ORPEA
LA VIE CONTINUE AVEC NOUS

INTERIM FINANCIAL REPORT

Period from 1 January to 30 June 2013

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 applicable procedures. It is available on the Company's website: www.orpea-corp.com.

CONTENTS

ORPEA

Société anonyme with a 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 ROBUST REVENUE GROWTH

The Orpea Group, a market leader in long-term and short-term dependency care through a network of nursing homes, post-acute and psychiatric care facilities, delivered 14.3% revenue growth in first-half 2013.

In €m – IFRS	H1 2013	H1 2012	*% change*
France	651.6	601.5	*+8.3%*
% of total revenue	*83%*	*88%*	
International	130.9	83.2	*+57.3%*
% of total revenue	*17%*	*12%*	
Belgium	78.0	36.5	
Spain	24.8	24.6	
Italy	18.8	14.5	
Switzerland	9.3	7.6	
Consolidated revenue	782.5	684.7	*+14.3%*
O/w organic growth[1]			*+7.1%*

In line with previous half-years, revenue in first-half 2013 rose sharply, both in France and abroad, thanks to the combined effects of our two key success factors:

- **Continued robust organic growth** of 7.1%, driven by the attractiveness of our historical facilities and momentum from opening new facilities both in France and abroad.
- **Selective external growth, focusing on the international markets.** Orpea's acquisition policy focuses on strategically located projects ripe for redevelopment in order to maximise their value creation. In addition, we continued to expand actively abroad, particularly in Belgium.

In March 2013, we reached a milestone in our development, exceeding 40,000 beds for the first time, including more than 10,000 outside France.

At 1 March 2013, Orpea had 431 facilities and 40,374 beds, broken down as follows:

[1] *Organic revenue growth includes:*
1. The year-on-year change in revenue from existing facilities due to changes in occupancy rates and per diem rates;
2. The year-on-year change in revenue from facilities that have been redeveloped or expanded during the current or prior year;
3. Revenue from new facilities opened during the current or prior year;
4. The improvement in revenue from recently acquired facilities compared with the equivalent year-earlier period.

	TOTAL	France	Spain	Belgium	Italy	Switzerland
Beds in operation	34 972	26 488	2 938	4 510	871	165
o/w under refurbishment	*3 246*	*2 334*	*0*	*912*	*0*	*0*
Beds under construction	5 402	2 989	0	2 008	405	0
Total number of beds	**40 374**	**29 477**	**2 938**	**6 518**	**1 276**	**165**
Number of facilities	**431**	**339**	**22**	**56**	**12**	**2**

► ACTIVITY IN FRANCE IN FIRST-HALF 2013

Revenue continued to grow steadily, rising by 8.3% to €651.6 million. This performance stemmed from continued robust organic growth and a targeted acquisition policy, reflected in:

- the opening of 6 modern facilities in large towns, either new-build or major redevelopments (1 post-acute and rehabilitation care facility in Lyon Meyzieu and 5 long-term care facilities in Nantes, Guérande, Saint Laurent du Var, Bobigny and Le Cateau Cambrésis), coupled with ramp-up at facilities opened in 2012;
- resilient occupancy rates in mature facilities and an increase in accommodation rates made possible by the high-quality of care, accommodation, catering and other services provided by our facilities;
- acquisition of 5 facilities for redevelopment;
- integration of the post-acute, rehabilitation and long-term care facilities acquired by the Group over the last 12 months.

Business momentum in France is driven by continued strong demand for long-term care facilities due to the ageing population, the limited supply of quality services to meet this demand and the particular attractiveness of Orpea's facilities. They are all recent buildings built by the Group to the highest quality standards, located in town centres or very close by, and they offer a large number of single rooms. All of these features help to meet residents' and patients' expectations in terms of comfort and well-being.

The quality of our facilities and the expertise of our staff were once again recognised in the 2013 French guide to assisted living (*Guide de la Dépendance*) published by France Info/JTL Editions, in which 59 of our care homes ranked among the "outstanding facilities" in France, scoring between 9 and 10 out of 10, compared with 47 facilities in the 2012 guide.

Orpea is also a major contributor to the local economies, particularly in terms of job creation. Having already created more than 7,000 jobs in the past five years, more than 600 direct non-relocatable jobs were created in first-half 2013. In addition, with more than 50 new-build and redevelopment projects in progress, we are also helping to preserve thousands of jobs in the construction industry.

► ACTIVITY IN EUROPE IN FIRST-HALF 2013

In line with our strategy, we continue to expand our international business, mainly through acquisitions made in 2012. International revenue rose by 57.3% to €130.9 million in first-half 2013, compared with €83.2 million in the same period of 2012.

In **Belgium**, revenue increased 113.7% to €78.0 million, driven mainly by the full consolidation of the Medibelge facilities as of the second half of 2012. Business in Belgium was also supported by continued strong occupancy rates in mature facilities coupled with ramp-up at recently opened facilities.
Lastly, we strengthened our presence in Flanders with the acquisition of 1,342 beds during the first half, including the Corasen rest homes with 311 beds in operation and 785 beds for development.

In **Spain,** half-year revenue amounted to €24.8 million, stable compared with first-half 2012 (up 0.8%). Despite a difficult macroeconomic environment, business momentum remains satisfactory and the integration of Artevida's facilities acquired in early 2012 is now complete.

In **Italy,** half-year revenue rose by 29.7% to €18.8 million, compared with €14.2 million in 2012. Growth was driven by a continued buoyant performance at existing facilities, ramp-up of recently opened facilities and the integration of acquisitions made in 2012. In the first half, Orpea opened a new 110-bed psychiatric facility on Lake Maggiore.

In **Switzerland**, revenue increased 22.4% to € 9.3 million, mainly due to the new Bois Bougy post-acute and rehabilitation care facility built on the same site as our first psychiatric facility at Nyon near Lake Geneva. Bois Bougy has 95 beds and offers premium accommodation and catering services and specialist care.

1.2 HIGH MARGINS IN FIRST-HALF 2013

In €m (IFRS)	H1 2013	H1 2012	% change
Revenue	**782.5**	684.7	*+14.3%*
EBITDAR (EBITDA before rents)	**210.7**	174.6	*+20.6%*
EBITDA*	**145.2**	121.9	*+19.1%*
Recurring EBIT	**111.1**	92.4	*+20.2%*
EBIT	**130.5**	110.0	*+18.6%*
Net finance cost	**(43.7)**	(36.8)	*+18.7%*
Pre-tax profit	**86.8**	73.2	*+18.6%*
Net profit	**57.1**	50.7	*+12.6%*

*EBITDA: Recurring EBIT before net depreciation and amortisation

► RECURRING EBIT

EBITDAR (EBITDA before rents) increased by 20.6% to €210.7 million, giving a margin of 26.9% compared with 25.5% in first-half 2012. After an improvement of 30 basis points in first-half 2012, the EBITDAR margin continued to grow, with a rise of 140 basis points in first-half 2013, due to:

- Control over operating costs:
  - Payroll and sub-contracting expense accounted for 51% of revenue compared with 51.9% in first-half 2012. We continued to integrate certain functions, particularly within our most recent acquisitions, enabling us to significantly reduce sub-contracting costs. Payroll expense was also reduced in France by the "CICE" employment competitiveness tax credit;
  - Purchases increased 12.3%, more slowly than revenue thanks to centralised purchasing and ongoing optimisation of the purchasing function.
- Increase in the number of mature facilities, which provide a steady optimal income stream. These facilities now account for almost 80% of Orpea's network.
- Contribution from new facilities opened in the past two years, all of which are in prime locations.

Recurring EBITDA rose by 19.1% to €145.2 million. Rental expense amounted to €65.4 million, an increase of 24.2% mainly due to the disposal of property assets in 2012 for a total of €300 million. Like-for-like, the annualised increase in rents remains low, at 1.3%, as indexation is capped in most of the leases.

