LA VIE CONTINUE AVEC NOUS

INTERIM FINANCIAL REPORT

Period from 1 January 2011 to 30 June 2011

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 shall be distributed in accordance with applicable standards. It is available on the Company's website: www.orpea.com.

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Public limited company ("*Société Anonyme*") with Board of Directors. Registered capital of €48,558,965

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 double-digit sales growth of 26.6% in the first half of 2011.

In €m – IFRS	H1 2011	H1 2010	change yoy
France	***525.7***	413.3	**+27.2%**
% of total sales	***88%***	*88%*	
International	**68.5**	55.8	+22.8%
% of total sales	***12%***	*12%*	
Belgium	33.5	27.1	
Spain	15.2	14.7	
Italy	12.0	8.6	
Switzerland	7.8	5.4	
Consolidated sales	**594.2**	**469.2**	***+26.6%***
O/w organic growth[1]			***+8.5%***

The Group achieved strong sales growth in the first half of 2011 in all regions. This performance was thanks to the Group's business model, combining:

- **continuing robust organic growth of 8.5%;**
- **and controlled and value-creating acquisitions**

In terms of growth through acquisitions, the first half of 2011 included the contribution from Mediter (Mediter and Mieux Vivre facilities), acquired at the end of 2010. This large-scale acquisition, which also included 49% of the Medibelge Group, was paid for primarily in shares. It has enabled the Orpea Group to increase its network capacity by around 20%, with 4,866 beds (including 3,810 Mediter beds in France and 1,056 Medibelge beds in Belgium). However, it should be noted that sales generated by Medibelge – which is 49%-owned by Orpea and consolidated under the equity method – are not included in the Group's first-half sales.

The Group also continued with its acquisition policy with the acquisition of health and socio-medical care facilities, some of which will help to increase the capacity of existing facilities thanks to the combining of facilities, thereby contributing to value creation.

[1] *Organic growth (excluding acquisitions) comprises the following cross criteria: creation of new facilities, extension and redevelopment of existing facilities, as well as changes in occupancy rates and daily rates. 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.*

Organic growth was solid as a result of:

- the opening of four facilities in the first half of 2011;
- the ramp-up of facilities opened over the last 12 months;
- high occupancy rates and long-standing facilities;
- an increase in accommodation rates thanks to the quality of services provided, modern infrastructures and high-end hotel services.

At 1 March 2011, the Orpea Group had a network of 33,700 beds at 364 sites (compared with 28,073 beds at 300 facilities a year earlier). A breakdown of these beds by region and whether they are in operation or under construction/redevelopment is provided in the table below:

	TOTAL	France	Spain	Belgium	Italy	Switz-erland
Beds in operation	27,862	22,447	1,776	2,681	883	75
Beds under redevelopment	*3,350*	*2,859*	*0*	*491*	*0*	*0*
Beds under construction	5,838	4,567	0	842	339	90
Total number of beds	**33,700**	**27,014**	**1,776**	**3,523**	**1,222**	**165**
Number of sites	**364**	**302**	**16**	**32**	**12**	**2**

► PERFORMANCE IN FRANCE IN THE FIRST HALF OF 2011

In France, the Orpea Group achieved sales growth of +27.2% to €525.7 million, driven in particular by:

- the integration of Mediter facilities acquired at 31 December 2010;
- the opening of four facilities (clinics in Asnières and Meaux, and long-term care facilities in Montélimar and Schiltigheim), coupled with the ramp-up of facilities opened in 2010;
- the acquisition of four long-term care facilities and three clinics;
- the integration of the health and socio-medical care facilities acquired by the Group over the last 12 months;
- resilient occupancy rates at mature health and socio-medical care facilities and the increase in accommodation rates.

The integration of Mediter's facilities took less time than anticipated and went completely smoothly, thanks in particular to the involvement of all members of staff and an organisational structure fit for growth.

These solid performances are the result of the attractiveness of Orpea's facilities, most of which are new and benefit from modern equipment and favoured locations in the heart of major cities, as well as excellent service and care standards. A number of Orpea facilities ranked very highly in two independent awards for retirement homes in France - Le Figaro and Le Guide de la Dépendance - demonstrating recognition of the Group's expertise.

► PERFORMANCE IN EUROPE IN THE FIRST HALF OF 2011

Sales excluding France increased sharply in the first half of 2011 to €68.5 million from €55.8 million, up 22.8% relative to the first half of 2010.

In **Belgium**, sales increased by 23.6% relative to the first half of 2010 thanks to the ramp-up of the recently opened facility in Brussels and the contribution from facilities acquired over the last 12 months. Further developments were also carried out, particularly in the Ostend and Anvers regions.

In **Italy**, sales came to €12.0 million in the first half of 2011 compared with €8.6 million in the first half of 2010, an increase of 39%. This strong growth was as a result of the opening of a high quality 104-bed residence in Casier, in close proximity to Venice, as well as the acquisition of a large psychiatric clinic in Turin in the first half of 2011.

In **Spain**, sales increased by 3% in the first half of 2011 on a like-for-like basis. The full network is operational in the country. This solid organic growth in a country that has been hard hit by the financial crisis attests to the attractiveness of Orpea's facilities and the defensive nature of its business.

In **Switzerland**, the La Métairie achieved sales growth of 44% to €7.8 million, with the redevelopment of the clinic reaching completion. Sales also benefited from the sharp rise in the Swiss franc against the euro over the period.
The Orpea Group has also obtained a new authorisation to create a 90-bed post-acute care and rehabilitation clinic in Nyon, near Lake Geneva, on the same site as its psychiatric clinic. Construction work on the new clinic has begun and is due to be completed in the second quarter of 2012.

1.2 HIGH PROFIT MARGINS IN THE FIRST HALF OF 2011

In €m (IFRS)	H1 2011	H1 2010	▲%
Sales	**594.2**	469.2	*+26.6%*
EBITDAR (EBITDA before rents)	**150.0**	113.4	*+32.3%*
EBITDA	**105.6**	83.3	*+26.8%*
Recurring EBIT	**78.1**	62.6	*+24.8%*
EBIT	**90.8**	72.3	*+25.6%*
Net financial items	**-31.7**	-25.3	*+25.3%*
Pre-tax profit	**59.1**	47.0	*+25.7%*
Net profit	**40.3**	32.5	*+24.1%*

► RECURRING EBIT

EBITDAR (EBITDA before rents) increased by 32.3% to €150.0 million, giving EBITDAR margin of 25.2% compared with 24.2% in the first half of 2010. This improvement of 100 basis points is as a result of:

- control of staff costs (sales/staff costs ratio of 50.1% compared with 50.7% in the first half of 2010) thanks to a pro-active human resources policy based primarily on internal promotion and training;
- tight control of "Cost of materials consumed and other external charges", which increased by 25.9% to €117.5 million thanks to centralised procurement allowing for economies of scale.

Recurring **EBITDA** increased by 26.8% to €105.6 million compared with €83.3 million in the first half of 2010, impacted in particular by rents at Mediter (€8.8 million in the first half of the year). On a like-for-like basis, rents rose by just 1.7% over the period as a result of the Group's real estate policy.
EBITDA consists of:

- €97.7 million generated in France, representing EBITDA margin of 18.6% compared with 18.5% in the first half of 2010;
- €7.9 million from international activities. Adjusted for facilities in the process of opening or redevelopment, EBITDA from international activities came to €9.5 million, representing EBITDA margin of 16.6% compared with 15.3% in the first half of 2010.

Recurring **EBIT** totalled €78.1 million, an increase of 24.8%, giving EBIT margin of 13.1% despite the impact of the integration of Mediter, which dented EBIT margin due to the large number of facilities in the process of opening.

