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## INTERIM FINANCIAL REPORT

Period from 1 January to 30 June 2014

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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](http://www.orpea-corp.com).

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*Société anonyme* with a Board of Directors – Registered capital of €69,393,482

Registered office: 115 rue de la Santé – 75013 Paris

# 1. INTERIM BUSINESS REPORT

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## 1.1 ACQUISITIONS AND NETWORK

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In line with its international expansion strategy, Orpea completed two major acquisitions in first-half 2014. These deals involved a total of 8,256 beds, representing a 20% increase in its network and over €330 million in additional revenue, on a full-year basis, at maturity.

### Acquisition of Senevita in Switzerland

In March 2014, Orpea acquired the Swiss nursing home operator Senevita from the Austrian group SeneCura.

The Senevita network consists of 21 facilities, breaking down as follows:

- 13 facilities with 1,182 beds open, generating circa €68 million in revenue;
- 8 facilities under construction with 1,111 beds, due to open in the next three years.

This large, secured growth pipeline means that Senevita's operational network will double in the next three years to almost 2,300 beds, resulting in revenue of around €132 million in 2016.

Senevita's concept successfully implemented in Switzerland consists of a mix of nursing homes and assisted-living facilities on each site.

Senevita's facilities are of a very high quality and are located in German-speaking Switzerland (cantons of Bern, Zurich, Basel, Aargau, Solothurn and Fribourg).

The acquisition was paid for entirely in cash, in compliance with Orpea's financial criteria. Senevita has no property assets and has signed long-term leases with institutional investors. The Company has no debt.

The acquisition was consolidated by Orpea as from 1 April 2014. This acquisition will have an earnings-enhancing effect on the EPS as soon as 2014.

### Acquisition of Silver Care in Germany

In April 2014, Orpea completed a second strategic deal with the acquisition of the German nursing home group Silver Care, from the private equity firm Chequers Capital.

This is Orpea's first move into Germany, a country with a rapidly ageing population and an insufficient long-term care offering.

Founded in 2006, Silver Care developed through selective acquisitions of regional groups to create a homogeneous network of nursing home facilities. At present, Silver Care has 61 retirement homes for the dependent elderly, with 5,963 beds including 290 beds under construction due to open in 2014. It will generate revenue of about €200 million in 2014.

Silver Care has developed a high-quality network of facilities in regional clusters:

- an excellent reputation: ranked N°1 large nursing home group in 2012, 2013 and 2014 on quality, according to the MDK national ranking system;
- carefully selected locations in high-potential Federal States such as Lower Saxony, Baden Württemberg, North Rhine-Westphalia;
- modern, recently built facilities with an average of around 100 beds;
- one of the highest ratios in Germany for private rooms at almost 80%.

So far, Silver Care has not owned its properties but rented them on long-term double net lease contracts, pursuing an Asset Light Strategy.

The acquisition, which was paid for entirely in cash, was completed on 1 July 2014 and will be consolidated by Orpea as from that date. It will be earnings accretive for the Orpea Group as of 2014 and the accretive impact will increase as of 2015.

### Acquisition in Spain

As part of its selective development, in early July 2014 Orpea acquired four facilities in Spain (licences and property), consisting of 660 beds and 100 outpatient places, and also took over the management of the 150-bed Santo Domingo residence. These facilities have particularly attractive attributes: strategic locations in and around Madrid, recent buildings and a particularly high ratio of private rooms.

As a result of this deal, the Spanish network consisted of 3,468 beds and places, spread across 22 facilities.

### Network of 52,078 beds / 524 facilities

Following the aforementioned acquisitions, the Orpea network had 52,078 beds spread across 524 facilities.

	Number of facilities	Number of beds	% No. of beds	Beds		
				of which operational beds excluding beds under redevelopment	of which beds under redevelopment	of which beds under construction
France	345	31,871	61.2%	27,892	1,582	2,397
Spain	22	3,468	6.7%	3,468	0	0
Belgium	58	6,765	13.0%	4,008	694	2,063
Italy	15	1,553	3.0%	1,061	60	432
Switzerland	23	2,458	4.7%	1,347	0	1,111
Germany	61	5,963	11.5%	5,673	0	290
<b>TOTAL</b>	<b>524</b>	<b>52,078</b>	<b>100.0%</b>	<b>43,449</b>	<b>2,336</b>	<b>6,293</b>

With 20,207 beds outside France, representing 39% of the network and 53% of the growth pipeline, Orpea reaffirms its desire to grow its international footprint.

Orpea has the largest growth pipeline in the sector, with 8,629 beds under construction or refurbishment.

## 1.2 STRONG REVENUE GROWTH

The Orpea Group, a market leader in long-term and short-term dependency care in Europe through a network of nursing homes, post-acute and psychiatric care facilities, delivered 13.8% revenue growth in first-half 2014.

In €m – IFRS	H1 2014	H1 2013	▲%
<b>France</b>	<b>733.0</b>	651.6	<b>+12.5%</b>
<i>% of total revenue</i>	<b>81%</b>	83%	
<b>International</b>	<b>157.7</b>	130.9	<b>+20.5%</b>
<i>% of total revenue</i>	<b>19%</b>	17%	
Belgium	82.3	78.0	
Spain	24.5	24.8	
Italy	20.1	18.8	
Switzerland	30.8	9.3	
<b>Consolidated revenue</b>	<b>890.6</b>	782.5	<b>+13.8%</b>
<i>O/w organic growth<sup>1</sup></i>			<b>+6.3%</b>

In line with previous half-years, the Group's revenue saw sustained growth in first-half 2014 both in France and abroad, thanks to the combined effects of:

- **Continued robust organic growth** of 6.3%. This performance was driven by the strong attractiveness of the Group's long-standing facilities, which still enjoy high occupancy rates, openings during the period as well as the ramp-up of recently opened facilities, both in France and abroad;
- **selective external growth** with in particular the contribution of the acquisition of the Senevita Group in Switzerland from Q2 2014. Orpea also continued its acquisitions policy focussed on projects ripe for redevelopment in order to maximise value creation.

This growth in Group revenue, both in France and abroad, is driven not only by considerable demand fuelled by an ageing population, but also a general lack of high-quality supply to meet this demand, as well as the specific 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 private rooms. All of these features help to fully meet residents' and patients' expectations in terms of comfort and well-being.

<sup>1</sup> The Group's organic revenue growth reflects the following factors: 1. the growth in revenue (in period N versus period N-1) of existing facilities as a result of changes in occupancy rates and daily rates; 2. the growth in revenue (in period N versus period N-1) of restructured facilities or those with capacity increased during period N or N-1; and 3. revenue generated in period N by facilities set up in period N or N-1. Organic growth includes the improvement in sales recorded at recently-acquired facilities by comparison with the previous equivalent period.

## ► ACTIVITY IN FRANCE IN FIRST-HALF 2014

Orpea Group's activities in France continued to grow, with revenue up 12.5% over the half to €733.0 million, representing 81% of the Group's consolidated revenue.

This performance stemmed from solid organic growth and selective external growth, reflected this half in:

- the opening of 6 new modern facilities with over 80 beds, either new-builds or major redevelopments and located in attractive areas (Biganos, Parmain, Eaubonne, la Garenne Colombes, etc.);
- 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;
- the acquisition of facilities requiring restructuring or consolidation;
- integration of the post-acute, rehabilitation and long-term care facilities acquired by the Group over the last 12 months.

Orpea is also a major contributor to the local economies, particularly in terms of job creation. Orpea thus hired 1,831 full-time staff in first-half 2014, with 650 net new positions.

## ► ACTIVITY ABROAD IN FIRST-HALF 2014

In line with its strategy, the Group continued to expand its international business, in particular on the back of the acquisition of Senevita in Switzerland, consolidated as from Q2. International revenue rose by 20.4% to €157.7 million in first-half 2014, compared with €130.9 million in the same period of 2013.

In **Belgium**, the Group's revenue amounted to €82.3 million, up 5.5% on first-half 2013. Orpea's business in Belgium was supported by continued high occupancy rates in mature facilities coupled with ramp-up at recently opened facilities.

Finally, the group acquired a nursing home in Liège, which is scheduled to be redeveloped.

In **Spain**, half-year revenue amounted to €24.5 million, slightly down on first-half 2013 (minus 1.4%). Taking account of the closure of three facilities that did not fit the strategy and locations targeted by Orpea, business remained strong, in particular thanks to the strength of the Artevida facilities, in Madrid, acquired in 2012.

In **Italy**, half-year revenue rose 6.9% to €20.1 million, from €18.8 million in 2013. This growth was the result of Orpea's strategic choices in Italy to develop modern new facilities meeting the highest quality standards. Over the half, Orpea completed the restructuring of a 180-bed geriatric complex in Turin, the Richelmy residence, bringing together nursing home beds and post-acute and rehabilitation care beds, in particular for geriatric use.

In **Switzerland**, revenue amounted to €30.8 million over the half, compared with €9.3 million the previous half-year. This tripling of revenue was due to the contribution of Senevita, consolidated by the Group as from 1 April 2014. Senevita which had 13 facilities, with 1,182 beds open, consisting of a mix of nursing homes and assisted living facilities, opened an additional two in Q2.

