PSA PEUGEOT CITROËN

2011

Half-Year Financial Report

CONTENTS

I - ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Supervisory Board

CHAIRMAN

Thierry Peugeot

VICE-CHAIRMEN

Jean-Philippe Peugeot

Jean-Louis Silvant

MEMBERS OF THE SUPERVISORY BOARD

Marc Friedel

Pamela Knapp

Jean-Paul Parayre

Robert Peugeot

Henri Philippe Reichstul

Marie-Hélène Roncoroni

Geoffroy Roux de Bézieux

Ernest-Antoine Seillière

Joseph F. Toot Jr

ADVISORS TO THE SUPERVISORY BOARD

François Michelin

Roland Peugeot

Managing Board

CHAIRMAN

Philippe Varin

MEMBERS OF THE MANAGING BOARD

Jean-Marc Gales

Grégoire Olivier

Guillaume Faury

Frédéric Saint-Geours

II – INTERIM MANAGEMENT REPORT

1. RISK FACTORS AND UNCERTAINTIES

Main risk factors specific to the Group and its business

The principal risk factors specific to the Group - which are described on pages 13 *et seq*. of the 2010 Registration Document (Chapter 4)[1] – include the following:

- **Operational risks,** such as market cycle and country risks, new vehicle development, launch and marketing risks, customer and dealer risks, raw materials risks, supplier risks, industrial risks, workplace health and safety risks, risks associated with the cooperation agreements and information systems risks.

- **Banque PSA Finance risk exposures,** in particular: risks related to the Bank's financing, credit risks, liquidity and credit rating risks, Basel II compliance risks and internal control failure risks.

- **Financial market risks:** the Group is exposed to exchange rate risks, interest rate risks and other market risks related in particular to fluctuations in the equity markets. It is also exposed to counterparty and liquidity risks, as well as to the risk of raw material price volatility.

- **Environmental risks:** an incident at one of the Group's manufacturing facilities may compromise the production and marketing of vehicles, leading to several hundred million euros of losses.

- **Legal and contractual risks,** in particular: risks arising from legal and arbitrage proceedings, financial covenants, pension and other post-retirement benefit obligations, intellectual property and on- and off-balance sheet commitments given in connection with the Group's cooperation agreements.

[1] *The original French version of the 2010 Registration Document was filed with the Autorité des Marchés Financiers (AMF) on 22 April 2011 under number D.11-0353, in accordance with the provisions of Article 212-13 of the General Regulations of the AMF.*

2. THE GROUP'S OPERATIONS IN FIRST-HALF 2011

2.1 BUSINESS REVIEW

First-Half 2011 Highlights

- Sales of new vehicles and CKD units up 0.2% to 1,860,000 units
- 13.9% market share in Europe*
- Increase in the proportion of sales outside Europe to 38%
- Increase in the proportion of premium** vehicle sales to 17%
- Successful launch of the Peugeot 508 and Citroën DS4
- Continued success of the Peugeot RCZ and Citroën DS3 and C4
- Further decline in corporate average emissions to 129g of CO_2/km vs. 132g in 2010

Global automobile markets rose by an aggregate 6% in the first half of 2011, led once again by the passenger car market in China (up 10%) and the passenger car and light commercial vehicle markets in Latin America (up 13%) and Russia (up 57%).
In Europe, the passenger car and light commercial vehicle market declined by 0.8% overall, reflecting a still challenging business environment in some countries, but performances varied widely by country:
- Spain: down 25%
- Italy: down 12%
- United Kingdom: down 4%
- France: up 2%
- Germany: up 11%
- Central and Eastern Europe: up 2%

In this environment, worldwide sales of PSA Peugeot Citroën assembled vehicles and CKD units increased by 0.2% during the period to 1,860,000 units.

Sales of assembled vehicles alone climbed 2.1% to 1,652,000 units, while sales of CKD units fell 12.7% to 208,000, from a record high of 238,000 in first half 2010.

** Europe: European Union + European Free Trade Association + Croatia*
*** Premium vehicles, which offer a level of driving pleasure, safety, quality of finish, connectivity and comfort that serves as a benchmark in their segment, include the distinctive models from the A, B and C segments (Peugeot 207CC, 308CC, RCZ, 3008 and Citroën DS3 and DS4) and models from the D and E segments (Peugeot 508, 407, 607, 4007 and Citroën C5, C6 and C-Crosser).*

13.9% market share in Europe

PSA Peugeot Citroën lost market share during the first half of 2011 due to an unfavourable market mix. Dragged down by the elimination of remaining scrappage incentives, traditionally strong markets for the Peugeot and Citroën brands reported weak growth (France up 2%) or steep declines (Spain down 25%, Italy down 12%). The German market, on the other hand, rose by 11%.
In addition, the difficulties related to the delivery of electronic components produced in Japan resulted in longer delivery times for certain models, which delayed registrations.

In a European car and light commercial vehicle market that declined by 0.8% in the first half, registrations of PSA Peugeot Citroën vehicles contracted by 5.3% to 1,150,000 units. This translated into a 13.9% share of the market for the Group, compared with 14.2% in 2010.

The passenger car market alone declined by 1.9% over the period, while the light commercial vehicle market grew by 8.7%. PSA Peugeot Citroën maintained its leadership in light commercial vehicles, with a market share of 21.3%.

A further increase in the proportion of sales outside Europe, to 38%

Sales outside Europe accounted for 38% of the first-half consolidated total, compared with 35% in 2010, 33% in 2009, 29% in 2008 and 24% in 2007.
The Group is confirming its target of generating 50% of sales outside Europe in 2015.

China: market growth remains strong

In a passenger car market that expanded by 10%, PSA Peugeot Citroën's sales rose by 10.2%, thanks in particular to strong demand for the Peugeot 408, so that market share held firm at 3.3%. The approval by the Chinese authorities, on 12 July 2011, of the joint venture agreement with Chang'an will allow the Group to develop the DS line and its light commercial vehicle line-ups in China.

Latin America: record growth

In a market up 13%, the Group reported record growth for the period of 21.7%, increasing its market share by 0.6 points to 5.9%. These good results are attributable to the new marketing strategy introduced in Latin America and to the arrival of new vehicles produced locally and adapted to consumer expectations in the region such as the Peugeot 408 and the Citroën C3 Aircross.

Russia: above-market growth

PSA Peugeot Citroën registrations rose 65.5% to 35,400 units in a market up 57%, lifting the Group's market share 0.2 points to 2.7%, versus 2.5% in first-half 2010. Assembled locally at the Kaluga plant, the Peugeot 308 and Citroën C4 contributed significantly to this solid performance. The plant continues to expand, with two additional models to be assembled there in the future — the new Citroën C4 starting in June and the restyled version of the Peugeot 308 as of July.

Premium vehicle sales still on an upward trajectory

In all of its growth regions, PSA Peugeot Citroën's business strategy is to continue to position the Citroën and Peugeot brands further upmarket.

The shift toward a more upmarket model mix continued in first-half 2011, with premium vehicles accounting for 17% of total sales versus 14% in first-half 2010.Premium vehicles, which offer a level of driving pleasure, safety, quality of finish, connectivity and comfort that serves as a benchmark in their segment, include the distinctive models from the A, B and C segments (Peugeot 207CC, 308CC, RCZ, 3008 and Citroën DS3, DS4) and models from the D and E segments (Peugeot 508, 407, 606, 4007 and Citroën C5, C6 and C-Crosser).

The trend upmarket will continue in the second half of the year, thanks to the popularity of the new Peugeot 508, which has already attracted over 45,000 orders, the ramp-up of the Citroën DS4, which was brought to market in May, and the launch of two new models — the Peugeot 3008 HYbrid4, the world's first diesel hybrid, and the Citroën DS5.

In addition, the Group's sales mix continued to improve, with the C and D segments accounting for 42% of total sales in first-half 2011, compared with 39% in first-half 2010 and 36% in first-half 2009. The A and B segments accounted for 40% of sales, down from 44% in first-half 2010.

Further decline in corporate average emissions, to 129g of CO_2/km

Average emissions declined to 129g of CO_2/km in first-half 2011, versus 132g in 2010.

The reduction was driven by the deployment of second-generation Stop & Start e-HDI technology on eight models — the Citroën C3, DS3, C4, C4 Picasso and C5 and the Peugeot 308, 3008 and 508 — and the ramp-up of the Peugeot i0n and Citroën C-Zero electric vehicles.

Vehicles emitting less than 110g CO_2/km accounted for 27% of total sales versus 22.4% in first-half 2010, while vehicles emitting less than 121g CO_2/km accounted for 42% of total sales versus 40.4% in the prior-year period.

The Group will continue to demonstrate its leadership in innovation, and more particularly in hybrid technologies, in the second half of the year, with the launch of the 3008 HYbrid4, whose hybrid diesel/electric engine will also be available on the Peugeot 508 and the Citroën DS5 later on.

PSA Peugeot Citroën: Worldwide Sales of Passenger Cars and Light Commercial Vehicles,

First-Half 2010 and 2011

		H1 2010	H1 2011
Europe*	Peugeot	641,904	**614,558**
	Citroën	564,154	**539,875**
	Total PSA	1,206,058	**1,154,433**
Russia	Peugeot	14,680	**22,065**
	Citroën	6,712	**13,334**
	Total PSA	21,392	**35,399**
Latin America	Peugeot	75,172	**89,605**
	Citroën	51,665	**64,772**
	Total PSA	126,837	**154,377**
China	Peugeot	69,384	**80,893**
	Citroën	107,111	**113,673**
	Total PSA	176,495	**194,566**
Rest of the world	Peugeot	58,774	**75,874**
	Citroën	28,140	**37,415**
	Total PSA	86,914	**113,289**
Total Assembled Vehicles	**Peugeot**	859,914	**882,995**
	Citroën	757,782	**769,069**
	Total PSA	1,617,696	**1,652,064**
CKD Units	Peugeot	233,102	**207,795**
	Citroën	4,920	
	Total PSA	238,022	**207,795**
Total Assembled Vehicles and CKD Units	**Peugeot**	1,093,016	**1,090,790**
	Citroën	762,702	**769,069**
	Total PSA	1,855,718	**1,859,859**

** Europe: European Union + European Free Trade Association + Croatia*

PSA Peugeot Citroën Group - Worldwide sales by model

Passenger cars and light commercial vehicles	Jan. to June 2011	Jan. to June 2010	% change
Peugeot brand			
iOn	1,400		++
107	51,000	59,300	- 14.1%
206	235,700	240,800	-2.1%
207	166,300	194,600	- 14.5%
307	33,300	43,900	- 24.2%
308	109,400	119,600	- 8.6%
408	36,100	17,100	++
508	56,700	200	++
3008	73,800	65,200	13.2%
5008	41,700	40,100	4.0%
405	115,300	144,100	- 20.0%
407	2,300	18,000	--
807	3,700	2,900	29.3%
4007	3,800	4,700	- 18.7%
RCZ	10,700	5,500	93.2%
Bipper	19,900	22,300	-10.7%
Partner	86,100	76,500	12.5%
Expert	16,800	14,700	13.8%
Boxer	26,700	22,800	17.2%
TOTAL	**1,090,800**	**1,093,000**	**-0.2%**
Citroën brand			
C-Zero	1,200	-	++
C1	50,200	58,500	- 14.3%
C2	4,800	5,000	- 4.0%
DS3	41,400	27,300	51.8%
C3 (New C3: 121,000 units)	143,500	171,500	-16.3%
C3 Picasso	57,100	44,300	28.9%
C3 Pluriel	-	1,700	-
ZX	32,700	34,600	- 5.5%
Xsara Picasso	5,000	21,000	--
C4	144,000	110,900	29.8%
C4 Picasso	66,100	69,800	- 5.1%
Xantia	-	4,000	- -
C5	56,200	62,800	-10.5%
C6	600	1,000	-
C8	3,200	2,900	7.8%
C-Crosser	3,600	4,300	- 16.3%
Nemo	20,800	23,700	-11.9%
Berlingo	88,000	86,800	1.4%
Jumpy	16,000	13,700	17.0%
Jumper	23,900	18,900	26.5%
TOTAL	**769,100**	**762,700**	**0.8%**
TOTAL PSA Peugeot Citroën	**1,859,900**	**1,856,000**	**0.2%**

Passenger Car Registrations in Europe by Country

	Jan. to June 2011	Jan. to June 2010
	Volume	**Volume**
Austria	187,600	169,700
Belgium and Luxembourg	355,000	349,900
Denmark	87,200	73,600
Finland	69,200	60,000
France	1,225,100	1,212,400
Germany	1,622,600	1,468,800
Greece	55,300	98,500
Iceland	3,100	1,900
Ireland	77,100	67,600
Italy	1,012,100	1,165,300
Netherlands	328,800	270,100
Norway	68,500	62,000
Portugal	91,900	115,300
Spain	442,200	604,200
Sweden	157,100	138,100
Switzerland	157,700	148,100
United Kingdom	1,029,600	1,108,700
TOTAL WESTERN EUROPE (18 COUNTRIES)	**6,970,100**	**7,114,100**
Croatia	23,000	19,400
Czech Republic	87,700	88,400
Hungary	23,100	21,500
Poland	151,300	158,300
Slovakia	34,000	29,500
Slovenia	33,900	33,400
TOTAL CEEC	**353,100**	**350,600**
Baltic Countries	20,200	10,800
Bulgaria+Romania	52,000	59,800
Malta+Cyprus	11,600	10,000
TOTAL EUROPE 30 COUNTRIES	**7,407,000**	**7,545,600**

