Year Management Report comprising the Half Year Management Report 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 Directors' Responsibilities Statement was approved by the Board on 23 November 2011.

Nigel Rawlings
Chief Executive Officer
23 November 2011

Independent Review Report to Assura Group Limited

For the six months ended 30 September 2011

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 2011 which comprises the Interim Consolidated Income Statement, the Interim Consolidated Statement of Comprehensive Income, the Interim Consolidated Balance Sheet, the Interim Consolidated Statement of Changes in Equity, the Interim Consolidated Statement of Cash Flows and the related notes 1 to 27. 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 International Standard on Review Engagements 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 2011 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
23 November 2011

Assura Group Limited

Interim Consolidated Income Statement

For the six months ended 30 September 2011

	Notes	**Six months ended 30 September 2011 Unaudited £'000**	Six months ended 30 September 2010 (restated)[1] Unaudited £'000
Revenue		**18,272**	13,927
Cost of sales		**(1,828)**	(1,673)
Gross profit		**16,444**	12,254
Administrative expenses		**(3,183)**	(3,844)
Group trading profit		**13,261**	8,410
Share-based payment (charge)/credit		**(120)**	97
Share in associates and joint venture losses	**8**	**(1,024)**	(3,907)
Gain on revaluation of investment property	**12**	**4,943**	8,366
Gain on revaluation of investment property under construction	**13**	**3,452**	5,474
Gain on disposal of properties		**104**	176
Exceptional items	**7**	**3,010**	(70)
Group operating profit		**23,626**	18,546
Finance revenue		**889**	684
Finance costs		**(10,652)**	(7,832)
		(9,763)	(7,148)
Profit before revaluation of derivative financial instrument and taxation		**13,863**	11,398
Revaluation of derivative financial instruments	**21**	**(37,125)**	(20,814)
Loss after revaluation of derivative financial instrument and before taxation		**(23,262)**	(9,416)
Taxation	**9**	**12,968**	(376)
Loss for the period from continuing operations		**(10,294)**	(9,792)
Discontinued operations			
Profit for the period from discontinued operations		**1,029**	1,410
Loss for the period and attributable to equity holders of the parent		**(9,265)**	(8,382)
Earnings per share (pence)			
Basic and diluted loss per share from continuing operations	**11**	**(2.53)p**	(3.20)p
Adjusted basic and diluted earnings per share from continuing operations	**11**	**6.98p**	4.53p
Basic and diluted loss per share	**11**	**(2.27)p**	(2.74)p
Adjusted basic and diluted earnings per share	**11**	**7.23p**	4.99p

[1] The Interim Consolidated Income Statement has been restated to transfer profits incurred in the Pharmacy Division to Profit for the year from discontinued operations and an adjustment to property valuations (see note 2).

Assura Group Limited

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2011

	Six months ended 30 September 2011 **Unaudited** **£'000**	Six months ended 30 September 2010 (restated)[2] Unaudited £'000
Loss for the period	**(9,265)**	(8,382)
Revaluation on land and buildings	**69**	71
Other comprehensive income for the period, net of tax	**69**	71
Total comprehensive loss for the period net of tax	**(9,196)**	(8,311)
Attributable to equity holders of the parent	**(9,196)**	(8,311)

[2] The Interim Consolidated Statement of Comprehensive Income has been restated to transfer profits incurred in the Pharmacy Division to Profit for the year from discontinued operations and an adjustment to property valuations (see note 2).

Assura Group Limited

Interim Consolidated Balance Sheet

As at 30 September 2011

	Notes	30/09/11 Unaudited £'000	31/03/11 Audited £'000
Non-current assets			
Investment property	**12**	**510,311**	464,823
Investment property under construction	**13**	**17,745**	35,028
Investment in associates	**15**	**8,405**	9,859
Intangible assets		**19,702**	44,585
Property, plant and equipment	**16**	**174**	13,220
Derivative financial instrument at fair value		**-**	183
Trade and other receivables	**18**	**6,000**	-
Deferred tax assets	**9**	**12,968**	1,844
		575,305	569,542
Current assets			
Cash and cash equivalents	**17**	**48,661**	38,952
Trade and other receivables	**18**	**11,587**	11,751
Pharmacy inventories		**-**	2,206
Property work-in-progress		**472**	236
		60,720	53,145
Non-current assets held for sale and included in disposal groups	**19**	**14,628**	9,795
Total assets		**650,653**	632,482
Current liabilities			
Trade and other payables		**23,043**	30,876
Financial liabilities	**20**	**3,119**	3,102
Derivative financial instruments at fair value		**-**	3,329
Provisions		**426**	558
		26,588	37,865
Non-current liabilities			
Interest bearing loans and borrowings	**20**	**364,721**	358,668
Payments due under finance lease		**829**	879
Derivative financial instruments at fair value	**21**	**51,871**	14,165
Provisions		**652**	772
		418,073	374,484
Total liabilities		**444,661**	412,349
		205,992	220,133
Capital and reserves			
Share capital		**41,187**	41,187
Own shares held		**(1,946)**	(2,018)
Share premium		**55,450**	55,450
Distributable reserve		**205,454**	210,550
Retained earnings		**(98,092)**	(89,017)
Revaluation reserve		**3,939**	3,981
Equity attributable to equity holders of the parent		**205,992**	220,133
Basic net asset value per Ordinary Share	**22**	**50.55p**	54.02p
Diluted net asset value per Ordinary Share	**22**	**50.55p**	54.02p
Adjusted basic net asset value per Ordinary Share	**22**	**65.19p**	59.80p
Adjusted diluted net asset value per Ordinary Share	**22**	**65.19p**	59.80p