### 1.3 SOLID MARGINS IN FIRST-HALF 2014

In m€ (IFRS)	H1 2014	H1 2014 adjusted*	H1 2013	▲%
Revenue	890.7	890.7	782.5	+13.8%
EBITDAR <sup>2</sup>	243.8	243.8	210.7	+15.7%
EBITDA <sup>3</sup>	163.9	163.9	145.2	+12.8%
Recurring EBIT	124.7	124.7	111.1	+12.2%
EBIT	151.4	151.4	130.5	+16.0%
Net finance cost	(47.9)	(47.9)	(43.7)	+9.6%
Change in Fair Value of the entitlement to the allotment of shares in ORNANE bonds	(23.2)			
Pre-tax profit	80.3	103.5	86.8	+19.2%
Net profit	50.1	64.5	57.1	+13.0%

\* These figures are adjusted for the impact of the change in the fair value of the entitlement to the allotment of shares in ORNANE bonds.

#### ► RECURRING EBIT

**EBITDAR** (EBITDA before rents) increased by 15.7% to €243.8 million, accounting for 27.4% of revenue, compared with 26.9% in first-half 2013. After an improvement of 140 basis points in first-half 2013, the EBITDAR margin continued to grow, with a rise of 50 basis points in first-half 2014, representing an unbroken rise over the past 5 years of 380 basis points. This increase was due to:

- firstly, good control over operating costs, and in particular payroll expenses which accounted for 49.5% of revenue, compared with 51.0% in first-half 2013;
- secondly, the increase in the number of mature facilities, generating optimal margins, which now account for almost 83% of the Orpea network.
- contribution from new facilities opened in the past two years, all of which are in premium locations.

EBITDAR breaks down as follows by geographical region:

- €207.8 million in France, representing a margin of 28.3% of revenue;
- €16.3 million in Belgium, representing a margin of 19.8% of revenue;
- €5.9 million in Spain, representing a margin of 24.3% of revenue;

<sup>2</sup> EBITDAR = current EBITDA before rents, including provisions relating to "external charges" and "staff costs"

<sup>3</sup> EBITDA = recurring operating profit before depreciation, amortisation and provisions, including provisions relating to "external charges" and "staff costs"

- €3.1 million in Italy, representing a margin of 15.5% of revenue;
- €10.6 million in Switzerland, representing a margin of 34.5% of revenue.

Recurring **EBITDA** rose by 12.8% to €163.9 million. Rental expense amounted to €79.9 million, an increase of 22.1%, mainly due to the disposal of property assets in 2013 for €230 million and the consolidation of the Swiss group Senevita as from Q2. Like-for-like, the annualised increase in rents remains low, at 1.5%, as indexation is capped in most of the leases.

**Recurring EBIT** amounted to €124.7 million, 12.2% up on first-half 2013, and representing 14.0% of revenue, compared with 14.2% in first-half 2013. The recurring EBIT margin remained solid, despite the losses generated by the opening of 1,370 beds over the half and the redevelopment of 2,336 beds.

► **EBIT**

EBIT rose by 16% to €151.4 million. Other non-recurring income net of other non-recurring expense totalled €27.6 million (compared with €19.4 million in first-half 2013), mainly due to the net proceeds from property asset sales.

► **NET FINANCE COST**

Net finance cost amounted to €47.9 million compared with €43.7 million in first-half 2013, an increase of 9.6%.

► **PRE-TAX PROFIT**

Pre-tax profit<sup>4</sup> amounted to €103.5 million, compared with €86.8 million in first-half 2013, an increase of 19.2%.

► **NET PROFIT**

The tax charge on the earnings of consolidated companies amounted to €39.6 million, compared with €30.7 million the previous year, an increase of 29.1%.

The share in profit of associates totalled €0.4 million over the half-year compared with €1.0 million the previous half-year.

Net profit attributable to owners of the company<sup>4</sup> amounted to €64.5 million in first-half 2014 compared with €57.1 million in first-half 2013, an increase of 13.0%.

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<sup>4</sup> Excluding the change in fair value of the entitlement to the allotment of shares in ORNANE bonds issued in July 2013 (gross amount of €23.2 million over the period)

## 1.4 FINANCIAL STRUCTURE, CONSOLIDATED DEBT AND PROPERTY PORTFOLIO

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At 30 June 2014, equity attributable to owners of the company totalled €1,407 million (compared with €1,412 million at the start of the year).

Net debt amounted to €1,969 million<sup>5</sup>, compared with €1,737 million at 31 December 2013, against a background of sustained expansion, with in particular the acquisition of Senevita in Switzerland. Orpea's strict financial discipline, designed to grow EBITDA faster than debt, also increased over the past number of years: between H1 2011 and H1 2014, EBITDA rose 56% whereas net debt only rose 14.5%.

At 30 June 2014, the Group's two key debt ratios were broadly unchanged on 31 December 2013:

- restated financial leverage of property = 1.5 against 1.4 at end-2013 (authorised level 5.5);
- restated debt-to-equity ratio = 1.2 against 1.1 at end-2013 (authorised level 2.0).

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

The cost of borrowing continues to fall, to 4.10% in H1 2014, and this trend will inevitably continue towards 3.60% in 2017.

In line with its strategy, Orpea continued with its property asset disposals, with €76 million in sales in first-half 2014, compared with €65 million in H1 2013. The Group continues to obtain attractive terms as regards rent and indexation and expects disposals to total circa €200 million over the full-year.

At 30 June 2014, Orpea owned 265 buildings: 136 fully (largely financed by property finance leases) and 129 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 880,000 sqm (on land of more than 1 million sqm), with a total value of €2,589 million<sup>6</sup>.

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

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<sup>5</sup> Excluding liabilities associated with assets held for sale, €220 million

<sup>6</sup> Excluding the impact of available for sale assets, €220 million



## 1.5 CASH FLOWS

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Net cash provided by operating activities amounted to €101.9 million in first-half 2014, compared with €91.5 million the previous half-year, an increase of 11.4%.

Net cash used by investing activities, including building and maintenance expenditure, acquisitions of property and intangible assets, net of property sales, amounted to €298.0 million compared with €215.9 million in first-half 2013. This includes the acquisition of Senevita Group in Switzerland.

Net cash provided by financing activities came to €228.4 million compared with €29.2 million in first-half 2013.

Cash and cash equivalents stood at €500.7 million at 30 June 2014, compared with €468.4 million at 31 December 2013.

## 1.6 SHORT AND MEDIUM-TERM OUTLOOK FOR ORPEA GROUP

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### ► LONG-TERM VISIBILITY:

We are confident in our ability to meet our 2014 targets:

- 20% revenue growth to €1,930 million;
- solid margins;
- €200 million in property asset disposals;
- ongoing reduction in the cost of debt.

With 25 years' experience in long-term care, and thanks to strong growth platforms in six European countries as well as in China, Orpea now has the resources to take opportunities that may arise, and to thereby continue rolling out its ambitious value creation strategy.

### ► MAIN RISKS AND UNCERTAINTIES:

The main risks are the same as those presented in Chapter IV, section 5, pages 174 to 200 of the 2013 registration document filed with the *Autorité des Marchés Financiers* on 16 May 2014 under number D.14-0539.

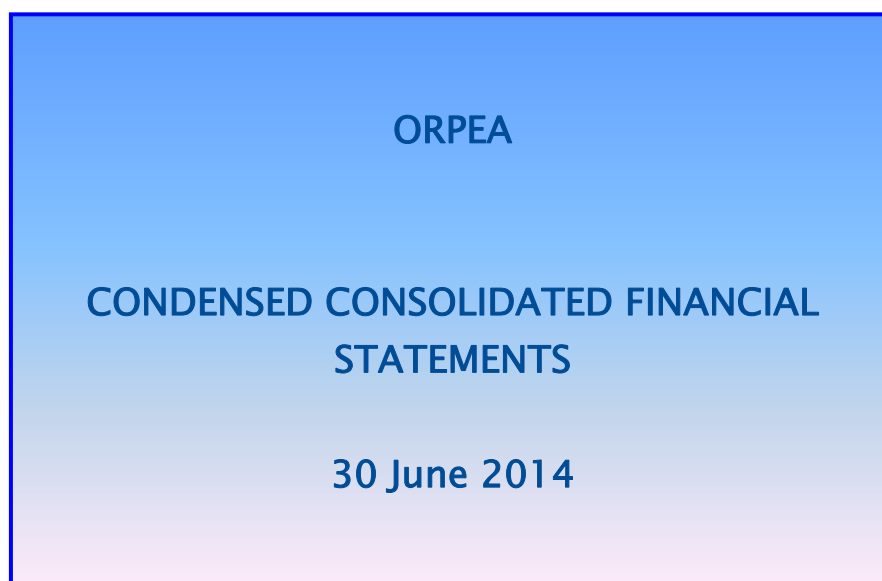
We are not aware of any significant legal proceedings that may influence the Group's financial position at the balance sheet date.

### ► RELATED PARTIES:

There has been no material change relative to the information provided in Chapter II, section 2, pages 78 to 86 of the Company's 2013 registration document.

Readers should also refer to Note 3.24 of the notes to the consolidated interim financial statements in this report.