Impact of the integration of Mediter on operating profitability

The Orpea Group achieved significant improvement in operating profitability in the first half of 2011 thanks to the ramp-up of recently opened facilities.

In €m (IFRS)	H1 2011 Mediter	H1 2011 Orpea excl. Mediter
Sales	68.0	526.2
EBITDAR (EBITDA before rents)	15.0	135.0
EBITDA	6.2	99.4
Recurring EBIT	3.7	74.4

Orpea (excluding Mediter) generated EBITDAR of €135 million, representing EBITDAR margin of 25.7% compared with 24.2% in the first half of 2010. This reflects significant improvement in profitability.

Orpea (excluding Mediter) achieved EBITDA margin of 18.9%, an improvement of 110 basis points compared with the same period in 2010.

Excluding the impact of Mediter, EBIT margin was 14.1%. This performance shows that Orpea now has a base of mature facilities allowing it to continue with its expansion policy without penalising its operating performance.

► EBIT

EBIT increased by 25.6% to €90.8 million. Orpea recognised other non-recurring operating income and expense of €12.7 million (compared with €9.7 million in the first half of 2010), relating primarily to net proceeds from the sale of property assets of €15.2 million, restructuring costs of €6.2 million for recently acquired facilities and income of €9.1 million recognised on business combinations.

► Net financial items

Net financial items totalled -€31.7 million (compared with -€25.3 million in the first half of 2010), an increase of 25.4%, against the backdrop of robust growth.

► Net profit

The tax charge generated by earnings from consolidated companies amounted to €20.5 million compared with €14.6 million in the year-earlier period.
The share of income from associates represented a profit of €1.4 million in the first half of the year.
Attributable net profit for the first half of 2011 came to €40.3 million, up 24.1% compared with €32.5 million in the first half of 2010.

1.3 BALANCE SHEET STRUCTURE, CONSOLIDATED DEBT AND PROPERTY PORTFOLIO

At 30 June 2011, the Group's shareholders' equity totalled €906 million (compared with €865 million at the start of the year).

Net debt[2] stood at €1,724 million compared with €1,571 million at 31 December 2010, an increase of 9.7% (€153 million) over the first half of the year, mainly as a result of property acquisitions. As is the case every year, the majority of property sales will be in the second half of the year.

The Group's two main debt ratios at 30 June 2011 were as follows:

- financial leverage = 3.59 compared with 3.3 at 31 December 2010, versus authorised level of 5.5;
- adjusted gearing = 1.56 compared with 1.5 at 31 December 2010, versus authorised level of 2-2.2.

The Group's debt is still mainly property-related (80%), comprising long-term debts and finance leases, secured against high quality assets that are not very volatile.
Orpea does not have any major loans falling due over the next four years.

Three-quarters of debt is hedged against the risk of fluctuation in interest rates, 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 2011, stable compared with 2010. Taking account of hedging currently in place, this rate will decrease gradually and automatically to 3.80% by 2015.

At 30 June 2011, Orpea owned 226 buildings, 82 of which were partially owned. This portfolio represents a developed area of 745,000 m² (out of land of more than 1 million m²), with a total value of €2,021 million[2], including €511 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 (Scellier LMP / LMNP tax incentive schemes, family offices, institutions).

[2] Excluding the impact of available for sale assets

1.4 – CASH FLOW

Orpea generated cash flow from operations of €66 million in the first half of 2011 compared with €44 million in the first half of 2010, an increase of 50%, reaping the benefits of past investment in developing high quality facilities.
Cash flow totalled €198 million compared with €160 million in the first half of 2010, with €23 million coming from acquisitions of operations and €175 million from net acquisitions of property assets and other fixed assets.
Cash flow from financing activities was negative at -€26 million compared with a positive amount of €30 million in the first half of 2010.
Cash and cash equivalents stood at €119 million at 30 June 2011.

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

► LONG-TERM VISIBILITY:

Solid progress was made in the operational integration of Mediter facilities during the first half of 2011 and Orpea is now planning to optimise the Mediter network with its own in order to enhance value creation.

Between now and March 2012, the rate of openings of new facilities will increase with more than 1,500 beds, including flagship facilities such as the Paris Méchain post-acute care facility, a long-term care facility in Roquebrune Cap Martin, a psychiatric clinic in Toulon and a long-term care facility in Saint-Maur des Fossés.

Thanks to a solid base of profitable facilities that are now up to speed and a unique source of growth from more than 9,000 beds under redevelopment or construction, Orpea is particularly confident about maintaining the profitable growth achieved in the first half of the year. The Group confirms its target of sales of €1,230 million in 2011, with robust profit margins and a flexible balance sheet, suited to its expansion.

► MAIN RISKS AND UNCERTAINTIES:

The main risks are the same as those presented in the 2010 registration document (pages 107 to 129).

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 2010 registration document (pages 195 to 197).
Readers should also refer to Note 3.22 of the notes to the consolidated financial statements in this report.

2. FINANCIAL STATEMENTS

ORPEA

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

ORPEA SA "*Société anonyme*" with share capital of €52,940,994
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-juin-11	30-juin-10
REVENUE		**594,200**	**469,218**
Cost of materials consumed and other external charges		(161,837)	(123,403)
Staff costs		(297,798)	(237,941)
Taxes other than on profit		(26,788)	(22,525)
Depreciation, amortisation and provisions		(27,462)	(20,635)
Other recurring operating income		672	200
Other recurring operating expense		(2,854)	(2,344)
Recurring operating profit		**78,132**	**62,569**
Other non-recurring operating income	*3.17*	71,417	42,028
Other non-recurring operating expense	*3.17*	(58,762)	(32,284)
EBIT		**90,788**	**72,314**
Financial income	*3.18*	297	312
Financial expense	*3.18*	(31,989)	(25,580)
Net finance cost		**(31,692)**	**(25,268)**
PRE-TAX PROFIT		**59,096**	**47,046**
Income tax expense	*3.19*	(20,456)	(14,586)
Share in profit (loss) of associates		1,447	
NET PROFIT		**40,086**	**32,460**
Attributable to minority interests		(193)	-
Attributable to owners of the Company		**40,279**	**32,460**
Number of shares		42,352,795	38,851,872
Basic earnings per share (in euros)		0.95	0.84
Diluted earnings per share (in euros)		0.93	0.83

The notes form an integral part of the financial statements

Statement of comprehensive income

in thousands of euros	**30.juin.11**	**30.juin.10**	31.déc.10
Net profit for the period	**40,279**	**32,460**	66,347
Translation reserves of consolidated subsidiaries			
Change in fair value of cash flow hedges	13,835	(16,549)	2,830
Actuarial gains or losses on employee benefit obligations	1,414	87	-1,946
Other		333	
Tax effect on other items of comprehensive income	(5,250)	5,668	-305
Comprehensive income before revaluation of properties	**50,278**	**21,999**	**66,927**
Revaluation of properties	0	0	58,070
Tax effect on other items of comprehensive income	0	0	-19,994
Comprehensive income after revaluation of properties	**50,278**	**21,999**	**105,003**

Consolidated balance sheet

in thousands of euros		30-juin-11	31-déc-10
Assets	*Notes*		
Goodwill	*3.1*	314,375	431,252
Intangible assets, net	*3.2*	1,063,016	835,096
Property, plant & equipment, net	*3.3*	1,517,325	1,425,290
Property in course of construction	*3.3*	498,351	485,227
Investments in associates and joint ventures	*3.4*	50,700	28,648
Non-current financial assets	*3.5*	20,382	15,176
Deferred tax assets	*3.19*	12,367	12,820
Non-current assets		**3,476,516**	**3,233,510**
Inventories		3,923	3,377
Trade receivables	*3.6*	100,819	86,980
Other assets, accruals and prepayments	*3.7*	167,331	159,730
Cash and cash equivalents	*3.11*	118,864	276,524
Current assets		**390,936**	**526,611**
Assets held for sale		**141,111**	**119,929**
TOTAL ASSETS		**4,008,563**	**3,880,050**