The interim condensed consolidated financial statements were approved at a meeting of the Board of Directors held on 23 November 2011 and signed on its behalf by:

Nigel Rawlings
Chief Executive Officer

Assura Group Limited

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 September 2011

	Share Capital	Own Shares Held	Share Premium	Distributable Reserve	Retained Earnings	Revaluation Reserve	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 April 2011	**41,187**	**(2,018)**	**55,450**	**210,550**	**(89,017)**	**3,981**	**220,133**
Revaluation of land and buildings	-	-	-	-	**-**	69	**69**
Loss attributable to equity holders	-	-	-	-	(9,265)	-	**(9,265)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(9,265)**	**69**	**(9,196)**
Sale of own shares held	-	72	-	-	1	-	**73**
Dividend paid	-	-	-	(5,096)	-	-	**(5,096)**
Depreciation transfer for land and buildings	-	-	-	-	69	(69)	**-**
Property disposal	-	-	-	-	-	(42)	**(42)**
Cost of employee share-based incentives	-	-	-	-	120	-	**120**
30 September 2011 (Unaudited)	**41,187**	**(1,946)**	**55,450**	**205,454**	**(98,092)**	**3,939**	**205,992**

	Share Capital	Own Shares Held	Share Premium	Distributab Reserve	Retained Earnings	Revaluation Reserve	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
					(restated)		(restated)
1 April 2010	**31,747**	**(5,093)**	**23,282**	**213,614**	**(105,447)**	**3,349**	**161,452**
Revaluation of land and buildings	-	-	-	-	**-**	71	**71**
Loss attributable to equity holders	-	-	-	-	**(8,382)**	-	**(8,382)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(8,382)**	**71**	**(8,311)**
Depreciation transfer for land and buildings	-	-	-	-	190	(190)	**-**
Cost of employee share-based incentives	-	-	-	-	(15)	-	**(15)**
30 September 2010 (Unaudited)	**31,747**	**(5,093)**	**23,282**	**213,614**	**(113,654)**	**3,230**	**153,126**

Assura Group Limited

Interim Consolidated Statement of Cash Flows

For the six months ended 30 September 2011

	Six months ended 30 September 2011 Unaudited £'000	Six months ended 30 September 2010 Unaudited £'000
Operating activities		
Rent received	**17,192**	13,826
Revenue from pharmacies	**10,024**	16,782
Fees received	**1,746**	2,447
Bank and other interest received	**731**	684
Expenses paid	**(6,909)**	(9,287)
Purchases by pharmacies	**(6,942)**	(11,572)
Acquisition costs	**(46)**	-
Interest paid and similar charges	**(12,907)**	(8,272)
Net cash inflow from operating activities	**2,889**	4,608
Investing activities		
Purchase of investment property and investment property under construction	**(10,042)**	(8,434)
Proceeds from sale of investment property and investment property under construction	**1,359**	3,276
Purchase of investments in associated companies	**-**	(9)
Proceeds from sale of pharmacy division, net of cash disposed	**21,445**	-
Purchase of property, plant and equipment	**(292)**	(796)
Proceeds from sale of property, plant and equipment	**533**	212
Costs associated with securing pharmacy licences	**(22)**	-
Acquisition of subsidiaries, net of cash acquired	**(475)**	-
Cost of development work-in-progress	**(825)**	(98)
Loans advanced to associated companies	**195**	(1,606)
Loans (advanced)/ repaid to joint ventures	**(43)**	29
Net cash outflow from investing activities	**11,833**	(7,426)
Financing activities		
Own shares sold	**72**	-
Dividends paid	**(5,096)**	-
Drawdown of term loan	**10,568**	19,541
Repayment of term loan	**(7,498)**	(5,785)
Repayment of SWAP	**(2,565)**	-
Loan issue costs	**(494)**	(216)
Net cash inflow from financing activities	**(5,013)**	13,540
Increase in cash and cash equivalents	**9,709**	10,722
Opening cash and cash equivalents	**38,952**	24,602
Closing cash and cash equivalents	**48,661**	35,324

Assura Group Limited

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

1. Corporate information
The interim condensed consolidated financial statements of the Group for the six months ended 30 September 2011 were authorised for issue in accordance with a resolution of the directors on 23 November 2011.

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

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

2. Basis of preparation
The interim condensed consolidated financial statements for the six months ended 30 September 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting.

