Interim Financial Report

To 30 June 2012

MEDICA

We hereby present our interim financial report for the six months to 30 June 2012, prepared in accordance with the provisions of article L451-1-2 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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1 2012 Interim Management Report

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1. MEDICA GROUP BUSINESS REVIEW FOR THE FIRST HALF OF 2012

1.1. MAIN INDICATORS FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012

The MEDICA group, a leading player in the long-term and short-term dependency care market, recorded a strong increase in its business during the first half of 2012 in both of its business sectors, with a 16.1% increase in revenue and 9.8% organic growth.

During the first half of 2012, out of the 3,122 beds identified in the organic growth pool as of 1 January 2012, 606 were integrated and are in the process of being put into operation and 249 restructured beds were delivered.

As of 30 June 2012, Medica had a portfolio of 16,215 beds in operation at 213 facilities:

- Long term care, France: 11,493 beds and 148 facilities
- Post-acute and psychiatric care, France: 2,617 beds and 38 facilities
- Italy: 2,105 beds and 27 facilities

	2012 (30 June)	**2011 (31 December)**
Number of facilities	**213**	**201**
Number of beds		
Long term care, France	11,493	10,767
Post-acute and psychiatric care, France	2,617	2,523
Italy	2,105	2,105
TOTAL	**16,215**	**15,395**
Occupancy rate[1]	96.5%	96.9%

As of 30 June 2012, facility occupancy rates were relatively stable at 96.5%, reflecting MEDICA's ability to roll out an effective marketing strategy for its recently opened or acquired facilities.

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. Highlights for the first half of 2012

1.2.1. Combined general meeting of 26 June 2012

- **Modification in the composition of the Board of Directors**

The Combined General Meeting of MEDICA Shareholders met on 26 June 2012 under the chairmanship of Jacques Bailet. The shareholders approved all of the resolutions that were presented to them, and in particular, the nomination of MAAF Assurances SA as a director (represented by Sophie Beuvaden) and PREDICA SA (represented by Françoise Debrus). Additionally, the General Meeting ratified the cooptation of Anne Lalou as a director.

The MEDICA Board of Directors now includes 9 directors as follows:

Name	Position	Appointment date	Date of expiry of term
Jacques Bailet	Chairman	9/11/2009	After the annual general meeting to approve the financial statements for the year ending 31 December 2012
Catherine Soubie	Independent Director	12/02/2010	
Gilles Cojan	Independent Director	12/02/2010	
Guy de Panafieu	Independent Director	12/02/2010	
Anne Lalou	Independent Director	26/03/2012	After the annual general meeting to approve the financial statements for the year ended 31 December 2013
GMF Vie, whose permanent representative is Lionel Calvez	Director	7/06/2011	
Monroe SA, whose permanent representative is Charles Ruggieri	Director	7/06/2011	
MAAF Assurances SA, whose permanent representative is Sophie Beuvaden	Director	26/06/2012	After the annual general meeting to approve the financial statements for the year ending 31 December 2014
PREDICA SA, whose permanent representative is Françoise Debrus	Director	26/06/2012	

- **Dividend distribution**

On 26 June 2012, MEDICA's Combined General Meeting of Shareholders, held in Paris, approved the company and consolidated financial statements for 2011 and decided to pay out a cash dividend of €0.26 per share. The dividend was paid on 4 July 2012, representing a total of €12,455,088.62, of which €43,045.86 corresponding to treasury shares held at the payment date, was allocated to "retained earnings".

- **Renewal of financial authorisations**

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

Resolution	Purpose of the resolution	Maximum amount	**Term of authorisation** (starting from 26 June 2012)
8th	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: €143,712,540	18 months
9th	Authorisation to reduce the share capital by cancelling treasury shares	10% of the existing share capital on the date of the cancellation	18 months
10th	Capital increase by issuing shares or securities carrying immediate and/or deferred rights to shares of the Company, with pre-emptive rights	€9.3 million (shares)/€300 million (debt securities) to be deducted from the blanket limit set out in the 21st resolution	26 months
11th	Capital increase by capitalising reserves, earnings, share premiums or other capitalisable sums	€3.7 million to be deducted from the blanket limit set out in the 21st resolution	26 months
12th	Capital increase by way of public offerings of shares or securities carrying rights to shares or debt securities, without pre-emptive rights	€2.8 million (shares)/€300 million (debt securities) to be deducted from the blanket limit set out in the 21st resolution	26 months
13th	Capital increase by way of private placements of shares or securities carrying rights to shares, without pre-emptive rights	€2.8 million (shares)/€300 million (debt securities) to be deducted from the blanket limit set out in the 21st resolution and up to a limit of 20% of share capital per year or any other maximum percentage provided by law	26 months

14th	Capital increase by issuing shares or securities carrying rights to shares to members of a company or Group employee savings plan, without pre-emptive rights	€100,000 to be deducted from the blanket limit set out in the 21st resolution	26 months
15th	Capital increase by issuing shares or securities carrying rights to shares in consideration for contributions in kind made to the Company, without pre-emptive rights	10% of the share capital to be deducted from the blanket limit set out in the 21st resolution	26 months
16th	Increase of the issue amount in the case of oversubscription	15% of each issue and up to a maximum of the blanket limit set out in the 21st resolution	26 months
17th	Authorisation to issue shares or securities carrying rights to shares in the event of a share exchange offer made by the Company for the shares of another company, without pre-emptive rights	€2.8 million to be deducted from the blanket limit set out in the 21st resolution	26 months
18th	Authorisation to issue shares or securities carrying rights to shares with no restrictions on the determination of the issue price, without pre-emptive rights	10% of the share capital to be deducted from the blanket limit set out in the 21st resolution	26 months
19th	Delegation of authority to the Board of Directors to make stock awards of existing or new shares to certain employees and executive officers of the Group	0.5% of share capital	38 months
20th	Delegation of authority to the Board of Directors to issue stock warrants (BSA) or redeemable equity warrants (BSAAR) for the benefit of employees and executive officers of the Company and its subsidiaries, without pre-emptive rights.	€200,000 to be deducted from the blanket limit set out in the 21st resolution Minimum price: 110% of the average closing price of the Company's shares over the 20 trading days preceding the date on which all of the terms of the BSA or BSAAR warrants and the terms of their issue are determined	18 months
21st	Blanket limit	€9.3 million for capital increases €300 million for debt securities	26 months

1.2.2. Other communications by the Company during the first half of 2012

- **MEDICA, winner of the 2012 European Award for waste reduction in France and in Europe**

On 19 June, the 3rd European waste reduction awards co-organised by ADEME (French Environment and Energy Management Agency), commended the MEDICA Group for its efforts to raise awareness during the European Waste Reduction Week in November 2011.

Among the 7,035 European entries submitted for the best project award, a total of six trophies were handed out during the ceremony held in Paris: one for each of the five project developer categories (Administration/public authority, Associations/NGO, Businesses/industry, Education, Other), as well as a special award from the judges' panel.

MEDICA received the award in the "Other" category after being selected by an independent judges' panel. Made up of European specialists in waste management, this judges' panel had selected 10 initiatives in this category, then selected 3 finalists before choosing MEDICA as the sole winner.

This award recognises the outstanding actions carried out locally by the MEDICA Group facilities' teams during the European Waste Reduction Week.

MEDICA, being the only French project developer to win an award, received two titles: one for France and one at the European level, thus representing France's efforts to raise awareness on waste prevention.

- **MEDICA partners with Sciences Po to train its managers in cultural diversity**

MEDICA has partnered with Sciences Po (one of the most prestigious French universities), to train its managers in HR management together with the principles of non-discrimination and diversity (recruitment, training, career management, communication).