EBITDA breaks down as follows:

- €129.4 million in France, giving a margin of 19.9% compared with 18.4% in first-half 2012;

- €15.8 million in International, giving a margin of 12.1% compared with 13.5% in first-half 2012. Spain and Italy delivered improved margins whilst Belgium declined due to the integration of the Medibelge facilities, which are all leased.

Recurring EBIT increased 20.2% to €111.1 million compared with first-half 2012, giving a margin of 14.2% compared with 13.5%. The recurring EBIT margin therefore reached a record high despite losses generated by the opening of more than 1,000 beds during the first half (mainly retirement homes) and the continuing redevelopment of more than 3,000 beds.

▶ EBIT

EBIT rose by 18.6% to €130.5 million. Other non-recurring income net of other non-recurring expense totalled €19.4 million (compared with €17.6 million in first-half 2012), mainly due to the net proceeds from property asset sales.

▶ NET FINANCE COST

Net finance cost amounted to €43.7 million compared with €36.8 million in first-half 2012, an increase of 18.7%.

▶ PRE-TAX PROFIT

Pre-tax profit amounted to €86.8 million compared with €73.2 million in first-half 2012, an increase of 18.6% and higher than revenue growth.

▶ NET PROFIT

The tax charge on the earnings of consolidated companies came to €30.7 million compared with €22.8 million the previous year, an increase of 34.5% driven mainly by the impact of new taxes, such as the dividend tax and the partial non-deductibility of finance costs.

The share in profit of associates totalled €1.0 million compared with €0.4 million in first-half 2012.

Net profit attributable to owners of the company amounted to €57.1 million compared with €50.7 million in first-half 2012, an increase of 12.6%.

1.3 FINANCIAL STRUCTURE, CONSOLIDATED DEBT AND PROPERTY PORTFOLIO

At 30 June 2013, equity attributable to owners of the company totalled €1,259 million (compared with €1,214 million at the start of the year).

Net debt[2] amounted to €1,864 million, up just 2.9% since 31 December 2012 despite a sustained level of acquisitions.
The Group's two key debt ratios at 30 June 2013 were unchanged compared with end-December 2012, reflecting its robust financial structure:

- Adjusted financial leverage (net debt to EBITDA ratio) = 1.7 versus the authorised level of 5.5;
- Adjusted gearing (net debt to equity ratio) = 1.3 versus the authorised level of 2.

Net debt is still mainly property-related (86%), secured against prime assets with little price volatility.

During the first half, we took advantage of very low interest rates to continue optimising our hedging policy. Net debt is now about 95% hedged against interest rate risk for the next four years.

Since the start of the year, we have pursued our strategy of optimising and diversifying our financial structure through private bond placements in France (€53 million including €33 million in H1 2013) and Belgium (€75 million in July 2013), as well as an issue of net share-settled bonds - "ORNANE" (€198 million in July 2013).
These transactions, which met with great success, have extended the average maturity of the Group's debt further strengthening its flexibility.

In line with our strategy, we continued our property asset disposal programme, with €65 million of sales in first-half 2013 on a full-year target of more than €200 million. These transactions were completed on attractive terms, both in terms of starting rents and indexation.

At 30 June 2013, Orpea owned 258 buildings either fully (largely financed by property finance leases) or partially (co-owned buildings in which the Group owns a portion of the units mainly intended for the provision of communal services). This portfolio represents a developed area of 859,000 sqm (on land of more than 1 million sqm), with a total value of €2,443 million.[2]

It is a strategic asset for the Group, comprising modern buildings in prime locations in town centres or large conurbations.

[2] Excluding the impact of assets in the process of sale for €236 million at 30 June 2013 and €121 million at 31 December 2012.

1.4 CASH FLOWS

Net cash provided by operating activities amounted to €91.5 million in first-half 2013, compared with €78.5 million the previous year, an increase of 16.6%.
Net cash used by investing activities, including building and maintenance expenditure, acquisitions of property and intangible assets, net of property sales, amounted to €215.9 million. Building and maintenance expenditure amounted to €102 million compared with €187 million in first-half 2012, a significant decrease of 45%.
Net cash provided by financing activities came to €29.2 million compared with €12.8 million in first-half 2012.
Cash and cash equivalents stood at €267.1 million at 30 June 2013, compared with €362.3 million at the start of the period.

1.5 SHORT AND MEDIUM-TERM OUTLOOK

► LONG-TERM VISIBILITY:

We are confident in our ability to meet our 2013 targets:
- 12% revenue growth to € 1,600 million;
- improved margins;
- more than €200 million of property asset disposals;
- debt stable compared with 31 December 2012.

In line with this cash flow growth strategy, we will continue our expansion, particularly in the international markets, capitalising on our strong base in our historical countries of operation.

► MAIN RISKS AND UNCERTAINTIES:

The main risks are the same as those presented in Chapter IV, section 5, pages 132 to 160 of the 2012 registration document filed with the Autorité des Marchés Financiers on 14 May 2013 under number D.13-0525.

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

► RELATED PARTIES:

There has been no material change relative to the information provided in Chapter VI, section 3, pages 268 to 275 of the Company's 2012 registration document.
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

30 June 2013

ORPEA SA, French *société anonyme* with a 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-Jun-13	30-Jun-12
REVENUE		**782,481**	**684,698**
Cost of materials consumed and other external charges		(209,187)	(186,784)
Payroll expenses		(389,757)	(341,056)
Taxes other than income tax		(37,977)	(33,863)
Depreciation, amortisation and provisions		(34,128)	(29,461)
Other recurring operating income		2,240	655
Other recurring operating expense		(2,585)	(1,753)
Recurring EBIT		**111,086**	**92,437**
Other non-recurring operating income	*3.18*	112,271	109,697
Other non-recurring operating expense	*3.18*	(92,867)	(92,126)
EBIT		**130,490**	**110,008**
Financial income	*3.19*	288	263
Financial expense	*3.19*	(43,971)	(37,068)
Net finance cost		**(43,683)**	**(36,805)**
PRE-TAX PROFIT		**86,807**	**73,203**
Income tax expense	*3.20*	(30,677)	(22,810)
Share in profit (loss) of associates		969	357
NET PROFIT		**57,099**	**50,750**
Attributable to non-controlling interests		(4)	36
Attibutable owners of the Company		**57,102**	**50,714**
Number of shares		52,998,062	52,998,062
Basic earnings per share (in euros)		1.07	0.96
Diluted earnings per share (in euros)		1.04	0.94

The notes form an integral part of the financial statements

Statement of comprehensive income

(in thousands of euros)		30-Jun-13	30-Jun-12
Net profit for the period	***a***	**57,102**	**50,714**
Exchange differences on translating foreign operations			
Available for sale financial assets			
Cash flow hedges		32,710	(13,883)
Share of other comprehensive income of associates			
Tax effect on other items of comprehensive income		(11,808)	4,780
Total items that may be reclassified subsequently to profit or loss	***b***	20,902	(9,103)
Total comprehensive income after reclassification items	***a+b***	**78,004**	**41,611**
Actuarial gains or losses		-1,892	430
Gains on property revaluation			12,000
Tax effect on items that will not be reclassified to profit or loss		683	-4,280
Total items that will not be reclassified to profit or loss	***c***	-1,209	8,150
Comprehensive income after items that will not be reclassified	***a+b+c***	**76,795**	**49,762**
Other items of comprehensive income (after tax)	***b+c***	**19,693**	**(953)**
Comprehensive income	***a+b+c***	**76,795**	**49,762**

