INTERIM FINANCIAL REPORT

Period from 1 January 2012 to 30 June 2012, 2012

This financial report has been prepared in accordance with Article L.451-1-2 of the French Monetary and Financial Code and Article L.222-4 of the AMF General Regulations.
It will be distributed in accordance with existing procedures. It is available on the Company's website: www.orpea-corp.com.

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Public limited company ("Société Anonyme") with Board of Directors. Registered capital of €66,247,365 – Registered office: 115 rue de la Santé – 75013 Paris

1. HALF-YEAR BUSINESS REVIEW

1.1 VERY ROBUST SALES GROWTH

The Orpea Group, a market leader in global dependency care in Europe via a network of specialist facilities, comprising Long-Term Care (nursing homes), Post-Acute and Psychiatric care facilities, achieved sales growth of 15.2% in the first half of 2012.

In €m - IFRS	H1 2012	H1 2011	▲%
France	601.5	525.7	*+14.4%*
% of total sales	*88%*	*88%*	
International	83.2	68.5	*+21.4%*
% of total sales	*12%*	*12%*	
Belgium	36.2	33.6	
Spain	24.8	15.1	
Italy	14.5	12.0	
Switzerland	7.6	7.8	
Consolidated sales	684.7	594.2	*+15.2%*
O/w organic growth[1]			*+8.6%*

Consistent with the preceding half-years, Group revenues for the first half of 2012 saw a solid progression, both in France and internationally, thanks to the combined effects of its two success factors:

- **continued strong organic growth** of 8.6% due to the attractiveness of its facilities, recognition of its expertise in the field and the quality of its services. In every geographic region, including countries experiencing economic difficulties, the Group has maintained high occupancy rates and increased accommodation rates.
- **Targeted, controlled external growth** The Group has focused its acquisition strategy on independent facilities whose restructuring provides opportunities for value creation.

The performance figures for the first half do not reflect the contribution of Medibelge, which was 49% owned and therefore consolidated under the equity method. As of 1 July 2012, Orpea holds 100% of Medibelge, following the purchase of the remaining 51%. Medibelge will therefore be fully consolidated in Orpea's second half financial statements.

[1] *Internal (or organically-generated) growth is derived from new developments, extensions and redevelopment of existing facilities, trends in occupancy rates and changes in rates charged. Organic growth is analysed on an individual facility basis. Growth includes improvement in sales relative to the equivalent year-earlier period at recently acquired facilities.*

As a result of the consolidation of a 100% of Medibelge and the acquisition and licences obtained for 534 new beds in France and Belgium, ORPEA's network has 38,348 beds in 410 facilities.

	TOTAL	France	Spain	Belgium	Italy	Switzerland
Beds in operation	33,317	25,340	2,938	4,117	847	75
o/w Beds under refurbishment	*3,050*	*2,296*	*0*	*724*	*30*	*0*
Beds under construction	5,031	3,479	0	1,087	375	90
Total number of beds	38,348	28,819	2,938	5,204	1,222	165
Number of facilities	410	333	22	41	12	2

► PERFORMANCE IN FRANCE IN THE FIRST HALF OF 2012

Orpea Group business in France continued its growth with an increase of 14.4% in revenue, to €601.5 million. This performance stems from the strategy implemented by the Group for several years, combining organic growth with targeted acquisitions. In the first half-year, this resulted in:

- the opening of six facilities (one post-acute care and rehabilitation clinic in Osny, one psychiatric clinic in Villepinte and four long-term care facilities in Nîmes, Sainte-Maxime, Saint Vrain and Clamart), combined with higher volumes at facilities opened in 2011;
- resilient occupancy rates at mature health and socio-medical care facilities and the increase in accommodation rates;
- the acquisition of clinics and intangible assets for restructuring;
- the integration of the health and socio-medical care facilities acquired by the Group over the last 12 months.

This positive business trend in France was partly due to a considerable need for our services by an ageing population and partly to the particular attractiveness of Orpea's facilities — new buildings, constructed to the highest quality standards, located in the heart of towns or close by and having a large number of private rooms. All these features enable the Group to meet the precise needs of residents and patients in terms of comfort and well-being.

The Group's healthy growth has enabled it to contribute actively to regional economies: in the first half of 2012 Orpea created over 600 permanent local jobs.

The expertise of staff was once again recognized in the French guide to assisted living, the *Guide de la Dépendence* (published by France Info/ITL Editions), in which 47 Group retirement homes appear among the "Outstanding Facilities" of France, being awarded over 9 points out of 10.

► Performance in Europe in the first half of 2012

Business "excluding France" continued to show strong growth in the first half of 2012, as shown by revenues of €83.2 million compared with €68.5 million in the first half of 2011, giving a growth rate of 21.4%.

In **Belgium** Group revenues rose by 7.7% over the first half of 2011, to €36.2 million, due to increased volume at recently opened facilities like Destelbergen (Flanders) and Ariane in Brussels.

In **Italy** half-year revenues rose by 20.8% to €14.5 million, compared with €12.0 million in 2011. This result was due to the continuing strength of existing facilities and the improving performance of the 104-bed facility opened in 2011 in Casier, near Venice. Orpea also renovated and expanded the Villa di Salute psychiatric clinic in Turin.

In **Spain** half-year revenues amounted to €24.8 million, up by a significant 64.2% over the first half of 2011, largely owing to the acquisition of the Artevida Group, purchased on 25 January 2012. Artevida consists of six recently-built facilities located in Madrid with total capacity of 1,162 beds and day care places. Moreover, the facilities acquired are 80% individual rooms, which is a much higher proportion than the sector averages in Spain. The Group's long-standing facilities maintained strong occupancy rates despite a difficult economic environment, and did so due to the attractiveness of Orpea's facilities, together with general demand in the sector.

In **Switzerland**, the Metairie psychiatric clinic had revenues of €7.6 million compared with €7.8 million in the first half of 2011. This slight drop of 2.6% was primarily the result of an unfavourable change in currency rates compared with the preceding period.
In addition, the Orpea Group continued construction on its second Swiss facility: a 90-bed post-acute care and rehabilitation clinic located in the same grounds as its psychiatric clinic in Nyon, near Lake Geneva. This new facility is expected to open its doors in the second half of 2012.

1.2 High profit margins in the first half of 2012

In €m (IFRS)	H1 2012	H1 2011	▲%
Revenue	684.7	594.2	*+15.2%*
EBITDAR (EBITDA before rents)	174.6	150.0	*+16.4%*
EBITDA*	121.9	105.6	*+15.4%*
Recurring operating profit	92.4	78.1	*+18.4%*
Operating profit	110.0	90.8	*+21.2%*
Net finance cost	(36.8)	(31.7)	*+16.1%*
Pre-tax profit on ordinary activities	73.2	59.1	*+23.9%*
Net profit	50.7	40.3	*+25.8%*

* EBITDA: Recurring operating profit before net depreciation and amortization

► Recurring Operating Profit

EBITDAR (EBITDA before rents) increased by 16.4% to €174.6 million, giving EBITDAR margin of 25.5% compared with 25.2% in the first half of 2011. After an improvement of 100 basis points in the first half of 2011, EBITDAR continued to grow, this time up 30 basis points in the first half of 2012 due to strict control of operating costs:

- Payroll expense was up 14.5% and represents 49.8% of sales, compared with 50.1% in the first half of 2011, due to a pro-active human resources policy with, in particular, a strong emphasis on internal promotion and training;
- the line item "Cost of materials consumed and other external charges" increased at a slower rate than sales, at 14.1%, thanks to economies of scale realised by centralised purchasing.

This operating performance demonstrates the successful consolidation of various acquisitions such as Mediter in France and Artevida in Spain.

Recurring **EBITDA** was up 15.4% to €121.9 million. Rental expense was €52.7 million, up 18.7%, primarily due to the acquisitions made and to sales of property assets. Like for like, rises in rents remained modest at 1.7%.

EBITDA consists of:

- €110.6 million in France, representing 18.4% of revenues;
- €11.3 million generated abroad, representing 13.6% of revenues, compared with 12.1% in the first half of 2011. All countries contributed to the growth in EBITDA.

Recurring operating profit was €92.4 million, up 18.4% over the first half of 2011 and represents 13.5% of revenues, compared with 13.1% in the first half of 2011. This strong growth was driven by the increase in the number of facilities reaching maturity, with resulting higher profitability.

▶ Operating profit

EBIT increased by 21.2% to €110.0 million. Orpea recognized other non-recurring income and expense, for a net positive amount of €17.6 million (compared with €12.7 million in the first half of 2011), due in particular to net proceeds on the sale of property assets.

▶ Net finance cost

Net finance cost totalled -€36.8 million (compared with -€31.7 million in the first half of 2011), an increase of 16.1%, related to on-going development.

▶ Pre-tax profit

Pre-tax profit amounted to €73.2 million compared with €59.1 million in the first half of 2011, or an increase of 23.9%.

▶ Net profit

The tax charge generated by earnings from consolidated companies amounted to €22.8 million compared with €20.5 million in the year-earlier period.
Attributable earnings of associates showed income of €0.4 million for the half, compared with €1.4 million the prior half.

The net income attributable to owners of the Company for the first half of 2012 amounted to €50.7 million, compared with €40.3 million for the first half of 2011, or an increase of 25.8%.

1.3 Balance sheet structure, consolidated debt and property portfolio

At 30 June 2012, the Group's shareholders' equity totalled €1,174 million (compared with €1,152 million at the start of the year).

Net debt[2]amounted to €1,756 million compared with €1,618 million at 31 December 2011. It increased 8.5% (up €138 million) over the half.

The financial structure remains strong and flexible, and the Group's two principal debt ratios at 30 June 2012 were as follows:

- restated financial leverage = 2.08 compared with 2.15 at 31 December 2011, versus the authorised level of 5.5;
- adjusted gearing = 1.25 compared with 1.17 at 31 December 2011 (the authorised level being 2);

The Group's net financial debt is still mainly property-related (85%), comprising long-term debts and finance leases, secured against high quality assets that are not very volatile.

[2] Excluding the impact of available for sale assets

Orpea does not have any major loans falling due over the next three years.

80% of debt is hedged against the risk of fluctuation in interest rates in 2012, and this hedging has been optimised over the last few years in order to ensure the durability of the Group's expansion. The average interest rate on the Group's debt was around 4.50% in the first half of 2012, stable compared with 2011. Taking account of hedging currently in place, this rate will decrease gradually and automatically to 3.80% by 2015.

In accordance with its strategy, Orpea increased its property disposals in the first half of 2012 by selling €159 million of assets, compared with €40 million in the first half of 2011. These transactions were carried out on particularly attractive terms, both with regard to starting rents and to their indexation. The Group sold its assets to private investors through so-called split sales and to institutional investors including the Belgian insurance companies Ethias and Belfius Insurance.

