INTERIM FINANCIAL REPORT TO 30 JUNE 2011

MEDICA

Société anonyme with share capital of €18,653,466.50

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We hereby present our interim financial report for the six months to 30 June 2011, prepared in accordance with the provisions of article L 451-1-2 III of the French Monetary and Financial Code and article 222-4 of the AMF's General Regulations.
The report will be disseminated in accordance with the provisions of article 221-3 of the AMF's General Regulations.
It will also be available on the company's website: **www.groupemedica.com**.

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Interim business review to 30 June 2011

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1. MEDICA GROUP BUSINESS REVIEW FOR THE FIRST HALF OF 2011

1.1. MAIN INDICATORS FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011

Since 1 January 2011, the Medica Group has acquired 1,569 beds in operation and under construction, including 1,319 beds in the French long-term care sector and 250 beds in the French post-acute and psychiatric care sector.

These acquisitions have enabled the Group to strengthen its presence in long-term care in the south-east of France and develop its position in psychiatric care.

Over the period, the Group opened over 300 long-term care beds and delivered 230 restructured post-acute and psychiatric care beds.

At 30 June 2011, Medica had a portfolio of 14,461 beds in operation at 189 facilities.

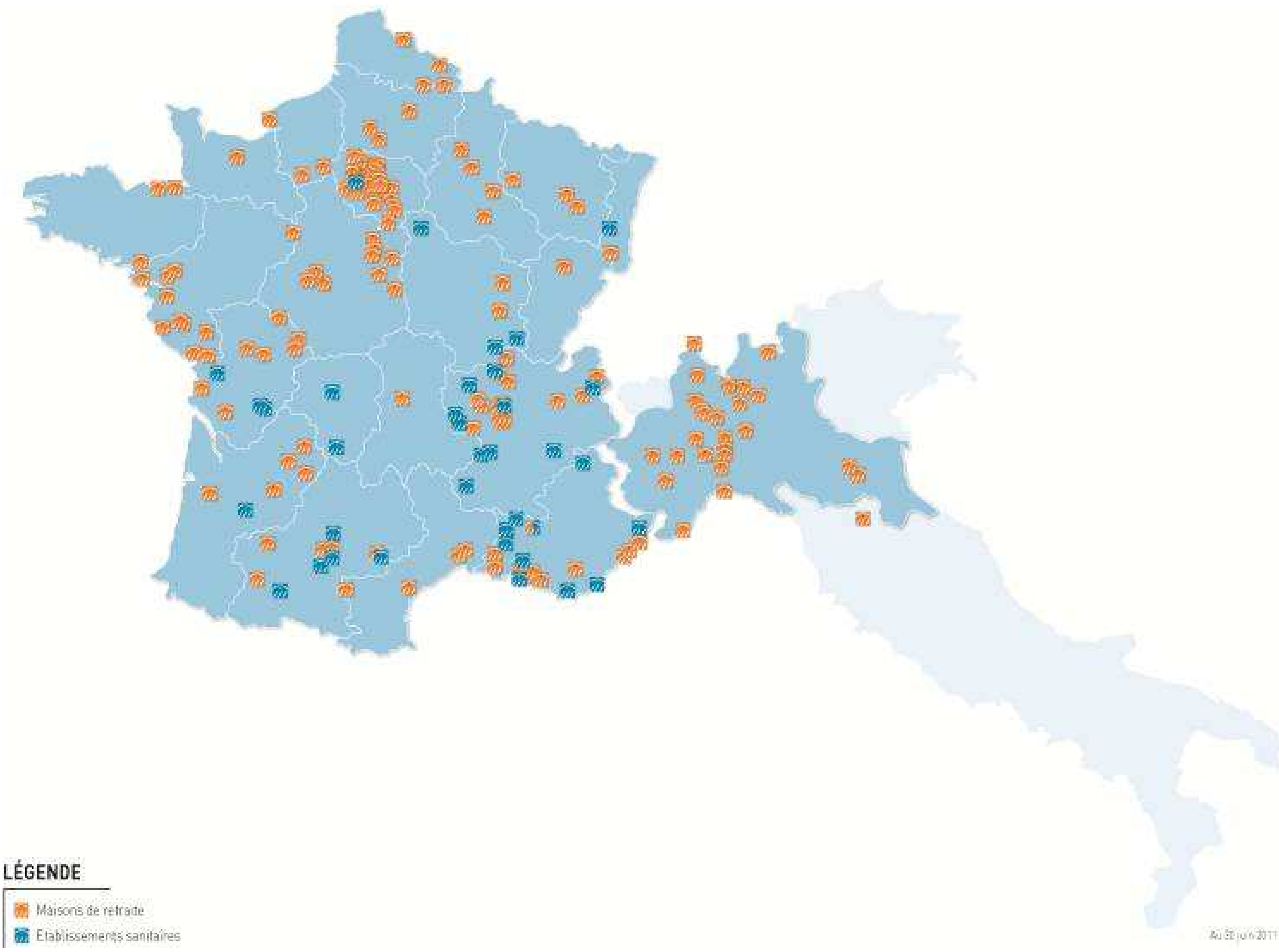
	2011 (30 June)	2010 (31 December)
Number of facilities	**189**	**173**
Number of beds		
Long-term care, France	9,880	8,810
Post-acute and psychiatric care, France	2,523	2,317
Italy	2,058	2,058
TOTAL	**14,461**	**13,185**
Occupancy rate[1]	96.9	97.0

Occupancy rates at 30 June 2011 were relatively stable at 96.9%, reflecting MEDICA's ability to deploy an effective marketing strategy for its recently acquired facilities.

At the end of July 2011, to support its expansion plan, MEDICA has a **growth pipeline** representing some **2,980 identified beds**, as follows:
- 900 operated beds being restructured.
- 2,080 beds being built.

[1] Occupancy rate: number of days billed divided by the number of billable days for facilities that have been open for more than 12 months

1.2 Breakdown of facilities by region at 30 June 2011



2. FIRST HALF 2011 HIGHLIGHTS

2.1. ADAPTATION OF THE GROUP'S BALANCE SHEET STRUCTURE TO ITS EXPANSION STRATEGY

MEDICA decided to take advantage of the currently favourable conditions in the credit markets to increase its financing resources on improved terms.

The total facility has been raised to €600 million from €450 million previously, while maturities of the various lines have been extended by almost 12 months, with the same repayment profile. The initial spreads remain unchanged from those negotiated in June 2010.

At the same time, the additional basket of bilateral debt facilities to enable the Group to carry out lease financing and other transactions has been increased from €150 million to €300 million.

New covenants offer additional headroom and exclude Real Estate debt from the leverage ratio. The adjusted leverage ratio[2] has been set at 4.5 until June 2013 and will gradually decline from then on.

The new facility was arranged with the banks already involved in the June 2010 club deal, demonstrating their confidence in MEDICA's robust growth model.

2.2. CHANGES IN MEDICA S.A.'S SHAREHOLDING STRUCTURE

During the first half of 2011, TBU-3 International SA controlled by funds advised by BC Partners, Medica's leading shareholder that has partnered its development since 2006, sold 14.6% of Medica's share capital at the end of March 2011, followed by a further 28.1% in May (18.6% to several Covéa Group entities and 9.5% to the Monroe-Batipart Group).

[2] Based on adjusted EBITDA, which corresponds to EBITDA – 6.5% x Real Estate debt

2.3. Annual general meeting of 7 June 2011

On 7 June 2011, Medica's annual general meeting, held in Paris, approved the company and consolidated financial statements for 2010 and decided to pay out a cash dividend of €0.10 per share deducted from "Issue, merger and contribution premium".

The dividend was paid on 15 June 2011 representing a total of €4,790,418.70, of which €8,433.50 corresponding to treasury shares held at the payment date was allocated to "retained earnings".

During the general meeting, the composition of the Board of Directors was amended following TBU-3 International's sale of 18.6% of Medica's share capital to various entities companies of the Covéa Group and 9.5% to the Monroe-Batipart Group.

André-François Poncet, Jean-Baptiste Wautier and Denis Villafranca tendered their resignation as Board members representing TBU-3 International on Medica's Board of Directors with immediate effect during the annual general meeting.

The annual general meeting then replaced these Board members and approved the appointment of the Board members put forward to the vote:

Lionel Calvez representing GMF Vie (Covéa Group), Charles Ruggieri representing Monroe (Batipart Group) and Christian Chautard.