Light Commercial Vehicle Registrations in Europe by Country

	Jan. to June 2011	Jan. to June 2010
	Volume	**Volume**
Austria	16,400	13,700
Belgium and Luxembourg	39,700	34,500
Denmark	11,000	7,700
Finland	7,200	5,700
France	224,300	213,300
Germany	112,900	94,800
Greece	3,700	6,900
Iceland	100	100
Ireland	8200	7,300
Italy	101,600	104,900
Netherlands	33,700	27,700
Norway	17,800	15,000
Portugal	17,300	21,900
Spain	57,300	65,800
Sweden	23,100	18,100
Switzerland	15,800	13,500
United Kingdom	136,600	111 800
TOTAL WESTERN EUROPE (18 COUNTRIES)	**826,800**	**762,700**
Croatia	1,900	1,400
Czech Republic	6,600	6,600
Hungary	4,800	3 900
Poland	22,000	19,600
Slovakia	2,900	2,200
Slovenia	3,000	2,200
TOTAL CEEC	**41,400**	**35,800**
Baltic Countries	2,700	1,100
Bulgaria+Romania	7,100	6,500
Malta+Cyprus	1,500	2,300
TOTAL EUROPE 30 COUNTRIES	**879,500**	**808,500**

Passenger Car and Light Commercial Vehicle Registrations in Europe by Country

	Jan. to June 2011	Jan. to June 2010
	Volume	Volume
Austria	203,900	183,300
Belgium and Luxembourg	394,700	384,200
Denmark	98,200	81,400
Finland	76,500	65,700
France	1,449,400	1,425,700
Germany	1,735,500	1,563,600
Greece	59,000	105,500
Iceland	3,200	2,000
Ireland	85,300	74,900
Italy	1,113,700	1,270,300
Netherlands	362,500	297,800
Norway	86,300	77,000
Portugal	109,200	137,200
Spain	499,500	670,000
Sweden	180,200	156,200
Switzerland	173,500	161,600
United Kingdom	1,166,300	1,220,400
TOTAL WESTERN EUROPE (18 COUNTRIES)	**7,796,900**	**7,876,800**
Croatia	24,900	20,800
Czech Republic	94,300	95,000
Hungary	27,900	25,400
Poland	173,300	177,900
Slovakia	37,000	31,700
Slovenia	37,000	35,700
TOTAL CEEC	394,500	**386,500**
Baltic Countries	22,900	11,800
Bulgaria+Romania	59,100	66,400
Malta+Cyprus	13,100	12,500
TOTAL EUROPE 30 COUNTRIES	**8,286,400**	**8,354,000**

PSA Peugeot Citroën Group - Passenger Car Registrations in Europe by Country

	Jan. to June 2011		Jan. to June 2010	
	Volume	Market share (%)	Volume	Market share (%)
Austria	16,200	8.6%	15,700	9.2%
Belgium and Luxembourg	56,600	16.0%	65,400	18.7%
Denmark	14,500	16.6%	12,600	17.5%
Finland	4,300	6.2%	4,100	6.8%
France	409,400	33.4%	397,900	32.8%
Germany	80,600	5.0%	80,700	5.5%
Greece	4,300	8.0%	7,900	8.0%
Iceland*	-	1%	-	0.3%
Ireland	3,500	4.6%	3,300	4.8%
Italy	94,100	9.3%	127,800	11.0%
Netherlands	45,500	13.8%	36,200	13.4%
Norway	5,700	8.4%	5,300	8.5%
Portugal	13,600	14.9%	15,900	13.8%
Spain	67,300	15.2%	104,400	17.3%
Sweden	8,100	5.1%	8,400	6.1%
Switzerland	14,100	9.0%	14,800	10.0%
United Kingdom	87,300	8.5%	97,700	8.8%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**925,100**	**13.3%**	**997,900**	**14.0%**
Croatia	3,200	13.8%	2,500	12.6%
Czech Republic	6,600	7.5%	6,900	7.8%
Hungary	1,500	6.6%	1,200	5.6%
Poland	11,900	7.9%	12,800	8.1%
Slovakia	3,600	10.6%	3,400	11.4%
Slovenia	4,800	14.1%	4,700	14.1%
TOTAL CEEC	**31,600**	**9.0%**	**31,400**	**9.0%**
Baltic Countries	2,200	11.0%	1,100	10.0%
Bulgaria+Romania	2,800	4.5%	2,800	4.7%
Malta+Cyprus	800	6.7%	700	6.7%
TOTAL EUROPE 30 COUNTRIES	**962,500**	**13.0%**	**1,033,800**	**13.7%**

* Sales in Iceland represent less than 100 units.

PSA Peugeot Citroën Group - Light Commercial Vehicle Registrations in Europe by Country

	Jan. to June 2011		Jan. to June 2010	
	Volume	Market share (%)	Volume	Market share (%)
Austria	1,900	11.8%	1,800	12.8%
Belgium and Luxembourg	10,200	25.6%	9,900	28.6%
Denmark	1,300	11.7%	1,100	14.3%
Finland	400	6.0%	500	9.3%
France	76,600	34.1%	73,600	34.5%
Germany	11,300	10.0%	10,600	11.2%
Greece	300	9.3%	400	5.5%
Iceland*	-	0%	-	4.8%
Ireland	800	10.0%	800	11.0%
Italy	14,200	13.9%	15,000	14.3%
Netherlands	4,300	12.9%	3,400	12.1%
Norway	2,900	16.2%	2,600	17.2%
Portugal	5,100	29.6%	5,600	25.7%
Spain	19,900	34.8%	23,600	35.8%
Sweden	3,500	14.9%	3,000	16.8%
Switzerland	2,100	13.2%	2,200	15.9%
United Kingdom	19,600	14.4%	17,800	15.9%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**174,400**	**21.1%**	**171,900**	**22.5%**
Croatia	500	26.8%	300	23.9%
Czech Republic	1,600	23.5%	1,100	16.6%
Hungary	800	17.2%	500	13.8%
Poland	5,500	25.2%	3,700	18.7%
Slovakia	1,000	33.1%	600	28.3%
Slovenia	1,200	40.7%	800	34.4%
TOTAL CEEC	**10,700**	**25.8%**	**7,000**	**19.6%**
Baltic Countries	600	23.8%	400	33.5%
Bulgaria+Romania	1,200	15.4%	1,000	15.4%
Malta+Cyprus	200	11.1%	200	11.1%
TOTAL EUROPE 30 COUNTRIES	**187,100**	**21.3%**	**180,500**	**22.3%**

* Sales in Iceland represent less than 100 units.

PSA Peugeot Citroën Group - Passenger Car and Light Commercial Vehicle Registrations in Europe by Country

	Jan. to June 2011		Jan. to June 2010	
	Volume	Market share (%)	Volume	Market share (%)
Austria	18,100	8.9%	17,400	9.5%
Belgium and Luxembourg	66,800	16.9%	75,300	19.6%
Denmark	15,800	16.1%	13,700	16.9%
Finland	4,700	6.2%	4,600	7.0%
France	485,900	33.5%	471,500	33.1%
Germany	91,900	5.3%	91,300	5.8%
Greece	4,600	7.9%	8,300	7.8%
Iceland*	-	0.9%	-	0.5%
Ireland	4,300	5.1%	4,100	5.4%
Italy	108,200	9.7%	142,800	11.2%
Netherlands	49,800	13.8%	39,500	13.3%
Norway	8,600	10.0%	7,800	10.2%
Portugal	18,800	17.2%	21,600	15.7%
Spain	87,200	17.5%	127,900	19.1%
Sweden	11,500	6.4%	11,400	7.3%
Switzerland	16,200	9.3%	17,000	10.5%
United Kingdom	106,900	9.2%	115 500	9.5%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**1,074,700**	**14.3%**	**1,144,900**	**14.9%**
Croatia	3,700	14.8%	2,800	13.4%
Czech Republic	8,200	8.6%	8,000	8.5%
Hungary	2,300	8.4%	1,700	6.8%
Poland	17,500	10.1%	16,400	9.2%
Slovakia	4,600	12.4%	4,000	12.6%
Slovenia	6,000	16.3%	5,500	15.4%
TOTAL CEEC	**42,300**	**10.7%**	**38,500**	**10.0%**
Baltic Countries	2,800	12.2%	1,400	12.1%
Bulgaria+Romania	4,000	5.7%	3,800	5.7%
Malta+Cyprus	1,000	7.5%	900	7.5%
TOTAL EUROPE 30 COUNTRIES	**1,149,600**	**13.9%**	**1,214,300**	**14.5%**

* Sales in Iceland represent less than 100 units.

Peugeot Brand - Passenger Car and Light Vehicle Registrations in Europe by Country

	Jan. to June 2011		Jan. to June 2010	
	Volume	Market share (%)	Volume	Market share (%)
Austria	10,300	5.0%	9,200	5.0%
Belgium and Luxembourg	34,800	8.8%	38,900	10.1%
Denmark	8,600	8.8%	6,900	8.5%
Finland	2,600	3.4%	2,400	3.7%
France	258,500	17.8%	254,500	17.9%
Germany	50,100	2.9%	50,500	3.2%
Greece	2,300	3.9%	3,600	3.4%
Iceland*	-	0.2%	-	0.6%
Ireland	2,900	3.4%	3,000	4.0%
Italy	52,500	4.7%	70,800	5.6%
Netherlands	30,500	8.4%	23,700	7.9%
Norway	5,500	6.3%	5,000	6.5%
Portugal	10,100	9.2%	11,800	8.6%
Spain	42,700	8.6%	63,100	9.4%
Sweden	6,400	3.6%	6,400	4.1%
Switzerland	8,300	4.8%	8,700	5.4%
United Kingdom	61 800	5.3%	68,600	5.6%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**587,900**	**7.5%**	**627,200**	**8.0%**
Croatia	2,000	8.0%	1,600	7.7%
Czech Republic	4,600	4.8%	4,300	4.5%
Hungary	1,300	4.7%	1,000	3.9%
Poland	9,000	5.2%	8,700	4.9%
Slovakia	2,600	7.0%	2,100	6.5%
Slovenia	3,400	9.1%	2,700	7.6%
TOTAL CEEC	**22,800**	**5.8%**	**20,300**	**5.3%**
Baltic Countries	1,900	8.4%	900	8.0%
Bulgaria+Romania	2,400	3.3%	2,200	3.3%
Malta+Cyprus	800	5.7%	700	5.7%
TOTAL EUROPE 30 COUNTRIES	**615,900**	**7.4%**	**651,400**	**7.8%**

* Sales in Iceland represent less than 100 units.

Citroën Brand - Passenger Car and Light Commercial Vehicle Registrations in Europe by Country

	Jan. to June 2011		Jan. to June 2010	
	Volume	Market share (%)	Volume	Market share (%)
Austria	7,800	3.8%	8,200	4.5%
Belgium and Luxembourg	32,000	8.1%	36,400	9.5%
Denmark	7,100	7.3%	6,800	8.4%
Finland	2,200	2.8%	2,200	3.3%
France	227,400	15.7%	217,000	15.2%
Germany	41,800	2.4%	40,800	2.6%
Greece	2,300	4.0%	4,600	4.4%
Iceland*	-	0.7%	-	0.0%
Ireland	1,400	1.7%	1,000	1.4%
Italy	55,700	5.0%	72,000	5.7%
Netherlands	19,300	5.3%	15,800	5.3%
Norway	3,100	3.7%	2,800	3.7%
Portugal	8,700	8.0%	9,700	7.1%
Spain	44,500	8.9%	64,900	9.7%
Sweden	5,100	2.8%	5,100	3.2%
Switzerland	8,000	4.6%	8,300	5.1%
United Kingdom	45,100	3.9%	46,900	3.8%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**511,600**	**6.6%**	**542,500**	**6.9%**
Croatia	1,700	6.8%	1,200	5.7%
Czech Republic	3,600	3.8%	3,800	4.0%
Hungary	1,000	3.7%	700	2.9%
Poland	8,500	4.9%	7,700	4.3%
Slovakia	2,000	5.3%	1,900	6.1%
Slovenia	2,700	7.2%	2,800	7.8%
TOTAL CEEC	**19,400**	**4.9%**	**18,100**	**4.7%**
Baltic Countries	900	3.8%	500	4.1%
Bulgaria+Romania	1,600	2.4%	1,600	2.4%
Malta+Cyprus	200	1.7%	200	1.7%
TOTAL EUROPE 30 COUNTRIES	**533,700**	**6.4%**	**562,900**	**6.7%**

* Sales in Iceland represent less than 100 units.

