PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 JUNE 2015

Public Service Properties Investments

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Public Service Properties Investments

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Public Service Properties Investments

Chairman's Statement

I am pleased to report the Group's unaudited consolidated financial results for the six months ended 30 June 2015.

Update on strategic review

The Company successfully disposed of its entire exposure to the UK care home market and ancillary businesses for cash in March 2015. Following completion of this sale, the Board approved the use of £16.1 million for the mandatory partial redemption of approximately 67 million shares (representing 64 per cent of the Company's issued share capital) on a pro-rata basis at a price of 23.875p[1] per share from shareholders on the register on 24 April 2015.

The UK transaction comprised the sale of companies, businesses and assets to the Group's tenant, the Embrace Group ("Embrace") for approximately £34.5 million with £2.5 million deferred until 31 December 2015. The Company has also been successful in selling two of its five care homes in Germany in separate transactions in January and July 2015 for a total of approximately €7.9 million (£5.6 million). After total debt repayments of approximately €1.9 million (£1.3 million), interest rate swap breakage costs, bank prepayment penalties, taxation and transaction fees, the Company received net proceeds from the German disposals of approximately £4.0 million of which £3.8 million was received after 30 June 2015. The property sold in July 2015 is reflected as an asset available for sale at the contracted selling price as at 30 June 2015 in these unaudited interim financial statements.

Current operations

The Group currently owns four care home properties in Germany which generate gross rental income of approximately €1.6 million (£1.1 million) per annum. These investment properties have been independently valued at 30 June 2015 at an aggregate value of £9.7 million[2] with debt secured against three of the five properties of approximately £3.0 million on which interest is charged at 4.1% per annum. Debt is amortised at the rate of approximately £0.2 million per annum with the final repayment date due in March 2020 and is secured against the three properties leased to subsidiaries of Marseille Kliniken AG. The Company has not hedged the equity investment in Euro denominated assets.

The Asset Manager's Review below describes the financial results for the first half of 2015 in more detail.

Other matters

The Company will continue to test the market in respect of its remaining properties in Germany. There are ongoing discussions which may result in the disposal of some or all of the assets which the Company will announce as appropriate. The Board will consider further distributions to shareholders later this year.

Patrick Hall
Chairman
11 September 2015

[1] Being the closing price for the Company's shares on AIM on 20 March 2015.
[2] Figures in Euros at 30 June 2015 are reflected at an exchange rate of €1.4168:£1

Public Service Properties Investments

Asset Manager's Review

Business Outlook

The property portfolio owned by the Group at 30 June 2015 is located in Germany. Approximately 73% of the current rental income is derived from three properties leased to Marseille Kliniken AG ("MK"), which de-listed as a public company in Germany in August 2014. The Group owned two other properties at 30 June 2015, namely Huttenstrasse and Brakel which are both leased to separate third party operators. On 9 July 2015, the Company announced that it had exchanged contracts to dispose of the property at Huttenstrasse for €5.4 million. The sale completed on 1 September 2015. This property was recognised as an asset available for sale at the contracted selling price in the Company's consolidated balance sheet at 30 June 2015.

At 30 June, 2015, the Group had outstanding borrowings of €4.2 million secured against the three properties leased to MK. There was no debt secured against Brakel and Huttenstrasse.

The Group's entire investment in the UK care home sector was sold during the first quarter of the year. The Company received initial net proceeds of £14.2 million, after repayment of debt secured against the UK assets of £16.3 million, taxation and transaction costs. At 30 June 2015, the consolidated balance sheet reflects a receivable of £2.5 million in respect of the deferred consideration due from Embrace, which is due by 31 December 2015.

Financial Review

The comparative figures in the interim condensed consolidated income statement have been re-stated to reflect the results of the UK businesses under discontinued operations.

Total annual rental income for the first half of 2015 from continuing operations was £0.81 million. The Group's property portfolio remains fully let and all rental income continues to be paid in full.

Administration costs were £0.7 million for the six months ended 30 June 2015, 11% lower than the corresponding period in 2014. However within this, management fees were 26% lower at £0.2 million.

Finance costs were stated at £1.8 million (2014 - £1.1 million) but included a charge in respect of net exchange losses of £1.6 million (2014 - £0.7 million). The net exchange losses were partially offset by an increase of the translation reserve of £1.1 million since the end of the previous reporting period. The Euro weakened by 11% against Sterling during the first half of 2015.

Independent valuations of the Group's investment property assets at 30 June 2015 were undertaken by Colliers International Healthcare UK LLP ("Colliers"). The gross aggregate capital value[1] of the investment properties at 30 June 2015 decreased by £2.4 million compared to 31 December 2014 of which £1.5 million related to the weakening of the Euro against Sterling referred to above. The balance of the decline is split between a reduction in the carrying values for the Brakel and Huttenstrasse properties. Colliers assessed that the covenant strength of MK, which operates three of the Group's care homes in Germany, had not changed since the last valuation at 31 December 2014.

Following the sale of Huttenstrasse in July 2015, the Group's four remaining properties are all located in North Rhine Westphalia ("NRW") where regulatory changes due to be introduced in 2018 would, as currently drafted, result in a reduction of permitted dual occupancy rooms, leading to a reduction in available beds without further investment to re-configure or extend the properties. PSPI's local adviser in Germany believes that the planned provisions are likely to be amended, in favour of care home operators, due to the overall impact of the changes in NRW.

The Group had cash balances of £5.8 million and restricted cash in respect of a debt service reserve of £0.5 million at 30 June 2015. Cash balances have subsequently increased by approximately £3.8 million following completion of the sale of Huttenstrasse and are expected to be increased by a further £2.5 million by 31 December 2015 on receipt of the deferred consideration due from Embrace, as referred to above.

