



A LIMITED COMPANY WITH AN EXECUTIVE BOARD AND A SUPERVISORY BOARD
WITH SHARE CAPITAL OF €42,234,660
HEAD OFFICE: 96 AVENUE D'IÉNA – 75116 PARIS
NO. B 383 699 048 - RCS PARIS

HALF-YEARLY FINANCIAL REPORT
Period from January 1 to June 30, 2010

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STATEMENT BY THE PERSON IN CHARGE OF THE HALF-YEARLY REPORT

"I certify that, to the best of my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards and give a true and fair view of the assets, financial situation, and earnings of the Company and of all the companies included in the consolidation scope, and that the half-yearly activity report gives a true and fair view of the highlights during the first six months of the year, their impact on the half-yearly financial statements, the main related-party transactions, and a description of the principal risks and uncertainties for the remaining six months of the year."

Paris, July 30, 2010

Chairman of the Executive Board
Frédéric ROSTAND

AUDITORS' REPORT ON THE 2010 HALF-YEARLY FINANCIAL INFORMATION

Period from January 1 to June 30, 2010

Dear Shareholders,

In order to carry out the assignment entrusted to us by your General Meetings and in application of Article L.451-1-2 III of the Monetary and Financial Code, we:

- carried out a limited examination of the summarized consolidated half-yearly financial statements of Générale de Santé SA for the period from January 1 to June 30, 2010, as attached to this report;
- and verified the information given in the half-yearly activity report.

These summarized consolidated half-yearly financial statements were prepared under the Executive Board's responsibility. It is our responsibility, based on our limited examination, to give an opinion on these financial statements.

I – Opinion on the financial statements

We carried out our limited examination in accordance with professional accounting standards applicable in France. A limited examination consists mainly of speaking to the executives in charge of accounting and finance and of running analyses. This work is less extensive than that required for an audit carried out in accordance with professional accounting standards applicable in France. As a result, we can only be reasonably certain that the financial statements, taken as a whole, do not include significant anomalies; an audit, rather than a limited examination, would give a higher degree of certainty.

Based on our limited examination, we did not notice any significant anomalies which would cast doubt upon the summarized consolidated half-yearly financial statements' compliance with IAS 34 - the IFRS standard adopted by the European Union relating to interim financial reporting.

II – Specific check

We also checked the information given in the half-yearly activity report commenting on the summarized consolidated half-yearly financial statements for which we carried out a limited examination. We have no comments to make on the truth and consistency thereof with the summarized consolidated half-yearly financial statements.

Paris-La Défense and Neuilly-sur-Seine, July 30, 2010

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

Claire Gravereau
Associate

DELOITTE & ASSOCIES

Jean-Marie Le Guiner
Associate

1 HALF-YEARLY ACTIVITY REPORT

KEY CONSOLIDATED FIGURES AT JUNE 30, 2010

(in million euros)	1 st half 2009	Change 2009/2010	1 st half 2010
Turnover.....	1,053.1	(4.7)%	1,004.0
EBITDA.....	132.8	+3.6%	137.6
Current operating results.....	73.9	+8.8%	80.4
As % of Turnover.....	7.0%	--	8.0%
Other income and expenses.....	(0.2)	--	25.5
Operating profit.....	73.7	+43.7%	105.9
Group's share of net profit.....	24.0	+147.5%	59.4
Net result per share (in euro).....	0.43	+146.5%	1.06
Net cash flow generated by the business.....	60.4		99.6
Capital expenditures(excluding capitalization of financial leases).....	(51.7)		(56.2)
Net indebtedness.....	1,014.5		898.7

TURNOVER

The Group's consolidated turnover totaled €1,004.0 million in the first half of 2010, compared to €1,053.1 million in the same period of 2009. This decrease of 4.7% was mainly due to disposals carried out in December 2009 and February 2010.

At comparable scope, the figures show organic growth of +4.0% over the period. Changes in the consolidation scope are primarily due to the disposals of the Home and Italian Biology divisions, effective December 31, 2009, and the French Biology division, effective February 2, 2010.

At constant scope, there was a 4.0% increase in the turnover of the Hospital Care and Services division in France in the first half-year, broken down as follows:

- a price effect of + 0.3%,
- a volume/mix effect of + 3.7% with two extra working days

Following the disposal of the Italian laboratories, business in Italy at constant scope is represented by the Omega hospital, which posted growth of 8.5% in the first half of 2010.

CURRENT OPERATING PROFIT

Published current operating profit totaled €80.4 million at June 30, 2010 (8.0% of turnover), compared to €73.9 million at June 30, 2009 (+8.8%).

OTHER NON-CURRENT INCOME AND EXPENSES

Other non-current income and expenses amounted to net income of €25.5 million at June 30, 2010, comprising mainly costs of €7.5 million for business combinations and restructuring, costs of €0.2 million for the Mermoz construction site, and income of €33.2 million from management of real estate and financial investments. At June 30, 2009, other non-current income and expenses amounted to a net expense of €0.2 million, comprising mainly costs of €2.7 million for business combinations and restructuring, costs of €0.7 million for the Mermoz construction site, and income of €3.2 million from management of real estate and financial investments.

COST OF NET FINANCIAL INDEBTEDNESS

The cost of net financial indebtedness amounted to €22.9 million at June 30, 2010 compared to €28.6 million at June 30, 2009. This is primarily attributable to interest of €8.8 million for the senior debt (tranches A1 and A2, revolving line and capex) and net interest on swaps of €9.2 million. As at June 30, 2010, the amount of net debt stood at €898.7 million, compared to €1,014.5 million at June 30, 2009.

CORPORATE INCOME TAX

At June 30, 2010, excluding the contribution on company value added (*Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE)), the tax burden amounted to €11.2 million. The actual tax rate on current profit, before profit from companies consolidated using the equity method and taking into account the deduction of CVAE, was 15.2% for the period. This rate is primarily due to the reduced tax rate on the capital gain from disposal of the French Biology division. Before taking into account profits from management of real estate and financial investments and adjustments for deferred tax liabilities from previous periods, the actual rate totals 34.2%.

In compliance with IAS 12, the CVAE component that qualifies as a tax meets the definition of an income tax. The impact on the financial statements for the first half of 2010 takes the form of a reclassification of €8 million from the item "Taxes and duties" to the item "Corporate income tax".

CONSOLIDATED CASH FLOW AND FINANCING STATEMENT

Working capital requirements decreased by €24.3 million in the first half of 2010.

At June 30, 2010, capital expenditures totaled €61.1 million, including capitalization of financial leases (€4.9 million).

Total financial investments made, net of cash, amounted to €0.8 million at June 30, 2010.

Total financial divestments collected, net of cash, amounted to €55.8 million at June 30, 2010 (impact of Shares + Debts: €57.8 million), mainly from the disposal of the French Biology division on February 2, 2010.

NET INDEBTEDNESS

As at June 30, 2010, the amount of net debt stood at €898.7 million, compared to €885.8 million at December 31, 2009. This increase is explained by the elements described above in the 'Cash flow statement' section.

2. SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS FOR FIRST-HALF 2010

2.1 STATEMENT OF COMPREHENSIVE INCOME

INCOME STATEMENT (in million euros)	Note	1 st half		
		2009	2009	2010
TURNOVER		2,046.2	1,053.1	1,004.0
Personnel expenses and profit sharing		(926.7)	(468.4)	(452.6)
Purchased consumables.....		(394.1)	(205.1)	(189.2)
Other operating income and expenses.....		(247.3)	(125.3)	(116.4)
Taxes and duties.....		(106.4)	(54.1)	(43.1)
Rents.....		(134.7)	(67.4)	(65.1)
EBITDA		237.0	132.8	137.6
Depreciation		(120.9)	(58.9)	(57.2)
Current operating results		116.1	73.9	80.4
Restructuring costs		(13.7)	(3.4)	(7.7)
Profit on management of real estate and financial investments.....		29.0	3.2	33.2
Impairment loss on Goodwill.....		---	---	---
Other non-current income and expense	2.11.1	15.3	(0.2)	25.5
Operating profit		131.4	73.7	105.9
Cost of gross financial indebtedness	2.11.2.	(56.4)	(29.2)	(23.2)
Income from cash and cash equivalents	2.11.2	1.1	0.6	0.3
Cost of net financial indebtedness	2.11.2	(55.3)	(28.6)	(22.9)
Other financial income	2.11.3	0.6	0.5	0.5
Other financial expenses	2.11.3	(4.9)	(2.5)	(2.5)
Other interest income and expenses	2.11.3	(4.3)	(2.0)	(2.0)
Corporate income tax.....	2.11.4.	(26.5)	(16.8)	(18.7)
Results of companies consolidated using the equity method		---	---	---
NET PROFIT		45.3	26.3	62.3
<i>Income and expenses recognized directly in equity</i>				
- Actuarial differences on retirement benefits.....		1.7	---	---
- Differences in fair value of financial hedging instruments.....		(2.6)	(5.5)	(4.4)
- Translation difference.....		---	---	---
- Tax effects of income and expenses		0.3	1.9	1.5
Earnings recognized directly in equity	2.4	(0.6)	(3.6)	(2.9)
TOTAL COMPREHENSIVE INCOME		44.7	22.7	59.4