This financial report covers the six month accounting period from 1 April 2011 to 30 September 2011 and the six month accounting period from 1 April 2010 to 30 September 2010.

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 2011 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
The 30 September 2010 financial statements have been restated for the following two reasons:

1. The Consolidated Income Statement for the six months to 30 September 2010 has been restated to transfer profits in the Pharmacy Division to Profit for the period from discontinued operations following the sale of the division in July 2011.

2. Following the restatement of the 31 March 2010 financial statements at 31 March 2011 due to an error in fair value of the investment portfolio under IAS 40 *Investment Property* the 30 September 2010 financial statements have also been restated. As a result the fair value of investment property has been increased by £2,111,000 and investment property under construction has increased by £1,188,000 at 30 September 2010.

The following table shows the impact of adjustment 2 above:

	Consolidated Income statement		Consolidated Balance Sheet	
	Gain on revaluation of investment property	Gain on revaluation of investment property under construction	Investment property	Investment property under construction
	£'000	£'000	£'000	£'000
At 30 September 2010 - as reported	6,195	986	326,413	24,755
Pharmacy lease premiums	2,111	1,188	2,111	1,188
At 30 September 2010 - as restated	8,306	2,174	328,524	25,943

The combined impact on profit for the period was an increase of £3,299,000.

The combined impact on net assets was an increase of £3,299,000.

The combined impact on the loss per share was a decrease of 1.08p per share.

3. The results for the six months to 30 September 2011 and to 30 September 2010 are unaudited. The interim accounts do not constitute statutory accounts. The balance sheet as at 31 March 2011 has been extracted from the Group's 2011 annual report and financial statements. The auditor has reported on the 2011 accounts and the report was unqualified.

4. New standards, interpretations and amendments thereof, adopted by the Group

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 2011, except for the adoption of new standards and interpretations as of 1 April 2011, noted below:

IAS 24 Related Party Transactions (Amendment)

The IASB has issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasis a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation (Amendment)

The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group.

Improvements to IFRSs (issued May 2010)

In May 2010, the IASB issued its third 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 of the Group.

IFRS 3 Business Combinations: The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

IFRS 7 Financial Instruments – Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context. The Group reflects the revised disclosure requirements in note 21.

IAS 1 Presentation of Financial Statements: The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included in either the statement of changes in equity or in the notes to the financial statements. The Group has provided this analysis in the statement of changes in equity.

IAS 34 Interim Financial Statements: The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements. The Group reflects the revised disclosure requirements in note 21.

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:

IFRS3 Business Combinations – Clarification that contingent consideration arising from business combination prior to the adoption of IFRS 3 (as revised in 2008) are accounted for in accordance with IFRS 3 (2005).

4. New standards, interpretations and amendments thereof, adopted by the Group *(continued)*

IFRS 3 Business Combinations – Unreplaced and voluntarily replaced share-based payment awards and its accounting treatment within a business combination.

IAS 27 Consolidated and Separate Financial Statements – applying the IAS 27 (as revised in 2008) transition requirements to the consequentially amended standards.

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 Local Improvement Finance Trusts (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 has been discontinued during the period.

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.

The following tables present revenue and profit information for the six months ended 30 September 2011 and 30 September 2010 and the assets and liabilities position as at 30 September 2011 and 31 March 2011 for the Group's reportable operating segments:

Assura Group Limited

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

5. Segmental information ***(continued)***

Six months ended 30 September 2011:

	Property Investment	Property Development	LIFT	Eliminations and Unallocated items	Continuing	Discontinued Pharmacy	Total
	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Revenue from external customers	16,714	-	1,486	72	**18,272**	10,028	**28,300**
Inter-segment sales	280	-	-	(280)	**-**		**-**
Segment revenue	16,994	-	1,486	(208)	**18,272**	10,028	**28,300**
Operating profit/(loss)	14,964	(281)	78	(1,500)	**13,261**	1,029	**14,290**
Cost of employee share-based incentives	(16)	(16)	-	(88)	**(120)**	-	**(120)**
Share of losses of associates and joint ventures	(43)	-	(981)	-	**(1,024)**	-	**(1,024)**
Unrealised surplus on revaluation of investment property	4,943	-	-	-	**4,943**	**-**	**4,943**
Unrealised surplus on revaluation of investment property under construction	-	3,452	-	-	**3,452**	**-**	**3,452**
Realised surplus on disposal of assets held for sale	104	-	-	-	**104**	**-**	**104**
Realised surplus on sale of business	-	-	-	3,373	**3,373**	**-**	**3,373**
Negative goodwill arising on acquisition	58	-	-	-	**58**	**-**	**58**
Impairment of goodwill		-	(375)	-	**(375)**	**-**	**(375)**
Acquisition costs	(46)	-	-	-	**(46)**	-	**(46)**
	19,964	3,155	(1,278)	1,785	**23,626**	1,029	**24,655**
Net finance cost	(10,535)	-	494	278	**(9,763)**	-	**(9,763)**
Revaluation of derivative financial instruments	-	-	-	(37,125)	**(37,125)**	-	**(37,125)**
Profit/(loss) before tax	9,429	3,155	(784)	(35,062)	**(23,262)**	1,029	**(22,233)**
Taxation	-	-	-	12,968	**12,968**	-	**12,968**
Profit/(loss) for the period	9,429	3,155	(784)	(22,094)	**(10,294)**	1,029	**(9,265)**