At 30 June 2012 Orpea owned 235 buildings, of which 141 were fully owned (largely financed by property financial leases) and 94 in partial ownership (co-owned buildings in which the Group owns a portion of the units mainly intended for provision of communal services). This portfolio represents a developed area of 809,000 m^2 (out of more than 1 million m^2 of land), with a total value of €2,305 million, including €376 million of properties under construction and land.

The properties owned by the Group are new or recent, modern and located mainly in the centre of major French cities. They constitute an attractive portfolio for a number of private and institutional investors (LMP/LMNP tax incentive schemes, family offices, institutions). There is a brisk trade in healthcare property, because it is a defensive asset and part of a high-visibility sector.

1.4 CASH FLOWS

In the first half of 2012 Orpea had cash flow from operating activities of €78 million compared with €66 million in the first half of 2011, or an increase of 18%.
Net cash flow from investing activities was negative €180 million, compared with a negative €198 million in the first half of 2011.
Net cash flow from financing activities was a positive €13 million, compared with a negative €26 million in the first half of 2011.
Cash and cash equivalents stood at €221 million at 30 June 2012, compared with €309 million at the start of the period.

1.5 THE ORPEA GROUP'S SHORT AND MEDIUM-TERM OUTLOOK

► LONG-TERM VISIBILITY:

The Group plans to continue opening facilities at the rate of about 1,500 beds in the second half of 2012: Five facilities have already opened since the beginning of July, including leading facilities such as the long-term care centre in Boulogne Billancourt and another in Saint Maur des Fossés, among others.

With a +15.2% growth in revenues during the first half, excluding Medibelge, Orpea is confident of achieving its annual revenue objective of €1,425 million in 2012, along with growth in profitability and cash flow, and steady control of debt.

► MAIN RISKS AND UNCERTAINTIES:

The main risks are the same as those presented in the 2011 registration document (pages 123 to 146).

We do not know of any significant legal proceedings that may influence the Group's financial position at the balance sheet date.

► RELATED PARTIES:

There are no material changes relative to the information provided in the Company's 2011 registration document (pages 244 to 246).
Readers should also refer to Note 3.22 of the notes to the consolidated financial statements in this report.

2. FINANCIAL STATEMENTS

ORPEA

CONSOLIDATED FINANCIAL STATEMENTS
(CONDENSED)

30 June 2012

ORPEA SA "Société anonyme" with share capital of €66,247,578.
Reg. no: RCS PARIS B 401 251 566/APE 853 D

Registered office: 115 rue de la Santé, 75013 Paris

Head office: 3 rue Bellini, 92806 Puteaux

Consolidated income statement

(in thousands of euros)	*Notes*	30 June 2012	30 June 2011
REVENUE		**684,698**	**594,200**
Cost of materials consumed and other external charges		(186,784)	(161,837)
Payroll expenses		(341,056)	(297,798)
Income and other taxes		(33,863)	(26,788)
Depreciation, amortisation and provisions		(29,461)	(27,462)
Other recurring operating income		655	672
Other recurring operating expense		(1,753)	(2,854)
Recurring operating profit		**92,437**	**78,132**
Other non-recurring operating income	*3.17*	109,697	71,417
Other non-recurring operating expense	*3.17*	(92,126)	(58,762)
OPERATING PROFIT		**110,008**	**90,788**
Financial income	*3.18*	263	297
Financial expenses	*3.18*	(37,068)	(31,989)
Net finance cost		**(36,805)**	**(31,692)**
PRE-TAX PROFIT		**73,203**	**59,096**
Income tax expense	*3.19*	(22,810)	(20,456)
Share in profit (loss) of associates and joint ventures		357	1,447
NET PROFIT		**50,750**	**40,086**
Attributable to non-controlling interests		36	(193)
Attributable to owners of the Company		**50,714**	**40,279**
Number of Shares		52,998,062	42,352,795
Basic earnings per share (in euros)		0.96	0.95
Diluted earnings per share (in euros)		0.94	0.93

The notes are an integral part of the consolidated financial statement.

Comprehensive income statement

(in thousands of euros)	**30 June 2012**	**30 June 2011**
Net profit for the year	**50,714**	**40,279**
Fair value of cash flow hedges	(13,883)	13,835
Actuarial gains/(losses) on employee benefits	430	1,414
Tax effect on other income and expense recognised directly in equity	4,632	(5,250)
Comprehensive income before revaluation of property assets	**41,893**	**50,278**
Revaluation of property assets*	12,000	0
Tax effect on other income and expense recognised directly in equity	(4,132)	0
Comprehensive income after revaluation of property assets	**49,762**	**50,278**

*revaluation at 1 January 2012 of property sold during the first half of 2012

Consolidated balance sheet

(in thousands of euros)		30 June 2012	31 Dec 2011
Assets	*Notes*		
Goodwill	*3.1*	342,474	323,005
Net intangible assets	*3.2*	1,163,053	1,128,915
Net property, plant & equipment	*3.3*	1,802,516	1,746,391
Properties under construction	*3.3*	503,618	470,738
Investments in associates and joint ventures	*3.4*	49,887	49,530
Non-current financial assets	*3.5*	29,411	18,998
Deferred tax assets	*3.19*	19,635	19,210
Non-current assets		**3,910,594**	**3,756,787**
Inventories		4,451	4,233
Trade receivables	*3.6*	95,217	93,536
Other assets, accruals and prepayments	*3.7*	219,638	196,758
Cash and cash equivalents	*3.11*	220,703	309,457
Current assets		**540,009**	**603,984**
Assets held for sale		**127,234**	**121,012**
TOTAL ASSETS		**4,577,837**	**4,481,784**

Liabilities & Equity	*Notes*		
Capital		66,248	66,247
Consolidated reserves		758,261	693,426
Revaluation reserve		299,590	311,662
Net profit for the year		50,714	80,316
Equity attributable to owners of the Company	*3.9*	**1,174,812**	**1,151,650**
Non-controlling interests		2,932	2,897
Total equity		**1,177,745**	**1,154,547**
Non-current financial liabilities	*3.11*	1,499,553	1,461,868
Provisions	*3.10*	21,960	17,335
Post-employment and other employee benefits obligation	*3.10*	25,019	24,419
Deferred tax liabilities	*3.19*	649,331	639,032
Non-current liabilities		**2,195,863**	**2,142,654**
Current financial liabilities	*3.11*	477,183	465,505
Provisions	*3.10*	10,069	10,072
Trade payables	*3.13*	153,333	171,703
Tax and payroll liabilities		187,058	177,966
Current income tax liability	*3.19*	8,759	
Other liabilities, accruals and prepayments	*3.14*	240,592	238,325
Current liabilities		**1,076,995**	**1,063,570**
Liabilities associated with assets held for sale		**127,234**	**121,012**
TOTAL LIABILITIES		**4,577,837**	**4,481,784**

The notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

(in thousands of euros)	*Notes*	**30 June 2012**	**30 June 2011**
Cash flow from operating activities			
● Consolidated net income		50,714	40,279
● Elimination of non-cash items related to operating activities*		39,496	31,387
Cost of debt		36,805	31,692
● Gains on disposals not related to operating activities		(24,009)	(10,136)
Cash generated by consolidated companies		**103,006**	**93,222**
● Change in operating working capital requirement			
- Inventories		3	(475)
- Trade receivables	*3.6*	761	(13,701)
- Other receivables	*3.7*	(13,670)	(19,080)
- Tax and social security liabilities		26,052	7,952
- Trade payables	*3.13*	(6,557)	(6,048)
- Other liabilities	*3.14*	(31,145)	4,422
Cash flow from operating activities		**78,450**	**66,292**
Cash flow from investing and development activities			
● Net cash for the acquisition of subsidiaries		(55,000)	(19,512)
● Acquisition of intangible assets		(12,982)	(3,582)
● Acquisition of property, plant & equipment and PPE in progress	*3.3*	(216,873)	(176,237)
● Disposal of property assets and other non-current assets	*3.3*	188,477	49,738
● Change in other non-current assets and other movements		(83,667)	(48,801)
Cash flow from investing activities		**(180,045)**	**(198,394)**
Cash flow from financing activities			
● Additions to (repayments of) bridging loans and bank overdrafts	*3.11*	39,994	(45,990)
● Additions to finance leases	*3.11*	23,724	49,925
● Additions to other debt	*3.11*	106,049	97,416
● Repayments of loans	*3.11*	(95,246)	(74,035)
● Repayments of finance leases	*3.11*	(24,775)	(21,176)
● Cost of debt and other movements	*3.18*	(36,907)	(31,698)
Cash flow from financing activities		**12,839**	**(25,558)**
Change in cash and cash equivalents	" "	**(88,756)**	**(157,660)**
Opening cash and cash equivalents		309,459	276,524
Closing cash and cash equivalents		**220,703**	**118,864**
Breakdown of closing cash and cash equivalents		**220,703**	**118,864**
● Short-term investments	*3.11*	126,141	87,059
● Cash and cash equivalents	*3.11*	94,562	31,805
● Bank overdrafts			

** Mainly including depreciation, amortisation, provisions, deferred taxes, share in profit (loss) of associates excess of acquisition cost over fair value of assets and liabilities acquired, restructuring costs and non-recurring costs incurred on acquisition of facilities.*

The notes are an integral part of the consolidated financial statements.

Information on consolidated equity

Statement of changes in consolidated equity

in thousands of euros except for number of shares	Number of Shares	Capital	Share premiums	Revaluation reserves	Other reserves	Profit or loss	Total attributable to owners of the Company	Non-controlling interests	Total
31 Dec 2010	**42,352,795**	**52,941**	**191,512**	**297,217**	**251,105**	**66,347**	**865,353**	**29,250**	**894,603**
Appropriation of net profit/(loss)					56,606	(66,347)	(9,741)		(9,741)
Change in fair value of properties				37,957			37,957		37,957
Post employment benefit obligation					462		462		462
Financial instruments				(23,512)			(23,512)		(23,512)
Other							0		0
Fair value changes recognised directly in equity		**0**	**0**	**14,445**	**57,068**	**(66,347)**	**5,166**	**0**	**5,166**
2011 net profit						80,316	80,316	(29)	80,287
Exercise of stock options	18,360	23	85				108		108
Exercise of share warrants	27,078	34	992				1,026		1,026
Exercise of OCEANE	101	0					0		0
Capital increase	10,599,558	13,249	186,383				199,633		199,633
Contribution from Mediter's capital increase					46		46	(29,250)	(29,204)
Other							0	2,926	2,926
31 Dec 2011	**52,997,892**	**66,247**	**378,973**	**311,662**	**308,219**	**80,316**	**1,151,650**	**2,897**	**1,154,547**
Appropriation of net profit/(loss)					53,817	(80,316)	(26,499)		(26,499)
Change in fair value of properties				(2,969)	10,837		7,868		7,868
Post employment benefit obligation					282		282		282
Financial instruments				(9,103)			(9,103)		(9,103)
Other							0		0
Fair value changes recognised directly in equity		**0**	**0**	**(12,072)**	**64,936**	**(80,316)**	**(27,452)**	**0**	**(27,452)**
1st half 2012 net profit						50,714	50,714	35	50,749
Exercise of stock options							0		0
Exercise of share warrants	170	0	6				6		6
Exercise of OCEANE							0		0
Capital increase			(107)				(107)		(107)
Contribution from Mediter's capital increase							0		(0)
Other							0		(0)
30 June 2012	**52,998,062**	**66,248**	**378,872**	**299,590**	**373,156**	**50,714**	**1,174,812**	**2,932**	**1,177,745**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONDENSED)

30 June 2012

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Notes to the consolidated financial statements (condensed)

Amounts are expressed in thousands of euros unless otherwise stated

The 2012 condensed interim consolidated financial statements for the Orpea Group were approved by the Board of Directors on 10 September 2012.