BREAKDOWN OF NET PROFIT (in million euros)	Note	1 st half		
		2009	2009	2010
Group's share of net profit		42.4	24.0	59.4
Minority interests		2.9	2.3	2.9
NET PROFIT		45.3	26.3	62.3
NET EARNINGS PER SHARE (in euros)	2.11.5	0.76	0.43	1.06
NET DILUTED EARNINGS PER SHARE (in euros)	2.11.5	0.76	0.43	1.06

BREAKDOWN OF TOTAL COMPREHENSIVE INCOME (in million euros)	Note	1 st half		
		2009	2009	2010
Group's share of total comprehensive income		41.8	20.4	56.5
Minority interests		2.9	2.3	2.9
TOTAL COMPREHENSIVE INCOME		44.7	22.7	59.4

2.2 CONSOLIDATED BALANCE SHEET - ASSETS

(in million euros)	Note	12/31/2008	12/31/2009	06/30/2010
Goodwill.....		723.4	627.9	626.6
Other intangible assets		15.9	19.2	25.6
Tangible fixed assets		962.5	915.6	917.5
Investments in associates.....		0.9	0.1	0.1
Other non-current financial assets.....		32.1	28.1	27.0
Deferred tax assets.....		54.6	50.5	52.6
NON-CURRENT ASSETS		1,789.4	1,641.4	1,649.4
Inventories.....	2.12.3	38.4	32.8	32.5
Trade and other receivables	2.12.3	174.8	130.0	147.5
Other current assets	2.12.3	124.4	139.9	162.8
Current tax assets.....		2.8	2.0	1.4
Current financial assets	2.12.1	3.2	13.2	4.3
Cash and cash equivalents.....		---	---	---
Assets held for sale.....	2.12.4	3.1	56.2	4.2
CURRENT ASSETS		346.7	374.1	352.7
TOTAL ASSETS		2,136.1	2,015.5	2,002.1

2.3 CONSOLIDATED BALANCE SHEET - LIABILITIES AND EQUITY

(in million euros)	Note	12/31/2008	12/31/2009	06/30/2010
Share capital		42.2	42.2	42.2
Additional paid-in capital		61.5	62.5	62.5
Consolidated reserves		309.5	320.0	291.8
Group's share of net profit		87.2	42.4	59.4
Equity attributable to Group		500.4	467.1	455.9
Minority interests		10.0	10.0	12.1
TOTAL SHAREHOLDERS' EQUITY		510.4	477.1	468.0
Borrowings	2.12.1	847.1	702.4	751.5
Provisions for retirement and other employee benefits	2.12.2	29.6	29.7	31.2
Non-current provisions.....	2.12.2	39.5	37.3	35.9
Other non-current liabilities		36.3	35.4	40.3
Deferred tax liabilities.....		72.2	81.3	80.1
NON-CURRENT LIABILITIES		1,024.7	886.1	939.0
Current provisions.....	2.12.2	17.8	13.8	12.6
Accounts payable.....	2.12.3	196.4	124.1	138.8
Other current liabilities	2.12.3	305.4	296.2	299.9
Tax liabilities due.....		26.5	0.6	5.7
Short-term borrowings	2.12.1	45.0	154.7	128.5
Bank overdraft.....	2.12.1	6.8	5.1	5.4
Liabilities related to assets held for sale.....	2.12.4	3.1	57.8	4.2
CURRENT LIABILITIES		601.0	652.3	595.1
TOTAL LIABILITIES		2,136.1	2,015.5	2,002.1

2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in million euros)	Note	SHARE CAPITAL	ADDITIONAL PAID IN CAPITAL	RESERVES	EARNINGS DIRECTLY RECOGNIZED IN EQUITY	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	GROUP'S SHARE OF EQUITY	MINORITY INTERESTS	SHAREHOLDERS' EQUITY
Shareholders' equity at December 31, 2008		42.2	61.5	329.1	(19.6)	87.2	500.4	10.0	510.4
Share issue (including net fees).....	TFT	--	1.0	--	--	--	1.0	--	1.0
Treasury shares.....		--	--	(9.4)	--	--	(9.4)	--	(9.4)
Stock options and restricted stocks		--	--	2.6	--	--	2.6	--	2.6
Prior year appropriation of earnings.....		--	--	87.2	--	(87.2)	--	--	--
Distribution of dividends.....	TFT	--	--	(69.3)	--	--	(69.3)	(1.8)	(71.1)
Change in consolidation scope		--	--	--	--	--	--	(1.1)	(1.1)
Total comprehensive income for the year		--	--	--	(0.6)	42.4	41.8	2.9	44.7
Shareholders' equity at December 31, 2009		42.2	62.5	340.2	(20.2)	42.4	467.1	10.0	477.1
Share issue (including net fees).....	TFT	--	--	--	--	--	--	--	--
Treasury shares.....		--	--	--	--	--	--	--	--
Stock options and restricted stocks		--	--	2.1	--	--	2.1	--	2.1
Prior year appropriation of earnings.....		--	--	42.4	--	(42.4)	--	--	--
Distribution of dividends.....	TFT	--	--	(69.8)	--	--	(69.8)	(0.9)	(70.7)
Change in consolidation scope		--	--	--	--	--	--	0.1	0.1
Total comprehensive income for the year		--	--	--	(2.9)	59.4	56.5	2.9	59.4
Shareholders' equity at June 30, 2010		42.2	62.5	314.9	(23.1)	59.4	455.9	12.1	468.0

	12/31/2008	12/31/2009	06/30/2010
Dividends per share (in euros including pre-distribution)	0.5	1.25	1.25
Number of treasury shares	53,346	773,668	419,005

STATEMENT OF INCOME AND EXPENSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY

(in million euros)	12/31/2008	Income and expenses 2009	12/31/2009	Income and expenses 1 st half 2010	06/30/2010
Translation difference	(0.3)	--	(0.3)	--	(0.3)
Actuarial difference on retirement commitments	(5.1)	1.1	(4.0)	--	(4.0)
Fair value of financial hedging instruments	(14.2)	(1.7)	(15.9)	(2.9)	(18.8)
Income and expenses recognized directly in equity	(19.6)	(0.6)	(20.2)	(2.9)	(23.1)

2.5 CONSOLIDATED CASH FLOW AND FINANCING STATEMENT

(in million euros)	Note	1 st half		
		2009	2009	2010
Total net consolidated profit.....		45.3	26.3	62.3
Depreciation.....		120.9	58.9	57.2
Other non-current income and expenses.....		(15.3)	0.2	(25.5)
Share of net profit of associates.....		--	--	--
Other interest income and expenses.....		4.3	2.0	2.0
Net interest expenses.....		55.3	28.6	22.9
Corporate income tax.....		26.5	16.8	18.7
EBITDA		237.0	132.8	137.6
Non-cash items including provisions and reversals (transactions with no cash effect).....		(2.9)	(4.4)	(0.3)
Other paid non-current income and expenses.....	2.11.1	(9.5)	(4.5)	(4.2)
Changes in other non-current assets and liabilities.....		(2.5)	(0.5)	1.6
Cash flow before net interest expenses & taxes		222.1	123.4	134.7
Corporate income tax paid.....		(34.8)	(19.3)	(10.8)
Change in working capital requirements.....	2.12.3	(38.3)	(43.7)	(24.3)
NET CASH FROM OPERATING ACTIVITIES: (A)		149.0	60.4	99.6
Purchase of property, plant & equipment and intangible assets.....		(103.9)	(51.7)	(56.2)
Divestments of property, plant & equipment and intangible assets.....		28.9	5.6	--
Purchase of entities.....	2.8.2	(25.3)	(20.1)	(0.8)
Proceeds from the disposal of entities.....	2.8.2	125.7	7.3	55.8
Dividends from non-consolidated companies.....		0.6	0.4	--
NET CASH USED FOR INVESTING ACTIVITIES: (B)		26.0	(58.5)	(1.2)
Share issue: (a).....		1.0	--	--
Share issues by subsidiaries subscribed to by third parties (b).....		--	--	--
Extraordinary distribution of additional paid-in capital (c).....		--	--	--
Dividends paid to GDS shareholders: (d).....		(69.3)	(69.3)	--
Dividends paid to minority interests of consolidated companies: (e).....		(1.8)	(1.2)	(0.9)
Net interest expense paid: (f).....	2.11.2	(55.3)	(28.6)	(22.9)
Loan issuance charges: (g).....		--	--	--
Cash flow before repayment of borrowings: (h) = (A+B+a+b+c+d+e+f+g)		49.6	(97.2)	74.6
Increase in borrowings: (i).....		140.2	99.0	40.8
Repayment of borrowings: (j).....		(175.1)	(13.6)	(128.7)
NET CASH USED FOR INVESTING ACTIVITIES: (C) = a + b + c + d + e + f + g + i + j		(160.3)	(13.7)	(111.7)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS: (A + B + C)		14.7	(11.8)	(13.3)
Reclassification of cash in assets held for sale.....		(13.0)		13.0
Opening cash position		(6.8)	(6.8)	(5.1)
Closing cash position		(5.1)	(18.6)	(5.4)
Net debt at beginning of period	2.12.1	913.0	913.0	885.8
Cash flow before repayment of borrowings: (h).....		(49.6)	97.2	(74.6)
Capitalization of financial leases.....	2.12.1	31.0	13.5	4.9
Capitalization of loan issuance costs.....		3.5	1.8	1.8
Assets held for sale.....	2.12.4	1.7	(1.8)	(0.6)
Fair value of financial hedging instruments.....		1.7	3.6	2.9
Dividends to pay.....		--		69.8
Change in consolidation scope and other.....	2.8.2	(15.5)	(12.8)	8.7
Net debt at end of period	2.12.1	885.8	1,014.5	898.7