Equity and liabilities	*Notes*		
Share capital		52,941	52,941
Consolidated reserves		506,381	448,848
Revaluation reserves		306,288	297,217
Net profit for the period		40,279	66,347
Equity attributable to owners of the Company	*3.9*	**905,889**	**865,353**
Minority interests		29,057	29,250
Total equity		**934,946**	**894,603**
Non-current financial liabilities	*3.11*	1,488,373	1,458,658
Provisions	*3.10*	18,146	17,090
Post-employment and other employee benefit obligations	*3.10*	19,200	18,433
Deferred tax liabilities	*3.19*	594,217	504,473
Non-current liabilities		**2,119,936**	**1,998,654**
Current financial liabilities	*3.11*	354,426	389,286
Provisions	*3.10*	7,538	6,775
Trade payables	*3.13*	137,648	144,030
Tax and payroll liabilities		158,549	174,624
Current income tax liability	*3.19*	0	531
Other liabilities, accruals and prepayments	*3.14*	154,408	151,619
Current liabilities		**812,570**	**866,864**
Liabilities associated with assets held for sale		**141,111**	**119,929**
TOTAL EQUITY AND LIABILITIES		**4,008,563**	**3,880,050**

The notes form an integral part of the financial statements

Consolidated statement of cash flows

in thousands of euros	*Notes*	**30-juin-11**	**30-juin-10**
Operating activities			
● Net profit		40,279	32,460
● Elimination of non-cash items related to operating activities (*)		31,387	21,157
Cost of debt		31,692	25,268
● Gains on disposals not related to operating activities		(10,136)	
Cash generated by consolidated companies		**93,222**	**78,885**
● Change in operating working capital			
- Inventories		(475)	203
- Trade receivables	*3.6*	(13,701)	(2,037)
- Other assets	*3.7*	(19,080)	5,096
- Tax and payroll liabilities		7,952	(19,466)
- Trade payables	*3.13*	(6,048)	(28,220)
- Other liabilities	*3.14*	4,422	9,614
Cash flow from operating activities		**66,292**	**44,074**
Investing and development activities			
● Acquisitions of subsidiaries net of cash acquired		(19,512)	(26,787)
● Acquisitions of intangible assets and property, plant and equipment, net of disposals		(3,582)	(4,771)
● Acquisitions of properties and other non-current assets	*3.3*	(176,237)	(130,795)
● Disposals of properties and other non-current assets	*3.3*	39,602	14,518
● Other cash inflows and outflows		(38,665)	(12,462)
Cash flow from investing activities		**(198,394)**	**(160,297)**
Financing activities			
● Net additions - (net disbursements) relating to bridging loans and bank overdrafts	*3.11*	(45,990)	46,069
● Additions to finance leases	*3.11*	49,925	42,690
● Additions to loans	*3.11*	97,416	30,000
● Repayments of loans	*3.11*	(74,035)	(46,981)
● Repayments of finance leases	*3.11*	(21,176)	(15,732)
● Cost of debt and other movements	*3.18*	(31,698)	(26,085)
Cash flow from financing activities		**(25,558)**	**29,961**
Change in cash and cash equivalents		**(157,660)**	**(86,262)**
Opening cash and cash equivalents		276,524	135,366
Closing cash and cash equivalents		**118,864**	**49,104**
Breakdown of cash and cash equivanelts		**118,864**	**49,104**
● Short-term investments	*3.11*	87,059	898
● Cash	*3.11*	31,805	48,206
● Bank overdrafts			

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

The notes form an integral part of the financial statements

Consolidated equity

Statement of changes in consolidated equity

in thousands of euros except for number of shares	Number of shares	Share capital	Share premiums	Revaluation reserves	Other reserves	Net profit	Attributable to owners	Minority interests	Total
31.déc.09	**38,847,172**	**48,559**	**82,187**	**257,285**	**189,245**	**61,138**	**641,628**	**257**	**641,885**
Appropriation of net profit					55,311	(61,138)	(5,827)		(5,827)
Change in fair value of properties				38,077			38,077		38,077
Post-employment benefit obligations					(1,276)		(1,276)		(1,276)
Financial instruments				1,856			1,856		1,856
Other							0		0
Fair value changes recognised directly in equity		**0**	**0**	**39,932**	**54,035**	**(61,138)**	**32,829**	**0**	**32,829**
2010 net profit						66,347	66,347		66,347
Exercise of stock options	4,700	6	22				28		28
2010 OCEANE bond issue					3,018		3,018		3,018
Compensation for Mediter contributions	3,500,923	4,376	109,303		7,492		121,172	29,250	150,421
Other					333		333	(257)	76
31.déc.10	**42,352,795**	**52,941**	**191,512**	**297,217**	**251,105**	**66,347**	**865,353**	**29,250**	**894,603**
Appropriation of net profit					56,606	(66,347)	(9,741)		(9,741)
Change in fair value of properties							0		0
Post-employment benefit obligations					927		927		927
Financial instruments				9,072			9,072		9,072
Other							0		0
Fair value changes recognised directly in equity		**0**	**0**	**9,072**	**57,533**	**(66,347)**	**258**	**0**	**258**
1st half 2011 net profit						40,279	40,279		40,279
Other							0	(193)	(193)
30.juin.11	**42,352,795**	**52,941**	**191,512**	**306,288**	**308,638**	**40,279**	**905,889**	**29,057**	**934,946**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

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Notes to the consolidated financial statements

Amounts are expressed in thousands of euros unless otherwise stated

The 2011 condensed interim consolidated financial statements for the Orpea Group were approved by the Board of Directors on 12 September 2011.

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.

The Orpea Group's financial statements have been prepared in accordance with the international accounting standards as endorsed by the European Union. International accounting standards include International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations issued by the Standards Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The significant accounting policies used to prepare the Orpea Group's condensed consolidated financial statements for the six months ended 30 June 2011 are identical to those used to prepare the 2010 consolidated financial statements.

The new standards and interpretations that are mandatory for periods beginning on or after 1 January 2011 and have been adopted by the Orpea Group are:

- IAS 24 revised in 2009 – Related party disclosures: no impact on the financial statements;
- IFRS 3 revised – Share-based payments awarded by the target company: improvement to the standard published in May 2010 does not impact the financial statements;
- IFRS 7 revised – Financial instruments: disclosures: improvement to the standard published in May 2010 does not impact the financial statements;
- IAS 1 – Presentation of the statement of changes in equity: improvement to the standard published in May 2010 does not impact the financial statements;
- IAS 34 – Interim financial reporting: improvement to the standard published in May 2010, which provides for the indication of the nature of transactions and events that may require reporting if they are material, with no impact on the financial statements.

Other amendments and interpretations that are mandatory for periods beginning on or after 1 January 2011 are either not relevant to the Group's interim financial statements or do not have any material impact.

Standards that have not yet been endorsed by the European Commission have not been adopted early.

The condensed interim consolidated financial statements for the six months to 30 June 2011 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 2010 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.

2. SCOPE OF CONSOLIDATION

2.1 Changes in the scope of consolidation for the period

Sales for the first half of 2011 were 26.6% or €125 million higher than in the first half of 2010.

The Group has expanded through organic growth and acquisitions.