The Board of Directors now consists of the following members:

<table>
<tr><th>Name</th><th>Position</th><th>Date of appointment</th><th>Date of expiry of term</th></tr>
<tr><td>Jacques Bailet</td><td>Chairman</td><td>9/11/2009</td><td rowspan="4">After the annual general meeting to approve the financial statements for the year ended 31 December 2012</td></tr>
<tr><td>Catherine Soubie</td><td>Independent director</td><td>12/02/2010</td></tr>
<tr><td>Gilles Cojan</td><td>Independent director</td><td>12/02/2010</td></tr>
<tr><td>Guy de Panafieu</td><td>Independent director</td><td>12/02/2010</td></tr>
<tr><td>GMF VIE (Covéa Group), with Lionel Calvez as permanent representative</td><td>Director</td><td>7/06/2011</td><td rowspan="3">After the annual general meeting to approve the financial statements for the year ended 31 December 2013</td></tr>
<tr><td>Monroe S.A. (Batipart Group), with Charles Ruggieri as permanent representative</td><td>Director</td><td>7/06/2011</td></tr>
<tr><td>Christian Chautard</td><td>Director</td><td>7/06/2011</td></tr>
</table>

The following delegations and financial authorisations were renewed during the annual general meeting:

Resolution	Purpose of resolution	Maximum amount	Term of authorisation (as of 7 June 2011)
5th	Authorisation to purchase the Company's own shares	10% of the Company's share capital at the time of purchase Maximum purchase price: €30 Maximum purchase amount: €55,960,398	18 months
6th	Authorisation to reduce the Company's share capital through the cancellation of treasury shares	10% of existing share capital at the date of cancellation	24 months

2.4. Other communications by the Company during the first half of 2011

2.4.1 Results of the 2011 employee satisfaction survey

The employee satisfaction survey designed by Medica in 2006 to encourage transparent and constructive dialogue with employees takes the form of an anonymous survey of all of the Group's employees conducted by CSA.

The results of the survey were once again very positive, with a record participation rate for the 2011 survey, showing in particular that nearly all of Medica's employees enjoy working there (93%) and that eight out of 10 employees would recommend working there to their friends and family. More than 94% of employees approve of the Quality Control approach, which they consider essential for the Company.

A number of indicators - including perception of the standards of care given to residents, resources made available to allow for effective working and the introduction of the Quality Control and certification approach - have also risen significantly since 2006.

This improvement reflects the relevance of the concrete plans of action implemented by the Group across France in order to boost the momentum of improvement in working conditions and with a view to each employee's professional development.

2.4.1 Results of the 2011 customer satisfaction survey

The Medica Group has conducted a yearly customer satisfaction survey of patients, residents and their friends and family since 2003. This survey helps to back up the opinions of the Medica Group's care professionals, who are highly committed to the interpersonal and technical aspects of their role.

As in 2010, the 2011 customer satisfaction survey was conducted concomitantly with the employee satisfaction survey. This anonymous survey is carried out by CSA and concerned 12,285 people: 37% residents and 63% friends and family.

The positive points highlighted by the survey include:

- 96% of respondents are satisfied with their care home;
- 97% believe that staff are kind and considerate;
- 97% believe that the home offers a pleasant living environment.

2.4.2 Introduction of the Montessori method adapted to Alzheimer's sufferers at Medica Group retirement homes: a first in the dependency care sector in France

For the first time in France, the Montessori method adapted to people suffering from Alzheimer's disease has been introduced on a wide scale. Medica has decided to use the Montessori method at all of its retirement homes in France in order to help residents with cognitive difficulties to relearn everyday tasks and make themselves understood.

A method that focuses on the remaining skills of disoriented elderly people

The Montessori open teaching method is based on six fundamental educational principles, primarily observation of the child, allowing the child to flourish through activities accomplished themselves, and adapting teachers and their lessons to children's capabilities.

With this method, disoriented elderly people are never put in check. It is a very positive approach, which consists of appealing to the remaining social, motor, cognitive and emotional skills of disoriented elderly people and stimulating their memory of how to perform tasks that become a ritual part of everyday life such as washing, dressing and feeding themselves, in order to reactivate automatic reflexes that call upon their old memory.

The fundamental goals of the Montessori method are to help disoriented elderly people to regain their autonomy in simple everyday tasks and give them back their dignity and self-esteem.

The method teaches multi-disciplinary teams - including the activities leader, coordinating doctor, nurse and health worker - to observe the resident's living habits and change how they look at things in order to make a better interpretation of problems with behaviour and non-verbal communication. The entire team will offer each resident activities on an individual basis that have meaning for them and relate to their personalised care plan, such as their life goals and past and current likes.

A trial period ending in 2010 at four of the Group's long-term care facilities

The care staff at four of the Group's long-term care facilities underwent training in the Montessori method in 2010, provided by AG&D, an accredited training organisation in France.

The method has been shown to have beneficial effects among residents.

Training programme and Montessori guidelines at each retirement home

Care staff and managers at all of the Group's long-term care facilities in France are currently undergoing training. Each team of around a dozen people at each facility receives two days of training and an additional day for the facility's Montessori representative or representatives.

Family conferences

The specificities of the Montessori method adapted to disoriented people, its use in practice and the advantages observed among residents will be presented during family conferences and to freelance healthcare professionals working regularly at the Group's facilities.

2.4.3 Medica maintains its commitment to disabled workers

Medica has reiterated its commitment to supporting disabled workers with the signature of a new corporate agreement with all of its employee representative partners.
The results of the first agreement signed in 2008 are very positive, with the number of disabled workers doubling in three years across the Medica Group as a whole, which has hired around 230 people.

This very positive result is thanks to action in five core areas: recruitment, integration, training, raising staff awareness and keeping people in employment.

These commitments have been made concrete by measures to raise disability awareness among all of the Group's employees, including poster campaigns and personalised letters sent to each employee, providing the opportunity to take everyone's specific situation into consideration.

All jobs offered within the company are open to applications from disabled people and the necessary adaptations are made.

Managers have received specific training in the integration of monitoring of disabled staff.

The Group has formed concrete partnerships with specialist bodies such as ESAT (Etablissements et Services d'Aide par le Travail) and Entreprises Adaptées. It has also identified itself locally to bodies such as CAP Emploi and MDPH (Maison Départementale des Personnes Handicapées), which aim to support the integration of disabled people. Medica has also stepped up its external communications efforts by taking part in specialist conventions each year.

Aware of its responsibility, Medica intends to take a long-term and civic-minded approach in order to make diversity one of its key values.

3. Consolidated financial statements

3.1. Condensed income statement

In millions of euros	6 months		
	30.06.2011	30.06.2010	*Change*
Revenue	**300.7**	**259.1**	***16.0%***
Purchases used in the business	(13.7)	(12.5)	*9.4%*
External charges (before rental expense)	(57.0)	(45.4)	*25.5%*
Income and other taxes	(15.5)	(14.0)	*10.9%*
Employee benefits expenses	(136.9)	(120.8)	*13.3%*
Other operating expense	(0.5)	(0.4)	*41.8%*
Other operating income	1.1	0.8	*44.9%*
EBITDAR	**78.2**	**66.8**	***17.1%***
Rental expense	(28.7)	(23.4)	*22.4%*
EBITDA	**49.5**	**43.3**	***14.2%***
Amortisation and depreciation expense	(12.0)	(10.0)	*19.6%*
Impairment losses and provisions	0.3	(0.3)	*n.m.*
Recurring Operating Profit	**37.8**	**33.0**	***14.4%***
Non-recurring operating expense	(41.2)	(9.9)	*n.m.*
Non-recurring operating income	44.7	6.8	*n.m.*
Operating profit	**41.3**	**29.9**	***38.0%***
Finance costs	(10.8)	(24.6)	*56.2%*
Financial income	0.2	0.1	*n.m.*
Net finance costs	**(10.6)**	**(24.5)**	***56.8%***
Profit/(loss) before tax	**30.7**	**5.4**	***5.7x***
Income tax benefit	(9.6)	(2.2)	*n.m.*
Profit/(loss) after tax	**21.1**	**3.2**	***6.6x***
Profit/(loss) from associates	(0.2)	(0.2)	*-6.5%*
Net profit/(loss)	**20.9**	**3.0**	***7.0x***
Attributable to equity holders of the parent	20.7	2.9	*7.1x*
Attributable to minority interests	0.2	0.1	*n.m.*

3.2. REVENUE

The Medica Group generated consolidated revenue of €300.7 million in the first half of 2011, up 16% compared with the first half of 2010. Organic growth for the period came to 6.8%. Revenue increased by 17.2% in the second quarter of 2011 compared with the second quarter of 2010 thanks to the ramp-up of recent acquisitions.

All operating segments saw double-digit growth during the first six months of 2011.

Long-term care, France generated revenue of €182.8 million, up 13.7% compared with the first half of 2010, with organic growth of 6.8%.

Post-acute and psychiatric care, France generated revenue of €79.8 million, an increase of 11.4% compared with the first half of 2010. This performance was mainly as a result of organic growth of 7.9% over the period relating directly to successful restructuring measures implemented in this sector.

Operations in Italy saw strong revenue growth of 43% relative to the first half of 2010 at €38.1 million, mainly thanks to the acquisition of the Laetitia Group at the end of 2010.