CONSOLIDATED BALANCE SHEET

(in thousands of euros)		30-Jun-13	31-Dec-12
Assets	*Notes*		
Goodwill	*3.1*	381,528	379,866
Net intangible assets	*3.2*	1,386,260	1,306,292
Net property, plant & equipment	*3.3*	1,872,714	1,898,047
Properties under construction	*3.3*	571,863	553,881
Investments in associates and joint ventures	*3.4*	46,641	45,422
Non-current financial assets	*3.5*	25,445	22,534
Deferred tax assets	*3.20*	23,599	22,549
Non-current assets		**4,308,049**	**4,228,593**
Inventories		5,096	5,001
Trade receivables	*3.6*	99,528	100,289
Other assets, accruals and prepayments	*3.7*	151,701	138,134
Cash and cash equivalent	*3.11*	267,090	362,292
Current assets		**523,415**	**605,716**
Assets held for sale		**235,632**	**120,700**
TOTAL ASSETS		**5,067,097**	**4,955,009**

Equity and liabilities	*Notes*		
Share capital		66,248	66,248
Consolidated reserves		913,277	845,761
Revaluation reserve		222,680	205,242
Net profit for the period		57,102	97,028
Equity attributable to owners of the Company	*3.9*	**1,259,306**	**1,214,279**
Non-controlling interests		1,260	1,487
Total equity		**1,260,566**	**1,215,766**
Non-current financial liabilities	*3.11*	1,685,946	1,669,510
Provisions	*3.10*	30,065	28,018
Post-employment and other employee benefits obligation	*3.10*	31,818	28,798
Deferred tax liabilities	*3.20*	731,315	692,617
Non-current liabilities		**2,479,144**	**2,418,943**
Current financial liabilities	*3.11*	445,203	503,669
Provisions	*3.10*	14,978	12,220
Trade payables	*3.13*	143,172	154,673
Tax and payroll liabilities	*3.14*	185,151	185,937
Current income tax liability		8,708	19,528
Other liabilities, accruals and prepayments	*3.15*	294,542	323,572
Current liabilities		**1,091,754**	**1,199,599**
Liabilities associated with assets held for sale		**235,632**	**120,700**
TOTAL EQUITY AND LIABILITIES		**5,067,097**	**4,955,009**

The notes form an integral part of the financial statements

Consolidated statement of cash flows

(in thousands of euros)	*Notes*	30-Jun-13	30-Jun-12
Operating activities			
● Net profit for the period		57,102	50,714
● Elimination of non-cash items related to operating activities (*)		17,411	39,496
Cost of debt	*3.19*	43,683	36,805
● Gains on disposals not related to operating activities		(16,177)	(24,009)
Cash generated by consolidated companies		**102,019**	**103,006**
● Charge in operating working capital requirements			
- Inventories		109	3
- Trade receivables	*3.6*	3,556	761
- Other receivables	*3.7*	(571)	(13,670)
- Tax and payroll liabilities	*3.14*	4,022	26,052
- Trade payables	*3.13*	10,871	(6,557)
- Other liabilities	*3.15*	(28,541)	(31,145)
Cash flow from operating activities		**91,465**	**78,450**
Investing and development activities			
● Acquisition of property assets		(223,132)	(253,364)
● Disposals of property assets		64,721	159,145
● Acquisitions of other non-current assets used in operations		(57,475)	(85,826)
Cash flow from investing and development activities		**(215,886)**	**(180,045)**
Financing activities			
● Capital increases	*3.9*		
● Dividends paid to shareholders of the parent	*3.9*		
● Additions to (repayments of) bridging loans and bank overdrafts	*3.11*	58,940	39,994
● Additions to finance leases	*3.11*	50,567	23,724
● Additions to other debt	*3.11*	76,176	106,049
● Repayments of other debt	*3.11*	(69,160)	(95,246)
● Repayments of finance leases	*3.11*	(43,621)	(24,775)
● Cost of debt and other movements	*3.19*	(43,683)	(36,907)
Cash flow from financing activities		**29,219**	**12,839**
Change in cash and cash equivalent		**(95,202)**	**(88,756)**
Opening cash and cash equivalents		362,292	309,459
Closing cash and cash equivalent		**267,090**	**220,703**
Breakdown of closing cash and cash equivalent		**267,090**	**220,703**
● Short-term investments	*3.11*	80,108	126,141
● Cash	*3.11*	186,982	94,562
● Bank overdrafts			

The notes form an integral part of the financial statements

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

Consolidated equity

Statement of changes in consolidated equity

In thousands of euros except for numbers of shares	Number of shares	Share capital	Share premiums	Revaluation reserves	Other reserves	Net profit	Equity attributable to owners of the Company	Non-controlling interests	Total
31-Dec-11	**52,997,892**	**66,247**	**378,973**	**311,662**	**308,219**	**80,316**	**1,151,650**	**2,897**	**1,154,547**
Reclassification of revaluations pursuant to IFRS 1				(88,824)	88,824		0		0
Appropriation of net profit					53,817	(80,316)	(26,499)		(26,499)
Change in fair value of properties				536	10,837		11,373		11,373
Post-employment benefit obligation					(810)		(810)		(810)
Financial instruments				(18,132)			(18,132)		(18,132)
Other							0		0
Fair value changes recognised in other comprehensive income		**0**	**0**	**(106,420)**	**152,668**	**(80,316)**	**(34,067)**	**0**	**(34,067)**
2012 net profit						97,028	97,028	51	97,079
Exercise of stock options							0		0
Exercise of share warrants	170	0	6				6		6
Exercise of OCEANE bonds							0		0
Capital increase			(107)				(107)		(107)
Consideration for Mediter contributions							0		0
Other					(232)		(232)	(1,462)	(1,694)
31-Dec-12	**52,998,062**	**66,248**	**378,872**	**205,242**	**460,655**	**97,028**	**1,214,279**	**1,487**	**1,215,766**
Reclassifications			3,217		3,016				
Appropriation of net profit					65,229	(97,028)	(31,799)		(31,799)
Change in fair value of properties				(2,255)	2,255		0		0
Post-employment benefit obligation				(1,209)			(1,209)		(1,209)
Financial instruments				20,902			20,902		20,902
Other							0		0
Fair value changes recognised in other comprehensive income		**0**	**0**	**17,438**	**67,484**	**(97,028)**	**(12,106)**	**0**	**(12,106)**
First-half 2013 net profit						57,102	57,102	(4)	57,099
Exercise of stock options							0		0
Exercise of share warrants							0		0
Exercise of OCEANE bonds							0		0
Capital increase							0		0
Consideration for Mediter contributions							0		0
Other					31		31	(224)	(193)
30-Jun-13	**52,998,062**	**66,248**	**382,089**	**222,680**	**531,187**	**57,102**	**1,259,306**	**1,260**	**1,260,566**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2013

Notes to the condensed consolidated financial statements

Amounts are expressed in thousands of euros unless otherwise stated

The Orpea Group's 2013 condensed interim consolidated financial statements were approved by the Board of Directors on 9 September 2013.

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's 2013 interim consolidated financial statements have been prepared in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB) as adopted by the European Union and mandatory on the closing date of those financial statements.

They include International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), all of which are available on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

The accounting methods described below have been applied consistently in all financial years presented in the consolidated financial statements.

The significant accounting policies used to prepare the Orpea Group's condensed interim consolidated financial statements for the six months ended 30 June 2013 are identical to those used to prepare the 2012 consolidated financial statements, with the exception of the new standards referred to below, which are mandatory for periods beginning on or after 1 January 2013. These new standards had no material impact on the financial statements.

- Amendment to IAS 1: Presentation of items of other comprehensive income (OCI)
- Amendment to IAS 12: Income Taxes – Deferred Tax: Recovery of Underlying Assets
- Amendment to IFRS 7: Offsetting Financial Assets and Financial Liabilities
- IFRS 13: Fair Value Measurement
- Improvements to IFRSs (2009-2011)
- IAS 19 Revised: Employee Benefits

The Group did not apply any new standards or interpretations that were not mandatory as of 1 January 2013.