2.6 HIGHLIGHTS DURING THE FIRST HALF-YEAR

DISPOSAL OF FRENCH BIOLOGY DIVISION

On February 2, 2010, the French Biology division was sold off. The amount collected (net of cash) from this disposal amounted to €53.8 million, that is a total financial effect (securities + debt) of €55.8 million. This resulted in a consolidated gross capital gain of €31.2 million. This division posted turnover of €63.2 million and EBITDA of €7.7 million for the 2009 financial year.

2.7. ACCOUNTING POLICIES AND VALUATION METHODS

2.7.1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The summarized consolidated financial statements at June 30, 2010 were prepared in accordance with IAS 34 - Interim financial reporting, which provides for presentation of a selection of notes to the financial statements. These summarized financial statements should be read jointly with the financial statements for financial year 2009 (2009 annual report). The financial statements are denominated in million euros.

The financial statements were approved by the Générale de Santé Executive Board on July 26, 2010 and reviewed by the Audit Committee and the Supervisory Board on July 30, 2010.

2.7.2 NEW IFRS

To prepare our consolidated financial statements at June 30, 2010, the Générale de Santé Group applied the same accounting standards, interpretations and methods as we did for our financial statements for the period ending December 1, 2009, as well as the new standards applicable as of January 1, 2009 and set forth in the following table.

Reporting standard		Date adopted by EU ⁽¹⁾	Prospective/retrospective treatment Group	Impacts
IAS 1 revised Amended	Presentation of financial statements Amendments Improvements to IFRS (04/09): classification of liabilities as current / non-current ⁽¹⁾ Amendments following the adoption of IAS 27 revised	January 1, 2010	Retrospective	Without impact on the financial statements
		July 1, 2009	Prospective	
IAS 7 revised Amended	Statement of cash flows Amendments Improvements to IFRS (04/09): classification as investment flows ⁽¹⁾ Amendments following the adoption of IAS 27 revised	January 1, 2010	Retrospective	Without impact on the financial statements
		July 1, 2009	Prospective	
IAS 10 Amended	Events after the reporting period Amendments following the adoption of IFRIC 17: distribution of non-cash assets to owners ⁽²⁾	November 1, 2009	Prospective	Without impact on the financial statements
IAS12 Amended	Income tax Amendments following the adoption of IFRS 3 revised	July 1, 2009	Prospective	Without impact on the financial statements
IAS 16 Amended	Property, plant and equipment Amendments following the adoption of IFRS 3 revised	July 1, 2009	Prospective	Without impact on the financial statements
IAS 17 Amended	Leases Amendments Improvements to IFRS (04/09): Classification of land leases ⁽¹⁾	January 1, 2010	Retrospective	Without impact on the financial statements
IAS 21 Amended	The effects of changes in foreign exchange rates Amendments following the adoption of IAS 27 revised	July 1, 2009	Prospective	Without impact on the financial statements
IAS 27 R New standard, revised	Consolidated and separate financial statements Standard revised in 2008 (Changes in scope)	July 1, 2009	The revised paragraphs of IAS 27 are applicable prospectively.	Without impact on the financial statements
IAS 28 Amended	Investments in associates Amendments following the adoption of IAS 27 revised Amendments following the adoption of IFRS 3 revised	July 1, 2009	Prospective	Without impact on the financial statements
IAS 31 Amended	Interests in joint ventures Amendments following the adoption of IAS 27 revised Amendments following the adoption of IFRS 3 revised	July 1, 2009	Prospective	Without impact on the financial statements
IAS 32 Amended	Financial instruments: Presentation Amendments following the adoption of IAS 27 revised Amendments following the adoption of IFRS 3 revised	July 1, 2009	Prospective	Without impact on the financial statements
IAS 33 Amended	Earnings per share: Amendments following the adoption of IAS 27 revised Amendments following the adoption of IFRS 3 revised	July 1, 2009	Prospective	Without impact on the financial statements
IAS 34 Amended	Interim financial reporting Amendments following the adoption of IFRS 3 revised	July 1, 2009	Prospective	Without impact on the financial statements
IAS 36 Amended	Impairment of assets Amendments Improvements to IFRS (04/09): Allocation of goodwill to cash-generating units as part of impairment tests ⁽¹⁾ Amendments following the adoption of IFRS 3 revised	January 1, 2010	Prospective	Without impact on the financial statements
		July 1, 2009	Prospective	
IAS 37 Amended	Provisions, contingent liabilities and contingent assets Amendments following the adoption of IFRS 3 revised	July 1, 2009	Prospective	Without impact on the financial statements
IAS 38 Amended	Intangible assets Amendments Improvements to IFRS (04/09): measurement as part of a business combination ⁽¹⁾ Amendments following the adoption of IFRS 3 revised	January 1, 2010	Prospective	Without impact on the financial statements
		July 1, 2009	Prospective	

Reporting standard		Date adopted by EU ⁽¹⁾	Prospective/retrospective treatment Group	Impacts
IAS 39 Amended	Financial instruments: Recognition and measurement Amendment – Elements eligible for hedging operations Amendments Improvements to IFRS (04/09): ⁽¹⁾ Scope (contracts signed during a business combination), Cash flow hedging (clarification of recycling into profit/loss from hedging), Embedded derivatives (loans - option for early repayment with actuarial indemnity) Amendments following the adoption of IFRS 27 revised Amendments following the adoption of IFRS 3 revised	July 1, 2009 January 1, 2010 July 1, 2009	Retrospective Prospective Prospective	Without impact on the financial statements Without impact on the financial statements Without impact on the financial statements
IFRS 1 (standard reorganized and amended)	First adoption of IFRS Standard reorganized in 2008 (27/11/08) Amendments – Change in date of entry into force Amendments following adoption of IFRIC 18, Transfer of assets by clients Amendments following amendments to IFRS 5 (05/08) Amendments following the adoption of IAS 27 revised Amendments following the adoption of IFRS 3 revised	January 1, 2010 November 1, 2009 July 1, 2009 July 1, 2009	Prospective Prospective (Limited retrospective authorized) Prospective (subject to conditions) Prospective	Without impact on the financial statements Without impact on the financial statements Without impact on the financial statements
IFRS 2 Amended	Share-based payment Amendment: Group cash-settled transactions (06/09) Amendments Improvements to IFRS (04/09): Scope ⁽¹⁾ Amendments following the adoption of IFRS 3 revised	January 1, 2010 January 1, 2010 July 1, 2009	Retrospective Prospective Prospective	Without impact on the financial statements Without impact on the financial statements Without impact on the financial statements
IFRS 3 revised standards	Business combinations Standard revised in 2008	July 1, 2009	Prospective	Without impact on the financial statements
IFRS 5 Amended	Non-current assets held for sale and discontinued operations Amendments Improvements to IFRS (05/08) : program of partial disposal of shares in a subsidiary resulting in the loss of exclusive control Amendments following the adoption of IFRIC 17: distribution of non-cash assets to owners ⁽²⁾ Amendments Improvements to IFRS (04/09): disclosures ⁽¹⁾ Amendments following the adoption of IAS 27 revised	July 1, 2009 November 1, 2009 January 1, 2010 July 1, 2009	Prospective Prospective Prospective Prospective	Without impact on the financial statements Without impact on the financial statements Without impact on the financial statements Without impact on the financial statements
IFRS 7 Amended	Financial instruments: Disclosures Amendments following the adoption of IAS 3 revised	July 1, 2009	Prospective	Without impact on the financial statements
IFRS 8	Operating segments Amendments Improvements to IFRS (04/09): Presentation of segment assets ⁽¹⁾	January 1, 2010	Retrospective	Without impact on the financial statements
IFRIC 9 Amended	Reassessment of embedded derivatives Amendments Improvements to IFRS (04/09): Scope (contracts signed during a business combination) ⁽¹⁾ Amendments following the adoption of IFRS 3 revised	January 1, 2010 July 1, 2009	Prospective Prospective	Without impact on the financial statements Without impact on the financial statements
IFRIC12 (New interpretation)	Service concession agreements Newly applicable interpretation (11/06)	March 29, 2009	Retrospective (apart from particular conditions)	Without impact on the financial statements
IFRIC15 (New interpretation)	Agreements for the construction of real estate	January 1, 2010	Retrospective	Without impact on the financial statements
IFRIC16 (New interpretation and amendments)	Hedges of a net investment in a foreign operation Amendments Improvements to IFRS (04/09): possession of a hedging instrument ⁽¹⁾	July 1, 2009 January 1, 2010	Prospective Prospective	Without impact on the financial statements Without impact on the financial statements
IFRIC17 (New interpretation)	Distributions of non-cash assets to owners⁽⁴⁾	November 1, 2009	Prospective	Without impact on the financial statements
IFRIC18 (New interpretation)	Transfers of assets from customers ⁽⁵⁾	November 1, 2009	Prospective (Retrospective for transfers of assets carried out between 7/1/2009 and 12/31/2009)	Without impact on the financial statements