During the first half of 2015, the Company repaid £16.8 million of debt, including £16.3 million on the sale of the UK assets and businesses. The aggregate of the Group's short and long term debt at 30 June 2015 was approximately £3.0 million. This debt amortises on a monthly basis, with a final maturity in March 2020, although debt prepayments will occur should any of the secured assets be sold prior to maturity of the debt. The Group continues to generate sufficient cash to meet all of its scheduled interest payments, debt repayment obligations and other operational costs. The Loan to Value[2] at 30 June 2015 was 30.0 per cent.

The Company has a contingent liability to fund up to €1.5 million should one of the MK operated properties require redevelopment, although there are currently no plans to commence such a redevelopment at this time. The Group has given certain warranties in respect of the various sale transactions in the UK and Germany, the majority of which will expire during the course of 2016. The Company will maintain sufficient cash balances to meet any claims under the warranties given, although neither the Board of Directors nor RP&C International are expecting any claims to arise at this time.

Total equity at 30 June 2015 was stated at £18.6 million compared to £36.4 million at 31 December 2014. The Company returned £16.1 million to shareholders during the first half of 2015 through a compulsory partial redemption of shares. The Net Asset Value per share[3] ("NAV") at 30 June 2015 was 49.1 pence per share compared to 34.6 pence per share at 31 December 2014 (which was stated before the compulsory partial redemption of shares noted above).

RP&C International
11 September 2015

Notes:
[1] The valuations are stated gross of certain costs of up to 7% that a purchaser may incur if the assets were sold.
[2] Total short and long term borrowings expressed as a percentage of total non-current assets.
[3] Total equity divided by the number of ordinary shares in issue as at the balance sheet date.

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2015

	Note	Period Ended 30 June 2015 £ (unaudited)	Period Ended 30 June 2014 (restated) £ (unaudited)	Year Ended 31 Dec 2014 £ (audited)
Continuing Operations				
Revenue	4	814,316	1,498,511	2,764,020
Net loss from fair value adjustments on investment properties	9	(864,815)	(3,295,854)	(3,242,236)
Impairment of loan		-	-	(2,000)
Gain/(loss) on disposal of subsidiaries	13	-	-	(2,118,293)
Administrative expenses	5	(661,303)	(740,263)	(1,422,536)
Finance income	6a	972	621	958
Operating profit/(loss)		(710,830)	(2,536,985)	(4,020,087)
Finance costs	6b	(1,778,554)	(1,065,103)	(1,637,095)
Profit/(loss) before income tax		(2,489,384)	(3,602,088)	(5,657,182)
Income tax expense		(9,509)	(106,317)	(32,674)
Profit/(loss) for the period from continuing operations		(2,498,893)	(3,708,405)	(5,689,856)
Discontinued Operations				
Loss for the period from discontinued operations		(493,276)	4,259,909	(9,126,163)
Profit/(loss) for the period		(2,992,169)	551,504	(14,816,019)
Basic and diluted earnings/(loss) per share (in pence)				
From continuing operations	7	(3.07)	(3.52)	(5.40)
From discontinued operations	7	(0.61)	4.04	(8.66)
From earnings/(loss) for the period	7	(3.68)	0.52	(14.06)

The notes on pages 10 to 28 are an integral part of these interim condensed consolidated financial statements.

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2015

	Period Ended 30 June 2015 £ (unaudited)	Period Ended 30 June 2014 (restated) £ (unaudited)	Year Ended 31 Dec 2014 £ (audited)
(Loss)/profit for the period/year	(2,992,169)	551,504	(14,816,019)
Other comprehensive income			
Items that may be subsequently reclassified to income statement:			
Cash flow hedges	167,051	(489,504)	(697,813)
Recycle of cash flow hedging reserve on disposal	-	-	516,569
Recycle of translation reserve on disposal	-	-	(443,494)
Currency translation differences	1,122,764	(83,834)	44,994
Other comprehensive income/(loss) for the period/year	**1,289,815**	**(573,338)**	**(579,744)**
Total comprehensive (loss)/income for the period/year	(1,702,354)	(21,834)	(15,395,763)

The notes on pages 10 to 28 are an integral part of these interim condensed consolidated financial statements.

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2015

	Note	As at 30 June 2015 £ (unaudited)	As at 30 June 2014 £ (unaudited)	As at 31 Dec 2014 £ (audited)
ASSETS				
Non current assets				
Investment property	9	9,747,205	70,303,167	15,954,390
Investments		-	1,000	-
Receivable from finance lease		-	9,497,923	-
Loans	11	-	2,000	-
		9,747,205	79,804,090	15,954,390
Current assets				
Receivables and prepayments	10	2,563,326	502,949	62,293
Restricted cash		466,196	1,514,536	502,593
Cash and cash equivalents		5,830,593	3,768,595	4,094,701
		8,860,115	5,786,080	4,659,587
Assets of disposal group classified as held for sale		3,811,406	-	40,031,308
		12,671,521	5,786,080	44,690,895
Total assets		22,418,726	85,590,170	60,645,285
EQUITY				
Capital and reserves				
Share capital	12	218,060	605,722	605,722
Share premium	12	74,023,893	89,736,103	89,736,103
Cash flow hedging reserve		(138,228)	(627,448)	(305,279)
Translation reserve		1,744,151	949,962	621,387
(Accumulated deficit)		(57,236,141)	(38,876,449)	(54,243,972)
Total equity		18,611,735	51,787,890	36,413,961
LIABILITIES				
Non current liabilites				
Borrowings		2,771,653	28,281,704	3,172,517
Derivative financial instruments		138,228	627,448	251,410
Deferred income tax liability	14	-	2,335,127	23,765
		2,909,881	31,244,279	3,447,692
Current liabilities				
Borrowings		190,570	1,416,138	211,269
Trade and other payables		61,302	158,696	147,512
Current income tax liabilities		303,000	377,778	-
Accruals		333,017	605,389	463,393
		887,889	2,558,001	822,174
Liabilities of disposal group classified as held for sale		9,221	-	19,961,458
		897,110	2,558,001	20,783,632
Total liabilities		3,806,991	33,802,280	24,231,324
Total equity and liabilities		22,418,726	85,590,170	60,645,285

The notes on pages 10 to 28 are an integral part of these interim condensed consolidated financial statements.