This partnership aims to build a managerial culture within MEDICA that is attentive to difference, in line with one of the founding values of the group - respect. Respect and good understanding, of MEDICA employees, residents and patients from increasingly varied cultural horizons in terms of age, origin and career path, are fundamental in our ever more diversified company.

Shared beliefs on diversity

Sciences Po is known for the concrete actions it has taken over the last ten years to promote diversity in the student world. Furthermore, its "Diversity and Intercultural Management" course, proposed as part of its continuing education range, is run by Philippe Pierre, who is considered to be one of the leading experts in diversity management in France today (with more than fifty scientific publications to his name).

For its part, for several years, MEDICA has had a proactive policy regarding diversity. In particular, the group signed corporate agreements with regard to the employment of disabled people and keeping "Seniors" employed in the company.

Training that combines theory with practice

For MEDICA, this is an opportunity to share management methods in practice, which take into account the specific context of the group's facilities (nursing homes and clinics), with experts in diversity at the Institut d'Etudes Politiques de Paris (Sciences Po).

Clearly focussing on operational activity and lessons learned from experience, Sciences Po's two-day training for MEDICA managers aims to: build a diagnostic grid of the intercultural realities at work, improve the ability to deal with the challenges of discrimination, and work on good multi-cultural management posture to understand and value difference.

Starting last January, sixteen sessions will be rolled out throughout 2012, allowing more than 250 group managers to participate.

Creation of a diversity monitoring group

New initiatives, stemming from MEDICA's newly created diversity monitoring group, will be taken throughout 2012.

With this monitoring group, MEDICA now has a body dedicated to promoting diversity. A real working group for thinking about the future, one of the group's objectives is to monitor compliance with the commitments made in our labour agreements with regard to diversity, particularly by tracking certain indicators.

- **MEDICA signs three new partnerships with schools and universities located close to its long-term care facilities and clinics**

MEDICA strengthened its nationwide network of educational partnerships, creating partnerships with ESCEM Paris-Tours-Poitiers, Université de Pau et des Pays de l'Adour and the École Securité Environnement Qualité (ESEQ) of Université de Montpellier 1 — three first-rate management schools/universities located close to its facilities in central and southern France (nursing homes and clinics).

These partnerships, coming in the wake of previous school partnerships forged in 2010 and 2011, aim to foster the practical training and placement of future holders of the Masters degree in Healthcare & Quality Management, who choose to become managers of long-term or post-acute and psychiatric care facilities. The partnerships involve a commitment from MEDICA to provide educational support to students of the three schools, via Group managers' participation in training days, practical cases, expert workshops, or annual school forums.

The MEDICA group's facilities take an active part in community life. For these reasons, MEDICA favours close geographic proximity to its facilities in its school partnership policy, therefore facilitating the development of interaction, in particular hosting student interns and subsequently recruiting future managers who will have understood the group's culture and founding values: kindness, commitment, respect and transparency.

With these three new partnerships, the MEDICA group now has a strong network of partnerships with eight leading business schools and universities throughout France. For the MEDICA group, this network acts as a skills incubator in a competitive environment, one that will attract the talent of tomorrow.

2. Consolidated financial statements

2.1. Condensed income statement

In millions of euros	6-month period		
	30.06.2012	30.06.2011	*Change*
Revenue	**349.0**	**300.7**	***16.1%***
Purchases used in the business	(18.1)	(13.7)	*32.2%*
External charges (before rental expense)	(62.7)	(57.0)	*10.0%*
Income and other taxes	(17.0)	(15.5)	*9.4%*
Employee benefits expense	(160.2)	(136.9)	*17.0%*
Other operating expense	(0.8)	(0.5)	*na*
Other operating income	1.0	1.1	*(8.1%)*
EBITDAR	**91.3**	**78.2**	***16.7%***
Rental expense	(34.7)	(28.7)	*20.9%*
EBITDA	**56.6**	**49.5**	***14.3%***
Amortisation and depreciation expense	(13.4)	(12.0)	*12.3%*
Impairment losses and provisions	1.3	0.3	*na*
EBIT	**44.4**	**37.8**	***17.5%***
Non-recurring operating expenses	(33.5)	(41.2)	*(18.6%)*
Non-recurring operating income	38.6	44.7	*(13.6%)*
Non-current operating profit	**5.1**	**3.5**	***47.1%***
Operating profit	**49.6**	**41.3**	***20.0%***
Financial expense	(9.9)	(10.8)	*(8.0%)*
Financial income	0.4	0.2	*na*
Financial result	**(9.5)**	**(10.6)**	***(10.6%)***
Profit/(loss) before tax	**40.1**	**30.7**	***30.6%***
Income tax expense or benefit	(16.0)	(9.6)	*66.4%*
Tax rate	39.97%	31.37%	*27.4%*
Net profit/(loss) after tax	**24.1**	**21.1**	***14.2%***
Profit/(loss) from associates	0.07	(0.2)	*na*
Total net profit/(loss)	**24.1**	**20.9**	***15.6%***
Attributable to equity holders of the parent	24.2	20.7	*16.9%*
Attributable to minority interests	(0.02)	0.2	*na*

2.2. Revenue

The MEDICA Group generated **€349.0 million** in **consolidated revenue** in the first half of 2012, **up 16.1% compared to the first half of 2011.** Organic growth for the period came to 9.8%, a sharp increase compared to the first half of 2011 where it totalled 6.8%.

REVENUE BY BUSINESS SEGMENT - in millions of euros	2012 (6 months)	2011 (6 months)	Change Total	Organic growth
Long term care, France	**221.0**	**182.8**	+20.9%	+11.3%
% of revenue	63.3%	60.8%		
Post-acute and psychiatric care, France	**89.5**	**79.8**	+12.2%	+11.2%
% of revenue	25.6%	26.5%		
Italy	**38.4**	**38.1**	+0.9%	-0.3%
% of revenue	11.0%	12.7%		
TOTAL	349.0	300.7	+16.1%	+9.8%

During the first six months of 2012, the long-term care sector in France, like the post-acute and psychiatric care sector, posted a sharp increase in revenue. The Italian business was weak.

- The **long-term care sector in France** recorded an increase of close to 21% in revenue compared to the first half of 2011 and amounted to €221.0 million. This strong increase reflects the consolidation of facilities acquired during the last 12 months and solid organic growth (11.3%) from, in particular, the facilities opened in 2011 being put into operation, as well as the impact of rate increases. During the half year, MEDICA acquired 2 facilities with 120 beds and opened approximately 600 beds.
- The **post-acute and psychiatric care sector** in France generated €89.5 million in revenue, versus €79.8 million in the first half of 2011, being a 12.2% increase, including 11.2% in organic growth. This good performance resulted from the high level of activity recorded in the sector during the period, the price effect linked to the specialisation of the facilities and a wider range of additional services. During the first six months of the year, MEDICA acquired a 94-bed facility.
- Business in the **Italian sector** totalled €38.4 million, i.e. a level equivalent to that of the first half of 2011. In this country, which represents 11% of the group's total business, the scope did not change during the first six months of the year.

2.3. EBITDAR (EBITDA excluding property costs or Gross Operating Profit excluding property costs)

EBITDAR amounted to €91.3 million for the first 6 months of 2012, a 16.7% increase compared to the same period in 2011. It represented 26.2% of revenue, versus 26% for the first half of 2011.