## 2. FINANCIAL STATEMENTS



**Orpea SA**, French *société anonyme* with a share capital of €69,393,482  
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

<i>(in thousands of euros)</i>	<i>Notes</i>	<b>30 June 2014</b>	<b>30 June 2013</b>
<b>REVENUE</b>		<b>890,694</b>	<b>782,481</b>
Cost of materials consumed and other external charges		(245,931)	(209,187)
Payroll expenses		(440,500)	(389,757)
Taxes other than income tax		(40,333)	(37,977)
Amortisation and provisions		(39,215)	(34,128)
Other recurring operating income		2,794	2,240
Other recurring operating expense		(2,850)	(2,585)
<b>Recurring EBIT</b>		<b>124,659</b>	<b>111,086</b>
Other non-recurring operating income	3.19	126,239	112,271
Other non-recurring operating expense	3.19	(99,522)	(92,867)
<b>EBIT</b>		<b>151,376</b>	<b>130,490</b>
Financial income	3.20	171	288
Financial expense	3.20	(48,033)	(43,971)
<b>Net finance cost</b>		<b>(47,862)</b>	<b>(43,683)</b>
Change FVO (*)	3.12	(23,200)	
<b>PRE-TAX PROFIT</b>		<b>80,315</b>	<b>86,807</b>
Income tax expense	3.21	(30,787)	(30,677)
Share in profit (loss) of associates	3.4	382	969
<b>NET PROFIT</b>		<b>49,909</b>	<b>57,099</b>
Attributable to non-controlling interests		(193)	(4)
Attributable to owners of the Company		50,102	57,102
<b>NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> <small>excludi</small>		<b>64,486</b>	<b>57,102</b>
Number of shares		55,514,786	52,998,062
Basic earnings per share (in euros)		0.90	1.07
Diluted earnings per share (in euros)		0.88	1.04

(\*) FVO: Fair Value of the entitlement to the allotment of shares in ORNANE bonds

## Statement of comprehensive income

<i>(in thousands of euros)</i>		<b>30 June 2014</b>	<b>30 June 2013</b>
<b>Net profit for the period</b>	<i>a</i>	<b>50,102</b>	<b>57,102</b>
Exchange differences on translating foreign operations			
Available for sale financial assets			
Cash flow hedges		(29,277)	32,710
Share of other comprehensive income of associates			
Tax effect on other items of comprehensive income		11,125	(11,808)
<b>Total items that may be reclassified subsequently to profit or loss</b>	<i>b</i>	<b>(18,152)</b>	<b>20,902</b>
<b>Total comprehensive income after reclassification items</b>	<i>a+b</i>	<b>31,950</b>	<b>78,004</b>
Actuarial gains or losses		137	(1,892)
Gains on property revaluation			
Tax effect on items that will not be reclassified to profit or loss		(52)	683
<b>Total items that will not be reclassified to profit or loss</b>	<i>c</i>	<b>85</b>	<b>(1,209)</b>
<b>Comprehensive income after items that will not be reclassified</b>	<i>a+b+c</i>	<b>32,036</b>	<b>76,795</b>
<b>Other items of comprehensive income (after tax)</b>	<i>b+c</i>	<b>(18,067)</b>	<b>19,693</b>
<b>Comprehensive income</b>	<i>a+b+c</i>	<b>32,036</b>	<b>76,795</b>

## CONSOLIDATED BALANCE SHEET

(in thousands of euros)

30 June 2014 31 December 2013

<b>Asset</b>	<i>Notes</i>		
Goodwill	3.1	479,214	398,394
Net intangible assets	3.2	1,594,229	1,439,714
Net property, plant & equipment	3.3	1,977,713	1,992,900
Properties under construction	3.3	611,081	568,942
Investments in associates and joint ventures	3.4	49,577	50,999
Non-current financial assets	3.5	46,106	28,404
Deferred tax assets	3.21	25,037	24,084
<b>Non-current assets</b>		<b>4,782,956</b>	<b>4,503,436</b>
Inventories		5,633	5,695
Trade receivables	3.6	97,180	80,259
Other assets, accruals and prepayments	3.7	244,787	183,835
Cash and cash equivalent	3.11	500,718	468,351
<b>Current assets</b>		<b>848,318</b>	<b>738,140</b>
<b>Assets held for sale</b>		<b>220,315</b>	<b>210,014</b>
<b>TOTAL ASSETS</b>		<b>5,851,589</b>	<b>5,451,590</b>
	<i>Notes</i>		
<b>Liability</b>			
Share capital		69,393	69,346
Consolidated reserves		1,081,094	1,006,038
Revaluation reserve		206,284	223,079
Net profit for the period		50,102	113,911
<b>Equity attributable to owners of the Company</b>	3.9	<b>1,406,874</b>	<b>1,412,374</b>
Non-controlling interests		786	979
<b>Total equity</b>		<b>1,407,660</b>	<b>1,413,353</b>
Non-current financial liabilities	3.11	1,969,227	1,920,047
Change in fair value of the entitlement to the allotment of shares in ORNA <sup>3.12</sup>		28,093	4,893
Provisions	3.10	44,626	34,146
Post-employment and other employee benefits obligation	3.10	43,268	33,998
Deferred tax liabilities	3.21	778,532	756,829
<b>Non-current liabilities</b>		<b>2,863,747</b>	<b>2,749,914</b>
Current financial liabilities	3.11	500,958	285,436
Provisions	3.10	19,906	18,030
Trade payables	3.14	201,644	199,426
Tax and payroll liabilities	3.15	216,634	188,288
Current income tax liability		4,307	9,246
Other liabilities, accruals and prepayments	3.16	416,419	377,885
<b>Current liabilities</b>		<b>1,359,868</b>	<b>1,078,310</b>
<b>Liabilities associated with assets held for sale</b>		<b>220,315</b>	<b>210,014</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,851,589</b>	<b>5,451,590</b>

The notes form an integral part of the financial statements

## Consolidated statement of cash flows

	30 June 2014	30 June 2013
<i>(in thousands of euros)</i>	<i>Notes</i>	
<b>Operating activities</b> .....		
● Net profit for the period.....	50,102	57,102
● Elimination of non-cash items related to operating activities (*).....	25,489	17,411
Cost of debt.....	3.19 47,862	43,683
● Gains on disposals not related to operating activities, net of tax.....	(17,265)	(16,177)
<b>Cash generated by consolidated companies</b>	<b>106,188</b>	<b>102,019</b>
● Change in operating working capital requirements.....		
- Inventories.....	345	109
- Trade receivables.....	3.6 (8,040)	3,556
- Other receivables.....	3.7 4,208	(571)
- Tax and payroll liabilities.....	3.14 15,435	4,022
- Trade payables.....	3.13 6,995	10,871
- Other liabilities.....	3.15 (23,223)	(28,541)
<b>Cash flow from operating activities</b>	<b>101,908</b>	<b>91,465</b>
<b>Investing and development activities</b> .....		
● Acquisition of property assets.....	(214,096)	(223,132)
● Disposals of property assets.....	76,183	64,721
● Acquisitions of other non-current assets used in operations.....	(160,068)	(57,475)
<b>Cash flow from investing and development activities</b>	<b>(297,981)</b>	<b>(215,886)</b>
<b>Financing activities</b> .....		
● Capital increases.....	3.9 1,298	
● Dividends paid to shareholders of the parent.....	3.9	
● Additions to (repayments of) bridging loans and bank overdrafts.....	3.11 338,453	58,940
● Additions to finance leases.....	3.11 27,795	50,567
● Additions to other debt.....	3.11 97,852	76,176
● Repayments of other debt.....	3.11 (110,234)	(69,160)
● Repayments of finance leases.....	3.11 (78,862)	(43,621)
● Cost of debt and other movements.....	3.19 (47,862)	(43,683)
<b>Cash flow from financing activities</b>	<b>228,440</b>	<b>29,219</b>
<b>Change in cash and cash equivalent</b>	<b>32,367</b>	<b>(95,202)</b>
Opening cash and cash equivalents.....	468,351	362,292
<b>Closing cash and cash equivalents</b> .....	<b>500,718</b>	<b>267,090</b>
<b>Breakdown of closing cash and cash equivalent</b> .....	<b>500,718</b>	<b>267,090</b>
● Short-term investments.....	3.11 40,381	80,108
● Cash.....	3.11 460,337	186,982
● 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