Organic sales growth came to 8.5% in the first half of the year.

Over the period, the Group opened four facilities representing 382 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, four long-term care facilities in Contes, Moulin Neuf, Mandres les Roses and Caromb and three clinics in Plateau d'Assy, Alfortville and Livry Gargan;

- a long-term care facility in Flanders, Belgium and a psychiatric clinic in Italy.

Orpea also acquired a 45% minority stake via SARL PCM Santé in a portfolio of six care facilities.

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 for the period

Over the period, investment relating to acquisitions totalled €31 million.

Based on a provisional estimate of the fair value of assets acquired, the total investment recognised on the acquisition date can be summarised as follows:

	Number of facilities	Number of beds	Operating licences (in €m)	Goodwill and intangibles in course of allocation (in €m)	Properties (in €m)
France	7	402	27.7	4.6	19.6
International	2	296	13.9	0.0	0.2
Italy	*1*	*147*	*9.4*		
Switzerland					
Belgium	*1*	*149*	*4.6*		*0.2*
Spain					
Total	9	698	41.7	4.6	19.8

2.3 Acquisition of Mediter and Medibelge

On 31 December 2010, Orpea acquired:

- 100% of the share capital of Mediter SAS, which holds majority stakes in companies operating clinics and long-term care facilities in France, and more specifically 50% plus one share of Holding Mieux Vivre;
- 49% of the share capital of Medibelge SA, which holds stakes in companies operating retirement homes providing medical services in Belgium.

Mediter owns five residences for the elderly and 10 clinics in France, representing total capacity of 1,572 beds.

Sub-group Mieux Vivre owns 26 residences for the elderly in France representing total capacity of 2,238 beds.

As this acquisition took place on 31 December, the consolidated financial statements for the first half of 2011 include Mediter for the first time. The impact of this acquisition on recurrent EBIT therefore breaks down as follows:

In millions of euros	30 June 2011			30 June 2010
	Orpea Group	o/w Mediter sub-group	excl. Mediter sub-group	Orpea Group
Revenue	594.2	68.0	526.2	469.2
Recurring income before depreciation, amortisation and	105.6	6.2	99.4	83.3
Depreciation, amortisation and provisions	-27.5	-2.5	-25.0	-20.6
Recurring operating profit	78.1	3.7	74.4	62.6

Medibelge operates 16 residences for the elderly in Belgium representing total capacity of 2,156 beds.

The company's financial statements are recognised under the equity method (see note 3.4).

3. NOTES TO THE FINANCIAL STATEMENTS

3.1 Goodwill

The main movements during the period were as follows:

	France	International	Total
Opening goodwill	362,753	68,499	431,252
Business combinations	4,705	12	4,717
Mediter allocation	(121,594)		(121,594)
Closing net goodwill	**245,864**	**68,511**	**314,375**

At 31 December 2010, assets and liabilities acquired as of this date relating to Mediter were not recognised at fair value.

At 30 June 2011, provisional goodwill was allocated to intangible assets representative of operating rights to Mediter and Mieux Vivre facilities in the amount of €178 million (or €119 million net of deferred tax).

Provisional goodwill will be allocated definitively on 31 December 2011.

3.2 Intangible assets

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

	30.06.11			31.12.10		
	Gross	Depr. Prov	Net	Gross	Depr. Prov	Net
Operating licences	1,051,419	9,991	1,041,428	824,009	9,991	814,017
Advances and downplayments	5,122		5,122	5,299		5,299
Other	22,919	6,453	16,466	21,311	5,532	15,779
Total	1,079,460	16,444	**1,063,016**	850,619	15,523	**835,096**

At 30 June 2011, 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 & downpayments**	**Other**	**Total**
At 31 December 2009	**753,187**	**8,373**	**13,791**	**775,351**
Increase	5,177	1,772	3,357	10,306
Decrease	(481)	(29)	(120)	(630)
Amortisation and provisions	(3,084)		(736)	(3,820)
Reclassifications and other	664	(4,816)	(707)	(4,859)
Effect of changes in scope	58,554		194	58,748
At 31 December 2010	**814,017**	**5,299**	**15,779**	**835,096**
Increase	1,054	994	1,534	3,582
Decrease	(2,543)		(248)	(2,791)
Amortisation and provisions			(601)	(601)
Reclassifications and other	187,177	(1,170)		186,007
Effect of changes in scope	41,723		2	41,725
At 30 June 2011	**1,041,428**	**5,122**	**16,466**	**1,063,016**

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

Reclassifications correspond primarily to the allocation of provisional goodwill relating to Mediter to operating rights to the said sub-group's facilities (see note 3.1).

3.3 Property, plant and equipment

3.3.1 Movements in property, plant & equipment including those in the course of construction

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

	30.06.11			31.12.10		
	Gross	Depr. Prov	Net	Gross	Depr. Prov	Net
Land	614,281	156	614,124	569,378	141	569,237
Buildings	1,152,054	231,634	920,420	1,065,985	198,769	867,216
Plant	156,211	70,486	85,725	136,786	58,698	78,088
Properties in course of construction	498,413	62	498,351	485,290	62	485,227
Other	74,151	38,985	35,166	65,200	34,523	30,677
Properties held for sale	(138,111)		(138,111)	(119,929)		(119,929)
Total	2,356,999	341,323	**2,015,676**	2,202,709	292,193	**1,910,517**

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**	**Plant**	**Properties in course of construction**	**Other**	**Properties held for sale**	**Total**
At 31 December 2009	**423,896**	**719,375**	**78,584**	**494,135**	**28,395**	**(82,208)**	**1,662,177**
Acquisitions	4,921	65,937	16,449	223,019	7,558		317,884
Change in fair value	58,070						58,070
Disposals	(127)	(6,208)	(889)	(114,935)	(1,434)		(123,593)
Depreciation	(31)	(25,914)	(13,388)		(3,119)		(42,452)
Reclassifications & other	58,547	70,307	(3,493)	(127,231)	(2,131)	(37,721)	(41,722)
Changes in scope	23,961	43,719	825	10,239	1,408		80,152
At 31 December 2010	**569,237**	**867,216**	**78,088**	**485,227**	**30,677**	**(119,929)**	**1,910,517**
Acquisitions	5,087	44,712	6,297	116,247	3,894		176,237
Change in fair value							0
Disposals	(510)	(7,020)	24	(28,948)	(176)		(36,630)
Depreciation	(15)	(17,125)	(7,265)		(1,519)		(25,924)
Reclassifications & other	34,186	18,956	7,929	(74,176)	1,973	(18,182)	(29,314)
Changes in scope	6,139	13,681	652	0	317		20,789
At 30 June 2011	**614,124**	**920,420**	**85,725**	**498,351**	**35,166**	**(138,111)**	**2,015,676**

The main movements in 2011 are due to 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.

3.3.2 Revaluation of operating properties

In accordance with IAS 16, the fair value of properties operated by the Group is appraised at each year end by qualified external valuers.
No impairment loss was recognised during the period.

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

Impact of IAS 16 measurement		
	30.juin.11	**31.déc.10**
Land	297,022	297,022
Buildings	57,781	57,781
Gross value	354,803	354,803
Depreciation	-9,109	-8,426
Properties	**345,694**	**346,377**

The corresponding tax, calculated at standard rates, amounted to €122.1 million.

The amount of additional depreciation arising as a result of the revaluation of buildings in the first half of 2011 was €0.7 million.

3.3.3 Finance leases

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

	30.juin.11	**31.déc.10**
Land	169,384	155,921
Buildings	491,621	472,719
Assets under finance leases	**661,005**	**628,640**

All finance leases are property leases.
Three contracts expired during the period.