PSA Peugeot Citroën Group - Worldwide Production by Model

Passenger cars and LCV	**Jan. to June 2011**	**Jan. to June 2010**
Peugeot brand		
iOn	1,600	
107	54,200	63,800
206	260,900	231,200
207	192,600	192,600
307	28,900	44,200
308	112,800	122,900
3008	79,800	68,800
5008	46,300	37,600
405	118,000	144,600
407	600	17,000
508	64,000	200
807	3,900	3,200
4007	4,100	5,400
RCZ	11,400	7,600
Bipper	22,400	21,400
Partner	92,900	81,100
Expert	18,000	15,800
Boxer	29,500	24,500
TOTAL	**1,161,900**	**1,102,100**
Citroën brand		
C-Zero	1,700	--
C1	58,200	63,900
C2	4,700	3,900
DS3	42,600	29,600
C3	211,400	226,500
ZX	33,000	36,700
Xsara	4,800	17,700
C4	210,500	189,900
DS4	13,600	
Xantia	--	4,000
C5	58,700	63,600
C6	600	700
C8	3,600	3,400
C-Crosser	4,300	5,000
Nemo	20,500	23,500
Berlingo	95,400	90,300
Jumpy	16,700	14,200
Jumper	26,700	19,700
TOTAL	**807,600**	**792,800**
PSA Peugeot Citroën	**1,969,500**	**1,894,900**

2.2 FINANCIAL POSITION AND RESULTS

FIRST-HALF 2011 RECURRING OPERATING INCOME

- **Revenues**

The following table shows consolidated revenue by business in first-half 2011 and 2010.

(in millions of euros)	**First-half 2011**	**First-half 2010**	**% change**
Automotive Division	22,585	21,174	6.7%
Faurecia	8,150	6,826	19.4%
Gefco	2,017	1,716	17.6%
Banque PSA Finance	942	919	2.5%
Intersegment eliminations and other businesses	(2,559)	(2,241)	-
TOTAL	**31,135**	**28,394**	**9.7%**

The PSA Peugeot Citroën Group's revenues grew by 9.7% in first-half 2011 to €31,135 million from €28,394 million in the year earlier period.

- **Recurring Operating Income**

(in millions of euros)	**First-half 2011**	**First-half 2010**	**% change**
Automotive Division	405	525	-22.9%
Faurecia	340	217	56.7%
Gefco	143	122	17.2%
Banque PSA Finance	274	269	1.9%
Intersegment eliminations and other businesses	(5)	4	-
TOTAL	**1,157**	**1,137**	**1.8%**

Recurring operating income rose 1.8% to €1,157 million in first-half 2011 from €1,137 million in the same period of 2010, representing 3.7% of revenue versus 4.0%. Profitability improved across all non-automotive businesses, with recurring operating income up 56.7% at Faurecia, 17.2% at Gefco and 1.9% at Banque PSA Finance. Automotive recurring operating income contracted by 22.9%, due to the €147 million negative effect of events in Japan and the €366 million impact of higher raw materials costs. Excluding the impact of events in Japan, Automotive recurring operating income would have been up 5.1%.

- **Analysis of Revenue and Recurring Operating Income by Division**

AUTOMOTIVE DIVISION

(in millions of euros)	**First-half 2011**	**First-half 2010**
Revenues	22,585	21,174
Recurring operating income	405	525
As a % of revenues	1.8%	2.5%

Automotive Division revenues rose 6.7% to €22,585 million in the first six months of 2011.

Revenues from new vehicle sales climbed 7.3% to €16,968 million from €15,820 million in first-half 2010.
Unit sales were 1.2% higher but the main driver of revenue growth was the shift toward a more upmarket model mix. Changes in product mix had a 7% favourable impact on revenues. This performance demonstrates the success of the strategy to move the Peugeot and Citroën brands up market, which was intensified in 2011 with the launch of the Peugeot 508, 508 SW and 3008 HY4 and the Citroën DS4 and DS5.
Premium vehicles accounted for 17% of total sales versus 14% in first-half 2010, and the C and D segments rose to 42% of total sales while the A and B segments fell to 40%.
The net effect of changes in country mix was neutral. Similarly, positive and negative currency effects cancelled each other out. The price effect for the first half was a negative 0.5%; however, prices improved in the second quarter compared with the first.

Automotive recurring operating income contracted to €405 million from €525 million in first-half 2010, representing 1.8% of revenues versus 2.5%. Adverse changes in the Group's operating environment trimmed €422 million from income, including the €147 million cost of the consequences from events in Japan. Excluding this cost, the Division's recurring operating income would have been up by 5.1%.

On the other hand, the Group's underlying performance lifted recurring operating income by €302 million.

The contribution of the Automotive Division's Performance Plan broke down as follows:

- Changes in product mix had a favourable impact of €412 million which easily offset the €311 million negative price effect. Of the total price effect, €220 million was due to the rise in the cost of Euro 5 product upgrades and other enhancements. The net product mix and price effect was a positive €101 million.

- Changes in market share had a positive effect of €25 million, excluding the impact of events in Japan, with gains in Latin America and Russia offsetting the decline in Europe.
- Selling, general and administrative expenses increased by €124 million and reflect the Group's international expansion and product development.
- R&D spend was €97 million higher spend to support our development strategy
-
- During the period, the Group kept up its efforts to drive down costs. Production and procurement cost savings amounted to €403 million, more than offsetting the increases in selling, general and administrative expenses and R&D spend.

The contribution of the improved economic environment can be summarized as follows:

- Changes in world markets (affecting unit sales and the country/segment mix) had a positive effect of €114 million. Changes in exchange rates added €78 million to income, mainly reflecting the fall in the euro against the Brazilian real and – to a lesser extent – the Swiss franc.
- However, these gains only partly offset the €467 million negative effect of higher payroll costs, raw materials costs and other input costs. The increased cost of raw materials alone trimmed €366 million from income. Lastly, the effects of events in Japan had a negative impact of €147 million on Automotive recurring operating income.

FAURECIA

In € millions	**First-half 2011**	**First-half 2010**
Revenues	8,150	6,826
Recurring operating income	340	217
As a % of revenues	4.2%	3.2%

Faurecia reported first-half 2011 revenues of €8,150 million, including the contributions of Plastal Germany (consolidated from 1 April 2010) for €135.9 million, Plastal Spain (consolidated from 1 October 2010) for €87 million, Angell-Demmel (consolidated from 1 January 2011) for €44 million and the Nissan car seat assembly plant in Madison (Mississippi) (consolidated from 4 April 2011) for €34.3 million.

Like-for-like revenues (at constant exchange rates, including Plastal Germany in first-quarter 2010 and excluding Plastal Spain, Angell-Demmel and the Madison plant from first-half 2011) were up 15.5% over the year-earlier period.

Excluding monoliths from revenues of the Emissions Control Technologies segment, total revenues came to €6,825 million, an increase of 13.6% like-for-like.

All regions contributed to the period's strong growth, with like-for-like revenues up 8.5% to €4,170 million in Europe, 30.1% to €1,224 million in North America, 23.6% to €317 million in South America and 16.2% to €508 million in Asia.

Recurring operating income totalled €340 million, up €123 million from first-half 2011, representing 4.2% of revenue versus 3.2%.

Several factors were behind this further improvement in operating profitability:

- Volume growth (excluding acquisitions) added €182 million.
- Businesses consolidated in first-half 2011 but not in the year-earlier period (Plastal Germany in the first quarter, Plastal Spain, Angell-Demmel, Madison plant) contributed €9 million.
- Higher fixed costs, mainly due to expansion outside Europe and strong underlying business growth, had a €58 million negative impact. However, in Europe, fixed costs were cut by a further €29 million through ongoing cost adjustment programmes and integration synergies.

- Other factors (including currencies and raw materials prices) had a negative impact of €10 million.

By business segment and on a like-for-like basis:
Automotive Seating sales totalled €2,450 million (including the €34 million contribution of the newly acquired Madison plant), up 10.4%.
Vehicle Interiors sales came to €1,583 million (including €41.8 million contributed by Angell-Demmel), an increase of 13.8%.
Emissions Control Technologies sales (excluding monoliths) were 22.6% higher at €1,456 million.
Automotive Exteriors sales amounted to €843 million (including €118 million for Plastal Germany in the first quarter and €77 million for Plastal Spain in the first half), up 9.3%.

Vehicle Interiors recurring operating income for first-half 2011 came to €212 million, representing 4.8% of revenues versus 3.4% in the year-earlier period. The combined contribution of the **other Automotive Equipment businesses** was €128 million or 3.4% of revenues compared with 2.8% in first-half 2010.

GEFCO

(in millions of euros)	**First-half 2011**	**First-half 2010**
Revenues	2,017	1,716
Recurring operating income	143	122
As a % of revenues	7.1%	7.1%

First-half 2011 revenues reported by Gefco totalled €2,017 million, a 17.5% increase over the year-earlier period. Gefco consolidated its first-half 2010 performance, helped by the payoff from the marketing focus on industrial customers. Efforts to diversify the customer base proved successful and the acquisition of Mercurio will further speed up the process.

Thanks to the improved cost discipline delivered by the efficiency plan launched in 2009 and this year's more dynamic markets, recurring operating income rose 17.2% to €143 million. At 7.1%, recurring operating margin matched the record high attained in first-half 2010, which represented a marked improvement from 0.5% in first-half 2009.

Impact of Changes in Consolidation Scope:

On 17 May, Gefco completed the acquisition of a 70% stake in the Mercurio Group. The Mercurio companies (consolidated with retroactive effect at January 1st) contributed €46 million to first-half 2011 consolidated recurring operating income.

For more detailed information, see Note 2 to the Consolidated Financial Statements at 30 June 2011.

BANQUE PSA FINANCE

(in millions of euros)	**First-half 2011**	**First-half 2010**
Revenues	942	919
Net banking revenue	524	505
Recurring operating income	274	269

Banque PSA Finance revenues rose 2.5% to €942 million. The Bank delivered a strong marketing performance despite widely varying local environments and the elimination of scrappage incentives in France. In all, new and used vehicle financing contracts were up 2.0% to 443,740 units in first-half 2011 from 435,043 in the year-earlier period.

The contribution of operations outside Western Europe continued to grow, led by Brazil and Argentina, and business in Russia took off rapidly. In first-half 2011, these operations accounted for 19.8% of new vehicle financing volumes versus 16.5% in the same period of 2010.

Banque PSA Finance's recurring operating income for the period came to €274 million versus €269 million for first-half 2010.

The increase was mainly attributable to the following developments:

- Net banking revenue grew 3.8% to €524 million. The currency effect accounted for less than €2 million of the increase, which was mainly attributable to higher business volumes and profitability gains. It reflected the high quality of recent retail loan originations, volume growth and firm wholesale lending margins.
- Provision expense was stable at €54 million, representing 0.45% of average net loans outstanding versus 0.47% in first-half 2010. This improvement was achieved despite the difficult macro-economic environment by stepping up collection efforts and applying an increasingly selective approach to new business.
- General operating expenses amounted to €196 million in first-half 2011, including negative currency and inflation effects estimated at €6 million and the €5 million cost of information system upgrades.

OTHER INCOME STATEMENT ITEMS

- **Operating Income**

Non-recurring operating expenses amounted to €43 million in first-half 2011 compared with €133 million for the year-earlier period.
The total included restructuring costs of €40 million, including €32 million for Faurecia and €9 million for Gefco.
Non-recurring operating income was €13 million, of which €12 million corresponded to gains on disposals of real estate.

For more detailed information, see Note 5 to the Consolidated Financial Statements at 30 June 2011.

The Group ended first-half 2011 with consolidated operating income of €1,127 million, compared with €1,068 million in the same period of 2010.

(in millions of euros)	**First-half 2011**	**First-half 2010**
Automotive Division	418	459
Faurecia	307	215
Gefco	128	123
Banque PSA Finance	274	269
Other businesses and holding company	0	2
TOTAL PSA Peugeot Citroën	**1,127**	**1,068**

- **Net Financial Expense**

This item, corresponding to interest income from loans, investments and cash equivalents, less finance costs, plus or minus financial income and expenses, represented net expense of €132 million in first-half 2011 versus net expense of €241 million for the year-earlier period. The sharp improvement was mainly due to the interest saved by the early repayment of the €3 billion French government loan obtained in March 2009. An initial €1 billion repayment was made on 10 September 2010, followed by two other instalments of the same amount on 25 February and 26 April 2011.

- **Income Taxes**

Income tax expense represented €208 million in first-half 2011 and €227 million in first-half 2010.

For more detailed information, see Note 6 to the Consolidated Financial Statements at 30 June 2011.