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2015

	Note	Period ended 30 June 2015 £ (unaudited)	Period ended 30 June 2014 £ (unaudited)	Year ended 31 Dec 2014 £ (audited)
Profit/(loss) for the period attributable to equity holders		(2,992,169)	551,504	(14,816,019)
Adjustments for non-cash items				
Interest expense	6b	75,423	986,536	1,527,488
Net foreign exchange (gains)/losses	6a	1,573,664	736,601	1,267,977
Changes in fair value of investment property	9	864,815	459,610	3,418,078
Impairment of loan	11	-	-	2,000
Interest income	6a	(972)	(580,789)	(1,294,997)
Income tax expense		9,509	323,313	(1,428,505)
Proceeds from finance lease		-	464,767	933,025
Loss on disposal of subsidiary		493,276	-	16,140,120
Amortisation of debt issue costs		5,425	200,368	626,722
Changes in workings capital:				
Changes in receivables and prepayments		452,633	76,526	184,480
Changes in trade and other payables		(213,749)	(128,190)	(4,680)
Changes in accruals		767,249	(318,886)	1,406,793
Cash generated/(used) from operations		1,035,104	2,771,360	7,962,482
Cash flow from operating activities				
Interest paid		(178,561)	(787,158)	(1,505,695)
Income tax received/(paid)		(322,439)	(174,591)	(332,714)
Net cash generated/(used) by operating activities		534,104	1,809,611	6,124,073
Cash flow from investing activities				
Change in restricted cash		36,397	(335,992)	(664,510)
Proceeds from sale of subsidiaries - net of costs		30,813,652	-	-
Proceeds from sale of investment property - net of costs		1,591,464	-	7,913,965
Interest received		972	571	958
Net cash (used)/generated in investing activities		32,442,485	(335,421)	7,250,413
Cash flow from financing activities				
Compulsory partial capital redemption		(16,099,872)	-	-
Costs associated with new borrowings		-	(53,508)	(53,508)
Repayments of borrowings		(16,762,512)	(1,572,298)	(11,230,412)
Net cash (used)/generated by financing activities		(32,862,384)	(1,625,806)	(11,283,920)
(Decrease)/increase in cash and cash equivalents		114,205	(151,616)	2,090,566
Movement in cash and cash equivalents				
At start of period/year		5,968,761	4,001,022	4,001,022
(Decrease)/increase		114,205	(151,616)	2,090,566
Foreign currency translation adjustments		(252,373)	(80,811)	(122,827)
At end of period/year		5,830,593	3,768,595	5,968,761
Cash and cash equivalents		5,830,593	3,768,595	4,094,701
Cash and cash equivalents - discontinued		-	-	1,874,060
		5,830,593	3,768,595	5,968,761

The notes on pages 10 to 28 are an integral part of these interim condensed consolidated financial statements.

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2015

	Attributable to equity holders of the Company					
	Share capital £	**Share premium £**	**Cashflow hedging reserve £**	**Translation reserve £**	**Accumulated deficit/ Retained earnings £**	**Total equity £**
Balance as of 1 January 2014 (audited)	**605,722**	**89,736,103**	**(137,944)**	**1,033,796**	**(39,427,953)**	**51,809,724**
Comprehensive income						
Loss for the period	-	-	-	-	551,504	551,504
Other comprehensive income						
Cash flow hedges – net of tax	-	-	(489,504)	-	-	(489,504)
Foreign currency translation	-	-	-	(83,834)	-	(83,834)
Total comprehensive income	-	-	(489,504)	(83,834)	551,504	(21,834)
Transactions with owners						
None	-	-	-	-	-	-
Balance as of 30 June 2014 and 1 July 2014 (unaudited)	**605,722**	**89,736,103**	**(627,448)**	**949,962**	**(38,876,449)**	**51,787,890**
Comprehensive income						
Loss for the period	-	-	-	-	(15,367,523)	(15,367,523)
Other comprehensive income						
Cash flow hedges – net of tax	-	-	322,169	-	-	322,169
Foreign currency translation	-	-	-	(328,575)	-	(328,575)
Total comprehensive income	-	-	322,169	(328,575)	(15,367,523)	(15,373,929)
Transactions with owners						
None	-	-	-			
Balance as of 31 December 2014 and 1 January 2015 (audited)	**605,722**	**89,736,103**	**(305,279)**	**621,387**	**(54,243,972)**	**36,413,961**
Comprehensive income						
Loss for the period	-	-	-	-	(2,992,169)	(2,992,169)
Other comprehensive income						
Cash flow hedges – net of tax	-	-	167,051	-	-	167,051
Foreign currency translation	-	-	-	1,122,764	-	1,122,764
Total comprehensive income	-	-	167,051	1,122,764	(2,992,169)	(1,702,354)
Transactions with owners						
Compulsory partial capital reduction	(387,662)	(15,712,210)	-	-	-	(16,099,872)
Balance as of 30 June 2014 (unaudited)	**218,060**	**74,023,893**	**(138,228)**	**1,744,151**	**(57,236,141)**	**18,611,735**

The notes on pages 10 to 28 are an integral part of these interim condensed consolidated financial statements.

