

Company Registration No. 05867920

**Care Management Group (Acquisition)
Limited (formerly Pimco 2515 Limited)**

Report and Financial Statements

For the period ended 5 July 2006 to

28 February 2007



**Care Management Group (Acquisition) Limited (formerly
Pimco 2515 Limited)**

Report and financial statements 2007

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Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Report and financial statements 2007

Officers and professional advisers

Directors

W M Buckingham	(appointed 19 July 2006, resigned 14 February 2008)
K F Ford	(appointed 19 July 2006, resigned 31 March 2008)
R R J Perry	(appointed 19 July 2006, resigned 20 June 2008)
P Kinsey	(appointed 20 June 2008)
Pinsent Masons Director Limited	(appointed 5 July 2006, resigned 19 July 2006)

Secretary

D R Blackman	(resigned 30 June 2007)
G J Fitton	(appointed 1 July 2007)

Registered Office

The Pointe
89 Hartfield Road
Wimbledon
London
SW19 3TJ

Bankers

Barclays Bank Plc
Luton Corporate Banking Centre
1 Capability Green
Luton

Auditors

Deloitte & Touche LLP
Reading

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Chairman and Chief Executive's report For the period ended 28 February 2007

Financing

The Group completed a secondary management buy out during the period

On 18 August 2006, Care Management Group (Acquisition) Limited, a 100% owned subsidiary of Care Management Group (Holding Company) Limited, acquired the entire share capital of Care Management Group (UK) Limited. Care Management Group (Holding Company) Limited then became the ultimate parent undertaking of the Group.

All the directors of Care Management Group (UK) Limited, together with ISIS EP LLP, the original institutional investor, retained a significant interest within the new ultimate holding company. In addition ICG plc took an interest in the new Group. At the same time a new bank facility was negotiated with Dresdner Kleinwort. On 20 June 2008 the entire share capital of Care Management (Acquisition) Limited was acquired by CMG Investment Holdings Limited which then became the ultimate parent undertaking of the group.

Business Review

The group continues to provide residential care and supported living services for people with learning difficulties and other special and complex needs.

At the close of the period the Group had a capacity to offer 709 beds. During the period the average number of staff employed by the Group was 1,293.

Since its inception the new Group acquired Pathways (Trebanos) Limited. In addition three organic builds based in Lee on Solent, South East London and Brighton were also added to the portfolio.

Management team

The Group continues to develop its management team with the culture and ability to respond to sector demands and changes, ensuring that at all times the Group's policies, procedures and basic ethos remain firmly intact, thus maintaining a vision for its service users away from institutional settings and into community-based accommodations affording more choice and independence.

The Group continues to communicate with transparency to staff, service users and purchasers alike.

Future prospects

There are continued growth opportunities in the market and the Group, with a strong name and brand, is well placed to compete and grow against its competitors. Following a period of restructuring, the Group remains well placed to deliver organic growth, supplemented by appropriate acquisitions.

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Directors' report For the period ended 28 February 2007

The directors present their report and the audited financial statements for the period ended 28 February 2007

The company was incorporated as Pimco 2515 Limited on 5 July 2006 and commenced trading on 18 July 2006 when the name of the company was changed to Care Management Group (Acquisition) Limited

Principal activities and post balance sheet events

The group continues to provide residential care for people with learning disabilities and other special and complex needs

During the period, goodwill and tangible fixed assets were impaired to their carrying value

On 18 August 2006, Care Management Group (Acquisition) Limited, a 100% owned subsidiary of Care Management Group (Holding Company) Limited, acquired the entire share capital of Care Management Group (UK) Limited. Care Management Group (Holding Company) Limited then became the ultimate parent undertaking of the Group

Following the refinancing of the Group on 20 June 2008 the entire share capital of Care Management Group (Acquisition) Limited was acquired by CMG Investment Holdings Limited which then became the ultimate parent undertaking of the Group

Review of business

The consolidated profit and loss account is set out on page 9

The Group's loss for the financial period is £71,349,000, of which £48,072,000 related to goodwill impairment and £21,417,000 related to fixed asset impairment. The directors do not recommend the payment of a dividend. The loss for the financial period has been deducted from reserves.