<i>(in thousands of euros) except for numbers of shares</i>	Number of shares	Share capital	Share premiums	Revaluation reserves	Other reserves	Profit or loss	Total Attributable to owners of the Company	Non- controlling interests	Total
<b>31 December 2012</b>	<b>52,998,062</b>	<b>66,248</b>	<b>378,872</b>	<b>205,242</b>	<b>460,656</b>	<b>97,028</b>	<b>1,214,279</b>	<b>1,487</b>	<b>1,215,766</b>
Change in fair value of properties				(4,043)	4,043		0		0
Post-employment benefit obligation					(1,698)		(1,698)		(1,698)
Financial instruments				23,579			23,579		23,579
Other							0		0
<b>Fair value changes recognised in other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>19,536</b>	<b>2,345</b>	<b>0</b>	<b>21,881</b>	<b>0</b>	<b>21,881</b>
Reclassifications			3,217		3,016				
Appropriation of net profit					65,229	(97,028)	(31,799)		(31,799)
2013 net profit						113,911	113,911	(140)	113,771
Exercise of stock options							0		0
Exercise of share warrants			(4,824)				(4,824)		(4,824)
Exercise of OCEANE bonds							0		0
Capital increase	2,478,929	3,099	95,776				98,875		98,875
Other					51		51	(368)	(317)
<b>31 December 2013</b>	<b>55,476,991</b>	<b>69,346</b>	<b>473,042</b>	<b>224,776</b>	<b>531,297</b>	<b>113,911</b>	<b>1,412,374</b>	<b>979</b>	<b>1,413,353</b>
Change in fair value of properties				(342)	342		0		0
Post-employment benefit obligation					85		85		85
Financial instruments				(18,152)			(18,152)		(18,152)
Other							0		0
<b>Fair value changes recognised in other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>(18,493)</b>	<b>427</b>	<b>0</b>	<b>(18,067)</b>	<b>0</b>	<b>(18,067)</b>
Appropriation of net profit					75,077	(113,911)	(38,834)		(38,834)
2014 net profit						50,102	50,102	(193)	49,909
Exercise of stock options							0		0
Exercise of share warrants	36,312	45	1,251				1,296		1,296
Exercise of OCEANE bonds	1,483	2					2		2
Capital increase							0		0
Other							0		0
<b>30 June 2014</b>	<b>55,514,786</b>	<b>69,393</b>	<b>474,292</b>	<b>206,284</b>	<b>606,801</b>	<b>50,102</b>	<b>1,406,874</b>	<b>786</b>	<b>1,407,660</b>

**NOTES TO THE  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
30 June 2014**

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## Notes to the condensed consolidated financial statements

*Amounts are expressed in thousands of euros unless otherwise stated*

The Orpea Group's 2014 condensed interim consolidated financial statements were approved by the Board of Directors on 16 September 2014.

### 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 2014 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](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 2014 are identical to those used to prepare the 2013 consolidated financial statements, with the exception of the new standards referred to below, which are mandatory for periods beginning on or after 1 January 2014. These new standards had no material impact on the financial statements. These standards were as follows:

- IFRS 10: Consolidated Financial Statements;
- IFRS 11: Joint Arrangements;
- IFRS 12: Disclosure of Interests in Other Entities;
- IAS 27 (Revised): Separate Financial Statements;
- IAS 28 (Revised): Investments in Associates and Joint Ventures;
- Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities;
- Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets;
- Amendment to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting.

The Group did not apply any new standards or interpretations that were not mandatory as of 1 January 2014.

The condensed interim consolidated financial statements for the six months to 30 June 2014 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 2013 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.

#### Summary of the valuation of operating properties in accordance with IAS 16

As of the 2007 financial statements, the Group elected to measure its fully or jointly-owned operating properties comprising land and buildings using the revaluation method set out in IAS 16, which it believes gives a more accurate view of the value of its property portfolio.

## **2. SCOPE OF CONSOLIDATION**

Revenue for the first half of 2014 rose by 13.8% or €108.2 million compared with first-half 2013.

The Group has expanded through both organic growth and acquisitions.  
Organic revenue growth came to 6.27% in the first half.

During the half-year, the Group opened new facilities in France and abroad following the completion of construction or redevelopment works initiated in prior years, representing a total of 704 beds and breaking down as follows:

- five long-term care facilities in Leudeville, La Garenne Colombes, Parmain, Biganos and Eaubonne;
- a clinic in Issoire;
- a clinic in Turin (Italy).

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

- France:
  - o eight long-term care facilities:
    - five nursing homes, in Bonnières s/Seine, Villeneuve de Rivière, Brétigny s/ Orge, St Barthélemy and Ambérieu en Bugey, following the takeover of the TCP DEV group,
    - a residence in Genevilliers through the takeover of SAS Résidence Castel Georges,
    - two long-term care facilities in Montgeron and Charleville Mézières;
  - o six clinics: in Seysses, Boulogne Billancourt, Fronton, Vesoul, St Honoré les Bains and Charleville Mézières;

- in Belgium: a retirement home in Thier sur La Fontaine;
- in Switzerland: twenty-one facilities belonging to the Senevita Group in German-speaking Switzerland.

Finally, the Group also made ad hoc acquisitions, either directly or via companies, of standalone assets necessary for its expansion, comprising intangible rights and operating properties.

In first-half 2014, the Group invested €142 million in acquisitions and took over financial liabilities totalling about €33 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 (in € millions)	Goodwill and intangibles not yet allocated (in € millions)	Properties (in € millions)
France	14	977	61	34	12
International	22	2,202	88	47	9
<i>Italy</i>					
<i>Switzerland</i>	21	2,094	84	47	
<i>Belgium</i>	1	108	4		9
<i>Spain</i>					
<b>Total</b>	<b>36</b>	<b>3,179</b>	<b>149</b>	<b>81</b>	<b>21</b>

Deferred tax liabilities recognised in respect of these acquisitions amounted to about €34 million.

In the first half of 2013, total investments on the date of consolidation were:

	Number of facilities	Number of beds	Operating licenses (in € millions)	Goodwill and intangibles not yet allocated (in € millions)	Properties (in € millions)
France	5	380	25	0	23
International	4	1,342	49	2	41
<i>Italy</i>					
<i>Switzerland</i>					
<i>Belgium</i>	4	1,342	49	2	41
<i>Spain</i>					
<b>Total</b>	<b>9</b>	<b>1,722</b>	<b>74</b>	<b>2</b>	<b>64</b>

### 3. NOTES TO THE FINANCIAL STATEMENTS

#### 3.1 *Goodwill*

The main movements during the year were as follows:

	<b>France</b>	<b>International</b>	<b>Total</b>
Opening goodwill, net	303,338	95,056	398,394
Business combinations	33,849	46,972	80,820
			0
<b>Closing goodwill, net</b>	<b>337,187</b>	<b>142,028</b>	<b>479,214</b>

The business combinations include in particular the provisional allocation of the goodwill of the TCP DEV group for €15 million and of the Senevita group for €47 million.

The final allocation of the provisional goodwill will be done at 31 December 2014.

#### 3.2 *Intangible assets*

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

	<b>30.06.14</b>			<b>31.12.13</b>		
	Gross	Amort. Prov	Net	Gross	Amort. Prov	Net
Operating licenses	1,552,870	4,940	1,547,930	1,392,700	4,940	1,387,760
Advances and downpayments	8,425		8,425	6,801		6,801
Other intangible assets	51,663	13,789	37,874	57,906	12,754	45,152
<b>Total</b>	<b>1,612,957</b>	<b>18,728</b>	<b>1,594,229</b>	<b>1,457,407</b>	<b>17,694</b>	<b>1,439,714</b>

At 30 June 2014, operating licences comprised the licences to operate facilities in France, Belgium, Italy and Switzerland considered to have an 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
<b>At 31 December 2012</b>	<b>1,255,312</b>	<b>7,139</b>	<b>43,841</b>	<b>1,306,292</b>
Increase	5,595	4,415	3,086	13,097
Decrease				0
Amortisation and provisions	1,872		(2,365)	(493)
Reclassifications and other	(27)	(4,753)	3	(4,778)
Changes in scope	125,008		587	125,595
<b>At 31 December 2013</b>	<b>1,387,760</b>	<b>6,801</b>	<b>45,152</b>	<b>1,439,714</b>
Increase	4,107	2,856	454	7,417
Decrease			(1)	(1)
Amortisation and provisions			(471)	(471)
Reclassifications and other	7,359	(1,233)	(7,364)	(1,238)
Changes in scope	148,704		105	148,809
<b>At 30 June 2014</b>	<b>1,547,930</b>	<b>8,425</b>	<b>37,874</b>	<b>1,594,229</b>

"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.

	30/06/2014			31/12/2013		
	Gross	Amort. Prov	Net	Gross	Amort. Prov	Net
Lands	745,120	2,826	742,294	760,176	2,825	757,351
Buildings	1,686,831	346,578	1,340,253	1,664,531	327,343	1,337,187
Technical installations	206,415	136,750	69,665	191,178	123,517	67,661
Properties under construction	612,333	1,251	611,081	570,193	1,251	568,942
Other property, plant & equipment	121,048	75,233	45,815	107,861	67,147	40,714
Properties held for sale	(220,315)		(220,315)	(210,014)		(210,014)
<b>Total</b>	<b>3,151,432</b>	<b>562,638</b>	<b>2,588,794</b>	<b>3,083,924</b>	<b>522,083</b>	<b>2,561,842</b>

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.

	Lands	Buildings	Technical Installations	Properties under construction	Other	Properties held for sale	Total
<b>At 31 December 2012</b>	<b>718,026</b>	<b>1,190,265</b>	<b>71,572</b>	<b>553,881</b>	<b>38,885</b>	<b>(120,700)</b>	<b>2,451,928</b>
Acquisitions	13,851	34,908	10,995	291,655	4,930		356,339
Change in fair value							0
Disposals and terminations	(21,252)	(65,236)	(734)	(109,535)	(442)		(197,199)
Depreciation & provisions	(2,741)	(44,656)	(18,307)	434	(5,204)		(70,474)
Reclassifications and other	30,263	143,729	1,568	(175,610)	(1)	(89,314)	(89,364)
Changes in scope	19,205	78,178	2,565	8,118	2,545		110,610
<b>At 31 December 2013</b>	<b>757,351</b>	<b>1,337,187</b>	<b>67,661</b>	<b>568,942</b>	<b>40,714</b>	<b>(210,014)</b>	<b>2,561,842</b>
Acquisitions	682	17,938	9,656	131,671	3,252		163,198
Change in fair value							0
Disposals and terminations	(25,176)	(49,596)	(71)	(43,970)	(203)		(119,017)
Depreciation & provisions	2	(23,119)	(10,559)		(2,442)		(36,118)
Reclassifications and other	8,851	36,691		(45,752)	(100)	(10,301)	(10,612)
Changes in scope	585	21,152	2,979	189	4,594		29,499
<b>At 30 June 2014</b>	<b>742,294</b>	<b>1,340,253</b>	<b>69,665</b>	<b>611,081</b>	<b>45,815</b>	<b>(220,315)</b>	<b>2,588,794</b>

The main movements in first-half 2014 included:

- 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 in France.