3.3.4 Operating leases

Operating lease payments are as follows:

	30.juin.11	30.juin.10
Lease payments	44,374	30,082
Total	**44,374**	**30,082**

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

3.4 Investments in associates and joint ventures

At 30 June 2011, investments in associates and joint ventures break down as follows:

Associates	Percentage owned	Carrying value of investments (in €'000)	O/w recognised under the equity method (€'000)	First-half 2011 revenue (€m)
SA F. Santé	49%	3,000	0	0
Groupe MEDIBELGE	49%	26,132	474	25
SA G. Santé	49%	562	0	0
SA TCP DEV *	70%	217	789	9
Six care facilities owned by SARL PCM SANTE	45%	20,789	185	16
Total		50,700	1,447	

(*) Under a shareholders' agreement, Orpea does not have controlling power of the company.

3.5 Non-current financial assets

Non-current financial assets break down as follows:

	30.juin.11 Net	31.déc.10 Net
Non-consolidated investments	6,307	877
Loans	8,757	9,979
Security deposits	5,319	4,319
Total	**20,382**	**15,176**

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.juin.11	31.déc.10
Trade receivables	100,819	86,980
Total	**100,819**	**86,980**

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.juin.11	31.déc.10
Development-related assets	33,793	23,547
Receivables on property sales	23,895	45,966
Pre-paid expenses relating to property transactions	7,480	8,287
VAT receivables	40,429	33,260
Advances and downpayments made	1,660	1,516
Other receivables	40,502	28,760
Supplier accounts in debit	8,535	9,493
Pre-paid expenses relating to operations	11,036	8,901
Total	**167,331**	**159,730**

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 Assets 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 2011	**31.déc.10**
Number of shares authorised	42,352,795	42,352,795
Number of shares issued	42,352,795	42,352,795
Par value per share (€)	1.25	1.25
Share capital (€)	52,940,994	52,940,994
Treasury shares	16,158	27,321

On 31 July 2007, Orpea carried out a two-for-one share split, thereby doubling the number of shares.

On 20 October 2009, Orpea carried out a €2,400,000 capital increase, resulting in the creation of 1,920,000 new shares.

On 31 December 2010, after acquiring a stake in Mediter and Medibelge, Orpea carried out a €4,376,154 capital increase, resulting in the creation of 3,500,923 new shares.

Since 31 December 2009, the exercise of stock options has had the following impact on share capital and share premiums:

(in thousands of euros)	Number of shares	Share capital	Share premiums
Share capital at 31/12/2009	**38,847,172**	**48,559**	**82,187**
Exercise of options	4,700	6	22
Capital increase	3,500,923	4,376	109,303
Share capital at 31/12/2010	**42,352,795**	**52,941**	**191,512**
Exercise of options			
Capital increase			
Share capital at 30/06/2011	**42,352,795**	**52,941**	**191,512**

3.9.2 *Earnings per share*

Calculation of the weighted average number of shares held

	30.juin.11		30.juin.10	
	Basic	Diluted	Basic	Diluted
Ordinary shares *	42,352,795	42,352,795	38,851,872	38,851,872
Stock options		15,179		72,600
Treasury shares	(21,740)	(21,740)	(26,615)	(26,615)
Exercise of stock warrants				
Exercise of OCEANE bonds		4,069,635		
Weighted average number of shares	**42,331,055**	**46,415,869**	**38,825,257**	**38,897,857**

* net of treasury shares in 2010

Net earnings per share

(in euros)	30.juin.11		30.juin.10	
	Basic	Diluted	Basic	Diluted
Net profit attributable to owner	**0.95**	**0.93**	**0.84**	**0.83**

3.9.3 *Dividends*

The general shareholders' meeting of 30 June 2011 approved the payment of a dividend in respect of the 2010 financial year of €0.23 per share, representing a total of €9,741,143 paid in September 2011.

3.9.4 *Stock option plans*

No options were exercised during the first half of 2011.

In respect of the third stock option plan, a total of 18,360 options remained to be exercised at 30 June 2011.

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

In accordance with the principles set out in note 1.17, only the stock option plan granted in June 2003 has been subject to a valuation.

3.9.5 Share warrants

On 17 August 2009, Orpea made an issue of bonds with redeemable share warrants (OBSAAR), leading to the issuance of 1,190,787 share warrants exercisable from 14 August 2011 to 14 August 2015 inclusive and entitling the holder to subscribe for one Orpea share at a price of €37.90. The maximum dilutive effect is 3.23% of the share capital.

3.9.6 Treasury shares

At the annual general meeting of 30 June 2010, the shareholders authorised a share buyback programme to enable 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 granted to 1,975 employees.

At 30 June 2011, the Group held 16,158 treasury shares which were deducted from consolidated reserves in a total amount of €1,241 thousand.

3.10 Provisions

Provisions break down as follows:

(in thousands of euros)	01.janv.11	Actuarial gains or losses	Reclassification	Charge for the year	Reversal in the year (used)	Reversal in the year (not used)	Change in scope and others	30.juin.11
Liabilities and charges	17,980		(1,458)	3,477	(721)	(381)	78	18,977
Restructuring	5,883				(725)		1,548	6,707
Post-employment benefit ob	18,433	(1,414)	1,458	325	(45)		442	19,200
Total	42,298	(1,414)	0	3,802	(1,490)	(381)	2,068	44,884

At 30 June 2011, short-term provisions included €5,751 thousand in provisions for employment disputes and €1,787 thousand in restructuring provisions.

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

(in thousands of euros)	**30.juin.11**	**31.déc.10**
France	17,606	16,805
International	1,595	1,628
Total	**19,200**	**18,433**

The change in the financial position of post-employment benefits in France and similar benefits breaks down as follows:

	30.juin.11				31.déc.10			
(in thousands of euros)	Current value of obligation	Provision on balance sheet	Net profit	Equity	Current value of obligation	Provision on balance sheet	Net profit	Equity
Opening	**16,805**	**(16,805)**			**13,806**	**(13,806)**		
Current service cost	481	(481)	(481)		929	(929)	(929)	
Interest expense (accretion)	346	(346)	(346)		905	(905)	(905)	
Expected return on plan assets								
Emplyer contributions								
Actuarial gains/losses	(1,414)	1,414		1,414	1,574	(1,574)		(1,574)
Pension benefits paid	(514)	514			(818)	818		
Changes in scope and other	1,900	(1,900)			409	(409)		
Closing	**17,606**	**(17,606)**	**(827)**	**1,414**	**16,805**	**(16,805)**	**(1,834)**	**(1,574)**

The change in the financial position of post-employment benefits in other countries and similar benefits breaks down as follows:

	30.juin.11				31.déc.10			
(in thousands of euros)	Current value of obligation (*)	Provision on balance sheet	Net profit	Equity	Current value of obligation (*)	Provision on balance sheet	Net profit	Equity
Opening	**1,628**	**(1,628)**			**1,181**	**(1,181)**		
Current service cost	182	(182)	(182)		373	(373)	(373)	
Interest expense (accretion)	120	(120)	(120)		179	(179)	(179)	
Expected return on plan assets	(119)	119	119		(170)	170	170	
Employer contributions	(216)	216	216		(307)	307	307	
Actuarial gains/losses					372	(372)		(372)
Pension benefits paid								
Changes in scope and other								
Closing	**1,595**	**(1,595)**	**33**		**1,628**	**(1,628)**	**(75)**	**(372)**

(*) net of hedge funds

The main actuarial assumptions at 30 June 2011 were:

	30.juin.11		31.déc.10	
	France	International	France	International
Discount rate	4.67%	3.00%	4.09%	3.00%
Annual rate of salary increase taking account of inflation	3.50%	2.25%	3.50%	2.25%
Expected rate of return on plan assets	NA	3.00%	NA	3.00%
Retirement age	65	65	65	65
Social security 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 2011, sensitivity of the French post-employment benefit obligation to a 0.5% increase in the discount rate was €890 thousand.