A more detailed review of the business and discussion of future prospects are provided within the Chairman and Chief Executive's report

Directors and their interests

The directors who held office during the period and to the date of signing the financial statements are set out on page 1

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Directors' report (continued) For the period ended 28 February 2007

Risk

The directors have assessed the level of risk within the business and believe it to be similar to comparable UK based care organisations, where sound working capital management and good purchaser relations are essential to the future well being of the company. The directors believe that the current controls and processes within the business are adequate to achieve this position.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees the policies for managing each of these risks and they are summarised below.

Interest rate risk

The company finances its operations through a mixture of retained profits, bank borrowings, term loans and long term loans. The Group borrows at both fixed and floating rates of interest and has hedged a large proportion of its term loans by way of interest swaps.

Liquidity risk

The Group's policy throughout the year has been that committed facilities are maintained at levels to ensure all planned requirements are met.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

**Directors' report (continued)
For the period ended 28 February 2007**

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

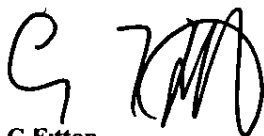
- (1) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the directors have taken all the steps that they ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985

Deloitte & Touche LLP were appointed auditors during the period

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board



G Fitton
Company Secretary

29 August 2008

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

United Kingdom Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

We have audited the consolidated and parent company financial statements (the "financial statements") of Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited) for the period from 5 July 2006 to 28 February 2007 which comprise the Consolidated profit and loss account, the Consolidated and Company balance sheets, the Consolidated cash flow statement, reconciliation of operating loss to net cash inflow from operating activities and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's report that is cross referred from the review of business section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

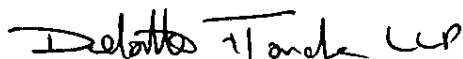
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited) (Continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 28 February 2007 and of the group's loss for the period,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



DELOITTE & TOUCHE LLP

Reading, United Kingdom

29 August 2008

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

**Consolidated profit and loss account
For the period ended 28 February 2007**

	Note	8 month period ended 28 February 2007 £'000
Turnover	2	22,236
Cost of sales		(12,122)
Gross profit		10,114
Administrative expenses		(7,656)
Goodwill impairment	9	(48,072)
Fixed asset impairment	10	(21,417)
Total operating expenses		(77,145)
Operating loss	3	(67,031)
Interest receivable and similar income		122
Interest payable and similar charges	7	(4,490)
Loss on ordinary activities before taxation		(71,399)
Tax credit on loss on ordinary activities	8	50
Loss for the financial year transferred from reserves	17	(71,349)

All of the operations were acquired during the period. The result for the period represents the results of the acquired Care Management Group (UK) Limited and the results of the subsequently acquired Pathways (Trebanos) Limited. The results of Pathways (Trebanos) Limited are separately disclosed in note 21.

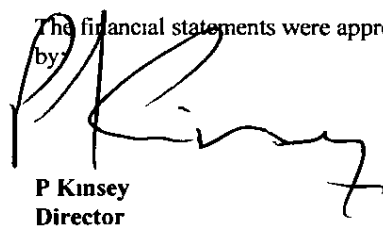
There are no recognised gains or losses for the current financial period other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been presented.

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

**Consolidated and Company balance sheets
28 February 2007**

		2007	
	Note	Group £'000	Company £'000
Fixed assets			
Intangible assets	9	37,400	-
Tangible assets	10	40,000	-
Investments	11	-	77,400
		<u>77,400</u>	<u>77,400</u>
Current assets			
Debtors amounts due within one year	12	3,609	-
Debtors amounts due in more than one year	12	-	64,589
Cash at bank and in hand		1,949	622
		<u>5,558</u>	<u>65,211</u>
Creditors' amounts falling due within one year	14	(4,365)	(93)
Net current assets		<u>1,193</u>	<u>65,118</u>
Total assets less current liabilities		<u>78,593</u>	<u>142,518</u>
Creditors' amounts falling due after more than one year	15	(149,942)	(149,998)
Net liabilities		<u>(71,349)</u>	<u>(7,480)</u>
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	(71,349)	(7,480)
Total shareholders' deficit		<u>(71,349)</u>	<u>(7,480)</u>