### 3.3.2 Revaluation of operating properties

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

<b>Impact of IAS16 remeasurement</b>			
	<b>30 June 2014</b>	<b>31 December 2013</b>	<b>Change</b>
Gross revaluation reserve	406,792	407,343	(551)
Depreciation	(14,414)	(13,406)	(1,008)
Net revaluation reserve	<b>392,378</b>	<b>393,937</b>	<b>(1,559)</b>

The revaluation reserve for all properties amounted to €406.8 million at 30 June 2014 as compared with €407.3 million at the close of 2013, or a decrease of €0.6 million of gross value resulting from the disposal in first-half 2014 of a previously revalued building.

The change in depreciation was due to additional depreciation stemming from the revaluation of buildings for first-half 2014 amounting to €1 million.

The corresponding tax, calculated at standard rates, amounted to €140 million.

### 3.3.3 Finance leases

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

	30 June 2014	31 December 2013
Lands	176,558	191,920
Buildings	600,777	622,037
<b>Finance leases</b>	<b>777,335</b>	<b>813,957</b>

All finance leases are property leases.

### 3.3.4 Operating leases

Operating lease payments are as follows:

	30 June 2014	31 December 2013
Lease payments	79,900	135,194
<b>Total</b>	<b>79,900</b>	<b>135,194</b>

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 2014, investments in associates and joint ventures broke down as follows:

Associates	Percentage ownership at 30 June 2014	Carrying amount of investments (in €000)
PCM (six short-term care facilities)	45.0%	20,604
COFINEA (property company)	49.0%	5,011
IDS (property company)	49.9%	13,210
Other	49.0%	5,796
<b>Total</b>		<b>44,620</b>
Equity accounted profit (loss) for prior periods		4,575
Equity accounted profit (loss) for current period		382
<b>Investments in associates and joint ventures</b>		<b>49,577</b>

At 30 June 2014, the main aggregates were:

	(in €000)
Non-current assets	228,876
Current assets	66,769
OCI	65,227
Non-current liabilities	164,685
Current liabilities	65,520
Revenue	48,130
Profit or loss	733
Share in profit (loss)	382

### 3.5 Non-current financial assets

Non-current financial assets break down as follows:

	30 June 2014 Net	31 December 2013 Net
Non-consolidated investments	24,554	9,459
Loans	13,326	12,659
Security deposits	8,225	6,286
<b>Total</b>	<b>46,106</b>	<b>28,404</b>

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 deposits the Group might pay in the course of its operations.

### 3.6 Trade receivables

	30 June 2014	31 December 2013
Trade receivables	97,180	80,259
<b>Trade receivables</b>	<b>97,180</b>	<b>80,259</b>

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

In June 2014, the Group sold receivables totalling €44 million. They were derecognised to the extent of the amount financed, i.e. €39.5 million. The remaining (€4.5 million) constitutes a retention deposit and remains on the balance sheet as an asset.



### 3.7 Other assets, accruals and prepayments

	30 June 2014	31 December 2013
Development-related assets	70,375	30,903
Receivables related to property disposals	30,686	31,062
VAT receivables	28,709	28,625
Advances and downpayments made	4,327	4,155
Current accounts (associated and related parties)	52,137	45,053
Other receivables	31,209	24,131
Supplier receivables	15,175	12,566
Prepaid operating expenses	12,169	7,339
<b>Total</b>	<b>244,787</b>	<b>183,835</b>

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 2014	31 December 2013
Total number of shares	55,514,786	55,476,991
Number of shares issued	55,514,786	55,476,991
Par value per share (€)	1.25	1.25
Share capital (€)	69,393,482	69,346,239
Treasury shares	12,367	11,871

Since 31 December 2012, 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
<b>Share capital at 31/12/2012</b>	<b>52,998,062</b>	<b>66,248</b>	<b>378,872</b>
Reclassification			3,217
Exercises of share warrants			(4,824)
Exercise of OCEANE bonds			
Capital increase	2,478,929	3,099	95,776
<b>Share capital at 31/12/2013</b>	<b>55,476,991</b>	<b>69,346</b>	<b>473,042</b>
Reclassification			
Exercises of share warrants	36,312	45	1,251
Exercise of OCEANE bonds	1,483	2	0
Capital increase			
<b>Share capital at 30/06/2014</b>	<b>55,514,786</b>	<b>69,393</b>	<b>474,293</b>

### 3.9.2 Earnings per share

Calculation of the weighted average number of shares held

	30 June 2014		30 June 2013	
	Basic	Diluted	Basic	Diluted
Ordinary shares *	55,499,254	55,499,254	52,998,062	52,998,062
Stock options				
Treasury shares	(12,119)	(12,119)	(16,908)	(16,908)
Exercise of share warrants				
Exercise of OCEANE bonds		4,068,295		4,069,635
<b>Weighted average number of shares</b>	<b>55,487,135</b>	<b>59,555,430</b>	<b>52,981,154</b>	<b>57,050,789</b>

\* Net of treasury shares in 2010

### Earnings per share

(in euros)	30 June 2014		30 June 2013	
	Basic	Diluted	Basic	Diluted
<b>Net earnings</b>	<b>0.90</b>	<b>0.88</b>	<b>1.07</b>	<b>1.04</b>

### 3.9.3 Dividends

The general shareholders' meeting of 25 June 2014 approved the payment of a dividend in respect of the 2013 financial year of €0.70 per share, representing a total of €38,833,894 paid at end-July 2014.

### 3.9.4 Share warrants

On 17 August 2009, Orpea made an issue of bonds with redeemable share warrants (OB SAAR). This operation led to the creation of 1,190,787 warrants. These warrants are exercisable from 14 August 2011 to 14 August 2015 inclusive and will subscribe to one Orpea share for an exercise price of €37.90.

In 2013, Orpea acquired and cancelled 917,041 share warrants as part of the public tender offer launched by the Company, approved by the AMF on 17 September 2013 under number 13-459.

The potential dilutive effect of the outstanding share warrants on 30 June 2014 was 0.40%.

### 3.9.5 Treasury shares

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

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

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

At 30 June 2014, the Group held 12,367 treasury shares.

### 3.10 Provisions

Provisions break down as follows:

<i>(in thousands of euros)</i>	01 January 2014	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 June 2014
Liabilities and charges	44,378		(92)	6,372	(4,077)	(1,050)	4,344	49,876
Restructuring	7,798				(5,860)		12,719	14,657
Total	52,176	0	(92)	6,372	(9,937)	(1,050)	17,062	64,532
Post-employment benefit obligation	33,998	(137)	330	606	(96)		8,564	43,268

Movements in provisions were mainly due to the acquisition in first-half 2014 of the Swiss group Senevita as well as to the risk of Orpea and the tax authorities arriving at different results in the application of rules to calculate VAT pro rata. These amounted to €3.4 million (at 30 June 2014, this provision amounted to €17.8 million).

At 30 June 2014, short-term provisions totalled €19.9 million, including €14.3 million for employment disputes and a €5.6 million restructuring provision.

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

(in thousands of euros)	30 June 2013	31 December 2014
France	31,777	29,742
International	11,491	4,256
<b>Total</b>	<b>43,268</b>	<b>33,998</b>

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

(in thousands of euros)	30 June 2014				31 December 2013			
	Present value of obligation	Provision on balance sheet	Profit or loss	OCI	Present value of obligation	Provision on balance sheet	Profit or loss	OCI
<b>Opening</b>	<b>29,742</b>	<b>(29,742)</b>			<b>24,206</b>	<b>(24,206)</b>		
Current service cost	1,035	(1,035)	(1,035)		1,855	(1,855)	(1,855)	
Interest cost	446	(446)	(446)		755	(755)	(755)	
Expected return on assets								
Employer's contributions	334	(334)						
Actuarial gains or losses	(137)	137		137	2,923	(2,923)		(2,923)
Benefits paid	(876)	876			(1,821)	1,821		
Changes in scope	1,233	(1,233)			1,824	(1,824)		
<b>Closing</b>	<b>31,777</b>	<b>(31,777)</b>	<b>(1,481)</b>	<b>137</b>	<b>29,742</b>	<b>(29,742)</b>	<b>(2,610)</b>	<b>(2,923)</b>

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

(in thousands of euros)	30 June 2014				31 December 2013			
	Present value of obligation (*)	Provision on balance sheet	Profit or loss	OCI	Present value of obligation (*)	Provision on balance sheet	Profit or loss	OCI
<b>Opening</b>	<b>4,256</b>	<b>(4,256)</b>			<b>4,592</b>	<b>(4,592)</b>		
Current service cost	(80)	80	80		40	(40)	(40)	
Interest cost	(16)	16	16		91	(91)	(91)	
Expected return on assets					(76)	76	76	
Employer's contributions					(206)	206	206	
Actuarial gains or losses					(185)	185		185
Benefits paid								
Changes in scope	7,331	(7,331)						
<b>Closing</b>	<b>11,491</b>	<b>(11,491)</b>	<b>96</b>		<b>(4,256)</b>	<b>(4,256)</b>	<b>152</b>	<b>185</b>

(\*) Net of plan assets

The main actuarial assumptions at 30 June 2014 were:

	30 June 2014		31 December 2013	
	France	International	France	International
Discount rate	3.00%	1.90%	3.12%	1.90%
Annual rate of salary increase taking account of inflation	2.50%	1.75%	2.50%	2.25%
Expected rate of return on plan assets	NA	1.90%	NA	1.90%
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 2014, sensitivity of the French post-employment benefit obligation to a 0.5% increase in the discount rate was €180 thousand.