1. SIGNIFICANT ACCOUNTING POLICIES

Orpea S.A. is a French company with its registered office at 115 rue de la Santé, Paris. It is the parent company of a Group that operates long-term care homes for the elderly and short-term post-acute and psychiatric care facilities.

1.1 Accounting standards

As required by European regulation 1606/2002 dated 19 July 2002, the Orpea Group has prepared its 2011 annual consolidated financial statements in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB) as adopted by the European Union and made obligatory as of the balance sheet date of these financial statements.

The significant accounting policies used to prepare the Orpea Group's condensed consolidated financial statements for the six months ended 30 June 2012 are identical to those used to prepare the 2011 consolidated financial statements.

The new standards and interpretations that are mandatory for periods beginning on or after 1 January 2012 and have been adopted by the Orpea Group are:

- Amendment to IFRS 7 "Financial Instruments - Disclosures - Transfers of financial assets" (published in the Official Journal of the European Union); the earliest application of this amendment has no effect on the condensed consolidated financial statements for the period ending 30 June 2012.

The Group did not adopt early application of any standard, interpretation or amendment. In particular, IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Partnerships," published by the IASB in 2011, had not been adopted by the European Union as of 30 June 2012 and were therefore not available for early application at that date. The Group is currently studying what impact, if any, these standards might have on its consolidated financial statements.

The condensed interim consolidated financial statements for the six months to 30 June 2012 have been prepared in accordance with IAS 34 "Interim Financial Reporting", which permits the disclosure of selected information in the notes. They should be read in conjunction with the 2011 consolidated financial statements.

The only seasonal effect is the number of days in operation, which is slightly lower in the first half of the calendar year than the second.

The consolidated financial statement and its notes are presented in euros.

2. SCOPE OF CONSOLIDATION

2.1 Changes in the scope of consolidation for the period

Sales for the first half of 2012 were 15.2 % or €90 million higher than in the first half of 2011.

The Group has expanded through both organic growth and acquisitions.

Organic sales growth came to +8.6 % in the first half of the year.

Over the period, the Group opened six facilities representing 467 beds following the completion of construction or redevelopment works initiated in prior years.

Orpea also continued with its acquisition policy with the acquisition of facilities in operation or at the proposal stage:

- in France, two post-acute and rehabilitation care clinics in operation in Goussonville and Eaubonne;
- in Spain, a set of six retirement homes in the province of Madrid with a capacity of 942 beds and 220 places for day visits.

Lastly, the Group carried out ad hoc acquisitions – either directly or via companies – of standalone assets necessary for its expansion, comprising intangible property rights and investment properties.

2.2 Presentation of changes in the scope of consolidation in the first half of 2012

During the first half of 2012, investment relating to acquisitions totalled €93 million. Based on a provisional estimate of the fair value of assets acquired, the total investment on the acquisition date can be summarised as follows:

	Number of facilities	Number of beds	Intangible operating assets	Goodwill and intangibles not yet assigned	Properties	Other property, plant & equipment*
			(in millions of euros)	(in millions of euros)	(in millions of euros)	(in millions of euros)
France	2	252	25	20	26	
International	6	942	0	0	0	32
Italy						
Switzerland						
Belgium						
Spain	*6*	*942*				*32*
Total	8	1,194	25	20	26	32

*Spanish properties acquired but not yet allocated

Deferred tax liabilities recognised in respect of these acquisitions amounted to about €14 million.

In the first half of 2011, total investments on the date of consolidation were:

	Number of facilities	Number of beds	Intangible operating assets	Goodwill and intangibles not yet assigned	Properties
			(in millions of euros)	(in millions of euros)	(in millions of euros)
France	7	402	28	5	20
International	2	296	14	0	0
Italy	*1*	*147*	*9*		
Switzerland					
Belgium	*1*	*149*	*5*		*0*
Spain					
Total	9	698	42	5	20

3. NOTES TO THE FINANCIAL STATEMENTS

3.1 Goodwill

The main movements during the year were as follows:

	France	**International**	**Total**
Opening net goodwill	254,494	68,511	323,005
Business combinations	20,189	(720)	19,469
			0
Closing net goodwill	**274,683**	**67,791**	**342,474**

At 30 June 2012, assets and liabilities acquired in Spain as of this date were not recognised at fair value. The final allocation of the acquisition price to the assets and liabilities acquired will be made as of 31 December 2012.

3.2 Intangible assets

The following table shows the main intangible assets and accumulated amortisation:

	30/06/2012			31/12/2011		
	Gross	Amort. Prov	Net	Gross	Amort. Prov	Net
Operating licences	1,146,591	7,367	1,139,224	1,111,999	6,812	1,105,188
Advances and downpayments	8,029		8,029	8,314		8,314
Other intangible assets	24,536	8,735	15,800	23,072	7,659	15,413
Total	1,179,155	16,102	**1,163,053**	1,143,385	14,471	**1,128,915**

At 30 June 2012, operating licences comprised the licences to operate facilities in France, Belgium and Italy considered to have in indefinite useful life.

Amortisation of other intangible assets is recognised in profit or loss under "Depreciation, amortisation and provisions".
Impairment losses are recognised in "other non-recurring operating expense".

The following table shows the movement in intangible assets by type (net):

	Operating licences	Advances and downpayments	Other	Total
At 31 December 2010	**814,017**	**5,299**	**15,779**	**835,096**
Increase	3,064	4,794	3,056	10,914
Decrease	(2,552)	(540)	(1,181)	(4,273)
Depreciation, amortisation and provisions	3,180		(1,940)	1,240
Reclassifications and other	203,416	(1,238)	(360)	201,818
Changes in scope	84,063		59	84,122
At 31 December 2011	**1,105,188**	**8,314**	**15,413**	**1,128,915**
Increase	8,551	3,495	937	12,982
Decrease	(206)	(518)	168	(556)
Depreciation, amortisation and provisions			(753)	(753)
Reclassifications and other	262	(3,262)	(140)	(3,140)
Changes in scope	25,429		176	25,605
At 30 June 2012	**1,139,224**	**8,029**	**15,800**	**1,163,053**

Advances and downpayments recognised as intangible assets mainly comprise prepayments made under contractually agreed acquisitions of operating licences.

3.3 Property, plant and equipment

3.3.1 Changes in property, plant & equipment including those under construction

The following table shows the main items of property, plant and equipment, including those in the course of construction, and accumulated depreciation:

	30/06/2012			31/12/2011		
	Gross	Amort. Prov	Net	Gross	Amort. Prov	Net
Land	702,317	231	702,086	709,862	172	709,690
Buildings	1,369,646	273,276	1,096,370	1,281,211	251,744	1,029,467
Technical installations	154,407	91,454	62,953	173,424	78,407	95,018
Properties under construction	503,680	62	503,618	470,801	62	470,738
Other PPE	116,964	48,623	68,341	75,508	42,281	33,228
Properties held for sale	(127,234)		(127,234)	(121,012)		(121,012)
Total	2,719,781	413,647	**2,306,134**	2,589,794	372,665	**2,217,129**

Depreciation is recognised in profit or loss under "Depreciation, amortisation and provisions".
Impairment losses are recognised in "Other non-recurring operating expense".

The following table shows movements in the net carrying amount of property, plant and equipment:

	Land	**Buildings**	**Technical installations**	**Properties under construction**	**Other**	**Properties held for sale**	**Total**
At 31 December 2010	**569,237**	**867,216**	**78,088**	**485,227**	**30,677**	**(119,929)**	**1,910,517**
Acquisitions	17,899	78,723	15,210	226,345	5,835		344,012
Change in fair value	57,888						57,888
Disposals and terminations*	(1,174)	(12,295)	(2,083)	(103,473)	(1,128)		(120,153)
Depreciation/amortisation	(30)	(33,429)	(15,224)		(3,951)		(52,634)
Reclassifications and other	31,933	94,438	17,987	(150,942)	682	(1,083)	(6,985)
Changes in scope	33,937	34,814	1,040	13,581	1,113		84,485
At 31 December 2011	**709,690**	**1,029,467**	**95,018**	**470,738**	**33,228**	**(121,012)**	**2,217,130**
Acquisitions	5,475	47,728	12,334	149,374	1,962		216,873
Change in fair value		12,000					12,000
Disposals and terminations*	(21,653)	(51,027)	(278)	(89,845)	(1,109)		(163,912)
Depreciation/amortisation	(53)	(17,142)	(8,078)		(2,561)		(27,834)
Reclassifications and other	8,625	65,277	(37,256)	(43,408)	4,511	(6,222)	(8,473)
Changes in scope	1	10,068	1,213	16,758	32,310		60,350
At 30 June 2012	**702,086**	**1,096,370**	**62,953**	**503,618**	**68,341**	**(127,234)**	**2,306,134**

*Amounts are net of the corresponding depreciation.

The main movements in the first half of 2012 include:

- capital expenditure required for the ongoing operation of facilities, investments in new facilities or extensions, acquisitions of properties or other assets through business combinations and acquisitions of properties in the course of construction;
- property disposals, including transactions concluded with two insurance companies in Belgium.

3.3.2 Revaluation of operating properties

The impact of revaluing operating properties in accordance with IAS 16 was as follows:

Impact of IAS 16 measurement			
	30 June 2012	**31 Dec 2011**	**Change**
Gross revaluation reserve	408,163	412,691	(4,528)
Depreciation/amortisation	(10,950)	(9,942)	(1,008)
Net revaluation reserve	**397,213**	**402,749**	**(5,536)**

The revaluation reserve for all properties amounted to €408.2 million at 30 June 2012 as compared with €412.7 million at the close of 2011, or a decrease of €4.5 million of gross value resulting from disposals in the first half of 2012 of five previously re-valued buildings.