3.11 Financial liabilities and cash and cash equivalents

Net debt breaks down as follows:

(in thousands of euros)	Net 30 June 2011		Net 31 Dec 2010	
Property		**1,573,616**		**1,576,574**
Long-term bank borrowings	304,759		287,997	
Finance lease obligations	457,003		430,733	
Bond issue	382,374		382,374	
Bridging loans	429,480		475,470	
Other		**410,292**		**391,299**
Miscellaneous financial liabilities and debt	380,310		363,795	
Finance lease obligations	29,982		27,504	
Total gross debt (*)	**1,983,910**		**1,967,873**	
Cash	(87,059)		(73,899)	
Cash equivalents	(31,805)		(202,625)	
Total net debt (*)	**1,865,046**		**1,691,349**	

(*) Including liabilities associated with assets held for sale

Changes in net debt during the first half of 2011 break down as follows:

(in thousands of euros)	31-déc-10	Increase	Decrease	Changes in scope	**30-juin-11**
Bond issue	382,374				**382,374**
Long-term property loans	287,997	18,081	(1,319)		**304,759**
Property finance leases	430,733	42,610	(16,340)		**457,003**
Property bridging loans	475,470	10,210	(56,200)		**429,480**
Non-property finance leases	27,504	7,315	(4,837)		**29,982**
Other debt and financial liabilities	363,795	79,849	(72,723)	9,389	**380,310**
Total gross debt	1,967,873	158,065	(151,419)	9,389	**1,983,910**
Cash and cash equivalents	(276,524)	157,660			**(118,864)**
Total net debt	1,691,349	315,725	(151,419)	9,389	**1,865,046**
Liabilities associated with assets held for sale	(119,929)	(21,182)			**(141,111)**
Net debt excluding liabilities associated with assets held for sale	1,571,420	294,543	(151,419)	9,389	**1,723,935**

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

	30.juin.11	Under one year (*)	Two to five years	Over five years
Bond issue	382,374		382,374	0
Long-term property loans	304,759	93,497	150,008	61,254
Property finance leases	457,003	30,467	122,374	304,162
Property bridging loans	429,480	148,543	255,307	25,630
Non-property finance leases	29,982	5,996	23,986	0
Other debt and financial liabilities	380,310	217,035	132,320	30,955
Total gross debt	**1,983,910**	495,537	1,066,369	422,004
Cash and cash equivalents	(118,864)	(118,864)		
Total net debt	**1,865,046**	376,673	1,066,369	422,004
Liabilities associated with assets held for sale	(141,111)	(141,111)		
Net debt excluding liabilities associated with assets held for sale	**1,723,935**	235,562	1,066,369	422,004

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

	Two to five years	2	3	4	5
Bond issue	382,374	41,824	41,824	62,736	235,990
Long-term property loans	150,008	42,043	39,482	39,950	28,533
Property finance leases	122,374	30,594	30,594	30,594	30,592
Property bridging loans	255,307	120,196	74,394	34,262	26,455
Non-property finance leases	23,986	5,996	5,996	5,996	5,998
Other debt and financial liabilities	132,320	50,593	36,918	24,768	20,041
Total gross debt per year	**1,066,369**	291,246	229,208	198,306	347,609

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.
  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: During the second half of 2009, Orpea issued 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 warrants attached to the bonds were valued at fair value and recognised in equity in the amount of €3 million.

The bonds will be redeemed in 2012 and 2013 at 20% of the nominal amount per year and in 2014 and 2015 at 30%. The coupon payable on the bonds is 3-month Euribor + 137 basis points excluding fees.

OCEANE bond issue: During 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:

- Net debt to EBITDA ratio:

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

- 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 2011, these ratios stood at 3.59 and 1.56 respectively, within the required limits of 5.5 for R1 and 2.0 or 2.2 for R2 at 30 June 2011.

Cash and cash equivalents

At 30 June 2011, cash and cash equivalents comprised €87,059 thousand in short-term investments such as risk-free money-market mutual funds and €31,805 thousand in bank credit balances.

3.12 Financial instruments

3.12.1 Interest rate risk

Interest rate risk management strategy:

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 3-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 at fair value of the effective portion of these hedges are recognised in equity at the year end.

Interest rate derivatives portfolio:

At 30 June 2011, as at 31 December 2010, the derivatives portfolio consisted of fixed-rate payer swaps, mainly 3-month Euribor, and interest rate options. These derivatives are either at a constant nominal rate or redeemable.

At the end of 2010, the maturity of interest rate derivatives was as follows:

	Maturity (€m)				
	2011	2012	2013	2014	2015
Average notional (€m)	1,043	1,158	1,005	738	364
Effective rate	3.3%	3.1%	2.9%	2.6%	2.5%

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

	Maturity (€m)				
	2011	2012	2013	2014	2015
Average notional (€m)	1,056	1,256	1,294	1,048	598
Effective rate	3.3%	3.1%	2.9%	2.7%	2.7%

At 31 December 2010, the accumulated fair value of derivative hedging instruments (-€37.0 million) was fully recognised in equity in respect of cash flow hedges.

At 30 June 2011, the accumulated fair value of derivative hedging instruments (-€23.2 million) was fully recognised in equity in respect of cash flow hedges.

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 2011, net debt amounted to €1,865 million, of which around 13% was contracted at fixed rates and the remainder at floating rates.

Taking account of the hedges in place:

- the impact of a 1% (100 basis points) rise in interest rates would increase the Group's financial expense by €7.1 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 €1.4 million.

Movement in cash flow hedging reserve:

(in thousands of euros)	30.juin.11	31.déc.10
Opening hedging reserve	**(36,985)**	**(39,815)**
Change in fair value during the period	3,576	(23,098)
Of which recognised in profit or loss	10,259	25,928
Impact on net profit for the period	13,835	2,830
Closing hedging reserve	**(23,150)**	**(36,985)**

3.12.2 Value of financial assets excluding derivatives

(in thousands of euros)	30.juin.11	31.déc.10
Equity investments	6,307	877
Other non-current financial assets	14,076	14,299
Short-term investments	87,059	202,625
Financial assets excluding derivatives	**107,442**	**217,801**

3.13 Trade payables

	30.juin.11 Net	31.déc.10 Net
Trade payables	137,648	144,030
Total	**137,648**	**144,030**

3.14 *Other liabilities, accruals and prepayments*

	30.juin.11 Net	31.déc.10 Net
Development-related liabilities	30,847	40,142
Security deposits	24,842	24,929
Commitments to work on buildings sold	7,976	8,079
Client accounts in credit	1,416	4,294
Advances and downpayments received	9,255	8,044
Other prepaid income	5,878	5,361
Derivative financial instruments	21,115	34,876
Other	53,080	25,894
Total	**154,408**	**151,619**

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 reporting*

		30.juin.11	30.juin.10
Revenue			
France		525,672	413,329
Rest of Europe		68,527	55,890
	Total	**594,200**	**469,218**
EBITDA			
France		97,286	76,502
Europe hors France		8,308	6,703
	Total	**105,594**	**83,204**
Assets			
France		3,647,365	2,754,078
Rest of Europe		361,198	354,912
	Total	**4,008,563**	**3,108,991**
Liabilities excluding equity			
France		2,794,716	2,147,125
Rest of Europe		278,901	304,024
	Total	**3,073,617**	**2,451,150**

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.juin.11	30.juin.10
Proceeds from property sales	60,423	30,164
Cost of properties sold	(44,965)	(24,313)
Provision reversal	1,134	9,707
Provision charge	(2,982)	(1,290)
Other income	9,860	2,157
Other expense	(10,815)	(6,681)
Total	**12,655**	**9,744**

Other non-recurring operating income and expense mainly comprises:

- net gains on sales of property assets: €15.5 million;
- other income and expense relating to acquisitions within the framework of business combinations: an expense of €6.2 million relating to the redevelopment of recently acquired facilities and income of €9.1 million recognised on business combinations.