### 3.11 Financial liabilities and cash and cash equivalents

Net debt breaks down as follows:

<i>(in thousands of euros)</i>	Net 30 June 2014	Net 31 December 2013
Long-term bank borrowings	225,423	191,813
Finance lease obligations	572,228	623,295
Bond issues	926,446	922,236
Bridging loans	568,491	230,038
Other financial liabilities	397,914	448,116
<b>Total gross debt (*)</b>	<b>2,690,500</b>	<b>2,415,497</b>
Cash	(460,337)	(334,392)
Cash equivalents	(40,381)	(133,958)
<b>Total net debt (*)</b>	<b>2,189,782</b>	<b>1,947,146</b>

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

Changes in net debt during the first half of 2014 break down as follows:

(in thousands of euros)	31 December 2013	Increase	Decrease	Changes in scope	30 June 2014
Bond issues	922,236	4,210			926,446
Long-term bank borrowings	191,813	49,907	(29,019)	12,722	225,423
Finance lease obligations	623,295	20,669	(78,862)	7,126	572,228
Bridging loans	230,038	365,851	(33,558)	6,160	568,491
Other financial liabilities	448,116	24,158	(81,215)	6,855	397,914
<b>Total gross debt (*)</b>	<b>2,415,497</b>	<b>464,795</b>	<b>(222,654)</b>	<b>32,863</b>	<b>2,690,500</b>
Cash and cash equivalents	(468,351)	(32,367)			(500,718)
<b>Total net debt (*)</b>	<b>1,947,146</b>	<b>432,428</b>	<b>(222,654)</b>	<b>32,863</b>	<b>2,189,782</b>
Liabilities associated with assets held for sale	(210,014)	(10,301)			(220,315)
<b>Net debt excluding liabilities associated with assets held for</b>	<b>1,737,132</b>	<b>422,127</b>	<b>(222,654)</b>	<b>32,863</b>	<b>1,969,467</b>

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

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

	30 June 2014	Under one year (*)	Two to five years	Over five years
Bond issues	926,446	61,908	541,012	323,526
Long-term bank borrowings	225,423	48,831	160,680	15,912
Finance lease obligations	572,228	74,671	258,005	239,552
Bridging loans	568,491	432,390	130,330	5,771
Other financial liabilities	397,914	103,473	242,726	51,715
<b>Total gross debt (*)</b>	<b>2,690,500</b>	<b>721,273</b>	<b>1,332,753</b>	<b>636,474</b>
Cash and cash equivalents	(500,718)	(500,718)		
<b>Total net debt (*)</b>	<b>2,189,782</b>	<b>220,555</b>	<b>1,332,753</b>	<b>636,474</b>

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

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	541,012	243,047		62,643	235,322
Long-term bank borrowings	160,680	48,686	52,202	27,095	32,697
Finance lease obligations	258,005	70,226	83,583	51,439	52,757
Bridging loans	130,330	90,086	32,134	4,561	3,549
Other financial liabilities	242,726	90,522	67,669	49,193	35,342
<b>Total gross debt per year</b>	<b>1,332,753</b>	<b>542,567</b>	<b>235,588</b>	<b>194,931</b>	<b>359,667</b>

## 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 5 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.

## Banking covenants

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

R1 = consolidated net debt (excluding property debt)

consolidated EBITDA - 6% of property debt

and

R2 = consolidated net debt

equity + quasi equity (i.e. deferred tax liabilities arising on the revaluation of intangible assets in the consolidated financial statements)

At 30 June 2014, these ratios stood at 1.5 and 1.2 respectively, within the required limits of 5.5 for R1 and 2.0 or 2.2 for R2 at 30 June 2014.

## Bond issues

**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.

20% of the principal was repaid in both 2012 and 2013 and 30% of the principal will be repaid in both 2014 and 2015. The coupon payable on the bonds is 3-month Euribor + 137 basis points excluding fees. The terms and conditions of these bonds can be found in the securities note (*note d'opération*) approved by the AMF under no. 09-225 on 15 July 2009.

**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 par value of €180 million and a net amount of €173 million under IFRS. The conversion option was recognised in equity at €3 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 (1.107 shares for one bond) between 15 December 2010 and up to the seventh working day inclusive preceding the normal redemption date at a price of €44.23 per share. The terms and conditions of these bonds can be found in the securities note approved by the AMF under no. 10-429 on 7 December 2010.

**ORNANE** bond issue: On 9 July 2013, ORPEA issued bonds with a cash redemption option and/or convertible into new or existing shares (ORNANE) with an entitlement date of 17 July 2013 and maturing on 1 January 2020. The terms and conditions of these bonds can be found in the securities note approved by the AMF under no. 13-338 on 9 July 2013.

The 4,260,631 bonds have a par value of €46.56 each, and a total par value of €198 million. The coupon payable on the bonds is 1.75% per year throughout the life of the bonds, payable six-monthly in arrears.

The Ornane agreement gives bondholders the option to convert their bonds into cash or new shares, in accordance with the terms and conditions in the securities note, from the issue date up to the 18<sup>th</sup> trading day (exclusive) prior to 1 January. Orpea may, however, exercise a right of early redemption if the share price exceeds 130% of the par value of the bond, but only from 1 February 2017.

The right to receive shares constitutes a derivative for the purposes of IAS 39, with any change in fair value being recognised in profit or loss.

In effect, Orpea enjoys a call option on its own securities in the event the threshold of 130% of the benchmark price is exceeded, but over a more limited exercise period and the bondholder, enjoying an exercise right in the event of early redemption by Orpea, holds a cross call option enabling it to lock in its gain.

The agreement also contains standard anti-dilution provisions in the event of capital increases, the distribution of reserves (including earnings for the 2012-2018 period), etc.



### Other bonds:

Orpea Group carried out three bond issues during the second half of 2012 on the Euro PP market, issuing:

- 1,930 bonds in two tranches (securities note approved by the AMF under no. 12-580 on 28 November 2012):
  - o Tranche A: for a total of €65 million, i.e. 650 bonds at a unit price of €100,000. These bonds will be redeemed on 10 January 2018. The coupon payable on the bonds is 4.10% per year,
  - o Tranche B: a total of €128 million, i.e. 1,280 bonds at a unit price of €100,000. These bonds will be redeemed on 30 May 2019. The coupon payable on the bonds is 4.60% per year;
- 200 bonds at a unit price of €100,000, totalling €20 million (securities note approved by the AMF under no. 12-579 on 28 November 2012). These bonds will be redeemed on 30 November 2018. The coupon payable on the bonds is 4.20% per year.
- 900 bonds at a unit price of €100,000, totalling €90 million. These bonds will be redeemed on 4 December 2026. The coupon payable on the bonds is 5.25% per year.

and in 2013 carried out three new bond issues, issuing:

- 330 bonds at a unit price of €100,000, totalling €33 million (securities note approved by the AMF under no. 13-152 on 10 April 2013). These bonds will be redeemed on 30 May 2019. The coupon payable on the bonds is 4.60% per year;
- 200 bonds at a unit price of €100,000, totalling €20 million (securities note approved by the AMF under no. 13-357 on 11 July 2013). These bonds will be redeemed on 30 November 2019. The coupon payable on the bonds is 4.15% per year.
- in Belgium, 750 bonds at a unit price of €100,000, totalling €75 million. These bonds will be redeemed in two tranches:
  - o the first on 31 December 2018 involving 550 bonds. The coupon payable on these bonds is 4.00% per year;
  - o the second on 31 December 2020 involving 200 bonds. The coupon payable on these bonds is 4.45% per year.

### Cash

At 30 June 2014, cash and cash equivalents comprised €40,381 thousand in short-term investments such as risk-free money-market mutual funds and €460,337 thousand in bank deposits.

### ***3.12 Change in fair value of the entitlement to the allotment of shares in ORNANE bonds***

The fair value of the entitlement to the allotment of shares in ORNANE bonds has changed as follows since inception:

	(in €000)
Change in 2013	4,893
Change in first-half 2014	23,200
<b>Total change since inception</b>	<b>28,093</b>

At 30 June 2014, the change in fair value recognised in net finance cost amounted to €23.2 million. On the basis of data at 30 June 2014, a +/- 10% change in the price of the Orpea stock would produce a +/- €5 million change in the value of the option, impacting profit or loss.

Were the option to be exercised, in the event the strike price were exceeded, it would result in the allotment of shares.