(1) Amendments resulting from the text of Improvements to IFRS published in April 2009. These amendments were adopted by the EU on March 23, 2010. According to the EU, the various amendments apply to annual periods open from 1/1/10, which may differ from the dates used by the IASB (financial years open from 7/1/09 or from 1/1/10 depending on amendments),
(2) Amendment IAS 10. This amendment was adopted by the EU on November 26, 2009. According to the EU, this amendment applies to annual periods open from 11/1/09, differing from the IASB, which took as the date of entry into force annual periods open from 7/1/09.
(3) Amendment IFRS 5. This amendment was adopted by the EU on November 26, 2009. According to the EU, this amendment applies to annual periods open from 11/1/09, differing from the IASB (which considered that the amendment applies to non-current assets, classified for distribution to the owners, during annual periods open from 7/1/09).
(4) IFRIC 17. This amendment was adopted by the EU on November 26, 2009. According to the EU, this amendment applies to annual periods open from 11/1/09, differing from the IASB, which took as the date of entry into force annual periods open from 7/1/09.
(5) IFRIC 18. This amendment was adopted by the EU on November 26, 2009. (EC regulation 1142/2009 of 11/26/09). The IASB requires prospective application for the transfer of assets from clients received after 7/1/09. This provision of IFRIC 18 is applicable even if the EU takes as the date of entry into force of the interpretation the financial years opened after October 31, 2009.

The Group did not opt for early application of any standards or interpretations not mandatory at January 1, 2010.

2.7.3 CHANGES IN ACCOUNTING METHODS

The Group did not change any accounting methods in 2010, apart from the IFRS obligations applicable from January 1, 2010, as indicated in paragraph 2.7.2, and which have no impact on the financial statements.

2.7.4 SPECIFIC RULES AND METHODS OF MEASUREMENT APPLIED BY THE GROUP FOR INTERIM REPORTS

2.7.4.1 TAX BURDEN MEASUREMENT

The tax burden for the first half-year is determined by applying the estimated actual tax burden for the whole Group for financial year 2010 (including deferred taxes) to the pre-tax profit. If applicable, this rate is adjusted for fiscal impacts relating to non-recurring elements during the period.

2.7.4.2 PENSION COMMITMENTS

No actuarial calculation is carried out for the half-yearly financial statements. In the absence of a significant change in data during the first half of 2010, the pension burden for the half-year is equal to 50% of the net expenses calculated for 2010, based on actuarial hypotheses at December 31, 2009.

2.7.5 SEASONALITY

The Group's turnover and profit are slightly affected by seasonality in terms of treatment volumes during the year. Historically, the Group has noticed that patients do not seek non-urgent treatment during holiday periods (August and December). The Group's turnover is therefore lower during these two months. Conversely, the volume of consumption of hospital services (and therefore the Group's turnover and net profit) is particularly high in September and January (after the holidays).

2.8 CHANGES IN CONSOLIDATION SCOPE

2.8.1 MAIN CHANGES IN THE CONSOLIDATION SCOPE

The number of entities included in the consolidation scope changed as follows:

Consolidation method	12/31/2009	Acquisitions Creations	Change in accounting method	Disposals / Mergers / Wind-ups	06/30/2010
Total	250	2	--	(18)	234
Proportional	3	--	--	(1)	2
Equity method	3	--	--	--	3
TOTAL	256	2	--	(19)	239

2.8.1.1 Acquisitions / creations

During the first half of 2010 the Group invested €0.8 million (shares), comprising €0.2 million to purchase a minority stake in the holding company G.S. Cliniques and €0.6 million for the balance of the acquisition price of Labo San Paolo di Lamazzo, which has since been sold with the Fabre laboratory.

The Group created two companies:

- Clinique des Platanes for 'addictology' services (first consolidated from January 1);
- Clinique du Pays de Caux for mental health services (first consolidated from January 1);

2.8.1.2 Disposals / Mergers / Wind-ups

During the first-half of 2010, the following operations have been completed:

Wind-ups:

- Laboratoire de l'Europe (wound up on June 30).

Merger - Universal transfer of assets:

- Merger of Maison de Santé de Rech with Médipsy through a universal transfer of assets;
- Merger of Bon Secours SCI with Flammarion SCI through a universal transfer of assets;

Disposals:

- The French Biology division (disposal on February 2 of 100% of shares held);

Balance sheet (in million euros)	Note	Carrying amount
Fixed assets.....		(4.2)
Other non-current financial assets.....		(1.2)
Deferred tax assets.....		(0.7)
Total non-current assets.....		(6.1)
Receivables, inventories, and other current assets.....		(12.6)
Current financial assets excluding cash.....		(0.1)
Cash.....		(13.7)
Total current assets.....		(26.4)
Borrowings.....		(16.2)
Provisions and other non-current financial assets.....		(0.5)
Deferred tax liabilities.....		--
Total non-current liabilities.....		(16.7)
Short-term borrowings and derivatives.....		(27.9)
Other current liabilities.....		(13.5)
Total current liabilities.....		(41.4)
Total net assets.....		25.6
Goodwill.....		(19.2)

Income Statement information (in million euros)	Note	IMPACT OF DECONSOLIDATED COMPANIES		
		Companies deconsolidated in 2009 ⁽¹⁾	Companies deconsolidated at 6/30/2010	Total impact at 6/30/2010
Consolidated Turnover.....		(60.5)	(30.1)	(90.6)
Consolidated EBITDA.....		(9.5)	(3.9)	(13.4)

(1) Companies leaving the Group in 2010 or consolidated in 2010 for less than 6 months (2009 impact due to difference between 2009 and 2010)

2.8.2 Impact of changes in consolidation scope on the consolidated cash flow statement

Cash flow (in million euros)		Impact of newly-consolidated companies	Impact of newly-deconsolidated companies
Acquisition price of the entities..... (A)		0.8	--
Including disbursements of..... (B)		(0.8)	--
Debt incurred..... (C) = (A) - (B)		--	--
Acquired cash..... (D)		--	--
Own shares..... (E)		--	--
Effect of newly-consolidated companies... (F) = (D) + (E) + (B)	TFT	(0.8)	--
Net debt of newly-consolidated companies exclusive of cash (G)		--	--
Net effect of newly-consolidated companies (Debt).. (H) = (F) + (G)		(0.8)	--
Sale price of the entities..... (a)		--	35.0
Including as cash..... (b)		--	35.0
Note receivable recognized..... (c) = (a) - (b)		--	--
Cash taken out..... (d)		--	13.7
Reclassification of current accounts and Biology division loans			34.5
Effect of deconsolidation..... (f) = (b) - (d) + (e)	TFT	--	55.8
Net indebtedness of deconsolidated companies minus cash (f)		--	(2.0)
Net effects of deconsolidated companies..... (g) = (e) + (f)		--	(57.8)
Scope effects (G) + (f)	TFT		(2.0)
Générale de Santé own shares.....			4.6
VAT collected on the disposal of the Bon Secours building....			5.7
Receivable on the disposal of GDS Domicile.....			0.3
Other.....			0.1
SCOPE EFFECTS AND MISCELLANEOUS.....	TFT		8.7

2.9 OPERATING SEGMENTS

As at December 31, 2009, at June 30, 2010 Group operations were organized into 16 operating segments:

- Aquitaine, Bourgogne, Bretagne, Centre, Pays de la Loire, Picardie, Nord Pas de Calais, Basse Normandie, Haute Normandie, Provence/Alpes/Côte d'Azur, Ile de France, Rhône Alpes, Languedoc Roussillon, Iridis Lausanne, Italy and Home Office.