- **Share in Net Earnings of Companies at Equity**

In first-half 2011, the combined contribution of companies at equity was a net profit of €117 million versus a net profit of €137 million for the year-earlier period. The main entities concerned are Dongfeng Peugeot Citroën Automobile (DPCA) and joint ventures with other carmakers (Fiat, Toyota and Renault) that are organized as separate entities.

<u>Dongfeng Peugeot Citroën Automobile</u>:
Dongfeng Peugeot Citroën Automobile (DPCA) reported a net profit for the period of €166 million. Its contribution to consolidated profit was a positive €83 million, versus €97 million in first-half 2010.

<u>Toyota Peugeot Citroën Automobiles</u>:
Toyota Peugeot Citroën Automobiles (TPCA) contributed €21 million to consolidated profit in first-half 2011 compared with €29 million in the year-earlier period.

For more information about the Group's share in the net earnings of companies at equity, see Note 8.3 to the Consolidated Financial Statements at 30 June 2011.

- **Consolidated Profit for the Period**

The Group reported consolidated net profit of €904 million in first-half 2011 compared with €737 million in the same period of 2010.
For more detailed information, see Note 7 to the Consolidated Financial Statements at 30 June 2011.

- **Consolidated Profit Attributable to Equity Holders of the Parent**

Consolidated profit attributable to equity holders of the parent came to €806 million in first-half 2011 versus €680 million in first-half 2010.

- **Earnings per Share**

Basic earnings per share amounted to €3.55 compared with €3.00 in first- half 2010.

2.3 CASH AND CAPITAL RESOURCES

BALANCE SHEET AND FINANCIAL RESOURCES

- **Manufacturing and Sales Companies**

The manufacturing and sales companies' total assets rose to €43,597 million at 30 June 2011 from €42,356 million at 31 December 2010. The main changes concerned:

- Trade receivables, which rose to €3,121 million at 30 June 2011 from €2,051 million at 31 December 2010 in line with revenue growth.
- Inventories, which amounted to €7,082 million at 30 June 2011 versus €5,947 million at 31 December 2010 (see Note 12 to the Consolidated Financial Statements at 30 June 2011).
- Cash and cash equivalents, which contracted to €7,306 million at 30 June 2011 from €9,278 million at 31 December 2010 following early repayment of the €3 billion French government loan obtained in March 2009, a move that optimised the Group's financial position.

- **Finance Companies**

The finance companies had total assets of €28,157 million at 30 June 2011 compared with €26,749 million at 31 December 2010. Business growth at Banque PSA Finance lifted outstanding loans and receivables to €24,250 million from €23,491 million.

- **Consolidated Net Financial Position and Net Debt-to-Equity Ratio**

The net financial position of the manufacturing and sales companies at 30 June 2011 represented net debt of €1,646 million compared with €1,236 million at 31 December 2010 (see Note 18 to the Consolidated Financial Statements at 30 June 2011).

Funds from operations generated in first-half 2011 amounted to €1,920 million. These funds were used to finance capital expenditure and capitalized development costs of €1,686 million to support the product dynamic and the Group's technological development.

The €412 million negative change in working capital was mainly due to the build up of inventories to cover seasonal needs, sourcing problems following the events in Japan and expansion of the product offer.

The increase in trade receivables and payables was driven by business growth and higher sales in the B2B segment (fleet customers, car hire companies, etc.).

Free cash flow for the period was a negative €179 million, payment of the Banque PSA Finance dividend having been delayed until July this year, for a positive contribution of €155 million. On a comparable scope basis, free cash flow was almost stable.

The 2010 dividend of €1.10 per share (250 millions euros) was paid during the period.

The net debt-to-equity (gearing) ratio at 30 June 2011 stood at 11.1%.

- **Equity**

Equity at 30 June 2011 was €14,805 million versus €14,303 million at 31 December 2010. The increase stemmed from the recognition in equity of consolidated net income for the period of €904 million less the €140 million negative exchange difference from translating foreign operations and the €250 million in dividends paid during the period.

At 30 June 2011, the share capital comprised 234,049,333 shares with a par value of one euro each. At the period-end, the Group held 7,187,450 shares in treasury to cover outstanding stock option and performance share plans. No shares were bought back during first-half 2011.

MANUFACTURING AND SALES COMPANIES' CONSOLIDATED CASH FLOWS

- **Consolidated Cash Flows**

For detailed information, see the Consolidated Statements of Cash Flows in the Consolidated Financial Statements at 30 June 2011.

- **Manufacturing and Sales Companies**

The following table presents the manufacturing and sales companies' cash flows for first-half 2011 and first-half 2010:

	Manufacturing and Sales Companies	
(in millions of euros)	**First-half 2011**	**First-half 2010**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**9,253**	**7,817**
Consolidated profit for the period	**725**	**527**
Funds from operations	1,920	1,771
Changes in working capital	(412)	(229)
Net cash from operating activities	**1,508**	**1,542**
Net cash used in investing activities	**(1,686)**	**(1,201)**
Net cash (used in) from financing activities	**(1,774)**	**742**
Effect of changes in exchange rates	(56)	(4)
Net (decrease) increase in cash and cash equivalents	(2,008)	1,224
NET CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**7,245**	**9,041**

- **Cash Flows From Operating Activities of Manufacturing and Sales Companies**

In first-half 2011, funds from operations generated by the manufacturing and sales companies totalled €1,920 million compared with €1,771 million in the same period of 2010. The increase reflected the growth in income.

Changes in the manufacturing and sales companies' working capital represented a net increase of €412 million for the period. New vehicle inventories were higher due to seasonal factors, trade payables were up €1,454 million due to higher production output at the end of the first-half compared with end-2010 and trade receivables were up €1,126 million as a result of the growth in sales during the first half.

As a consequence, the manufacturing and sales companies generated net cash from operating activities of €1,508 million in first-half 2011.

The table below shows new vehicle inventory levels for the Group and in the independent dealer network.

(in thousands of new vehicles)	**30 June 2011**	30 June 2010	30 June 2009
Group inventory	**308**	269	232
Independent dealer network inventory	**237**	214	201
TOTAL	**545**	482	433

Inventories at 30 June 2011 totalled 545,000 units representing 76 days' sales versus 482,000 units and 72 days' sales at 30 June 2010 and 445,000 units and 61 days' sales at 31 December 2010. Inventories always hit a peak at the end of the first half, in preparation for the production stoppages during the August vacation and the traditionally high volume of sales in the United Kingdom market in September. This year, inventories were kept at an even higher level, due to problems in sourcing components after the events in Japan and to the renewal and expansion of our product offer, with the launch of new models such as the DS3, DS4 and 508.

- **Cash Flows From Investing Activities of Manufacturing and Sales Companies**

Net cash used in investing activities of manufacturing and sales companies amounted to €1,686 million in first-half 2011 compared with €1,201 million in the year-earlier period and €1,660 million in the first six months of 2009. The increase was primarily due to the fact that capital expenditure in 2010 was focused mainly on the second half.
Capital expenditure totalled €952 million and capitalized development costs amounted to of €584 million (see Note 4 to the Consolidated Financial Statements at 30 June 2011).

- **Cash Flows From Financing Activities of Manufacturing and Sales Companies**

Net cash used in financing activities of the manufacturing and sales companies totalled €1,774 million in first-half 2011. Changes in other financial assets and liabilities of the manufacturing and sales companies represented a negative €1.5 billion and dividends paid to Peugeot S.A. shareholders and minority shareholders of subsidiaries amounted to €274 million.

FUNDING AND LIQUIDITY

- **Manufacturing and Sales Companies**

At 30 June 2011, the manufacturing and sales companies' cash and cash equivalents were below their level at 31 December 2010, due mainly to the early repayment of the €3 billion French government loan obtained in March 2009. An initial €1 billion repayment was made on 10 September 2010, followed by two other instalments of the same amount on 25 February and 26 April 2011.

For detailed information, see Note 17.1 to the Consolidated Financial Statements at 30 June 2011.

During the period, the Group pursued a proactive refinancing strategy and adopted a conservative approach to liquidity management to meet ongoing requirements and finance existing or future development projects.

On 20 January, Peugeot S.A. topped up its two October 2010 bond issues, adding €350 million worth of bonds due October 2013 and €150 million in bonds due October 2016. The original issues both represented €500 million. These financing transactions attest to the Group's ability to take up the opportunities offered by the bond market to raise funds at attractive rates.
For detailed information, see Note 15 to the Consolidated Financial Statements at 30 June 2011.

- **Banque PSA Finance**

Banque PSA Finance's refinancing strategy focuses on consistently maintaining a good balance among the various sources of financing.

At 30 June 2011, 19% of Banque PSA Finance’s funding was provided by bank facilities, 64% by the capital markets, 13% by loan securitizations placed on the financial markets and 4% by public sources (such as SFEF, an institution set up by the French government to inject cash into the economy). At 31 December 2010, the proportions were 22%, 55%, 16% and 8% respectively.

During the period, drawn down and revolving bilateral lines of credit expiring in 2011 were rolled over to consolidate Banque PSA Finance's bank financing.
At 30 June 2011, drawdowns on the Bank's lines of credit amounted to €4,359 million compared with €4,668 million at 31 December 2010.

Borrowings under capital markets programmes increased to €14,183 million at 30 June 2011 from €11,619 million at 31 December 2010.

Borrowings under short-term programmes (Sofira commercial paper issues and Banque PSA Finance CD issues) rose to €4,189 million from €4,086 million at 31 December 2010.

Responding to market demand for medium-term paper, Banque PSA Finance carried out three EMTN issues in the first half, raising a total of €2,400 million with an average maturity in excess of four years.

During the period, Banque PSA Finance carried out its inaugural bond issue on the US market, gaining access to an important source of diversification of future funding. The 144A issue comprising four tranches raised USD1,250 million (€878 million on the issue date).

The issues increased borrowings under the EMTN programme by more than €2 billion to €9,295 million while also extending the average life of the borrowings and narrowing the spreads at issue.

Total securitization debt declined to €2,810 million at 30 June 2011 from €3,382 million at 31 December 2010 due to the amortisation of existing bonds.
After the period-end, on 20 July 2011, a new €956 million securitization of French auto loans was launched. The bonds were placed with French and international investors.

Liquidity reserves

On 9 July 2010, Peugeot S.A. signed a new €2.4 billion 3-year syndicated revolving credit facility (with two extensions of one year at the banks' option) with a group of 21 banks. The facility was extended for the first time in June 2011, pushing back the expiry date to July 2014.

Banque PSA Finance constantly endeavours to strike the best possible balance between liquidity, which is a continued priority, and the additional costs generated by the considerable increase in financing costs compared with the return on investing liquidity

At 30 June 2011, 75% of refinancing had an initial maturity of twelve months or more (versus 71% at 31 December 2010), representing continued solid coverage of potential liquidity risk.

Refinancing is arranged with maturities that comfortably cover the maturities of the retail financing portfolio.

At 30 June 2011, the Bank held excess liquidity of €736 million and, in addition to its borrowings, it had €8,172 million worth of undrawn lines of credit, including €5,755 million in syndicated facilities expiring in June 2012 (€2,000 million), June 2013 (€1,755 million) and June 2014 (€2,000 million). These backup facilities were obtained from syndicates of leading banks and were not drawn down at 30 June 2011.
In all, Banque PSA Finance has the necessary resources to cover more than six months of lending activity without raising additional funds.

For more detailed information, refer to the Banque PSA Finance Highlights for the six months ended 30 June 2011, available at www.banquepsafinance.com.

3. RELATED PARTY TRANSACTIONS

The nature of related party transactions and their financial implications over the last two years are detailed in Note 42 to the 2010 Consolidated Financial Statements. Related parties primarily include companies in which the Group holds interests of between 20% and 50% through cooperation agreements – particularly with Renault, Fiat, Toyota and Dongfeng – and over which PSA Peugeot Citroën has significant influence, which are therefore accounted for by the equity method. Most are manufacturing and sales companies that manufacture automotive parts and components or complete vehicles. Transactions with companies at equity are billed on arm's length terms.

In the first half of 2011, there were no material changes in the nature, scale or scope of related party transactions compared with the disclosures made at year-end 2010.

There are no material transactions with any member of the administrative, supervisory and management bodies or any shareholder that owns over 5% of Peugeot S.A.'s capital.

4. 2011 OUTLOOK

The European market looks set to remain stable in 2011, while growth rates are expected to reach c.7% in China, c.6% in Latin America and c.30% in Russia.

- The Group confirms that 2011 targeted Group recurring operating income should be above 2010. Free Cash Flow is expected to be close to neutral.
- Faurecia recurring operating income is in progress and should reach €620/650 million. Gefco and Banque PSA Finance are also expected to deliver increased recurring operating income in 2011.
- Regarding Automotive division, H2 2011 context is expected to worsen by €300 million compared with previous estimates, due to the Japan disaster impact and raw materials costs increase. The Performance Plan should only partially offset this additional negative impact.