REVENUE BY BUSINESS SEGMENT - In millions of euros	**2011 (6 months)**	2010 (6 months)	Total change	Organic growth
Long-term care, France % of revenue	**182.8** 60.8%	160.8 62.1%	+13.7%	+6.8%
Post-acute and psychiatric care, France % of revenue	**79.8** 26.5%	71.6 27.6%	+11.4%	+7.9%
Italy % of revenue	**38.1** 12.7%	26.6 10.3%	+43.0%	+3.9%
TOTAL	**300.7**	259.1	+16.0%	+6.8%

3.3. REVENUE AND EBITDAR BY BUSINESS SEGMENT

Long-term care, France	6 months		
	30/06/2011	30/06/2010	*Change*
Revenue			
Total (millions of euros)	182.8	160.8	*13.7%*
EBITDAR			
Total (in millions of euros)	47.0	41.9	*12.1%*
Total (% of revenue)	*25.7%*	*26.0%*	

EBITDAR for long-term care, France rose by 12.1% to €47.0 million in the first half of 2011 compared with €41.9 million in the first half of 2010 as a result of revenue growth of 13.7% and with slight deterioration in EBITDAR margin to 25.7% in the first half of 2011 from 26.0% in the first half of 2010. This deterioration relates partly to the integration of new facilities acquired over the period, with an increase in the number of beds in operation from 8,810 at 31 December 2010 to 9,880 at 30 June 2011.

Post-acute and psychiatric care, France	6 months		
	30/06/2011	30/06/2010	*Change*
Revenue			
Total (millions of euros)	79.8	71.6	*11.3%*
EBITDAR			
Total (in millions of euros)	21.8	18.3	*19.1%*
Total (% of revenue)	*27.3%*	*25.5%*	

EBITDAR for post-acute and psychiatric care, France rose by 19.1% to €21.8 million in the first half of 2011 compared with €18.3 million in the first half of 2010 as a result of revenue growth of 11.3% and with slight improvement in EBITDAR margin to 27.3% in the first half of 2011 from 25.5% in the first half of 2010. This improvement was mainly thanks to the completion of restructuration projects initiated several years ago (Bourg en Bresse les Arbelles in late 2010, Avignon les Cyprès and QuintFonsegrives in early 2011).

Italy	6 months		
	30/06/2011	30/06/2010	*Change*
Revenue			
Total (millions of euros)	38.1	26.6	*43.0%*
EBITDAR			
Total (millions of euros)	9.5	6.6	*43.2%*
Total (% of revenue)	*24.9%*	*24.8%*	

EBITDAR increased by 43.2% to €9.5 million in the first half of 2011 compared with €6.6 million in the first half of 2010, mainly as a result of growth in the scope of consolidation following the acquisition of the Laetitia Group in late 2010 and with EBITDAR margin maintained at around 25% at the end of June 2011.

3.4. EBITDA and Recurring operating profit

EBITDA came to €49.5 million in the first half of 2011 compared with €43.3 million in the first half of 2010. This increase of over 14% relates to EBITDAR growth of 17.1% over the period. EBITDAR margin was 26.0% compared with 25.8% in the first half of 2010.

Employee benefits expenses rose by 13.3% over the period, representing 45.5% of total revenue in the first half of 2011 compared with 46.6% in the first half of 2010. This relative decline was due to the slight increase in the proportion of total consolidated revenue generated from operations in Italy to 12.7% of total revenue compared with 10.3% in the first half of 2010. Indeed, a large proportion of services in Italy are provided by social cooperatives. In France, employee benefits expenses as a proportion of revenue remained stable at 51.1% even though the Group integrated around 1,300 beds over the period.

Thanks to tight control of costs, external charges (before rental expense) in France remained stable, representing 12.5% in the first half of 2011 compared with 12.4% in the first half of 2010. As a result of the impact of operations in Italy, external charges increased as a proportion of total revenue from 17.5% to 19.0% in the first half of 2011.

Rental charges increased from €23.4 million in the first half of 2010 to €28.7 million in the first half of 2011, mainly because of the effects of changes in the scope of consolidation and the opening of new facilities. On a like-for-like basis, rental charges rose by 1.3%. Over the last four quarters, the French commercial rents index ("ILC") and accommodation rates for the long-term care segment, which serve as a benchmark for the majority of the Group's rents, rose by an average of 1.3% and 1.2% respectively.

Recurring Operating margin was 12.6% compared with 12.8% in the year-earlier period.

3.5. Other non-recurring operating income and expense

The Group posted other non-recurring operating income of €3.5 million, relating primarily to:

- capital gains from the sale of property assets during the first half of the year of €9.8 million;
- restructuring costs of €4.7 million;
- acquisition-related expenses of €1.7 million.

3.6. Net finance costs

Net finance costs came to €10.6 million in the first half of 2011 compared with €24.5 million in the first half of 2010, an improvement of €13.9 million.

This was mainly thanks to the reduction in outstanding loans in the first half of 2010 concomitantly with the IPO and the reduction in interest margins following the refinancing transaction of June 2010.

Interest on finance leases increased from €0.9 million in the first half of 2010 to €2.1 million in the first half of 2011 as a result of the implementation of the sale and leaseback transaction in late December 2010.

Finance costs after hedging and before the impact of amortised cost came to €7.8 million in the first half of 2011 compared with €17.6 million in the first half of 2010.

3.7. Financial structure

Consolidated equity totalled €623.2 million at 30 June 2011 compared with €604.9 million at 31 December 2010, while net debt rose from €365.0 million at 31 December 2010 to €425.1 million at 30 June 2011. The increase in net debt increased during the first half of 2011 was due to the Group's investment policy. Medica invested over €110 million during the first six months of the year, mainly in acquisitions and property within the framework of creating new facilities, above the level of investment over the full year in 2010.

4. Significant events since 1 July 2011

Since 30 June 2011, the Group has continued with its expansion policy by means of acquiring facilities, primarily in the long-term care segment in France. At 6 September 2011, the portfolio of beds in operation represented 15,177 beds and 198 facilities.

5. Main risk factors

The Group does not foresee any risks other than those identified in section 5 "Risk factors" of the 2010 registration document filed with the Autorité des Marchés Financiers on 1 June 2011 under number R.11-034.

There was no significant change in these risk factors in the first half of 2011.

6. Main related party transactions

There has been no significant change compared with the information disclosed in section 24 "Related Party Transactions" of the 2010 registration document.

Condensed interim consolidated financial statements to 30 June 2011

CONSOLIDATED INCOME STATEMENT

In thousands of euros	Notes	6 months 30/06/2011	30/06/2010
Revenue		**300,658**	**259,088**
Purchases used in the business		(13,658)	(12,485)
External charges	4.11	(85,683)	(68,847)
Income and other taxes		(15,535)	(14,003)
Employee benefits expenses	4.12	(136,901)	(120,845)
Other operating expense		(513)	(362)
Other operating income		1,127	778
EBITDA		**49,495**	**43,323**
Amortisation and depreciation expense		(11,953)	(9,998)
Impairment losses and provisions		272	(280)
Recurring Operating Profit		**37,813**	**33,045**
Gains/(loss) on disposal of available-for-sale financial assets		0	0
Non-recurring operating expense	4.13	(41,166)	(9,864)
Non-recurring operating income	4.13	44,665	6,764
Operating profit		**41,312**	**29,945**
Finance costs	4.14	(10,779)	(24,603)
Financial income	4.14	165	60
Net finance costs		**(10,614)**	**(24,543)**
Profit/(loss) before tax		**30,698**	**5,402**
Income tax	4.15	(9,629)	(2,215)
Net profit/(loss) after tax		**21,069**	**3,188**
Profit/(loss) from associates		(200)	(214)
Net profit/(loss)		**20,869**	**2,974**
Attributable to equity holders of the parent	4.16	20,665	2,894
Attributable to minority interests		204	80
Average number of shares outstanding		47,796,180	38,428,291
Basic earnings per share (€)		0.43	0.08
Diluted earnings per share (€)		0.43	0.13

STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	6 months 30/06/2011	30/06/2010
Net profit/(loss)	**20,869**	**2,974**
Other comprehensive income:		
Change in fair value of financial instruments	3,651	1,196
Deferred tax on fair value of financial instruments	(1,260)	(399)
Total gains and losses recognised directly in equity	2,391	797
Comprehensive income	**23,260**	**3,771**
Attributable to equity holders of the parent	23,056	3,691
Attributable to minority interests	204	80

STATEMENT OF FINANCIAL POSITION

In thousands of euros	Notes	30/06/2011	31/12/2010
ASSETS			
Goodwill	4.1	424,560	367,411
Intangible assets	4.2	557,927	557,677
Property, plant and equipment	4.3	342,307	334,286
Investments in associates		2,224	2,149
Other financial assets	4.4	23,499	19,343
Available-for-sale financial assets		1,394	1,346
Deferred tax assets	4.15	339	361
Derivative financial instruments	4.5	4,390	1,786
Total non-current assets		**1,356,640**	**1,284,359**
Inventory and work-in-progress		2,982	2,081
Trade receivables		40,690	35,293
Tax assets		2,134	1,670
Other receivables		21,807	16,754
Other current assets		6,149	4,528
Cash and cash equivalents	4.6	174,001	142,340
Total current assets		**247,763**	**202,666**
Total non-current assets and disposal groups held-for-sale	4.7	5,530	
Total assets		**1,609,934**	**1,487,026**