5. Segmental information *(continued)*

As at 30 September 2011:

	Property Investment	Property Development	LIFT	Eliminations and Unallocated items	Continuing	Discontinued Pharmacy	Total
	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Assets and liabilities							
Intangibles	-	16,000	3,702	-	**19,702**	**-**	**19,702**
Fixed assets	510,311	17,745	-	174	**528,230**	**-**	**528,230**
Equity accounted investments	-	-	5,101	3,304	**8,405**	**-**	**8,405**
Non-current other receivables	-	-	-	6,000	**6,000**	**-**	**6,000**
Current assets	51,583	10,237	2,161	11,367	**75,348**	**-**	**75,348**
Segment assets	561,894	43,982	10,964	20,845	**637,685**	**-**	**637,685**
Deferred tax					**12,968**	**-**	**12,968**
Total assets					**650,653**	**-**	**650,653**
Segment liabilities							
Current liabilities	(24,812)	-	-	(1,776)	**(26,588)**	**-**	**(26,588)**
Derivative financial instruments					**(51,871)**	**-**	**(51,871)**
Non-current liabilities					**(366,202)**	**-**	**(366,202)**
Total liabilities					**(444,661)**	**-**	**(444,661)**
Other segmental information							
Capital expenditure:							
Property, plant and equipment	-	-	-	16	**16**	276	**292**
Intangible assets	-	-	-	-	**-**	-	**-**
Depreciation	69	-	-	68	**137**	118	**255**

Six months ended 30 September 2010:

	Property Investment	Property Development	LIFT	Eliminations and Unallocated items	Continuing	Discontinued Pharmacy	Total
	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Revenue from external customers	11,195	-	2,199	533	**13,927**	16,787	**30,714**
Inter-segment sales	544	-	-	(544)	**-**	-	**-**
Segment revenue	11,739	-	2,199	(11)	**13,927**	16,787	**30,714**
Operating profit/(loss)	10,176	(234)	424	(1,956)	**8,410**	1,397	**9,807**
Cost of employee share-based incentives	(59)	-	(14)	170	**97**	(82)	**15**
Share of losses of associates and joint ventures	-	-	(3,062)	(845)	**(3,907)**	(355)	**(4,262)**
Unrealised surplus on revaluation of investment property	8,366	-	-	-	**8,366**	-	**8,366**
Unrealised surplus on revaluation of investment property under construction	-	5,474	-	-	**5,474**	-	**5,474**

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For the six months ended 30 September 2011

5. Segmental information *(continued)*

	Property Investment	Property Development	LIFT	Eliminations and Unallocated items	Continuing	Discontinued Pharmacy	Total
	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Realised surplus on disposal of assets held for sale	176	-	-	-	**176**	-	**176**
Revaluation of pharmacy licences	-	-	-	-	**-**	450	**450**
Impairment of property, plant and equipment	(70)	-	-	-	**(70)**	-	**(70)**
	18,589	5,240	(2,652)	(2,631)	**18,546**	1,410	**19,956**
Net finance cost	-	-	-	(7,148)	**(7,148)**	-	**(7,148)**
Revaluation of derivative financial instruments	-	-	-	(20,814)	**(20,814)**	-	**(20,814)**
Profit/(loss) before tax	18,589	5,240	(2,652)	(30,593)	**(9,416)**	1,410	**(8,006)**
Taxation	-	-	-	(376)	**(376)**	-	**(376)**
Profit/(loss) for the period	18,589	5,240	(2,652)	(30,969)	**(9,792)**	1,410	**(8,382)**

As at 31 March 2011

	Property Investment	Property Development	LIFT	Eliminations and Unallocated items	Continuing	Discontinued Pharmacy	Total
	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Assets and liabilities							
Intangibles	-	17,125	3,718	-	**20,843**	23,742	**44,585**
Fixed assets	474,273	35,028	-	183	**509,484**	3,770	**513,254**
Equity accounted investments	-	-	6,713	3,146	**9,859**	-	**9,859**
Current assets	36,834	6,938	794	7,154	**51,720**	11,220	**62,940**
Segment assets	511,107	59,091	11,225	10,483	**591,906**	38,732	**630,638**
Deferred tax asset					**1,844**	-	**1,844**
Total assets					**593,750**	38,732	**632,482**
Segment liabilities							
Current liabilities	(24,308)	-	(840)	(5,347)	**(30,495)**	(7,370)	**(37,865)**
Derivative financial instruments					**(14,165)**	**-**	**(14,165)**
Non-current liabilities					**(360,319)**	**-**	**(360,319)**
Total liabilities					**(404,979)**	**(7,370)**	**(412,349)**
Other segmental information							
Capital expenditure:							
Property, plant and equipment	347	-	-	263	**610**	1,204	**1,814**
Intangible assets	-	-	-	-	**-**	6,659	**6,659**
Depreciation	261	-	-	401	**662**	361	**1,023**

6. 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 2011.