By sector, EBITDAR changed as follows:

In millions of euros	**6 month period**		
EBITDAR	**30/06/2012**	**30/06/2011**	**Change**
Long-term care	**56.8**	**47.0**	20.9%
% of revenue from the sector	*25.7%*	*25.7%*	
Post-acute and psychiatric care	**25.0**	**21.8**	15.0%
% of revenue from the sector	*28.0%*	*27.3%*	
Italy	**9.4**	**9.5**	-0.4%
% of revenue from the sector	*24.5%*	*24.9%*	
Total EBITDAR	**91.3**	**78.2**	**16.7%**
Total % of revenue	*26.2%*	*26.0%*	

EBITDAR for the post-acute and psychiatric care sector rose by 15.0% to €25.0 million as of 30 June 2012, versus €21.8 million at 30 June 2011, reflecting revenue growth of 12.2% and an improvement in EBITDAR margin to 28.0% of revenue as of 30 June 2012, versus 27.3% at 30 June 2011. This margin improvement in the post-acute and psychiatric care sector illustrates the relevance of MEDICA's development strategy in this sector, in which the restructuring and specialisation of facilities started several years ago (249 beds delivered in the first half of 2012).

EBITDAR for the long-term care sector in France rose by 20.9% to €56.8 million as of 30 June 2012, compared to €47.0 million as of 30 June 2011.
Profitability from the long-term care sector in France was maintained at last year's level, despite the integration of 606 beds created during the first half of 2012.

EBITDAR from the Italian sector decreased slightly by 0.4%, going from 24.9% of revenue as of 30 June 2011 to 24.5 % as of 30 June 2012.

2.4. EBITDA (or Gross Operating Profit) and Recurring operating profit

EBITDA came to €56.6 million as of 30 June 2012, compared to €49.5 million as of 30 June 2011. This increase of over 14% comes from a close to 17% increase in EBITDAR over the period. As a percentage of revenue, EBITDAR margin represented 26.2% of revenue, compared to 26.0% as of 30 June 2011.

Employee benefits expenses rose by 17% over the period, representing 45.9% of the group's total revenue in the first half of 2012, versus 45.5% in the first half of 2011. Consequently, employee benefits expenses as a proportion of revenue remained stable overall even though the group integrated over 800 beds during the first half of the year, demonstrating the group's ability to control the organisation of its teams.

Thanks to tight control of costs, external charges (excluding rental expenses) decreased relative to consolidated revenue, going from 19.0% to 18.0% of revenue as of 30 June 2012.

Rental charges increased from €28.7 million in the first half of 2011 to €34.7 million in the first half of 2012. This change is the result of effects from changes in scope and new facility openings. At constant scope, the indexing effect on the half-year amounts to 1.7%.

Current operating profit amounted to €44.4 million, a 17.5% increase compared to the first half of 2011.

2.5. Other non-recurring operating income and expenses

Other operating expenses totalled €33.5 million, including mainly:

- the cost of fixed asset sales (€26.4 million);
- restructuring costs (€4.8 million).

Other operating income amounted to €38.7 million, including mainly:

- income from fixed asset sales (€35.9 million);
- business combinations (€1.7).

2.6. Financial result

Net finance costs came to €9.5 million as of 30 June 2012, compared to €10.6 million as of 30 June 2011, an improvement of €1.1 million.

This improvement comes mainly from the decrease in the cost of financial debt combined with an increase in financial income.

2.7. Financial structure

The group's consolidated equity totalled €648.9 million as of 30 June 2012, compared to €640.6 million as of 31 December 2011, while net debt rose from €433.4 million as of 31 December 2011 to €465.0 million as of 30 June 2012. Net debt increased during the first half of 2012, primarily due to the group's development policy. Net cash flow from investment activities amounted to €33 million. Investment spending was mainly directed towards property, linked to the creation of new facilities, but also to external growth operations.

3. SIGNIFICANT EVENTS SINCE 1 JULY 2012 AND GROUP OUTLOOK

To the Company's knowledge, no significant events have occurred since 1 July 2012 that are likely to have an impact on the financial position, income, business and assets of the Company and of the MEDICA group.

These first months of 2012 confirm the relevance of the MEDICA group's strategy of profitable and controlled growth and strengthen the confidence in the MEDICA group's ability to achieve the forecasts announced for 2012.

The MEDICA group therefore confirms its goal of increasing its revenue by at least 13%, of which 8% will result from organic growth.

4. MAIN RISK FACTORS

The Group does not foresee any risks other than those identified in section 5 "Risk Factors" of the 2011 Registration Document filed with the Autorité des Marchés Financiers on 24 April 2012 under number R.12-014.

There was no significant change in these risk factors in the first half of 2012.

5. MAIN RELATED-PARTY TRANSACTIONS

Information on related-party transactions pertaining to the half-year ended 30 June 2012 is displayed in Note 4.19 of the notes to the condensed interim financial statements on page 45 of this Interim Financial Report.

There has been no significant change since the information disclosed in Chapter 24 "Related-Party Transactions" of the 2011 Registration Document.

2 Condensed interim consolidated financial statements as of June 2012

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1. Consolidated income statement

In thousands of euros	Notes	6-month period 30/06/2012	30/06/2011
Revenue		**348,984**	**300,658**
Purchases used in the business		(18,058)	(13,658)
External charges	4.12	(97,364)	(85,683)
Income and other taxes		(16,991)	(15,535)
Employee benefits expense	4.13	(160,195)	(136,901)
Other operating expense		(835)	(513)
Other operating income		1,036	1,127
EBITDA		**56,578**	**49,495**
Amortisation and depreciation expense		(13,422)	(11,953)
Impairment losses and provisions		1,265	272
EBIT		**44,421**	**37,813**
Gain/(loss) on disposal of available-for-sale financial assets		0	0
Non-recurring operating expenses	4.14	(33,504)	(41,166)
Non-recurring operating income	4.14	38,652	44,665
Operating profit		**49,569**	**41,312**
Financial expense	4.15	(9,912)	(10,779)
Financial income	4.15	428	165
Financial result		**(9,484)**	**(10,614)**
Profit/(loss) before tax		**40,085**	**30,698**
Income tax expense or benefit	4.16	(16,023)	(9,629)
Net profit/(loss) after tax		**24,062**	**21,069**
Profit/(loss) from associates		66	(200)
Total net profit/(loss)		**24,128**	**20,869**
Attributable to equity holders of the parent	4.17	24,152	20,665
Attributable to minority interests		(24)	204
Average number of shares outstanding		47,750,600	47,796,180
Earnings per share (in euros)		0.51	0.43
Group diluted net earnings per share (in euros)		0.51	0.43

2. COMPREHENSIVE INCOME STATEMENT

In thousands of euros	6-month period		12 months
	30/06/2012	**30/06/2011**	**31/12/2011**
Total net profit/(loss)	**24,128**	**20,869**	**42,007**
Other comprehensive income:			
Change in fair value of financial instruments	(3,152)	3,651	(7,280)
Deferred tax on fair value of financial instruments	1,085	(1,260)	2,383
Total gains and losses recognised directly in equity	(2,067)	2,391	(4,897)
Comprehensive income for the period	**22,061**	**23,260**	**37,110**
Attributable to equity holders of the parent	22,085	23,056	36,603
Attributable to minority interests	(24)	204	507

3. Statement of financial position

In thousands of euros	Notes	30/06/2012	31/12/2011
ASSETS			
Goodwill	4.1	428,586	418,670
Intangible assets	4.2	646,558	643,713
Property, plant and equipment	4.3	395,358	367,944
Shares in associates		2,193	2,257
Other financial assets	4.4	18,459	22,478
Available-for-sale financial assets		343	1,100
Deferred tax assets	4.16	2,382	2,365
Other non-current assets		24	24
Derivative financial instruments	4.5	1	3
Total non-current assets		**1,493,905**	**1,458,556**
Inventory and work-in-progress		2,462	2,100
Trade receivables	4.6	42,220	41,783
Tax assets		0	2,685
Other receivables	4.6	54,706	32,312
Other current assets		10,841	15,334
Cash and cash equivalents	4.7	132,915	163,794
Total current assets		**243,145**	**258,007**
Total non-current assets and disposal groups held-for-sale	4.8	15,699	24,898
Total assets		**1,752,749**	**1,741,460**