3.18 Net finance cost

	30.juin.11	30.juin.10
Interest on bank debt and other financial liabilities	(23,173)	(14,465)
Interest on finance leases	(6,705)	(4,697)
Net income (expense) on interest rate derivatives	(10,411)	(14,089)
Capitalised borrowing costs (*)	8,300	7,671
Financial expense	**(31,989)**	**(25,580)**
Interest income	297	312
Financial income	**297**	**312**
Net finance cost	**(31,692)**	**(25,268)**

(*) Calculated at a rate of 4.5% at 30 June 2011 as at 30 June 2010 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 2011.

(in thousands of euros)	30.juin.11	30.juin.10
Current income taxes	11,279	10,439
Deferred income taxes	9,177	4,148
Total	**20,456**	**14,586**

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

(in thousands of euros)	30.juin.11	31.déc.10
Fair value of intangible assets	(308,117)	(238,722)
Fair value of PPE (*)	(258,307)	(255,140)
Capitalisation of finance leases	(30,218)	(26,023)
Timing differences	(6,002)	(5,712)
Tax loss carryforwards	12,367	12,820
Deferral of capital gains	1,546	1,620
Employee benefits	5,954	5,908
CVAE deferred tax (**)	(7,494)	(7,694)
Financial instruments and other	8,420	21,290
Total	**(581,851)**	**(491,653)**

(*) Including deferred tax of €122.1 million relating to the revaluation of properties (see Note 1.8)

(**) Deferred tax recognised in accordance with IAS 12 on depreciable property, plant and equipment and intangible assets of French entities subject to CVAE tax on business added-value as of 1 January 2010

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

(in thousands of euros)	30.juin.11	31.déc.10
Assets	12,367	12,820
Liabilities	(594,217)	(504,473)
Net	**(581,851)**	(491,653)

The difference between the theoretical tax rate, i.e. 34.43% in 2011, and the effective tax appearing in the income statement, breaks down as follows:

(in thousands of euros)	30.juin.11	31.déc.10
Effective rate:	**33.69%**	**31.79%**
- Permanent differences:	-0.50%	2.90%
- Impact of business combinations	5.15%	3.56%
- Impact of reduced tax rates	-0.01%	-0.02%
- Impact of companies accounted for at equity	0.82%	-0.18%
- Other	0.42%	0.81%
- CVAE tax on business added-value	-5.14%	-4.43%
Theoretical rate	**34.43%**	**34.43%**

Deferred taxes calculated on the basis of the IFRS valuation of intangible assets came to €308,117 thousand at 30 June 2011. These intangible assets are not held for sale.

3.20 Commitments and contingent liabilities

3.20.1 Off-balance sheet commitments

Debt-related commitments

Contractual obligations (in thousands of euros)	30.juin.11	31.déc.10
Counter-indemnities on contracts	**0**	**0**
Receivables sold not yet matured	**0**	**0**
Collateral	**1,073,345**	**1,011,320**
Financing property assets	*301,990*	*285,228*
Non-property borrowings and financial liabilities	*292,662*	*276,147*
Finance leases	*478,693*	*449,945*
Guarantees	**5,088**	**5,088**
Related to property assets	*4,158*	*4,158*
Related to non-property borrowings and fin. liabs.	*930*	*930*
Related to finance leases		
Other commitments given	**0**	**0**
Subscription to bond issue		
Total	**1,078,433**	**1,016,408**

Commitments relating to the Group's operations

Lease commitments

Future minimum lease payment commitments at 30 June 2011 break down as follows:

	Minimum payment
Under one year	55,763
One to five years	223,051
Over five years	390,339
Total	**669,152**

Operating lease commitments break down as follows at 30 June 2011:

	Minimum payment
Under one year	88,747
One to five years	354,990
Over five years	621,232
Total	**1,064,969**

The Group signs primarily firm lease agreements for a period of 12 years.

Commitments relating 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.

At 30 June 2011, these training rights were financed by reimbursements obtained under professional training contracts.
The expense is recognised 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 2011 currently stand at around €29 million.

Commitments relating to the scope of consolidation

At 30 June 2011, conditional commitments to acquire facilities, operating licences and land amounted to €143 million.

The Group also has a call option on:

- 51% of F. Santé SA and G. Santé SA between 1 January 2014 and 30 June 2014;
- 51% of Medibelge as of 1 January 2013;
- 30% of TCP DEV SA as of 11 September 2013.

As regards the 45% stake held in a portfolio of six care facilities via SARL PCM Santé, Orpea and the current majority shareholders have exchanged the following commitments for a possible 100% acquisition, subject to a number of conditions precedent being met:
- a preliminary purchase agreement signed by Orpea until 31 March 2021;
- a preliminary sales agreement signed by the current majority shareholders as of 1 April 2021.

Miscellaneous commitments

The Group has received the preliminary deed agreement for land in Spain as security for a €2.2 billion loan granted by Orpea SA.

Furthermore, under a protocol agreement of 20 December 2010, ELC has made a commitment to sell its residual 45.57% stake in Holding Mieux Vivre to Orpea SA subject to certain conditions granted in favour of Orpea.

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 Analysis of financial assets and liabilities in accordance with IFRS 7

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

(in thousands of euros)	Balance sheet classification	Level (*)	Carrying amount 30.juin.11	Carrying amount 31.déc.10	Fair value 30.juin.11	Fair value 31.déc.10
HELD-TO-MATURITY ASSETS			**0**	**0**	**0**	**0**
Bonds and negotiable debt securities	Cash and cash equivalents					
LOANS AND RECEIVABLES			**138,790**	**147,245**	**138,790**	**147,245**
Short-term loans	Short-term loans					
Long-term loans	Non-current financial assets	2	8,757	9,979	8,757	9,979
Receivables related to asset disposals	Short-term receivables related to asset disposals		23,895	45,966	23,895	45,966
Security deposits	Non-current financial assets	2	5,319	4,319	5,319	4,319
Trade receivables	Other receivables	2	100,819	86,980	100,819	86,980
AVAILABLE-FOR-SALE ASSETS			**87,059**	**202,625**	**87,059**	**202,625**
Equity investments	Non-current financial assets					
Mutual funds	Cash and cash equivalents	1	87,059	202,625	87,059	202,625
Other						
FINANCIAL ASSETS AT FAIR VALUE			**0**	**0**	**0**	**0**
Interest rate derivatives						
Currency derivatives						
CASH AND CASH EQUIVALEI	Cash and cash equivalents	1	**31,805**	**73,899**	**31,805**	**73,899**
FINANCIAL ASSETS			**257,654**	**423,769**	**257,654**	**423,769**

(*) Level 1: for financial assets and liabilities listed on an active market, fair value corresponds to the quoted price.
(*) Level 2: for financial assets and liabilities not listed on an active market and for which observable market data exist, but which cannot be relied upon by the Group to measure their fair value.
(*) Level 3: for financial assets and liabilities listed on an active market and for which there is no observable market data by which to measure their fair value.