The corresponding tax, calculated at standard rates, amounted to €140.5 million.

The amount of additional depreciation arising as a result of the revaluation of buildings in the first half of 2012 was €1 million.

3.3.3 Finance leases

Property, plant and equipment financed by finance leases include the following assets at their gross value:

	30 June 2012	**31 Dec 2011**
Land	182,442	182,442
Buildings	496,489	500,489
Finance leased property	**678,931**	**682,931**

All finance leases are property leases.

3.3.4 Operating leases

Operating lease payments are as follows:

	30 June 2012	31 Dec 2011
Lease payments	52,710	93,114
Total	**52,710**	**93,114**

Operating leases are almost exclusively comprised of renewable leases with fixed rents revisable mainly at fixed rates, or in accordance with the INSEE construction cost index or the rate of revaluation of old age pensions.

3.4 Investments in associates and joint ventures

At 30 June 2012, investments in associates and joint ventures break down as follows:

Associated enterprises	Percentage ownership at 30 June 2012	Carrying amounts of investments (in thousands of euros)
Medibelge Group (long-term care facilities)	49%	25,101
TCP DEV (*) (long-term care facilities)	70%	490
Group of six care facilities owned by PCM	45%	20,604
Other	49%	3,562
Total		49,757
Equity accounted profit/(loss) for previous financial years		(227)
Equity accounted net profit for the current financial year		357
Investments in associates and joint ventures		49,887

(*) Pursuant to a shareholders' agreement, Orpea does not have control in the company.

At 30 June 2012, the main aggregates include:

(in thousands of euros)	
Non-current assets	151,467
Current assets	44,088
Equity	59,467
Non-current liabilities	66,435
Current liabilities	69,654
Revenue	56,772
Profit or loss	160
Equity accounted net profit	357

3.5 Non-current financial assets

Non-current financial assets break down as follows:

	30 June 2012 Net	31 Dec 2011 Net
Non-consolidated investments	15,249	4,996
Loans	9,706	9,962
Security deposits	4,456	4,040
Total	**29,411**	**18,998**

Non-consolidated investments are investments in companies whose business is not material in relation to that of the Group as a whole, and investments in mutual banks.

Security deposits comprise all types of deposit the Group might pay in the course of its operations.

3.6 Trade receivables

	30 June 2012	31 Dec 2011
Trade receivables	95,217	93,536
Trade receivables	**95,217**	**93,536**

Due to the nature of its activity, all trade receivables are due within one month and payment arrears are not material.

3.7 Other assets, accruals and prepayments

	30 June 2012	31 Dec 2011
Development-related expenses	41,998	39,632
Receivables related to property disposals	46,259	35,743
Prepaid expenses on property developments	9,621	14,844
VAT receivables	62,434	61,812
Advances and prepayments made	7,676	8,033
Sundry debtors	30,404	20,913
Receivables from suppliers	11,951	8,002
Prepaid operating expenses	9,295	7,780
Total	**219,638**	**196,758**

Development-related assets mainly comprise amounts paid in connection with acquisitions of companies, operating licences for short-term or long-term care facilities, or the construction of new properties.

The amount of VAT receivables is mainly due to property construction projects forming part of the Group's growth strategy.

3.8 Properties held for sale

Assets held for sale are mainly property assets which the Group has decided to sell to investors, either as a block or individually, with a view to subsequently renting them under operating leases.

3.9 Equity

3.9.1 Share Capital

	30 June 2012	31 Dec 2011
Total number of shares	52,998,062	52,997,892
Number of shares outstanding	52,998,062	52,997,892
Par value per share (€)	1.25	1.25
Share capital (€)	66,247,578	66,247,365
Treasury shares	9,664	25,483

Since 31 December 2010, the exercise of stock options has had the following impact on share capital and share premiums:

(in thousands of euros)	Number of shares	Amount of Capital	Share premiums
Share capital at 31/12/2010	**42,352,795**	**52,941**	**191,512**
Exercise of options	18,360	23	85
Exercise warrants	27,078	34	992
Exercise OCEANE	101	0	
Capital increase	10,599,558	13,249	186,383
Share capital at 31/12/2011	**52,997,892**	**66,247**	**378,973**
Exercise of options			
Exercise warrants	170	0	6
Exercise OCEANE			
Capital increase			(107)
Share capital at 30/06/2012	**52,998,062**	**66,248**	**378,871**

3.9.2 Earnings per share

Calculation of the weighted average number of shares held

	30 June 2012		**30 June 2011**	
	basic	diluted	basic	diluted
Ordinary shares *	52,998,020	52,998,020	42,352,795	42,352,795
Stock options				15,179
Treasury shares	(17,574)	(17,574)	(21,740)	(21,740)
Exercise of share warrants				
Exercise of OCEANE		4,069,635		4,069,635
Weighted average number of shares	**52,980,446**	**57,050,081**	**42,331,055**	**46,415,869**

* Net of treasury shares in 2010.

Earnings per share

(in euros)	**30 June 2012**		**30 June 2011**	
	basic	diluted	basic	diluted
profit (Group share)	**0.96**	**0.94**	**0.95**	**0.93**

3.9.3 Dividends

The general shareholders' meeting of 29 June 2012 approved the payment of a dividend in respect of the 2011 financial year of €0.50 per share, representing a total of €26,498,946 paid in September 2012.

3.9.4 *Stock option plans*

With regard to the third plan, since 18,360 options were exercised in the 2011 fiscal year, there are none remaining to exercise.

No stock options have been granted to anyone who was an executive officer on the date of grant.

3.9.5 *Share warrants*

On 17 August 2009, Orpea made an issue of bonds with redeemable share warrants (OBSAAR). This operation led to the creation of 1,190,787 warrants. These warrants will be exercisable from 14 August 2011 to 14 August 2015 inclusive and will subscribe to one Orpea share for an exercise price of €37.90. The maximum dilutive effect is 2.33 % of the share capital.

3.9.6 *Treasury shares*

The General Meeting of 30 June 2010 authorised a share repurchase programme.

This programme enables the company to ensure liquidity and make a market in the shares, optimise its capital management and grant shares to employees particularly through stock award plans.

On 29 December 2009, 68,420 shares were awarded to 1,975 Group employees.

At 30 June 2012 the Group held 9,664 treasury shares.

3.10 Provisions

Provisions break down as follows:

(in thousands of euros)	01 Jan 2012	Actuarial difference	Reclassification	Increases	Reversal in the period (used)	Reversal in the period (not used)	Changes in scope and other	30 June 2012
Liabilities and charges	20,582		(85)	6,718	(295)	(1,504)	44	25,464
Restructuring	6,822				(1,498)		1,241	6,565
Total	27,404	0	(85)	6,718	(1,793)	(1,504)	1,285	32,029
Post-employment ben. ob.	24,419	(430)		557	(111)		584	25,019

At 30 June 2012, short-term provisions totalled €10,069,000, including €7,204,000 in provisions for employment disputes and €2,865,000 in restructuring provisions.

The charge for the period includes €4 million of provision for exceeding construction budgets at three properties.

The provision for post-employment benefits breaks down as follows:

(in thousands of euros)	30 June 2012	31 Dec 2011
France	22,086	21,375
International	2,933	3,044
Totals	**25,019**	**24,419**

Movements in the French post-employment benefit obligation break down as follows:

	30 June 2012				31 Dec 2011			
(in thousands of euros)	Present value of obligation	Provisions on balance sheet	Profit or loss	Equity	Present value of obligation	Provisions on balance sheet	Profit or loss	Equity
	21,375	**(21,375)**			**16,805**	**(16,805)**		
Current service cost	720	(720)	(720)		1,360	(1,360)	(1,360)	
Interest cost	368	(368)	(368)		858	(858)	(858)	
Expected return on assets								
Employer's contributions								
Actuarial gains or losses	(430)	430		430	(1,127)	1,127		1,127
Benefits paid	(530)	530			(990)	990		
Changes in scope	584	(584)			4,468	(4,468)		
Closing	**22,086**	**(22,086)**	**(1,087)**	**430**	**21,375**	**(21,375)**	**(2,219)**	**1,127**

Movements in the International post-employment benefit obligation break down as follows:

	30 June 2012				31 Dec 2011			
(in thousands of euros)	Present value of obligation (*)	Provisions on balance sheet	Profit or loss	Equity	Present value of obligation (*)	Provisions on balance sheet	Profit or loss	Equity
Opening	**3,046**	**(3,046)**			**1,628**	**(1,628)**		
Current service cost	113	(113)	(113)		148	(148)	(148)	
Interest cost	98	(98)	(98)		239	(239)	(239)	
Expected return on assets	(104)	104	104		(237)	237	237	
Employer's contributions	(220)	220	220		(430)	430	430	
Actuarial gains or losses					452	(452)		(452)
Benefits paid								
Changes in scope					1,245	(1,245)		
Closing	**2,933**	**(2,933)**	**111**		**3,044**	**(3,046)**	**281**	**(452)**

(*) Net of plan assets.

The main actuarial assumptions at 30 June 2012 were:

	30 June 2012		31 Dec 2011	
	France	International	France	International
Discount rate	3.75%	2.75%	4.50%	2.75%
Annual rate of salary increase taking account of inflation	2.50%	2.25%	3.50%	2.25%
Expected rate of return on plan assets	NA	3.00%	NA	3.00%
Retirement age	65 years	65 years	65 years	65 years
Social security contribution rate	average actual rate		average actual rate	

The actuarial gains or losses recognised in equity arise from experience adjustments, particularly as regards assumptions concerning staff turnover.

At 30 June 2012, sensitivity of the French post-employment benefit obligation to a 0.5% increase in the discount rate was €1,186,000.