In thousands of euros	Notes	30/06/2012	31/12/2011
LIABILITIES			
Share capital		18,653	18,653
Additional paid-in capital		488,152	490,853
Treasury shares		(2,150)	(1,928)
Other reserves		0	0
Net profit attributable to equity holders of the parent		24,152	41,501
Retained earnings		117,013	87,290
Total equity attributable to equity holders of the parent		**645,820**	**636,370**
Profit attributable to minority interests		(24)	507
Retained earnings attributable to minority interests		3,147	3,762
Total equity		**648,943**	**640,638**
Long-term debt	4.10	568,985	574,747
Employee benefit obligations		7,305	6,924
Shares in associates		0	1,453
Other provisions	4.9	12,823	13,045
Deferred tax assets	4.16	236,435	231,063
Derivative financial instruments		0	0
Other non-current liabilities		26,201	24,362
Total non-current liabilities		**851,748**	**851,593**
Long-term debt	4.10	28,906	25,972
Employee benefit obligations		1,068	1,068
Trade payables	4.11	66,730	71,482
Other payables	4.11	127,126	103,813
Other provisions		406	442
Derivative financial instruments	4.5	10,638	7,486
Current taxes		1,485	14,068
Total current liabilities		**236,359**	**224,331**
Total liabilities on non-current assets and disposal groups held-for-sale	4.8	15,699	24,898
Total liabilities		**1,752,749**	**1,741,460**

4. CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	6-month period		12 months
	30/06/2012	**30/06/2011**	**31/12/2011**
Net profit/(loss)	24,128	20,869	42,007
Adjustments for profit or losses from associates	(66)	200	395
Adjustments for depreciation, amortisation, impairment losses and provisions	11,830	12,603	28,532
Adjustments for fair value	(499)	1,109	2,051
Adjustments for gains or losses on disposal and dilution	(11,027)	(9,764)	(19,353)
Adjustments for dividend income	(2)	(23)	(13)
Cash flow after cost of net debt and tax	**24,364**	**24,994**	**53,620**
Adjustments for security acquisition cost	358	1,654	2,625
Adjustments for tax expense	16,023	9,643	22,586
Adjustments for net finance costs	9,001	8,836	18,907
Cash flow before cost of net financial debt and tax	**49,746**	**45,126**	**97,738**
Change in working capital requirements	(7,166)	(4,953)	(7,748)
Income tax paid	(17,382)	(3,018)	(8,856)
Net cash from operating activities	**25,198**	**37,156**	**81,135**
Impact of changes in scope of consolidation	(5,381)	(65,075)	(106,634)
Increase in property, plant and equipment	(56,494)	(45,586)	(99,016)
Increase in intangible assets	(3,963)	(1,682)	(3,423)
Increase in financial assets	0	(0)	(91)
(Increase)/decrease in loans and advances	460	(245)	(379)
Proceeds from disposal of property, plant and equipment and intangible assets	30,994	44,386	80,671
Disposal of financial assets	785		
Dividend income	133	23	13
Net cash used in investing activities	**(33,466)**	**(68,179)**	**(128,860)**
Capital increase	0	0	0

Treasury shares	(223)	(104)	(458)
Issuance of debt	0	95,551	95,785
Repayment of debt	(7,718)	(10,449)	(21,500)
Net interest paid	(8,608)	(8,807)	(19,289)
Repayment of derivative financial instruments	0	(4,735)	(4,735)
Dividends paid to shareholders	0	(4,782)	(4,782)
Dividends paid to minority shareholders of subsidiaries	0	0	(485)
Net cash used in financing activities	**(16,549)**	**66,674**	**44,537**
Change in cash & equivalents	**(24,817)**	**35,651**	**(3,189)**
Net cash and cash equivalents at beginning of year	126,833	130,022	130,022
Closing cash position[2]	102,016	165,674	126,833
Change in cash & equivalents	**(24,817)**	**35,651**	**(3,189)**

[2]See note 4.7

5. Statement of changes in consolidated equity

In thousands of euros	No. of shares	Share capital	Additio-nal paid-in capital	Consolidated reserves	Consolida-ted profit/(loss)	TOTAL	Attribu-table to Equity holders of the parent	Attribu-table to Mino-rity inte-rests
Equity as of 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**		
Change in scope				**(841)**		**(841)**	**58**	**(899)**
Dividends paid			(4,782)	(335)		(5,117)	(4,782)	(335)
Treasury shares				(458)		(458)	(458)	
Transactions with owners		**0**	**(4,782)**	**(793)**	**0**	**(5,575)**	**(5,240)**	**(335)**
Comprehensive income for the period				**(4,897)**	**42,007**	**37,110**	**36,603**	**507**
Equity as of 31/12/2011	**47,904,187**	**18,653**	**490,862**	**89,115**	**42,007**	**640,638**	**636,369**	**4,269**

In thousands of euros	No. of shares	Share capital	Additio-nal paid-in capital	Consolidated reserves	Consoli-dated profit/(loss)	TOTAL	Attribu-table to Equity holders of the parent	Attribu-table to Minority interests
Equity as of 31/12/2011	**47,904,187**	**18,653**	**490,862**	**89,115**	**42,007**	**640,638**	**636,369**	**4,269**
Appropriation of net profit/(loss) for the previous period				**42,007**	**(42,007)**	**0**	**0**	**0**
Change in scope				**(1,122)**		**(1,122)**	**0**	**(1,122)**
Dividends paid			(2,710)	(9,702)		(12,412)	(12,412)	
Treasury shares				(222)		(222)	(222)	
Transactions with owners			**(2,710)**	**(9,924)**		**(12,634)**	**(12,634)**	**0**
Comprehensive income for the period				**(2,067)**	**24,128**	**22,061**	**22,085**	**(24)**
Equity as of 30/06/2012	**47,904,187**	**18,653**	**488,152**	**118,009**	**24,128**	**648,943**	**645,820**	**3,123**

The parent company paid out a total of €12.4 million to shareholder, equal to €0.26 per share.

6. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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MEDICA SA ("the Company") and its subsidiaries ("the MEDICA group") 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 sectors:

- The **long-term care sector**, **France** and **Italy**: nursing and residential care homes for the elderly, providing long-term care for the dependent elderly; and
- The **post-acute and psychiatric care sector:** post-operative care and rehabilitation services, including physical medicine, as well as facilities specialised in psychiatric services, to provide short-term dependency care.

MEDICA SA is the holding company of the MEDICA group, a French company, headquartered at 39 rue du Gouverneur Général Félix Éboué, Issy-les-Moulineaux (92).

These condensed interim consolidated financial statements were approved by the Board of Directors on 10 September 2012.

1. Significant events during the period

- ***Growth of the business***

The MEDICA group, a leading player in the French long-term and short-term dependency care market, recorded a strong increase in its business during the first half of 2012 in both of its business sectors, with a 16.1% increase in revenue and 9.8% organic growth.
During the first half of 2012, out of the 3,122 beds identified in the organic growth pool as of 1 January 2012, 606 were integrated and are in the process of being put into operation and 249 restructured beds were delivered.

As of 30 June 2012, Medica had a portfolio of 16,215 beds in operation at 213 facilities:

- Long-term care: 11,493 beds and 148 facilities
- Post-acute and psychiatric care, France: 2,617 beds and 38 facilities
- Italy: 2,105 beds and 27 facilities

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 interim consolidated financial statements as of 30 June 2012 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 as of 31 December 2011.

2.2. New standards and interpretations adopted

The primary 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 2011 consolidated financial statements, with the exception of income tax, which undergoes an evaluation in accordance with IAS 34. The new standards and interpretations mandatory for periods beginning on or after 1 January 2012 have been applied by the Group and did not impact the financial statements as of 30 June 2012.