III- CONDENSED INTERIM **CONSOLIDATED FINANCIAL STATEMENTS**
For the six months ended 30 June 2011

PSA Peugeot Citroën Group

Contents

INTERIM CONSOLIDATED **STATEMENTS OF INCOME**

	First-half 2011			
(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Sales and revenue	**30 347**	**942**	**(154)**	**31 135**
Cost of goods and services sold	(24 973)	(472)	154	(25 291)
Selling, general and administrative expenses	(3 426)	(196)	-	(3 622)
Research and development expenses (Note 4)	(1 065)	-	-	(1 065)
Recurring operating income	**883**	**274**	**-**	**1 157**
Non-recurring operating income (Note 5)	13	-	-	13
Non-recurring operating expenses (Note 5)	(43)	-	-	(43)
Operating income	**853**	**274**	**-**	**1 127**
Interest income	62	-	-	62
Finance costs	(148)	-	-	(148)
Other financial income	104	1	-	105
Other financial expenses	(150)	(1)	-	(151)
Income before tax of fully consolidated companies	**721**	**274**	**-**	**995**
Income taxes (Note 6)	(112)	(96)	-	(208)
Share in net earnings of companies at equity (Note 8)	116	1		117
Consolidated profit for the period	**725**	**179**	**-**	**904**
Attributable to equity holders of the parent	*629*	*175*	*2*	*806*
Attributable to minority interests	*96*	*4*	*(2)*	*98*

(in euros)	
Basic earnings per €1 par value share (Note 7)	3,55
Diluted earnings per €1 par value share (Note 7)	3,46

First-half 2010				2010			
Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
27 620	**919**	**(145)**	**28 394**	**54 502**	**1 852**	**(293)**	**56 061**
(22 646)	(468)	145	(22 969)	(44 900)	(981)	293	(45 588)
(3 113)	(182)	-	(3 295)	(6 238)	(364)	-	(6 602)
(993)	-	-	(993)	(2 075)	-	-	(2 075)
868	**269**	**-**	**1 137**	**1 289**	**507**	**-**	**1 796**
64	-	-	64	349	27	-	376
(133)	-	-	(133)	(436)	-	-	(436)
799	**269**	**-**	**1 068**	**1 202**	**534**	**-**	**1 736**
30	-	-	30	86	-	-	86
(257)	-	-	(257)	(455)	-	-	(455)
119	1	-	120	228	1	-	229
(132)	(2)	-	(134)	(286)	(3)	-	(289)
559	**268**	**-**	**827**	**775**	**532**	**-**	**1 307**
(168)	(59)	-	(227)	(115)	(140)	-	(255)
136	1	-	137	202	2	-	204
527	**210**	**-**	**737**	**862**	**394**	**-**	**1 256**
472	208	-	680	744	388	2	1 134
55	2	-	57	118	6	(2)	122
			3,00				5,00
			2,98				4,97

INTERIM CONSOLIDATED STATEMENTS OF **INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY**

	First-half 2011		
(in millions of euros)	Before tax	Income tax benefit (expense)	After tax
Consolidated profit for the period	**1 112**	**(208)**	**904**
Fair value adjustments to cash flow hedges	(38)	15	(23)
- of which, reclassified to the income statement	*(22)*	*8*	*(14)*
- of which, recognised in equity during the period	*(16)*	*7*	*(9)*
Gains and losses from remeasurement at fair value of available-for-sale financial assets	22	-	22
- of which, reclassified to the income statement	-	-	-
- of which, recognised in equity during the period	*22*	-	*22*
Exchange differences on translating foreign operations	(140)	-	(140)
Income and expenses recognised directly in equity, net	**(156)**	**15**	**(141)**
- of which, companies at equity	*(45)*	-	*(45)*
Total recognised income and expenses, net	**956**	**(193)**	**763**
- of which, attributable to equity holders of the parent			*679*
- of which, attributable to minority interests			*84*

	First-half 2010			2010		
	Before tax	Income tax benefit (expense)	After tax	Before tax	Income tax benefit (expense)	After tax
	964	**(227)**	**737**	**1 511**	**(255)**	**1 256**
	(8)	2	(6)	49	(17)	32
	(6)	*2*	*(4)*	*(40)*	*14*	*(26)*
	(2)	*-*	*(2)*	*89*	*(31)*	*58*
	(46)	1	(45)	(35)	1	(34)
	-	-	-	-	-	-
	(46)	*1*	*(45)*	*(35)*	*1*	*(34)*
	410	-	410	280	-	280
	356	**3**	**359**	**294**	**(16)**	**278**
	78	*-*	*78*	*38*	*-*	*38*
	1 320	**(224)**	**1 096**	**1 805**	**(271)**	**1 534**
			1 005			*1 387*
			91			*147*

INTERIM CONSOLIDATED BALANCE SHEETS – **ASSETS**

(in millions of euros)	Manufacturing and sales companies	30 June 2011 Finance companies	Eliminations	Total
Goodwill	1 468	77	-	1 545
Intangible assets	5 098	91	-	5 189
Property, plant and equipment	14 056	16	-	14 072
Investments in companies at equity (Note 8)	980	52	-	1 032
Investments in non-consolidated companies	102	2	-	104
Other non-current financial assets (Note 9)	986	201	(25)	1 162
Other non-current assets (Note 10)	370	1	-	371
Deferred tax assets	441	67	-	508
Total non-current assets	**23 501**	**507**	**(25)**	**23 983**
Operating assets				
Loans and receivables - finance companies (Note 11)	-	24 250	(183)	24 067
Short-term investments - finance companies	-	826	-	826
Inventories (Note 12)	7 082	-	-	7 082
Trade receivables - manufacturing and sales companies	3 122	-	(255)	2 867
Current taxes	139	58	(47)	150
Other receivables	2 126	935	(258)	2 803
	12 469	**26 069**	**(743)**	**37 795**
Current financial assets (Note 9)	**321**	**-**	**-**	**321**
Cash and cash equivalents	**7 306**	**1 581**	**(309)**	**8 578**
Total current assets	**20 096**	**27 650**	**(1 052)**	**46 694**
Total assets	**43 597**	**28 157**	**(1 077)**	**70 677**

INTERIM CONSOLIDATED BALANCE SHEETS – **EQUITY AND LIABILITIES**

(in millions of euros)	Manufacturing and sales companies	30 June 2011 Finance companies	Eliminations	Total
Equity				
Share capital				234
Treasury stock				(303)
Retained earnings and other accumulated equity, excluding minority interests				14 336
Minority interests				538
Total equity				**14 805**
Non-current financial liabilities (Note 15)	6 784	-	-	6 784
Other non-current liabilities	3 111	-	-	3 111
Non-current provisions (Note 14)	694	22	-	716
Deferred tax liabilities	472	378	-	850
Total non-current liabilities	**11 061**	**400**	**-**	**11 461**
Operating liabilities				
Financing liabilities (Note 16)	-	22 895	(343)	22 552
Current provisions (Note 14)	2 322	50	-	2 372
Trade payables	10 947	-	(10)	10 937
Current taxes	158	82	(47)	193
Other payables	4 351	1 208	(504)	5 055
	17 778	**24 235**	**(904)**	**41 109**
Current financial liabilities (Note 15)	**3 475**	**-**	**(173)**	**3 302**
Total current liabilities	**21 253**	**24 235**	**(1 077)**	**44 411**
Total equity and liabilities				**70 677**

(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
	31 December 2010			
Goodwill	1 428	77	-	1 505
Intangible assets	4 854	92	-	4 946
Property, plant and equipment	13 714	14	-	13 728
Investments in companies at equity (Note 8)	1 002	54	-	1 056
Investments in non-consolidated companies	100	2	-	102
Other non-current financial assets (Note 9)	796	157	(25)	928
Other non-current assets (Note 10)	333	1	-	334
Deferred tax assets	419	63	-	482
Total non-current assets	**22 646**	**460**	**(25)**	**23 081**
Operating assets				
Loans and receivables - finance companies (Note 11)	-	23 491	(153)	23 338
Short-term investments - finance companies	-	707	-	707
Inventories (Note 12)	5 947	-	-	5 947
Trade receivables - manufacturing and sales companies	2 051	-	(175)	1 876
Current taxes	169	27	(4)	192
Other receivables	1 959	748	(130)	2 577
	10 126	**24 973**	**(462)**	**34 637**
Current financial assets (Note 9)	**306**	**-**	**-**	**306**
Cash and cash equivalents	**9 278**	**1 316**	**(127)**	**10 467**
Total current assets	**19 710**	**26 289**	**(589)**	**45 410**
Total assets	**42 356**	**26 749**	**(614)**	**68 491**

(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
	31 December 2010			
Equity				
Share capital				234
Treasury stock				(303)
Retained earnings and other accumulated equity, excluding minority interests				13 897
Minority interests				475
Total equity				**14 303**
Non-current financial liabilities (Note 15)	8 259	-	-	8 259
Other non-current liabilities	2 772	-	-	2 772
Non-current provisions (Note 14)	704	23	-	727
Deferred tax liabilities	490	389	-	879
Total non-current liabilities	**12 225**	**412**	**-**	**12 637**
Operating liabilities				
Financing liabilities (Note 16)	-	21 704	(152)	21 552
Current provisions (Note 14)	2 418	46	-	2 464
Trade payables	9 571	-	(10)	9 561
Current taxes	59	61	(3)	117
Other payables	3 937	1 012	(305)	4 644
	15 985	**22 823**	**(470)**	**38 338**
Current financial liabilities (Note 15)	**3 357**	**-**	**(144)**	**3 213**
Total current liabilities	**19 342**	**22 823**	**(614)**	**41 551**
Total equity and liabilities				**68 491**

INTERIM CONSOLIDATED **STATEMENTS OF CASH FLOWS**

	First-half 2011			
(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit for the period	**725**	**179**	**-**	**904**
Adjustments for:				
- Depreciation, amortisation and impairment	1 497	8	-	1 505
- Provisions	(82)	5	-	(77)
- Changes in deferred tax	(38)	(20)	-	(58)
- (Gains) losses on disposals and other	11	-	-	11
Share in net (earnings) losses of companies at equity, net of dividends received	(16)	(1)	-	(17)
Revaluation adjustments taken to equity and hedges of debt	(89)	-	-	(89)
Change in carrying amount of leased vehicles	(88)		-	(88)
Funds from operations	**1 920**	**171**	**-**	**2 091**
Changes in working capital (Note 17)	(412)	109	(153)	(456)
Net cash from operating activities	**1 508**	**280**	**(153)**	**1 635**
Proceeds from disposals of shares in consolidated companies	-	-	-	-
Proceeds from disposals of investments in non-consolidated companies	-	-	-	-
Acquisitions of shares in consolidated companies	(55)	-	-	(55)
Investments in non-consolidated companies	(31)	-	-	(31)
Proceeds from disposals of property, plant and equipment	37	3	-	40
Proceeds from disposals of intangible assets	2	-	-	2
Investments in property, plant and equipment	(952)	(7)	-	(959)
Investments in intangible assets	(663)	(6)	-	(669)
Change in amounts payable on fixed assets	22	-	-	22
Other	(46)	-	-	(46)
Net cash from (used in) investing activities	**(1 686)**	**(10)**	**-**	**(1 696)**
Dividends paid:				
- To Peugeot S.A. shareholders	(250)	-	-	(250)
- Intragroup	-	-		-
- To minority shareholders of subsidiaries	(24)	-	-	(24)
(Purchases) sales of treasury stock	-	-	-	-
Changes in other financial assets and liabilities (Note17)	(1 500)	-	(29)	(1 529)
Other	-	-	-	-
Net cash from (used in) financing activities	**(1 774)**	**-**	**(29)**	**(1 803)**
Effect of changes in exchange rates	(56)	(5)	-	(61)
Net increase (decrease) in cash and cash equivalents	**(2 008)**	**265**	**(182)**	**(1 925)**
Net cash and cash equivalents at beginning of period	9 253	1 316	(127)	10 442
Net cash and cash equivalents at end of period (Note 17)	**7 245**	**1 581**	**(309)**	**8 517**