The top management bodies (the Executive Board and the Supervisory Board) assess these operating segments' performance and allocate to them the resources they need to develop in terms of certain operating performance indicators (Earnings Before Interest, Taxes, Depreciation & Amortization, and Current Operating Profit) and operating cash flow (Net Working Capital, Capex).

The Générale de Santé Group presents information for two geographic areas: France and Italy. The Iridis Lausanne (Switzerland) entity is presented along with France, as it only accounts for 0.18% of Group turnover.

2.10 Consolidated income statements and balance sheets presenting operating segments

2.10.1 Comparison 2010 / 2009 – Comparable data

Consolidated income statement - 1 st half 2010									
(in million euros)	Ile de France (Paris area)	Rhône Alpes	Nord Pas de Calais	Provence-Alpes-Côte d'Azur	Bourgo-gne	Other regions ⁽¹⁾	Other activities ⁽²⁾	Italy	TOTAL
Turnover produced with third-parties	394.1	159.9	101.9	118.4	53.5	156.1	7.4	12.7	1,004.0
Turnover produced with Group operating segments	--	--	--	--	--	--	--	--	--
TURNOVER	394.1	159.9	101.9	118.4	53.5	156.1	7.4	12.7	1,004.0
Operating expenses excluding depreciation & amortization	(328.2)	(140.3)	(95.1)	(109.5)	(48.2)	(128.0)	(6.8)	(10.3)	(866.4)
EBITDA	65.9	19.6	6.8	8.9	5.3	28.1	0.6	2.4	137.6
Depreciation	(23.1)	(8.2)	(5.3)	(7.4)	(2.8)	(10.0)	(0.2)	(0.2)	(57.2)
Current operating results	42.8	11.4	1.5	1.5	2.5	18.1	0.4	2.2	80.4
Restructuring costs	(0.2)	(2.8)	(0.6)	(0.5)	(1.6)	(2.0)	--	--	(7.7)
Profit on management of real estate and financial investments	--	--	--	--	--	--	33.2	--	33.2
Impairment loss on Goodwill	--	--	--	--	--	--	--	--	--
Other non-current income and expense	(0.2)	(2.8)	(0.6)	(0.5)	(1.6)	(2.0)	33.2	--	25.5
Operating profit	42.6	8.6	0.9	1.0	0.9	16.1	33.6	2.2	105.9
Gross interest expense (unallocated)	--	--	--	--	--	--	--	--	(23.2)
Income from cash and cash equivalents (unallocated)	--	--	--	--	--	--	--	--	0.3
Net interest expenses	--	--	--	--	--	--	--	--	(22.9)
Other financial income (unallocated)	--	--	--	--	--	--	--	--	0.5
Other financial expenses (unallocated)	--	--	--	--	--	--	--	--	(2.5)
Other interest income and expenses	--	--	--	--	--	--	--	--	(2.0)
Corporate income tax (unallocated)	--	--	--	--	--	--	--	--	(18.7)
Share of net profit of associates	--	--	--	--	--	--	--	--	--
NET PROFIT	--	--	--	--	--	--	--	--	62.3
<i>Net profits, Group share</i>	--	--	--	--	--	--	--	--	59.4
<i>Minority interests</i>	--	--	--	--	--	--	--	--	2.9

(1) The heading "Other regions" includes nine segments (Aquitaine, Bretagne, Centre, Pays de la Loire, Picardie, Basse Normandie, Haute Normandie, Languedoc Roussillon, and Head Office). At June 30, 2010 they accounted for 14.2% of turnover and 9.3% of the Group COP.

(2) The heading "Other Activities" includes non-strategic activities whose assets have been sold or are in the process of being sold.

Consolidated balance sheet at June 30, 2010									
(in million euros)	Ile de France (Paris area)	Rhône Alpes	Nord Pas de Calais	Provence-Alpes-Côte d'Azur	Bourgo-gne	Other regions ⁽⁶⁾	Other activities ⁽⁷⁾	Italy	TOTAL
Net operating assets	(1) 771.6	223.4	104.4	137.8	28.6	197.8	1.2	8.9	1,473.7
Deferred tax assets	10.2	5.2	2.3	2.5	1.3	30.8	0.3	--	52.6
Unallocated assets	(2) --	--	--	--	--	--	--	--	31.3
Segment liabilities	(3) 19.6	10.4	7.2	9.3	4.6	65.2	2.8	0.9	120.0
Deferred tax liabilities	39.3	2.9	4.5	5.2	2.9	25.2	0.1	--	80.1
Unallocated liabilities	(4) --	--	--	--	--	--	--	--	889.5
Net capital expenditures	(5) (17.5)	(5.8)	(5.1)	(9.4)	(1.7)	(21.4)	0.1	(0.3)	(61.1)

(1) Net operating assets equal the sum of non-current assets (excluding deferred tax assets, other non-current financial assets and investments in associates), net working capital for operations and net income taxes payable.

(2) Unallocated assets equal the sum of investments in associates, other non-current financial assets and current financial assets.

(3) Segment liabilities equal the sum of retirement provisions, non-current provisions, other non-current liabilities and current provisions.

(4) Unallocated liabilities equal the sum of borrowings and other financial debts, short-term borrowings, bank overdrafts and liabilities held for sale.

(5) Net capital expenditures equal net cash outflows from acquisitions and disposals of property, plant and equipment and intangible assets.

(6) The heading "Other regions" includes nine segments (Aquitaine, Bretagne, Centre, Pays de la Loire, Picardie, Basse Normandie, Haute Normandie, Languedoc Roussillon and Head Office). At June 30, 2010 they accounted for 13.5% of the Group's net operating assets.

(7) The heading "Other Activities" includes non-strategic activities whose assets have been sold or are in the process of being sold.

Consolidated income statement - 1 st half 2009									
(in million euros)	Ile de France (Paris area)	Rhône Alpes	Nord Pas de Calais	Provence-Alpes-Côte d'Azur	Bourgogne	Other regions ⁽¹⁾	Other activities ⁽²⁾	Italy	TOTAL
Turnover produced with third-parties	375.9	149.3	102.6	113.3	52.7	149.8	97.8	11.7	1,053.1
Turnover produced with Group operating segments	--	--	--	--	--	--	--	--	--
TURNOVER	375.9	149.3	102.6	113.3	52.7	149.8	97.8	11.7	1,053.1
Operating expenses excluding depreciation & amortization	(313.9)	(133.7)	(92.5)	(105.6)	(47.4)	(133.3)	(83.9)	(10.0)	(920.3)
EBITDA	62.0	15.6	10.1	7.7	5.3	16.5	13.9	1.7	132.8
Depreciation	(21.6)	(8.3)	(5.2)	(6.8)	(2.5)	(9.6)	(4.7)	(0.2)	(58.9)
Current operating results	40.4	7.3	4.9	0.9	2.8	6.9	9.2	1.5	73.9
Restructuring costs.....	(1.7)	(1.3)	--	--	--	(0.4)	--	--	(3.4)
Profit on management of real estate and financial investments.....	(4.8)	--	3.6	--	--	--	4.4	--	3.2
Impairment loss on Goodwill	--	--	--	--	--	--	--	--	--
Other non-current income and expense.....	(6.5)	(1.3)	3.6	--	--	(0.4)	4.4	--	(0.2)
Operating profit	33.9	6.0	8.5	0.9	2.8	6.5	13.6	1.5	73.7
Gross interest expense (unallocated)	--	--	--	--	--	--	--	--	(29.2)
Income from cash and cash equivalents (unallocated)	--	--	--	--	--	--	--	--	0.6
Net interest expenses	--	--	--	--	--	--	--	--	(28.6)
Other financial income (unallocated)	--	--	--	--	--	--	--	--	0.5
Other financial expenses (unallocated)	--	--	--	--	--	--	--	--	(2.5)
Other interest income and expenses	--	--	--	--	--	--	--	--	(2.0)
Corporate income tax (unallocated).....	--	--	--	--	--	--	--	--	(16.8)
Share of net profit of associates	--	--	--	--	--	--	--	--	--
NET PROFIT	--	--	--	--	--	--	--	--	26.3
<i>Net profits, Group share</i>	--	--	--	--	--	--	--	--	(24.0)
<i>Minority interests</i>	--	--	--	--	--	--	--	--	(2.3)

(1) The heading "Other regions" includes nine segments (Aquitaine, Bretagne, Centre, Pays de la Loire, Picardie, Basse Normandie, Haute Normandie, Languedoc Roussillon and Head Office). At June 30, 2009 they accounted for 14.2% of turnover and 9.3% of the Group COP.