The financial statements were approved by the Board of Directors on 29 August 2008 and were signed on its behalf by:


P Kinsey
Director

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

**Consolidated cash flow statement
For the period ended 28 February 2007**

	Note	8 month period ended 28 February 2007 £'000
Net cash inflow from operating activities (page 12)		3,230
Returns on investments and servicing of finance		
Interest paid		(3,802)
Interest received		122
		<hr/>
Net cash inflow from returns on investments and servicing of finance		(450)
Taxation paid		(584)
Capital expenditure		
Payments to acquire tangible fixed assets		(3,672)
		<hr/>
Net cash outflow from capital expenditure		(3,672)
Acquisition and disposals		
Acquisition expenses	20	(660)
Payments to acquire subsidiaries	20	(84,450)
Net cash acquired with subsidiaries	20	3,510
		<hr/>
Net cash outflow from acquisition and disposals		(81,600)
		<hr/>
Net cash outflow before financing		(86,306)
Financing		
Bank loan		91,662
Intercompany loan notes		61,371
Refinancing costs		(3,779)
Repayment of bank loans		(60,999)
		<hr/>
Net cash inflow from financing		88,255
		<hr/>
Increase in net cash	19, 20	<u>1,949</u>

All cash flows arise from acquired operations

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

**Reconciliation of operating loss to net cash inflow from operating activities
For the period ended 28 February 2007**

	8 month period ended 28 February 2007 £'000
Operating loss	(67,031)
Impairment of goodwill	48,072
Impairment of fixed assets	21,417
Depreciation	849
Amortisation of goodwill	959
Decrease in debtors	758
Decrease in creditors	(1,794)
Net cash inflow from operating activities	<u><u>3,230</u></u>

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Notes to the financial statements For the period ended 28 February 2007

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. These have been applied consistently throughout the period.

Accounting convention

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

Consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 28 February 2007. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Turnover

Turnover represents sales and services to third party customers in the care sector, stated net of any applicable value added tax. Turnover is recognised when the services are provided.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which the directors estimate to be 20 years. Provision is made for any impairment.

Investments

Investments are stated at cost less provision for any impairment in value.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	5% per annum on cost
Property improvements	5% per annum on cost
Fixtures and fittings	15% per annum
Motor vehicles	25% per annum

Debt

Debt is initially stated at the amount of the net proceeds after the deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

Loan issue costs

Loan issue costs, to the extent that they meet the criteria of FRS 4 Capital Instruments, are offset against the loan to which they relate, and are amortised in order to give a constant rate of return.

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Notes to the financial statements For the period ended 28 February 2007

1. Accounting policies (continued)

Operating leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension scheme arrangements

The Group operates four defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amounts charged against profits represent the contributions payable to the schemes in respect of each year.

2. Turnover

Turnover represents sales and services to third party customers in the care sector, stated net of any applicable value added tax. Turnover is recognised when the services are provided. All turnover arises in the United Kingdom.

Turnover of £22,236,000 is attributable to the principal activity of the Group, being the provision of residential care for people with learning disabilities and other special needs.

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Notes to the financial statements For the period ended 28 February 2007

3. Operating loss

Operating loss is after charging:

	8 months period ended 28 February 2007 £'000
Depreciation on tangible fixed assets owned	849
Impairment of fixed assets	21,417
Amortisation of goodwill	959
Impairment of goodwill	48,072
Operating lease costs	
- Other	1,769
- Plant and machinery	354
Auditors' remuneration	
- statutory audit	57
- non audit fees	39
	<hr/>

The portion of the Group audit fee relating to pre 18 August 2006 has been disclosed in the financial statements of Care Management Group (UK) Limited

The company's audit fee was borne by a subsidiary, Care Management Group Limited and was not recharged during the period. The audit fee relating to the company was £6,000