Standards, amendements or interpretations	**Dates published in the OJUE**	**Application dates: periods beginning on or after:**
Amendment to IFRS 7 "Transfers of Financial Assets"	23 November 2011	1 July 2011
Amendments to IAS 19 "Employee Benefits"	6 June 2012	1 January 2013
Amendments to IAS 1 "Presentation of other items of comprehensive income (OCI)"	6 June 2012	1 July 2012

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 as of 1 January 2012. However, the MEDICA group is in the process of analysing and adapting the IAS 19 Amendment to the Group's consolidated financial statements.

Accounting standards, interpretations or amendments not yet adopted by the European Union as of 30 June 2012

Standards, amendments or interpretations	Dates published by the IASB	Application dates: periods beginning on or after
IFRS 9 "Financial Instruments - Phase 1: Classification and Measurement"	12 November 2009, 28 October 2010 and 16 December 2011	1 January 2015
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	20 December 2010	1 January 2012
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 IFRS 1 “Severe Hyperinflation - Elimination of the Firm Application Dates for First-Time Adoption”	20 December 2010	1 July 2011
Amendments to IFRS 7 “Additional Information: Off-Setting Financial Assets and Liabilities”	16 December 2011	1 January 2013
Amendments to IFRS 32 “Off-Setting Financial Assets and Liabilities”	16 December 2011	1 January 2014
Amendments to IFRS 1 “Public Subsidies”	13 March 2012	1 January 2013
Annual improvements to IFRS - 2009-2011 Cycle	17 May 2012	1 January 2013
Application guide - Amendments to IFRS 10, IFRS 11, and IFRS 12	28 June 2012	1 January 2013
IFRIC 20 Interpretation “Stripping Costs in the Production Phase of a Surface Mine”	19 October 2011	1 January 2013

The MEDICA group is currently analysing these new standards. It 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-month period		
	30/06/2012	30/06/2011	30/06/2010
Revenue			
Long-term care	221,080	182,809	160,815
Post-acute and psychiatric care	89,505	79,772	71,641
Italy	38,399	38,077	26,632
Total	**348,984**	**300,658**	**259,088**
EBITDAR			
Long-term care	56,811	46,971	41,891
Post-acute and psychiatric care	25,027	21,756	18,263
Italy	9,430	9,466	6,609
Total EBITDAR	**91,268**	**78,193**	**66,763**
Rental expense	**(34,690)**	**(28,698)**	**(23,440)**
EBITDA	**56,578**	**49,495**	**43,323**

EBITDAR corresponds to EBITDA before rental expenses.

In thousands of euros	30/06/2012	31/12/2011
Assets		
Long-term care	1,184,463	1,181,220
Post-acute and psychiatric care	430,834	425,566
Italy	137,452	134,675
Total	**1,752,749**	**1,741,460**

4. Notes to the financial statements as of 30 June 2012

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 as of 31 December 2011	**272,696**	**109,340**	**36,633**	**418,670**
Business combinations	6,952	0	0	6,952
Contingent consideration	2,964		0	2,964
Net goodwill as of 30 June 2012	**282,611**	**109,340**	**36,634**	**428,586**

Goodwill from companies acquired during the period has been determined provisionally. It 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 as of 31 December 2011	**637,897**	**2,438**	**442**	**2,936**	**643,713**
Newly-consolidated companies	0	334	0	0	334
Acquisitions	254	562	49	1,943	2,808
Disposals	0	0	0	0	0
Transfers of intangible assets in progress	0	1,350	0	(1,095)	255
Amortisation and depreciation expense	0	(540)	(13)	0	(553)
Reclassification	0	0	0	0	0
Carrying amount as of 30 June 2012	**638,151**	**4,144**	**478**	**3,785**	**646,558**
Acquisition cost	638,151	9,271	606	3,785	651,813
Accumulated amortisation		(5,127)	(128)		(5,255)
Carrying amount as of 30 June 2012	**638,151**	**4,144**	**478**	**3,785**	**646,558**

As of 30 June 2012, the Group has performed asset impairment tests which have resulted in some signs of impairment being identified. These did not result in depreciation of operating permits.

4.3. Property, plant and equipment

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

In thousands of euros	Land and buildings	Vehicles, equipment and tools	Other property, plant and equipment	Down-payments	Property, plant and equipment in progress	Total
Carrying amount as of 31 December 2011	**274,391**	**14,793**	**35,392**	**978**	**42,390**	**367,944**
Newly-consolidated companies	334	100	669	0	2	1,105
Acquisitions	8,644	3,186	6,349	0	32,840	51,019
Disposals	(4,759)	0	(16)	0	(16,696)	(21,471)
Reclassification	(2,529)	56	447	0	10,700	8,674
Amortisation and depreciation expense	(6,171)	(2,092)	(3,650)	0	0	(11,913)
Carrying amount as of 30 June 2012	**269,910**	**16,043**	**39,191**	**978**	**69,236**	**395,358**
Acquisition cost	381,934	45,665	97,134	978	69,236	594,947
Accumulated amortisation	(112,024)	(29,622)	(57,943)	0	0	(199,589)
Carrying amount as of 30 June 2012	**269,910**	**16,043**	**39,191**	**978**	**69,236**	**395,358**

Reclassification of €9 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	30/06/2012	31/12/2011
Land and buildings		
Acquisition cost	218,778	218,778
Accumulated amortisation	(56,808)	(53,800)
Carrying amount	**161,970**	**164,978**
Vehicles, equipment and tools		
Acquisition cost	4,462	3,700
Accumulated amortisation	(1,495)	(1,190)
Carrying amount	**2,967**	**2,510**

4.4. Other financial assets

In thousands of euros	6-month period 30/06/2012	12-month period 31/12/2011
Advances on acquisitions of consolidated securities	39	39
Advance rents	76	74
Security deposits	18,326	18,784
Cash advances	17	3,581
Other non-current financial assets	**18,459**	**22,478**

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 (deferred start date of January 2011) at a fixed interest rate of 1.635% and 1.75%, and a swap purchased in May 2011 (deferred start date of August 2011) at a fixed interest rate of 1.625%, as hedges of variable-rate financial liabilities. The swaps have been accounted for as cash flow hedges. These swaps mature on

31 December 2013, 30 June 2014 and 18 August 2014 and represent nominal amounts of €100 million, €250 million and €130 million, respectively.

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 are not documented as hedging. Changes in fair value are therefore recognised in net finance costs.

In thousands of euros			Fair value on the balance sheet				Recognition of changes		
Type of contract	Notional (in millions of euros)		30/06/2012		31/12/2011		30/06/2012		
	30/06/2012	31/12/2011	Assets	Liabilities	Assets	Liabilities	In income	In equity	Cash and cash equivalents
SWAP	480	480	0	10,638	0	7,486	0	3,152	0
Caps	500	500	1		3	0	(2)	0	0
Derivative financial instruments			**1**	**10,638**	**3**	**7,486**	**(2)**	**3,152**	**0**

There is no impact on cash and cash equivalents.

4.6. Trade and other receivables

In thousands of euros	30/06/2012	31/12/2011
Trade receivables	**42,220**	**41,783**
Progress payments and instalments paid	7,609	4,451
Current account assets	636	229
Tax liabilities excluding corporate tax	18,463	11,079
Debt obligations for personnel and social organisations	2,918	2,081
Other receivables	26,032	15,422
Depreciation on other receivables and interest accrued	(951)	(951)
Other receivables	**54,706**	**32,312**

The increase in "Other receivables" is due in particular to receivables on disposals of fixed assets, training materials as well as allocation for medical care to be received.