1. GENERAL INFORMATION

Public Service Properties Investments Limited was incorporated in 2001 and is domiciled in the British Virgin Islands (registered office at Nerine Chambers, Road Town, Tortola, British Virgin Islands) and is the parent company of the PSPI Group. Public Service Properties Investments Limited and its subsidiaries (together "the Group" or "the Company"), is an investment property Group with a portfolio in Germany. It is principally involved in leasing real estate where the rental income is primarily generated directly or indirectly from governmental sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these interim condensed consolidated financial statements have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with IAS 34 "Interim Financial Reporting", published by the International Accounting Standards Board (IASB). The interim condensed consolidated financial statements are reported in Pound Sterling unless otherwise stated.

These interim condensed 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 for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards ('IFRS'). These condensed consolidated interim financial statements for the six months ended 30 June 2015 and the comparative figures for the six months ended 30 June 2014 are unaudited. The extracts from the Group's Annual Financial Statements for the year ended 31 December 2014 represent an abbreviated version of the Group's full accounts for that year, on which the Auditors issued an unqualified audit report.

Comparative information in the interim condensed consolidated income statement for the period ended 30 June 2014 has been restated in order to be consistent with the presentation of certain items as discontinued in 2014 as detailed in Note 13.

The interim condensed consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties, other financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results can differ from those estimates. Critical judgments made by management in the application of IFRS and key sources of estimation uncertainties were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014. Income tax expense is recognised based upon the best estimate of the weighted average annual income tax rate expected for the financial year.

The accounting policies and valuation principles adopted are consistent with those of the previous financial year.

The Group has adopted the following, new standards, amendments to standards and interpretations annual improvements for the six months ended 30 June 2015, which do not have significant impact on the interim consolidated financial statements.

Annual improvements 2010-2012 (effective 1 July 2014)
Annual improvements 2011-2013 (effective 1 July 2014)
Amendment to IAS 19, 'Employee benefits', on defined benefit plans (effective 1 July 2014)

The Group is not exposed to seasonal variation in its operations.

2.2 Principles of consolidation

2.2.1 Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. The Group may invest in subsidiaries that hold properties but do not constitute a business. These transactions are therefore treated as asset acquisitions rather than business combinations.

For acquisitions meeting the definition of a business combination, the acquisition method of accounting is used. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All the Group companies have 31 December as their year-end. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2 Principles of consolidation (continued)

2.2.2 Changes in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.2.3 Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.4 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.3 Amendments to accounting and valuation principles

There have been no amendments to accounting or valuation principles during the period ended 30 June 2015.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency and price risk), cash flow and fair value interest rate risk, credit risk and liquidity rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the senior management of the asset manager under policies approved by the board of directors. Senior management identifies, evaluates and hedges financial risks. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

The interim condensed consolidated financial statements do not include all financial risk management 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 December 2014. There have been no significant changes in the risk management policies since prior year end.

3.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

3.3 Fair value estimation

In 2015, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. In 2015, there were no reclassifications of financial assets or liabilities

Valuations of the investment properties were made at the end of each period/year by independent property consultants. The valuations are based on both the duration of the leases and the future cash flows and after due consideration of transaction activity in the market. These valuations are classified under the level 3 as are not based on observable market data. For the disclosures on the valuations, see note 9. During the period there have not been transfers between levels.

3.4 Other risk factors

The Group is exposed to property price and market rental risks. Wherever possible the Group builds into the terms of its leases indexation linked to consumer price indices, in order to manage its market rental risk.

FOREIGN EXCHANGE RATES

	Balance Sheet		Income Statement and Cash Flow Statement	
	30 June 2015	30 June 2014	YTD average 2015	YTD average 2014
	£	£	£	£
EUR 1.00	1.4168	1.24920	1.3646	1.21757

4. REVENUE

	30 June 2015	30 June 2014 (restated)	31 December 2014
	£	£	£
Rental income	814,316	1,498,511	2,764,020

The future continuing aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	As at 30 June 2015	As at 30 June 2014 (restated)	As at 31 December 2014
	£	£	£
Less than 1 year	1,219,190	2,918,127	1,702,910
More than 1 year and less than 5 years	3,657,571	8,754,380	5,108,730
More than 5 years	12,551,918	34,024,195	21,044,421
	17,428,679	45,696,702	27,856,061

The majority of investment properties in Germany are leased for an initial period of 20 years; however the lessee has the right to renew the leases for a further period of 5 or 10 years, subject to the agreement of the revised rent. The rent on the majority of leases is changed every four years from the anniversary of inception, with reference to the German Consumer Price Index.

Disposal of investment properties and investment properties held for sale (see Notes 9 and 13)

The future minimum rentals of the investment property in Germany treated as available for sale at 30 June 2015 (Huttenstrasse – See Note 9) are not included in the table above as at 30 June 2015. As such, the table as at 30 June 2015 only includes future minimum rentals for the four investment properties shown within non-current assets as at 30 June 2015.

During 2014, two of the investment properties in Germany were sold. As such the future minimum annual rentals of these properties are not included in the table above as at 31 December 2014. Additionally, one German investment property was treated as held for sale as at 31 December 2014. The future minimum rentals of this property are also excluded in the table above as at 31 December 2014.

The investment properties in the UK were included in discontinued operations in 2014 and future minimum annual rentals are therefore not included in the table above as at 31 December 2014 or as at 30 June 2014.