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

**Notes to the financial statements
For the period ended 28 February 2007**

4 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services from 18 August 2006 to 28 February 2007 were as follows

	8 months period ended 28 February 2007 £'000
Emoluments	189
Value of company pension contributions to money purchase schemes	5
	<hr/> 194 <hr/>

Retirement benefits are accruing to two directors under money purchase pension schemes

	8 months period ended 28 February 2007 £'000
Highest paid director	
Emoluments	81
Pension contributions	3
	<hr/> 84 <hr/>

The directors' aggregate emoluments in respect of qualifying services up to 18 August 2006 are disclosed in the financial statements of Care Management Group (UK) Limited, the previous ultimate parent undertaking of the Group

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Notes to the financial statements For the period ended 28 February 2007

5. Employee information

Group

The average monthly number of persons (including executive directors) employed by the Group during the period was

	8 months period ended 28 February 2007 £'000
Administrative staff	112
Residential home carers	1,181
	<hr/> 1,293 <hr/>

The aggregate payroll costs of the above were

	8 months period ended 28 February 2007 £'000
Wages and salaries	11,342
Social security costs	1,051
Pension costs	15
	<hr/> 12,408 <hr/>

The company does not have any employees

6. Pension commitments

The Group operates four defined contribution pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds. The Group's pension cost for the period was £15,000. There were no outstanding or prepaid contributions at 28 February 2007.

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

**Notes to the financial statements
For the period ended 28 February 2007**

7. Interest payable and similar charges

	8 months period ended 28 February 2007 £'000
On bank loans and overdrafts	16
On term loan	3,786
Amortisation of loan issue costs	688
	<u>4,490</u>

8. Taxation

	8 months period ended 28 February 2007 £'000
(a) Analysis of tax credit in the period	
Current Tax:	
Corporation tax charge	<u>9</u>
Deferred Tax:	
Origination and reversal of timing differences	<u>(59)</u>
Tax credit on loss on ordinary activities	<u>(50)</u>

	8 months period ended 28 February 2007 £'000
(b) Factors affecting current tax charge for the period	
Loss on ordinary activities before taxation	<u>(71,399)</u>
At standard rate of 30%	(21,420)
Effects of	
Expenses not deductible for tax purposes	21,329
Depreciation in excess of capital allowances	90
Losses carried forward	270
Group relief	<u>(278)</u>
Current tax charge for the year	<u>9</u>

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Notes to the financial statements For the period ended 28 February 2007

9. Intangible fixed assets

Group	Purchased Goodwill £'000
Cost	
On Acquisition of Care Management Group (UK) Limited and subsidiaries	82,393
On Acquisition of Pathways (Trebanos) Limited	4,038
At 28 February 2007	86,431
Amortisation	
Impairment (i)	48,072
Charge for the period	959
At 28 February 2007	49,031
Net book value at 28 February 2007	37,400

- (i) The impairment charge recorded in the period has been recorded following a Directors' assessment of the recoverable value of the goodwill

10. Tangible fixed assets

Group	Freehold Property £'000	Property improve- ments £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation					
Acquired on 18 August 2006	56,118	-	1,865	17	58,000
Acquired with Pathways (Trebanos) Limited	478	79	23	14	594
Additions	1,349	1,657	666	-	3,672
At 28 February 2007	57,945	1,736	2,554	31	62,266
Depreciation					
Charge for the period	607	10	228	4	849
Impairment (i)	21,417	-	-	-	21,417
At 28 February 2007	22,024	10	228	4	22,266
Net book value					
At 28 February 2007	35,921	1,726	2,326	27	40,000

- (i) The impairment charge recorded in the period has been recorded following a Directors' valuation of the freehold property

The company does not hold any tangible fixed assets

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Notes to the financial statements For the period ended 28 February 2007

11 Investments

Company	Investments in subsidiary undertakings £'000
Cost and net book value	
Additions	80,487
Impairment of investment	(3,087)
At 28 February 2007	<u>77,400</u>

The following investments were held at the end of the period:

Name of undertaking	Description of shares held	Principal activity	Shareholding
Care Management Group (UK) Limited	Ordinary shares of £1 each	Holding company	100%
Care Management Group (Holdings) Limited	Ordinary shares of £1 each	Holding company	100%
Care Management Group Limited	Ordinary shares of £1 each	Running care homes	100%
Care Management Group (Southern) Limited	Ordinary shares of £1 each	Running care homes	100%
CMG Homes Limited	Ordinary shares of £1 each	Agency services for parent company	100%
CCA Residential Homes Limited	Ordinary shares of £1 each	Running care homes	100%
Blocklin Holdings Limited	Ordinary shares of £1 each	Holding company	100%
Blocklin House Limited	Ordinary shares of £1 each	Running care homes	100%
Care Management Group Trustees Limited	Ordinary Shares of £1 each	Holding company	100%
Victoria House (UK) Limited	Ordinary Shares of £1 each	Dormant company	100%
Wherewelve Limited	Ordinary shares of £1 each	Running care homes	100%
Wherewelve Care Group Limited	Ordinary Shares of £1 each	Dormant company	100%
Solent Residential Homes Limited	Ordinary Shares of £1 each	Dormant company	100%
Pathways (Trebanos) Limited	Ordinary Shares of £1 each	Dormant company	100%

Care Management Group (Acquisition) Limited holds the entire issued share capital and voting rights of Care Management Group (UK) Limited. The shares were acquired on 18 August 2006.

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Notes to the financial statements For the period ended 28 February 2007

11. Investments (continued)

Care Management Group (UK) Limited holds the entire issued share capital and voting rights of Care Management Group (Holdings) Limited and Care Management Group Trustees Limited

Care Management Group (Holdings) Limited holds the entire issued share capital of Care Management Group Limited, which in turn holds the entire issued share capital of Care Management Group (Southern) Limited, CMG Homes Limited, CCA Residential Homes Limited, Blocklin Holdings Limited and Victoria House (UK) Limited, Wherewelive Limited, Wherewelive Care Group Limited, Solent Residential Homes Limited and Pathways (Trebanos) Limited

Blocklin Holdings Limited holds the entire issued share capital of Blocklin House Limited

All subsidiary undertakings are incorporated in England and Wales and are included in the Group consolidation

12. Debtors

	Group £'000	Company £'000
Amounts due within one year:		
Trade debtors	2,815	-
Corporation tax	566	-
Deferred tax (note 13)	68	-
Prepayments and accrued income	160	-
	<u>3,609</u>	<u>-</u>
Amounts due after more than one year:		
Amounts owed by subsidiary undertakings	-	64,589
	<u>-</u>	<u>64,589</u>

Amounts owed by subsidiary undertakings are unsecured and interest free

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Notes to the financial statements For the period ended 28 February 2007

13. Deferred taxation

Group

The movement in the deferred taxation asset during the period was

	£'000
Acquired on 18 August 2006	-
Acquired with subsidiaries	9
Credited to the profit and loss account	59
	<hr/>
At 28 February 2007	68
	<hr/>

The deferred taxation asset consists of the tax effect of timing differences in respect of

	2007 £'000
Accelerated capital allowances	68
	<hr/>

A deferred tax asset has been recognised, as management believe that the Group will generate sufficient taxable profits in the future to enable the asset to be recovered

At 28 February 2007, the Group has not recognised deferred tax asset of £445,000 in respect of carried forward tax losses of subsidiaries. The deferred tax asset has not been recognised on the grounds of prudence, as it is not certain that the subsidiaries will be profitable in the foreseeable future

The company has no unrecognised deferred taxation

14. Creditors. Amounts falling due within one year

	Group £'000	Company £'000
Trade creditors	924	-
Other taxation and social security	551	-
Other creditors	288	93
Accruals and deferred income	2,602	-
	<hr/>	<hr/>
	4,365	93
	<hr/>	<hr/>

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Notes to the financial statements For the period ended 28 February 2007

15. Creditors: Amounts falling due after more than one year

	Group £'000	Company £'000
Amounts owed to parent undertakings	61,371	61,414
Bank loans	88,571	88,584
	<u>149,942</u>	<u>149,998</u>

Interest charged on the bank loans is at rates between 1.8% and 3.6% over base rate per annum. The bank loans comprise loans secured by floating charges over the assets of the Group. Bank loans are shown net of £3,091,000 of unamortised issue expenses and are repayable after more than five years.