(2) The heading "Other Activities" includes non-strategic activities whose assets have been sold or are in the process of being sold.

Consolidated income statement - 2009									
(in million euros)	Ile de France (Paris area)	Rhône Alpes	Nord Pas de Calais	Provence-Alpes-Côte d'Azur	Bourgogne	Other regions ⁽¹⁾	Other activities ⁽²⁾	Italy	TOTAL
Turnover produced with third-parties	725.5	294.7	199.3	219.2	102.9	298.4	184.1	22.1	2,046.2
Turnover produced with Group operating segments	---	---	---	---	---	---	---	---	---
TURNOVER	725.5	294.7	199.3	219.2	102.9	298.4	184.1	22.1	2,046.2
Operating expenses excluding depreciation & amortization	(616.3)	(263.4)	(182.5)	(207.7)	(94.3)	(268.1)	(158.4)	(18.5)	(1,809.2)
EBITDA	109.2	31.3	16.8	11.5	8.6	30.3	25.7	3.6	237.0
Depreciation	(45.9)	(16.3)	(11.1)	(14.6)	(5.1)	(18.3)	(9.1)	(0.5)	(120.9)
Current operating results	63.3	15.0	5.7	(3.1)	3.5	12.0	16.6	3.1	116.1
Restructuring costs.....	(0.9)	(6.9)	(0.2)	(1.1)	(0.9)	(3.2)	---	(0.5)	(13.7)
Profit on management of real estate and financial investments.....	(4.9)	4.3	7.3	12.0	---	0.2	(0.4)	10.5	29.0
Impairment loss on Goodwill	---	---	---	---	---	---	---	---	---
Other non-current income and expense.....	(5.8)	(2.6)	7.1	10.9	(0.9)	(3.0)	(0.4)	10.0	15.3
Operating profit	57.5	12.4	12.8	7.8	2.6	9.0	16.2	13.1	131.4
Gross interest expense (unallocated)	---	---	---	---	---	---	---	---	(56.4)
Income from cash and cash equivalents (unallocated).....	---	---	---	---	---	---	---	---	1.1
Net interest expenses	---	---	---	---	---	---	---	---	(55.3)
Other financial income (unallocated)	---	---	---	---	---	---	---	---	0.6
Other financial expenses (unallocated)	---	---	---	---	---	---	---	---	(4.9)
Other interest income and expenses	---	---	---	---	---	---	---	---	(4.3)
Corporate income tax (unallocated).....	---	---	---	---	---	---	---	---	(26.5)
Share of net profit of associates	---	---	---	---	---	---	---	---	0.0
NET PROFIT	---	---	---	---	---	---	---	---	45.3
<i>Net profits, Group share</i>	---	---	---	---	---	---	---	---	42.4
<i>Minority interests</i>	---	---	---	---	---	---	---	---	2.9

(1) The heading "Other regions" includes nine segments (Aquitaine, Bretagne, Centre, Pays de la Loire, Picardie, Basse Normandie, Haute Normandie, Languedoc Roussillon and Head Office). At December 31, 2009 they accounted for 14.6% of turnover and 10.3% of the Group COP.

(2) The heading "Other Activities" includes non-strategic activities whose assets have been sold or are in the process of being sold.

Consolidated balance sheet at December 31, 2009									
(in million euros)	Ile de France (Paris area)	Rhône Alpes	Nord Pas de Calais	Provence-Alpes-Côte d'Azur	Bourgogne	Other regions ⁽⁶⁾	Other activities ⁽⁷⁾	Italy	TOTAL
Net operating assets	(1)	791.3	232.7	101.9	134.0	28.6	174.1	---	1,475.4
Deferred tax assets		10.2	4.7	2.3	2.5	1.3	29.2	1.0	51.2
Unallocated assets	(2)	---	---	---	---	---	---	---	42.6
Segment liabilities	(3)	21.1	11.3	7.5	10.3	4.9	57.5	4.2	117.7
Deferred tax liabilities		39.1	2.8	4.8	5.2	2.9	26.4	0.1	81.3
Unallocated liabilities.....	(4)	---	---	---	---	---	---	---	893.1
Net capital expenditures.....	(5)	(34.5)	(24.5)	11.3	(22.2)	(2.0)	(26.9)	(6.8)	(106.0)

(1) Net operating assets equal the sum of non-current assets (excluding deferred tax assets, other non-current financial assets and investments in associates), net working capital for operations and net income taxes payable.

(2) Unallocated assets equal the sum of investments in associates, other non-current financial assets and current financial assets.

(3) Segment liabilities equal the sum of retirement provisions, non-current provisions, other non-current liabilities and current provisions.

(4) Unallocated liabilities equal the sum of borrowings and other financial debts, short-term borrowings, bank overdrafts and liabilities held for sale.

(5) Net capital expenditures equal net cash outflows from acquisitions and disposals of property, plant and equipment and intangible assets.

(6) The heading "Other regions" includes nine segments (Aquitaine, Bretagne, Centre, Pays de la Loire, Picardie, Basse Normandie, Haute Normandie, Languedoc Roussillon and Head Office). At December 31, 2009 they accounted for 15.5% of the Group's net operating assets.

(7) The heading "Other Activities" includes non-strategic activities whose assets have been sold or are in the process of being sold.

2.10.2 Related-party transactions

Turnover (in million euros)	2009	%	1 st half 2009	%	1 st half 2010	%
France.....	1,977	96.6%	1,017.3	96.6%	991.2	98.7%
Italy	69.2	3.4%	35.8	3.4%	12.8	1.3%
TOTAL	2,046.2	100%	1,053.1	100%	1,004.0	100%

2.10.3 Information on major customers

Générale de Santé's turnover derives mainly from Social Security payments and private insurance, based on fee schedules set each year by the regulatory authorities, for care and services provided by the Group and to a lesser degree from payments by patients or from their private insurance for services associated with care, such as stays in private rooms or TV rental. The balance of the Group's turnover comes primarily from payments from medical practitioners for general or administrative services provided by the Group's facilities, such as billing for work performed, and collecting fees from Social Security, insurance companies and patients.

During the first half of 2010 the income from health care services invoiced to French social security accounted for 87.9% of Group turnover; and room receipts and payments from private supplemental insurance providers and patients accounted for 5.6% of Group turnover.

2.11 NOTES TO THE MAIN INCOME STATEMENT ITEMS

2.11.1 OTHER INCOME AND EXPENSES

(in million euros)	NOTE	2009	1 ST HALF	
			2009	2010
Restructuring charges		(9.5)	(4.5)	(4.2)
Net restructuring charges		(9.5)	(4.5)	(4.2)
Change in provisions		(3.5)	2.3	(3.3)
Extraordinary impairment on PP&E		(0.7)	(0.6)	(0.2)
<i>impairment Mermoz I</i>		--	--	--
Other expenses		--	(0.6)	--
Total Restructuring Costs		(13.7)	(3.4)	(7.7)
Icade capital gains		3.6	--	--
Other capital gains and losses on property disposals		4.2	4.4	0.4
Centre de Dialyse Séréna capital gain		12.0	--	--
Italian Biology Division capital gains		10.4	--	1.6
France Biology Division capital gains		--	--	31.2
CTMR capital gains		9.0	--	--
Générale de Santé Domicile capital loss		(5.3)	--	--
Other capital gains and losses on company disposals		(4.9)	(1.2)	--
Total profit on management of real estate and financial investments		29.0	3.2	33.2
Impairment		--	--	--
TOTAL	CR	15.3	(0.2)	25.5
Impact Statement of Cash Flows	TFT	(9.5)	(4.5)	(4.2)

Restructuring costs break down as follows:

(in million euros)	NOTE	2009	1 st half	
			2009	2010
Impact of business combinations		(3.8)	(1.7)	(5.5)
Restructuring and other costs		(8.4)	(1.0)	(2.0)
Mermoz dispute		(1.5)	(0.7)	(0.2)
Total Restructuring Costs		(13.7)	(3.4)	(7.7)

1ST HALF 2010

At June 30, 2010 the restructuring costs net of changes in provisions consisted largely of costs related to business combinations and restructuring, primarily including the combination of Le Havre for €1.3 million and restructuring of the former Chambéry for €1.2 million. Capital gains on disposals were primarily the result of the sale of the France Biology division on February 2, 2010.