4.7. Cash and cash equivalents

In thousands of euros	30/06/2012	31/12/2011
Short-term accounts	73,000	20,000
Money market funds	3,598	67,185
Pooled cash and debit accounts	56,317	76,609
Cash and cash equivalents	**132,915**	**163,794**
Bank overdrafts and advances[3]	(30,899)	(36,961)
Net cash and cash equivalents	**102,016**	**126,833**

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.

[3] of which 15.7 million in 2012 reclassified as liabilities associated with an asset Group held for sale

4.8. 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 no more than 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. As of 30 June 2012, a total amount of almost €16 million in non-current assets was classified on the balance sheet as held for sale. The liabilities associated with these assets were reclassified as liabilities held for sale.

Impact of the application of IFRS 5 on the financial statements (in thousands of euros)	30/06/2012	Available for sale assets
Assets held for sale	15,699	15,699
Liabilities held for sale	15,699	15,699

4.9. Other non-current provisions

Other non-current provisions are as follows:

In thousands of euros	Social	Restructuring	Other	Total
As of 31 December 2011	**2,492**	**2,123**	**8,429**	**13,045**
- Increase in provisions	542	400	33	975
- Reversals (unused)	(623)	(616)	(466)	(1,705)
- Changes in scope	26	0	482	508
As of 30 June 2012	**2,437**	**1,907**	**8,478**	**12,823**

4.10. Long-term debt

In thousands of euros	30/06/2012	31/12/2011
Bank loans	568,575	574,337
Other financial liabilities	410	410
Total long-term debt	**568,985**	**574,747**
Bank loans	13,697	13,876
Other financial liabilities	0	0
Accrued interest on loans	9	32
Bank overdrafts and advances	15,200	12,064
Total short-term debt	**28,906**	**25,972**
Total long-term and short-term debt	**597,891**	**600,719**

In June 2012, finance leases mainly comprised agreements under the sale and leaseback arrangements entered into in December 2010.

All borrowings from credit institutions are guaranteed or secured by other collateral.

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

ANALYSIS OF DEBT:

The debt mentioned above can be analysed as follows:

In thousands of euros	Nominal interest rate (%)	30/06/2012	31/12/2011	Maturity
Syndicated loans				
€450 million loan	1m Euribor + 1.65%	442,704	441,699	2016
Accrued interest on loans		10	66	
Other financial liabilities				
Finance leases	Fixed and variable rate	123,157	128,028	2022
Other bank loans	Fixed and variable rate	16,820	18,861	
Bank overdrafts and advances		15,200	12,063	
Total bank loans and financial liabilities		**597,891**	**600,719**	

NET FINANCIAL 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	30/06/2012	31/12/2011
Total bank debt and financial liabilities	597,891	600,719
- Cash and cash equivalents	(132,915)	(163,794)
- Financial assets	0	(3,563)
Net debt	**464,976**	**433,362**

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.

The Group must therefore comply with the following financial covenants as of 30 June 2012:

The adjusted leverage ratio* has been set at 4.5 until June 2013 and will gradually decline from then on.

*Leverage = (Net debt – property debt) / (EBITDA – (6,5% x property 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 bank borrowings and other financial liabilities	1,762	450,123	7,649	459,535
Finance leases	10,049	40,075	73,032	123,157
Bank overdrafts and advances	15,200			15,200
Total bank loans and financial liabilities	**27,011**	**490,198**	**80,682**	**597,891**

4.11. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

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

In thousands of euros	30/06/2012	31/12/2011
Trade payables	**66,730**	**71,482**
Tax and social security liabilities	79,665	63,351
Down payments received	7,340	8,959
Amounts payable to suppliers of non-current assets	14,149	20,067
Dividends to pay	12,412	0
Other current liabilities	7,447	5,620
Prepaid income	6,114	5,816
Other payables	**127,126**	**103,813**

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

The distribution of dividends decided on by the Combined General Meeting on 26 June 2012 was paid on 4 July 2012.

4.12. EXTERNAL CHARGES

In thousands of euros	6-month period	
	30/06/2012	30/06/2011
Temporary staff	(1,087)	(949)
Professional fees	(7,081)	(6,417)
Rental expense	(34,690)	(28,698)
Equipment rental expenses	(3,859)	(3,255)
Maintenance and upkeep	(4,218)	(3,281)
Subcontracting	(31,751)	(30,363)
Purchases not taken to inventory	(7,724)	(6,817)
Other	(6,953)	(5,903)
External charges	**(97,364)**	**(85,683)**

4.13. EMPLOYEE BENEFITS EXPENSE

In thousands of euros	6-month period	
	30/06/2012	30/06/2011
Wages, salaries and termination benefits	(114,050)	(97,936)
Social security charges	(45,921)	(38,738)
Retirement expenses -- defined-benefit plans and long-service awards	(224)	(228)
Employee benefits expenses	**(160,195)**	**(136,902)**
End-of-year workforce (full-time equivalent)		
France	8,966	7,900
Abroad	141	131
Total Workforce	**9,107**	**8,031**

4.14. NON-RECURRING OPERATING INCOME AND EXPENSES

In thousands of euros	6-month period	
	30/06/2012	30/06/2011
Carrying amount of property, plant and equipment and intangible assets sold	(26,412)	(34,622)
Facility restructuring costs	(4,806)	(4,657)
Non-recurring operating expense	(2,286)	(1,793)
Business combinations	0	(95)
Non-recurring operating expense	**(33,504)**	**(41,166)**
Proceeds from the sale of property, plant and equipment and intangible assets	35,935	44,386
Previously held equity investments stated at fair value	1,728	
Non-recurring operating income	989	279
Non-recurring operating income	**38,652**	**44,665**

4.15. Financial result

In thousands of euros	6-month period 30/06/2012 Expenses	30/06/2012 Income	30/06/2011 Expenses	30/06/2011 Income
Interest expense on borrowings	(4,433)		(4,940)	
Interest on finance leases	(1,678)	0	(2,140)	0
Income and expense relating to interest-rate hedges	(1,549)		(1,631)	
Impact of amortised cost on borrowings	(1,526)		(1,025)	
Cost of gross debt	**(9,186)**	**0**	**(9,736)**	**0**
Proceeds from the sale of cash equivalents		187		70
Cost of net debt	**(9,186)**	**187**	**(9,736)**	**70**
Financial component of the cost of employee benefit plans	(164)	8	(154)	
Non-utilisation fees	(509)		(385)	
Discounting effects	(21)		(30)	
Change in fair value of financial instruments	(2)		(280)	
Impairment of financial assets	0		0	
Other financial expense	(30)		(194)	
Other financial income		233		94
Finance costs and financial income	**(726)**	**241**	**(1,043)**	**94**
Financial result	**(9,912)**	**428**	**(10,779)**	**165**
Net finance costs	**(9,484)**		**(10,614)**	

4.16. INCOME TAX EXPENSE

In accordance with IAS 34, the interim income tax expense was recognised by applying the effective tax rate for 2012 to interim accounting income before tax.

ANALYSIS OF INCOME TAX EXPENSE

In thousands of euros	6-month period	
	30/06/2012	30/06/2011
Current tax expense	(7,912)	(2,127)
Deferred tax income or expense	(8,111)	(7,502)
Income tax expense	**(16,023)**	**(9,629)**

DEFERRED TAX ASSETS RECOGNISED ON THE BALANCE SHEET

Changes in net deferred taxes are shown below:

In thousands of euros	30/06/2012	31/12/2011
Opening balance	**(228,697)**	**(189,478)**
Change in scope	1,631	(32,978)
Income tax expense recognised in the income statement	(8,111)	(3,065)
Income tax expense recognised directly in equity or goodwill	1,124	(3,177)
Closing balance	**(234,053)**	**(228,697)**

The effective tax rate, including the CVAE expense, amounted to 39.97% as of 30 June 2012, versus 34.75% as of 31 December 2011.