The Group has entered into an interest rate swap for £67,000,000 where for a three year period, variable interest rates are swapped for fixed rate interest payments. These arrangements have been made to hedge against cash-flow interest rate risk arising from the Group having obtained a variable debt rate. The interest rate swap contract matures on 18th August 2009.

At 28 February 2007, the fair value of the interest rate swap contract was £591,000.

16. Share capital

Authorised	£
1,000 ordinary shares of £1 each	<u>1,000</u>
 Called up, allotted and fully paid	 £
1 ordinary shares of £1 each	<u>1</u>

The company was incorporated on 5 July 2006 by Pinsent Masons Director Limited. One share was acquired on this date and later transferred to Care Management Group Funding Limited on 19 July 2006.

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

**Notes to the financial statements
For the period ended 28 February 2007**

17. Reserves

Group

	Share capital £'000	Profit and loss account £'000	Total £'000
Share capital issued during the period	-	-	-
Loss for the period	-	(71,349)	(71,349)
	<u>-</u>	<u>(71,349)</u>	<u>(71,349)</u>
At 28 February 2007	<u>-</u>	<u>(71,349)</u>	<u>(71,349)</u>

Company

	Share capital £'000	Profit and loss account £'000	Total £'000
Share capital issued during the period	-	-	-
Loss for the period	-	(7,480)	(7,480)
	<u>-</u>	<u>(7,480)</u>	<u>(7,480)</u>
At 28 February 2007	<u>-</u>	<u>(7,480)</u>	<u>(7,480)</u>

The company has taken advantage of the exemption given in section 230 of the Companies Act 1985 not to present its profit and loss account. The company's result for the period was a loss of £7,480,000.

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

**Notes to the financial statements
For the period ended 28 February 2007**

18 Reconciliation of net cash flow to movement in net debt

	8 month period ending 28/2/07 £'000
Increase in cash in the period	1,949
Cash flow from movement in debt	(153,033)
Change in net debt resulting from cash flows	(151,084)
Amortisation of debt issue costs	(688)
Capitalised debt issue costs	3,779
Movement in net debt	(147,993)
Net debt at the beginning of the period	-
Net debt at the end of the period	(147,993)

19. Analysis of changes in net debt

	At beginning of period £'000	Cash flows £'000	Accrued interest and amortisation of debt issue costs £'000	Other non cash flow changes £'000	At end of period £'000
Cash at bank and in hand	-	1,949	-	-	1,949
Intercompany amounts due after more than one year	-	(61,371)	-	-	(61,371)
Bank debt due after more than one year	-	(91,662)	(688)	3,779	(88,571)
	-	(151,084)	(688)	3,779	(147,993)

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Notes to the financial statements For the period ended 28 February 2007

20. Acquisitions

As required under FRS 7 "Fair values in acquisition accounting", a process to update the provisional fair value of the net assets acquired during the period will be undertaken in the year ended 29 February 2008. The following tables set out the book values of the identifiable assets and liabilities acquired and their provisional fair value to the Group.

i) Acquisition of Care Management Group (UK) Limited and subsidiaries

The acquisition of Care Management Group (UK) Limited and its subsidiaries was completed on 18 August 2006. The fair value of the total consideration was £80,005,000.