1ST HALF 2009

At June 30, 2009, the restructuring costs net of changes in provisions mainly comprised the costs relative to restructuring and business combinations. Capital gains on the sale of property include the sales proceeds from the unoccupied building of the former Clinique Jeanne d'Arc (which merged in 2006 with the Jean Mermoz Private Hospital in Lyon) for €4.6 million. Capital losses on sales of companies comprise the deconsolidated entities at June 30, 2009 (Clinique Hartmann, Clinique du Parc in Beauvais, Clinique Saint-Joseph in Senlis, etc.)

2009

At December 31, 2009 the restructuring costs net of provisions consisted largely of costs related to business combinations and restructuring, primarily including the combination of Le Havre for €2.7 million and restructuring of the former Chambéry for €5.5 million. Capital gains on real property disposals amounted to €7.8 million, consisting of the capital gain on the sale of three properties to Icade (see Foreword, "Financial Period Highlights" to the 2009 annual report) and the sales proceeds from the unoccupied building of the former Clinique Jeanne d'Arc (which merged in 2006 with the Jean Mermoz Private Hospital in Lyon.) The capital gains on equity investments totaled €21.2 million for the year.

2.11.2 COST OF NET DEBT

(in million euros)	NOTE	1 st half		
		2009	2009	2010
Interest generated by cash and cash equivalents		0.9	0.4	0.3
Proceeds from disposal of cash equivalents		0.2	0.2	--
Profit (loss) on interest rate and foreign exchange hedging		--	--	--
Subtotal income from cash and cash equivalents	CR	1.1	0.6	0.3
Interest on loans taken out from banks and other debt		(30.8)	(16.8)	(10.0)
Interest on property finance leases		(4.0)	(2.0)	(1.8)
Interest on equipment finance leases		(4.9)	(2.6)	(2.2)
Interest rate hedging expenses		(16.7)	(7.8)	(9.2)
Subtotal gross interest expenses	CR	(56.4)	(29.2)	(23.2)
TOTAL NET INTEREST EXPENSES	(II) CR	(55.3)	(28.6)	(22.9)

The net average interest rate on financial debts stood at approximately 5.33% at June 30, 2010.

2.11.3 OTHER FINANCIAL INCOME AND EXPENSES

(in million euros)	NOTE	1 st half		
		2009	2009	2010
Dividends	TFT	0.6	0.4	0.3
Borrowing costs incurred		--	--	--
Other financial income		--	0.1	0.2
Subtotal, other financial income	CR	0.6	0.5	0.5
Gains & losses from the extinction of debt		(3.5)	(1.8)	(1.8)
Discounting costs		(1.3)	(0.7)	(0.7)
Other financial expenses		(0.1)	--	--
Subtotal, other financial expenses	CR	(4.9)	(2.5)	(2.5)
Total other financial income and expenses	CR	(4.3)	(2.0)	(2.0)

2.11.4 CORPORATE INCOME TAX

(in million euros)	Note	1 st half		
		2009	2009	2010
Taxes payable for the period (standard rate)		(17.1)	(15.6)	(13.2)
Contribution for Cotisation sur la valeur ajoutée des entreprises (CVAE)		--	--	(8.0)
Adjustment for prior periods	(1)	(3.0)	(1.4)	0.9
Carryable losses used		10.5	10.5	--
Taxes at reduced rate (17% SIIC 3 regime for 2008 and 19.63% for 2009)		(2.2)	--	--
Current taxes		(11.8)	(6.5)	(20.3)
Deferred taxes	(2)	(14.7)	(10.3)	1.6
Corporate income tax	CR	(26.5)	(16.8)	(18.7)

(1) including flows relative to provisions

(2) At December 31, 2009, the amount of €14.7 million included deferred taxes from CVAE for a total of €8.6 million; at June 30, 2010, deferred taxes include a total of €0.5 million from CVAE and an unrecognized tax saving relating to restricted stocks for a total of €1.6 million.

2.11.5 NET EARNINGS PER SHARE

	1 st half		
	2009	2009	2010
Net earnings (in million euros).....	42.4	24.0	59.4
Weighted number of shares during the period (including treasury shares).....	56,256,994	56,229,854	56,314,030
Number of treasury shares.....	773,668	773,668	419,005
Weighted number of shares during the period.....	55,483,326	55,456,186	55,895,025
Net undiluted earnings per share (in euros)	0.76	0.43	1.06
Diluting effect of the subscription plan.....	19,367	10,101	1,157
Weighted number of shares during the period taking the diluting effect into account.....	55,502,693	55,466,287	55,896,182
Net diluted earnings per share (in euros)	0.76	0.43	1.06

2.12 NOTES TO THE MAIN BALANCE SHEET ITEMS

2.12.1 ANALYSIS OF THE CHANGE IN NET DEBT

(in million euros)	Note	12/31/2008	12/31/2009	06/30/2010		TOTAL
		TOTAL	TOTAL	Non-current	Current	
Senior debt.....		678.8	623.4	512.8	0.5	513.3
Capex debt.....		37.5	106.5	126.5	--	126.5
Revolving debt.....		--	--	--	20.0	20.0
Term & Revolving Facilities Agreement – Total senior debt (Agent: CALYON)		716.3	729.9	639.3	20.5	659.8
Other borrowings..... ⁽¹⁾		33.1	24.0	17.9	71.6	89.5
Lease financing.....		156.9	155.2	110.6	32.2	142.8
- of which: - property finance leases.....		68.4	58.2	47.9	7.2	55.1
- equipment finance leases.....		88.5	97.0	62.7	25.0	87.7
Capitalization of new debt issuance costs.....		(20.9)	(17.4)	(12.1)	(3.5)	(15.6)
Liabilities related to assets held for sale.....		(3.1)	(43.9)	(4.2)	--	(4.2)
Long-term borrowings		882.3	847.8	751.5	120.8	872.3
Liabilities related to assets held for sale.....		3.1	43.9	4.2	--	4.2
Financial current account liabilities.....		9.8	9.3	--	7.7	7.7
Bank overdrafts.....		6.8	5.1	--	5.4	5.4
GROSS FINANCIAL DEBT (I)	B	902.0	906.1	755.7	133.9	889.6
Fair value of financial hedging instruments..... ⁽²⁾		14.2	15.9	18.8	--	18.8
Fair value of financial hedging instruments (II)		14.2	15.9	18.8	--	18.8
Financial current account assets.....		(3.2)	(13.2)	--	(4.3)	(4.3)
Financial assets related to assets held for sale.....		--	(13.0)	--	--	--
Treasury shares, Générale de Santé (V.M.P.).....		--	(10.0)	(5.4)	--	(5.4)
FINANCIAL ASSETS (III)	B	(3.2)	(36.2)	(5.4)	(4.3)	(9.7)
NET FINANCIAL BORROWINGS (I) + (II) + (III)	TFT	913.0	885.8	769.1	129.6	898.7
FINAL BALANCE:						
Borrowings..... ^(a)		847.1	702.4	--	--	751.5
Short-term borrowings..... ^(b)		45.0	154.7	--	--	128.5
Bank overdraft..... ^(c)		6.8	5.1	--	--	5.4
Liabilities associated with non-current assets held for sale.....		3.1	57.8	--	--	4.2
- of which: liabilities related to non-current assets held for sale..... ^(d)		3.1	43.9	--	--	4.2
GROSS FINANCIAL DEBT A = (a) + (b) + (c) + (d)		902.0	906.1	--	--	889.6
Other non-current liabilities.....		21.8	24.3	--	--	29.7
Deferred taxes.....		(7.6)	(8.4)	--	--	(9.9)
Other net non-current liabilities (fair value of financial instruments)..... ^(e)		14.2	15.9	--	--	18.8
Other non-current assets (fair value of financial instruments)..... ^(f)		--	--	--	--	--
FINANCIAL INSTRUMENTS B = (e) - (f)		14.2	15.9	--	--	18.8
Current financial assets..... ^(g)		3.2	13.2	--	--	4.3
Assets related to non-current assets held for sale..... ^(h)		--	13.0	--	--	--
Générale de Santé treasury shares (deducted from shareholders' equity).. ⁽ⁱ⁾		--	10.0	--	--	5.4
FINANCIAL ASSETS C = - (g) - (h) - (i)		(3.2)	(36.2)	--	--	(9.7)
NET FINANCIAL DEBT (A + B + C)	TFT	913.0	885.8	--	--	898.7

(1) At June 30, 2010, the heading "Other borrowings" includes €69.8 million relating to dividends to be paid by Générale de Santé (dividends paid on July 2, 2010)

(2) At June 30, 2010, the fair value of financial hedging instruments totaled €18.8 million after tax (€28.7 million less €9.9 million of income tax).