3.11 Financial liabilities and cash and cash equivalents

Net debt breaks down as follows:

(in thousands of euros)	**Net 30 June 2012**	**Net 31 December 2011**
Long-term bank borrowings	295,877	295,181
Finance lease obligations	519,395	520,445
Bonds	382,374	382,374
Bridging loans	518,501	478,507
Miscellaneous financial liabilities and debt	387,824	371,878
Total gross debt (*)	**2,103,970**	**2,048,385**
Cash and cash equivalents	(94,562)	(58,127)
Cash equivalents	(126,141)	(251,330)
Total net debt (*)	**1,883,267**	**1,738,928**

(*) Including liabilities associated with assets held for sale

Changes in net debt during the first half of 2012 break down as follows:

(in thousands of euros)	31 Dec 2011	Increase	Decrease	Changes in scope	**30 June 2012**
Bonds	382,374				**382,374**
Long-term property loans	295,181	22,945	(22,248)		**295,877**
Finance lease obligations	520,445	23,724	(24,775)		**519,395**
Bridging loans	478,507	58,782	(18,788)		**518,501**
Miscellaneous financial liabilities and debt	371,878	83,104	(73,002)	5,841	**387,824**
Total gross debt	2,048,385	188,555	(138,813)	5,841	**2,103,970**
Cash and cash equivalents	(309,457)	88,754			**(220,703)**
Total net debt	1,738,928	277,309	(138,813)	5,841	**1,883,267**
Liabilities associated with assets held for sale	(121,012)	(6,222)			**(127,234)**
Net debt excluding liabilities associated with assets held for sale	1,617,916	271,087	(138,813)	5,841	**1,756,033**

(*) Including liabilities associated with assets held for sale.

The following table shows a breakdown of net debt by maturity:

	30 June 2012	Under one year (*)	Two to five years	Over five years
Bonds	382,374	41,824	340,550	0
Long-term property loans	295,877	101,982	156,450	37,445
Finance lease obligations	519,395	56,281	243,488	219,626
Bridging loans	518,501	297,589	211,191	9,721
Miscellaneous financial liabilities and debt	387,824	106,741	240,078	41,005
Total gross debt	**2,103,970**	604,417	1,191,757	307,796
Cash and cash equivalents	(220,703)	(220,703)		
Total net debt	**1,883,267**	383,714	1,191,757	307,796
Liabilities associated with assets held for sale	(127,234)	(127,234)		
Net debt excluding liabilities associated with assets held for sale	**1,756,033**	256,480	1,191,757	307,796

Debts maturing in more than one year and less than five years break down as follows:

	Two to five years	2	3	4	5
Bonds	340,550	41,824	62,736	235,990	0
Long-term property loans	156,450	38,233	35,903	25,699	56,615
Finance lease obligations	243,488	53,539	62,613	57,256	70,080
Property bridging loans	211,191	150,334	32,747	27,322	788
Miscellaneous financial liabilities and debt	240,078	97,949	50,325	56,439	35,365
Total gross debt per year	**1,191,757**	381,879	244,324	402,706	162,848

Financing policy

The Group's financing can be broken down into three categories:

- Financing operating properties through finance leases or bank loans repayable over a typical period of 12 years;

- Financing the acquisition of facilities, operating licences, etc., mainly through bank loans repayable over a period of 6 or 7 years;

- Financing properties recently acquired or in the course of redevelopment or construction through bridging loans over no more than 36 months.
  Bridging loans comprise financing lines dedicated to a specific project and general bank credit lines. These properties are intended either to be sold to third parties or to be kept by the Group, in which case they are usually subsequently refinanced through finance leases.

The Group's expansion policy requires it to regularly obtain new bank credit facilities or sell properties to investors.

Bonds

OBSAAR bond issue: In the second half of 2009, Orpea made an issue of bonds with redeemable warrants to subscribe for new or purchase existing shares (OBSAAR) in an amount of approximately €217 million or an IFRS net amount of €209 million. The share warrants attached to the bonds were measured at fair value and recognised in equity in the amount of €3 million.

This loan is repayable in August 2012 and 2013 at 20% of the principal each year and in 2014 and 2015 at 30% of the principal each year. The interest rate for the issue is three-month EURIBOR + 137 base points before fees.

OCEANE: In the second half of 2010, Orpea issued 4,069,635 bonds convertible into new or existing shares (OCEANE) at a unit price of €44.23, representing a total of €180 million.

These bonds will be redeemed on 1 January 2016. The coupon payable on the bonds is 3.875% per year. The bonds have the option of being converted into shares (one share for one bond) between 15 December 2010 and the seventh working day inclusive preceding the normal redemption date at a price of €44.23 per share.

Banking covenants

The OBSAAR bonds and most loans taken out by the Group, other than property finance leases, have been subject to the following contractually defined covenants since 31 December 2006:

- the ratio of

$$R1 = \frac{\text{consolidated net debt (excluding property debt)}}{\text{consolidated EBITDA – 6\% of property debt}}$$

- and the gearing ratio restated for property:

$$R2 = \frac{\text{consolidated net debt}}{\text{Equity + quasi equity (i.e. deferred tax liabilities arising on the revaluation of intangible assets in the consolidated financial statements)}}$$

At 30 June 2012, these ratios stood at 2.08 and 1.25 respectively, within the required limits of 5.5 for R1 and 2.0 or 2.2 for R2 at 30 June 2012.

Cash and cash equivalents

At 30 June 2012, cash and cash equivalents comprised €126,141,000 in short-term investments such as risk-free money-market mutual funds and €94,562,000 in bank deposits.

3.12 Financial instruments

3.12.1 Interest rate risk

<u>Interest rate risk management strategy:</u>

The Group's debt mainly comprises domestic debt at floating rates and is therefore exposed to the risk of an increase in short-term rates in the euro zone.

The Group's strategy consists of hedging three quarters of its current net debt against the risk of changes in interest rates. To do this, it uses fixed-rate loans or financial instruments to hedge its floating-rate debt. These financial instruments take the form of interest rate swaps under which it receives mainly three-month Euribor and pays a fixed rate specific to each contract, and interest rate options (caps, collars etc.). These financial instruments are qualified as cash flow hedges in accordance with IAS 39. Unrealised gains and losses arising from the remeasurement of these derivatives at fair value are recognised in equity at the year end.

<u>Interest rate derivatives portfolio:</u>

At 30 June 2012, as it did at 31 December 2011, the derivatives portfolio included fixed for floating (mainly three-month Euribor) interest rate swaps and interest rate options. These derivative instruments have either a constant or decreasing nominal profile.

At the end of 2011, the maturity of the interest rate derivatives was as follows:

	2011	2012	2013	2014	2015
Average notional (€m)	1,256	1,410	1,298	847	228
Effective rate	3.1%	2.9%	2.7%	2.6%	2.6%

At the end of the first half of 2012, the maturity of interest rate derivatives was as follows:

	Schedule (M€)				
	2012	2013	2014	2015	2016
Average notional (€m)	1,313	1,415	1,341	1,247	647
Effective rate	3.1%	2.9%	2.6%	2.2%	1.9%

At 31 December 2011, fair value changes on these cash flow hedges accumulated in equity amounted to –€72.8 million.

At 30 June 2012, fair value changes on these cash flow hedges accumulated in equity amounted to –€-86.7 million.

Analysis of sensitivity to changes in interest rates:

The impact of a +/- 1% change in interest rates on the Group's earnings stems from:
- the change in interest payable on floating-rate net debt;
- changes in the fair value of hedging instruments.

The fair value of hedging instruments is sensitive to changes in interest rates and in volatility, which is assumed to be constant in this analysis.

At 30 June 2012, net debt amounted to €1,883 million, of which around 14% was contracted at fixed rates and the remainder at floating rates.

Taking account of the hedges:
- the impact of a 1% (100 basis points) rise in interest rates would increase the Group's financial expense by €4.2 million (before tax and capitalisation of financial expenses);
- the impact of a 0.2% (20 basis points given current interest rate levels) would reduce financial expense by €0.8 million.

Movement in cash flow hedging reserve:

(in thousands of euros)	**30 June 2012**	**31 Dec 2011**
Opening hedging reserve	**(72,843)**	(36,985)
Change in equity fair value during the period	(25,833)	(55,543)
Of which recognised in profit and loss	11,950	19,685
Effect on overall profit and loss for the period	(13,883)	(35,858)
Closing hedging reserve	**(86,726)**	**(72,843)**

3.12.2 Value of financial assets excluding derivatives

(in thousands of euros)	**30 June 2012**	**31 Dec 2011**
Equity interests	15,249	4,996
Other non-current financial assets	14,162	14,002
Short-term investments	126,141	251,330
Financial assets excluding derivatives	**155,552**	**270,328**

3.13 Trade payables

	30 June 2012 Net	31 Dec 2011 Net
Trade and related payables	153,333	171,703
Trade payables	**153,333**	**171,703**

3.14 Other liabilities, accruals and prepayments

	30 June 2012 Net	31 Dec 2011 Net
Development-related liabilities	22,745	74,699
Security deposits	30,076	27,469
Commitments to work on buildings sold	4,928	5,032
Client accounts in credit	887	1,052
Other prepaid income	6,041	7,155
Derivative financial instruments	86,726	72,247
Advances and downpayments received	11,268	10,176
Dividends	26,499	
Other	51,423	40,495
Total	**240,592**	**238,325**

Security deposits mainly comprise the deposits paid by residents at the beginning of their stay.

3.15 Liabilities associated with assets held for sale

This item comprises the bank debt (bridging or repayment loans) that financed the acquisition of the assets held for sale.

3.16 Segment information

		30 June 2012	30 June 2011
Revenue			
France	" "	601,533	525,672
Rest of Europe	" "	83,166	68,527
	Total	**684,698**	**594,200**
Recurring operating profit before depreciation, amortisation and provisions			
France		110,624	97,286
Rest of Europe	" "	11,274	8,308
	Total " "	**121,898**	**105,594**
Assets			
France	" "	4,124,221	3,647,365
Rest of Europe	" "	453,615	361,198
	Total " "	**4,577,837**	**4,008,563**
Liabilities excluding equity			
France	" "	3,116,230	2,794,716
Rest of Europe	" "	283,862	278,901
	Total " "	**3,400,092**	**3,073,617**

Amounts paid for the acquisition of segment assets are disclosed in note 2.2.

3.17 Other non-recurring operating income and expense

(in thousands of euros)	30 June 2012	30 June 2011
Proceeds from property sales	106,608	60,423
Cost of properties sold	(75,845)	(44,965)
Provision reversal	1,444	1,134
Provision charge	(3,179)	(2,982)
Other income	1,645	9,860
Other expenses	(13,102)	(10,815)
Other non-recurring operating income and expense	**17,572**	**12,655**

Other non-recurring operating income and expense mainly comprises net gains on sales of property assets for €31.1 million, income and expense from acquisitions through business combinations for €0.5 million and expenses associated with the redevelopment of recently-acquired facilities and other development costs for €(11) million.