5. ADMINISTRATIVE EXPENSES

	30 June 2015 £	30 June 2014 (restated) £	31 Dec 2014 £
Third party company administration	35,353	(30,212)	12,412
Management fees	247,157	333,904	498,631
Professional fees (including audit fees)	318,478	412,332	855,419
Insurance and general expenses	60,315	24,239	56,074
	661,303	740,263	1,422,536

6. a) FINANCE INCOME

	30 June 2015 £	30 June 2014 (restated) £	31 Dec 2014 £
Interest income – other third party	972	621	958
	972	621	958

b) FINANCE COSTS

	30 June 2015 £	30 June 2014 (restated) £	31 Dec 2014 £
Interest on mortgages	80,848	326,038	575,373
Other interest and borrowing expenses	9,722	2,464	6,014
Recycling of cash flow hedging reserve	114,320	-	-
Net exchange losses	1,573,664	736,601	1,055,708
	1,778,554	1,065,103	1,637,095

7. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net (loss)/profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

	As of 30 June 2015 £	As of 30 June 2014 (restated) £	As of 31 Dec 2014 £
(Loss)/profit from continuing operations attributable to shareholders	(2,498,893)	(3,708,405)	(5,689,856)
(Loss) from discontinued operations attributable to shareholders	(493,276)	4,259,909	(9,126,163)
Total	**(2,992,169)**	**551,504**	**(14,816,019)**
Weighted average number of ordinary shares outstanding	81,521,644	105,365,717	105,365,717
Basic and diluted earnings/(loss) per share (pence per share) –continued operations	(3.07)	(3.52)	(5.40)
Basic and diluted earnings per share (pence per share) – discontinued operations	(0.61)	4.04	(8.66)
Total	**(3.68)**	**0.52**	**(14.06)**

ADJUSTED EARNINGS PER SHARE – NON GAAP

The Directors have chosen to disclose “adjusted earnings per share” in order to provide an indication of the Group’s underlying business performance. Accordingly, it excludes the effect of the items as detailed below:

	Note	As of 30 June 2015 £	As of 30 June 2014 £	As of 31 Dec 2014 £
Net profit/(loss) attributable to shareholders		(2,992,169)	551,504	(14,816,019)
Loss on disposal of subsidiaries		493,276	-	16,140,120
Fair value loss on investment properties	9	864,815	459,610	3,418,078
Deferred income tax liability movement	14	(12,688)	212,352	(2,025,841)
Amortisation of debt issue costs		5,425	200,436	623,020
Impairment of loan		-	-	1,000
Impairment of investment		-	-	1,000
Recycling of cash flow hedging reserve		114,320	-	-
Non-recurring transaction fees		-	-	(250,208)
Current income tax expense		22,197	110,961	597,336
Foreign exchange (gains)/losses	6b	1,573,664	736,601	1,099,073
Total adjusted earnings		68,840	2,271,464	4,787,559
Weighted average number of ordinary shares outstanding		81,521,644	105,365,717	105,365,717
Basic adjusted and diluted earnings per share (pence per share)		**0.08**	**2.16**	**4.54**

8. DIVIDENDS

No dividends have been paid during the period ended 30 June 2015, or in the year ended 31 December 2014.

9. INVESTMENT PROPERTY

	30 June 2015	30 June 2014 (restated)	31 Dec 2014
	£	£	£
Beginning of the period/year	15,954,390	72,092,779	72,092,779
Net (loss)/gain on fair value adjustment - continuing	(864,815)	(3,295,854)	(3,242,236)
Net (loss)/gain on fair value adjustment - discontinued	-	2,836,244	(175,841)
Disposals	-	-	(11,286,970)
Impairment to sales value	-	-	(7,949,827)
Transferred to disposal group classified as held for sale	(3,811,406)		(31,502,582)
Net changes in fair value adjustments due to exchange differences	(1,530,964)	(1,330,002)	(1,980,933)
End of the period/year	9,747,205	70,303,167	15,954,390

The investment properties were independently valued as at 30 June 2015 by Colliers International Healthcare UK LLP ("Colliers"). The valuation basis is market value and conforms to international valuation standards. Colliers is a qualified independent valuer who holds recognised and relevant professional qualifications and has recent experience in the relevant locations and category of properties being valued. The valuations are presented before estimated purchasers costs; however, sellers' costs are not included.

The valuation of the investment properties in Germany was based on the duration of the leases, the future cash flows and after due consideration of transaction activity in the market, Colliers concluded that capitalisation rates of between 9.85% and 13.76% (December 2014: 7.25% to 13.76% and June 2014 7.00% to 14.45%) were appropriate under the market conditions prevailing at 30 June 2015, resulting in an average capitalisation rate of 11.40% (December 2014 - 9.65% and June 2014 – 9.38%). The Group has applied individual capitalisation rates as advised by Colliers to each investment property in preparation of the consolidated financial statements.

Investment property held for sale

Included in investment property held for sale as at 30 June 2015 is one property in Germany (Huttenstrasse). The Directors approved the sale of this property prior to 30 June 2015 and the Group announced its sale on 9 July 2015 for a gross sale price of €5,400,000 (£3,811,406). Prior to transfer to the disposal group classified as held for sale, this property was written down to its sale value.

Disposal of investment property

As discussed in Note 13, the Group disposed of its UK companies, businesses and assets on 4 March 2015. As these companies were approved for sale in 2014, the UK investment properties were treated as held for sale as at 31 December 2014. Prior to transfer to the disposal group classified as held for sale, these assets were written down to their sales value of £29,546,400.

Also included in Investment property held for sale as at 31 December 2014 is one investment property in Germany (Lichtenberg) which was approved for sale prior to the year end. This had a sales value of €2,500,000 (£1,956,182) and the sale finalised in 2015 (See Note 13)

Disposals during the year ended 31 December 2014 relate to the disposal of a German partnership which owns two care home properties in Germany (Langen and Lutzerath) which completed in November 2014. The disposal value of £11,286,970 (€14,319,780) represents the fair value at the date of disposal which equated to the Colliers valuation performed in June 2014.

