PRESS RELEASE

MEDICA: First-Half 2010 Results

- Robust growth in revenue: up 10.7% on H1-2009
- Sustained high margins and continued active deployment of the acquisition, restructuring and new construction programme
  - EBITDAR: up 11.2% on H1-2009 25.8% of revenue
  - EBITDA: up 10.8% on H1-2009 16.7% of revenue
- Financing facilities completely restructured

PARIS – 7 September 2010 – The Board of Directors of MEDICA, a leading provider of long and short-term dependency care in France, met on Monday, 6 September 2010, under the chairmanship of Jacques Bailet. At the meeting, which was attended by the Statutory Auditors, the Board approved the consolidated financial statements* for the first half of 2010.

LEADING INDICATORS – € millions	**H1 2010**	H1 2009	Change Reported
Revenue	**259.1**	234.1	+10.7%
EBITDAR	**66.8**	60.1	+11.2%
EBITDAR margin	**25.8%**	25.7%	
EBITDA	**43.3**	39.1	+10.8%
EBITDA margin	**16.7%**	16.7%	
EBIT	**33.0**	30.1	+9.9%
Operating profit	**29.9**	26.9	+11.1%
Net profit/(loss) attributable to equity holders of the parent	**2.9**	(2.7)	N/M

*The consolidated interim financial statements have been the subject of a limited review by the Auditors, whose report will be issued for the publication of the interim financial report.

"We are satisfied with MEDICA's performance in the first six months of 2010," said Jacques Bailet, Chairman and Chief Executive Officer. "Revenue was 10.7% higher than in first-half 2009, with organic growth of more than 6%. Our margins have remained high and we have completely restructured our financing facilities, which now offer more favourable conditions and are also more flexible and more effectively aligned with our carefully managed expansion and growth strategy. As a result, we are confident in our ability to reach our revenue growth targets of at least 10% for 2010 and an aggregate 45% for the 2010-2012 period."

REVENUE

Consolidated revenue amounted to €259.1 million in the first half of 2010, representing a 10.7% increase from the prior-year period. For the second quarter alone, revenue came to €131.9 million, up 11.3% from the €118.5 million reported in second-quarter 2009.

MEDICA drove robust expansion in its business in the first half, opening facilities representing a total of 247 beds and acquiring another 770 beds. At 30 June 2010, the Group operated a portfolio of 12,300 beds.

Revenue **by sector** may be analysed as follows:

	H1				Q2			
REVENUE BY SECTOR – €M	**2010**	**2009**	Reported growth	Organic growth	**2010**	**2009**	Reported growth	Organic growth
Long-term care – France % of revenue	**160.8** 62.1%	**139.7** 59.7%	+15.2%	+8.8%	**82.2** 62.3%	**70.9** 59.8%	+15.9%	+8.9%
Post-acute and psychiatric care – France % of revenue	**71.6** 27.6%	**70.1** 30.0%	+1.9%	+1.9%	**36.2** 27.5%	**35.3** 29.8%	+2.7%	+2.7%
Italy % of revenue	**26.6** 10.3%	**24.3** 10.4%	+9.4%	+3.1%	**13.5** 10.2%	**12.3** 10.4%	+9.3%	+2.8%
TOTAL	**259.1**	**234.1**	+10.7%	+6.1%	**131.9**	**118.5**	+11.3%	+6.2%

All of the **business sectors** experienced growth during the period:

- Revenue from **long-term care in France** rose by 15.2% to €160.8 million, mainly reflecting the strong 8.8% organic growth led by the ramp-up of facilities opened in 2009 and first-half 2010.
- Revenue from **post-acute and psychiatric care facilities in France** edged up a slight 1.9% to €71.6 million, as the Group's deployment of restructuring plans held back expansion.
- Revenue from **operations in Italy** rose by 9.4% year-on-year.

Occupancy rates in Group facilities remained high, at 96.9%.

As part of its quality process, MEDICA commissioned Institut CSA to conduct the 2010 satisfaction survey of its patients, residents and families. The findings supported the good results reported in previous years, with a 96% overall satisfaction rate.

At the same time, Institut CSA also surveyed Group employees, and found that eight out of ten would recommend MEDICA as a good place to work for their family and friends.

*__Occupancy rate__: number of days billed divided by the number of days billable for facilities that have been open for more than 12 months.