(in thousands of euros)	Balance sheet classification	Level (*)	Carrying amount 30.juin.11	Carrying amount 31.déc.10	Fair value 30.juin.11	Fair value 31.déc.10
FINANCIAL LIABILITIES AT FAIR VALUE			**21,115**	**34,876**	**21,115**	**34,876**
Currency derivatives	Other liabilities					
Interest rate derivatives	Other liabilities	2	21,115	34,876	21,115	34,876
Other obligations	Other liabilities					
FINANCIAL LIABILITIES AT AMORTISED COST			**2,116,030**	**2,107,584**	**2,116,030**	**2,107,584**
Bonds convertible, exchangable or redeemable for shares	LT and ST financial liabilities					
Bank borrowings	LT and ST financial liabilities	2	1,116,615	1,133,850	1,116,615	1,133,850
Finance lease obligations	LT and ST financial liabilities	2	486,985	458,237	486,985	458,237
Other liabilities	LT and ST financial liabilities	2	380,310	375,786	380,310	375,786
Trade payables	Trade payables	2	132,120	139,711	132,120	139,711
TOTAL			**2,137,145**	**2,142,460**	**2,137,145**	**2,142,460**

(*) Level 1: for financial assets and liabilities listed on an active market, fair value corresponds to the quoted price.
(*) Level 2: for financial assets and liabilities not listed on an active market and for which observable data exists but which cannot be relied upon by the Group to measure their fair value.
(*) Level 3: for financial assets and liabilities listed on an active market and for which there is no observable market data by which to measure their fair value.

3.22 Related party transactions

Associates and joint ventures

At 30 June 2011, the Group owned 49.4% of Société F. Santé through SARL 96, as well as 49% of Medibelge, 49% of G. Santé SA, 70% of TCP DEV SA and 45% of a portfolio of post-acute and psychiatric care clinics via SARL PCM Santé.

Advances granted to associates and joint ventures by the Orpea Group amounted to €18 million at 30 June 2011 and concern TCP DEV.

3.23 Subsequent events

The Group continued its expansion in France with the acquisition of two long-term care facilities.

3.24 Scope of consolidation at 30 June 2011

Consolidated companies Name	% control	% interest	Consolidation method
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	% interest	Consolidation method
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	% interest	Consolidation method
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
SARL RESIDENCE LA CLAIRIERE	100.00%	100.00%	FC
SAS CHAMPVERT	100.00%	100.00%	FC
SA DAVER	100.00%	100.00%	FC
SA BORA	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
SPA VILLA DI SALUTE	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	% interest	Consolidation method
SA RESIDENCE DU MOULIN	100.00%	100.00%	FC
SARL RESIDENCE DU PARC	100.00%	100.00%	FC
SAS CARDEM	100.00%	100.00%	FC
SA ORPEA BELGIUM IMMOBILIER	100.00%	100.00%	FC
SA CARINA	100.00%	100.00%	FC
SA ODE HOLDING	100.00%	100.00%	FC
SA LES AMARANTES	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
SAS LE CLOS DU ROY	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
SAS CLINIQUE MEDICALE LES OLIVIERS	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	% interest	Consolidation method
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
SAS PLACENETTE	100.00%	100.00%	FC
SCI LES CHESNAIES	100.00%	100.00%	FC
SAS AVI GESTION	100.00%	100.00%	FC
SPRL CHANTS D'OISEAUX	100.00%	100.00%	FC
SPRL ARIANE	100.00%	100.00%	FC
SAS ST HONORAT	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 DE TREIGNY	100.00%	100.00%	FC
SAS CENTRE GERONTOLOGIQUE	100.00%	100.00%	FC
SA L'HORIZON	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
SA VERAN	100.00%	100.00%	FC
SA LFB	100.00%	100.00%	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 DOMAINE DES FROMENTAUX	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
SAS ABBAYE DES CORDELIERS	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

SAS MEDITER	100.00%	100.00%	Parent
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
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	50.00%	50.00%	FC
SAS LES PIVOINES	50.00%	50.00%	FC
SAS LE CLOS D'ARNOUVILLE	50.00%	50.00%	FC
SARL LE CLOS ST JACQUES	50.00%	50.00%	FC
SAS LE CLOS DE L'OSERAIE	50.00%	50.00%	FC
SAS RESIDENCE NOTRE DAME	50.00%	50.00%	FC
SA HOTEL DE RETRAITE PERIGORDIN	50.00%	50.00%	FC
SAS LE CLOS D'HEIMSBRUNN	50.00%	50.00%	FC
SAS LES GRANDS PINS	50.00%	50.00%	FC
SAS LES LYS	50.00%	50.00%	FC
SAS LE CLOS D'ARVERT	50.00%	50.00%	FC
SAS BELLEVUE 33	50.00%	50.00%	FC
SAS MELODIE	50.00%	50.00%	FC
SARL ROGNAC RESIDENCE	50.00%	50.00%	FC
SARL LE CLOS DE BEAUVAISIS	50.00%	50.00%	FC
SAS BELLEVUE 95	50.00%	50.00%	FC
SAS CHÂTEAU DE MONS	50.00%	50.00%	FC
SAS LES JARDINS DE ROMILLY	50.00%	50.00%	FC
SARL MAISON ST MICHEL	50.00%	50.00%	FC
SAS CHÂTEAU DE CHAMPLATREUX	50.00%	50.00%	FC
SAS LES TILLEULS	50.00%	50.00%	FC
SARL LE CLOS THIERRY	50.00%	50.00%	FC
SARL LE CLOS PEUPLIERS	50.00%	50.00%	FC
SARL LE CLOS DE L'ILE DE MACE	50.00%	50.00%	FC
SAS LE CLOS D'ETRECHY	50.00%	50.00%	FC
SAS RESIDENCE DE L'ISLE	50.00%	50.00%	FC
SAS SOLEIL D'AUTOMNE	50.00%	50.00%	FC
SARL ARCHE	50.00%	50.00%	FC
SAS MONT GRIFFARD	50.00%	50.00%	FC

3 – STATEMENT BY PERSONS RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

We declare that, to the best of our knowledge and belief, the condensed 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 2011, 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 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, 30 September 2011.

Dr. Jean-Claude Marian	Yves Le Masne
Chairman	Chief Executive Officer

4 – STATUTORY AUDITORS' REPORT

BURBAND KLINGER & ASSOCIES
140, RUE DU FAUBOURG SAINT-HONORÉ
75008 PARIS

DELOITTE & ASSOCIES
185, AVENUE CHARLES DE GAULLE
92524 NEUILLY SUR SEINE CEDEX

ORPEA SA

Société Anonyme

115, Rue de la Santé, 75013 Paris

STATUTORY AUDITORS' REPORT
ON THE INTERIM FINANCIAL INFORMATION

Six months from 1 January to 30 June 2011

Dear Shareholders,

In our capacity as Statutory Auditors and pursuant to the provisions of article L.451-1-2 III of the French Monetary and Financial Code, we have reviewed the Orpea Group's condensed interim consolidated financial statements for the six months from 1 January to 30 June 2011 as attached to 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 the professional standards applicable in France. A review consists of making enquiries, primarily of management members responsible for accounting and financial matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with professional standards in France and therefore provides a lower level of assurance that the financial statements as a whole are free from material misstatement than 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.

Without qualifying the conclusion expressed above, we draw your attention to note 1 of the notes to the financial statements on significant accounting policies, which describes the method of presenting the interim financial statements and new standards whose application is mandatory.

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, 30 September 2011

The Statutory Auditors

BURBAND KLINGER & ASSOCIES	DELOITTE & ASSOCIES	
_____________	_______________	
Frédéric Burband	Henri Lejette	Joël Assayah