In thousands of euros	Notes	30/06/2011	31/12/2010
LIABILITIES AND EQUITY			
Share capital		18,653	18,653
Additional paid-in capital		490,853	500,719
Treasury shares		(1,574)	(1,470)
Other reserves		0	0
Net profit attributable to equity holders of the parent		20,665	23,233
Retained earnings		94,601	63,813
Total equity attributable to equity holders of the parent		**623,199**	**604,948**
Profit attributable to minority interests		204	319
Retained earnings attribtable to minority interests		4,089	4,677
Total equity		**627,492**	**609,944**
Long-term debt	4.9	580,289	479,975
Employee benefit obligations		6,151	5,473
Liabilities related to associates with negative net worth		1,225	950
Other provisions	4.8	7,805	7,213
Deferred tax liabilities	4.15	201,605	189,838
Derivative financial instruments			
Other non-current liabilities		24,607	23,608
Total non-current liabilities		**821,683**	**707,058**
Short-term debt	4.9	22,172	27,366
Employee benefit obligations		1,647	1,169
Trade payables	4.10	44,742	42,839
Other payables	4.10	88,072	91,354
Derivative financial instruments	4.5	0	4,673
Current taxes		1,933	2,624
Total current liabilities		**158,566**	**170,025**
Total liabilities on non-current assets and disposal groups held-for-sale	4.7	2,193	
Total equity and liabilities		**1,609,934**	**1,487,026**

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	6 months 30/06/2011	6 months 30/06/2010	12 months 31/12/2010
Consolided net profit	20,869	2,974	23,551
Adjustments for profit or losses from associates	200	214	509
Adjustments for depreciation, amortisation, impairment losses and provisions	12,603	10,005	18,158
Adjustments for fair value	1,109	(1,760)	(5,244)
Adjustments for gains or losses on disposal and dilution	(9,764)	(2,819)	(3,510)
Adjustments for dividend income	(23)		(5)
Cash flow after cost of net debt and tax	**24,994**	**8,614**	**33,458**
Adjustments for security acquisition cost	1,654		1,625
Adjustments for IPO costs			2,175
Adjustments for tax expense	9,643	2,215	11,595
Adjustments for net finance costs	8,836	25,043	36,513
Cash flow before interest and tax	**45,126**	**35,872**	**85,367**
Change in working capital	(4,953)	(10,166)	18,771
Income tax paid	(3,018)	(314)	(4,858)
Net cash from operating activities	**37,156**	**25,392**	**99,280**
Impact of changes in the scope of consolidation	(65,075)	(23,511)	(59,253)
Increase in property, plant and equipment	(45,586)	(22,419)	(41,445)
Increase in intangible assets	(1,682)	(670)	(1,975)
Increase in financial assets	(0)	(271)	(350)
(Increase)/decrease in loans and advances	(245)	(242)	(1,049)
Proceeds from disposal of property, plant and equipment and intangible assets	44,386	3,796	22,747
Dividends income	23	0	5
Net cash used in investing activities	**(68,179)**	**(43,317)**	**(81,319)**
Capital increase	0	257,372	255,133
Treasury shares	(104)	(1,144)	(1,496)
Inssuance of debt	95,551	360,182	484,770
Repayment of debt	(10,449)	(579,778)	(607,973)
Net interest paid	(8,807)	(35,861)	(46,941)
Repayment of derivative financial instruments	(4,735)	(5,739)	(5,739)
Dividends paid to minority shareholders of subsidiaries	(4,782)	(34)	(97)
Net cash used in financing activities	**66,674**	**(5,003)**	**77,658**
Net increase/(decrease) in cash and cash equivalents	**35,651**	**(22,929)**	**95,619**
Net cash and cash equivalents at beginning of year	130,022	34,403	34,403
Net cash and cash equivalents at end of year	165,674	11,475	130,022
Net increase (decrease) in cash and cash equivalents	**35,651**	**(22,929)**	**95,619**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

In thousands of euros	No. of shares	Share capital	Additional paid-in capital	Consolidated reserves	Consolidated profit/(loss)	TOTAL	Attributable to equity holders of the parent	Attributable to minority interests
Equity at 31/12/2009	**7,286,040**	**11,348**	**0**	**127,188**	**(12,969)**	**125,567**	**122,252**	**3,315**
Appropriation of net profit/(loss) for the previous period				**(12,969)**	**12,969**	**0**	**0**	**0**
Capital increase	**40,618,147**	**8,252**	**267,228**			**275,480**	**275,480**	0
Changes in scope of consolidation				**1,458**		**1,458**	**0**	**1,458**
Dividends paid				(97)		(97)		(97)
Conversion of preferred shares		(5,827)	5,827			0		
Conversion of convertible bonds		4,880	239,779			244,659	244,659	
Cost of issuing equity instruments			(12,115)	0		(12,115)	(12,115)	
Treasury shares				(1,470)		(1,470)	(1,470)	
Equity component of bond issue				(49,734)		(49,734)	(49,734)	
Transactions with shareholders		**(947)**	**233,491**	**(51,300)**	**0**	**181,243**	**181,340**	**(97)**
Comprehensive income				**2,643**	**23,551**	**26,194**	**25,876**	**319**
Equity at 31/12/2010	**47,904,187**	**18,653**	**500,719**	**67,020**	**23,551**	**609,944**	**604,948**	**4,996**

In thousands of euros	No-tes	No. of shares	Share capital	Additional paid-in capital	Consolidated reserves	Consolidated profit/(loss)	TOTAL	Attributable to equity holders of the parent	Attributable to minority interests
Equity at 31/12/2010		**47,904,187**	**18,653**	**500,719**	**67,020**	**23,551**	**609,944**	**604,948**	**4,996**
Appropriation of net profit/(loss) for the previous period				**(5,075)**	**28,626**	**(23,551)**	**0**	**0**	**0**
					0		**0**	**0**	
Changes in scope of consolidation					**(827)**		**(827)**	**79**	**(906)**
Distribution of additional paid-in capital				(4,790)	8		(4,782)	(4,782)	
Treasury shares					(104)		(104)	(104)	
Change of accounting method					3		3	3	
Transactions with shareholders			**0**	**(4,790)**	**(92)**	**0**	**(4,882)**	**(4,882)**	**0**
Comprehensive income					**2,391**	**20,869**	**23,260**	**23,056**	**204**
Equity at 30/06/2011		**47,904,187**	**18,653**	**490,854**	**97,116**	**20,869**	**627,492**	**623,199**	**4,293**

The parent company paid out a total of €4.8 million to shareholders, equal to €0.10 per share.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Medica SA and its subsidiaries operate long-term care facilities and short-term medical care facilities for people of all ages.

The Group operates in France and in Italy, in two business segments:

- **Long-term care in France and Italy**, comprising nursing and residential care homes for the elderly; and
- **Post-acute and psychiatric care**, comprising short-term post-operative and rehabilitation care, as well as psychiatric services.

Medica SA is the holding company of the Medica Group, a French company with its registered office at 39 rue du Gouverneur Félix Eboué, Issy les Moulineaux.

These condensed interim consolidated financial statements were approved by the Board of Directors on 5 September 2011.

1. SIGNIFICANT EVENTS DURING THE PERIOD

- ***Growth in business activity***

During the first half of 2011, Medica saw robust growth of over 16% relative to the first half of 2010, primarily thanks to stronger growth momentum, made concrete by the acquisition and opening of long-term care beds and the completion of restructuration of post-acute and psychiatric care beds.

At 30 June 2011, Medica had a portfolio of 14,461 beds in operation at 189 facilities:
- Long-term care: 9,880 beds and 126 facilities
- Post-acute and psychiatric care, France: 2,523 beds and 37 facilities
- Italy: 2,058 beds and 26 facilities

- ***Increased financial capacity***

On 16 June 2010, the Medica Group took out a loan agreement with the usual guarantees comprising a €350 million term loan facility and a €100 million revolving loan facility for a term of five years.
At the end of May 2011, the Group signed an amendment to the loan agreement with the following characteristics:

- lines of credit have been increased to €600 million;
- bilateral debt capacity has been increased to €300 million;
- amendment of the covenant or leverage ratio offering greater flexibility.

- ***Changes in Medica SA's shareholding structure***

During the first half of 2011, TBU-3 International SA controlled by funds advised by BC Partners, Medica's leading shareholder that has partnered its development since 2006, sold 14.6% of Medica's share capital at the end of March 2011, followed by a further 28.1% in May (18.6% to several Covéa Group entities and 9.5% to the Monroe-Batipart Group).