FINANCIAL REVIEW

INCOME STATEMENT

- **EBITDAR** (EBITDA before property rental expense) rose 11.2% year-on-year to €66.8 million, or 25.8% of revenue, versus 25.7% in first-half 2009.

Employee benefits expense, the Group's largest expense item, rose to €120.8 million or 46.6% of revenue, reflecting the opening of new facilities and the increasing number of medical staff in the long-term care sector.

External charges (other than rental expense) amounted to €45.4 million or 17.5% of revenue, versus 18.3% in the prior-year period. The significant improvement in this expense, which includes sub-contracting costs and purchases not taken into inventory, attests to the effectiveness of the Group's cost control policies.

EBITDAR **by sector** may be analysed as follows:

EBITDAR - € millions	**H1 2010**	H1 2009	% change
Long-term care – France	**41.9**	36.6	+14.5%
% of sector revenue	**26.0%**	26.2%	
Post-acute and psychiatric care – France	**18.3**	17.9	+2.0%
% of sector revenue	**25.5%**	25.5%	
Italy	**6.6**	5.6	+18.5%
% of sector revenue	**24.8%**	22.9%	
TOTAL	**66.8**	60.1	+11.2%
EBITDAR margin	**25.8%**	25.7%	

High margins were maintained in the long-term care sector in France, despite the many openings and the integration of a large number of acquisitions during the period. Similarly, margins remained stable in the French post-acute and psychiatric care sector, in spite of restructuring programmes. Margins also improved in Italy.

- **EBITDA** rose by 10.8% to €43.3 million, representing a stable 16.7% of revenue. **Rental expense** increased by €2.5 million over the period, due to the broader scope of consolidation following openings and acquisitions. Like-for-like, rental expense remained unchanged in absolute value, at €21 million, thanks to the successful lease renegotiations with the Group's main property owners in 2009.

- **EBIT** amounted to €33.0 million, up nearly 10% year-on-year, and **EBIT margin** remained high at 12.8%, unchanged from first-half 2009.

- **Operating profit** stood at €29.9 million or 11.6% of revenue.

Non-recurring operating income and expense included the impact of asset disposals, restructuring costs (€2.2 million) and non-recurring costs related to the initial public offering (€3 million).

- **Net finance costs** improved by a significant 21.1%, as debt reduction pushed interest expense down a sharp 44.4%. Net finance costs for first-half 2010 also included the €5.1 million non-recurring cost arising from the early repayment during the period of borrowings measured at amortised cost.

- As a result, the Group generated a **net profit** of €2.9 million in the first half of 2010, versus a loss of €2.7 million in first-half 2009.

Balance Sheet/Financial Structure

- **Property, plant and equipment** amounted to €304.9 million at 30 June 2010, of which €272.8 million in land, buildings and assets under construction. At that same date, MEDICA owned around 30% of its operated facilities.

- **Intangible assets** comprised €480.5 million in operating permits and €380.6 million in goodwill, primarily on the Group's acquisition in 2006 by funds advised by BC Partners.

- **Net debt** stood at €374.4 million at 30 June 2010, versus €748.6 million at 31 December 2009.

During the initial public offering, MEDICA converted all of its bonds into shares. In first-half 2010, the Group also finished repaying its syndicated loan and arranged new financing facilities (see First-Half Highlights).

MEDICA also pursued its expansion and property management strategy, leading to the commitment of €43.3 million in capital expenditure during the period.

FIRST-HALF HIGHLIGHTS

To significantly reduce its borrowing costs, while providing financing aligned with the Group's growth strategy, MEDICA has set **up new financing facilities** and adjusted its **interest rate hedging policy**.

In place of the syndicated loans taken out previously, the Group now has access to:

- A term loan facility in an amount of €350 million, with a reduced spread of 165 bps versus 270 bps previously (term: 4.6 years). .
- A revolving loan facility in an amount of €100 million, which provides MEDICA with additional financing (term: 5 years).
- An additional €150-million basket of bilateral debt facilities to enable the Group to carry out lease financing and other transactions.

The interest rate hedging policy was adjusted to further optimise borrowing costs. During the period, the Group entered into a fixed-rate swap agreement with effect from 1 January 2011 and based on an amount of €350 million, of which €100 million expires on 31 December 2013 and €250 million on 30 June 2014.

