

11 February 2009

Care UK Plc
(“Care UK” or “the group”)
AGM and Interim Management Statement

Care UK Plc, the leading health and social care provider, issues the following Interim Management Statement as required by the UK Listing Authority’s Disclosure and Transparency Rules. This statement covers the period from 1 October 2008 to date. Care UK Plc will hold its Annual General Meeting in London at 11.30 am today.

Good progress has been achieved in the first four months of the financial year and the group’s current overall trading and expectations for the remainder of the financial year are in line with the group’s forecasts.

Social Care

Occupancy and fee rates within Residential Care continue to maintain satisfactory levels.

The two new purpose built care homes in Slough and Chelmsford are both expected to open as planned in March 2009 with total additional capacity of 240 beds, of which 90 are contracted. We have now finalised the preferred bidder appointment for a new care home referred to in the 2008 Annual report. This home, to be built in Portsmouth, will have 92 beds, 62 of which will be contracted by Portsmouth City Council under a 25-year agreement. The construction of this home will be funded by the Local Authority with Care UK entering into a 25-year lease for the site.

As previously reported the Community Care business has been affected by the excess operating costs incurred in the start-up phase of new contracts in Harrow and Hertfordshire. In the case of Harrow, we have made noticeable progress and are now seeing an improved performance at this branch. The Hertfordshire contract has continued to prove problematic and we have recently agreed with Hertfordshire County Council that the delivery of services under this contract will be transferred to alternative established providers, with greater critical mass in the area, by the end of April 2009. Performance elsewhere in Community Care has been encouraging with a number of new contract implementations and awards during the year to date.

In Specialist Care we have seen good progress in both mental health and learning disabilities, with an encouraging level of new business recently gained in the latter; this is balanced by continuing challenges in the children’s services sector.

As previously reported, we believe that acquisition opportunities will arise in Social Care later this calendar year, as valuation multiples reduce to attractive levels as a consequence of changed market conditions.

Health Care

The Health Care business has performed ahead of the prior year and is exceeding our expectations.

The Phase 2 Independent Sector Treatment Centre (“ISTC”) in Southampton commenced services in late October 2008. We are working closely with the lead Primary Care Trust

("PCT") to ensure a successful start-up. The new Clinical Assessment and Treatment Support ("CATS") service in Greater Manchester commenced services in early February.

Performance at the Sussex Orthopaedic Treatment Centre has continued to improve during the period and we have attained both the activity and waiting list levels agreed in the Deed of Variation to the GC8 contract signed in 2008.

We are continuing to engage with both the commissioning PCTs and the Department of Health ("DoH") in relation to the continuity of Wave 1 ISTCs beyond their initial contracted periods, the first two of which contract terms reach their initial expiry dates in March/April 2010. We continue to be encouraged by the positive disposition towards the continuation of these centres as well as by the demand analysis and opinion surveys of patients and GPs that we have undertaken.

The pipeline for primary care opportunities remains strong. We are pleased to have been awarded a number of contracts during the year under the 'Equitable Access to Primary Medical Care Services' initiative as well as other locally procured contracts, with their aggregate annual revenue amounting to more than £10m when fully operational. We expect to commence services under these contracts on various dates in the second half of the year.

Board change

After serving for more than eight years, Fritz Ternofsky will retire from the Board in May 2009 and is consequently relinquishing the role of Senior Independent Director ("SID"). The Board would like to take this opportunity to thank Fritz for his invaluable support and wise counsel over this highly successful period for Care UK and to wish him well in his future endeavours. Michael Averill, who joined the Board in November 2006, has been appointed as the group's SID as from today's date. The group is actively seeking to appoint a further non-executive director.

Financing

As at 31 January 2009 the group's net debt was c£180m, the same level as at 30 September 2008. The group has total funding headroom of approximately £79m, including surplus cash, and remains comfortably within its bank covenant requirements. The principal group facility is committed until February 2015.

Prospects

The group anticipates that the current year performance will be in line with the Board's expectations. We continue to believe that the growth prospects in both health and social care remain highly attractive.

- Ends -

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