	£'000
Cash consideration	80,005
Acquisition costs	482
	<hr/>
Total consideration	80,487
Provisional Fair value of net liabilities acquired (see below)	1,904
	<hr/>
Goodwill	82,393
	<hr/>

	Book value £'000	Revaluation £'000	Provisional Fair value £'000
Tangible assets	32,451	25,549	58,000
Debtors	3,584	-	3,584
Cash	3,517	-	3,517
Creditors	(67,005)	-	(67,005)
	<hr/>	<hr/>	<hr/>
	(27,453)	25,549	(1,904)
	<hr/>	<hr/>	<hr/>

Net cash outflows as a result of the acquisition comprised

	£'000
Cash consideration	80,487
Cash at bank and in hand acquired	(3,517)
	<hr/>
	76,970
	<hr/>

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Notes to the financial statements For the period ended 28 February 2007

20. Acquisitions (continued)

i) Acquisition of Care Management Group (UK) Limited and subsidiaries (continued):

Results prior to acquisition

	1 March 2006 to date of acquisition £'000	Year ended 28 February 2007 £'000	Year ended 28 February 2006 £'000
Turnover	17,414	39,651	29,692
Operating profit	2,553	5,951	3,398
Loss before tax	(1,626)	(4,810)	(211)
Taxation (charge)/credit	(389)	338	(494)
Loss after tax	(2,015)	(4,472)	(705)

ii) Acquisition of Pathways (Trebanos) Limited

The acquisition by Care Management Group Limited of Pathways (Trebanos) Limited was completed on 4 September 2006

	£'000
Cash consideration	4,445
Acquisition costs	178
Total consideration	4,623
Provisional Fair value of net assets acquired (see below)	(585)
Goodwill	4,038

	Book value £'000	Revaluation £'000	Provisional Fair value £'000
Tangible assets	594	-	594
Debtors	108	-	108
Cash	(7)	-	(7)
Creditors	(110)	-	(110)
	585	-	585

Net cash outflows as a result of the acquisition comprised

	£'000
Cash consideration	4,623
Cash at bank and in hand acquired	7
	4,630

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Notes to the financial statements For the period ended 28 February 2007

20. Acquisitions (continued)

Upon acquisition, the business of Pathways (Trebanos) Limited was hived up into the business of Care Management Group Limited

The table below sets out the results of Pathways (Trebanos) Limited for the period from 4 September 2006 to 28 February 2007

	Period from 4 September 2006 to 28 February 2007 £'000
Turnover	833
Cost of sales	(507)
Gross profit	326
Administrative expenses	(65)
Operating profit	261
Profit after tax	183

21. Lease commitments

At 28 February 2007 the group had annual commitments under non-cancellable operating leases as follows

	2007	
	Land and buildings £000	Other £000
On operating leases which expire		
Within one year	-	319
Within two to five years	-	212
After more than five years	3,537	5
	3,537	536

Care Management Group (Acquisition) Limited (formerly Pimco 2515 Limited)

Notes to the financial statements For the period ended 28 February 2007

22 Financial commitments

The company is party to cross guarantees for the bank debts due by all companies within the Care Management Group (Acquisition) Limited Group. Total amounts due as at 28 February 2007 amounted to £91,662,128.

23 Related party transactions

During the period, £34,000 was paid to ISIS Equity Partners plc funds as a monitoring fee. ISIS Equity Partners plc funds were considered to be the ultimate controlling party of the group until the refinancing transaction on 20 June 2008. Following the transaction, the Directors' are of the opinion there is no single controlling party of the Group.

24. Ultimate parent company, controlling party and post balance sheet events

On 18 August 2006, the entire share capital of Care Management Group (UK) Limited, the previous ultimate holding company of the group, was acquired by Care Management Group (Acquisition) Limited. Care Management Group (Acquisition) Limited's ultimate parent company at that time, Care Management Group (Holding Company) Limited then became the ultimate parent undertaking of the company.

On 20 June 2008, the entire issued ordinary share capital of Care Management Group (Acquisition) Limited, was acquired by CMG Investment Holdings Limited. CMG Investment Holdings Limited then became the ultimate parent undertaking of the company. The entire issued ordinary share capital of CMG Investment Holdings Limited is held by funds advised by Court Cavendish Limited.

In the opinion of the Directors' there is no single controlling party of the group.

Care Management Group (Acquisition) Limited is the only group company to consolidate these financial statements for the year ended 28 February 2007.