The condensed interim consolidated financial statements for the six months to 30 June 2013 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 2012 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 statements and the notes thereto are presented in euros.

1.2 Change of accounting methods

The Group has adopted IAS 19 Revised – Employee Benefits, published by the IASB in June 2011 and mandatory for periods beginning on or after 1 January 2013. This amendment constitutes a change of accounting method applicable retrospectively. However, it had no material impact on the comparative data at 30 June 2012 and 31 December 2012 presented in the interim consolidated financial statements as the Group had already elected to recognise actuarial gains or losses immediately in other comprehensive income as permitted by IAS 19 and it has no significant plan assets on which the interest is now calculated on the basis of the discount rate and not the expected return.

2. SCOPE OF CONSOLIDATION

2.1 Changes in the scope of consolidation for the period

Revenue for the first half of 2013 rose by 14.3% or €98 million compared with first-half 2012.
The Group has expanded through both organic growth and acquisitions.
Organic revenue growth came to 7.1% in the first half.

During the period, the Group opened the following new facilities in France and abroad following the completion of construction or redevelopment works initiated in prior years.

- five long-term care facilities at St Laurent du Var, Le Cateau Cambrésis, Guérande, Nantes, Bobigny and Meyzieu, with a total of 536 beds;
- a 95-bed post-acute care facility at Nyon (Switzerland).

Orpea also continued its external growth policy with the acquisition of the following existing or planned facilities:

- France:
    - one long-term care facility at Avignon;
    - four clinics, one at Issoire and Revin and two at Osseja.
- Belgium: acquisition of 1,342 retirement home beds in the Antwerp region.

Lastly, the Group made ad hoc acquisitions – either directly or via companies – of stand-alone 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 2013

In first-half 2013, the Group invested €46 million in acquisitions and took over financial liabilities totalling about €29 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	Operating licenses	Goodwill and intangibles not yet allocated	Properties
			(in € millions)	(in € millions)	(in € millions)
France	5	380	25	0	23
International	4	1,342	49	2	41
Italy					
Switzerland					
Belgium	*4*	*1,342*	*49*	*2*	*41*
Spain					
Total	9	1,722	74	2	64

Deferred tax liabilities recognised in respect of these acquisitions amounted to about €29 million.

In the first half of 2012, total investments on the date of consolidation were:

	Number of facilities	Number of beds	Operating licenses	Goodwill and intangibles not yet allocated	Properties	Other property, plant and equipment*
			(in € millions)	(in € millions)	(in € millions)	(in € millions)
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 as sets acquired awaiting allocation

3. NOTES TO THE FINANCIAL STATEMENTS

3.1 Goodwill

The main movements during the year were as follows:

	France	International	Total
Opening goodwill, net	284,736	95,130	379,866
Business combinations	(101)	1,763	1,662
			0
Closing goodwill, net	**284,635**	**96,893**	**381,528**

3.2 Intangible assets

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

	30/06/2013			31/12/2012		
	Gross	Amort. Prov	Net	Gross	Amort. Prov	Net
Operating licenses	1,342,006	6,812	1,335,194	1,262,123	6,812	1,255,312
Advances and downpayments	5,721		5,721	7,139		7,139
Other intangible assets	56,370	11,025	45,345	53,401	9,560	43,841
Total	1,404,097	17,837	**1,386,260**	1,322,664	16,371	**1,306,292**

At 30 June 2013, 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 licenses	Advances and downpayments	Other	Total
At 31 December 2011	**1,105,188**	**8,314**	**15,413**	**1,128,915**
Increase	12,921	4,928	1,431	19,280
Decrease	(206)	(541)	(275)	(1,022)
Amortisation and provisions			(1,949)	(1,949)
Reclassifications and other	(202)	(5,561)	323	(5,440)
Changes in scope	137,611		28,899	166,509
At 31 December 2012	**1,255,312**	**7,139**	**43,841**	**1,306,292**
Increase	5,464	1,895	1,990	9,350
Decrease				0
Amortisation and provisions			(824)	(824)
Reclassifications and other	0	(3,313)	(175)	(3,488)
Changes in scope	74,418		512	74,930
At 30 June 2013	**1,335,194**	**5,721**	**45,345**	**1,386,260**

"Other intangible assets" include €28.4 million in operating licences acquired in Spain in 2012.

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 Change 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.

	30/06/2013			31/12/2012		
	Gross	Depr. Prov.	Net	Gross	Depr. Prov.	Net
Land	747,451	262	747,189	718,274	248	718,026
Buildings	1,576,753	320,484	1,256,269	1,477,686	287,422	1,190,265
Technical installations	173,975	110,923	63,051	174,219	102,647	71,572
Properties under construction	571,925	62	571,863	553,944	62	553,881
Other property, plant & equipment	101,620	59,783	41,836	95,133	56,248	38,885
Properties held for sale	(235,632)		-235,632	-120,700		(120,700)
Total	2,936,092	491,516	**2,444,577**	2,898,556	446,627	**2,451,929**

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 2011	**709,690**	**1,029,467**	**95,018**	**470,738**	**33,228**	**(121,012)**	**2,217,130**
Acquisitions	8,527	86,708	25,768	344,181	4,987		470,172
Change in fair value	5,346	12,000					17,346
Disposals and retirements (*)	(21,682)	(56,996)	(664)	(173,890)	(1,199)		(254,430)
Depreciation & provisions	(68)	(36,839)	(18,453)	(435)	(5,171)		(60,966)
Reclassifications & other	12,358	131,066	(32,485)	(114,635)	1,082	312	(2,302)
Changes in scope	3,855	24,859	2,387	27,920	5,959		64,981
At 31 December 2012	**718,026**	**1,190,265**	**71,572**	**553,881**	**38,885**	**(120,700)**	**2,451,929**
Acquisitions	12,856	29,043	5,814	85,331	3,685		136,729
Change in fair value							0
Disposals and retirements (*)	(7,961)	(20,564)	(19)	(35,862)	(58)		(64,464)
Depreciation & provisions	(15)	(22,630)	(8,361)		(1,973)		(32,979)
Reclassifications & other	6,758	38,502	(7,457)	(38,131)	358	(114,932)	(114,901)
Changes in scope	17,525	41,653	1,501	6,644	938		68,261
At 30 June 2013	**747,189**	**1,256,269**	**63,051**	**571,863**	**41,836**	**(235,632)**	**2,444,577**

* net of corresponding depreciation

The main movements in first-half 2013 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 one in Belgium and two in Italy.

3.3.2 Revaluation of operating properties

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

Impact of IAS16 remeasurement			
	30-Jun-13	**31-Dec-12**	**Change**
Gross revaluation reserve	410,070	413,509	-3,439
Depreciation	-12,390	-11,950	-440
Net revaluation reserve	**397,680**	**401,559**	**-3,879**

The revaluation reserve for all properties amounted to €410.1 million at 30 June 2013 as compared with €413.5 million at the close of 2012, or a decrease of €3 million of gross value resulting from disposals in first-half 2013 of two previously revalued buildings.

The amount of additional depreciation arising as a result of the revaluation of buildings in first-half 2013 was €1 million and the reversal of depreciation on properties sold was €0.6 million.

The corresponding tax, calculated at standard rates, amounted to €141 million.

3.3.3 Finance leases

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

	30-Jun-13	**31-Dec-12**
Lands	184,320	188,342
Buildings	571,970	539,767
Finance leases	**756,290**	**728,109**

All finance leases are property leases.