First-half 2010				2010			
Manufacturing and sales companies	Finance companies	Eliminations	**Total**	Manufacturing and sales companies	Finance companies	Eliminations	**Total**
527	**210**	**-**	**737**	**862**	**394**	**-**	**1 256**
1 517	7	-	1 524	2 950	16	-	2 966
(105)	5	-	(100)	(410)	12	-	(398)
20	(30)	-	(10)	23	(47)	-	(24)
25	-	-	25	(12)	(23)	-	(35)
(121)	(1)	-	(122)	(172)	(2)	-	(174)
18	-	-	18	70	-	-	70
(110)	-	-	(110)	(54)			(54)
1 771	**191**	**-**	**1 962**	**3 257**	**350**	**-**	**3 607**
(229)	(46)	40	(235)	517	(196)	117	438
1 542	**145**	**40**	**1 727**	**3 774**	**154**	**117**	**4 045**
-	-	-	-	1	-	-	1
30	-	-	30	30	-	-	30
(17)	(39)	-	(56)	(57)	(39)	3	(93)
(11)	-	-	(11)	(50)	-	-	(50)
25	5	-	30	112	57	-	169
-	-	-	-	5	-	-	5
(695)	(8)	-	(703)	(1 672)	(16)	-	(1 688)
(589)	(4)	-	(593)	(1 193)	(8)	-	(1 201)
48	-	-	48	(4)	-	-	(4)
8	6	-	14	24	5	-	29
(1 201)	**(40)**	**-**	**(1 241)**	**(2 804)**	**(1)**	**3**	**(2 802)**
-	-	-	-	-	-	-	-
140	(140)	-	-	140	(140)	-	-
(5)	-	-	(5)	(6)	-	-	(6)
-	-	-	-	-	-	-	-
603	-	(127)	476	237	-	(129)	108
4	-	-	4	4	3	(3)	4
742	**(140)**	**(127)**	**475**	**375**	**(137)**	**(132)**	**106**
141	29	-	170	91	11	-	102
1 224	**(6)**	**(87)**	**1 131**	**1 436**	**27**	**(12)**	**1 451**
7 817	1 289	(115)	8 991	7 817	1 289	(115)	8 991
9 041	**1 283**	**(202)**	**10 122**	**9 253**	**1 316**	**(127)**	**10 442**

INTERIM CONSOLIDATED **STATEMENT OF CHANGES IN EQUITY**

				Revaluations - excluding minority interests					
(in millions of euros)	Share capital	Treasury stock	Retained earnings excluding revaluations	Cash flow hedges	Available-for-sale financial assets	Translation reserve	**Equity attributable to equity holders of the parent**	Minority interests	**Total equity**
At 31 December 2009	**234**	**(303)**	**12 236**	**12**	**134**	**(1)**	**12 312**	**135**	**12 447**
Income and expenses recognised directly in equity for the period	-	-	680	(4)	(45)	374	1 005	91	1 096
Measurement of stock options and performance shares	-	-	4	-	-	-	4	-	4
Effect of changes in scope of consolidation and other	-	-	114	-	-	-	114	189	303
Purchases and sales of treasury stock	-	-	-	-	-	-	-	-	-
Conversion option embedded in convertible bonds	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(5)	(5)
At 30 June 2010	**234**	**(303)**	**13 034**	**8**	**89**	**373**	**13 435**	**410**	**13 845**
Income and expenses recognised directly in equity for the period	-	-	454	36	11	(119)	382	56	438
Measurement of stock options and performance shares	-	-	5	-	-	-	5	2	7
Effect of changes in scope of consolidation and other	-	-	6	-	-	-	6	8	14
Purchases and sales of treasury stock	-	-	-	-	-	-	-	-	-
Conversion option embedded in convertible bonds			-				-	-	-
Dividends paid	-	-	-	-	-	-	-	(1)	(1)
At 31 December 2010	**234**	**(303)**	**13 499**	**44**	**100**	**254**	**13 828**	**475**	**14 303**
Income and expenses recognised directly in equity for the period	-	-	806	(26)	22	(123)	679	84	763
Measurement of stock options and performance shares	-	-	6	-	-	-	6	2	8
Effect of changes in scope of consolidation and other	-	-	4	-	-	-	4	16	20
Purchases and sales of treasury stock	-	-	-	-	-	-	-	-	-
Conversion option embedded in convertible bonds	-	-	-	-	-	-	-	-	-
Dividends paid [(1)]	-	-	(250)	-	-	-	(250)	(39)	(289)
At 30 June 2011	**234**	**(303)**	**14 065**	**18**	**122**	**131**	**14 267**	**538**	**14 805**

[(1)] *The Annual General Meeting on 31 May 2011 approved the payment of a dividend of €1.10 per share (€ 250 million). The dividend was paid to shareholders on 7 June 2011.*

NOTES TO THE **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Six months ended 30 June 2011

Preliminary note

The interim consolidated financial statements for the six months ended 30 June 2011 and related notes were approved by the Managing Board of Peugeot S.A. on 22 July 2011.

NOTE 1 - ACCOUNTING POLICIES

The interim consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34 – Interim Financial Reporting, which provides for the presentation of a selected number of explanatory notes. These condensed interim consolidated financial statements should be read in conjunction with the 2010 consolidated financial statements.

The interim consolidated financial statements for the six months ended 30 June 2011 have been prepared using the same accounting policies as those used to prepare the consolidated financial statements for the year ended 31 December 2010. The Group's consolidated financial statements for the year ended 31 December 2010 were prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union.

All the IFRSs, IASs and related interpretations published by the IASB that are applicable in financial periods beginning on and after 1 January 2011 have been adopted and are applicable in the European Union, except for IAS 39, which has only been partially adopted by the European Union. The unadopted text has no impact on the financial statements of the PSA Peugeot Citroën Group.

Consequently, the consolidated financial statements have been prepared in accordance with the applicable standards and interpretations published by the IASB.

The 2010 Annual Improvements to IFRSs were adopted by the European Union during the first half of 2011 and are applicable for the first time by the PSA Peugeot Citroën Group from 1 January 2011. The changes resulting from these 2010 Annual Improvements have no material impact on the consolidated financial statements.

The Group is not concerned by the other standards, revised standards or interpretations adopted by the European Union and applicable from 1 January 2011.

No standards were adopted by the European Union during first-half 2011 that would be applicable by the Group in 2012 and subsequent years.

NOTE 2 - SCOPE OF CONSOLIDATION

Changes in the number of consolidated companies in first-half 2011 were as follows:

	First-half 2011
Consolidated companies at 1 January 2011	**418**
Newly-consolidated companies:	18
- Automotive companies	*3*
- Automotive equipment companies	*5*
- Transportation and logistics companies	*10*
- Finance and insurance companies	*-*
Companies sold or removed from the scope of consolidation	-
Merged companies and other	(1)
Consolidated companies at 30 June 2011	**435**

Most of the newly consolidated companies are members of the Mercurio Group.

Acquisition of the Mercurio Group by Gefco

On 17 May 2011, Gefco completed the acquisition of a 70% stake in the Mercurio Group, after obtaining anti-trust approval. The acquisition will enable Gefco to continue to diversify its customer base and step up expansion in the downstream automotive supply chain and the global marketplace. In addition, the synergies between the two groups will help to make Gefco's European network more competitive.

The initial acquisition cost of €36 million, excluding acquisition-related costs recorded as an expense, has been allocated to the identifiable assets acquired and liabilities assumed after the following main fair value adjustments:
- Recognition as intangible assets of contractual customer relationships and the Mercurio brand for a total of €42 million.
- Fair value adjustments to the vehicle fleet for €4 million.
The fair values of all of these assets were determined by an independent expert.
- Recognition of corresponding deferred tax liabilities of €15 million.

After taking into account minority interests at full fair value, goodwill determined by the full goodwill method amounts to €45 million. This mainly corresponds to the value of future contracts at the acquisition date, human capital and the contract with Gefco.

The provisional amounts recorded for identifiable assets and liabilities and for goodwill may be adjusted during the one-year measurement period that began on 17 May 2011.
The acquisition-related costs have been recorded as an expense for the period and are not material.

The Mercurio companies' contribution to PSA Peugeot Citroën's first-half 2011 revenue amounted to €46 million. Their contribution to recurring operating income was not material.

Other changes in the scope of consolidation in first-half 2011 did not have a material impact on the consolidated financial statements, either individually or in the aggregate.

NOTE 3 - SEGMENT INFORMATION

In accordance with IFRS 8 – Operating Segments, segment information is presented in line with the indicators used internally by management to measure the performance of the Group's different business segments. The Group's main performance indicator is recurring operating income.
The Group's business segments are defined in the notes to the 2010 consolidated financial statements.

The Group began writing insurance at the beginning of 2009. This business is not yet material and is therefore included within the "Finance Companies" segment.

First-half 2011 *(in millions of euros)*	Automotive	Automotive equipment	Transportation and Logistics	Finance companies	Other	Eliminations and reconciliations	Total
Sales and revenue							
- third parties	22 559	6 973	743	788	72	-	**31 135**
- intragroup, intersegment	26	1 177	1 274	154	42	(2 673)	**-**
Total	**22 585**	**8 150**	**2 017**	**942**	**114**	**(2 673)**	**31 135**
Recurring operating income	**405**	**340**	**143**	**274**	**5**	**(10)**	**1 157**
Non-recurring operating income	13	-	-	-	-	-	**13**
Restructuring costs	1	(32)	(15)	-	-	6	**(40)**
Impairment losses on CGUs and onerous contracts (note 5)	-	-	-	-	(2)	-	**(2)**
Other non-recurring operating income and (expenses)	(1)	(1)	-	-	1	-	**(1)**
Operating income	**418**	**307**	**128**	**274**	**4**	**(4)**	**1 127**
Net financial expense		**(55)**				**(77)**	**(132)**
Income taxes		(61)		(96)		(51)	**(208)**
Share in net earnings of companies at equity	99	16	-	1	1	-	**117**
Consolidated profit for the period		**207**		**179**			**904**
Capital expenditure [(1)]	**1 313**	**275**	**25**	**13**	**2**		**1 628**

[(1)] *Excluding sales with a buyback commitment*

In first-half 2011, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €524 million. Net provision expense (cost of risk) for the period amounted to €53 million. The Mercurio companies' contribution is disclosed in note 2.

First-half 2010 *(in millions of euros)*	Automotive	Automotive equipment	Transportation and Logistics	Finance companies	Other	Eliminations and reconciliations	Total
Sales and revenue							
- third parties	21 165	5 786	591	774	78	-	**28 394**
- intragroup, intersegment	9	1 040	1 125	145	50	(2 369)	**-**
Total	**21 174**	**6 826**	**1 716**	**919**	**128**	**(2 369)**	**28 394**
Recurring operating income	**525**	**217**	**122**	**269**	**2**	**2**	**1 137**
Non-recurring operating income	2	61	1	-	-	-	**64**
Restructuring costs	(33)	(58)	-	-	-	-	**(91)**
Impairment losses on CGUs and onerous contracts (note 5)	(35)	-	-	-	(2)	-	**(37)**
Other non-recurring operating expenses	-	(5)	-	-	-	-	**(5)**
Operating income	**459**	**215**	**123**	**269**	**-**	**2**	**1 068**
Net financial expense		**(62)**		**(1)**		**(178)**	**(241)**
Income taxes		(48)		(59)		(120)	**(227)**
Share in net earnings of companies at equity	130	7	-	1	(1)	-	**137**
Consolidated profit for the period		**112**		**210**			**737**
Capital expenditure [1]	**1 077**	**194**	**10**	**12**	**3**		**1 296**

[1] Excluding sales with a buyback commitment

In first-half 2010, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €505 million. Net provision expense (cost of risk) for the period amounted to €54 million.

2010 *(in millions of euros)*	Automotive	Automotive equipment	Transportation and Logistics	Finance companies	Other	Eliminations and reconciliations	Total
Sales and revenue							
- third parties	41 386	11 760	1 217	1 559	139	-	**56 061**
- intragroup, intersegment	19	2 036	2 134	293	79	(4 561)	**-**
Total	**41 405**	**13 796**	**3 351**	**1 852**	**218**	**(4 561)**	**56 061**
Recurring operating income	**621**	**456**	**198**	**507**	**11**	**3**	**1 796**
Non-recurring operating income	249	87	13	27	-	-	**376**
Restructuring costs	(77)	(117)	(1)	-	(1)	-	**(196)**
Impairment losses on CGUs and onerous contracts (note 5)	(230)	-	-	-	(4)	-	**(234)**
Other non-recurring operating expenses	-	(6)	-	-	-	-	**(6)**
Operating income	**563**	**420**	**210**	**534**	**6**	**3**	**1 736**
Net financial expense		**(117)**		**(2)**		**(310)**	**(429)**
Income taxes		(90)		(140)		(25)	**(255)**
Share in net earnings of companies at equity	184	19	-	2	(1)	-	**204**
Consolidated profit for the period		**232**		**394**			**1 256**
Capital expenditure [1]	**2 375**	**460**	**26**	**24**	**4**		**2 889**

[1] Excluding sales with a buyback commitment

In 2010, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €1,000 million. Net provision expense (cost of risk) for the year amounted to €129 million.

NOTE 4 - RESEARCH AND DEVELOPMENT EXPENSES

(in millions of euros)	**First-half 2011**	First-half 2010	2010
Total expenditure	(1 221)	(1 113)	(2 340)
Capitalized development expenditure [1]	584	537	1 097
Non-capitalized expenditure	**(637)**	**(576)**	**(1 243)**
Amortization of capitalized development expenditure	(428)	(417)	(832)
Total	**(1 065)**	**(993)**	**(2 075)**

[1] Capitalised development expenditure shown above does not include borrowing costs capitalised in application of IAS 23 (Revised).