The Group has considered the valuation of LIFT consultancy goodwill as at 30 September 2011 and has concluded that the goodwill related to the LIFT consultancy business should be written down to the non-contingent value of the consideration being £750,000. An impairment of £375,000 has therefore been taken to the income statement (see note 26).

7. Exceptional items

	Six months ended 30 September 2011 £'000	Six months ended 30 September 2010 £'000
Gain on disposal of pharmacy division (see note 10)	**3,373**	-
Negative goodwill on acquisition (see note 14)	**58**	-
Acquisition costs (see note 14)	**(46)**	-
Impairment of goodwill (see note 6)	**(375)**	-
Impairment of property, plant and equipment	**-**	(70)
	3,010	(70)

8. Associates and joint ventures

	Six months ended 30 September 2011 £'000	Six months ended 30 September 2010 £'000
Share of trading profits/(losses) of associates	**631**	(1,041)
Share of impairment of derivative financial instruments of associates	**(1,612)**	(2,866)
	(981)	(3,907)
Share of trading losses of joint venture	**(43)**	-
Share in associates and joint venture losses	**(1,024)**	(3,907)
Share of discontinued trading losses of joint venture	**-**	(355)
	(1,024)	(4,262)

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9. Taxation on profit on ordinary activities

	Six months ended 30 September 2011 £'000 Unaudited	Six months ended 30 September 2010 £'000 Unaudited
Tax charged in the income statement		
Current income tax:		
UK corporation tax	**-**	-
Deferred tax:		
Origination and reversal of temporary differences	**(12,968)**	324
Impact of change of rate of taxation	**-**	52
Total tax (credit)/charge	**(12,968)**	376

The Board intends to fix the amount of the loss on the swap with NAB, and then cash settle it upon receipt of proceeds of the Rights Issue, expected to be in mid December. This is expected to give rise to a deductible tax expense. Based upon the anticipated fixed interest rate of the proposed bond issue and long term rentals from investment properties the Group consider that recovery of the taxable loss is probable and therefore an associated deferred tax asset of £12,968,000 has been recognised in the current period.

The effective tax rate on continuing operations of 17.7% is lower than the standard rate of 26%.

On 23 March 2011, in his Budget Speech, the UK Chancellor of the Exchequer announced a reduction in the rate of corporation tax from 28 per cent to 26 per cent from 1 April 2011, with further reductions of 1 per cent per annum to 23 per cent by 1 April 2014.

As at 30 September 2011, the reductions in the rate to 26 per cent on 1 April 2011 and to 25 per cent on 1 April 2012 have been substantively enacted. However the remaining reductions in the rate have not yet been substantively enacted and therefore the proposed changes are not reflected in the figures reported.

Current income tax is affected by the reduction to 26 per cent from 28 per cent as this takes place during the year. Deferred tax is affected by the reduction to 25 per cent as it takes in to account the timing of reversal of the Group's asset. The impact on deferred tax in the current period is £nil and an estimated £nil in the second half of the year. The expected impact of the further reduction is £519,000 per annum assuming that they are enacted on an annual basis.

Based on the closing deferred tax asset at the interim balance sheet date, the aggregate impact of the proposed reductions from 25% down to 23% would reduce the deferred tax asset by approximately £1,037,000.

10. Discontinued operations
During the period the Group discontinued operating its pharmacy division.

On 12 July 2011 the Group completed the sale of the Pharmacy division which incorporated Assura Pharmacy Limited, Assura Pharmacy (South West) Limited, Armside Chemists Limited, Clearup Limited, P&L Worsley Limited, Harvey & Richardson Holdings Limited, Harvey & Richardson Limited, Douglas Skeeles Limited, Skeeles Pharmacy Limited, Crown Heights Health Consortium (No 2) Limited and Freshney Green Health Consortium Limited to Gorgemead Limited, part of the Cohens Group.

The results of the pharmacy division for the period to its date of sale are presented below:

	Period to 12 July 2011	6 months ended 30 September 2010
	£'000	£'000
Revenue	10,028	16,787
Cost of sales	(6,942)	(11,574)
Administrative expenses	(2,057)	(3,816)
Operating profit	1,029	1,397
Cost of employee share-based incentives	-	(82)
Share of losses of joint venture	-	(355)
Revaluation of pharmacy licences	-	450
	1,029	1,410
Profit on disposal of discontinued operations	3,373	-
Profit for the period from discontinued operations	4,402	1,410

At the date of disposal the net assets of the pharmacy division were £32,561,000. The net cash flows attributable to the pharmacy division were as follows:

	Period to 12 July 2011	6 months ended 30 September 2010
	£'000	£'000
Operating activities	469	1,207
Investing activities	21,681	(180)
Net cash inflow	22,150	1,027

	Period to 12 July 2011	6 months ended 30 September 2010
Profit per share from discontinued operations (pence)		
Basic	0.25p	0.46p
Diluted	0.25p	0.46p

Deferred consideration of £7.8m was payable based upon a pipeline of pharmacy developments and an adjustment for any increase in net asset value. The £7.8m is split between property premiums £2.5m and pharmacy proceeds £5.3m.