10. RECEIVABLES AND PREPAYMENTS

	30 June 2015 £	**30 June 2014 £**	**31 Dec 2014 £**
Deferred consideration	2,500,000	-	-
Prepayments	63,326	49,283	62,293
Rent receivable	-	453,666	-
	2,563,326	502,949	62,293

Included in receivables and prepayments as at 30 June 2015 is an amount of £2,500,000 in relation to the disposal of the Wellcare portfolio of UK properties and businesses, which was concluded on 4 March 2015 (See Note 13). The total consideration for the sale of the Wellcare portfolio was £34.5 million of which £2.5 million was deferred to 31 December 2015 and payable in cash should Embrace be successful in tendering for certain ongoing domiciliary care contracts. On 30 April 2015, the Company was notified by Embrace that it had been successful in tendering and confirmed accordingly that the deferred amount of £2.5 million has become payable by 31 December 2015.

The rent receivable amount of £453,666 as at 30 June 2014 relates wholly to the Wellcare portfolio and as such the balance as at 31 December 2014 was included within assets of disposal group classified as available for sale (See Note 13).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable and prepayment mentioned above.

None of the receivables and prepayments are impaired.

11. LOANS

	30 June 2015 £	30 June 2014 £	31 Dec 2014 £
Beginning of the period/year	-	2,000	2,000
	-	-	
Transferred to disposal group classified as held for sale	-	-	(1,000)
Write off of investment	-	-	(1,000)
End of the period /year	-	2,000	-

During 2012, the Group was issued a subordinated secured loan note instrument in Esquire Consolidated Investment (Holdings) Limited as partial consideration for the sale of the majority of its UK property portfolio. This loan note has a principal value of £2.8 million with interest at 5% annually; however the Board of PSPI initially valued the note at £1,000 on completion of the transaction in July 2012 reflecting the significant level of post transaction debt of Esquire, which is greater than the independently assessed valuation of Esquire's assets. Interest has not been accrued on this amount as it is not considered to be recoverable.

During 2014 Esquire Consolidated Investment (Holdings) Limited was placed into liquidation. At this point the Directors considered it unlikely that there would be any recovery from the liquidation proceedings and as such the investment was impaired to nil.

Loans also consist of issued redeemable preference shares in lessee companies. During 2012 redeemable preference shares with a value of £2,601,500 were disposed of by the Group as part of the combination of the majority of its UK property portfolio with the parent group of lessee companies.

The Group determined that, due to the significant deterioration of the tenant's operating performance in respect of the UK portfolio in 2013, the preference shares may not be recoverable and were impaired to a nominal value of £1,000.

In December 2014, the Directors approved the disposal of remaining UK portfolio, as such the preference shares were transferred to the disposal group classified as held for sale, and ultimately disposed of in March 2015.

12. SHARE CAPITAL

	30 June 2015 £	30 June 2014 £	31 Dec 2014 £
Authorised:			
Equity interests:			
500,000,000 Ordinary shares of $0.01 each	2,569,974	2,569,974	2,569,974
Allotted, called up and fully paid:			
Equity interests:			
105,365,717 Ordinary shares of $0.01 each	-	605,722	605,722
37,931,697 Ordinary shares of $0.01 each	218,060	-	-

	Number of shares	Ordinary shares £	Share premium £	Total £
At 30 June 2014 and 31 December 2014	105,365,717	605,722	89,736,103	90,341,825
Compulsory Partial Redemption (see below)	(67,434,020)	(387,662)	(15,712,210)	(16,099,872)
At 30 June 2015	37,931,697	218,060	74,023,893	74,241,953

Compulsory Partial Redemption of Ordinary Shares

On 14 April 2015 the Company announced the Compulsory Partial Redemption of 67,434,020 ordinary shares at 23.875p per ordinary share redeemed. On 27 April 2015, the Company completed the redemption of these shares for a total consideration of £16,099,871.93. The Company's share capital after the partial redemption comprises 37,931,697 ordinary shares of $0.01 each.

13. NON-CURRENT ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND OTHER TRANSACTIONS

a) Non–current assets held for sale

As at 30 June 2015, one investment property in Germany (Huttenstrasse) has been presented as available for sale. This property was approved for sale prior to 30 June 2015 and the Group announced its sale on 9 July 2015 for a gross sale price of €5,400,000 (£3,811,406).

As at 31 December 2014, the assets and liabilities related to four subsidiary companies Healthcare (Wellcare) Limited, HCP Community Support Services, HCP Wellcare Progressive Lifestyles Limited and Healthcare (I) Limited along with one investment property owned in Germany were presented as held for sale following the approval of the Directors in December 2014 for their disposal. The completion dates for these transactions were in March 2015.

Assets of disposal group classified as held for sale:

	30 June 2015 £	30 June 2014 £	31 Dec 2014 £
Investment property	3,811,406	-	31,502,582
Receivable from finance lease	-	-	5,000,000
Loans and receivables	-	-	1,000
Receivables and prepayments	-	-	453,666
Cash and cash equivalents	-	-	1,874,060
Restricted cash	-	-	1,200,000
	3,811,406	-	40,031,308

Liabilities of disposal group classified as held for sale

	30 June 2015 £	30 June 2014 £	31 Dec 2014 £
Borrowings	-	-	17,446,009
Deferred income tax	9,221	-	43,960
Accruals	-	-	1,588,900
Derivative financial instruments	-	-	53,869
Trade and other payables	-	-	127,539
Current income tax liabilities	-	-	701,181
	9,221	-	19,961,458

b) Discontinued operations

As at 31 December 2014, the results of the four subsidiary companies listed in 13 a) above were treated as discontinued operations as they represent significant segments of the business. An analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets or disposal group is as follows:

	30 June 2015 £	30 June 2014 (restated) £	31 Dec 2014 £
Revenue	2,613	1,935,444	3,885,433
Net loss from fair value adjustments on investment properties	-	2,836,244	(175,841)
Gain/(loss) on disposal of subsidiaries (see Note 13b)	(519,970)	-	(14,021,827)
Administrative expenses	16,134	(216,917)	(61,445)
Finance income	-	580,168	1,294,039
Finance costs - net	7,947	(658,034)	(1,507,702)
Income tax expense	-	(216,996)	1,461,180
Gain/(loss) for the year from discontinued operations	(493,276)	4,259,909	(9,126,163)

