

NARRATIVE INTERIM REPORT

Puteaux, 31 August 2007: The ORPEA group, a leading player in long-term care (nursing homes), post-acute care and psychiatric care, today published its narrative financial report on the first half of its 2007 financial year (six months ended 30 June 2007).

Major events in the first half of 2007

ORPEA maintained its development in the first half of 2007, further enhancing the quality of its services for the benefit of its patients and residents.

1- Continuation of the development strategy

ORPEA pursued its assertive but selective development strategy, which involves rapid expansion through acquisitions and organic growth. The strategy is strengthening ORPEA's position in long-term and post-acute care.

ORPEA made a numerous acquisitions in France and pursued its development in Europe.

Organic growth remains one of the group's cornerstones. Organic growth was 11.4% and was driven by:

- the creation of new facilities, either from scratch or through combinations;
- the extension of certain facilities;
- the development of new day-care centres and units specialising in Alzheimer's disease;
- increased volumes and prices.

As at 1st March 2007 (see press release of 13 March 2007), ORPEA's network of facilities had a total of 18,014 beds (14,790 of which operational) across 193 sites, breaking down as follows:

- Long-term care (nursing homes): 14,053 beds across 150 sites, consisting of:
 - 11,446 operational (including 994 undergoing renovation), and 2,607 under construction.
- Post-acute care: 3,961 beds across 43 sites, consisting of:
 - 3,344 operational (including 820 undergoing renovation), and 617 under construction.

On **5 September 2007**, ORPEA will report on events between 1 March 2007 and 1 September 2007, and will provide an update of its network of facilities.

2- Acknowledgement of ORPEA's rigorous Quality policy

ORPEA won the Quality award in the France's *Prix du Management des Ressources Humaines en Santé* (healthcare HR management awards). Many public- and private-sector healthcare organisations are running for these awards, which are organised by Le Quotidien du Médecin and Décision Santé magazines. This award, which was presented at the French Senate, recognises the work done by the ORPEA's Quality department. This department itself delivers every year awards to ORPEA's best facilities, based on two criteria: the proper application of internal procedures and the quality of care provided to residents and patients.

These in-house awards rely on permanent training structures and regular audits. They recognise the work done by all ORPEA staff, whose day-to-day efforts aim to enhance the well-being of patients and residents, in line with procedures that are clearly defined and applied by the Group.

3- Financing and development

In the first quarter, ORPEA obtained a €150m medium-term credit facility from its banking syndicate, specifically earmarked to finance the acquisition of operational facilities.

4- Increased liquidity of ORPEA shares

ORPEA shares were elected to the Paris stock exchange's deferred settlement service (**SRD**) on 27 March 2007.

In conformity with the 14th and 15th resolutions adopted by the 28 June 2007 AGM, a decision was taken to carry out a share split, halving the par value of shares from €2.50 to €1.25.

This operation became effective on 31 July 2007.

The number of shares after the share split was 36,712,394.

Financial information for the first half of 2007

ORPEA's first-half revenue figures once again showed the Group's ability to generate solid organic growth (+11.4%) and strong growth from acquisitions (+17.9%), thanks to its development model. ORPEA's international strategy resulted in a doubling in revenues generated outside France.

Revenues	First-half		
	H1 2007	H1 2006	Change
€ m IFRS			
France <i>% of total revenues</i>	232.1 92.2%	185.4 95.2%	+25.2%
International <i>% of total revenues</i>	19.6 7.8%	9.3 4.8%	+110.9%
Revenues <i>Organic growth</i>	251.7	194.7	+29.3% +11.4%

Revenues rose by 29.3% to €251.7m. International revenues surged by 110.9% to €19.6m, accounting for 7.8 points of this increase.

Detailed first-half results will be published on **26 September 2007**, and will show good performance in all areas, despite the very steady pace of development.

Non-recurring operating profit will include a capital gain on the sale of a property asset that could not be used in the Group's business activities.

Outlook

ORPEA has an excellent visibility with a constant reservoir of future growth currently consisting of around 5,000 beds.

In the months to come, the Group plans to pursue its development strategy in long-term and post-acute care, both in France and elsewhere in Europe, particularly in countries where it already operates such as Belgium, Italy and Spain. This development fits with large-scale and growing requirements for long-term and post-acute care arising from demographic shifts, in a sector that remains highly fragmented in Europe.

As regard the main risks and uncertainties for the Group in the second half of 2007, high visibility on the business activity implies that, to the Group's best knowledge, there is currently no major risk likely to influence the Group's activities.

Next Press Releases:

Update on development: 5th September 2007 before market opening

H1 earnings: 26th September 2007 before market opening

About ORPEA (www.orpea-corp.com): Listed on Euronext Paris since April 2002, and recently promoted to the Deferred Settlement Service, the ORPEA group is a leading player in the Long-Term Care and Post-Acute Care sectors. The Group has a unique network of healthcare facilities, with 18 014 beds (14 790 of them operational) across 193 sites at 1st March 2007, including:

- 14 053 beds: 11 446 operational (including 994 being renovated) + 2 607 under construction, spread across 150 sites for long-term care (nursing homes),
- 3 961 beds: 3 344 operational (including 820 being renovated) + 617 under construction, spread across 43 sites for post-acute care (medium-term clinics and psychiatry).

Listed on Eurolist Compartment A of Euronext Paris - ISIN: FR0000184798

Member of the SBF 120 index and SRD

Reuters: **ORP.PA** - Bloomberg: **ORP FP**



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