Starting in January 2011, the fixed rate on the new swaps will represent an average of approximately 1.7%, which is 200 bps lower than on the current fixed rate swaps.

EXPANSION PIPELINE

Since 30 June 2010, MEDICA has opened 134 beds and acquired an 80-bed facility in the long-term care sector. It has also completed the restructuring of 153 beds in the post-acute and psychiatric care sector.
To support its expansion plan, the Group now has an **organic growth pipeline** representing some 2,500 beds (excluding beds with an option to buy), as follows:

- 800 beds being restructured.
- 1,740 beds being built.

As at 7 September 2010

OUTLOOK

Management reaffirms the objective set during the initial public offering to deliver revenue growth of at least 10% in 2010 and at least 45% over the 2010-2012 period.
This performance will be driven by deploying an active, disciplined capital expenditure and investment strategy to support a selective policy of acquisitions, restructurings and construction, while investing the funds needed to maintain the high quality and profitability of existing facilities.
The Group intends to pursue this growth strategy while continuing to closely manage debt and further improving the company’s leverage (net debt to EBITDA ratio) to around 3 in 2012.

MEDICA ADDED TO THE SBF 120 INDEX

On 3 September, the Expert Indices Committee of the NYSE Euronext Paris stock exchange added MEDICA to the SBF 120 index, effective 20 September.

INVESTOR CALENDAR

Third-quarter 2010 business review: Tuesday, 26 October 2010 before start of trading

ABOUT MEDICA

Created in 1968, MEDICA is a leading provider of long and short-term dependency care in France. It operates in both the long-term care sector, with 127 nursing homes in France and Italy, and in the post-acute and psychiatric care sector, with 37 facilities in France. Together, these facilities offered a total of 12,300 beds at 30 June 2010.

MEDICA has been listed on the NYSE Euronext Paris stock exchange since February 2010 – Compartment B – Eligible for the Deferred Settlement Service.
MEDICA is included in the CAC Mid 100, SBF 250 and MSCI France Small Cap indices.
Symbol: MDCA – ISIN: FR0010372581 – Reuters: MDCA PA – Bloomberg: MDCA FP
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CONSOLIDATED INCOME STATEMENT

In thousands of euros	6 months		12 months
	30.06 2010	**30.06 2009**	**31.12 2009**
Revenue	**259,088**	**234,111**	**480,727**
Purchases used in the business	(12,485)	(11,184)	(22,783)
External charges	(68,847)	(63,981)	(129,203)
Income and other taxes	(14,003)	(14,539)	(30,295)
Employee benefits expense	(120,845)	(105,315)	(214,009)
Other operating expense	(362)	(299)	(596)
Other operating income	778	307	774
EBITDA	**43,323**	**39,100**	**84,615**
Amortisation and depreciation expense	(9,998)	(8,922)	(18,830)
Impairment losses and provisions	(280)	(108)	(1,698)
EBIT	**33,045**	**30,070**	**64,087**
Gain/(loss) on disposal of available-for-sale financial assets		8	8
Non-recurring operating expense	(9,864)	(3,140)	(19,643)
Non-recurring operating income	6,764	8	13,312
Operating profit	**29,945**	**26,946**	**57,764**
Finance costs	(24,603)	(31,983)	(81,300)
Financial income	60	879	624
Net finance costs	**(24,543)**	**(31,104)**	**(80,676)**
Profit/(loss) from associates	(214)	(152)	(423)
Profit/(loss) before tax	**5,188**	**(4,310)**	**(23,334)**
Income tax benefit	(2,215)	1,812	10,365
Net profit/(loss)	**2,974**	**(2,498)**	**(12,969)**
Attributable to equity holders of the parent	2,894	(2,703)	(13,363)
Attributable to minority interests	80	206	394
Average number of shares outstanding	38,428,291	7,286,040	7,286,040
Basic loss per share (€)	0.08	(0.37)	(1.83)
Diluted loss per share (€)	0.13	(0.17)	(0.83)