4.17. Earnings per share

Earnings per share (in euros)	30/06/2012	30/06/2011
Earnings attributable to equity holders of the parent (in thousands of euros)	24,152	20,665
Weighted average number of shares	47,750,600	47,796,180
Earnings per share (in euros)	**0.51**	**0.43**

Diluted earnings per share (in euros)	30/06/2012	30/06/2011
Diluted earnings, attributable to equity holders of the parent (in thousands of euros)	24,152	20,665
Weighted average number of shares	47,750,600	47,796,180
Dilutive impact of bonds	0	0
Dilutive impact of preferred shares in issue	0	0
Diluted earnings per share (in euros)	**0.51**	**0.43**

4.18. Off-balance sheet commitments

- **Commitments under operating lease agreements involving operational care facilities:**

(not discounted)

In thousands of euros	30/06/2012
Less than one year	73,117
Between one and five years	259,501
More than five years	220,253
Minimum future payments for operating leases	**552,871**

- **COMMITMENTS UNDER OPERATING LEASES FOR CARE FACILITIES UNDER CONSTRUCTION:**

(not discounted)

In thousands of euros	30/06/2012
Less than one year	3,219
Between one and five years	15,458
More than five years	26,581
Minimum future payments for operating leases	**45,258**

Other off-balance sheet commitments have not changed significantly since 31 December 2011, in particular those relating to:

- Guarantees following debt restructuring;
- Capital expenditure commitments.

4.19. RELATED-PARTY TRANSACTIONS

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

4.20. MAIN ITEMS OF THE STATEMENT OF CASH FLOWS

IMPACT OF THE CHANGE IN WORKING CAPITAL REQUIREMENT

In thousands of euros	30/06/2012	30/06/2011
Change in inventories and work in progress	(79)	(30)
Change in trade receivables	(42)	(3,618)
Change in trade payables	(6,351)	(3,104)
Change in other receivables and payables	(694)	1,799
Change in working capital requirements	**(7,166)**	**(4,953)**

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT (BREAKDOWN)

In thousands of euros	30/06/2012	30/06/2011
Acquisitions of property, plant and equipment (see note 4.3)	(51,019)	(43,171)
Assets acquired via a lease contract	762	1,400
Exercise of CBI option	0	0
Capitalisation of borrowing costs (IAS 23)	1,109	553
Reclassification between intangible assets and property, plant & equipment	0	0
Change in payables relating to acquisitions of property, plant and equipment	(7,346)	(4,368)
Additions to property, plant and equipment	**(56,494)**	**(45,586)**

4.21. Subsequent events

The Group continued with its growth strategy after the balance sheet date of 30 June 2012.

5. SCOPE OF CONSOLIDATION

5.1. CHANGES IN THE SCOPE OF CONSOLIDATION FOR THE PERIOD

Taking into account the two simplified mergers by way of a full asset and liability transfer which took place during the first half of the year, as of 30 June 2012, the scope of consolidation in addition to the parent company Medica SA, includes 143 fully-consolidated companies (140 facilities as of 31 December 2011) and one company consolidated by the equity method (two as of 31 December 2011).

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	343	343
Property, plant and equipment	0	1,105	1,105
Other non-current financial assets	0	8	8
Available-for-sale financial assets	0	0	0
Deferred tax assets	0	1,769	1,769
Non-current assets	**0**	**3,225**	**3,225**
Inventories	0	12	12
Trade receivables	0	395	395
Current tax receivables	0	0	0
Other receivables	0	42	42
Other current assets	0	40	40
Current assets	**0**	**490**	**489**
Net profit/(loss) attributable to equity holders of the parent	0	-359	-359
Minority interests	0		0
LIABILITIES	0		-359
Borrowings	0	36	36
Retirement provisions and other benefits	0	1	1
Deferred tax liabilities	0	138	138
Other non-current liabilities	0	192	192
Total non-current liabilities	**0**	**367**	**367**
Short-term debt	0	6	6
Other short-term provisions	0	501	501
Trade payables	0	1,674	1,674
Other payables	0	3,486	3,486
Current tax liabilities	0	0	0
Other current liabilities	0	0	0
Total current liabilities	**0**	**5,667**	**5,667**
NET ASSETS	**0**	**-1,960**	**-1,960**

In thousands of euros	Italy	France	Total
Impact of changes in the scope of consolidation on cash and cash equivalents			
Cash and cash equivalents acquired		275	275
Cash paid for acquisitions		(4,623)	(4,623)
Sale price of consolidated securities		0	0
Net cash outflow arising on acquisitions	**0**	**(4,347)**	**(4,347)**
Other cash outflows arising on entries into the scope of consolidation		(1,034)	(1,034)
Impact of changes in the scope of consolidation on cash and cash equivalents	**0**	**(5,382)**	**(5,382)**
Intangible assets			
Operating permits	0	0	0
Other intangible assets	0	0	0
Intangible assets excluding goodwill	**0**	**0**	**0**
Goodwill	0	9,916	9,916
Badwill		0	0
Intangible assets including goodwill	**0**	**9,916**	**9,916**

5.3. Scope of consolidation as of 30 June 2012

Consolidated companies	Currency	30/06/2012		
		Method	% control	% interest
SA MEDICA	€	FC	Parent	-
SA SFM (ex-MEDICA)	€	FC	100	100
AETAS S.P.A.	€	FC	100	100
Il FAGGIO Srl	€	FC	100	100
RESIDENZA I PLATANI Srl	€	FC	100	100
I ROVERI Srl	€	FC	100	100
CROCE DI MALTA Srl	€	FC	100	100
Il CASTAGNO Srl	€	FC	90	90
LE PALME Srl	€	FC	100	100
I GIRASOLI Srl	€	FC	95	95
VILLA ANTEA Srl	€	FC	95	95
GLI OLEANDRI Srl	€	FC	95	95
CARE SERVICE Srl	€	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
LAETITIA SPA	€	FC	100	100
EOS Srl	€	FC	100	100
MEC Srl	€	FC	100	100
RESIDENZA FORMIGINE Srl	€	FC	75	75
CERTOSA DI PAVIA Srl	€	FC	100	100
MAGNOLIE Srl	€	FC	100	100
SA MEDICA France	€	FC	100	100
SAS CLINIQUE DE SANTE MENTALE SOLISANA	€	FC	100	100
SAS CLINIQUE DU VAL DE SEINE	€	FC	99.85	99.85
SARL CLINIQUE LES ALPILLES	€	FC	100	100
SARL CLINIQUE DU MONT VENTOUX	€	FC	100	100