### ***3.13 Financial instruments***

#### ***3.13.1 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.

The use of hedging products to limit interest rate risk exposes the Group to counterparty risk. Counterparty risk is the risk of replacing a hedge at current market rates in the case a counterparty defaults. The Group did not identify any significant impact from this risk in the course of its analysis.

##### Interest rate derivatives portfolio:

At 30 June 2014, as at 31 December 2013, 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 2013, the maturity of interest rate derivatives was as follows:

Maturity (€m)					
	2014	2015	2016	2017	2018
Average notional (€m)	1,366	1,367	1,398	1,295	1,070
Effective rate	2.6%	2.3%	1.8%	1.7%	1.7%

At the end of the first half of 2014, the maturity of interest rate derivatives was as follows:

Maturity (€m)					
	2014	2015	2016	2017	2018
Average notional (€m)	1,366	1,367	1,398	1,307	1,121
Effective rate	2.5%	2.3%	1.8%	1.7%	1.7%

At 31 December 2013, fair value changes on these cash flow hedges accumulated in equity amounted to –€62.5 million.

At 30 June 2014, fair value changes on these cash flow hedges accumulated in equity amounted to –€91.7 million.

#### Analysis of sensitivity to changes in interest rates:

The impact of a +/- 1% change in interest rates on the Group's earnings stems from:

- the change in interest payable on floating-rate net debt;
- changes in the fair value of hedging instruments.

The fair value of hedging instruments is sensitive to changes in interest rates and in volatility. This latter is assumed to be constant for the purposes of the analysis.

At 30 June 2014, net debt amounted to €2,190 million, of which around 41% 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 €5 million (before tax and capitalisation of financial expenses);
- the impact of a 0.2% (20 basis points given current interest rate levels) fall would reduce financial expense by €1 million (before tax and capitalisation of financial expenses).

### Movement in cash flow hedging reserve:

(in thousands of euros)	30 June 2014	31 December 2013
Opening hedging reserve	(62,466)	(100,496)
Change in fair value recognised in OCI	(44,505)	2,024
Change in fair value recognised in profit or loss	15,228	36,006
Impact on comprehensive income for the period	(29,277)	38,030
Closing hedging reserve	<b>(91,743)</b>	<b>(62,466)</b>

### 3.13.2 *Value of financial assets excluding derivatives*

(in thousands of euros)	30 June 2014	31 December 2013
Equity interests	24,554	9,459
Other non-current financial assets	21,551	18,945
Short-term investments	40,381	133,958
<b>Financial assets excluding derivatives</b>	<b>86,485</b>	<b>162,362</b>

### 3.14 *Trade payables*

	30 June 2014	31 December 2013
	Net	Net
Trade payables	201,644	199,426
<b>Trade payables</b>	<b>201,644</b>	<b>199,426</b>

### 3.15 *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.

### *3.16 Other liabilities, accruals and prepayments*

	<b>30 June 2014</b>	<b>31 December 2013</b>
	<b>Net</b>	<b>Net</b>
Development-related liabilities	112,145	109,602
Security deposits	38,251	35,729
Commitments to work on buildings sold	3,359	3,468
Client accounts in credit	1,262	1,813
Other prepaid income	12,092	12,031
Derivative financial instruments	91,743	62,466
Advances and downpayments received	13,467	12,741
Current accounts (associated and related parties)	55,768	80,988
Dividends	38,834	
Other	49,498	59,047
<b>Total</b>	<b>416,419</b>	<b>377,885</b>

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

### *3.17 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.

### 3.18 Segment Information

	30 June 2014	30 June 2013
<b>Revenue</b>		
France	732,978	651,621
Belgium	82,349	77,978
Spain	24,461	24,810
Italy	20,102	18,820
Switzerland	30,804	9,252
<b>Total</b>	<b>890,694</b>	<b>782,481</b>
<b>EBITDA</b>		
France	207,783	182,852
Belgium	16,328	17,356
Spain	5,941	5,200
Italy	3,111	2,647
Switzerland	10,612	2,603
<b>Total</b>	<b>243,774</b>	<b>210,658</b>
<b>Assets</b>		
France	5,012,181	4,317,368
Rest of Europe	839,409	749,729
<b>Total</b>	<b>5,851,589</b>	<b>5,067,097</b>
<b>Liabilities excluding equity</b>		
France	3,900,914	3,350,666
Rest of Europe	543,016	455,865
<b>Total</b>	<b>4,443,929</b>	<b>3,806,531</b>

Amounts paid for the acquisition of segment assets are disclosed in note 2.

### 3.19 Other non-recurring operating income and expense

<i>(in thousands of euros)</i>	30 June 2014	30 June 2013
Proceeds from property sales	107,612	91,001
Cost of properties sold	(79,765)	(70,787)
Provision reversal	4,812	2,967
Provision charge	(3,141)	(3,576)
Other income	13,815	18,303
Other expense	(16,616)	(18,504)
<b>Other non-recurring operating income and expense</b>	<b>26,717</b>	<b>19,404</b>

Other non-recurring operating income and expense mainly comprises net gains on sales of property assets (€27.8 million), income net of expense related to acquisitions accounted for as

business combinations (€11.3 million) and expenses associated with the redevelopment of recently-acquired facilities and other development costs (-€6 million).

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

<i>(in thousands of euros)</i>	<b>30 June 2014</b>	<b>30 June 2013</b>
Sale price	53,157	37,159
Cost	(32,123)	(28,056)
<b>Gain on sales of off-plan properties</b>	<b>21,033</b>	<b>9,103</b>

### 3.20 Net finance cost

	<b>30 June 2014</b>	<b>30 June 2013</b>
Interest on bank debt and other financial liabilities	(33,630)	(28,320)
Interest on finance leases	(6,459)	(5,313)
Net income (expense) on interest rate derivatives	(15,228)	(18,238)
Capitalised borrowing costs (*)	7,284	7,900
<b>Financial expense</b>	<b>(48,033)</b>	<b>(43,971)</b>
Interest income	171	288
<b>Financial income</b>	<b>171</b>	<b>288</b>
<b>Net financial cost.....</b>	<b>(47,862)</b>	<b>(43,683)</b>

(\*) calculated at a rate of 4.3% at 30 June 2014 compared with 4.5% at 30 June 2013 for facilities under construction or redevelopment

### 3.21 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 2014.

<i>(in thousands of euros)</i>	<b>30 June 2014</b>	<b>30 June 2013</b>
Current income taxes	(29,480)	(32,366)
Deferred income taxes	(1,307)	1,688
<b>Total</b>	<b>(30,787)</b>	<b>(30,677)</b>

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

(in thousands of euros)	<b>30 June 2014</b>	<b>31 December 2013</b>
Fair value of intangible assets	(450,238)	(412,277)
Fair value PPE (*)	(313,166)	(312,486)
Recognition of finance leases	(66,425)	(60,058)
Temporary differences	(4,675)	(4,677)
Tax loss carryforwards	25,037	24,084
Deferral of capital gains	1,099	1,174
Employee benefits	11,658	9,673
CVAE deferred tax (**)	(6,411)	(6,573)
Financial instruments and other	49,625	28,395
<b>Total</b>	<b>(753,496)</b>	<b>(732,745)</b>

(\*) Including €140 million of deferred tax relating to the revaluation of properties (see Note 3.3.2)

(\*\*) 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 €450 million at 30 June 2014. These intangible assets are not held for sale.

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

(in thousands of euros)	<b>30 June 2014</b>	<b>31 December 2013</b>
Asset	25,037	24,084
Liability	(778,532)	(756,829)
<b>Net</b>	<b>(753,496)</b>	<b>(732,745)</b>

The difference between the theoretical tax rate, i.e. 38% in 2014, and the effective tax rate appearing in the income statement, breaks down as follows:

(in thousands of euros)	<b>30 June 2014</b>	<b>30 June 2013</b>
<b>Effective rate:</b>	<b>38.15%</b>	<b>34.95%</b>
- Permanent differences	2.11%	-2.19%
- Business combinations	5.33%	6.51%
- Impact of reduced tax rates	-0.02%	1.87%
- Impact of companies accounted for at equity	0.18%	0.40%
- Other	-0.11%	0.99%
- Cotisation sur la valeur ajoutée des entreprises (CVAE)	-7.64%	-6.43%
<b>Theoretical rate</b>	<b>38.00%</b>	<b>36.10%</b>



## 3.22 Commitments and contingent liabilities

### 3.22.1 Off-balance sheet commitments

#### Debt-related commitments

Contractual commitments (in thousands of euros)	30 June 2014	31 December 2013
<b>Counter-guarantees on contracts</b>	<b>0</b>	<b>0</b>
<b>Receivables sold not yet matured</b>	<b>0</b>	<b>0</b>
<b>Collateral</b>	<b>1,304,292</b>	<b>1,332,812</b>
<i>Financing property assets</i>	334,151	261,401
<i>Non-property borrowings and financial guarantees</i>	397,914	448,115
<i>Finance leases</i>	572,227	623,296
<b>Guarantees</b>	<b>5,088</b>	<b>5,088</b>
<i>Related to property assets</i>	4,158	4,158
<i>Related to non-property borrowing</i>	930	930
<i>Related to finance lease</i>		
<b>Other commitments given</b>	<b>0</b>	<b>0</b>
<i>Subscription bond issue</i>		
<b>Total</b>	<b>1,309,380</b>	<b>1,337,900</b>

#### Commitments relating to the Group's operations

##### Lease commitments

Minimum future lease payments on finance leases break down as follows at 30 June 2014:

	Minimum future payments
Under one year	74,867
One to five years	299,470
Over five years	524,072
<b>Total</b>	<b>898,409</b>

Operating lease commitments break down as follows at 30 June 2014:

	Minimum future payments
Under one year	159,801
One to five years	639,203
Over five years	1,118,606
<b>Total</b>	<b>1,917,610</b>

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 2014, 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 2014, conditional commitments to acquire facilities, operating licences and land amounted to €6 million.