Profit on property development recognised using the percentage of completion method includes:

(in thousands of euros)	**30 June 2012**	**30 June 2011**
Disposal price	54,794	29,982
Cost of sales	(39,584)	(20,773)
Profit recognised on disposals of off-plan properties	**15,210**	9,209

3.18 Net finance cost

	30 June 2012	**30 June 2011**
Interest on bank debt and other financial liabilities	(24,992)	(23,173)
Interest on finance leases	(7,176)	(6,705)
Net income (expense) on interest rate derivatives	(11,950)	(10,411)
Capitalised borrowing costs (*)	7,050	8,300
Financial expenses	**(37,068)**	**(31,989)**
Interest income	263	297
Financial income	**263**	**297**
Net finance cost	**(36,805)**	**(31,692)**

(*) Calculated at a rate of 4.5% at 30 June 2012 as at 30 June 2011 on facilities in the course of construction or redevelopment

3.19 Income tax expense

Orpea SA has elected for group tax relief with all its French subsidiaries that are more than 95%-owned. All subsidiaries that meet this condition are included in the tax consolidation group except for those acquired during the first half of 2012.

(in thousands of euros)	**30 June 2012**	**30 June 2011**
Taxes payable	19,496	11,279
Deferred taxes	3,314	9,177
Total	**22,810**	**20,456**

Deferred tax assets/ (liabilities) break down as follows by type of temporary difference:

(in thousands of euros)	30 June 2012	31 Dec 2011
Fair value of intangible assets	(334,633)	(325,482)
Fair value of PPE (*)	(295,515)	(294,177)
Capitalisation of finance leases	(39,713)	(34,828)
Timing differences	(6,271)	(6,510)
Tax loss carryforwards	19,635	19,210
Deferral of capital gains	1,397	1,471
Employee Benefits	7,245	6,617
CVAE deferred tax (**)	(7,394)	(7,494)
Financial instruments and other	25,553	21,371
Total	**(629,695)**	**(619,822)**

(*) Including deferred tax of €140.5 million relating to the revaluation of properties (see Note 1.8)

(**) Deferred taxes recognised in accordance with IAS 12 on depreciable property, plant & equipment and amortisable intangible assets of French companies subject to CVAE as of 1 January 2010.

Deferred taxes calculated on the basis of the IFRS valuation of intangible assets came to €334,633 thousand at 30 June 2012. These intangible assets are not held for sale.

The deferred tax liability recognised in the balance sheet breaks down as follows:

(in thousands of euros)	30 June 2012	31 Dec 2011
Assets	19,635	19,210
Liabilities	(649,331)	(639,032)
Net	**(629,695)**	(619,822)

The difference between the theoretical tax rate, i.e. 36.10 % in 2012, and the effective tax rate appearing in the income statement, breaks down as follows:

(in thousands of euros)	30 June 2012	30 June 2011
effective rate:	**31.00%**	**33.69%**
- Permanent differences:	-0.10%	-0.50%
- Business combinations:	-0.24%	5.15%
- Impact of reduced tax rates:*	11.73%	-0.01%
- Impact of companies accounted for at equity	0.17%	0.82%
– Other	-0.07%	0.42%
- *Cotisation sur la valeur ajoutée des entreprises* (CVAE)	-6.39%	-5.14%
Theoretical rate	**36.10%**	**34.43%**

(*) largely due to untaxed sales of Belgian property

3.20 *Commitments and contingent liabilities*

3.20.1 *Off-balance sheet commitments*

Debt-related commitments

Contractual commitments (in thousands of €)	30 June 2011	31 Dec 2010
Counter-guarantee sureties on markets	**0**	**0**
Receivables sold not yet matured	**0**	**0**
Collateral	**1,329,747**	**1,347,865**
Financing property assets	*422,520*	*455,541*
Non-property borrowing and financial liabilities	*387,833*	*371,878*
Finance leases	*519,394*	*520,446*
Guarantees	**5,088**	**5,088**
related to property assets	*4,158*	*4,158*
related to non-property borrowings and financial liabilities	*930*	*930*
related to finance leases		
Other commitments	**0**	**0**
convertible bond subscription		
Total	**1,334,835**	**1,352,953**

Commitments relating to the Group's operations

Lease commitments

Minimum future lease payments on finance leases break down as follows at 30 June 2012:

	Minimum future payments
Under one year	61,258
One to five years	245,032
Over five years	428,806
Total lease commitments	**735,096**

Operating lease commitments break down as follows at 30 June 2012:

	Minimum future payments
Under one year	105,419
One to five years	421,676
Over five years	737,933
Total lease commitments	**1,265,029**

The Group mainly enters into leases with a non-cancellable period of 12 years.

Commitments related to individual training rights (DIF)

The law of 4 May 2004 on professional training introduced a system whereby employees can build up training rights to be used at their discretion with their employer's agreement. The minimum annual amount is 20 hours capped at a cumulative total of 120 hours.

On 30 June 2012, these training rights did not generate any additional costs as they are financed by refunds obtained under professional training contracts.
The expense is posted as and when the hours are used.

Commitments relating to property construction projects

Property construction projects financed under lease agreements and for which rents had not begun to be paid at 30 June 2012 currently stand at around €14 million.

Commitments relating to the scope of consolidation

At 30 June 2012, conditional commitments to acquire facilities, operating licences and land amounted to €38 million.

The Group also has a call option on:

- 30% of TCP DEV as of September 2013;
- 51% of two other companies as of 2014.

In terms of the 45% stake held via PCM Sante, the following conditional commitments were exchanged for a possible acquisition of a 100% controlling interest:

- promise of purchase approved by Orpea until 2021;
- promise of sale approved by the current majority shareholders from 2021.

Miscellaneous commitments

The Group has been given a pledge over land in Spain as collateral for a €2.2 million loan granted by Orpea SA.

3.20.2 Contingent liabilities

Management broadly believes that the provisions recognised on the balance sheet for known disputes involving the Group should be sufficient to avoid any substantial impact on the Group's financial position or results.

3.21 Financial assets and liabilities in accordance with IFRS 7 break down as follows:

(in thousands of euros)	Classification in balance sheet	Level (*)	Carrying amount 30 June 2012	Carrying amount 31 Dec 2011	Fair value 30 June 2012	Fair value 31 Dec 2011
HELD-TO-MATURITY FINANCIAL ASSETS			**0**	**0**	**0**	**0**
Bonds and negotiable debt securities	Cash and cash equivalents					
LOANS AND RECEIVABLES			**155,638**	**161,254**	**155,638**	**161,254**
Short-term loans	Short-term loans					
Long-term loans	Non-current financial assets	2	9,706	9,962	9,706	9,962
Receivables on asset disposals	Short-term receivables on asset disposals		46,259	53,716	46,259	53,716
Security deposits	Non-current financial assets	2	4,456	4,040	4,456	4,040
Trade receivables	Trade receivables	2	95,217	93,536	95,217	93,536
AVAILABLE-FOR-SALE FINANCIAL ASSETS			**0**	**0**	**0**	**0**
Equity interests	Non-current financial assets					
Other						
FINANCIAL ASSETS AT FAIR VALUE			**126,141**	**309,457**	**126,141**	**309,457**
Interest rate derivatives						
Currency derivatives						
Mutual funds	Cash and cash equivalents	1	126,141	251,330	126,141	251,330
CASH	Cash and cash equivalents	1	**94,562**	**58,127**	**94,562**	**58,127**
FINANCIAL ASSETS			**376,341**	**470,711**	**376,341**	**470,711**

*Level 1: financial assets and liabilities listed on an active market, where fair value is the listed price.

(in thousands of euros)	Classification in balance sheet	Level (*)	Carrying amount 30 June 2012	Carrying amount 31 Dec 2011	Fair value 30 June 2012	Fair value 31 Dec 2011
FINANCIAL LIABILITIES AT FAIR VALUE			**86,726**	**72,247**	**86,726**	**72,247**
Currency derivatives	Other liabilities					
Interest rate derivatives	Other liabilities	2	86,726	72,247	86,726	72,247
Other liabilities	Other liabilities					
FINANCIAL LIABILITIES AT AMORTISED COST			**2,486,103**	**2,452,123**	**2,481,558**	**2,456,811**
Bonds convertible, exchangeable or redeemable for shares	Current + non-current financial liabilities		382,374	382,374	377,829	387,062
Bank borrowings	Current + non-current financial liabilities	2	1,202,201	1,145,566	1,202,201	1,145,566
Finance lease obligations	Current + non-current financial liabilities	2	519,395	520,445	519,395	520,445
Other liabilities	Current + non-current financial liabilities	2	240,592	238,325	240,592	238,325
Trade payables	Trade payables	2	141,541	165,413	141,541	165,413
FINANCIAL LIABILITIES			**2,572,829**	**2,524,370**	**2,568,284**	**2,529,058**

*Level 1: financial assets and liabilities listed on an active market, where fair value is the listed price.

*Level 2: financial assets and liabilities not listed on an active market and for which there exist observable market data on which the Group can rely for measuring fair value.

*Level 3: financial assets and liabilities listed on an active market and for which there exist no observable market data for measuring fair value.

3.22 Related party transactions

Associates and joint ventures

Advances granted to associates and joint ventures by the Orpea Group amounted to €18 million at 30 June 12 and concern TCP DEV.

3.23 Subsequent events

The Group continued its development programme:

- By acquiring the additional 51% of the share capital in Medibelge. Medibelge, previously accounted for by the equity method, will thus be fully consolidated in Orpea's financial statements starting with second half of 2012. Medibelge operates 2,156 beds (including 89 beds in development and 150 beds under construction in 19 facilities, mostly located in Brussels and surrounding towns;
- in France, by the acquisition of a senior residence and a recuperative care clinic;
- in Italy, by the acquisition of a psychiatric clinic and a recuperative care clinic.