2.12.2 CURRENT AND NON-CURRENT PROVISIONS

During the period, provisions recognized as liabilities have changed as follows:

(in million euros)	NOTE	12/31/2008	12/31/2009	Increases	Reciprocal reversal	Non-reciprocal reversal	Other Mvts.	06/30/2010
Provisions for retirement and other employee benefits								
Provisions for pensions.....		29.4	29.5	0.8	--	--	0.7	31.0
Prov. for other employee benefits.....		0.2	0.2	--	--	--	--	0.2
Total		29.6	29.7	0.8	--	--	0.7	31.2
Non-current provisions								
Provisions for litigation and claims.....		23.7	17.8	1.5	(2.3)	(2.5)	(1.4)	13.1
Provisions for restructuring.....		15.8	19.5	3.7	(0.4)	--	--	22.8
Total	B	39.5	37.3	5.2	(2.7)	(2.5)	(1.4)	35.9
Current provisions								
Provisions for taxes and duties.....		4.5	4.9	0.1	(0.7)	(0.7)	--	3.6
Other provisions for liability.....		13.3	8.9	3.7	(0.7)	(0.2)	(2.7)	9.0
Total	B	17.8	13.8	3.8	(1.4)	(0.9)	(2.7)	12.6
CURRENT & NON-CURRENT PROVISIONS		57.3	51.1	9.0	(4.1)	(3.4)	(4.1)	48.5
TOTAL PROVISIONS		86.9	80.8	9.8	(4.1)	(3.4)	(3.4)	79.7

2.12.3 WORKING CAPITAL REQUIREMENTS FOR ORDINARY OPERATIONS

(in million euros)	12/31/2008	12/31/2009	based on sales turnover	CHANGES receivables & debt on property	other changes ⁽¹⁾	06/30/2010
Inventories ⁽²⁾	38.6	32.8	(0.3)	--	--	32.5
Impairments.....	(0.2)	--	--	--	--	--
Net inventories.....	38.4	32.8	(0.3)	--	--	32.5
Trade and other receivables.....	181.5	136.3	18.3	--	(0.4)	154.2
Impairments.....	(6.7)	(6.3)	(0.4)	--	--	(6.7)
Net trade and other receivables.....	174.8	130.0	17.9	--	(0.4)	147.5
Other current assets.....	149.9	167.4	21.0	2.2	(0.4)	190.2
Impairments.....	(25.5)	(27.5)	(0.6)	--	0.7	(27.4)
Other net current assets.....	124.4	139.9	20.4	2.2	0.3	162.8
- of which receivables on property.....	3.0	0.7	--	1.9	--	2.6
Total inventories and trade receivables (I)	337.6	302.7	38.0	2.2	(0.1)	342.8
Accounts payable.....	196.4	124.1	14.6	--	0.1	138.8
Other current liabilities.....	305.4	296.2	(0.9)	6.1	(1.5)	299.9
- of which liabilities on fixed assets.....	28.5	18.7	--	6.0	--	24.7
Total trade and other accounts payable (II)	501.8	420.3	13.7	6.1	(1.4)	438.7
Assets held for sale..... (III)	3.1	5.2	--	--	(1.0)	4.2
WORKING CAPITAL REQUIREMENTS (I) – (II) + (III)	(161.1)	(112.4)	24.3	(3.9)	0.3	(91.7)
Impact on Statement of Cash Flows (II) – (I)			(24.3)	3.9		

(1) The column "Other changes" mainly comprises changes in the consolidation scope for the period.

(2) Inventory mainly comprises small medical equipment and pharmaceutical products.

Operating receivables and liabilities have a cycle of less than 12 months.

"Trade and other receivables" consists of the following:

(in million euros)	12/31/2008	12/31/2009	06/30/2010
Patient A/R.....	5.1	5.0	5.2
Mandatory insurance (social security) A/R.....	46.2	44.0	40.6
Optional insurance (private) A/R.....	12.6	12.1	14.7
Doubtful Or Disputed A/R.....	2.5	5.4	5.5
Uninvoiced sales.....	59.7	43.5	56.1
Outstanding A/R.....	29.4	20.5	26.1
A/R on goods sold and services rendered.....	24.0	4.3	5.0
Other.....	2.0	1.5	1.0
TOTAL	181.5	136.3	154.2

The aging of trade receivables and payables looks as follows:

Days of payment	12/31/2008	12/31/2009	06/30/2010
Accounts receivable.....	29.0	26.2	26.7
Accounts payable	82.3	53.5	52.8

2.12.4 ASSETS & RELATED LIABILITIES HELD FOR SALE

At June 30, 2009 (in million euros)	December 31, 2008		December 31, 2009		June 30, 2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Disposal of French Biology division	---	---	51.4	53.0	--	--
Gecimed improvements.....	1.2	1.2	0.2	0.2	--	--
Icade improvements	1.9	1.9	2.6	2.6	2.2	2.2
Other property ⁽¹⁾	---	---	2.0	2.0	2.0	2.0
TOTAL	3.1	3.1	56.2	57.8	4.2	4.2

⁽¹⁾ refers to the forthcoming sale of an empty building located in the North of France (Roubaix).

2.13 OFF-BALANCE SHEET COMMITMENTS

WARRANTIES AND SURETIES (in million euros)	December 31, 2009 Commitments		June 30, 2010 Commitments	
	Given	Received	Given	Received
Gecimed commitment to finance the improvements on Hestia sites	---	---	---	---
Icade commitment to finance the improvements on Vesta/Icade sites	46.3	46.3	36.0	36.0
Commitment by Gecimed to build the HPE site (Le Havre combination).....	---	106.5	---	---
Commitment by SSR Chatenoy Le Royal to build a clinic	---	12.8	---	12.8
Commitment by Océane Le Havre to build the Océane clinic	---	---	---	12.0
Commitment by Icade to build the Monet clinic	---	---	---	15.2
Bank guarantees received and given	0.7	4.3	0.7	4.3
Other rental guarantees	8.6	10.7	8.6	10.7
Other guarantees	7.9	---	---	---
TOTAL	63.5	180.6	45.3	91.0

WARRANTIES ON ASSETS AND LIABILITIES (in million euros)	December 31, 2009 Commitments		June 30, 2010 Commitments	
	Given	Received	Given	Received
In most cases, the Group receives warranties regarding assets and liabilities when acquiring equity in health care establishments	16.9	3.0	16.9	3.0
TOTAL	16.9	3.0	16.9	3.0

COMMITMENT TO BUY/SELL SECURITIES AND OTHER ASSETS (in million euros)	December 31, 2009 Commitments		June 30, 2010 Commitments	
	Given	Received	Given	Received
Unilateral commitments in respect of securities	1.6	---	1.6	--
Commitments in respect of other assets (property).....	2.0	1.8	0.5	1.1
TOTAL	3.6	1.8	2.1	1.1

ASSOCIATES' COMMITMENTS (in million euros)	December 31, 2009 Commitments		June 30, 2010 Commitments	
	Given	Received	Given	Received
Associates' commitments.....	3.8	--	3.8	--
TOTAL	3.8	--	3.8	--

WARRANTIES AND SURETIES

Compared to December 31, 2009, the significant developments in commitments given for warranties and sureties correspond mainly to Icade's commitment to finance work at the Vesta sites.

WARRANTIES REGARDING ASSETS AND LIABILITIES

No significant development has occurred since end-2009.

COMMITMENT TO BUY/SELL SECURITIES AND OTHER ASSETS

No significant development has occurred since end-2009.

ASSOCIATES' COMMITMENTS

No significant development has occurred since end-2009.

2.14 INFORMATION ON RELATED PARTIES

During the first half of 2010, there was no significant change in the nature of transactions with related parties compared to December 31, 2009 (see note 6.13 of the notes to the consolidated financial statements for the year ended December 31, 2009).

2.15 LITIGATION, RISKS AND UNCERTAINTIES

2.15.1 LITIGATION

JEAN MERMOZ PRIVATE HOSPITAL CONSTRUCTION PROJECT (IN LYON)

As at June 30, 2010, the amount recognized for the structures demolished and the litigation stands at €61.7 million including VAT to be recovered.

Given that exposure and pending the additional adjustment regarding the determination of the financial losses, the impairments and the provisions designed to cover the adjustment and legal fees generated by the delay at the construction site have been recognized at €22.5 million at June 30, 2010.

This accounting does not presume SCI de l'Europe's liability in any way.

To the best of the Company's knowledge, no other exceptional facts or litigations exist that are likely to substantially affect the business, the results, the assets or the financial situation of the Group or Company.

2.15.2 RISKS AND UNCERTAINTIES

To the best of the Company's knowledge, no new risks or litigations taken individually or as a whole which could have an impact on the business, the results, the financial situation or the assets of the Company or the Group have been noted since the publication of the Générale de Santé annual report on April 30, 2010.

2.16 EVENTS AFTER THE REPORTING PERIOD

No significant development has occurred since June 30, 2010.