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1. GENERAL PRINCIPLES

As required by European Council regulation no. 1606/2002 of 19 July 2002, the consolidated financial statements of the Medica Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The condensed consolidated financial statements to 30 June 2011 have been prepared in accordance with IAS 34 "Interim Financial Reporting", which allows for the presentation of a selection of notes to the financial statements. These financial statements do not include all of the financial information required by IFRS and should be read in relation to the last consolidated full-year financial statements to 31 December 2010.

2.2. New standards and interpretations adopted

The accounting policies and methods used by the Medica Group to prepare the condensed interim consolidated financial statements are the same as those used to prepare the 2010 consolidated financial statements. The new standards and interpretations mandatory for periods beginning on or after 1 January 2011 have been applied by the Group and did not impact the financial statements for the first half of 2011.

• Standard, amendment or interpretation	Date adopted by the European Union	Date of application: Periods beginning on or after
Amendment to IAS 32, "Classification of Rights Issues"	23 December 2009	1 February 2010
IAS 24 revised, "Related Party Disclosures"	19 July 2010	1 January 2011
Amendment to IFRIC 14, "Prepayments of a Minimum Funding Requirement"	19 July 2010	1 January 2011
IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"	23 July 2010	1 July 2010
Improvements to IFRS - May 2010	18 February 2011	1 January 2011 (apart from amendments to IFRS 3 and IAS 27: 1 July 2010)

The Medica Group has not adopted in advance the following standards, amendments or interpretations which have already been published by the IASB but have not yet been endorsed by the European Union or have been endorsed but were not yet mandatory at 1 January 2011.

Accounting standards, interpretations or amendments not yet adopted by the European Union at 30 June 2011

• Standard, amendment or interpretation	Date published by the IASB	Date of application: Periods beginning on or after
IFRS 9 "Financial Instruments - Phase 1: Classification and Measurement"	12 November 2009 and 28 October 2010	1 January 2013
Amendment to IFRS 7 "Transfers of Financial Assets"	7 October 2010	1 July 2011
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	20 December 2010	1 January 2012

• STANDARD, AMENDMENT OR INTERPRETATION	Date published by the IASB	Date of application: Periods beginning on or after
IFRS 10 "Consolidated Financial Statements"	12 May 2011	1 January 2013
IFRS 11 "Joint Arrangements"	12 May 2011	1 January 2013
IFRS 12 "Disclosure of Interests in Other Entities"	12 May 2011	1 January 2013
IFRS 13 "Fair Value Measurement"	12 May 2011	1 January 2013
IAS 27 revised "Consolidated and Separate Financial Statements"	12 May 2011	1 January 2013
IAS 28 revised "Investments in Associates"	12 May 2011	1 January 2013
Amendments to IAS 19 "Employee Benefits"	16 June 2011	1 January 2013
Amendments to IAS 1 "Presentation of items of other comprehensive income (OCI)"	16 June 2011	1 July 2012

The Medica Group is currently analysing these new standards and interpretations but does not expect their adoption to have any significant impact on the consolidated financial statements.

2.3. USE OF ESTIMATES

The preparation of financial statements implies that the Group's management carries out estimates and uses certain assumptions which have an impact on the carrying amounts of certain assets and liabilities, income and expenses together with the data provided in the notes.

The Group's management revises these estimates and assumptions on a regular basis in order to ensure their relevance with respect to past experience and the current economic context. Depending on the change in these assumptions, items in future financial statements may be different from current estimates. The impact of changes in accounting estimates is recognised in the period of the change and all future periods affected.

Furthermore, in addition to the use of estimates, management uses its discretion to determine the appropriate accounting treatment for certain transactions, pending the clarification of certain IFRS standards or when the applicable standards do not deal with the relevant issues.

The main estimates made by management in preparing the financial statements involve the measurement of assets, particularly operating permits, impairment testing and assumptions used to calculate the Group's employee benefit obligation.

3. Operating segments

The information provided is based on the Group's internal reporting, namely:
- Long-term care comprises nursing and residential care homes for the elderly;
- Post-acute and psychiatric care comprises short-term post-operative and rehabilitation care, as well as psychiatric services;
- Italy comprises facilities providing dependency care in Italy.

In thousands of euros	6 months	
	30/06/2011	30/06/2010
Revenue		
Long-term care	182,809	160,815
Post-acute and psychiatric care	79,772	71,641
Italy	38,077	26,632
Total	**300,658**	**259,088**
EBITDAR		
Long-term care	46,971	41,891
Post-acute and psychiatric care	21,756	18,263
Italy	9,466	6,609
Total EBITDAR	**78,193**	**66,763**
Rental expense	**(28,698)**	**(23,440)**
EBITDA	**49,495**	**43,323**

EBITDAR corresponds to EBITDA before rental expense

In thousands of euros	30/06/2011	31/12/2010
Assets		
Long-term care	1,059,082	979,044
Post-acute and psychiatric care	415,945	374,724
Italy	134,907	133,257
Total	**1,609,934**	**1,487,026**

4. Notes to the financial statements to 30 June 2011

4.1. Goodwill

The main movements in goodwill for the period can be analysed as follows:

In thousands of euros	Long-term care	Post-acute and psychiatric care	Italy	Total
Net goodwill at 31 December 2010	**230,127**	**101,490**	**35,793**	**367,411**
Business combinations	37,933	19,637	0	57,570
Contingent consideration			(421)	(421)
Net goodwill at 30 June 2011	**268,059**	**121,127**	**35,373**	**424,560**

Goodwill arising on companies acquired during the period has been determined provisionally and will be finalised within the 12-month fair value measurement period. As there was no evidence of impairment in any of the business segments, the Group did not perform any impairment tests.

4.2. Intangible assets

The main movements in intangible assets for the period can be analysed as follows:

In thousands of euros	Operating permits	Software	Other intangible assets	Intangible assets in progress	Total
Carrying amount at 31 December 2010	**553,883**	**1,813**	**43**	**1,938**	**557,677**
Newly consolidated companies		5	0		5
Acquisitions		458		469	927
Disposals		(4)			(4)
Transfers of intangible assets in progress		846		(846)	0
Depreciation and amortisation		(410)	(8)		(418)
Reclassification		(260)			(260)
Carrying amount at 30 June 2011	**553,883**	**2,448**	**35**	**1,561**	**557,927**
Acquisition cost	553,883	6,936	87	1,561	562,467
Accumulated amortisation		(4,488)	(52)		(4,540)
Carrying amount at 30 June 2011	**553,883**	**2,448**	**35**	**1,561**	**557,927**

As there was no evidence of impairment at 30 June 2011, the Group did not test its operating permits for impairment.

4.3. PROPERTY, PLANT AND EQUIPMENT

The main movements in property, plant and equipment for the period can be analysed as follows:

In thousands of euros	Land and buildings	Vehicles, equipment and tools	Other	Down-payments	Property, plant and equipment in progress	Total
Carrying amount at 31 December 2010	**272,713**	**12,321**	**26,347**	**451**	**22,453**	**334,286**
Newly consolidated companies	16,880	516	953		2,192	20,541
Acquisitions	9,835	1,811	5,221	230	26,912	44,009
Disposals	(30,116)	(59)	(91)		(8,585)	(38,851)
Reclassification	1,607	32	128	(247)	(6,520)	(5,000)
Depreciation and amortisation	(8,254)	(1,695)	(2,730)			(12,679)
Carrying amount at 30 June 2011	**262,668**	**12,926**	**29,829**	**435**	**36,448**	**342,307**
Acquisition cost	363,052	37,818	81,202	435	36,476	518,983
Accumulated depreciation	(100,384)	(24,891)	(51,373)		(28)	(176,676)
Carrying amount at 30 June 2011	**262,668**	**12,926**	**29,829**	**435**	**36,448**	**342,307**

Reclassification of €5 million relates primarily to property assets held for sale in the 12-month period, which were reclassified under "Total non-current assets and disposal groups held-for-sale" on the assets side of the balance sheet (see Note 4.7).

Assets held under finance leases and recognised in the balance sheet are as follows:

In thousands of euros	30/06/2011	31/12/2010
Land and buildings		
Acquisition cost	214,704	221,096
Accumulated depreciation	(50,654)	(52,081)
Carrying amount	**164,050**	**169,015**
Vehicles, equipment and tools		
Acquisition cost	4,176	4,176
Accumulated depreciation	(1,558)	(1,337)
Carrying amount	**2,618**	**2,839**

4.4. Other financial assets

In thousands of euros	6 months 30/06/2011	12 months 31/12/2010
Advances on acquisitions of consolidated securities		184
Advance rents	72	70
Security deposits	20,063	19,089
Cash advances	3,364	
Other non-current financial assets	**23,499**	**19,343**

Cash advances concern equity affiliates over which the Group does not exercise control.

