



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

Trading Update

CareTech Holdings PLC (AIM: CTH), a leading UK provider of specialist social care services, issues the following trading update.

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

During the period, the Group increased capacity by 62 places comprising 4 reconfigured services totalling 29 beds, 15 beds in supported living and an additional capacity of 18 within fostering. In the same period, CareTech closed 30 places, of which 14 are within services for reconfiguration. These beds are expected to return to operational use within 12 months. The remaining 16 are mainly in supported living. As a result, the capacity at 31 March 2013 is 2,198 with occupancy levels being maintained at approximately 92% in established services and 85% including facilities being developed.

The growth in capacity has been achieved by reconfiguring services and extending facilities in partnership with local authorities. Care commissioners continue to demand flexible high quality care solutions and favour operators able to deliver across the care pathway. Pleasingly, some of the 2012 reconfigured services have opened and are experiencing strong levels of demand from local authorities for referrals, validating our strategy of reconfiguration focusing upon greater acuity service provision.

The Board continues to retain its focus on the delivery of organic growth initiatives, although will consider bolt-on acquisitive growth opportunities which fulfil broader strategic objectives or meet gaps in current service or geographic provision.

Annual fee rate negotiations with local authorities are at an early stage and the Board anticipates that a broadly neutral position will be achieved.

Net debt of £133m at 31 March 2013 was better than the Directors' expectations and is expected to reduce further across the remainder of the year.

A year ago, CareTech established a Care Governance and Safeguarding Committee, which is chaired by Mike Adams, Non-Executive Director. The Committee monitors all care governance and safeguarding matters, including health and safety, across the Group to ensure best practice and meets regularly with local authorities and CareTech's staff. The committee is playing a key role in

ensuring CareTech's market leading care quality standards are being maintained and where possible enhanced.

During the period, the Board was further strengthened and diversified with the appointment of James Stuart Cumming as a non-executive director with effect from 28th March 2013. Jamie brings with him a strong track record in City corporate and investor relations. With over 30 years in the City, Jamie has a wealth of experience in advising both institutional investors and corporate clients. The Board believes Jamie will be invaluable as CareTech strengthens its relationships with investors and demonstrates the opportunities that are offered within the new social care environment. Jamie has agreed to Chair the Remuneration Committee and will sit on the Audit Committee and the Care Governance and Safeguarding Committee.

Farouq Sheikh, Executive Chairman, commented:

"I am pleased with the progress which the Group continues to make and CareTech's ability to deliver performance in line with Director's 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, continue to position the Group favourably in the current public sector funding environment.

Paramount in all we do is to ensure that we provide the best possible care to our service users. I am impressed with the valuable work done by the Care Governance and Safeguarding Committee which positions us at the forefront of care provision.

I am also delighted to welcome Jamie to the CareTech Board. Jamie brings a wealth of experience and we are very much looking forward to working with him as we continue the Group's development."

ENDS

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