3.24 Scope of consolidation at 30 June 2012

Consolidated companies Name	Control Group	Interest Group	Method of consolidation
ORPEA SA	100.00%	100.00%	Parent
EURL LES MATINES	100.00%	100.00%	FC
SAS CLINEA	100.00%	100.00%	FC
SARL BEL AIR	100.00%	100.00%	FC
SCI ROUTE DES ECLUSES	100.00%	100.00%	FC
SCI DES RIVES D'OR	100.00%	100.00%	FC
SCI ORPEA DU CHÂTEAU NERAC	100.00%	100.00%	FC
SCI DE LA TOUR DE PUJOLS	100.00%	100.00%	FC
SCI DES RIVES DE LA CERISAIE	100.00%	100.00%	FC
SCI DU VAL DE SEINE	100.00%	100.00%	FC
SCI DU CLISCOUET	100.00%	100.00%	FC
SCI DES RESIDENCES DE L'AGE D'OR	100.00%	100.00%	FC
SCI GAMBETTA	100.00%	100.00%	FC
SCI CROIX ROUSSE	100.00%	100.00%	FC
SCI LES DORNETS	100.00%	100.00%	FC
SCI DU CHÂTEAU D'ANGLETERRE	100.00%	100.00%	FC
SCI MONTCHENOT	100.00%	100.00%	FC
SCI DU 115 RUE DE LA SANTE	100.00%	100.00%	FC
SCI L'ABBAYE VIRY	100.00%	100.00%	FC
SCI LES TAMARIS	100.00%	100.00%	FC
SCI DU 3 PASSAGE VICTOR MARCHAND	100.00%	100.00%	FC
SCI FAURIEL	100.00%	100.00%	FC
SCI DU PORT THUREAU	100.00%	100.00%	FC
SCI DE L'ABBAYE MOZAC	100.00%	100.00%	FC
SCI DE LA RUE DES MARAICHERS	100.00%	100.00%	FC
SCI LE BOSGUERARD	100.00%	100.00%	FC
SCI LE VALLON	100.00%	100.00%	FC
SCI BEL AIR	100.00%	100.00%	FC
SCI BREST LE LYS BLANC	100.00%	100.00%	FC
SCI SAINTE BRIGITTE	100.00%	100.00%	FC
SARL AMARMAU	100.00%	100.00%	FC
SARL VIVREA	100.00%	100.00%	FC
SARL NIORT 94	100.00%	100.00%	FC
SCI LES TREILLES	100.00%	100.00%	FC
SCI LES FAVIERES	100.00%	100.00%	FC
SA LES CHARMILLES	100.00%	100.00%	FC
SA BRIGE	100.00%	100.00%	FC
SRL ORPEA ITALIA	100.00%	100.00%	FC
SARL 96	100.00%	100.00%	FC
SARL SPI	100.00%	100.00%	FC
SARL 95	100.00%	100.00%	FC
SCI LA TALAUDIERE	100.00%	100.00%	FC
SCI SAINT PRIEST	100.00%	100.00%	FC
SCI BALBIGNY	100.00%	100.00%	FC
SCI SAINT JUST	100.00%	100.00%	FC
SCI CAUX	100.00%	100.00%	FC
SAS LA SAHARIENNE	100.00%	100.00%	FC
SCI IBO	100.00%	100.00%	FC
SARL ORPEA DEV	100.00%	100.00%	FC
SCI BEAULIEU	100.00%	100.00%	FC

Consolidated companies Name	Control Group	Usefulness Group	Method of consolidation
SCI LES MAGNOLIAS	100.00%	100.00%	FC
SCI COURBEVOIE DE L'ARCHE	100.00%	100.00%	FC
SARL DOMEA	100.00%	100.00%	FC
SAS ORGANIS	100.00%	100.00%	FC
SARL MAISON DE LOUISE	100.00%	100.00%	FC
SARL GESSIMO	100.00%	100.00%	FC
SARL MAISON DE LUCILE	100.00%	100.00%	FC
SARL MAISON DE SALOME	100.00%	100.00%	FC
SARL MAISON DE MATHIS	100.00%	100.00%	FC
SA DOMAINE CHURCHILL	100.00%	100.00%	FC
SA RS DOMAINE CHURCHILL	100.00%	100.00%	FC
SA LONGCHAMP LIBERTAS	100.00%	100.00%	FC
SL TRANSAC CONSULTING CO	100.00%	100.00%	FC
SARL LA VENITIE	100.00%	100.00%	FC
SA CASA MIA IMMOBILIARE	100.00%	100.00%	FC
SARL L'ALLOCHON	100.00%	100.00%	FC
SA CLINIQUE LA METAIRIE	100.00%	100.00%	FC
SCI KOD'S	100.00%	100.00%	FC
SCI BARBACANNE	100.00%	100.00%	FC
SA DOMAINE LONGCHAMP	100.00%	100.00%	FC
SARL LA BRETAGNE	100.00%	100.00%	FC
SCI SAINTES	100.00%	100.00%	FC
SARL ATRIUM	100.00%	100.00%	FC
SCI BARBARAS	100.00%	100.00%	FC
SARL GESTIHOME SENIOR	100.00%	100.00%	FC
SA CALIDAD RESIDENCIAL	100.00%	100.00%	FC
SCI SLIM	100.00%	100.00%	FC
SCI SELIKA	100.00%	100.00%	FC
SARL MAISON DE CHARLOTTE	100.00%	100.00%	FC
SAS RESIDENCE ST LUC	100.00%	100.00%	FC
SARL L'ERMITAGE	100.00%	100.00%	FC
SCI JEM II	100.00%	100.00%	FC
SARL REINE BELLEVUE	100.00%	100.00%	FC
SA ORPEA BELGIUM	100.00%	100.00%	FC
SASU LE VIGE	100.00%	100.00%	FC

Consolidated companies Name	Control Group	Usefulness Group	Method of consolidation
SA GERONE CORP	100.00%	100.00%	FC
SL DINMORPEA	100.00%	100.00%	FC
SA CLINIQUE LA LIRONDE	100.00%	100.00%	FC
SAS CLINIQUE CHAMPVERT	100.00%	100.00%	FC
SAS CCR DU LAVARIN	100.00%	100.00%	FC
SCI LES ANES	100.00%	100.00%	FC
SCI SPAGUY	100.00%	100.00%	FC
SCI LA DRONE	100.00%	100.00%	FC
SCI CHÂTEAU DE LA CHARDONNIERE	100.00%	100.00%	FC
SCI LA SALVATE	100.00%	100.00%	FC
SAS MAJA	100.00%	100.00%	FC
SCI DU CAROUX	100.00%	100.00%	FC
CLINEA ITALIA SPA	100.00%	100.00%	FC
SAS LA CLAIRIERE	100.00%	100.00%	FC
SRL CANTON DI MEZZO	100.00%	100.00%	FC
SARL ALTERNATIVE HOSPITALISATION	100.00%	100.00%	FC
SAS CHAMPVERT	100.00%	100.00%	FC
SA DAVER	100.00%	100.00%	FC
SA GRAY	100.00%	100.00%	FC
SCI MANUJACQ	100.00%	100.00%	FC
SPRL RESIDENCE PARADIS	100.00%	100.00%	FC
SA JB VAN LINTHOUT	100.00%	100.00%	FC
SA VINTAGE CLASSICS INTERN	100.00%	100.00%	FC
SARL SOGIMOB	100.00%	100.00%	FC
ASSOC LANGUEDOCIENNE DE GERIATRIE	100.00%	100.00%	FC
SA PREMIER	100.00%	100.00%	FC
SC LES PRATICIENS DU GRAND PRE	100.00%	100.00%	FC
SAS MDR LA CHENERAIE	100.00%	100.00%	FC
SAS RESIDENCE DE LA CHENERAIE	100.00%	100.00%	FC
SCI DU 12 RUE DU FAUVET	100.00%	100.00%	FC
SCI HELIADES SANTE	100.00%	100.00%	FC
SA IMMOBILERE LEAU	100.00%	100.00%	FC
SARL 97	100.00%	100.00%	FC
SC CARDIOPIERRE	100.00%	100.00%	FC
SARL L'OMBRIERE	100.00%	100.00%	FC
SA RESIDENCE DU GRAND CHEMIN	100.00%	100.00%	FC
SA VILLERS SERVICES	100.00%	100.00%	FC
SA SENIORIE DE L'EPINETTE	100.00%	100.00%	FC
SA RESIDENCE SENIOR'S WESTLAND	100.00%	100.00%	FC
SA SENIOR'S WESTLAND HOLDING	100.00%	100.00%	FC
SARL IDF RESIDENCE RETRAITE LE SOPHORA	100.00%	100.00%	FC
SA EMCEJIDEY	100.00%	100.00%	FC
SCI DOUARNENEZ	100.00%	100.00%	FC
SA MAISON DE RETRAITE PAUL CEZANNE	100.00%	100.00%	FC
SCI SUPER AIX	100.00%	100.00%	FC

SARL MAISON DE RETRAITE LE SEQUOIA	100.00%	100.00%	FC
SARL MAISON D'OMBELINE	100.00%	100.00%	FC
SARL LA RETRAITE DU LEU	100.00%	100.00%	FC
SNC LES JARDINS D'ESCUDIE	100.00%	100.00%	FC

Consolidated companies Name	Control Group	Usefulness Group	Method of consolidation
SA RESIDENCE DU MOULIN	100.00%	100.00%	FC
SARL RESIDENCE DU PARC	100.00%	100.00%	FC
SA CARINA	100.00%	100.00%	FC
SA ODE HOLDING	100.00%	100.00%	FC
SA LES AMARANTES MULTI SERVICES	100.00%	100.00%	FC
SA PALACEA	100.00%	100.00%	FC
SA SAINT FRANCOIS	100.00%	100.00%	FC
SA LE THINES	100.00%	100.00%	FC
SA CHÂTEAU DE LA LYS	100.00%	100.00%	FC
AGRICOLA MEDITERRANEA	100.00%	100.00%	FC
SARL FRANCE DOYENNE DE SANTE	100.00%	100.00%	FC
SAS RESIDENCE KLARENE	100.00%	100.00%	FC
SNC BRECHET CFT ET CIE	100.00%	100.00%	FC
SAS RESIDENCE ONDINE	100.00%	100.00%	FC
SAS SFI France	100.00%	100.00%	FC
SAS SYLVINVEST	100.00%	100.00%	FC
SCI LES ORANGERS	100.00%	100.00%	FC
SA CHÂTEAU BEL AIR	100.00%	100.00%	FC
SA CLINIQUE L'EMERAUDE	100.00%	100.00%	FC
SAS HOTEL DE L'ESPERANCE	100.00%	100.00%	FC
SAS CLINIQUE BEAU SITE	100.00%	100.00%	FC
SCI DU MONT D'AURELLE	100.00%	100.00%	FC
SCI ANSI	100.00%	100.00%	FC
SARL REGINA RENOUVEAU	100.00%	100.00%	FC
SCI BRBT	100.00%	100.00%	FC
SNC MAISON ROSE	100.00%	100.00%	FC
SCI RUE DE LONDRES	100.00%	100.00%	FC
SCI CHÂTEAU DE LOOS	100.00%	100.00%	FC
SCI BERLAIMONT	100.00%	100.00%	FC
SARL MARC AURELLE IMMOBILIER	100.00%	100.00%	FC
SCI DU GRAND PARC	100.00%	100.00%	FC
SCI SEQUOIA	100.00%	100.00%	FC
SARL ST SULPICE	100.00%	100.00%	FC
SA CLINIQUE REGINA	100.00%	100.00%	FC
SARL CLINIQUE DU CHÂTEAU DE LOOS	100.00%	100.00%	FC
SARL LES COURTILS	100.00%	100.00%	FC
SAS LA CHAVANNERIE	100.00%	100.00%	FC
SCI DU JARDIN DES LYS	100.00%	100.00%	FC
SAS DOUCE France SANTE	100.00%	100.00%	FC
SARL RESIDENCE DU PARC DE BELLEJAME	100.00%	100.00%	FC
SCI BELLEJAME	100.00%	100.00%	FC
SARL RESIDENCE DE SAVIGNY	100.00%	100.00%	FC