SAS CLINIQUE LES LILAS	€	FC	100	100
SARL CLINIQUE DE SANTE MENTALE DU GOLFE	€	FC	100	100
SAS CLINIQUE ALMA SANTE	€	FC	100	100
SAS CLINIQUE DU CHATEAU DE MORNAY	€	FC	100	100
SAS CLINIQUE SAINTE COLOMBE	€	FC	100	100
SARL CLINIQUE LA CONDAMINE	€	FC	100	100
SAS CLINIQUE DE SANTE MENTALE DE MONTROND LES BAINS	€	FC	100	100
SARL CLINIQUE DE SANTE MENTALE VILLA BLEUE	€	FC	100	100
SARL CLINIQUE MAISON BLANCHE	€	FC	100	100
SAS CLINIQUE MONTJOY	€	FC	100	100
SAS CLINIQUE DE SANTE MENTALE DE PIETAT	€	FC	100	100
SA CLINIQUE DE SANTE MENTALE SAINT MAURICE	€	FC	100	100
SAS CLINIQUE LA PALOUMERE	€	FC	100	100
SAS CLINIQUE LA VARENNE	€	FC	100	100
SAS CLINIQUE DE MONTVERT	€	FC	100	100
SAS CLINIQUE LA ROSERAIE	€	FC	100	100
SARL CLINIQUE LE CLOS DE BEAUREGARD	€	FC	100	100
SAS CLINIQUE DU CHAMBON	€	FC	100	100
SAS CLINIQUE LES BRUYERES	€	FC	100	100
SAS LES JARDINS D'HESTIA	€	FC	99.92	99.92
SARL GMR	€	FC	100	100
SAS AUBERGERIE DE QUINCY	€	FC	91.78	91.78
SAS AUBERGERIE DU 3E AGE	€	FC	91.78	91.78
SARL RESIDENCE DES PINS	€	FC	100	100
SAS LES QUATRE TREFLES	€	FC	99.93	99.93
SAS GASTON DE FOIX	€	FC	100	100
SNC TOPAZE	€	FC	100	100
SARL RESIDENCE DE CHAINTREAUVILLE	€	FC	96	96
SAS DLS GESTION	€	FC	96.67	96.67
SARL LA FONTAINE BAZEILLE	€	FC	100	100
SAS RESIDENCE LES SANSONNETS	€	FC	100	100
SAS LES TERRASSES DU XXEME	€	FC	100	100
SAS RESIDENCE LES MATHURINS	€	FC	100	100
SAS LE VAL D'ESSONNE	€	FC	100	100

SARL MAISON DE RETRAITE LES GARDIOLES	€	FC	100	100
SARL LA PAQUERIE	€	FC	100	100
SARL LA COLOMBE	€	FC	100	100
SARL LES TAMARIS	€	FC	100	100
SARL RESID'GEST	€	FC	100	100
SARL RA DE LAXOU	€	FC	100	100
SARL RA DES SABLES	€	FC	100	100
SARL RA DE LYON GERLAND	€	FC	100	100
SARL RA DU MANS	€	FC	100	100
SAS LE MOLE D'ANGOULINS	€	FC	100	100
SAS RA DE NEUVILLE ST REMY	€	FC	100	100
SARL MAISON DE RETRAITE SOULAINES	€	FC	100	100
SAS DOMAINE DES TROIS CHEMINS	€	FC	100	100
SAS LE MONT SOLEIL	€	FC	100	100
SARL RESIDENCE BELLEVUE	€	FC	100	100
SARL RESIDENCE AGAPANTHE	€	FC	100	100
SARL RESIDENCE LA GRANDE PRAIRIE	€	FC	100	100
SARL RESIDENCE PIN BALMA	€	FC	100	100
SARL LE HAMEAU DE PRAYSSAS	€	FC	100	100
SAS LE HAMEAU DE LA SOURCE	€	FC	100	100
SAS RESIDENCE CLAUDE DEBUSSY	€	FC	100	100
SARL LES OLIVIERS	€	FC	100	100
SAS MAISON DE RETRAITE LE CHALET	€	FC	100	100
SARL LA CAMPAGNARDE	€	FC	100	100
SARL DU CHATEAU	€	FC	100	100
SAS SANTEL	€	FC	100	100
SARL BUEIL	€	FC	100	100
SAS RESIDENCE DE L'ABBAYE	€	FC	100	100
SAS LA VALLEE BLEUE	€	FC	100	100
SAS LES CIGALES	€	FC	100	100
SAS LES TOURELLES	€	FC	100	100
SAS LA DETENTE	€	FC	100	100
SAS LE FLORE	€	FC	100	100
SAS SAINT FRANCOIS DU LAS	€	FC	100	100

SARL MAISON DE RETRAITE LES ALYSSES	€	FC	100	100
SAS LA VILLA DU CHÊNE D'OR	€	FC	100	100
SAS LA VILLA DU PARC	€	FC	100	100
SAS LE CLOS VERMEIL	€	FC	100	100
SAS RELAIS TENDRESSE SAINTE MARGUERITE	€	FC	100	100
SARL LE DOMAINE DE COLLONGUES	€	FC	100	100
SARL MEDI-SAISONS	€	FC	100	100
DOYENNE DE LANGON	€	FC	100	0
SARL LUBERON SANTE	€	FC	100	100
SARL INVAMURS	€	FC	100	100
SARL INSTITUT DES BONNES PRATIQUES	€	FC	100	100
SAS SOCEFI	€	FC	100	100
SAS JPC CONSULTANT	€	FC	100	100
SAS FINANCIERE DE LETRETTE	€	FC	100	100
SAS GROUPE PASTHIER	€	FC	100	100
SARL PASTHIER PROMOTION	€	FC	100	100
SCI CHAMBERY JORCIN	€	FC	100	100
SCI BRUAY SUR ESCAUT	€	FC	100	100
SCI SAINT GEORGES DE DIDONNE	€	FC	100	100
SCI DE LAXOU MAXEVILLE	€	FC	51	51
SCI DES SABLES	€	FC	100	100
SCI DE LYON-GERLAND	€	FC	100	100
SCI SAINT-MALO	€	FC	100	100
SCI DU MANS	€	FC	100	100
SCI D'ARS EN RE	€	FC	100	100
SCI PIERRE DEBOURNOU	€	FC	99.8	99.8
SCI DE LA RUE BICHAT	€	FC	100	100
SCI CENTRE DE CONVALESCENCE DE NEUVILLE	€	FC	100	100
SCI CENTRE MEDICAL LES ALPILLES	€	FC	100	100
SCI DU BOIS HAUT	€	FC	100	100
SCI VALMAS	€	FC	100	100
SCI ALMA SANTE	€	FC	100	100
SCI SAINT MAURICE	€	FC	100	100
SCI LA PALOUMERE	€	FC	100	100

SCI LA VARENNE	€	FC	100	100
SCI LA ROSERAIE	€	FC	100	100
SOCIETE CIVILE IMMOBILIERE DE MONTVERT	€	FC	100	100
SCCV BAZEILLE DEVELOPPEMENT	€	FC	100	100
SCI SUO TEMPORE	€	FC	100	100
SCI LES TROIS CHEMINS	€	FC	100	100
SARL DU PRE DE LA GANNE	€	FC	100	100
SCI SYR IMMOBILIER	€	FC	100	100
SARL LE BOIS DU CHEVREUIL	€	FC	100	100
SAS ALEXMAR	€	FC	100	100
SNC IMMOBILIERE DE DINARD	€	FC	100	100
SAS MS FRANCE	€	FC	60	60
SAS HAD France	€	FC	52	52
SCI SSR MONTFAVET	€	EM	32.7	32.7

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Statutory Auditors' Report

MEDICA

Registered office: 39 rue du Gouverneur Général Félix Éboué
92130 Issy-les-Moulineaux
Limited company (Société Anonyme) with share capital of €18,653,467
Siret No.: 421 896 408

Statutory Auditors' Report on the Interim Financial Information

Period from 1 January 2011 to 30 June 2012

CONSTANTIN ASSOCIES
MEMBER OF DELOITTE TOUCHE TOHMATSU

MAZARS

Statutory Auditors' Report on the interim financial information

Dear 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 interim consolidated financial statements of MEDICA, for the period from 1 January to 30 June 2012,
- 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.

I. 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, any assurance that the accounts, as a whole, do not contain any material misstatements, obtained as part of a review, is a moderate assurance, and less than that which might be obtained from 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.

II. 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.

Signed in Neuilly-sur-Seine and Courbevoie on 10 September 2012

The Statutory Auditors

CONSTANTIN ASSOCIES

Jean-Paul Séguret

MAZARS

Denis Grison

4 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 2012 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, 13 September 2012.

Chairman and Chief Executive Officer

Jacques Bailet

Registered Office

MEDICA

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