NOTE 5 - NON-RECURRING OPERATING INCOME AND EXPENSES

The main items of non-recurring operating income and expenses are as follows:

(in millions of euros)	**First-half 2011**	First-half 2010	2010
Net gains on disposals of property	12	3	58
Reversal of liability in respect of minimum funding requirement for pensions	-	-	204
Other non-recurring operating income	1	61	114
Total non-recurring operating income	**13**	**64**	**376**
Impairment loss on Automobile Division CGUs and provisions for Automobile Division onerous contracts (note 5.1)	-	(35)	(230)
Impairment loss on Faurecia Group CGUs and other assets (note 5.2)	-	-	-
Impairment loss on Other businesses CGUs	(2)	(2)	(4)
Restructuring costs (note 5.3)	(40)	(91)	(196)
Other non-recurring operating expenses	(1)	(5)	(6)
Total non-recurring operating expenses	**(43)**	**(133)**	**(436)**

In 2010, non-recurring operating income included:
- Reversal of a minimum funding requirement liability for pensions recognised in prior periods in application of IFRIC 14.
- Gain resulting from Faurecia's bargain purchase of Plastal Germany and Plastal Spain (€84 million at 31 December 2010).

5.1. IMPAIRMENT LOSS ON AUTOMOBILE DIVISION CGUs AND PROVISIONS FOR AUTOMOBILE DIVISION ONEROUS CONTRACTS

Impairment tests are performed on the carrying amount of each Vehicle CGU and of the overall Automobile Division CGU in accordance with the principle described in note 1.14 to the annual consolidated financial statements. The impairment tests performed as of 31 December 2010 led to provisions for a total of €230 million, corresponding to estimated future losses on onerous contracts of the two Vehicule CGUs. These provisions were recorded under "Non-recurring expense".
The tests were updated at 30 June 2011 due to changes in certain key parameters. These new tests confirmed the reliability of the discounted future cash flow estimates.

Sensitivity tests were performed at 30 June 2011 on the CGUs whose value is affected by changes in the yen/euro exchange rate. These tests showed that a 5% increase or decrease in the reference exchange rate (which was within the consensus range of exchange rates at end-June 2011) would have reduced the provision for the period by €88 million or increased it by €127 million.

The Group also assessed the sensitivity of the core assumptions used to test the other CGUs for impairment. The sensitivity tests were based on a 100-basis point increase in the discount rate, a €200 decrease in margin per vehicle and a 10% decline in unit sales. The reduction in the CGUs' value in use that would result from these changes in assumptions would not affect the amounts at which the assets are carried in the balance sheet.

5.2. IMPAIRMENT LOSS ON FAURECIA GROUP CGUs AND OTHER ASSETS

Faurecia Group CGUs and the Faurecia CGU in the PSA Peugeot Citroën Group accounts

There were no indications that these CGUs might be impaired at 30 June 2011 and therefore no impairment tests were performed at that date.

5.3. RESTRUCTURING COSTS

Automotive Division

Automotive Division restructuring costs for first-half 2011 represented a net credit of €1 million, which can be explained as follows:

- The 2010 financial statements included a €27 million provision corresponding to the estimated net cost of the October 2010 jobs and skills alignment plan involving the voluntary departure of an estimated 605 employees. At 30 June 2011, the cost estimate was adjusted and the estimated number of employees was reduced to 405, leading to a €7 million net reversal from the provision.
- The cost of workforce streamlining programmes in other European countries amounted to €8 million in first-half 2011.

Automotive Equipment Division (Faurecia Group)
Faurecia Group restructuring costs totalled €32 million in first-half 2011, including €29 million for workforce reduction measures involving 1,535 employees.

Transportation and Logistics Division
At a Central Works Council Meeting held on 25 May 2011, Gefco S.A.'s management announced a plan for the closure or sale of several facilities and the elimination of 232 jobs. In first-half 2011, restructuring costs of €15 million were booked in respect of this plan. This amount includes intra-group costs of €6 million with no impact on the consolidated financial statements.

NOTE 6 - INCOME TAXES

Income taxes for the period are calculated on the basis of pre-tax profit by tax jurisdiction, multiplied by the estimated effective tax rate for the full year. The tax impacts of specific transactions are recorded in the period during which the transactions occur.

The theoretical tax expense can be reconciled to the tax expense reported in the consolidated income statement as follows:

(in millions of euros)	**First-half 2011**	First-half 2010	2010
Income before tax of fully-consolidated companies	**995**	**827**	**1 307**
French statutory income tax rate for the period	*34,4%*	*34,4%*	*34,4%*
Theoretical tax expense for the period based on the French statutory income tax rate	**(343)**	**(285)**	**(450)**
Permanent differences	3	20	76
Income taxable at reduced rates	21	22	38
Tax credits	52	30	38
Effect of differences in foreign tax rates and other	51	14	102
Unrecognized deferred tax assets and impairment losses	8	(28)	(59)
Income tax expense	**(208)**	**(227)**	**(255)**
Effective tax rate applicable to the Group	***20,9%***	*27,4%*	*19,5%*

NOTE 7 - EARNINGS PER SHARE

Basic earnings per share and diluted earnings per share are presented at the foot of the income statement. They are calculated as follows:

7.1. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period.
The average number of shares outstanding is calculated by taking into account the number of shares issued and cancelled during the period and changes in the number of shares held in treasury stock.

	First-half 2011	First-half 2010	2010
Consolidated profit attributable to equity holders *(in millions of euros)*	806	680	1 134
Average number of €1 par value shares outstanding	226 861 801	226 861 703	226 861 714
Basic earnings per €1 par value share (in euros)	***3,55***	*3,00*	*5,00*

7.2. DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by the treasury stock method which consists of taking into account the shares that could be purchased with the proceeds from the exercise of stock options, performance share grants and the conversion of dilutive Oceane convertible bonds. The following table shows the effects of the calculation:

A - Effect on the average number of shares

	First-half 2011	First-half 2010	2010
Average number of €1 par value shares outstanding	226 861 801	226 861 703	226 861 714
Dilutive effect, calculated by the treasury stock method, of:			
- Stock option plans	-	-	-
- Outstanding Oceane convertible bonds	3 323 721	-	-
Dilutive effect of Peugeot S.A. performance share grants	608 954	-	202 985
Diluted average number of shares	**230 794 476**	**226 861 703**	**227 064 699**

The Peugeot S.A. Oceane convertible bonds and the performance shares granted in 2010 had a dilutive effect on the average number of shares for the period. However, in light of the average Peugeot S.A. share price during the period, no potential ordinary shares were take into account in respect of stock option plans.

B - Effect of Faurecia Océane bond conversions, stock options and performance share grants on consolidated profit

In millions of euros	First-half 2011	First-half 2010	2010
Consolidated profit attributable to equity holders of the parent	806	680	1 134
Dilutive effect of Faurecia Oceane bond conversions, stock options and performance share grants	(7)	(3)	(5)
Consolidated profit after Faurecia dilution	**799**	**677**	**1 129**
Diluted earnings attributable to equity holders of the parent per €1 par value share (in euros)	*3,46*	*2,98*	*4,97*

The Faurecia Oceane bonds, stock options and performance share grants have a potential impact on the total number of Faurecia shares outstanding without affecting the number of shares held by the PSA Peugeot Citroën Group. Consequently, they have a dilutive effect on consolidated profit attributable to the PSA Peugeot Citroën Group.

NOTE 8 - INVESTMENTS IN COMPANIES AT EQUITY

Most companies accounted for by the equity method are joint ventures that manufacture automotive parts and components or complete vehicles.

8.1. CHANGES IN THE CARRYING VALUE OF INVESTMENTS IN COMPANIES AT EQUITY

(in millions of euros)	30 June 2011	31 Dec. 2010
At beginning of period	**1 056**	**799**
Dividends and profit transfers	(100)	(30)
Share of net earnings	117	204
Newly consolidated companies	5	1
Capital increase (reduction)	-	1
Change in scope of consolidation and other [(1)]	(1)	43
Translation adjustment	(45)	38
At period-end	**1 032**	**1 056**
o/w Dongfeng Peugeot Citroën Automobile goodwill	64	68
o/w Other goodwill	7	6

[(1)] In May 2010, Banque PSA Finance's Dutch subsidiary PSA Finance Nederland acquired an additional 50% of the capital of Dongfeng Peugeot Citroën Auto Finance Company Ltd, raising its interest to 75%. However, as governance is shared with the bank's local partner, the company is still accounted for by the equity method.

8.2. SHARE IN NET ASSETS OF COMPANIES AT EQUITY

(in millions of euros)	Latest % interest	30 June 2011	31 Dec. 2010
Renault cooperation agreement			
Française de Mécanique	50 %	17	18
Société de Transmissions Automatiques	20 %	2	2
Fiat cooperation agreement			
Sevelnord	50 %	100	104
Gisevel	50 %	1	1
Sevelind	50 %	9	12
Sevel SpA	50 %	68	71
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50 %	133	127
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile [(1)]	50 %	594	610
Dongfeng Peugeot Citroën Automobile Finance Company Ltd [(1)]	75 %	52	54
Other			
Other excluding Faurecia [(1)]		18	13
Faurecia's companies at equity		31	35
Total		**1 025**	**1 047**

[(1)] *Including goodwill*

The Group's share of the net assets of companies at equity comprises €1,032 million related to companies with a positive net worth, reported under "Investments in companies at equity", less €7 million for companies with a negative net worth, reported under "Non-current provisions".

8.3. SHARE IN NET EARNINGS OF COMPANIES AT EQUITY

(in millions of euros)	Latest % interest	First-half 2011	First-half 2010	2010
Renault cooperation agreement				
Française de Mécanique	50 %	(2)	(1)	(3)
Société de Transmissions Automatiques	20 %	-	-	(1)
Fiat cooperation agreement				
Sevelnord	50 %	2	-	8
Gisevel	50 %	-	-	(21)
Sevelind	50 %	(1)	(2)	(3)
Sevel SpA	50 %	(3)	5	6
Toyota cooperation agreement				
Toyota Peugeot Citroën Automobiles	50 %	21	29	37
Dongfeng cooperation agreement				
Dongfeng Peugeot Citroën Automobile [(1)]	50 %	83	97	159
Dongfeng Peugeot Citroën Automobile Finance Company Ltd	75 %	2	1	2
Other				
Other excluding Faurecia		(1)	1	1
Faurecia's companies at equity		16	7	19
Total		**117**	**137**	**204**

[(1)] *Dongfeng Peugeot Citroën Automobiles qualifies for a tax incentive until 31 December 2012 that has the effect of reducing the effective tax rate paid by the company for first-half 2011 to 11% of pre-tax profit.*

NOTE 9 - CURRENT AND NON-CURRENT FINANCIAL ASSETS

	30 June 2011		31 Dec. 2010	
(in millions of euros)	Non-current	Current	Non-current	Current
Loans and receivables	150	240	150	282
Financial assets classified as "available-for-sale"	213	-	191	-
Financial assets classified as "at fair value through profit or loss"	673	-	410	-
Derivative instruments	126	81	177	24
Total financial assets, net	**1 162**	**321**	**928**	**306**

The carrying amount of financial assets classified as "'available-for-sale" at 30 June 2011 includes positive fair value adjustments of €126 million (€104 million at 1 January 2011), recorded directly in equity.

NOTE 10 - OTHER NON-CURRENT ASSETS

(in millions of euros)	30 June 2011	31 Dec. 2010
Excess of payments to external funds over pension obligations	2	2
Units in the FMEA fund	83	59
Derivative instruments [(1)]	6	21
Guarantee deposits and other	280	252
Total	**371**	**334**

[(1)] *Corresponding to the non-current portion of commodity price derivatives.*

NOTE 11 - LOANS AND RECEIVABLES - FINANCE COMPANIES

(in millions of euros)	30 June 2011	31 Dec. 2010
Retail, Corporate and Equivalent		
Credit sales	10 166	9 971
Long-term leases	4 667	4 665
Leases subject to buyback commitments	2 372	2 492
Other receivables	189	201
Ordinary accounts and other	84	71
Total net Retail, Corporate and Equivalent	**17 478**	**17 400**
Corporate dealers		
Wholesale finance receivables	5 821	5 165
Other receivables	587	562
Other	364	284
Total net, Corporate dealers	**6 772**	**6 011**
Remeasurement of interest rate hedged portfolios	-	80
Eliminations	(183)	(153)
Total	**24 067**	**23 338**

Retail and Corporate finance receivables at 30 June 2011 include €2,749 million in securitised auto loans that were still carried on the balance sheet at the period-end (€4,334 million at 31 December 2010). The Banque PSA Finance group carried out several securitization transactions through special purpose entities.

In June 2011, the Spanish branch of Banque PSA Finance bought back receivables sold in 2009 to compartment 2009-1 of the Auto-ABS securitisation fund and the compartment was liquidated.

Liabilities corresponding to securities issued by securitisation funds are shown in note 16 "Financing liabilities - finance companies".