3.3.4 Operating leases

Operating lease payments are as follows:

	30-Jun-13	**31-Dec-12**
Lease payments	65,444	112,192
Total	**65,444**	**112,192**

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 2013, investments in associates and joint ventures break down as follows:

Associates	Percentage ownership at 30 June 2013	Carrying amount of investments (in € 000)
TCP DEV (*) (long-term facility)	70.0%	490
PCM (six short-term care facilities)	45.0%	20,604
COFINEA (property company)	49.0%	5,011
DOMIDOM (domestic services)	30.0%	3,621
IDS (property company)	49.9%	13,125
Other	49.0%	3,587
Total		46,438
Equity accounted profit (loss) for prior periods		-765
Equity accounted profit (loss) for current period		969
Investments in associates and joint ventures		46,641

(*) Under the terms of a shareholders' agreement, Orpea does not have control over the company

At 30 June 2013, the main aggregates were:

	(in € 000)
Non-current assets	240,091
Current assets	47,960
Equity	60,409
Non-current liabilities	181,211
Current liabilities	46,430
Revenue	33,964
Profit or loss	2,253
Share in profit (loss)	969

3.5 Non-current financial assets

Non-current financial assets break down as follows:

	30-Jun-13 Net	31-Dec-12 Net
Non-consolidated investments	9,043	6,550
Loans	11,001	10,465
Security deposits	5,401	5,518
Total	**25,445**	**22,534**

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-Jun-13	31-Dec-12
Trade receivables	99,528	100,289
Total	**99,528**	**100,289**

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

In June 2013, the Group sold receivables totalling €23 million. They were derecognised to the extent of the amount financed (85%), i.e. €20 million. The remaining €3 million constitutes a retention deposit and remains on the balance sheet as an asset.

3.7 Other assets, accruals and prepayments

	30-Jun-13	31-Dec-12
Development-related assets	28,765	29,620
Receivables related to property disposals	37,322	31,230
VAT receivables	32,746	31,917
Advances and downpayments made	4,131	3,937
Other receivables	28,842	22,058
Supplier receivables	10,483	10,666
Prepaid operating expenses	9,411	8,706
Total	**151,701**	**138,134**

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-Jun-13	31-Dec-12
Total number of shares	52,998,062	52,998,062
Number of shares issued	52,998,062	52,998,062
Par value per share (€)	1.25	1.25
Share capital (€)	66,247,578	66,247,578
Treasury shares	12,933	20,882

Since 31 December 2011, 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 31/12/2011	**52,997,892**	**66,247**	**378,973**
Exercise of options			
Exercises of share warrants	170	0	6
Exercise of OCEANE bonds			
Capital increase			(107)
Share capital at 31/12/2012	**52,998,062**	**66,248**	**378,872**
Exercise of options			
Exercises of share warrants			
Exercise of OCEANE bonds			
Capital increase			
Share capital at 30/06/2013	**52,998,062**	**66,248**	**378,872**

3.9.2 Earnings per share

Calculation of the weighted average number of shares held

	30-Jun-13		30-Jun-12	
	Basic	Diluted	Basic	Diluted
Ordinary shares *	52,998,062	52,998,062	52,998,020	52,998,020
Stock options				
Treasury shares	(16,908)	(16,908)	(17,574)	(17,574)
Exercise of share warrants				
Exercise of OCEANE bonds		4,069,635		4,069,635
Weighted average number of shares	**52,981,154**	**57,050,789**	**52,980,446**	**57,050,081**

* Net of treasury shares in 2010

Earnings per share

(en euros)	**30-Jun-13**		**30-Jun-12**	
	Basic	Diluted	Basic	Diluted
Net earnings	**1.07**	**1.04**	**0.96**	**0.94**

3.9.3 Dividends

The general shareholders' meeting of 20 June 2013 approved the payment of a dividend in respect of the 2012 financial year of €0.60 per share, making a total of €31,798,837 paid at end-July 2013.

3.9.4 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 warrants exercisable from 14 August 2011 to 14 August 2015 inclusive and entitling the holder to subscribe to one Orpea share at a price of €37.90. The maximum dilutive effect is 2.25% of the share capital.

3.9.5 Treasury shares

The general shareholders' meeting of 30 June 2010 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 awarded to 1,975 Group employees.

At 30 June 2013, the Group held 12,933 treasury shares.

3.10 Provisions

Provisions break down as follows:

(in thousands of euros)	01-Jan-13	Actuarial gains or losses	Reclassification	Charge for the period	Reversal in the period (used)	Reversal in the period (not used)	Changes in scope and other	30-Jun-13
Liabilities and charges	33,093			5,673	(787)	(1,806)	533	36,709
Restructuring	7,142			0	(1,452)		2,644	8,334
Total	40,235	0	0	5,673	(2,240)	(1,806)	3,177	45,043
Post-employment benefit obligation	28,798	1,892		545	(33)		615	31,818

The net charge to provisions amounted to €3,080 thousand, mainly covering employment disputes for €413 thousand, as well as the risk of assessment differences between Orpea and the tax authorities in the application of VAT pro rata calculation rules for €2,015 thousand (at 30 June 2013, this provision totalled €11,702 thousand).

Orpea and Clinea, as well as some of the Group's property subsidiaries are undergoing tax audits. Most of the adjustments notified by the tax authorities have been challenged by these companies. Consequently, no provision has been made in this respect other than that referred to above regarding the application of VAT pro rata calculation rules.

At 30 June 2013, short-term provisions totalled €14,978 thousand, including €9,792 thousand for employment disputes and a €5,186 million restructuring provision.

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

(in thousands of euros)	30-Jun-13	31-Dec-12
France	27,249	24,206
International	4,569	4,592
Total	**31,818**	**28,798**

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

	30-Jun-13				31-Dec-12			
(in thousands of euros)	Present value of obligation	Provision on balance sheet	Profit or loss	OCI	Present value of obligation	Provision on balance sheet	Profit or loss	OCI
Opening	**24,206**	**(24,206)**			**21,375**	**(21,375)**		
Current service cost	941	(941)	(941)		1,501	(1,501)	(1,501)	
Interest cost	352	(352)	(352)		802	(802)	(802)	
Expected return on assets								
Employer's contributions								
Actuarial gains or losses	1,892	(1,892)		(1,892)	542	(542)		(542)
Benefits paid	(756)	756			(1,119)	1,119		
Changes in scope	615	(615)			1,104	(1,104)		
Closing	**27,249**	**(27,249)**	**(1,293)**	**(1,892)**	**24,206**	**(24,206)**	**(2,303)**	**(542)**

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

(en milliers d'euros)	30-Jun-13 Present value of obligation	Provision on balance sheet	Profit or loss	OCI	31-Dec-12 Present value of obligation	Provision on balance sheet	Profit or loss	OCI
Opening	**4,594**	**(4,594)**			**3,044**	**(3,044)**		
Current service cost	167	(167)	(167)		(632)	632	632	
Interest cost	91	(91)	(91)		195	(195)	(195)	
Expected return on assets	(76)	76	76		(207)	207	207	
Employer's contributions	(206)	206	206		(403)	403	403	
Actuarial gains or losses					693	(693)		(693)
Benefits paid								
Changes in scope					1,902	(1,902)		
Closing	**4,569**	**(4,569)**	**24**		**4,594**	**(4,594)**	**1,046**	**(693)**

(*) Net of plan assets

The main actuarial assumptions at 30 June 2013 were:

	30-Jun-13 France	30-Jun-13 International	31-Dec-12 France	31-Dec-12 International
Discount rate	2.91%	1.90%	3.75%	2.25%
Annual rate of salary increase taking account of inflation	2.50%	2.25%	2.50%	2.25%
Expected rate of return on plan assets	NA	1.90%	NA	2.75%
Retirement age	65	65	65	65
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 on staff turnover.

At 30 June 2013, sensitivity of the French post-employment benefit obligation to a 0.5% increase in the discount rate was €1,517 thousand.