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.

The Group also has a call option on 51% of the two companies as from 2016.

#### 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.

#### *3.22.2 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.

### 3.23 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		Fair value	
			30 June 2014	31 December 2013	30 June 2014	31 December 2013
<b>HELD-TO-MATURITY ASSETS</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Bonds and negotiable debt securities	Mutual funds					
<b>LOANS AND RECEIVABLES</b>			<b>363,518</b>	<b>283,039</b>	<b>363,518</b>	<b>283,039</b>
Short-term loans	Short-term loans					
Long-term loans	Non-current financial assets	2	13,326	12,659	13,326	12,659
Security deposits	Non-current financial assets	2	8,225	6,286	8,225	6,286
Receivables related to asset disposals	Short-term receivables related to asset disposals		30,686	31,062	30,686	31,062
Other receivables	Other receivables	2	214,101	152,773	214,101	152,773
Trade receivables	Trade receivables	2	97,180	80,259	97,180	80,259
<b>AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Equity interests	Non-current financial assets					
Other						
<b>FINANCIAL ASSETS AT FAIR VALUE</b>			<b>40,381</b>	<b>468,351</b>	<b>40,381</b>	<b>468,351</b>
Interest rate derivatives						
Currency derivatives						
Cash and cash equivalents	Mutual funds	1	40,381	133,958	40,381	133,958
CASH	Mutual funds	1	460,337	334,392	460,337	334,392
<b>FINANCIAL ASSETS</b>			<b>864,236</b>	<b>751,390</b>	<b>864,236</b>	<b>751,390</b>

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

(\*) Level 2: financial assets and liabilities not 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 €)	Balance sheet classification	Level (*)	Carrying amount		Fair value	
			30 June 2014	31 December 2013	30 June 2014	31 December 2013
<b>FINANCIAL LIABILITIES</b>			<b>119,836</b>	<b>67,359</b>	<b>119,836</b>	<b>67,359</b>
	Currency derivatives	Other liabilities				
	Interest rate derivatives	Other liabilities	91,743	62,466	91,743	62,466
	Change in fair value of the entitlements	ORNANE bonds	28,093	4,893	28,093	4,893
	Other liabilities	Other liabilities				
<b>FINANCIAL LIABILITIES</b>			<b>3,216,820</b>	<b>2,930,342</b>	<b>3,314,277</b>	<b>2,997,719</b>
	Bonds convertible, exchangeable or	Non-current and current financial liabilities	926,446	922,236	1,023,903	989,613
	Bank borrowings	Non-current and current financial liabilities	1,191,826	869,966	1,191,826	869,966
	Finance lease obligations	Non-current and current financial liabilities	572,228	623,295	572,228	623,295
	Other liabilities	Recurring liabilities and other accruals and	324,676	315,419	324,676	315,419
	Trade payables	Trade payables	201,644	199,426	201,644	199,426
<b>FINANCIAL LIABILITIES</b>			<b>3,336,656</b>	<b>2,997,701</b>	<b>3,434,113</b>	<b>3,065,078</b>

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

(\*) Level 2: financial assets and liabilities not 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.

### 3.24 Related-party transactions

#### Associates and joint ventures

Advances granted to associates and joint ventures by the Orpea Group amounted to €11 million at 30 June 2014.

Advances granted to Orpea Group by associates and joint ventures as well as related parties amounted to €56 million at 30 June 2014.

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 €3 million at 30 June 2014.

### *3.25 Events after the Reporting Period*

Orpea Group continued to expand both in France, with the acquisition of three clinics, and abroad, through the acquisition in Germany of the Silver Care group with 61 facilities and 5,963 beds including 290 under construction. This network will generate circa €200 million in revenue in 2014 and will be fully consolidated from 1 July 2014, the effective date of acquisition.

Orpea Group also pursued its strategy of diversifying its funding sources with the arrangement, in July 2014, of a EURO PP agreement (€52 million) and a Schuldschein (€203 million).

### 3.26 Scope of consolidation at 30 June 2014

Main Orpea Group companies:

Consolidated Companies Name	Control Group	Interest Group	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 TALAUDIÈRE	100.00%	100.00%	FC
SCI SAINT PRIEST	100.00%	100.00%	FC
SCI BALBIGNY	100.00%	100.00%	FC
SCI SAINT JUST	100.00%	100.00%	FC
SCI CAUX	100.00%	100.00%	FC
SAS LA SAHARIENNE	100.00%	100.00%	FC
SCI IBO	100.00%	100.00%	FC
SARL ORPEA DEV	100.00%	100.00%	FC
SCI BEAULIEU	100.00%	100.00%	FC

Consolidated Companies Name	Control Group	Interest Group	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
SCI JEM II	100.00%	100.00%	FC
SA ORPEA BELGIUM	100.00%	100.00%	FC
SASU LE VIGE	100.00%	100.00%	FC

Consolidated Companies Name	Control Group	Interest Group	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 DAVER	100.00%	100.00%	FC
SA GRAY	100.00%	100.00%	FC
SCI MANUJACQ	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 IMMOBILIERE 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
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
SCI SUPER AIX	100.00%	100.00%	FC
SARL MAISON D'OMBELINE	100.00%	100.00%	FC
SARL LA RETRAITE DU LEU	100.00%	100.00%	FC
SNC LES JARDINS D'ESCUDIE	100.00%	100.00%	FC



Consolidated Companies Name	Control Group	Interest Group	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	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 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
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

Consolidated Companies Name	Control Group	Interest Group	Consolidation method
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
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 LE CHÂTEAU DE BREGY	100.00%	100.00%	FC
SA SANCELLEMOZ	93.89%	93.89%	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
SCI REZE	100.00%	100.00%	FC
SCI DU BOIS GUILLAUME	100.00%	100.00%	FC
SCI LIVRY VAUBAN	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 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 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
SAS VILLA GARLANDE	100.00%	100.00%	FC
SAS LE CLOS DES MEUNIERIS	100.00%	100.00%	FC
SCI VILLA MORGAN	100.00%	100.00%	FC
SAS IMMO NEVERS	100.00%	100.00%	FC
SARL MAISON DE RETRAITE CHÂTEAU DE PILE	100.00%	100.00%	FC
SARL LE VILLAGE	100.00%	100.00%	FC
SAS ARCHIMEDE VILLAGE	100.00%	100.00%	FC
SAS ALUNORM	100.00%	100.00%	FC
SAS CLINIQUE CASTELVIEL	100.00%	100.00%	FC
SAS Sté Ex. Clinique Cardiologique Maison Blanche	100.00%	100.00%	FC
SAS Clinique Néphrologique Maison Blanche	100.00%	100.00%	FC

Consolidated Companies Name	Control Group	Interest Group	Consolidation method
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 I	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 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

Consolidated Companies Name	Control Group	Interest Group	Consolidation method
SARL DOMIDOM Services	100.00%	100.00%	FC
SAS TCP DEV	100.00%	100.00%	FC
SAS AGE PARTENAIRES	100.00%	100.00%	FC
SAS ALICE ANOTOLE ET CIE	100.00%	100.00%	FC
SAS L'OASIS PALMERAIE	100.00%	100.00%	FC
SAS AP BRETIGNY	100.00%	100.00%	FC
SARL LA MADONE	100.00%	100.00%	FC
SAS LA CHENERAIE - ST RAMBERT	100.00%	100.00%	FC
SAS BON AIR	100.00%	100.00%	FC
SAS LE CERLCE DES AINES	100.00%	100.00%	FC
SAS LES MYOSOTIS	100.00%	100.00%	FC
SAS CLINIQUE DU CHÂTEAU DE SEYSSES	100.00%	100.00%	FC
SARL ACTIRETRAITE - MONTGERON	100.00%	100.00%	FC
SAS CLINIQUE MONTEVIDEO - LA TOURELLE	100.00%	100.00%	FC
SAS CRF DE NAVENNE	100.00%	100.00%	FC
SAS RESIDENCE CASTEL GEORGES	100.00%	100.00%	FC
SAS CLINIQUE DR BECQ	100.00%	100.00%	FC
SENEVITA AG	100.00%	100.00%	FC
SPRL THIER S/ LA FONTAINE	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 2014, and that the interim business report 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 2014.

Dr Jean-Claude Marian  
Chairman

Yves Le Masne  
Chief Executive Officer

## 4 – STATUTORY AUDITORS' REPORT

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*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  
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75008 Paris

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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 2014**

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 2014 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.

## **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, 3 October 2014

The Statutory Auditors

**Saint Honoré BK&A**

**Deloitte & Associés**

**Emmanuel KLINGER**

**Joël ASSAYAH**