NOTE 12 - INVENTORIES

(in millions of euros)	30 June 2011	30 June 2010	31 Dec. 2010
Raw materials and supplies	778	649	678
Semi-finished products and work-in-progress	963	831	825
Goods for resale and used vehicles	746	673	845
Finished products and replacement parts	4 595	3 883	3 599
Total carrying amount	**7 082**	**6 036**	**5 947**
- of which at cost	7 525	6 512	6 449
- of which allowances	(443)	(476)	(502)

NOTE 13 - SHARE CAPITAL AND SHARE BUYBACK PROGRAMMES

From time to time, the Group may use the buyback authorisations given at Shareholders' Meetings to purchase Peugeot S.A. shares into treasury. No shares were bought back during the first half of 2011 or in 2010.
The following table presents changes in treasury stock:

	Authorisations	Transactions	
(number of shares)		30 June 2011	31 Dec. 2010
At beginning of period		**7 187 450**	**7 187 450**
Share buybacks			
AGM of 3 June 2009	16 000 000	-	-
AGM of 2 June 2010	16 000 000	-	-
AGM of 31 May 2011	16 000 000	-	n/a
Share cancellations			
AGM of 3 June 2009	10% of capital	-	-
AGM of 2 June 2010	10% of capital	-	-
AGM of 31 May 2011	10% of capital	-	n/a
Share sales			
On exercise of stock options		-	-
At end of period		**7 187 450**	**7 187 450**
Shares held for allocation on exercise of outstanding options		5 392 107	5 392 107
Shares held for allocation on exercise of future options		462 543	462 543
Shares held for performance share plans		816 000	816 000
Unallocated shares		516 800	516 800

Share capital at 30 June 2011 was represented by 234,049,333 ordinary shares with a par value of €1 each.

NOTE 14 - CURRENT AND NON-CURRENT PROVISIONS

14.1. NON-CURRENT PROVISIONS

(in millions of euros)	30 June 2011	31 Dec. 2010
At beginning of period	**727**	**986**
Movements taken to profit or loss		
Additions	77	138
Releases (utilisations)	(81)	(196)
Releases (unused provisions)	(4)	(253)
	(8)	**(311)**
Other movements		
Translation adjustment	(5)	23
Change in scope of consolidation and other	2	29
At end of period	**716**	**727**
of which provisions for pensions	560	564

14.2. CURRENT PROVISIONS

(in millions of euros)	30 June 2011	31 Dec. 2010
At beginning of period	**2 464**	**2 399**
Movements taken to profit or loss		
Additions	574	1 434
Releases (utilisations)	(504)	(1 250)
Releases (unused provisions) [(1)]	(139)	(295)
	(69)	**(111)**
Other movements		
Translation adjustment	(18)	53
Change in scope of consolidation and other	(5)	123
At end of period	**2 372**	**2 464**
of which warranty provisions	799	804

[(1)] *An amount of €100 million was released from warranty provisions during first-half 2011 (€214 million in 2010) following a reduction in observed warranty costs.*

NOTE 15 - CURRENT AND NON-CURRENT FINANCIAL LIABILITIES MANUFACTURING AND SALES COMPANIES

(in millions of euros)	**30 June 2011** Amortised cost or fair value Non-current	**30 June 2011** Amortised cost or fair value Current	31 Dec. 2010 Amortised cost or fair value Non-current	31 Dec. 2010 Amortised cost or fair value Current
Convertible bonds [(1)]	668	18	657	23
Other bonds	3 442	1 460	2 967	1 373
Employee profit-sharing fund	18	3	17	5
Finance lease liabilities	269	146	295	254
Other long-term borrowings	2 378	319	4 311	421
Other short-term financing and overdraft facilities	-	1 349	-	1 130
Derivative instruments	9	7	12	7
Total financial liabilities	**6 784**	**3 302**	**8 259**	**3 213**

[(1)] The amortised cost of Oceane convertible bonds corresponds to the debt component. The equity component - corresponding to the conversion option - is recognized separately in equity.

Transactions in first-half 2011 included the following:

In line with a decision by the Managing Board, the €2 billion outstanding balance on the State loan that was granted in April 2009 and reported under "Other non-current financial liabilities" was repaid in two €1 billion instalments on 25 February and 26 April 2011 respectively. The early repayments led to the recognition of financial income of €69 million during the period, corresponding to the difference between the amount actually repaid and the carrying amount of the debt in the financial statements as of the date the early repayments were decided.

In January 2011, the Group topped up its two October 2010 bond issues, adding €350 million worth of bonds due October 2013 and €150 million in bonds due October 2016. Yields on the two top-up issues are respectively 40 basis points and 30 basis points below those offered for the original issues.

In addition, the duration of the €2,400 million syndicated line of credit initially due to expire in July 2013 was extended by one year until July 2014.

NOTE 16 - FINANCING LIABILITIES - FINANCE COMPANIES

16.1. FINANCING LIABILITIES

(in millions of euros)	**30 June 2011**	31 Dec. 2010
Bonds issued by securitisation funds	2 737	3 381
Other bond debt	413	413
Other debt securities	13 887	11 238
Bank borrowings	5 295	6 280
	22 332	**21 312**
Customer deposits	563	392
	22 895	**21 704**
Amounts due to Group manufacturing and sales companies	*(343)*	*(152)*
Total	**22 552**	**21 552**

16.2. REFINANCING TRANSACTIONS

During first-half 2011, Banque PSA Finance carried out several EMTN issues as follows:
- In January, €750 million at 3.875% due January 2015.
- In February, €1,000 million at 4.25% due February 2016.
- In April, USD 1,250 million (€878 million at the issue date) issued on the US market, including:
  . USD 450 million at 3-month Libor plus 190 bps due April 2014.
  . USD 300 million at 3.375% due April 2014.
  . USD 250 million at 4.375% due April 2016.
  . USD 250 million at 5.75% due April 2021.
- In June, €650 million at 4% due June 2015.

NOTE 17 - NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

17.1. ANALYSIS OF NET CASH AND CASH EQUIVALENTS REPORTED IN THE STATEMENTS OF CASH FLOWS

(in millions of euros)	**First-half 2011**	First-half 2010	31 Dec. 2010
Cash and cash equivalents	7 306	9 084	9 278
Payments issued [(1)]	(61)	(43)	(25)
Net cash and cash equivalents - manufacturing and sales companies	**7 245**	**9 041**	**9 253**
Net cash and cash equivalents - finance companies	**1 581**	**1 283**	**1 316**
Elimination of intragroup transactions	*(309)*	*(202)*	*(127)*
Total	**8 517**	**10 122**	**10 442**

[(1)] *This item corresponds to payments issued but not yet debited on bank statements.*

17.2. CASH FLOWS FROM OPERATING ACTIVITIES OF THE MANUFACTURING AND SALES COMPANIES

(in millions of euros)	**First-half 2011**	First-half 2010	2010
(Increase) decrease in inventories	(1 176)	(310)	(281)
(Increase) decrease in trade receivables	(1 126)	(893)	138
Increase (decrease) in trade payables	1 454	638	677
Change in income taxes	126	88	(68)
Other changes	310	248	51
	(412)	**(229)**	**517**
Net cash flows with Group finance companies	264	*84*	*(11)*
Total	**(148)**	**(145)**	**506**

17.3. CASH FLOWS FROM OPERATING ACTIVITIES OF THE FINANCE COMPANIES

(in millions of euros)	**First-half 2011**	First-half 2010	2010
(Increase) decrease in finance receivables	(880)	(466)	(527)
(Increase) decrease in short-term investments	(118)	36	79
Increase (decrease) in financing liabilities [(1)]	1 256	358	308
Change in income taxes	(9)	10	30
Other changes [(1)]	(140)	16	(86)
	109	**(46)**	**(196)**
Net cash flows with Group manufacturing and sales companies	(417)	*(44)*	*128*
Total	**(308)**	**(90)**	**(68)**

[(1)] *In 2010, €650 million was reclassified from "Other changes" to "(Increase) decrease in financial liabilities".*

17.4. ANALYSIS OF THE CHANGE IN OTHER FINANCIAL ASSETS AND LIABILITIES - MANUFACTURING AND SALES COMPANIES

(in million euros)	**First-half 2011**	First-half 2010	2010
Increase in borrowings	681	653	1 978
Repayment of borrowings and conversion of bonds	(2 252)	(187)	(1 673)
(Increase) decrease in non-current financial assets	(207)	(30)	18
(Increase) decrease in current financial assets	30	25	25
Increase (decrease) in current financial liabilities	248	142	(111)
	(1 500)	**603**	**237**
Net cash flows with Group finance companies	(29)	*(127)*	*(129)*
Total	**(1 529)**	**476**	**108**

NOTE 18 - NET FINANCIAL POSITION OF MANUFACTURING AND SALES COMPANIES

(in millions of euros)	**30 June 2011**	31 Dec. 2010
Financial assets and liabilities of manufacturing and sales companies		
Cash and cash equivalents	7 306	9 278
Other non-current financial assets	986	796
Current financial assets	321	306
Non-current financial liabilities	(6 784)	(8 259)
Current financial liabilities	(3 475)	(3 357)
Net financial position of manufacturing and sales companies	**(1 646)**	**(1 236)**
o/w external loans and borrowings	(1 807)	(1 244)
o/w financial assets and liabilities with finance companies	161	8

NOTE 19 - MARKET RISKS

Changes in market risks are discussed in the "Recurring Operating Income" section of the interim management report.

NOTE 20 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

On 2 February 2011, the BMW and PSA Peugeot Citroën groups announced the signature of an agreement for the creation of a 50-50 joint venture named BMW Peugeot Citroën Electrification. This joint venture will focus on developing and producing hybrid powertrain components, and on developing software for hybrid systems. Joint research and development, production and component purchasing will leverage significant economies of scale for both groups. Subject to approval by the relevant competition authorities, operations are scheduled to start up in second half 2011. The new hybrid components produced by the cooperative venture will equip the two partners' vehicles beginning in 2014. The new company will be capitalised at €45 million (including €25 million to be provided in 2011), shared equally by the two partners. The Group will also contribute to financing the joint venture's R&D programmes and business operations.

There have been no other material changes in off-balance sheet items and contingent liabilities since 31 December 2010.

NOTE 21 - SUBSEQUENT EVENTS

On 20 July 2011, Banque PSA Finance structured a securitisation of French auto receivables held by Credipar for a total of €956 million. The bonds were placed with French and international investors.

No events occurred between 30 June 2011 and the meeting of the Supervisory Board to review the interim financial statements on 26 July 2011 that could have a material impact on economic decisions made on the basis of these interim financial statements.

IV- STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2011 INTERIM FINANCIAL REPORT

Person Responsible for the 2011 Interim Financial Report

Philippe Varin

Chairman of the Managing Board

Peugeot S.A.

Statement by the Person Responsible for the 2011 Interim Financial Report

"I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the past six-month period included in the interim financial report have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of Peugeot S.A. and the companies in the consolidated group, and that the interim management report on pages 3 to 36 includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the interim accounts, a description of the main related-party transactions and a discussion of the principal risks and uncertainties for the remaining six months of the year."

Philippe Varin

Chairman of the Peugeot S.A. Managing Board

Person Responsible for Financial Information

Carole Dupont Pietri

Investor Relations Officer

Phone: 01 40 66 42 59

V- STATUTORY AUDITORS' REVIEW REPORT ON THE 2011 HALF-YEAR FINANCIAL INFORMATION

(Period from January 1, 2011 to June 30, 2011)

This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

This report also includes information relating to the specific verification of information given in the Group's interim management report.

Peugeot S.A.

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting and in accordance with article L. 451-1-2 III of the French monetary and financial code (code monétaire et financier), we hereby report to you on:

- our review of the accompanying condensed half-yearly consolidated financial statements of Peugeot S.A., for the period from January 1 to June 30, 2011, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of the executive board. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information provided in the interim management report in respect of the condensed half-yearly consolidated financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the condensed half-yearly consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, July 26, 2011

The statutory auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Loïc Wallaert	Jean-Louis Simon	Christian Mouillon	Marc Stoessel

Photos covers:
PSA Peugeot Citroën Direction de la Communication, Jérôme Lejeune,
Christophe Guibbaud, Communication Chine, Patrick Curtet.

Design:
sequoia

Designed & published by Labrador +33 (0)1 53 06 30 80

This document was printed in France by an Imprim'Vert® certified printer, which guarantees the proper handling and disposal of hazardous waste through approved entities and the use of paper that is certified 100% recycled.

EcoFolio agit pour l'environnement

PSA PEUGEOT CITROËN

PEUGEOT S.A.
Incorporated in France with issued capital of € 234,049,225
Governed by a Managing Board and a Supervisory Board
Registered Office: 75, avenue de la Grande-Armée
75116 Paris, France
R.C.S. Paris B 552 100 554 – Siret 55 2 100 554 00021
Phone: + 33 (0)1 40 66 55 11 – Fax: + 33 (0)1 40 66 54 14
www.psa-peugeot-citroen.com
www.sustainability.psa-peugeot-citroen.com