£2.1m of deferred consideration has been received relating to £0.7m property premium and £1.4m pharmacy proceeds. The remaining balance of £5.7m will be received when each pharmacy development completes.

10. Discontinued operations *(continued)*

The total disposal consideration and major classes of assets and liabilities sold and is analysed as follows:

	Period to 12 July 2011 £'000
Assets and liabilities disposed of other than cash	
Pharmacy licences and goodwill	23,637
Property, plant and equipment	3,961
Deferred tax asset	1,844
Inventories	2,425
Debtors	5,006
Cash and cash equivalents	3,251
Creditors	(7,563)
Net assets	32,561
Net assets sold – 100%	32,561
Fair value of proceeds	37,138
Costs	(1,204)
Net proceeds	35,934
Profit on disposal	3,373

Fair value of proceeds:	£'000
Cash	25,900
Loan	7,000
Deferred consideration – pipeline	3,538
Deferred consideration – net assets adjustment	700
	37,138

	£'000
Consideration per RNS dated 21 June 2011	39,300
Estimated increased consideration as a result of a net asset adjustment	700
Consideration separately accounted for as pharmacy lease premiums	(2,512)
Deferred consideration not yet recognised	(350)
Fair value of proceeds as noted above	37,138

The fair value of assets sold is not considered to be final as they are subject to completion accounts which have not been finalised. Completion of these accounts is due before the end of the financial year.

An interest bearing loan of £7,000,000 was granted to the purchaser upon completion of the sale. Interest is charged on the loan at a rate of 6.5% and is payable quarterly.

The loan is repayable in three stage payments. £1,000,000 is due by 30 June 2012, a further £3,000,000 by 30 June 2013 with the balance to be settled on 30 June 2014.

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For the six months ended 30 September 2011

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**	**Adjusted Basic & diluted EPS per ordinary share**
	Six months ended 30 September 2011 £'000	**Six months ended 30 September 2011 £'000**	**Six months ended 30 September 2011 £'000**	**Six months ended 30 September 2011 £'000**
Loss attributable to equity holders of the parent	**(10,294)**	**(10,294)**	**(9,265)**	**(9,265)**
Revaluation of the derivative financial instrument of the parent	**-**	**37,125**	**-**	**37,125**
Revaluation of the derivative financial instrument of associates	**-**	**1,612**	**-**	**1,612**
	(10,294)	**28,443**	**(9,265)**	**29,472**
Weighted average number of shares in issue	**407,498,167**	**407,498,167**	**407,498,167**	**407,498,167**
(Loss)/earnings per ordinary share	**(2.53)p**	**6.98p**	**(2.27)p**	**7.23p**

	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	Adjusted Basic & diluted EPS per ordinary share
	Six months ended 30 September 2010 £'000 (restated)	Six months ended 30 September 2010 £'000 (restated)	Six months ended 30 September 2010 £'000 (restated)	Six months ended 30 September 2010 £'000 (restated)
Loss attributable to equity holders of the parent	(9,792)	(9,792)	(8,382)	(8,382)
Revaluation of the derivative financial instrument of the parent	-	20,814	-	20,814
Revaluation of the derivative financial instrument of associates	-	2,866	-	2,866
	(9,792)	13,888	(8,382)	15,298
Weighted average number of shares in issue	306,427,150	306,427,150	306,427,150	306,427,150
(Loss)/earnings per ordinary share	(3.20)p	4.53p	(2.74)p	4.99p

12. Investment property

Properties are stated at fair value, which has been determined based on valuations performed by Savills Commercial Limited, DTZ Debenham Tie Leung, Knight Frank LLP as at 30 September 2011, on the basis of open market value, supported by market evidence, in accordance with international valuation standards.

	30/09/11	31/03/11
	£'000	£'000
Opening fair value of investment property	**463,844**	314,781
Separately acquired assets	**-**	357
Additions acquired as part of a business combination (see note 12)	**4,543**	125,590
Subsequent expenditure	**190**	495
Transfers from investment property under construction	**28,697**	19,182
Transfers from land and buildings	**9,150**	3,430
Transfers to assets held for sale	**(730)**	(225)
Gain on revaluation of investment property	**4,943**	8,490
Disposals	**(1,255)**	(8,256)
Closing market value	**509,382**	463,844
Add present value of future lease obligations	**929**	979
Closing fair value of investment property	**510,311**	464,823

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

Unless stated at cost, the fair value of investment property under construction has been determined on a market value basis in accordance with International Valuation Standards, as set out by the IVSC. In arriving at their estimates of market values the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables. The valuers had reference to the Proposed Guidance Note '*The Valuation of Investment Property under Construction*' issued by the IVSC in August 2009.