Consolidated companies Name	Control Group	Usefulness Group	Method of consolidation
SARL RESIDENCE LA PUYSAIE	100.00%	100.00%	FC
SAS CHÂTEAU DE VILLENIARD	100.00%	100.00%	FC
SA CLINIQUE DU CABIROL	100.00%	100.00%	FC
SARL RESIDENCE DE L'OASIS	100.00%	100.00%	FC
SARL RESIDENCE RENE LEGROS	100.00%	100.00%	FC
SAS MEX	100.00%	100.00%	FC
SNC MARGAUX PONY	100.00%	100.00%	FC
SNC THAN CO	100.00%	100.00%	FC
SARL LES VERGERS D'ANNA	100.00%	100.00%	FC
SARL DFS IMMOBILIER	100.00%	100.00%	FC
SARL SOGIP	100.00%	100.00%	FC
SARL GUEROULT	100.00%	100.00%	FC
SARL RESIDENCE LES CEDRES	100.00%	100.00%	FC
SA LE VIEUX CHÂTEAU	100.00%	100.00%	FC
SAS CLINIQUE DE L'ISLE - LE MOULIN	100.00%	100.00%	FC
SCI LES CHESNAIES	100.00%	100.00%	FC
SPRL CHANTS D'OISEAUX	100.00%	100.00%	FC
SPRL ARIANE	100.00%	100.00%	FC
SAS HOME LA TOUR	100.00%	100.00%	FC
SARL LES OLIVIERS DE ST LAURENT	90.00%	90.00%	FC
SAS CENTRE GERONTOLOGIQUE	100.00%	100.00%	FC
EURL CRF CLINEA LIVRY	100.00%	100.00%	FC
SAS CLINIQUE SAINT JOSEPH	50.00%	50.00%	FC
SARL ADC 09	100.00%	100.00%	FC
SAS CLINIQUE MARIGNY	50.00%	50.00%	FC
SAS SUD OUEST SANTE	50.00%	50.00%	FC
SCI LES OLIVIERS	100.00%	100.00%	FC
SCI PORTES D'AUXERRE WB	100.00%	100.00%	FC
SAS MAISON DE SANTE DE MARIGNY	50.00%	50.00%	FC
SAS MASSILIA GESTION SANTE	100.00%	100.00%	FC
SAS CLINIQUE PARASSY	100.00%	100.00%	FC
SARL PARASSY	100.00%	100.00%	FC
SNC DES PARRANS	100.00%	100.00%	FC
SAS HOLDING MANDRES	100.00%	100.00%	FC
SARL NORMANDY COTTAGE	100.00%	100.00%	FC
SCI NORMANDY COTTAGE	100.00%	100.00%	FC
SCI BARBUSSE	100.00%	100.00%	FC
SARL ANCIENNE ABBAYE	100.00%	100.00%	FC
SARL PCM SANTE	100.00%	100.00%	FC
VILLE TURINE AIMONE SPA	100.00%	100.00%	FC
CECOLO ASBL PANHUIS PARK	100.00%	100.00%	FC
LUCIE LAMBERT ROOS DER KONI	100.00%	100.00%	FC
SNC LES ACANTHES	100.00%	100.00%	FC
SA LE CLOS ST GREGOIRE	100.00%	100.00%	FC
SAS EMERAUDE PARTICIPATION	100.00%	100.00%	FC
SAS LE CHÂTEAU DE BREGY	100.00%	100.00%	FC
SA SANCELLEMOZ	81.42%	81.42%	FC
SAS STE NOUVELLE SANCELLEMOZ	100.00%	100.00%	FC

SA RIVE ARDENTE	100.00%	100.00%	FC
SAS LE CLOS D'ALIENOR	100.00%	100.00%	FC
SAS LES JARDINS D'ALIENOR	100.00%	100.00%	FC
SAS LES JARDINS DE LA CRAU	100.00%	100.00%	FC
SAS LES JARDINS DU MAZET	100.00%	100.00%	FC
SAS L'OCCITANIE	100.00%	100.00%	FC
SAS LES JACOURETS	100.00%	100.00%	FC
SCI CASERNE DE DRAGUIGNAN	100.00%	100.00%	FC
SCI REZE	100.00%	100.00%	FC
SCI DU BOIS GUILLAUME	100.00%	100.00%	FC
SCI LIVRY VAUBAN	100.00%	100.00%	FC
SAS NOUV. CLIN. MIRABEAU MONT D'EAUBONNE	100.00%	100.00%	FC
SA CLINIQUE MEDICALE DE GOUSSONVILLE	100.00%	100.00%	FC
SA CHÂTEAU DE GOUSSONVILLE	100.00%	100.00%	FC
GROUPE ARTEVIDA	100.00%	100.00%	FC

Consolidated companies Name	Control Group	Usefulness Group	Method of consolidation
SAS Mediter	100.00%	100.00%	FC
SARL CLINIQUE DE SOINS DE SUITE LA SALETTE	100.00%	100.00%	FC
SAS LE CLOS ST SEBASTIEN	100.00%	100.00%	FC
SARL CUXAC	100.00%	100.00%	FC
SAS CLINIQUE DE LA RAVINE	100.00%	100.00%	FC
SAS MAISON DE RETRAITE LA JONCHERE	100.00%	100.00%	FC
SAS CLINIQUE LES BRUYERE BROSVILLE	100.00%	100.00%	FC
SAS SESMAS	100.00%	100.00%	FC
SAS CLINIQUE PSYCHIATRIQUE DE SEINE ST DENIS	100.00%	100.00%	FC
SAS CLINIQUE DU HAUT CLUZEAU	100.00%	100.00%	FC
SA IHMCA	100.00%	100.00%	FC
SAS CLINIQUE DU PARC DE BELLEVILLE	100.00%	100.00%	FC
SAS CLINIQUE DE SOINS DE SUITE DU BOIS GUILLAUME	100.00%	100.00%	FC
SAS CLINIQUE DE SOINS DE SUITE DE BELLOY EN FRANCE	100.00%	100.00%	FC
SA LA PINEDE	100.00%	100.00%	FC
SARL TREVISE	100.00%	100.00%	FC
SCI MEDITER FONCIER	100.00%	100.00%	FC
SAS MEDIPART	100.00%	100.00%	FC
SARL LA PASTORALE	100.00%	100.00%	FC
SAS CA SANTE	100.00%	100.00%	FC
SAS LAS PEYRERES	100.00%	100.00%	FC
SA HOLDING MIEUX VIVRE	100.00%	100.00%	FC
SAS LES PIVOINES	100.00%	100.00%	FC
SAS LE CLOS D'ARNOUVILLE	100.00%	100.00%	FC
SARL LE CLOS ST JACQUES	100.00%	100.00%	FC
SAS LE CLOS DE L'OSERAIE	100.00%	100.00%	FC
SAS RESIDENCE NOTRE DAME	100.00%	100.00%	FC
SA HOTEL DE RETRAITE PERIGORDIN	100.00%	100.00%	FC
SAS LE CLOS D'HEIMSBRUNN	100.00%	100.00%	FC
SAS LES GRANDS PINS	100.00%	100.00%	FC
SAS LES LYS	100.00%	100.00%	FC
SAS LE CLOS D'ARVERT	100.00%	100.00%	FC
SAS BELLEVUE 33	100.00%	100.00%	FC
SAS MELODIE	100.00%	100.00%	FC
SARL ROGNAC RESIDENCE	100.00%	100.00%	FC
SARL LE CLOS DE BEAUVAISIS	100.00%	100.00%	FC
SAS BELLEVUE 95	100.00%	100.00%	FC
SAS CHÂTEAU DE MONS	100.00%	100.00%	FC
SAS LES JARDINS DE ROMILLY	100.00%	100.00%	FC
SARL MAISON ST MICHEL	100.00%	100.00%	FC
SAS CHÂTEAU DE CHAMPLATREUX	100.00%	100.00%	FC
SAS LES TILLEULS	100.00%	100.00%	FC
SARL LE CLOS THIERRY	100.00%	100.00%	FC
SARL LE CLOS PEUPLIERS	100.00%	100.00%	FC

SARL LE CLOS DE L'ILE DE MACE	100.00%	100.00%	FC
SAS LE CLOS D'ETRECHY	100.00%	100.00%	FC
SAS RESIDENCE DE L'ISLE	100.00%	100.00%	FC
SAS SOLEIL D'AUTOMNE	100.00%	100.00%	FC
SARL ARCHE	100.00%	100.00%	FC
SAS MONT GRIFFARD	100.00%	100.00%	FC

3 – STATEMENT OF THOSE RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

We declare that, to the best of our knowledge and belief, the condensed consolidated interim 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 Orpea Group for the six months ended 30 June 2012, 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 and their impacts on the half-year financial statements, as well as descriptions of the main transactions between related-parties and the key risks and uncertainties for the remaining six months of the year.

Puteaux, 4 October 2012.

Dr. Jean-Claude Marian M.D.
Chairman of the Board of Directors

Yves Le Masne
Chief Executive Officer

4 – STATUTORY AUDITORS' REPORT

This is a free translation into English of the statutory auditors' review report issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' review report also includes information relating to the specific verification of information in the group management report. The statutory auditors' review report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

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Orpea

Société Anonyme

115 rue de la Santé
75013 Paris

Statutory Auditors' Report
on the interim financial data

Period from 1 January to 30 June 2012

To the Shareholders,

In accordance with the instructions given to us by the General Meeting, and pursuant to Article L.451-1-2 III of the French Monetary and Financial Code, we have undertaken:

- the review of the accompanying condensed half-year consolidated financial statements of Orpea for the period 1 January to 30 June 2012, as they are presented in this report;
- We have also reviewed the information provided in the interim business report.

The Board of Directors is responsible for the preparation and presentation of the condensed interim consolidated financial statements. 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 basically consists of interviewing those managers responsible for financial and accounting matters and of applying analytical procedures. This work is less extensive than that required for an audit performed in accordance with French professional standards. Consequently, the assurance provided from a review that the statements taken as whole are free of material error is more limited than one provided from an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 on Interim Financial Reporting, as adopted in the European Union.

II – SPECIFIC INVESTIGATIONS

We also reviewed the information provided in the interim financial report commenting on the condensed interim consolidated financial statements reviewed by us. We have no matters to report as to its fairness or its consistency with the condensed interim consolidated financial statements.

Paris and Neuilly-sur-Seine, 4 October 2012

The Statutory Auditors

BURBAND KLINGER & ASSOCIES	DELOITTE & ASSOCIES
Frédéric Burband	Joël Assayah