13. NON-CURRENT ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND OTHER TRANSACTIONS (Continued)

b) Discontinued operations (continued)

As mentioned in Note 13 a), during 2014 the Directors approved for sale the Group's remaining UK companies, business and assets (together "the Wellcare Portfolio") to the Group's sole UK tenant ("Embrace"). The disposal of these companies was concluded on 4 March 2015. The terms of the disposal under the Share Purchase Agreement valued the Wellcare Portfolio on a cash free, debt free basis at £34.5 million, being £35 million less rent and business licence fees received by the Group from Embrace in respect of any period after December 2014. Of the total consideration £2.5 million was deferred to 31 December 2015 and payable in cash should Embrace be successful in tendering for certain ongoing domiciliary care contracts (see Note 10). On 30 April 2015, the Company was notified by Embrace that it had been successful in tendering and confirmed accordingly that the deferred amount of £2.5 million has become payable by 31 December 2015.

The Group has given certain standard representations and warranties as part of the disposal of the Wellcare Portfolio. The Group may have claims brought against it with regards to these representations and warranties by 31 December 2015 and within 12 months after the filing of the 2014 tax returns for any taxation warranty claims.

The loss recognised in the year ended 31 December 2014 on this transaction is calculated as follows:

	Note	£	£
Fair value of sales proceeds			
Gross sales proceeds			35,000,000
Less: deduction for one month's rental income			(453,600)
			34,546,400
Fair value of assets/liabilities sold			
Assets			
Investment Properties	9	37,496,227	
Receivable from finance lease		9,632,376	
Total assets in disposal group			(47,128,603)
Excess of fair value of assets sold over sales proceeds			(12,582,203)
Prepayment penalties on repayment of borrowings			(412,000)
Transaction costs associated with disposal			(1,027,625)
Loss on disposal			(14,021,828)

The loss before transaction costs and repayment penalties of £12,582,203 represents £7,949,827 in relation to Investment Properties and £4,632,376 in relation to Receivables from finance lease.

In addition, the Group recognised fair value losses of £175,841 included in discontinued operations within the consolidated income statement for the year ended 31 December 2014 in respect of the investment properties included in the transaction.

In the period to 30 June 2015, the Group recorded a further loss of £493,276 in relation to the disposal of the Wellcare Portfolio. This arose due to the write off of an investment held in dormant companies by the Wellcare Portfolio prior to its disposal in addition to some small differences in provisions made as at 31 December 2014 in relation to the disposal and actual amounts paid.

13. NON-CURRENT ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND OTHER TRANSACTIONS (Continued)

c) Other transactions

On 3rd November 2014, the Group announced that it had signed a contract to dispose of a German partnership which owns two care home properties in Langen and Luzerath for gross consideration of £10.5 million (€13.4 million) in cash.

As part of this transaction, £6.9 million (€8.8 million) of the proceeds repaid debts secured against the disposed properties, and a further £1.5 million (€1.9 million) was used to partially repay debts secured against German properties shown within continuing operations. The balance was used to settle transaction costs which included prepayment penalties and interest rate swap breakage costs. The Group has given certain standard representations and warranties as part of the disposal of the German portfolio.

The loss recognised on this transaction is calculated as follows:

	Note	£	£
Fair value of sales proceeds (€13.4m)			10,489,654
Fair value of assets/liabilities sold			
Assets			
Investment Properties (€14.4m)		11,286,970	
Cash and cash equivalents		131,695	
Total assets in disposal group		11,418,665	
Liabilities			
Deferred tax liability		(26,797)	
Total liabilities in disposal group		(26,797)	(11,391,868)
Recycle of cash flow hedging reserve on disposal			(516,569)
Prepayment penalties on repayment of borrowings			(86,718)
Recycle of translation reserve on disposal			443,494
Transaction costs associated with disposal			(718,024)
Acceleration of debt issue costs on disposal			(125,994)
Foreign exchange losses related to disposal			(212,268)
Loss on disposal			(2,118,293)

In addition, the Group recognised fair value losses of £1,588,253 included in the consolidated income statement in respect of the investment properties included in the transaction which completed in November 2014.

14. DEFERRED INCOME TAX

Deferred tax liabilities:	**Fair value gains from business combinations**	**Fair value gains**	**Total**
At 30 June 2014	638,385	1,696,742	2,335,127
Charged to the income statement	(638,385)	(1,599,809)	(2,238,194)
Transferred to disposal group classified as held for sale	-	(43,960)	(43,960)
Disposals	-	(26,797)	(26,797)
Effect of exchange rate movements	-	(2,411)	(2,411)
At 31 December 2014	-	23,765	23,765
Charged to the income statement	-	(12,688)	(12,688)
Transferred to disposal group classified as held for sale	-	(9,221)	(9,221)
Effect of exchange rate movements	-	(1,856)	(1,856)
At 30 June 2015	-	-	-