The valuations were performed by Savills Commercial Limited and Jones Laing LaSalle Limited, accredited independent valuers with a recognised and relevant professional qualifications and with recent experience in the location and category of the investment property being valued.

	30/09/11	31/03/11
	£'000	£'000
Opening fair value of investment property under construction	**35,028**	27,690
Additions acquired as part of a business combination	**-**	6,127
Development costs incurred in period	**9,853**	19,437
Capitalised interest	**585**	818
Disposals	**-**	(2,360)
Gain on revaluation on investment property under construction	**3,452**	5,368
Transfers from WIP	**589**	-
Transfers to assets held for sale	**(3,065)**	(2,870)
Transfers to investment property	**(28,697)**	(19,182)
Closing fair value of investment property under construction	**17,745**	35,028

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For the six months ended 30 September 2011

14. Business combinations

On 18 August 2011, the Group acquired 100% of the Ordinary Share Capital of PH Investments (No 1) Limited and its subsidiary company Riddings Pharmco Limited, a private company based in England. The company is involved in property investment & development and the acquisition has enlarged the existing investment portfolio of the group. The consideration of £522,000 was satisfied by cash as shown below.

The fair values of identifiable assets and liabilities of PH Investments (No 1) Limited & its subsidiary as at the date of acquisition were:

	Fair value Property acquisitions £'000
Investment properties	4,543
Receivables	15
Cash	47
Payables	(641)
Long term loans	(3,384)
Total identifiable net assets at fair value	580
Negative goodwill arising on acquisition	(58)
Total purchase consideration transferred	522
Purchase consideration:	
Cash	522
Total purchase consideration	522
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(46)
Cash acquired with the subsidiary (included in cash flows from investing activities)	47
Cash paid as consideration (included within cash flows from investing activities)	(522)
Net cash flow on acquisition	(521)

The fair value of the trade receivables amounts to £15,000. The gross amount of trade receivables is £15,000. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected.

Total transaction costs of £46,000 have been expensed and are included within exceptional items. Negative goodwill of £58,000 has been taken to the Consolidated Income Statement and is shown within exceptional items.

From the date of acquisition to 30 September 2011, PH Investments (No 1) Limited has contributed £42,000 of revenue and £6,000 to the profit after tax of the Group. If the combination had taken place at the beginning of the year, the consolidated loss for the period from continuing operations of the Group would have been £10,305,000 and revenue from continuing operations would have been £18,365,000.

The fair value of assets acquired is considered to be final.

15. Investments in associates and joint ventures

	Associates	**Joint ventures**	**Total**
	£'000	**£'000**	**£'000**
At 1 April 2011	9,859	-	9,859
Share of trading profits/(losses) before revaluation of derivative financial instruments	631	(43)	588
Interest on associates interest free loan	158	-	158
Share in revaluation of derivative financial instruments	(1,612)	-	(1,612)
Transfers to assets held for sale	(436)	-	(436)
Movement on loan balances	(195)	43	(152)
	8,405	**-**	**8,405**

16. Property, plant and equipment

Additions and disposals
During the six months ended 30 September 2011, the Group acquired assets with a cost of £292,000 and disposed of assets with a net book value of £5,371,000.

In addition, £9,150,000 of owner occupied properties were transferred from property, plant and equipment to investment properties following the sale of the pharmacy division.

During the period property, plant & equipment assets were impaired by £nil (31 March 2011: £70,000).

17. Cash, cash equivalents and restricted cash

	30/09/11	31/03/11
	£'000	£'000
Cash held in current account	**34,265**	26,904
Restricted cash	**14,396**	12,048
	48,661	38,952

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.

18. Trade and other receivables

	30/09/11	31/03/11
	£'000	£'000
Trade debtors	**3,808**	3,658
VAT recoverable	**-**	1,086
Deferred consideration	**5,238**	-
Prepayments & accrued income	**1,690**	5,236
Other debtors	**851**	1,771
Total due within one year	**11,587**	11,751
Loan to Gorgemead Limited	**6,000**	-
Total due after more than year	**6,000**	-

19. Non-current assets held for sale

	30/09/11	31/03/11
	£'000	£'000
Investment property	**3,825**	3,095
Investment property under construction	**9,765**	6,700
LIFT net assets (see below)	**1,038**	-
	14,628	9,795

The above amounts represent the net book values of assets held for sale. The amounts relate to the disposal of 25 properties/land sites and the assets/liabilities attributable to the LIFT disposal as detailed below:

LIFT assets held for sale

	30/09/11	31/03/11
	£'000	£'000
Intangible assets	**766**	-
Investments in associates	**436**	-
Trade and other receivables	**442**	-
Trade and other payables	**(606)**	-
	1,038	-

As part of the move to focus solely on primary care property, the Group has recently agreed the sale of its LIFT management and health planning business, conditional on a number of third party consents. Most of these have now been received, and work is progressing on the remainder. Assura will retain a 15% shareholding in the Operations.