3.11 Financial liabilities and cash and cash equivalents

Net debt breaks down as follows:

(in thousands of euros)	**Net 30 June 2013**	**Net 31 Decembre 2012**
Long-term bank borrowings	233,784	246,747
Finance lease obligations	567,702	560,755
Bond issues	664,837	631,691
Bridging loans	468,464	409,524
Other financial liabilities	431,993	445,162
Total gross debt (*)	**2,366,780**	**2,293,879**
Cash	(186,982)	(124,951)
Cash equivalents	(80,108)	(237,341)
Total net debt (*)	**2,099,691**	**1,931,587**

(*) Including liabilities associated with assets held for sale

Changes in net debt during the first half of 2013 break down as follows:

(in thousands of euros)	31-Dec-12	Increase	Decrease	Changes in scope	**30-Jun-13**
Bond issues	631,691	33,146			**664,837**
Long-term property loans	246,747	2,806	(15,769)		**233,784**
Finance lease obligation	560,755	46,766	(43,621)	3,802	**567,702**
Bridging loans	409,524	86,403	(27,463)		**468,464**
Other financial liabilities	445,162	15,389	(53,391)	24,833	**431,993**
Total gross debt	2,293,879	184,510	(140,244)	28,635	**2,366,780**
Cash and cash equivalents	(362,292)	95,202			**(267,090)**
Total net debt	1,931,587	279,712	(140,244)	28,635	**2,099,691**
Liabilities associated with assets held for sale	(120,700)	(114,932)			**(235,632)**
Net debt excluding liabilities associated with assets held for sale	1,810,887	164,780	(140,244)	28,635	**1,864,059**

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

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

	30-Jun-13	Under one year (*)	Two to five years	Over five years
Bond issues	664,837	41,825	363,253	259,759
Long-term property loans	233,784	87,216	125,568	21,000
Finance lease obligation	567,702	65,907	259,258	242,537
Bridging loans	468,464	341,433	118,115	8,916
Other financial liabilities	431,993	144,454	246,415	41,124
Total gross debt	**2,366,780**	680,835	1,112,609	573,336
Cash and cash equivalents	(267,090)	(267,090)		
Total net debt	**2,099,691**	413,745	1,112,609	573,336

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 issues	363,253	62,735	235,989	0	64,529
Long-term property loans	125,568	30,713	18,206	49,158	27,491
Finance lease obligation	259,258	71,413	63,173	78,463	46,209
Bridging loans	118,115	69,266	38,409	6,506	3,934
Other financial liabilities	246,415	96,538	68,688	49,899	31,290
Total gross debt per year	**1,112,609**	330,665	424,465	184,026	173,453

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 a principal amount of €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 an amount of €3 million.

The bonds are redeemable in tranches of 20% of the nominal value per year in August 2012 and 2013 and 30% per year in 2014 and 2015. The coupon payable on the bonds is 3-month Euribor + 137 basis points excluding fees.

OCEANE bond issue: 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.

The bonds are redeemable at maturity on 1 January 2016. The coupon payable on the bonds is 3.875% per year. The bonds may be converted into shares (on the basis of 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.

Other bond issues: ORPEA made three bond issues during the second half of 2012, as follows:

- 1,930 bonds issued in two tranches:
  - Tranche A: a total of €65 million, i.e. 650 bonds at a unit price of €100,000, redeemable at maturity on 10 January 2018, and paying a coupon of 4.10% per year;
  - Tranche B: a total of €128 million, i.e. 1,280 bonds at a unit price of €100,000, redeemable at maturity on 30 May 2019 and paying a coupon of 4.60% per year.

- 200 bonds at a unit price of €100,000, totalling €20 million, redeemable at maturity on 30 November 2018 and paying a coupon of 4.20% per year;

- 900 bonds at a unit price of €100,000, totalling €90 million, redeemable at maturity on 4 December 2026 and paying a coupon of 5.25% per year.

ORPEA made three bond issues during the first half of 2013, as follows:

- 330 bonds at a unit price of €100,000, totalling €33 million, redeemable at maturity on 30 May 2019 and paying a coupon of 4.60% per year.

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:

- Financial leverage ratio

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

- Gearing ratio adjusted 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 2013, these ratios stood at 1.7 and 1.3 respectively, within the required limits of 5.5 for R1 and 2.0 or 2.2 for R2 at 30 June 2013.

Cash and cash equivalents

At 30 June 2013, cash and cash equivalents comprised €80,108 thousand in short-term investments such as risk-free money-market mutual funds and €186,982 thousand in bank deposits.

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 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.

Interest rate derivatives portfolio:

At 30 June 2013, as at 31 December 2012, 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 2012, the maturity of interest rate derivatives was as follows:

	Maturity (€m)				
	2013	2014	2015	2016	2017
Average notional (€m)	1,410	1,361	1,333	884	156
Effective rate	2.9%	2.6%	2.3%	1.9%	1.8%

At the end of the first half of 2013, the maturity of interest rate derivatives was as follows:

	Maturity (€m)				
	2013	2014	2015	2016	2017
Average notional (€m)	1,415	1,361	1,361	1,393	1,040
Effective rate	2.7%	2.6%	2.3%	1.8%	1.7%

Fair value changes on these cash flow hedges accumulated in equity amounted to –€100.5 million at 31 December 2012 and to –€67.8 million at 30 June 2013.

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 2013, net debt amounted to €2,100 million, of which around 25% 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 €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 €0.4 million.

Movement in cash flow hedging reserve:

(in thousands of euros)	30-Jun-13	31-Dec-12
Opening hedging reserve	(100,496)	(72,843)
Change in fair value recognised in OCI	15,332	(56,928)
Change in fair value recognised in profit or loss	17,378	29,275
Impact on comprehensive income for the period	32,710	(27,653)
Closing hedging reserve	**(67,786)**	**(100,496)**

3.12.2 Value of financial assets excluding derivatives

(en thousands of euros)	30-Jun-13	31-Dec-12
Equity interests	9,043	6,550
Other non-current financial assets	16,402	15,983
Short-term investments	80,108	237,341
Financial assets excluding derivatives	**105,551**	**259,874**

3.13 Trade payables

	30-Jun-13 Net	31-Dec-12 Net
Trade payables	143,172	154,673
Total	**143,172**	**154,673**

3.14 Tax and payroll liabilities

The rise in tax and payroll liabilities is due to the Group's strong growth, which led to an increase in the number of employees and an increase in VAT related to the Group's development projects.

3.15 Other liabilities, accruals and prepayments

	30-Jun-13 Net	31-Dec-12 Net
Development-related liabilities	113,818	112,262
Security deposits	33,723	32,616
Commitments to work on buildings sold	3,575	3,617
Client accounts in credit	1,095	208
Other prepaid income	9,086	9,465
Derivative financial instruments	67,786	100,496
Advances and downpayments received	13,352	12,384
Dividends	31,799	
Other	20,309	52,524
Total	**294,542**	**323,572**

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

3.16 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.

3.17 Segment information

	30-Jun-13	30-Jun-12
Revenue		
France	651,621	601,533
Rest of Europe	130,860	83,166
Total	**782,481**	**684,698**
EBITDA		
France	130,119	110,624
Rest of Europe	15,095	11,274
Total	**145,214**	**121,898**
Assets		
France	4,317,368	4,124,221
Rest of Europe	749,729	453,615
Total	**5,067,097**	**4,577,837**
Liabilities excluding equity		
France	3,350,666	3,116,230
Rest of Europe	455,865	283,862
Total	**3,806,531**	**3,400,092**

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

3.18 Other non-recurring operating income and expense

(in thousands of euros)	30-Jun-13	30-Jun-12
Proceeds from property sales	91,001	106,608
Cost of properties sold	(70,787)	(75,845)
Provision reversal	2,967	1,444
Provision charge	(3,576)	(3,179)
Other income	18,303	1,645
Other expense	(18,504)	(13,102)
Total	**19,404**	**17,572**

Other non-recurring operating income and expense mainly comprises net gains on sales of property assets (€22.7 million), income net of expense related to acquisitions accounted for as business combinations (€15.8 million) and expenses associated with the redevelopment of recently-acquired facilities and other development costs (-€12.1 million).