4.5. Derivative financial instruments

Medica's financial liabilities are mainly floating rate and the Group therefore uses derivative financial instruments to hedge against changes in interest rates.
These derivatives are documented as cash flow hedges in accordance with the provisions of IAS 39.
The change in fair value of the effective portion of the hedges is recognised in equity on each reporting date. The fair value of hedging instruments is calculated as the net present value of estimated future cash flows.
The Group documented two deferred start swaps purchased in July 2010 (forward start date of January 2011) at a fixed interest rate of 1.635% and 1.75% as hedges of variable-rate financial liabilities. They have therefore been accounted for as cash flow hedges since July 2010. These swaps mature on 31 December 2013 and 30 June 2014 and represent nominal amounts of €100 million and €250 million respectively. In January 2011, the Group also initiated early unwinding of the 3.6785% fixed-rate swap with a notional amount of €350 million, with a maturity date of June 2011, which was no longer considered as a hedging instrument at 31 December 2010.

The Group also has three 6% caps on 3-month Euribor in an aggregate notional amount of €500 million exercisable from 30 June 2011 to 30 June 2013. These caps do not qualify for hedge accounting and changes in fair value are therefore recognised in profit or loss under financial income and expense.

In thousands of euros			Fair value on balance sheet				Recognition of changes		
Type of contract	Notional amount in millions of euros		30/06/2011		31/12/2010		30/06/2011		
	30/06/2011	31/12/2010	Assets	Liabilities	Assets	Liabilities	Profit or loss	Equity	Cash and cash equivalents
Swaps	350	700	4,343		1,459	4,673	(830)	3,651	4,735
Caps	500	500	47		327		(280)		
Derivative financial instruments			**4,390**	**0**	**1,786**	**4,673**	**(1,110)**	**3,651**	**4,735**

The impact on cash and cash equivalents was a cash outflow

4.6. Cash and cash equivalents

In thousands of euros	30/06/2011	31/12/2010
Money market funds	101,616	101,448
Pooled cash and debit accounts	72,385	40,892
Cash and cash equivalents	**174,001**	**142,340**
Bank overdrafts	(8,328)	(12,318)
Net cash and cash equivalents	**165,673**	**130,022**

Money market funds mainly comprise funds with an interest-rate risk sensitivity of less than or equal to 0.25 and 12-month historical volatility of close to zero.

4.7. Non-current assets and liabilities or disposal groups held-for-sale

In accordance with IFRS 5, to qualify as a non-current asset held for sale, management must be committed to a plan to sell the asset and have initiated an active programme to locate a buyer. The asset must be actively marketed and the sale should be expected to be completed within one year. Actions required to complete the plan should indicate that it is unlikely that significant changes will be made or that the plan will be withdrawn. At 30 June 2011, €5.5 million of non-current assets were classified as held for sale. Liabilities relating to these assets have been reclassified as liabilities held for sale.

Impact of the application of IFRS 5 on the financial statements (in thousands of euros)	30/06/2011	Available for sale assets
Assets held for sale	**5,530**	5,530
Liabilities held for sale	**2,193**	2,193

4.8. Other non-current provisions

Other non-current provisions are as follows:

In thousands of euros	Industrial tribunals	Restructuring	Other	Total
At 31 December 2010	**2,437**	**3,256**	**1,520**	**7,214**
- Increase in provisions	407	0	545	952
- Reversals (unused)	(846)	(942)	(534)	(2,322)
- Changes in scope	366	0	1,595	1,961
At 30 June 2011	**2,364**	**2,314**	**3,126**	**7,805**

4.9. Long term and short-term debt

In thousands of euros	30/06/2011	31/12/2010
Bank loans	578,853	478,377
Other financial liabilities	1,436	1,598
Total long term debt	**580,289**	**479,975**
Current borrowings and bank loans	12,967	14,462
Other current borrowings and similar debts	710	360
Accrued interest on borrowings	167	226
Bank overdrafts	8,328	12,318
Total short-term debt	**22,172**	**27,366**
Total long-term and short term debt	**602,461**	**507,341**

In June 2011, finance leases comprised agreements under the sale and leaseback arrangements entered into on December 2010.

All amounts due to credit institutions are guaranteed or secured by other collateral.

The Group also has an undrawn credit line of €150 million.

ANALYSIS OF DEBT:

Debt can be analysed as follows:

In thousands of euros	Nominal interest rate (%)	30/06/2011	31/12/2010	Maturity
Syndicated loans				
€450 million loan	1m Euribor + 1.65%	440,722	344,999	2016
Accrued interest on borrowings		624	684	
Other borrowings and similar debt				
Finance leases	Fixed and variable rate	134,549	134,947	2022
Other bank loans	Fixed and variable rate	18,238	14,392	
Bank overdrafts		8,328	12,318	
Total bank loans and financial liabilities		**602,461**	**507,341**	

NET DEBT:

Net debt as defined by the Group corresponds to the total of financial liabilities and bank loans less cash and cash equivalents and financial assets such as cash advances to equity affiliates over which the Group does not exercise control.

In thousands of euros	30/06/2011	31/12/2010
Total bank debt and financial liabilities	602,461	507,341
- Cash and cash equivalents	(174,001)	(142,340)
- Financial assets	(3,364)	0
Net debt	**425,096**	**365,001**

BANK RATIOS:

The Group is required to comply with the usual financial covenants for these loans. In the event of non-compliance with one or more conditions, the banks may force the Group to repay some or all of the loan or renegotiate the financing conditions.

Following the strengthening of its financial capacity, the Group has new covenants offering additional flexibility and excluding Real Estate debt from the leverage ratio calculation. The adjusted leverage ratio* has been set at 4.5 until June 2013 and will gradually decline from then on.

*Adjusted EBITDA = EBITDA – 6.5% x Real Estate debt

BREAKDOWN OF DEBT BY MATURITY:

The following table shows a breakdown of debt by maturity:

In thousands of euros	Less than one year	Between one and five years	More than five years	Total
Syndicated loans and other financial liabilities	3,572	12,641	443,371	459,584
Finance leases	10,271	39,158	85,120	134,549
Bank overdrafts	8,328			8,328
Total bank loans and financial liabilities	**22,172**	**51,799**	**528,491**	**602,461**

4.10. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

All trade payables and other current liabilities are due in less than one year.

In thousands of euros	30/06/2011	31/12/2010
Trade payables	**44,742**	**42,839**
Tax and social security liabilities	64,356	66,278
Downpayments received	6,923	4,514
Amounts payable to suppliers of non-current assets	8,618	15,062
Other current liabilities	7,195	5,346
Prepaid income	979	155
Other payables	**88,072**	**91,354**

Amounts payable to suppliers of non-current assets comprise payables relating to construction projects and liabilities relating to the acquisition of shares.

4.11. EXTERNAL CHARGES

In thousands of euros	6 months	
	30/06/2011	30/06/2010
Temporary staff	(949)	(959)
Professional fees	(6,417)	(5,546)
Rental expense	(28,698)	(23,440)
Equipment rental expenses	(3,255)	(3,041)
Maintenance and upkeep	(3,281)	(3,137)
Outsourcing	(30,363)	(22,587)
Purchases not taken to inventory	(6,817)	(5,999)
Other	(5,903)	(4,138)
External charges	**(85,683)**	**(68,847)**

4.12. EMPLOYEE BENEFITS EXPENSES

In thousands of euros	6 months	
	30/06/2011	30/06/2010
Wages, salaries and termination benefits	(97,935)	(86,614)
Social security charges	(38,738)	(34,069)
Retirement expenses -- defined-benefit plans and long service awards	(228)	(162)
Employee benefits expenses	**(136,901)**	**(120,845)**
End-of-year workforce (full-time equivalent)		
France	7,900	6,684
Abroad	131	117
Total	**8,031**	**6,801**

4.13. NON-RECURRING OPERATING INCOME AND EXPENSE

In thousands of euros	6 months	
	30/06/2011	30/06/2010
IPO expenses		(3,019)
Carrying amount of property, plant and equipment and intangible assets sold	(34,622)	(3,894)
Restructuration costs	(4,657)	(2,153)
Other non-recurring operating expense	(1,793)	(798)
Business combinations	(95)	
Non-recurring operating expense	**(41,166)**	**(9,864)**
Proceeds from the sale of property, plant and equipment and intangible assets	44,386	3,796
Previously held equity investments stated at fair value		2,968
Other non-recurring operating income	279	
Non-recurring operating income	**44,665**	**6,764**

4.14. NET FINANCE COSTS

In thousands of euros	6 months			
	30/06/2011		30/06/2010	
	Expense	Income	Expense	Income
Interest expense on borrowings (*)	(5,587)		(14,803)	
Interest on finance leases (*)	(2,518)	0	(919)	
Income and expense relating to interest-rate hedges	(1,631)		(6,998)	
Cost of gross debt	**(9,736)**	**0**	**(22,720)**	**0**
Proceeds from the sale of cash equivalents		70		25
Cost of net debt	**(9,736)**	**70**	**(22,720)**	**25**
Financial component of the cost of employee benefit plans	(154)		(142)	
Non-utilisation fees	(385)		(600)	
Discounting effects	(30)		(37)	
Change in fair value of financial instruments	(280)		(588)	
Impairment of financial assets	0			
Other financial expense	(194)		(516)	
Other financial income		94		35
Other financial income and expense	**(1,043)**	**94**	**(1,883)**	**35**
Total financial income or expense	**(10,779)**	**165**	**(24,603)**	**60**
Net finance costs	**(10,614)**		**(24,543)**	

(*) including amortised cost effect of €5,138 thousand at 30 June 2010 and €1,025 thousand at 30 June 2011

4.15. INCOME TAX EXPENSE

In accordance with IAS 34, the interim income tax expense has been recognised by applying the effective tax rate for 2011 to interim accounting income before tax.