15. SEGMENT INFORMATION

Income Statement disclosures	**Continuing Operations**			**Discontinued Operations**		
	Central Costs	**Germany**	**Total**	**UK**	**Germany**	**Total**
Period ended 30 June 2015	**£**	**£**	**£**	**£**	**£**	**£**
Revenue (Note 4)	-	814,316	814,316	2,613	-	2,613
Profit/(loss) for the period	(2,074,847)	(424,046)	(2,498,893)	(493,276)	-	(493,276)
Net gain or (loss) from fair value adjustments on investment property (Note 9)	-	(864,815)	(864,815)	-	-	-
Adjusted profit after tax (Note 7)	**(501,183)**	**570,023**	**68,840**	**-**	**-**	**-**
Period ended 30 June 2014 (restated)						
Revenue (Note 4)	-	1,498,511	1,498,511	1,935,444	-	1,935,444
Profit/(loss) for the period	(1,281,465)	(2,426,940)	(3,708,405)	4,259,909	-	4,259,909
Net gain or (loss) from fair value adjustments on investment property (Note 9)	-	(3,295,854)	(3,295,854)	2,836,244	-	2,836,244
Adjusted profit after tax (Note 7)	**(436,121)**	**852,893**	**416,772**	**1,854,692**	**-**	**1,854,692**
Year ended 31 December 2014						
Revenue (Note 4)	-	2,764,020	2,764,020	3,786,986	-	3,786,986
(Loss)/profit for the year	(1,951,711)	(3,738,145)	(5,689,856)	(9,126,163)	-	(9,126,163)
Net gain or (loss) from fair value adjustments on investment property (Note 9)	-	(3,242,236)	(3,242,236)	(175,841)		(175,841)
Adjusted (loss)/profit after tax (Note 7)	**(894,062)**	**1,708,045**	**813,983**	**3,930,152**		**3,930,152**

German segment revenues derive from three external customers. Amounts for PSPI Limited, domiciled in the British Virgin Islands are included in the Central Costs Column.

15. SEGMENT INFORMATION

	Continuing Operations			Disposal group classified as held for sale		
	Central Costs	**Germany**	**Total**	**UK**	**Germany**	**Total**
Period ended 30 June 2015	**£**	**£**	**£**	**£**	**£**	**£**
Assets						
Investment properties (Note 9) (including capital expenditure)	-	9,747,205	9,747,205	-	3,811,406	3,811,406
Cash and cash equivalents	5,315,004	515,589	5,830,593	-	-	-
Restricted cash	-	466,196	466,196	-	-	-
Segment assets for reportable segments	**5,315,004**	**10,728,990**	**16,043,994**	**-**	**3,811,406**	**3,811,406**
Liabilities						
Total borrowings	-	2,962,223	2,962,223	-	-	-
Segment liabilities for reportable segments	**-**	**2,962,223**	**2,962,223**	**-**	**-**	**-**
Year ended 31 December 2014						
Assets						
Investment properties (Note 9) (including capital expenditure)	-	15,954,390	15,954,390	29,546,400	1,956,182	31,502,582
Receivable from finance lease	-	-	-	5,000,000	-	5,000,000
Cash and cash equivalents	3,643,931	450,770	4,094,701	1,874,060	-	1,874,060
Restricted cash	-	502,593	502,596	1,200,000	-	1,200,000
					-	
Segment assets for reportable segments	**3,643,931**	**16,907,753**	**20,551,684**	**37,620,460**	**1,956,185**	**39,576,642**
Liabilities						
Total borrowings	-	3,383,786	3,383,786	16,000,000	1,446,009	17,446,009
Segment liabilities for reportable segments	**-**	**3,383,786**	**3,383,786**	**16,000,000**	**1,446,009**	**17,446,009**

German segment revenues derive from three external customers. Amounts for PSPI Limited, domiciled in the British Virgin Islands are included in the “Central Costs” Column.

15. SEGMENT INFORMATION (Continued)

A reconciliation of total adjusted profit after tax to profit after tax as per the interim condensed consolidated income statement is provided as follows:

	30 June 2015 £	30 June 2014 £	31 Dec 2014 £
Adjusted profit for reportable segments	68,840	2,271,464	4,787,559
Fair value movement on investment properties	(864,815)	(459,610)	(3,418,077)
Deferred taxation on fair value gains	12,688	(212,352)	2,025,841
Amortisation of debt issue costs	(5,425)	(200,436)	(623,020)
Release of provisions	-	-	250,207
Impairment of investment	-	-	(1,000)
Impairment of loan	-	-	(1,000)
Loss on disposal of subsidiaries	(493,276)	-	(16,140,120)
Recycling of cash flow hedging reserve	(114,320)	-	-
Current taxation	(22,197)	(110,961)	(597,336)
Foreign exchange movement	(1,573,664)	(736,601)	(1,099,073)
Profit/(loss) for the period per income statement	(2,992,169)	551,504	(14,816,019)

Reportable segments' assets are reconciled to total assets as follows:

	30 June 2015 £	30 June 2014 £	31 Dec 2014 £
Total segment assets	16,043,994	74,071,762	20,551,684
Receivable from finance lease	-	9,497,923	-
Restricted cash	-	1,514,536	-
Investments	-	1,000	-
Loans and receivables	-	2,000	-
Receivables and prepayments	2,563,326	502,949	62,293
Total continuing assets per balance sheet	18,607,320	85,590,170	20,613,977
Assets of disposal group classified as held for sale	3,811,406	-	40,031,308
Total assets per balance sheet	22,418,726	85,590,170	60,645,285

Reportable segments' liabilities are reconciled to total assets as follows:

	30 June 2015 £	30 June 2014 £	31 Dec 2014 £
Total segment liabilities	2,962,223	29,697,842	3,383,786
Deferred taxation	-	2,335,127	23,765
Current taxation	303,000	377,778	-
Derivatives	138,228	627,448	251,410
Trade payables and accruals	394,319	764,085	610,905
Total continuing liabilities per balance sheet	3,797,770	33,802,280	4,269,866
Liabilities of disposal group classified as held for sale	9,221	-	19,961,458
Total liabilities per balance sheet	3,806,991	33,802,280	24,231,324

16. SUBSEQUENT EVENTS

On 9 July 2015, the Group announced that it had exchanged contracts to dispose of its Huttenstrasse care home property in Germany for a gross sale price of €5.4million (£3.8 million). The transaction completed on 1 September 2015.

CONTACTS

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