Profit on property development recognised using the percentage of completion method breaks down as follows:

(in thousands of euros)	**30-Jun-13**	**30-Jun-12**
Sale price	37,159	54,794
Cost	(28,056)	(39,584)
Gain on sales of off-plan properties	**9,103**	15,210

3.19 Net finance cost

	30-Jun-13	**30-Jun-12**
Interest on bank debt and other financial liabilities	(28,320)	(24,992)
Interest on finance leases	(5,313)	(7,176)
Net income (expense) on interest rate derivatives	(18,238)	(11,950)
Capitalised borrowing costs (*)	7,900	7,050
Financial expense	**(43,971)**	**(37,068)**
Interest income	288	263
Financial income	**288**	**263**
Net finance cost	**(43,683)**	**(36,805)**

(*) calculated at a rate of 4.5% at 30 June 2013 and 30 June 2012 on facilities under construction or redevelopment

3.20 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 2013.

(in thousands of euros)	**30-Jun-13**	**30-Jun-12**
Current income taxes	32,366	19,496
Deferred income taxes	(1,688)	3,314
Total	**30,677**	**22,810**

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

(in thousands of euros)	30-Jun-13	31-Dec-12
Fair value of intangible assets	(396,248)	(371,633)
Fair value PPE (*)	(306,788)	(303,736)
Recognition of finance leases	(51,765)	(45,364)
Temporary differences	(5,286)	(5,366)
Tax loss carryforwards	23,599	22,549
Deferral of capital gains	1,248	1,323
Employee benefits	8,899	8,147
CVAE deferred tax (**)	(6,735)	(6,898)
Financial instruments and other	25,360	30,910
Total	**(707,716)**	**(670,068)**

(*) Including €141 million of deferred tax 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 amortisable intangible assets of French entities subject to CVAE tax as of 1 January 2010.

Deferred taxes calculated on the basis of the IFRS valuation of intangible assets came to €396,248 thousand at 30 June 2013. These intangible assets are not held for sale.

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

(en milliers d'euros)	30-Jun-13	31-Dec-12
Asset	23,599	22,549
Liability	(731,315)	(692,617)
Net	**(707,716)**	**(670,068)**

The difference between the theoretical tax rate, i.e. 36.10 % in 2013, and the effective tax rate appearing in the income statement, breaks down as follows:

(in thousands of euros)	30-Jun-13	30-Jun-12
Effective rate:	**34.95%**	**31.00%**
- Permanent differences	-2.19%	-0.10%
- Business combinations	6.51%	-0.24%
- Impact of reduced tax rates	1.87%	11.73%
- Impact of companies accounted for at equity	0.40%	0.17%
- Other	0.99%	-0.07%
- *Cotisation sur la valeur ajoutée des entreprises* (CVAE)	-6.43%	-6.39%
Theoretical rate	**36.10%**	**36.10%**

3.21 Commitments and contingent liabilities

3.21.1 Off-balance sheet commitments

Debt-related commitments

Contractual commitments (in thousands of euros)	30-Jun-13	31-Dec-12
Counter-guarantees on contracts	**0**	**0**
Receivables sold not yet matured	**0**	**0**
Collateral	**1,331,868**	**1,375,256**
Financing property assets	*332,173*	*369,357*
Non-property borrowings and financial liabilities	*431,993*	*445,144*
Finance leases	*567,702*	*560,755*
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 lease		
Other commitments given	**0**	**0**
Subscription bond issue		
Total	**1,336,956**	**1,380,344**

Commitments relating to the Group's operations

Lease commitments

Minimum future lease payments on finance leases break down as follows at 30 June 2013:

	Minimum future payments
Under one year	67,698
One to five years	270,791
Over five years	473,884
Total	**812,373**

Operating lease commitments break down as follows at 30 June 2013:

	Minimum future payments
Under one year	130,888
One to five years	523,554
Over five years	916,219
Total	**1,570,661**

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 2013, these training rights did not generate any additional costs as they are financed by refunds obtained under professional training contracts.
The expense is recognised as and when the hours are used.

Commitments relating to the scope of consolidation

At 30 June 2013, conditional commitments to acquire facilities, operating licences and land amounted to €30 million.

The Group also has a call option on:
- 30% of TCP DEV as of September 2013;
- 21% of Domidom until 31 December 2013, and the remaining 49% from 1 January 2015 to 31 December 2016, with a joint exit mechanism if the options are not exercised by Orpea;
- 51% of two other companies as of 2014.

As regards the 45% interest held via PCM Santé, the following conditional commitments were exchanged for a possible acquisition of a 100% controlling interest:
- a purchase undertaking given by Orpea until 2021;
- a sale undertaking given by the current majority shareholders from 2021.

As regards the 49.9% interest in Immobilière de Santé, the following commitments were exchanged for a possible acquisition of a 100% controlling interest:
- sale undertaking given to Orpea between 1 July 2018 and 30 June 2019;
- purchase undertaking given by ORPEA between 1 July 2019 and 30 June 2020.

Commitments received

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

It also has call options over property assets currently leased in Belgium.

3.21.2 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.

Analysis of financial assets and liabilities in accordance with IFRS 7

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

HELD-TO-MATURITY ASSETS			**0**	**0**	**0**	**0**
Bonds and negotiable debt securities	Cash and cash equivalents					
LOANS AND RECEIVABLES			**267,631**	**254,406**	**267,631**	**254,406**
Short-term loans	Short-term loans					
Long-term loans	Non-current financial assets	2	11,001	10,465	11,001	10,465
Receivables related to asset disposals	Short-term receivables related to asset disposals		37,322	31,230	37,322	31,230
Other receivables	Other receivables	2	114,379	106,904	114,379	106,904
Security deposits	Non-current financial assets	2	5,401	5,518	5,401	5,518
Trade receivables	Trade receivables	2	99,528	100,289	99,528	100,289
AVAILABLE-FOR-SALE FINANCIAL ASSETS			**0**	**0**	**0**	**0**
Equity interests	Non-current financial assets					
Other						
FINANCIAL ASSETS AT FAIR VALUE			**80,108**	**362,292**	**80,108**	**362,292**
Interest rate derivatives						
Currency derivatives						
Mutual funds	Cash and cash equivalents	1	80,108	237,341	80,108	237,341
CASH	Cash and cash equivalents	1	186,982	124,951	186,982	**124,951**
FINANCIAL ASSETS			**534,721**	**616,698**	**534,721**	**616,698**

(*) Level 1: financial assets and liabilities quoted on an active market, where fair value is the quoted price.
(*) Level 2: financial assets and liabilities not quoted on an active market, for which there are observable market inputs that can be used to measure fair value reliably.
(*) Level 3: financial assets and liabilities not quoted on an active market, for which there are no observable market inputs that can be used to measure fair value reliably.

(in thousands of euros)	Balance sheet classification	Level (*)	Carrying amount 30-Jun-13	Carrying amount 31-Dec-12	Fair value 30-Jun-13	Fair value 31-Dec-12
FINANCIAL LIABILITIES AT FAIR VALUE			**67,786**	**100,496**	**67,786**	**100,496**
Currency derivatives	Other liabilities					
Interest rate derivatives	Other liabilities	2	67,786	100,496	67,786	100,496
Other liabilities	Other liabilities					
FINANCIAL LIABILITIES AT AMORTISED COST			**2,714,945**	**2,652,476**	**2,736,193**	**2,673,419**
Bonds convertible, exchangeable or redeemable for shares	Non-current and current financial liabilities		664,837	631,691	686,085	652,634
Bank borrowings	Non-current and current financial liabilities	2	1,134,241	1,101,433	1,134,241	1,101,433
Finance lease obligation	Non-current and current financial liabilities	2	567,702	560,755	567,702	560,755
Other liabilities	current liabilities	2	226,756	223,076	226,756	223,076
Trade payables	Trade payables	2	121,409	135,521	121,409	135,521
FINANCIAL LIABILITIES			**2,782,731**	**2,752,972**	**2,803,979**	**2,773,915**

(*) Level 1: financial assets and liabilities quoted on an active market, where fair value is the quoted price.
(*) Level 2: financial assets and liabilities not quoted on an active market, for which there are observable market inputs that can be used to measure fair value reliably.
(*) Level 3: financial assets and liabilities not quoted on an active market, for which there are no observable market inputs that can be used to measure fair value reliably.