- ANALYSIS OF INCOME TAX EXPENSE

In thousands of euros	6 months	
	30/06/2011	30/06/2010
Current tax expense	(2,127)	(5,569)
Deferred tax income or expense	(7,502)	3,354
Income tax expense	**(9,629)**	**(2,215)**

- DEFERRED TAX ASSETS RECOGNISED ON THE BALANCE SHEET

Changes in net deferred taxes are set out below:

In thousands of euros	30/06/2011	31/12/2010
Opening balance	**-189,478**	**-190,399**
Change in scope	-2,968	-23,250
Income tax expense recognised in profit or loss	-7,502	605
Income tax expense recognised directly in equity or goodwill	-1,318	23,566
Closing balance	**-201,266**	**-189,478**

4.16. EARNINGS PER SHARE

Earnings per share (in euros)	30/06/2011	30/06/2010
Profit/(loss) attributable to equity holders of the parent (in thousands of euros)	20,665	2,894
Weighted average number of shares	47,796,180	38,428,291
Earnings per share (in euros)	**0.43**	**0.08**

Diluted earnings per share (in euros)	30/06/2011	30/06/2010
Profit/(loss) attributable to equity holders of the parent (in thousands of euros)	20,665	5,636
Weighted average number of shares	47,796,180	38,428,291
Dilutive impact of bonds	0	2,924,262
Dilutive impact of preferred shares in issue	0	1,607,114
Diluted earnings per share (in euros)	**0.43**	**0.13**

4.17. OFF-BALANCE SHEET COMMITMENTS

- COMMITMENTS UNDER OPERATING LEASES FOR OPERATIONAL CARE FACILITIES:

(not discounted)

In thousands of euros	30/06/2011
Less than one year	58,642
Between one and five years	209,390
More than five years	203,845
Minimum future payments for operating leases	**471,877**

- COMMITMENTS UNDER OPERATING LEASES FOR CARE FACILITIES UNDER CONSTRUCTION:

(not discounted)

In thousands of euros	30/06/2011
Less than one year	5,558
Between one and five years	22,233
More than five years	36,570
Minimum future payments for operating leases	**64,361**

Other off-balance sheet commitments have not changed significantly since 31 December 2010, in particular those relating to:

- Guarantees following debt restructuring;
- Capital expenditure commitments.

4.18. RELATED-PARTY TRANSACTIONS

There was no material change in the terms of executive compensation.

4.19. MAIN ITEMS OF THE STATEMENT OF CASH FLOWS

IMPACT OF THE CHANGE IN WORKING CAPITAL REQUIREMENT

In thousands of euros	30/06/2011	30/06/2010
Impact of the change in inventories and work in progress	(30)	8
Impact of the change in trade receivables	(3,618)	257
Impact of the change in trade payables	(3,104)	(7,222)
Impact of the change in other receivables and payables	1,799	(3,209)
Impact of the change in working capital requirement	**(4,953)**	**(10,166)**

ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT (BREAKDOWN)

In thousands of euros	30/06/2011	30/06/2010
Acquisitions of property, plant and equipment (see note 4.3)	(43,171)	(23,776)
Non-current assets acquired via a lease contract	1,400	435
Exercise of CBI option	0	0
Capitalisation of borrowing costs (IAS 23)	553	941
Reclassification between intangible assets and property, plant & equipment		946
Change in payables relating to acquisitions of property, plant and equipment	(4,368)	(965)
Additions to property, plant and equipment	**(45,586)**	**(22,419)**

4.20. SUBSEQUENT EVENTS

The Group continued with its growth strategy after the balance sheet date of 30 June 2011.

5. Scope of consolidation

5.1. Changes in the scope of consolidation for the period

Taking account of the two simplified mergers by way of a full asset and liability transfer which took place during the first half of the year, at 30 June 2011 the scope of consolidation included the parent company Medica SA, 156 fully-consolidated companies (137 at 31 December 2010) and two companies accounted for by the equity method (two at 31 December 2010).

5.2. Impact of changes in the scope of consolidation on financial information for the period

In thousands of euros	Italy	France	Total
ASSETS			
Intangible assets	0	5	5
Property, plant and equipment	0	20,541	20,541
Other non-current financial assets	0	918	918
Available-for-sale assets	0	6	6
Deferred tax assets	0	1,723	1,723
Non-current assets	**0**	**23,194**	**23,194**
Inventories	0	871	871
Trade receivables	0	1,779	1,779
Current tax receivables	0	317	317
Other receivables	0	9,277	9,277
Other current assets	0	44	44
Current assets	**0**	**12,289**	**12,289**
Net profit/(loss) attributable to equity holders of the parent	0	-1,437	-1,437
Net profit/(loss) attributable to minority interests	0	-906	-906
LIABILITIES	0		
Long-term debt	0	14,116	14,116
Employee benefit obligations	0	308	308
Deferred tax liabilities	0	4,691	4,691
Other non-current liabilities	0	623	623
Non-current liabilities	**0**	**19,738**	**19,738**
Short-term debt	0	1,044	1,044
Other short-term provisions	0	1,962	1,962
Trade payables	0	4,141	4,141
Other payables	-421	3,419	2,998
Current tax liabilities	0	97	97
Other current liabilities	0	15	15
Current liabilities	**-421**	**10,678**	**10,257**
NET ASSETS	**421**	**7,409**	**7,830**

In thousands of euros	Italy	France	Total
Cash impact of changes in the scope of consolidation			
Cash and cash equivalents acquired		6,869	6,869
Cash paid for acquisitions		(66,027)	(66,027)
Sale price of consolidated securities		0	0
Net cash outflow arising on acquisitions	**0**	**(59,158)**	**(59,158)**
Other cash outflows arising on entries into the scope of consolidation (1)		(5,917)	(5,917)
Cash impact of changes in the scope of consolidation	**0**	**(65,075)**	**(65,075)**
Intangible assets			
Administrative permits	0	0	0
Other intangible assets	0	0	0
Intangible assets excluding goodwill	**0**	**0**	**0**
Goodwill	(421)	57,570	57,149
Badwill		95	95
Intangible assets including goodwill	**(421)**	**57,665**	**57,244**

5.3. Scope of consolidation at 30 June 2011

Consolidated companies	Currency	Method	30/06/2011 % control	% interest
MEDICA	€	FC	Parent	-
SFM (formerly MEDICA)	€	FC	100	100
SCI CHAMBERY JOURCIN	€	FC	100	100
SAS LES JARDINS D'HESTIA	€	FC	99.92	99.92
SOCEFI	€	FC	100	100
SDSA	€	FC	100	100
SARL LE MOLE D'ANGOULINS	€	FC	100	100
SARL INVAMURS	€	FC	100	100
SCI BRUAY SUR ESCAUT	€	FC	100	100
SCI SAINT GEORGES DE DIDONNE	€	FC	100	100
SCI LAXOU	€	FC	51	51
SCI LES SABLES	€	FC	100	100
SCI LYON GERLAND	€	FC	100	100
SCI ST MALO	€	FC	100	100
SCI VILLARS LES DOMBES	€	FC	100	100
SCI DU MANS	€	FC	100	100
SCI D'ARS EN RE	€	FC	100	100
SARL RA DE LILLE STE THERESE	€	FC	100	100
SARL RA DE LAXOU	€	FC	100	100
SARL RA DE SAINT MALO	€	FC	100	100
SARL RA DES SABLES D'OLONNE	€	FC	100	100
SARL RA DE LYON GERLAND	€	FC	100	100
SARL RA DU MANS	€	FC	100	100
SCI DE L'EUROPE	€	FC	100	100
SCI PIERRE DEBOURNOU	€	FC	99.8	99.8
SNC DE DINARD	€	FC	100	100
SNC DE L'EUROPE	€	FC	100	100
SARL SERAPA	€	FC	100	100
SAS RA DE NEUVILLE ST REMY	€	FC	100	100
SAS RA DE DINARD	€	FC	100	100
SARL RESIDENCE DE CHAINTREAUVILLE	€	FC	96	96
SAS CLINIQUE SOLISANA	€	FC	100	100
CLINIQUE DU VAL DE SEINE	€	FC	99.71	99.71
SARL LES ARBELLES	€	FC	100	100
SARL CENTRE MEDICAL DES ALPILLES (CMA)	€	FC	100	100
SARL CENTRE MEDICAL DU VENTOUX (CMV)	€	FC	100	100
LES LILAS	€	FC	100	100
COGOLIN	€	FC	100	100
SARL BEL AIR	€	FC	100	100
MEDICA FRANCE	€	FC	100	100
SARL MF DEVELOPPEMENT	€	FC	100	100
TOPAZE	€	FC	100	100