CONSOLIDATED BALANCE SHEET

ASSETS - In thousands of euros	**30.06 2010**	**31.12.2009**
Goodwill	380,586	353,122
Intangible assets	483,349	483,059
Property, plant and equipment	304,944	294,325
Shares in associates	2,101	0
Other financial assets	18,081	17,389
Available-for-sale financial assets	1,360	1,718
Deferred tax assets	178	1,141
Derivative financial instruments	465	1,054
Total non-current assets	**1,191,064**	**1,151,808**
Inventory and work-in-progress	1,924	1,915
Trade receivables	32,849	29,927
Tax assets	1,234	1,631
Other receivables	19,332	12,728
Other current assets	6,544	6,725
Cash and cash equivalents	18,678	38,546
Total current assets	**80,561**	**91,472**
Total non-current assets and disposal groups held-for-sale	11,814	11,244
Total assets	**1,283,439**	**1,254,524**

LIABILITIES AND EQUITY - In thousands of euros	**30.06.2010**	**31.12.2009**
Share capital	18,653	11,348
Additional paid-in capital	500,762	0
Net profit/(loss) attributable to equity holders of the parent	2,894	(13,363)
Retained earnings	60,829	124,266
Total equity attributable to equity holders of the parent	**583,138**	**122,252**
Profit attributable to minority interests	80	394
Retained earnings attributable to minority interests	3,281	2,921
Total equity	**586,499**	**125,567**
Long-term debt	375,490	393,621
Employee benefit obligations	4,978	4,674
Liabilities related to associates with negative net worth	607	292
Other provisions	7,959	8,534
Deferred tax liabilities	159,891	191,540
Derivative financial instruments	0	18,889
Other non-current liabilities	23,935	23,061
Total non-current liabilities	**572,860**	**640,612**
Short-term debt	17,606	393,531
Employee benefit obligations	987	987
Trade payables	30,841	36,607
Other payables	62,221	56,145
Derivative financial instruments	9,606	0
Current taxes	2,818	1,075
Total current liabilities	**124,080**	**488,345**
Total liabilities on non-current assets and disposal groups held-for-sale		
Total equity and liabilities	**1,283,439**	**1,254,524**

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	**6 months 30.06.2010**	**6 months 30.06.2009**	**12 months 31.12.2009**
Consolidated net profit/(loss)	2,974	(2,498)	(12,969)
Adjustments for profit or losses from associates	214	152	423
Adjustments for depreciation, amortisation, impairment losses and provisions	10,005	8,976	18,486
Adjustments for fair value	(1,760)	(774)	(394)
Adjustments for Gains or losses on disposal and dilution	(2,819)	(7)	1,098
Cash flow after cost of net debt and tax	**8,614**	**5,849**	**6,643**
Tax expense/(benefit)	2,215	(1,812)	(10,365)
Net finance costs	25,043	31,557	80,449
Cash flow before interest and tax	**35,872**	**35,594**	**76,727**
Change in working capital	(10,166)	(8,054)	14,483
Income tax paid	(314)	(173)	(1,370)
Net cash from operating activities	**25,392**	**27,367**	**89,840**
Impact of changes in scope of consolidation	(23,511)	(8,849)	(9,451)
Increase in property, plant and equipment	(22,419)	(13,534)	(33,836)
Increase in intangible assets	(670)	(991)	(1,260)
Increase in financial assets	(271)	(20)	(21)
(Increase)/decrease in loans and advances	(242)	(1,349)	(3,063)
Proceeds from disposal of property, plant and equipment and intangible assets	3,796	2	12,392
Proceeds from disposal of financial assets	0	0	0
Dividend income	0	0	0
Net cash used in investing activities	**(43,317)**	**(24,741)**	**(35,239)**
Capital increase	257,372	1	0
Treasury shares	(1,144)	0	0
Issuance of debt	360,182	11,363	11,398
Repayment of debt	(579,778)	(7,425)	(15,146)
Net interest paid	(35,861)	(18,898)	(37,974)
Repayment of derivative financial instruments	(5,739)	0	0
Dividends paid to minority shareholders of subsidiaries	(34)	(63)	(112)
Net cash used in financing activities	**(5,003)**	**(15,022)**	**(41,834)**
Net increase/(decrease) in cash and cash equivalents	**(22,929)**	**(12,398)**	**12,767**
Net cash and cash equivalents at beginning of year	34,403	21,636	21,636
Net cash and cash equivalents at end of year	11,475	9,238	34,403
Net increase (decrease) in cash and cash equivalents	**(22,929)**	**(12,398)**	**12,767**