20. Long-term loans

	30/09/11	31/03/11
	£'000	£'000
At the beginning of the period/year	**361,770**	255,841
Amount drawn down in period/year	**10,568**	20,177
Amount repaid in period/year	**(7,498)**	(11,014)
Acquired with acquisition	**3,384**	96,796
Loan issue costs	**(494)**	(238)
Amortisation of loan issue costs	**110**	208
At the end of the period/year	**367,840**	361,770
Due within one year	**3,119**	3,102
Due after more than one year	**364,721**	358,668
At the end of the period/year	**367,840**	361,770

(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 £120m during the period.

20. Long-term loans ***(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 investment property in Daresbury. The balance on this loan was £5.2m at 30 September 2011 (31 March 2011: £5.6m).

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 £204.5m at 30 September 2011 (31 March 2011: £191.6m). The Aviva loans are partially amortised by way of quarterly instalments and partially repaid by way of bullet repayments falling due between 2012 and 2040. £2.6m 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 4.87% and 6.89%, and do not have loan to value covenants, and interest cover is required of between 0.90 and 1.03 times.

The loan from Santander has an aggregate balance of £40.0m at 30 September 2011 (31 March 2011: £40.0m) 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, with the exception of one £1,725m loan acquired with AH Medical Properties plc for which an amendment was obtained on 14 June 2011.

21. Derivative financial instrument at fair value

	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 2011	16,584	472	255	17,311	4,241	21,552
Realised cost	(2,565)	-	-	(2,565)	-	(2,565)
Movement in period	35,430	(56)	1,751	37,125	1,612	38,737
Liability at 30 September 2011	49,449	416	2,006	**51,871**	5,853	**57,724**

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 2011, the fair value of this swap was a deficit of £49.4m (31 March 2011: deficit of £16.6m).

On 30 September 2011 the swap was reduced from £200m to £190m at a cost of £2.6m.

21. Derivative financial instrument at fair value *(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. Based on the actual swap rates at 30 September 2010, the fair value of this swap was a deficit of £0.4m (31 March 2011: deficit of £0.5m).

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 £2.0m (31 March 2011: 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.

22. 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
	30/09/11	**30/09/11**	31/03/11	31/03/11
	£'000	**£'000**	£'000	£'000
Net assets	**205,992**	**205,992**	220,133	220,133
Own shares held reserve	**-**	**1,946**	-	2,018
Derivative financial instruments of the parent	**-**	**51,871**	-	17,311
Derivative financial instruments of associates	**-**	**5,853**	-	4,241
	205,992	**265,662**	220,133	243,703
Number of shares in issue	**407,498,167**	**407,498,167**	407,498,167	407,498,167
Net asset value per share	**50.55p**	**65.19p**	54.02p	59.80p

23. Commitments

At the period end the Group had 8 developments on-site (31 March 2011: 8) with a contracted total expenditure of £30m (31 March 2011: £36m) of which £15m (31 March 2011: £25m) had been expended. In addition to these property developments in progress, the Group has an identified development pipeline amounting to a further £49m (31 March 2011: £60m) spread across 14 properties (31 March 2011: 20 properties). This pipeline will only be formally contracted if development finance can be obtained on acceptable terms.

24. 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.

25. Related parties

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

	Sales To £'000	**Purchases From £'000**
Related Party		
Associates		
30 September 2011	1,486	-
30 September 2010	2,752	20

	Amounts Owed By £'000	**Amounts Owed To £'000**
Related Party		
Associates		
30 September 2011	11,719	-
31 March 2011	11,239	-

During the period, £11,000 was paid to Mourant Ozannes, of which Peter Pichler is Chief Operating Officer of, relating to advice received in respect of the Annual General Meeting. All amounts paid were invoiced and paid at an arms length basis.

26. Events after the balance sheet date

Swaption

In early October, the Board purchased a 12 month receiver's swaption to cap the mark-to-market loss on the swap at the then level of £55m plus the cost of the swaption, which was £13.6m.

LIFT consultancy business

As part of the move to focus solely on primary care property, the Group has recently agreed the sale of its LIFT consultancy business, conditional on a number of third party consents. Most of these have now been received, and work is progressing on the remainder. Assura will retain a 15% shareholding in the consultancy business.

Increase of Santander loan facility

The Group has agreed to increase its Santander loan by £10m to £50m. This loan completed on 22 November. In addition a £10m development facility has also been agreed.

27. Interim report

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

Assura Group Limited

Interim Condensed Consolidated Financial Statements for six months ended 30 September 2011

Corporate Information

Non-Executive Directors:	Simon Laffin (Chairman) – appointed 8 August 2011 Clare Hollingsworth Peter Pichler
Executive Director:	Nigel Rawlings (Chief Executive Officer)
Head Office and Principal Place of Business	The Brew House Greenalls Avenue Warrington Cheshire WA4 6HL
Company Secretary:	Carolyn Jones
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

Assura Group Limited

Interim Condensed Consolidated Financial Statements for six months ended 30 September 2011

Corporate Information

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