Consolidated companies	Currency	30/06/2011	Consolidated companies	Currency
LES PINS	€	FC	100	100
SCI DE BICHAT	€	FC	100	100
SCI CCN	€	FC	100	100
SCI CMA	€	FC	100	100
SARL GMR LA COTE PAVEE	€	FC	100	100
SAS CHATEAU de MORNAY	€	FC	100	100
AETAS S.P.A.	€	FC	100	100
II FAGGIO Srl	€	FC	100	100
RESIDENZA I PLATANI	€	FC	100	100
I ROVERI Srl	€	FC	100	100
CROCE DI MALTA Srl	€	FC	100	100
II CASTAGNO Srl	€	FC	90	90
LE PALME Srl	€	FC	100	100
I GIRASOLI Srl	€	FC	95	95
BUTIGLIERA D'ASTI	€	FC	100	100
VILLA ANTEA Srl	€	FC	95	95
GLI OLEANDRI Srl	€	FC	95	95
CARE SERVICE	€	FC	100	100
LE ROSE Srl	€	FC	90	90
I RODODENDRI Srl	€	FC	90	90
IL CILIEGIO Srl	€	FC	70	70
IPPOCRATE SPA	€	FC	95.75	95.75
SAS AUBERGERIE DE QUINCY	€	FC	91.78	91.78
SAS AUBERGERIE DU 3E AGE	€	FC	91.78	91.78
SARL BOURGOIN COUQUIAUD	€	FC	100	100
SARL MAISON BLANCHE	€	FC	100	100
SAS CENTRE MEDICAL MONTJOY	€	FC	100	100
SAS CLINIQUE DE PIETAT	€	FC	100	100
SARL LUBERON SANTE	€	FC	100	100
SAS MACO	€	FC	100	100
SCI DU BOIS HAUT	€	FC	100	100
SAS CHATEAU DE CAHUZAC	€	FC	100	100
SARL CRC GESTION	€	FC	100	100
SAS SAINTE COLOMBE	€	FC	100	100
SARL CHAPUIS FERNANDE	€	FC	100	100
SAS MONTROND LES BAINS	€	FC	100	100
SCI VALMAS	€	FC	100	100
SAS ALMA SANTE	€	FC	100	100
SCI ALMA SANTE	€	FC	100	100
SA CLINIQUE SAINT MAURICE	€	FC	100	100
SCI CLINIQUE SAINT MAURICE	€	FC	100	100
SARL RESIDENCE LES PINS	€	FC	100	100
SAS LES QUATRE TREFLES	€	FC	99.93	99.93
SAS GASTON DE FOIX	€	FC	100	100
SAS ARJEAN	€	FC	100	100

Consolidated companies	Currency	30/062011	Consolidated companies	Currency
SAS LE VAL DES CYGNES	€	FC	100	100
SAS DLS GESTION	€	FC	96.67	96.67
SARL MEDICA FRANCE LE VERDON	€	FC	100	100
SAS MAISON DE REPOS ET DE CONVALESCENCE LA PALOUMERE	€	FC	100	100
SCI LA PALOUMERE	€	FC	100	100
SAS FINANCIERE MEDICALE	€	FC	100	100
SAS LA VARENNE	€	FC	100	100
SCI LA VARENNE	€	FC	100	100
SAS LA ROSERAIE	€	FC	100	100
SCI LA ROSERAIE	€	FC	100	100
SAS CENTRE MEDICAL DE CONVALESCENCE MONTVERT	€	FC	100	100
SOCIETE CIVILE IMMOBILIERE DE MONTVERT	€	FC	100	100
MS FRANCE	€	FC	60	60
HAD FRANCE	€	EM	40.32	40.32
SARL B2L	€	FC	100	100
SAN BEGNINO	€	FC	100	100
MAGNOLIE	€	FC	100	100
SARL FONTAINE BAZEILLE	€	FC	100	100
SCI BAZEILLE	€	FC	100	100
SAS MEDIENCE	€	FC	100	100
CHARS LES PARENTELES	€	FC	100	100
BEZONS LES PARENTELES	€	FC	100	100
PIERRELAYE LES PARENTELES	€	FC	100	100
PARIS LES PARENTELES	€	FC	100	100
BAGNEUX LES PARENTELES	€	FC	100	100
MAUREPAS LES PARENTELES	€	FC	100	100
DELTA OCCITAN	€	FC	100	100
LES GARDIOLES	€	FC	100	100
LA PAQUERIE	€	FC	100	100
LA COLOMBE	€	FC	100	100
ACANTHE	€	FC	100	100
RESID GESTION	€	FC	100	100
SCI MONTFAVET	€	EM	32.7	32.7
LAETITIA	€	FC	100	100
EOS	€	FC	100	100
MEC	€	FC	100	100
RESIDENZA FORMIGINE	€	FC	75	75
CERTOSA DI PAVIA	€	FC	100	100
SAS JPC CONSULTANT	€	FC	100	100
SA RESIDENCE CLAUDE DEBUSSY	€	FC	100	100
SCI SUO TEMPORE	€	FC	100	100
SAS LE MONT SOLEIL	€	FC	100	100
SAS DOMAINE DES TROIS CHEMINS	€	FC	100	100
SCI LES TROIS CHEMINS	€	FC	100	100
SARL LES OLIVIERS	€	FC	100	100

SCI 146148	€	FC	100	100
SA MEDIVALYS	€	FC	100	100
SARL DU PRE DE LA GANNE	€	FC	100	100
SARL ACTIRETRAITE-SOULAINES	€	FC	100	100

NEWLY CONSOLIDATED COMPANIES 2011

Consolidated companies	Currency	30/062011 Method	% control	% interest
SARL BELLEVUE	€	FC	100	100
SARL AGAPANTHE	€	FC	100	100
SARL LA GRANDE PRAIRIE	€	FC	100	100
SARL PIN BALMA	€	FC	100	100
SARL CLEOME	€	FC	100	100
SARL LE CLOS DE BEAUREGARD	€	FC	100	100
SCI SYR IMMOBILIER	€	FC	100	100
FINANCIERE LETRETTE	€	FC	100	100
CMS CHAMBON	€	FC	100	100
CS BRUYERES	€	FC	100	100
LE CHALET	€	FC	100	100
LE BOIS DU CHEVREUIL	€	FC	100	100
RESIDENCE LES TILLEULS	€	FC	100	100
RESIDENCE CHÂTEAU DES LANDES	€	FC	100	100
SAS RESIDENCE SANTEL	€	FC	100	100
RESIDENCE DE L'ABBAYE	€	FC	100	100
LA SOLOGNE	€	FC	100	100
RESIDENCE DE BUEIL	€	FC	100	100
SARL LES IRIS	€	FC	100	100
SARL PASTHIER MAINTENANCE	€	FC	100	100
SARL PASTHIER PROMOTION	€	FC	100	100
SAS GROUPE PASTHIER	€	FC	100	100


Résidence des Montfrais – Franconville (95)

Statutory Auditors' report

Statutory Auditor's review report

on the first half-year financial information 2011

Company MEDICA

Period from January 1, 2011 to June 30, 2011

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report includes information relating to the specific verification of information presented in the Group's interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of **MEDICA**, for the six months ended June 30, 2011,
- the verification of information contained in the interim management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1 CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2 Specific verification

We have also verified the information presented in the interim management report commenting the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, September 6, 2011

The Statutory Auditors

Mazars	Constantin Associés
Denis GRISON	Jean Paul SEGURET

Résidence du Baou – Marseille (13)

Statement by the persons responsible

STATEMENT BY THE PERSONS RESPONSIBLE

We declare that, to the best of our knowledge and belief, the financial statements have been prepared in accordance with the applicable accounting standards and present fairly in all material respects the assets, liabilities, financial position and results of operations of the company and the consolidated companies comprising the Medica Group for the six months to 30 June 2011 as well as the main related party transactions, and that the interim business review provides a true and fair view of the significant events that occurred during the first six months of the year as well as a description of the key risks and uncertainties for the remaining six months of the year.

Issy les Moulineaux, 9 September 2011.

Chairman and Chief Executive Officer

Jacques Bailet

MEDICA

Registered Office

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