



**CareTech Holdings PLC**  
**("CareTech" or "the Group" or "the Company")**

**Trading Update**

CareTech Holdings PLC (AIM: CTH), a leading UK provider of specialist social care services, issues the following trading update. The Group expects to announce its interim results for the six months ended 31 March 2012 in the week commencing 11 June 2012.

The trading performance of the Group for the first half of the financial year was in line with Directors' expectations and reflects further development of our care pathway range of activities.

During the period we have increased capacity by 60 places to 2,116 with occupancy levels being maintained at approximately 92% in established services and 87% including facilities being developed. The growth in capacity has largely been organic.

It is early in the process of annual uplifts and fee rate negotiations with local authorities as reviews only take place following the commencement of the fiscal year. However, our experience to date indicates that their overall average change this year is likely to be close to a neutral position, in line with our expectations.

Net debt of £132m at 31 March 2012 was better than Directors' expectations as the Group focused on organic growth. Net Debt is expected to be reduced across the remainder of the year. At the AGM the Company announced that it had commenced discussions with Bankers on the refinancing of its present banking arrangements. It is pleasing to report that these discussions, which are taking place well ahead of the existing facility's expiry in April 2013, are continuing to progress well. Further updates will be made as appropriate.

In the current environment the Board's strategy is to focus on the delivery of organic growth and pursue selective acquisition opportunities where these enhance our core services. In February, the Group acquired the bolt on service of Applied Care and Development Limited ("ACAD") for a net consideration of £0.8 million and we are delighted to report that the business is performing well. ACAD provides support to children with a wide range of issues including emotional and behavioural disorders, sexualized behaviour and learning difficulty. These services are based in Scotland and are attractive to placement authorities and complement our residential children and family assessment activities in England and Wales.

At the April Board meeting CareTech established a Governance and Safeguarding Committee which is chaired by Mike Adams, Non-Executive Director. The Committee will monitor all governance and safeguarding matters, including health and safety, across the Group to ensure best practice. At the meeting Christa Echtle also advised the Board that, as she was pursuing a new business opportunity within the sector, she has decided to step down as a Director with immediate effect. The Board has begun the process of looking for a new Non-Executive Director.

Farouq Sheikh, Executive Chairman, commented:

"I am pleased to confirm that trading in the first half of our financial year is in line with Directors expectations. The Board believes that CareTech's continued development of the diversified care pathway model, based on value for money outcomes, and the breadth of its service offering, position the Group favourably in the current public sector funding environment.

It is pleasing to note that all of the Company's Senior Executives have shown a long term commitment to the Group by their investment in the new Share Plan.

I welcome the formation of the Governance and Safeguarding Committee which should help us to identify and learn lessons throughout the Group.

I would also like to take this opportunity to thank Christa for the valuable contribution that she has made to the business since she joined the Board in 2008 and wish her well for the future."

For further information, please contact:

CareTech Holdings PLC	01707 601800
Farouq Sheikh, Executive Chairman	
Michael Hill, Group Finance Director	

N+1 Brewin	020 3201 3170
Aubrey Powell	
Luke Boyce	

Buchanan	020 7466 5000
Diane Stewart	
Tim Anderson	
Carrie Clement	