3.21.3 Related party transactions

Associates and joint ventures

Advances granted to associates and joint ventures by the Orpea Group amounted to €10 million at 30 June 2013.

The Group lets some of its properties to related parties within the meaning of IAS 24 – Related Party Disclosures. Rental income recognised in this respect during the period amounted to €4 million at 30 June 2013.

3.22 Subsequent events

The Group continued its expansion with the acquisition of three long-term care homes and one clinic in France. It also pursued its financial disintermediation programme with the issuance in July 2013 of €200 million of net share-settled bonds (ORNANE) in France and €75 million of bonds in Belgium.

3.23 Scope of consolidation at 30 June 2013

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
SAS CLINIQUE CHAMPVERT	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
SARL ALTERNATIVE HOSPITALISATION	100.00%	100.00%	FC
SAS CHAMPVERT	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
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
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
SARL FRANCE DOYENNE DE SANTE	100.00%	100.00%	FC
SNC BRECHET CFT ET CIE	100.00%	100.00%	FC
SAS SFI France	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
SA CLINIQUE REGINA	100.00%	100.00%	FC
SARL CLINIQUE DU CHÂTEAU DE LOOS	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
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	100.00%	100.00%	FC
SAS CLINIQUE SAINT JOSEPH	100.00%	100.00%	FC
SARL ADC 09	100.00%	100.00%	FC
SAS CLINIQUE MARIGNY	100.00%	100.00%	FC
SAS SUD OUEST SANTE	100.00%	100.00%	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	100.00%	100.00%	FC
SAS MASSILIA GESTION SANTE	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
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	93.22%	93.22%	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 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
SAS CLINIQUE LES SORBIERS	100.00%	100.00%	FC
SCI DE PEIX	100.00%	100.00%	FC
SAS VAN GOGH	100.00%	100.00%	FC
SA STE EXPL SOLEIL CERDAN	100.00%	100.00%	FC
SA CLINIQUE SENSEVIA	100.00%	100.00%	FC
SCS BORDES & CIE	100.00%	100.00%	FC
SCI CERDANE	100.00%	100.00%	FC
SARL HOPITAL CLINIQUE DE REVIN	100.00%	100.00%	FC
CLINIQUE BOIS BOUGY	100.00%	100.00%	FC

Consolidated companies Name	% control	% interest	Consolidation method
SAS MEDIC'AGIR	100.00%	100.00%	FC
SARL LES BUISSONNETS	100.00%	100.00%	FC
SCI DU PARC SAINT LOUP	100.00%	100.00%	FC
SCI LARRY	100.00%	100.00%	FC
SAS CLINIQUE GALLIENI	100.00%	100.00%	FC
SAS LA CIGALIERE	100.00%	100.00%	FC
SRL MADONNA DEI BOSCHI	100.00%	100.00%	FC
SRL VILLA CRISTINA	100.00%	100.00%	FC
RESIDENCIE JULIEN BVBA	100.00%	100.00%	FC
OPCI SPPICAV	100.00%	100.00%	FC
SA MEDIBELGE	100.00%	100.00%	FC
SA MEDIDEP	100.00%	100.00%	FC
SPRL MIKKANNA	100.00%	100.00%	FC
SA FENINVEST SA	100.00%	100.00%	FC
SA L'ADRET	100.00%	100.00%	FC
SRL CHÂTEAU CHENOIS GESTION	100.00%	100.00%	FC
SA GOLF	100.00%	100.00%	FC
SA INTERNATIONNAL Residence Service	100.00%	100.00%	FC
SA LINTHOUT	100.00%	100.00%	FC
SA DIAMANT	100.00%	100.00%	FC
SA NEW PHILIP	100.00%	100.00%	FC
SA PARC PALACE	100.00%	100.00%	FC
SA PROGESTIMMOB	100.00%	100.00%	FC
SA RINSDELLE	100.00%	100.00%	FC
SA TOP SENIOR	100.00%	100.00%	FC
SA LA SENIORIE DU VIGNERON	100.00%	100.00%	FC
SA VESTA SENIOR	100.00%	100.00%	FC
SAS MEDITER	100.00%	100.00%	FC
SARL CLINIQUE DE SOINS DE SUITE LA SALET	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 D	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 GU	100.00%	100.00%	FC
SAS CLINIQUE DE SOINS DE SUITE DE BELLOY	100.00%	100.00%	FC
SA LA PINEDE	100.00%	100.00%	FC
SCI MEDITER FONCIER	100.00%	100.00%	FC
SARL LA PASTORALE	100.00%	100.00%	FC
SAS CA SANTE	100.00%	100.00%	FC
SA HOLDING MIEUX VIVRE	100.00%	100.00%	FC
SARL LE CLOS ST JACQUES	100.00%	100.00%	FC
SAS LES GRANDS PINS	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 CHAMPLATREUX	100.00%	100.00%	FC
SAS RESIDENCE DU PORT	100.00%	100.00%	FC
CORASEN Groupe Corasen	100.00%	100.00%	FC
CORASEN Atlantis	100.00%	100.00%	FC
CORASEN IPM	100.00%	100.00%	FC
CORASEN T'Bisschoppenhof NV	100.00%	100.00%	FC
CORASEN Koala	100.00%	100.00%	FC
CORASEN Oostheem	100.00%	100.00%	FC
CORASEN Zorgcentrum europ	100.00%	100.00%	FC
CORASEN Home de Familie	100.00%	100.00%	FC
CORASEN Vordenstein NV	100.00%	100.00%	FC
CORASEN Vastgoed Albe	100.00%	100.00%	FC
CORASEN Vordenstein BVBA	100.00%	100.00%	FC
CORASEN Albe BVBA	100.00%	100.00%	FC
CORASEN T'Bisschoppenhof VZW	100.00%	100.00%	FC
DKK Holding	100.00%	100.00%	FC
DKK De Haan NV	100.00%	100.00%	FC
DKK Gerontologisch Centrum de Haan VZW	100.00%	100.00%	FC
SEAFLOWER Service Palace	100.00%	100.00%	FC
SEAFLOWER Retake BVBA	100.00%	100.00%	FC

3 - STATEMENT BY THE PERSONS RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

We declare that, to the best of our knowledge and belief, the condensed interim consolidated 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 2013, 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, 30 September 2013.

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

4 - RAPPORT 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.

Saint Honoré BK&A
140, rue du Faubourg Saint-honoré
75008 Paris

Deloitte & Associés
185 avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

ORPEA

Société Anonyme

115, rue de la Santé
75013 Paris

Statutory Auditors' report on the interim financial information

Period from 1 January to 30 June 2013

To the 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 period from 1 January to 30 June 2013 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 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.

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 our conclusion expressed above, we draw your attention to note 1.2 of the notes to the condensed interim consolidated financial statements relating to the Company's application of IAS 19 Revised – Employee Benefits.

II – Specific investigations

We also reviewed the information provided in the interim financial report commenting on the interim condensed 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 2013

The Statutory Auditors

Saint Honoré BK&A	Deloitte & Associés
Frédéric Burband	Joël Assayah